Amplitude Surgical

French public limited company with registered capital of €469,298.52
Registered office: 11, Cours Jacques Offenbach, Valence (26000)
Romans Trade and Companies Register No. 533 149 688

REGISTRATION DOCUMENT

2014/2015 ANNUAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

In application of its General Regulation, specifically Article 212-23, the *Autorité des marchés financiers* registered this Registration Document on 30 October 2015 as number R. 15-077. This document shall not be used in support of any financial transaction unless supplemented by a note on the transaction approved by the French Financial Markets Authority. It was prepared by the issuer and incurs the liability of its signatories.

Registration, pursuant to Article L. 621-8-1-I of the French Monetary and Financial Code, was made after the French Financial Markets Authority verified that the document was complete and comprehensible and that the information herein is consistent. It does not imply any authentication by the French Financial Markets Authority of the financial and accounting information presented.

Copies of this Registration Document are available free of charge at the Registered Office of Amplitude Surgical (11, Cours Jacques Offenbach, Valence (26000)) and an electronic version is published on the Amplitude Surgical website **(**www.amplitude-surgical.com**)** and that of the French Financial Markets Authority (www.amf-france.org).

GENERAL REMARKS

In this Registration Document, unless otherwise indicated, the term "Company" means Amplitude Surgical, a public limited company with registered office at 11, Cours Jacques Offenbach, Valence (26000), registered in the Romans Trade and Companies Register under number 533 149 688 and the term "Group" means the Company together with its consolidated subsidiaries.

Shareholders' meeting

The Company's ordinary and extraordinary shareholders' meeting will be held on 9 December 2015. The documentation for the shareholders' meeting is given in Annex 1.

Financial information

In order to provide accounting information that will allow understanding the Group's financial position, this Registration Document includes the financial statements of the Company for the fiscal year ended 30 June 2015 as well as the Company's consolidated financial statements for the fiscal year ending 30 June 2015, prepared according to International Financial Reporting Standards ("**IFRS**") as applicable on said dates and, pursuant to Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, it incorporates by reference, the following information to which readers are invited to refer:

- for the fiscal year ending 30 June 2014: the consolidated financial statements and the Auditors' Report in Chapter 20 of the Registration Document registered with the *Autorité des marchés financiers* on 26 May 2015 under number I.15-044;

- for the fiscal year ending 30 June 2013: the consolidated financial statements and the Auditors' Report in Chapter 20 of the Registration Document registered with the *Autorité des marchés financiers* on 26 May 2015 under number I.15-044;

The parts of this document that are not included are either without relevance for investors or covered elsewhere in the Registration Document.

Forward-looking information

This Registration Document sets out information on the Company's objectives and projections, specifically in Chapters 12 and 13. This information is on occasion identified by use of the future and conditional tenses and forward-looking statements, such as "think", "aim", "expect", "mean", "should", "with the ambition of", "estimate", "belief", "desire", "could", etc. This information is based on data, assumptions and estimates considered reasonable by the Company. The information may evolve or be modified given uncertainties associated with the risks inherent in any activity and also the economic, financial, competitive, regulatory and climatic environment. The Company does not undertake to publish updates of the objectives, projections and forward looking information set out in this Registration Document, except in the framework of any legal or regulatory obligation which may be applicable to it. In addition, the actual occurrence of certain risks described in Chapter 4 *"Risk Factors"* of this Registration Document may have an impact on the Group's businesses and its ability to achieve its objectives. Moreover, the achievement of such objectives presupposes the success of the strategy presented in Section 6.3 *"Group strategy"* of this Registration Document. The Company does not undertake to and gives no guarantees on the achievement of the objectives set forth in this Registration Document.

Risk factors

Investors are urged to carefully consider the risk factors described in Chapter 4 *"Risk Factors"* of this Registration Document before making an investment decision. The actual occurrence of all or some of these risks may have a negative impact on the businesses, the positioning, and the financial results of the Group or its

objectives. In addition, other risks not yet identified or considered as insignificant by the Company may have the same negative effect and investors may lose all or a proportion of their investment.

Information on the Group business sectors

This Registration Document includes, notably in Chapter 6 *"Overview of group businesses",* information on the business sectors in which the Group is present and its competitive positioning. Some of the information set out in this Registration Document is derived from studies performed by external parties, including the Avicenne and Millennium reports on data for the lower limb prosthesis market. Other information set out in this Registration Document is available to the public. The Company considers all the information to be reliable, but this has not been verified by an independent expert. The Company cannot guarantee that any third party using different methods to combine, analyse or calculate the data on these business sectors would obtain the same results. The Company and its shareholders do not give any guarantees concerning the accuracy of the information. Considering the rapid pace of change typical in the Group's business sector in France and worldwide, it is possible this information could prove erroneous or out of date. The Group's businesses may, in consequence, evolve differently from what is described in this Registration Document. The Group does not undertake to publish updates of this information, except in the framework of any applicable legal or regulatory obligation.

Glossary

A glossary incorporating the definitions and the main scientific and technical terms used is given in the introduction to this Registration Document.

DEFINITIONS

The terms below shall have the following meanings when used in this Registration Document:

Acetabulum means the articular (joint) cavity of the ilium (hip bone), located on either side of the pelvis, into which the femoral head (the rounded top of the thigh bone) fits to form the hip joint.

AMPLIVISION® means the navigation system developed by the Group and described in Section 6.5.1.3 "*Related services*" in this Registration Document.

ANATOMIC® means the total knee prosthesis manufactured by the Group and described in Section 6.5.1.2 "*A complete product line*" in this Registration Document.

Ancillaries means all accessory surgical instruments and software.

ANSM means the *Agence Nationale de la Sécurité du Médicament et des Produits de Santé* (French National Agency for Medicines and Health Products Safety).

ANVISA means the Brazilian Health Surveillance Agency, which is in charge of supervising and regulating medical devices manufactured or sold in Brazil. ANVISA is under the supervision of the Brazilian Health Ministry.

Bertrand Law means French Law No. 2011-2012 of 29 December 2011 on strengthening the safety of medicine and health products.

Bluetooth means a personal wireless network technology (classified as a WPAN, or Wireless Personal Area Network) with a short-range signal enabling the user to connect devices wirelessly.

BSI means the British Standards Institution, an independent British Notified Body that has supervised the Group since 27 March 2015.

CDSCO means the Indian Central Drugs Standard Control Organisation.

CFR means the U.S. Code of Federal Regulations.

CGU means a cash-generating unit as defined in Section 9.1.2 "*Significant accounting principles*" in this Registration Document.

CIR means *crédit impôt recherche* (the French Research Tax Credit), as defined in Section 4.3.5.2, "*Risks relating to the Research Tax Credit*" in this Registration Document.

CJEU means the Court of Justice of the European Union.

CLAA means the Indian Central Licensing Approval Authority.

Class action means a common law (Anglo-Saxon) procedure that enables a group of plaintiffs with a common interest to join together as a class to commence an action to assert their right or obtain redress for their injuries.

Clinirecord® means the CLINIRECORD® software and website developed by the Company, which enables surgeons to gather clinical data, as defined in Section 6.5.4.4 "*Organisation and marketing policy*" in this Registration Document.

Company means Amplitude Surgical, a public limited company (*société anonyme*) with its registered office at 11, Cours Offenbach, Valence (26000), registered with the Romans Trade and Companies Register under

number 533 149 688, previously known as OrthoFin I and renamed Amplitude Surgical by the general shareholders' meeting of 5 May 2015.

CRA means the French Amicable Settlement Board.

Cruciate Ligament Tear means a complete or partial tear of one or both of the knee's cruciate ligaments. It is usually the anterior cruciate ligament (*ligamentum cruciatum anterius*), or ACL, that tears. Cruciate ligament tears are caused by exceeding the ligament's maximum tension.

DEKRA means the independent German Notified Body.

DREAL means the *Directions Régionales de l'Environnement, de l'Aménagement et du Logement* (Regional Directorates of the Environment, Development and Housing), which are under the authority of the French Ministry of Ecology and have the primary mission of implementing the Grenelle Environment.

E.T.O.I.L.E® means the equipment developed by the Group and described in Section 6.5.1.3 "*Related services*" in this Registration Document.

EEA means the European Economic Area.

ERP means the integrated software package "Enterprise Resource Planning".

Fabless model means the Group's economic model as described in Section 6.2.5 "*A proven operational and financial model*" in this Registration Document.

FCPA means the U.S. Foreign Corrupt Practices Act of 1977, as amended.

FDA means the U.S. Food and Drug Administration.

FDCA means the U.S. Food, Drug and Cosmetics Act of 1938.

GDP means Gross Domestic Product.

Group means (i) the Company together with (ii) its consolidated subsidiaries, as described in Chapter 7 "*Organisational chart*" in this Registration Document.

Group Company means the Company or any other company or entity that is directly or indirectly controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code.

Hallux valgus, or bunion, means the abnormal deviation of the big toe toward the second toe. This deviation results in a deformation of the forefoot at the first metatarsal and of the big toe, thus causing difficulty in wearing shoes. Hallux valgus can make walking painful but can also be painless. Where the deformation rubs against the shoe, a callus (hard thickening of the skin) develops and becomes inflamed (red, hot and swollen). This condition, known as bursitis, makes it difficult to find comfortable shoes. This common deformation of the forefoot affects the other toes which, pushed aside by the first, begin to curl.

i.M.A.G.E® means the system developed by the Group to permit customised instrumentation using an additional manufacturing machine (3D printer) and described in Section 6.5.1.3 "*Related services*" in this Registration Document.

ICPE means *installations classées pour la protection de l'environnement* (French classified installations for the protection of the environment).

IFRS means International Financial Reporting Standards.

Knee meniscus means the cartilage located between the femur and the tibia. Each knee has two menisci (internal and external). As a result of either age or trauma, the menisci may present various types of lesions: pinches, cracks, tears or dislocation (caused by tears at the points of contact). Sometimes a torn piece of meniscus (or tab) will be found in isolation. The meniscus may also be torn completely in two from front to back. This type of lesion is called a bucket handle meniscus tear. The internal meniscus is more frequently injured than the external meniscus. The menisci undergo repeated micro-traumas throughout life, leading to progressive wear and tear. The degenerative lesions that appear with age are called degenerative tears. Degenerative tears occur more frequently in patients with bow legs (*genu varum*) or knock knees (*genu valgum*) and those who suffer from arthritis of the knee.

LPPR means the *liste des produits et prestations remboursables* (list of products and services reimbursable by French Social Security).

Medical Device Amendments means the amendments to the FDCA enacted on 28 May 1976 to create a framework for the regulation of medical devices.

Non-convertible Bonds are defined in paragraph 10.2.2.1 "*Non-convertible Bonds*" in this Registration Document.

Notified Body means a body appointed by a State and certified to assess a product's compliance with national and/or international standards.

OEM or **Original Equipment Manufacturer** means a company that makes parts for use in the end product of another company (the integrator or assembler).

Osteoarthritis means a condition of the joints of mechanical rather than inflammatory origin, manifested as degenerative lesions of the joint and damage to the underlying bone tissue.

Osteoarthritis of the hip means the deterioration of cartilage in the joint located at the top of the thigh, between the femur (thigh bone) and the pelvic cavity (coxofemoral joint). It occurs following strong pressure on the cartilage. Arthritis of the hip is one of the most debilitating types, because – like arthritis of the knee – it affects large joints that bear the body's weight. Dysfunction of the coxofemoral joint may significantly impede walking. It begins with deterioration of the cartilage and gradually begins to affect all of the structures in the joint, in particular the bone under the cartilage. However, normal aging of the cartilage over the course of a lifetime cannot by itself cause arthritis.

Osteoarthritis of the knee means the deterioration of the cartilage of the knee joint. The most common kind is femorotibial arthritis, which affects the joint between the femur (thigh bone) and the tibia (shin bone), but it may also affect the joint between the patella (knee cap) and the femur (this is called patellofemoral arthritis). In general, it affects both knees.

Osteotomy means a surgical procedure in which a long bone is cut in order to change its alignment, size or shape for therapeutic or cosmetic purposes. Such surgeries correct malformations of the lower limb by correcting the tibia or, more rarely, the femur. They are performed by cutting the bone, correcting the malformation and then holding the correction in place. This is a controlled break that requires waiting for the bone to heal through formation of a fibrocartilage callus.

PMDA means the Japanese Pharmaceuticals and Medical Devices Agency.

PMS means the post-marketing surveillance process.

Polyarthritis means a chronic inflammatory joint illness that affects several joints and generally alternates between flares and period of remission. It is an autoimmune disorder characterised by the production of antibodies that attack the synovial membrane, which surrounds joints and secretes synovial fluid, causing the

membrane to become inflamed. Without treatment, polyarthritis leads to the malformation or progressive destruction of the affected joints (often the hands and the feet).

Pre-Market Approval means the authorisation that must be obtained from the FDA before marketing any medical device on the U.S. market and defined in Section 4.3.1 "*Risks relating to the regulations applicable to medical devices developed by the Group and their amendment*" in this Registration Document.

Pre-Market Notification 510(k) means the registration and supervisory process for medical devices on the U.S. market.

QPC means *Question Prioritaire de Constitutionnalité* (a priority preliminary ruling on the issue of constitutionality).

T2A means the "price per activity" system in use in several countries. In a price per activity system, the allocation of hospital resources, and, as a result, product pricing, depends on the nature and volume of the hospital activities of the institutions in question.

TGA or **Therapeutic Goods Administration** means the Australian authority charged with overseeing and applying medical device regulations.

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CHAPTER 1
PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Oliver Jallabert, Chief Executive Officer of the Company

1.2 CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I certify, after adopting all reasonable measures to such purpose, that the information contained in this Registration Document to my knowledge accurately reflects the actual position and does not entail any omissions of a nature as to change its scope.

I certify that to my knowledge the financial statements are prepared according to the applicable accounting standards and faithfully reflect the assets and liabilities, financial position and results of the Company and that the management report of which the various headings are listed in Annex II presents a faithful picture of business trends, the results and financial position of the Company and all enterprises included in the scope of consolidation as well as a description of the main risks and uncertainties to which it is exposed.

I have obtained an end-of-mission letter from the independent and statutory auditors in which they state they audited the information on the financial position and the financial statements provided in this Registration Document and read the Registration Document in full. Said end-of-mission letter does not incorporate any reservations, observations or warnings.

The consolidated financial statements for the fiscal year ending 30 June 2015 presented in the Registration Document were the subject of reports by the independent and statutory auditors as indicated in paragraph 20.1.1.2 of the "Report of the Statutory Auditors" which makes the following observation:

"Without qualifying our opinion, we draw your attention to the following points in the consolidated Annex:

- *Note 3.1 "Presentation of the financial statements" in the Annex presents the impact, for the purposes of comparison, on the consolidated financial statements dated 30 June 2014 of the correction of an error concerning the basis of consolidation of the subsidiary Amplitude Brazil on 30 June 2014.*

- *The same note also presents the impact, for the purposes of comparison, on the consolidated financial statements dated 30 June 2014 of the correction in the posting in the financial statements of the future debt for patent royalties.*

- *Notes 1 "Entity presenting the financial statements – Significant events" and 25 "Provisions for risk and expenses – Tax legal dispute over marketing of MD", to the Interim Consolidated Financial Statements set out the accounting treatment of a dispute with URSSAF over the contribution provided for Articles L 245-5-1 and L 245-5-2 of the French Social Security Code;*

The Company's financial statements for the fiscal year ending 30 June 2015 presented in this Registration Document were the subject of reports by the independent and statutory auditors, shown in paragraph 20.1.2.2 "Report of the Statutory Auditors" which makes the following observation:

"Without qualifying our opinion, we draw your attention to the following point set out in Note 1.1 of the Annex "Significant events" relating to the various operations occurring during the fiscal year."

The Statutory Auditors' Report on the Group's consolidated financial statements for the fiscal year ending 30 June 2014 shown in Chapter 20 of the Registration Document registered by the Autorité des marchés financiers on 26 May 2015 under number I.15-044 sets out the following observation:

"Without qualifying our opinion, we draw your attention to the following point set out in Note 31. "Contingent liabilities" to the consolidated financial statements regarding the accounting treatment of a dispute with the French authorities over a para-fiscal charge."

In Valence

On 30 October 2015
Olivier Jallabert
Chief Executive Officer

1.3 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr Philippe Garcia
Vice Chairman - Finance
Address: 11, Cours Jacques Offenbach, Valence (26000)
Telephone: +33 4 75 41 87 41
finances@amplitude-surgical.com
www.amplitude-surgical.com

CHAPTER 2
INDEPENDENT AND STATUTORY AND ALTERNATIVE AUDITORS OF THE FINANCIAL STATEMENTS

2.1 STATUTORY AUDITORS

Mazars SA

Le Premium, 131, boulevard de la bataille de Stalingrad, 69624 Villeurbanne Cedex, registered in the Lyon Trade and Companies Register under number 351 497 649

Represented by Mr Pierre Beluze
Member of the *Compagnie régionale des Commissaires aux Comptes de Lyon*

Mandate renewed by the shareholders' meeting of 21 December 2011 for a term of six fiscal years, expiring after the shareholders' meeting approving the financial statements for the fiscal year ended 30 June 2016.

And

Melin et Associés

58, rue Louis Blanc, 69006 Lyon, registered in the Lyon Trade and Companies Register under number 432 575 470

Represented by Mr Jacques Melin
Member of the *Compagnie régionale des Commissaires aux Comptes de Lyon*

Appointed by the shareholders' meeting of 1 June 2012 for a term of six fiscal years, expiring after the shareholders' meeting approving the financial statements for the fiscal year ended 30 June 2017.

Melin et Associés resigned its mandate as Statutory Auditors with effect from the end of the Company's ordinary and extraordinary shareholders' meeting called for 9 December 2015 given the change in the Company's legal status after admission of its shares for trading on the Paris Euronext regulated market.

A draft resolution on the appointment of Deloitte & Associés, represented by Mr Xavier Graz, in the capacity of Statutory Auditors for the outstanding term of its predecessor's mandate will be submitted to the Company's ordinary and extraordinary shareholders' meeting called for 9 December 2015.

2.2 ALTERNATE STATUTORY AUDITORS

Mazars SA

Le Premium, 131, boulevard de la bataille de Stalingrad, 69624 Villeurbanne Cedex, registered in the Lyon Trade and Companies Register under number 351 497 649

Represented by Mr Olivier Bietrix
Member of the *Compagnie régionale des Commissaires aux Comptes de Lyon*

Mandate vested by the shareholders' meeting of 21 December 2011 for a term of six fiscal years, expiring after the shareholders' meeting approving the financial statements for the fiscal year ended 30 June 2016.

Mr Gilles Claus

SA SOLIREX, Leader's Park-Bât.A 4, 3, chemin des Cytises 69340 Francheville, registered in the Lyon Trade and Companies Register under number B 404 427 676

Member of the *Compagnie régionale des Commissaires aux Comptes de Lyon*

Appointed by the shareholders' meeting of 1 June 2012 for a term of six fiscal years, expiring after the shareholders' meeting approving the financial statements for the fiscal year ended 30 June 2017.

Mr Gilles Claus resigned his mandate as Alternate Auditor with effect from the end of the Company's ordinary and extraordinary shareholders' meeting called for 9 December 2015 given the change in the Company's legal status after admission of its shares for trading on the Paris Euronext regulated market.

A draft resolution on the appointment of BEAS in the capacity of Alternate Auditor for the outstanding term of its predecessor's mandate will be submitted to the Company's ordinary and extraordinary shareholders' meeting called for 9 December 2015.

CHAPTER 3
SELECTED FINANCIAL INFORMATION

The tables below present various selected financial information for the fiscal year ended 30 June 2015. The financial information hereunder was taken from the Group's consolidated financial statements for the fiscal year ended 30 June 2015, prepared according to IFRS standards, shown in paragraph 20.1.1.1 "*Annual consolidated financial statements of the Group"* in this Registration Document and were the subject of an audit by the Company's Statutory Auditors.

The selected financial information set out in Chapter 3 must be read in conjunction with (i) the full financial data shown in Chapter 20 of this Registration Document, (ii) the examination of the Group's financial position and results given in Chapter 9 of this Registration Document and (iii) the examination of the Group's cash flow and capital presented in Chapter 10 of this Registration Document.

Principal key data from the Group's consolidated income statement

Income statement	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
Revenues	50,268	58,228	71,090
Inventories and capitalised production	11,501	10,272	11,823
Operating result	4,937	4,569	5,128
Financial result	(7,572)	(8,468)	(15,014)
Net result (1)	(2,149)	(2,540)	(17,722)
Of which :			
- Group share	(2,149)	(2,846)	(17,646)
- Minority interests	-	306	(75)

Performance level indicators

Performance level indicators	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
Revenues	50,268	58,228	71,090
EBITDA	10,840	12,819	13,447
EBITDA Margin	21.6%	22.0%	18.9%
Net result excluding financial charges for Convertible Bonds and extraordinary items	(366)	389	244

EBITDA and EBITDA Margin

The EBITDA is equivalent to the current operating result to which is added the allocations for amortisation/depreciation after deduction of non-recurring items. The EBITDA margin is equivalent to the EBITDA in relation to Group revenues. The EBITDA and EBITDA margin are not standardised accounting aggregates having a unique and generally accepted definition. They must not be considered as a substitute for the operating result, the net result, the cash flow generated by operating or as a measure of liquidity. The EBITDA and the EBITDA margin may be calculated differently by different companies operating similar

different businesses. Hence, the EBITDA and the EBITDA margin calculated by the Company may not be comparable to those used by other enterprises.

Performance level indicators (in thousands of euros)	**Fiscal year ended 30 June**		
	2013	**2014**	**2015**
Current operating result	4,937	4,557	5,128
+ Allocations to amort./deprec.	4,940	6,060	7,228
+ Non-recurring items (1)	963	2,202	1,091
EBITDA	10,840	12,819	13,447
EBITDA Margin	21.6%	22.0%	18.9%

(1) The principal non-recurrent items include:

- For the fiscal year ended 30 June 2013: commercial indemnities (€0.09 million);
- For the fiscal year ended 30 June 2014: commercial indemnities (€0.2 million), amounts due for tax fines (€0.1 million), expenses for acquisition of subsidiaries in Australia and Brazil (€0.1 million), costs for business start-ups (€0.2 million), the extraordinary scrapping of certain products (€0.6 million), indemnities paid in a dispute with a former employee (€0.2 million), amounts due as non-recoverable trade receivables that were written-off (€0.8 million);
- For the fiscal year ended 30 June 2015: expenses related to the cessation of marketing of products (€0.6 million), amounts as non-recoverable trade receivables that were written off (€0.2 million), APAX support services (€0.2 million).

Net result before financial charges for Convertible Bonds and extraordinary items

The Group posted its net result excluding financial charges for Convertible Bonds and extraordinary items. This aggregate is equivalent to the net result to which is added the financial charges for Convertible Bonds after deduction of tax equivalent to the amount of such financial charges (calculated on the basis of a tax rate of 33 1/3%) and deducted from extraordinary items. This aggregate is not a standardised accounting aggregate having a unique and generally accepted definition. It should not be considered as a substitute for the operating result, the net result, the cash flow generated by operating or as a measure of liquidity.

Performance level indicators	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
Net result	(2,149)	(2,540)	(17,722)
+ Financial charges for Convertible Bonds	3,773	4,394	4,935
+ other extraordinary items: • Charge for reimbursement of senior debt • IPO expenses + monitoring fees • Provision for URSSAF dispute • Revaluation of debts/ Australian minority interests			 +1,500 +2,035 +7,906 +3,235
- Tax (1) (2)	1,258	1,465	1,645
Net result excluding financial charges for Convertible Bonds and excluding extraordinary items (2)	**366**	**389**	**244**

(1) At theoretical value of 33 1/3%.

(2) This pre-consolidation adjustment does not include the impact of the adjustment of financial charges on the fiscal deficits eligible for carrying forward.

Principal key data from the Group's consolidated balance sheet

Balance sheet	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
ASSETS			
Total non-current assets	97,664	122,413	131,660
Total current assets	43,643	50,755	115,409
Total assets	**141,307**	**173,168**	**247,069**
LIABILITIES			
Total equity capital	20,438	22,311	118,756
Total non-current liabilities (1)	89,638	111,153	80,075
Total current liabilities	31,231	39,704	48,238
Total liabilities	**141,307**	**173,168**	**247,069**

(1) The non-current liabilities include the Convertible Bonds.

Principal key data from the Group's consolidated cash flow table

Cash flow	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
Cash flow gross margin (before changes in working capital requirement)	1,710	1,755	(4,605)
Changes in working capital requirement	(1,513)	(3,341)	(11,245)
Net cash flow generated by operating (1)	197	(1,953)	(16,531)
Net cash flow for investments	(8,883)	(14,594)	(10,976)
Net cash flow for finance	6,394	16,090	80,375
Changes in cash flow	(2,292)	(457)	52,869

(1) The net cash flow generated by operating includes all financial charges. After deduction of these charges, the cash flow generated by operating was respectively €7.8 million, €6.8 million and €5.1 million for the fiscal years ended 30 June 2013, 2014 and 2015.

CHAPTER 4
RISK FACTORS

The Group conducts its business in an environment which poses risks, many of which are beyond its control.

Before deciding to purchase or subscribe Company shares, investors are invited to examine carefully each of the risks described below, as well as all the information set out in this Registration Document. These risks are, as of the date of this Registration Document, those which the Company considers could, should they occur, have a significant unfavourable effect on the Group, its business, its financial position, its results, its expansion or its prospects; consequently knowledge of such risks is important when making any investment decision. The Company draws investors' attention to the fact that the risks and uncertainties set out below are not the only ones confronting the Group. Other risks and uncertainties of which the Company is currently unaware or which it considers insignificant as of the date of this Registration Document could also have a significant unfavourable effect on the Group, its business, its financial position, its cash flow, its results, its expansion or its prospects. The Company has conducted a review of risks that could have a significant unfavourable effect on its business, its financial position or its results (or on its ability to achieve its objectives) and considers no significant risks other than those described, exist.

4.1 RISKS RELATING TO MARKETS ON WHICH THE GROUP OPERATES

4.1.1 Risks relating to market and living conditions

Changing demands in the healthcare sector are generally, relating to changes in macroeconomic conditions, in particular the evolution of gross domestic product in countries in which the Group operates, as well as on levels of private and public sector expenditure on healthcare. In general, recessions or deflationary periods are likely to exert a negative effect on the healthcare industry and related demand with, in consequence, a reduction of personal expenditure on healthcare. On the date of this Registration Document, growth was limited in the Eurozone and, specifically in France, as demonstrated by the forecasts of the International Monetary Fund for 2015, which are conservative (+1.2% for the Eurozone and + 0.9% for France). (*Source: IMF, World Economic Outlook, January 2015*)

The economic slow-down and volatility observed following the recent financial crisis have increased the risk for the Group's business operations in certain countries in which it is located, in particular for its distributor customers in Southern Europe and, more specifically in Spain, Italy, Greece and Cyprus where the risk of customer default on payments has increased.

The economic difficulties could also lead governments, insurance companies and other third parties to reduce healthcare costs, which could impact on the Group's revenues or margins (as was the case in Italy following measures adopted during the 2009 economic crisis).

An unfavourable economic climate may also exert downward pressure on prices and, in consequence, on margins. In fact, when patients must directly or indirectly (through an increase in their private health insurance policy premiums) pay all or part of the cost of a surgical operation (including the costs of prostheses and their implantation), personal decisions on reducing healthcare costs may reduce demand for the Group's products and services.

More generally, a reduction in household disposable income (whether real or simply perceived) during periods of economic slowdown may reduce personal expenses for healthcare, including private insurance coverage and the extent of such cover, irrespective of the percentage reimbursement by public social security systems.

Moreover, living standards and conditions are continuously improving both in European Union countries and the United States and in developing countries such as Brazil. This improvement may result in improved quality of life, increased attention to the health of individuals and therefore a reduction in health problems

and, correlatively, a downturn in the Group's business. Some markets, notably those in which the Group has recently begun activity, e.g., Brazil for example - have a younger population than countries in which the Group was established historically. This may contribute to a reduction in health problems, notably in the orthopaedic field again causing a downturn in the Group's business.

In general, the Group is not in a position to anticipate economic market trends with any certainty. Although on the date of this Registration Document, certain orthopaedic markets in which the Group is active or intends to expand (such as notably the United States and Japan) are sizeable, prediction of demand trends in future years is not possible. In addition, economic growth in these countries may end or decline with a consequent fall in demand for medical products and services.

If one of the aforementioned risks should occur, this could have a significant unfavourable effect on the Group, its business, its financial position, its results, its expansion or its prospects.

4.1.2 Risks relating to existing and future competition facing the Group

The sector including orthopaedic prostheses for knee, hip and extremities surgery is a highly competitive market, dominated by major international players, such as DePuy Synthes (J&J Group), Stryker, Zimmer, Biomet (of which the merger with Zimmer was announced in 2014) or Smith & Nephew, which dominate the world orthopaedic prostheses market. These firms generated revenues of more than 10 billion in 2013. (*Source: market survey by Avicenne Medical, European orthopaedics market 2013-2018, November 2014*)

These enterprises are well-established and dispose of significant resources, exceeding those of the Group and are more high-profile. By comparison, the Group began marketing its products in France in 1999 and, more recently, expanded internationally.

The Group also competes with local or more specialised firms, both French and foreign, such as Tornier (listed in the United States) in France, Aesculap (a subsidiary of B. Braun) or Link in Germany, Lima Corporate in Italy, Mathys or Medacta in Switzerland, Corin Group in the United Kingdom, Arthrocare (purchased by Smith & Nephew in 2014), Exactech or Wright Medical in the United States (the merger with Tornier was completed in October 2015).

This competition influences the following aspects and therefore may have an impact on:

- prices, notably in countries where the prices for prostheses are not regulated or set during invitations to tender;
- technology, reliability, performance and quality of products insofar as manufacturers may seek to reduce their outgoings to increase the profitability of their products against a background of falling prices;
- extent of the product range;
- human and financial resources;
- budgets allocated to Research & Development;
- management of intellectual property rights;
- deadlines and resources allocated to product sales and marketing;
- relations with surgeons, healthcare establishments and third parties funding healthcare services;
- product and customer services;
- infrastructure;

- experience in and resources for product launches, promotion, marketing and distribution;
- relations with distributors, sales agents, suppliers and subcontractors;
- geographical cover; and
- the communications policy.

The Group cannot guarantee that it will be able to increase or retain its existing market share, that the prices of its products will remain competitive or that it will be capable of making the investments required given increased competition. The occurrence of any of these risks could have a significant unfavourable effect on the Group, its business, financial position, results, development or prospects.

The major multinational groups have expanded by external growth, through absorption of other enterprises. The orthopaedic prostheses sector is experiencing widespread consolidation as demonstrated by the mergers announced in 2014 between Zimmer and Biomet or between Tornier and Wright Medical Group as well as the acquisitions made by DePuy Synthes (notably of the Olive Medical Corporation in February 2015). This trend towards consolidation strengthens the competitive positioning of the enterprises concerned and makes gaining market share all the more difficult. In consequence, the Group cannot be certain that it will continue to gain market share or that it will reflect trends in the sector by itself forming associations with other players. Moreover, another consequence of this scenario is an extension of the product product range offered by new entrants to the sector; the Group may not necessarily be in a position to offer an equivalent full range without major investments. The Group could also be faced by the entry to the orthopaedic prosthesis market of players currently active in other branches of the medical sector.

In addition, competing technologies, whether existing, in course of development or even not developed to date, could, enable competing groups to acquire significant market share and restrict the Group's capacity for successful marketing of its products at some time in the future. The Group cannot guarantee that new players or new competing technologies will not emerge or expand.

The intensification of competition on the orthopaedic prostheses market (concerning both players and products) could drive down the price of products, resulting in a reduction in the Group's profit margin and market share as well as a deterioration of its competitive positioning with, in consequence, an unfavourable impact on the Group, its business, financial position, results, expansion or prospects.

The intensification of competition is particularly apparent in the context of public sector tenders. Given that these are public sector contracts, the purpose of the associated regulations is to enable hospitals or public healthcare establishments to select the co-contractor best able to meet their needs. In addition to compliance with very precise specifications, companies in the medical sector dealing with public healthcare establishments as customers must offer highly attractive commercial conditions to gain a position in such markets if they are to be successful in tendering procedures. Invitations to tender generate competition among the different suppliers of medical devices, imposing the need to make significant efforts in terms of pricing.

The Group cannot guarantee that it will be in a position to submit competitive offers or to make the necessary investments when responding to invitations to tender. In addition, hospitals may decide to combine, e.g., as Economic Interest Groupings or central purchasing bodies and issue invitations to tender as such entities, so they can pool their costs and again exert downward pressure on prices, given their significantly increased negotiating power (e.g., La Générale de Santé or Vitalia).

Finally, in a context of consolidation in the sector, players may acquire health insurance companies or private mutual healthcare funds and/or establishments and decide to withdraw or refuse approval for Group products or those of other competitors for the policyholders of the insurance company or mutual fund concerned.

Should any of these events occur, this could have a significant, unfavourable effect on the Group, its business, its financial position, results, expansion or prospects.

4.1.3 Risks relating to the development of new technology

The Group's growth and strategy are notably based on technologies (whether for products or services) which it succeeds in developing and marketing. In the long term the Group's success depends, to some extent, on its ability permanently to improve and extend its offer of products and services to meet the constantly changing market demands, withstand stiff technological and competitive pressure and expand its geographical coverage.

The Group may be required to incur significant expenses to develop new technology. The Group may also need selectively to acquire new or complementary technologies. The deployment of the Group's strategy depends, in part, on its capacity to identify attractive targets, to implement such acquisitions under satisfactory conditions and successfully incorporate them in its existing operations or technologies. The Group cannot guarantee that it will be capable of identifying the best opportunities and implementing acquisitions and cannot guarantee it will successfully integrate any other technology it may acquire. Acquisition and development of technology and the conclusion of other significant transactions could impose significant costs on the Group. The Group may also be required to finance such acquisitions by taking out loans or issuing securities giving entitlement to capital, which could result in financial risks and certain restrictions or which may dilute the holdings of existing shareholders.

Moreover, the innovation of competitors could affect the future growth of the Group. The Group cannot guarantee that its competitors will not successfully develop new technologies or technologies or products at lesser cost, or which are more innovative than those currently marketed or in course of development by the Group. In addition, the products developed by the Group's competitors could be placed on the market before its own products. It cannot be excluded that competitor's products could prove more successful than the products currently marketed or in course of development by the Group.

Concomitantly, the development of new surgical and non-surgical technologies could result in reduced demand for Group products or render them obsolete. For example, medical innovation in the preventive treatments of pathologies presently treated by existing orthopaedic surgery may reduce or delay the need for orthopaedic prostheses and, in the medium term, offer an alternative to them.

Finally, patients, surgeons and healthcare establishments could have new needs and expectations in orthopaedic surgery, such as a reduction in operating times, a significant reduction in adverse effects, reduced post-operative rehabilitation periods, etc. The Group cannot guarantee it will be capable of meeting such expectations and that it will appropriately anticipate the latter and adapt to new market demands.

The materialisation of one or more of these risks could have a significant and unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

4.1.4 Risks relating to public healthcare policies

The Group's activities in the healthcare sector are influenced by the associated regulatory and economic environment. Levels of expenditure on healthcare and of reimbursement exert a direct impact on the Group's business. The Group is dependent on public healthcare policies and may be obliged to reduce its prices to win tenders issued by public sector hospitals or to remain competitive in an environment of controlled healthcare expenditure.

The methods generally used by governments to control healthcare expenditure are to fix such costs by regulation and, if applicable, lower prices or their percentage reimbursement to reduce the number of surgical operations prescribed, as well as to limit the medical procedures that are covered by healthcare, insurance or social security schemes. Changes in the reimbursement regimes established by governments

frequently seek to limit the number or proportion of the medical devices covered and some pre-existing or innovative products generating high margins for the Group may be excluded from coverage.

In many countries, notably in France, the Group's activities are subject to regulated prices insofar as its products are provided in the framework of public healthcare schemes which are fully or partially funded by governments. Orthopaedic surgery is subject to prices or price fixing methods that are imposed and generally set by government authorities and the Group has no control over their levels, creating real dependency on public healthcare policy. Prices may be revised at any moment, notably downwards, resulting in significant reductions. In 2013, the French government implemented a three year regulated price reduction programme (2013, 2014 and 2015) of 10.5% for hip and 5.5% for knee prostheses. The Group cannot exclude new reductions in future.

In other countries, notably Germany, there is a "price per activity" system (T2A). In a "price per activity" based system the allocation of resources within healthcare establishments and, in consequence, product pricing depends on the nature and volume of activities in the hospitals and health establishments concerned. In consequence, product prices may vary according to the healthcare establishment, the speciality concerned or the volume of activity. The Group cannot exclude that countries currently basing pricing on products and services may increasingly move to "price per activity" systems, which could affect price or reimbursement levels for the Group's products.

In addition, in some countries, notably France, budgets allocated to public hospitals may vary and impact invitations to tender for orthopaedic prostheses. Allocations from the budget available to each hospital per speciality are decided by the establishment and the Group cannot influence a preferential allocation from the budget to the orthopaedic field.

Moreover, the Group cannot guarantee that it will be capable of obtaining the same price and reimbursement levels in all the countries in which it wishes to market its products, nor will it be capable of foreseeing any changes in the funding and reimbursement conditions in the different countries. Nor can the Group rule out that countries operating a private healthcare system will decide to adopt public policies that affect the prices or reimbursement of Group products.

The adoption of more restrictive reimbursement measures or the absence of government cover for Group products will result in patients incurring new or additional costs, which may limit the number of surgical operations and consequently the number of products purchased from the Group, leading to a down turn in Group business.

Finally, in some countries, the Group's products are approved by public health bodies or by private mutual funds. These may modify the approval granted for Group products (and therefore reduce the associated reimbursement rate), call into question such approvals for existing Group products or refuse to grant approval for new products offered by the Group. Consequently, the reimbursement rate for Group products may be decreased, or Group products may be excluded from reimbursement schemes, resulting in a reduction in demand for Group products and leading to a direct impact on the margins and results achieved by the Group.

If any of the aforementioned risks should materialise, this could have a significant and unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

4.2 RISKS RELATING TO GROUP BUSINESS AND PRODUCTS

4.2.1 Risks relating to the Group's research and development policy

The Group devotes a significant proportion of its expenditure and its teams to research and development (R&D), to develop new products, services and new ancillary technologies and, insofar as necessary, to improve its existing products and technologies, services and ancillary technologies. This expenditure, notably royalties for surgeons who have contributed to developing patents, represents a significant cost (€4.6

million for the six months ended 30 June 2014 and €6.0 million for the six months ended 30 June 2015, respectively, representing 7.9% and 8.5% of revenues).

The Group cannot guarantee that its R&D works will automatically result in a satisfactory finished product that can be patented, such as to obtain the necessary regulatory approval for marketing. Moreover, the Group cannot guarantee that there will not be delays in developing a product compared to the initially anticipated timeframes or that the finished product will be financially or commercially viable, since the production or distribution costs may prove too high. The Group cannot guarantee that when it develops a technology, such technology will provide an adequate return on investment and that its sales will prove sufficiently profitable for the Group.

Even if the Group succeeds in patenting its products and ensuring that the other products it markets are covered by patents that are filed and awarded the necessary certification of the Notified Body (e.g., CE Marking in the European Union and 510(k) in the United States) for products and technologies of which the development has been finalised, the acceptance of surgeons and patients of Group products may not be forthcoming or may not be obtained within a deadline compatible with the Group's objectives. In addition, acceptance of new products by the markets in which the Group operates depends on multiple factors, such as the effectiveness of the device, the governmental reimbursement policy, implementation of an effectiveness marketing and communication strategy (when this is possible in compliance, for example, with the Bertrand Law in France), the number of establishments which may use such technologies, the methods and quality of training in use of the products and the support of renowned medical experts.

If any of the aforementioned risks should materialise, this could have a significant unfavourable effect on the Group, its business, financial situation, results, expansion or prospects.

4.2.2 Risks relating to the protection of intellectual or industrial property rights held by the Group

The Group's business depends on effective protection of its intellectual and industrial property rights and those under licences granted by third parties to the Company or its subsidiaries.

Intellectual and industrial property rights

Of the 40 families of the primary patents on which the Group's business is based and which are vital for its activities, the majority is not owned directly by the Group but was developed in partnership with one or more surgeons. Exclusive operating licences are then granted to the Group by one or more surgeons who generally form a company (in France, civil partnerships of which the corporate purpose is dedicated to innovation), for a maximum term of twenty years, which is the term of validity of the underlying patents.

The Group has undertaken to comply with certain conditions to retain its rights over these patents. These conditions consist in initiatives for the development and marketing of products incorporating the licensed technology or the payment of (i) royalties during implementation of the predefined stages or (ii) royalties proportionate to the revenues generated by sales achieved by the Group from the sale of products in the territories in which the patents have been filed.

Some licensing agreements provide for early cancellation of the agreement in the event of violation of the contractual provisions or of Company's insolvency or bankruptcy. In particular, the exclusive licensing agreement concluded on 16 September 2011 for the ANATOMIC® prosthesis provides for automatic immediate cancellation of the licence by surgeons or by the surgeons' civil partnerships should product sales fall by more than 25% in any one year.

Any violation by the Company or one of its subsidiaries of the conditions for retaining the right to a patent may result in the loss of use of the technology or rights covered by such patents. If the Group should lose one or more licences for one or more of these patents, or if it is unable to obtain rights similar to those held under the licensing agreements under reasonable conditions, it may be unable to develop, manufacture or market its products.

Protection of intellectual or industrial property rights

The patents held or used by the Group are generally filed locally and not necessarily on a wider scale (e.g., European or world scale). Therefore, the protection attached to such patents is reduced and they may be infringed in countries in which they are not protected. In addition, although certain technologies are protected by patents, comparable technology may be reproduced by other players in markets in which the Group operates.

Finally, all products marketed by the Group are not necessarily subject to patent protection. Approximately 10% of Group products are not protected and could therefore be used by third parties.

Use and disclosure of confidential information

It is essential for the Group to protect itself against unauthorised use or disclosure of its confidential information and commercial secrets which are not necessarily officially registered. The Group may be required to provide information, technologies, processes, know-how, data or information in various forms which is not patented and/or patentable to third parties with which it collaborates, on research and development and the manufacturing and marketing of its products. In these scenarios, the Group generally imposes confidentiality agreements. However, these provide only limited protection and may not prevent unlawful use or disclosure by a third party of confidential information and know-how held by the Group.

The Group cannot guarantee that the third parties concerned will protect the confidentiality of its unpatented innovations or developments which are not patented and its know-how and that such third parties will not disclose commercial secrets of the Group to its competitors or that they will not themselves further develop such commercial secrets.

Trademarks

The trademarks registered by the Group are important assets for the identification of its products (notably the Amplitude trademark). Despite the registration of the Group's trademarks, third parties could use or attempt to use them.

The efforts made to protect the Group's trademarks may be in vain in certain jurisdictions in which the Group operates. These infringements could generate a commercial loss and jeopardise the Group's image.

Violations of the intellectual or industrial property rights of the Group or of third parties

The Group cannot guarantee the non-violation by third parties of the intellectual and industrial property rights of which it is the owner or for which it has a right of use. It cannot avoid fraudulent or unauthorised use of its products and technology, notably in foreign countries where the Group's rights are less protected given the restricted territorial scope of certain intellectual property rights. Third parties may seek to use aspects of the Group's technology, whether protected by intellectual property rights or not, which could be damaging to the Group.

The Group cannot guarantee that the employment contracts of Group employees systematically incorporate a clause on mandatory complementary remuneration due to any employee creating a patentable invention in the framework of their missions under their employment contract and more generally, which comply with French law. In consequence, there is a risk that Group employees who have created patentable inventions and who are not awarded supplementary remuneration as a result could request supplementary remuneration, incurring significant expense and unfavourable consequences for the Group's results.

The Group cannot give any assurance that its products do not and will not infringe or violate other patents or intellectual property rights held by third parties and that there are no other intellectual property rights covering certain Group products owned by third parties that could initiate proceedings for infringement or

violation of their rights. Such third parties could claim damages and interest from the Group and also demand the cessation of manufacture or marketing of such products or use of the trademarks in question.

In particular, proceedings brought against the Group on the basis of an asserted violation of an intellectual or industrial property right, notably in the United States, irrespective of the outcome, could generate significant costs and compromise the Group's reputation and financial position. This could affect the Group's ability to continue all or a proportion of its business insofar as it may be required to (i) cease to sell or use a product covered by the disputed intellectual property right in a given geographical zone, which would reduce its revenue, (ii) be obliged to obtain a licence from the holder of the right, which may prove possible only under unfavourable conditions or which may not be obtainable, and (iii) review its design or rename its products to avoid infringing third party intellectual property rights, which may prove impossible or extremely time-consuming and expensive with a significant impact on the Group's sales and marketing initiatives.

If any of the aforementioned risks should materialise, this could have a significant and unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.3 Risks relating to the information technology systems used by the Group

The Group has recourse to complex information systems, notably for the management of production, sales and logistics, accounting and reporting (e.g., the IFS system), which are essential for the conduct of its business as well as its research and development activity.

The Group has established a policy for the reinforced back-up of its information system software programmes and hardware infrastructure, including a business continuity plan for the above scenarios. However, it cannot guarantee that a failure of any such system will not occur, which could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group may be exposed to complex targeted attacks on its information technology networks. The technologies deployed for hacking, interrupting, damaging the quality or sabotaging information technology systems are undergoing constant evolution and frequently it is impossible to identify them before an attack is launched. The Group may not be capable of protecting itself against these hacking techniques or rapidly deploying an appropriate and effective response system.

Any failure or interruption of the Group's information technology services relating to hacking or other factors could have a significant unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

The Group develops information technology in the framework of the products it markets, notably its AMPLIVISION® navigation system or its i.M.A.G.E® technique. These technologies are the subject of specific protection so the systems are not exposed to hacking or other possible damage to the instrumentation. Any hacking, failures, or violation of property rights relating to the information technology developed by the Group could have a significant unfavourable effect for the Group, its business, its financial position, results, expansion or prospects. By recourse to information technology the Group could infringe or violate rights attached to such software held by third parties. It cannot provide an assurance that such third parties will not act against the Group claiming damages and interest but also demanding the cessation of the use or marketing of said software.

If any of the aforementioned risks should materialise, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.4 Risks relating to acceptance by healthcare professionals, opinion leaders and patients of Group products

The Group considers that surgeons and other healthcare professionals do not generally use products unless they are convinced, due primarily to scientific publications, that such products offer advantages or constitute

a better alternative for products already existing on the market. Some professionals may be reluctant to change their medical treatment practices or may reconsider the use of certain Group products, primarily for the following reasons:

- their lack of experience in use of Group products;
- absence of proof of the beneficial nature of the products for patients;
- fear of incurring liability by using new products and new operating procedures;
- restrictions on reimbursement under public or private health insurance schemes or by local authorities; and
- the time necessary for training.

Moreover, surgeons or other healthcare professionals may consider the training provided by the Group to be inadequate or too long or more generally, that it does not correspond to their expectations. The introduction on the market of new products developed by the Group's competitors could also result in a lack of interest on the part of certain professionals given the obsolescence of Group products.

If the Group does not succeed in convincing surgeons and other healthcare professionals to use its products, market penetration will be low, which could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group has successfully established relations with various "opinion leaders", which it considers essential for the awareness of and use of its products by practitioners. These opinion leaders are respected scientists whose conduct is likely to exert an influence both on the practices and medical prescriptions of surgeons and on the evolution of Group products. Although the Group has formed partnerships with these opinion leaders, it cannot guarantee that they will remain loyal to Group products or continue to maintain relationships and exchanges with the Group. Concerning the Group's international expansion, the opinion leaders are most frequently the sole entry point to these closed markets. Without the cooperation of these key scientists, expansion of the Group's business may be hindered in certain countries, which could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group's image and the acceptance by patients, surgeons and healthcare establishments of products developed by the Group may also be negatively influenced by adverse effects (such as an allergic reaction) following the implantation of prostheses developed by the Group or by some of its competitors or the way in which the devices function. These adverse effects may result in the regulatory authorities limiting or prohibiting use of these or similar products, thus restricting the potential market for Group products. The occurrence of such adverse effects could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

In addition, although the Group is developing a training programme and documentation for the use of its products, surgeons may use the Group's products inappropriately. Improper use could compromise the Group's image and, in some cases, result in judicial proceedings against it. Any such consequences could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.5 Risks relating to the penetration of certain geographical markets

Expansion of Group business into some markets (notably mature markets such as the American and Japanese markets or those undergoing expansion, such as in Brazil and India) is a major priority for the future strategy and growth of the Group. In addition to the specific risks associated with the regulatory environment, future sales of the Group's products in these markets depend on their acceptance by numerous local players.

Acceptance by the medical community, healthcare professionals, local opinion leaders and users of medical devices is an essential element in the success of the Group's sales and marketing policy in unfamiliar foreign markets. If the Group fails to convince the various players, penetration of these new markets will be low with

a potential significant unfavourable effect on the Group, its businesses, its financial situation, its results, expansion or its prospects.

The Group intends to expand its business over the next few years in various developing countries in which markets remain relatively unstructured. The distribution channels are, on occasion, not sufficiently well-developed for total penetration of these markets.

For successful sales of the Group's medical devices and to stand out from competitors and, in the medium term, retain its position on the various local markets, the Group must adapt its organisational structure, expand its distribution network and reinforce its dedicated qualified marketing and sales teams to achieve increasing international expansion. If the Group fails to establish such an organisational structure, to recruit the teams it needs or if it experiences any delays in organising its marketing and distribution resources or in recruitment of qualified sales and marketing teams, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group's medical devices are aimed at a "top end" market, which may not reflect all the needs and expectations of local populations and markets. The Group activities in South America and more specifically, in Brazil could lead the Group to re-orientate its positioning by developing an intermediate range of products to meet the needs and expectations of local healthcare professionals and populations. This reorientation poses different commercial and financial risks. In addition, the Group may incur significant expenses with a view to developing, manufacturing and marketing these new products. In particular, the Group's sales and marketing of these new products may prove a failure. The Group cannot guarantee it will achieve a return on investment that renders the investment profitable. The materialisation of one or more of these risks could have negatively impact on the Group's margin and its revenues, increase its costs and the time necessary for certification, which could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

In addition, the Group cannot guarantee its success in these new markets and it may be constrained to end local sales and marketing of its products or to close a local branch. In this case, it would be required to sever relations with the Group's local distributor or close a design office, or possibly dissolve an existing subsidiary. This could adversely affect the Group's capacity to produce, develop and market its products in that country, which could have financial consequences impacting negatively on Group business.

If any of the aforementioned risks should materialise, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.6 Risk of dependency on third parties involved in marketing Group products

The Group markets its products in France and internationally according to three distinct models: (i) the establishment of operating subsidiaries with recourse to the commercial teams of said subsidiaries, (ii) recourse to exclusive distributors or (iii) recourse to sales agents. According to specific local aspects, the Group may also have recourse to the commercial teams of its subsidiaries as well as sales agents (e.g., in the United States).

Some markets are not directly accessible to the Group through establishment of a local subsidiary and require recourse to exclusive distributors, both in and outside the European Union. On occasion, the Group's direct location in a market occurs during a second phase. For example, initially the Group established itself in the Australian market through an exclusive distributor, then during a second stage it partially acquired this business and then established its subsidiary, Amplitude Australia Pty. The Group could be dependent on its exclusive distributors. In fact, the successful international marketing of Group products depends on financial resources as well as the expertise and the clientele of its distributors. The Group cannot guarantee that it will be able to retain its distributors or conclude new distribution agreements or that the distributors will devote the necessary resources to ensure the commercial success of its products.

In addition, the implementation of exclusivity clauses in the distribution agreements could be called into question notably under French and European regulations. In certain circumstances, these clauses could be considered unlawful, notably insofar as they have as their purpose or effect the restriction of free competition through restrictive practices or abuse of dominant position, which is prohibited pursuant to Articles L. 420-1 et seq. of the French Commercial Code or Articles 101 and 102 on the Treaty on the Functioning of the European Union, Regulation No. 330/2010 of 20 April 2010 and the associated guidelines. Exclusive distribution agreements concluded with independent distributors could, in consequence, fail to provide the desired protection for the Group, resulting in penalties if certain clauses in the distribution agreements are deemed unlawful.

The Group also has recourse to sales agents with whom it concludes exclusivity agreements. As a result, the Group must identify competent sales agents and then deploy the resources to win their loyalty. To this end, the Group pays a significant proportion of the revenues each commercial agent generates as an incentive, which the Company considers comparable with market levels. However, the Group cannot, guarantee that it will be capable of finding sales agents with sufficient expertise and experience and to conclude agreements with and retain them. In particular, the Group may have to compete with other players on the markets in which it operates.

The cancellation or non-renewal of an agreement by a sales agent could have a significant impact on the capacity to market Group products in a given geographical zone and payment of indemnities incumbent on the Group associated with the end of the agreement could constitute a significant expense. Conversely, an agreement concluded with an agent who does not satisfy Group expectations, notably concerning revenues generated, must be cancelled by the Group, which would require the Group to pay an indemnity to such agent, which also could be significant. The company Prothys initiated proceedings against the Group with a view to obtaining payment of an indemnity given cancellation of a commercial agency agreement.

In addition, a sales agent may cease to operate, notably on retirement. The sales agent may, in the first place, identify a party to take over the business. In this hypothesis, such new party must be approved by the Group. The Group may also acquire the business and authorisation of the sales agent concerned. In the event of a disagreement regarding either of the two previous solutions, the Group could be required to pay commission on sales achieved within the scope of application of the commercial agency agreement.

A commercial agency agreement may be the subject of reclassification as an employment contract, such reclassification giving rise to additional obligations incumbent on the Group (payment of an indemnity) or new liabilities (new taxes and social security charges to be paid by the Group). Such risk could also emerge in disputes involving Group Companies, with the associated additional expenditure and time demands.

Moreover, third parties participating in marketing Group products, whether exclusive distributors or sales agents, may fail to respect all applicable laws and regulations, notably concerning corruption (for example, the Bertrand Law and the "*anti-gift"* law in France, the *U.S. Foreign Corrupt Practices Act of 1977* and the *Sunshine Act* in the United States or the *Bribery Act 2010* in the United Kingdom). The Group's image and that of its products, as well as the Group's revenues could be negatively affected.

The occurrence of one or more of these risks could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.7 Risks relating to outsourcing manufacturing of products and dependency on subcontractors

The Group operates according to a *"fabless"* model, which consists in outsourcing all the various operations for the manufacture of its products and markets exclusively the "finished product". As a result the Group is dependent on third parties for the manufacture of all its products and its commercial success relies, in part, on its ability to identify, build up and maintain ongoing relationships with its subcontractors and to obtain high quality manufactured products which comply with the regulatory provisions in the quantities and by the deadlines required, while generating a profit.

For example, the Group is reliant on CeramTec, its long-term supplier, for its ceramic procurement.

Dependency on third party manufacturers exposes the Group to additional risks, which it would not bear if it manufactured the products itself, including:

- non-compliance with the regulations and quality control standards of products manufactured by third parties;
- default or non-fulfilment by the subcontractor;
- violation by subcontractors of their agreements with the Group; and
- the termination or non-renewal of agreements for reasons beyond the Group's control.

The majority of the Group's subcontractors hold certification ISO 13485 and 9001. In fact, in some countries, registration of the Group's products may require that all manufacturing stages are performed by ISO certified subcontractors. Loss of certification by one or more subcontractors could have an impact on the manufacture, registration or marketing of the products concerned. In addition, the Group could be obliged to identify and conclude agreements with new subcontractors holding ISO certification, which could require significant time and generate additional costs.

Problems could occur during the manufacture and distribution of Group products. In particular, the Group's subcontractors and suppliers are exposed to the risks of natural disasters. The materialisation of one or more of these risks could prevent subcontractors and suppliers from complying with their obligations toward the Group, generating delays in the procurement of the products concerned. This could give rise to increased costs, a reduction in sales, jeopardise customer relations and in some cases, require product recalls which could prove damaging to the Group's reputation and pose a risk of the Group's liability being invoked in its capacity of manufacturer, in particular if the defective products are only discovered subsequent to their sales and marketing.

Manufacture of the Group's products is complex and demanding, particularly given the applicable regulations and the specifications imposed by the Group. All manufacturing processes for prostheses fall within the scope of application of the certification obtained by the Group. Thus, the CE marking certification applies to the products sold by the Group as well as the entire manufacturing process, including sterilisation, polishing, etching, coating, cleaning, assembly and packaging.

In the hypothesis in which the Group changes its product suppliers, it would be required to identify a supplier satisfying the regulations for maintaining CE marking or other regulatory authorisations. The Group must also repeat the procedure for qualification of the subcontractor, which could be extremely expensive, time consuming and require the attention of the Group' most highly qualified staff. Finding a new supplier could also delay the production, development and marketing of products and increase their manufacturing cost given the requalification process to be performed.

In addition, the Group cannot guarantee that its subcontractors, suppliers and representatives comply with and will continue to comply with the regulations, authorisations and standards in force. If products manufactured by suppliers fail to comply with the regulatory provisions or standards in force, penalties could be imposed on the Group. These penalties could include fines, injunctions, damages, rejection by the regulatory authorities of tests in progress, suspension or withdrawal of authorisation or certificates obtained, the revoking of licences, seizure or recall of products, operating or use restrictions and criminal proceedings. Such measures could have a significant negative impact on the Company's business.

Although the Group is seeking new suppliers for its entire production and distribution chain, it cannot guarantee it will be capable of retaining the subcontracting agreements in existence or of concluding new agreements under acceptable commercial conditions, given the restricted number of specialist companies in possession of the infrastructure, experience, approvals and/or certifications to manufacture this type of medical device. In addition, the Group could be confronted by competition from other players in the markets in which it operates, who may seek to solicit the subcontractors with whom the Group currently works.

Finally, the subcontractors and suppliers with whom the Group works may be acquired by the Group's competitors. In the event of termination or deterioration of its relationships with its subcontractors or if its needs increase, the Group may find it impossible to form relationships with other subcontractors, which could adversely affect its capacity successfully to produce, develop, market and sell its products.

The materialisation of one or more of these risks could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.8 Risks relating to Group logistics

From its French head office and through its subsidiaries, the Group manages its entire stock of finished products, whether intended for French or international customers. Despite its procurement policy and daily tracking of the available inventory, the Group cannot guarantee that it will not face any stock shortages, notably in the event of a delay in procurement by its subcontractors. Moreover, the Group is exposed to the risk of a potential major accident at any of its sites (notably, the registered office located in Valence) or any other event creating a situation of force majeure. The Group's inventory could be destroyed as a result, the premises could be rendered inaccessible for a certain period, which could result in a temporary or even a permanent shut-down of activities at that site. In addition, the Group cannot be assured that it will always be capable of anticipating demand for finished products or that it will be able to satisfy order volumes. The Group's reputation could be prejudiced and this could adversely affect its sales and marketing initiatives.

Moreover, the Group is exposed to the same types of risks for transport and delivery of products to its customers. Through its recourse to third party service providers, the Group cannot guarantee it will be systematically capable of delivering products when required by customers. The Group may also be exposed to the consequences of events beyond its control, including strikes, heavy snowfall, storms or other external factors which could have an impact on the deadlines for delivery of products to customers.

Also, despite the Group's constant monitoring of the inventory, some are subject to shelf life expiry dates, according to the raw materials used. For example, products incorporating polyethylene (e.g., tibial inlay, acetabulum inlay, patella inlay) have a shelf life of five years in France and then may not be re sterilised. As a result, the Group is exposed to the risk of stock wastage. Moreover, the shelf life of the inventory according to the raw materials used varies from one country to another; therefore the Group may suffer more significant stock wastages in some countries in which the legislation is more rigorous.

If any of the aforementioned risks should materialise, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.9 Risks relating to the enforcement of the Group's liability

In addition to the legal guarantees, the Group could be exposed to risks of liability when developing or during commercial exploitation of its products, in particular, product liability. Although the Group operates according to the *"fabless"* model, it retains the status of manufacturer and the associated liability. Civil or criminal charges or judicial proceedings could be filed or brought against the Group by users (patients, practitioners, researchers and other professionals in the healthcare or research industries), regulatory authorities, certain distributors or any third party using or marketing its products, e.g., in relation to the quality of materials used for its products, the unsatisfactory functioning of its products or the Group's inability to deliver them at the desired time.

Where a defect occurs during the product manufacturing stage, the Group may be exposed to a *"serial"* risk, i.e., that a batch of products manufactured at the same time will present the same defects and constitute (i) either a direct loss for the Group if it identifies the defect prior to commercialisation, (ii) or a major risk that the defective products will be the subject of judicial or administrative proceedings brought by the victims. This risk is multiplied in the United States given the possibility of initiating *"class actions"*. In addition, each Notified Body has the power to conduct several inspections on site and on each item, which may reveal defects during the product manufacturing stages. These defects are then published in a local register.

Cooperation between the various notified bodies is currently increasing and identification of a defect in a Group product will be made public in the majority of countries in which the Group operates. Moreover, if a significant volume of the Group's products presenting a defect that is made public, this could trigger the recall of products manufactured by the Group or even withdrawal of a previously granted certification, which would have an adverse impact on the Group's image in such countries.

If any of these risks should materialise, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

To date, the Group has not been the subject of any product liability claims or proceedings and has subscribed a civil third party liability insurance policy for products delivered providing coverage of a maximum of €10 million per claim and year of insurance (subject to certain limitations and exclusions).

The Group cannot guarantee that its current insurance coverage will be adequate to satisfy liability actions which may be brought against it or against one of its subcontractors, who may not have sufficient individual coverage. If the Group's liability is enforced and it is not possible to obtain or maintain appropriate insurance coverage at an acceptable cost or to protect itself against product liability actions, this could, as a consequence, significantly affect sales and marketing of its products and more specifically, compromise its activities, its results, its financial situation, its expansion or its prospects.

In addition, any breach of the conformity obligations could incur penalties including fines, injunctions, civil penalties, refusal to award CE marking or any other authorisation, delay in production, seizure or recall of products, restrictions on their use and criminal proceedings, which would significantly increase the costs sustained by the Group, delay its expansion and the marketing of new devices.

The occurrence of any of these situations could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.10 Reputation risk

The Group's reputation is vital for the presentation of its products, and in the framework of its customer loyalty strategy and its efforts to conquer new markets. The Group's success in recent years is largely associated with its reputation as a leading enterprise on the French market and its reliability, as well as the quality and extensive range of the products it offers. Because of its reputation, the Group has consolidated its position and this has significantly boosted its expansion.

Moreover, the Group operates in a sector (that of healthcare) subject to high media exposure, far greater than in many other industries, specifically relating to product defects. This media exposure is increased by the use of new media, such as the Internet.

Although the Group closely controls the quality of its products and associated services, it cannot guarantee that it will never encounter difficulties deriving from the quality or reliability of its products and/or its services or more generally its ability to provide the service level anticipated by its customers in certain business sectors or geographical zones. The Group is also exposed to judicial or administrative proceedings, whether well-founded or otherwise. The occurrence of such events, specifically extensive media coverage, could have a severe impact on the Group's reputation and a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.11 Risks relating to the Group's growth

The Group's growth policy is based on both external growth through the acquisition of other companies and internal growth in response to increasing demand.

Concerning external growth, the Group could acquire new entities with a view to the selective acquisition of new or complementary technology or establishing itself in certain geographical zones. The Group could

decide to acquire one of its exclusive distributors to gain independence in a given geographical zone and then establish a subsidiary. Such acquisitions could prove costly for the Group, which could discover material problems only after the acquisition that were not identifiable through the normal due diligence process. In addition, the Group could fail to achieve the synergy necessary following the acquisition of the entity concerned. The acquisition of technologies or entities and the conclusion of any significant transactions could impose significant costs on the Group. The Group could also be required to finance such acquisitions by taking out loans or issuing securities giving entitlement to capital which could result in taking financial risks or even the imposition of certain restrictions or dilute the holdings of existing shareholders.

Concerning internal growth, the Group could be required to recruit additional staff and to develop its operating capacities or extend its network of distributors or sales agents. These developments could mobilise internal resources and require significant investment. In particular, in the United States the Group has established a sales force at its subsidiary, Amplitude Orthopedics Corp, and also has recourse to sales agents to market the products of its subsidiary Novastep Inc.

The Group must:

- train, manage, incentivise and retain an increasing number of employees;
- identify and implement ongoing commercial relations with distributors in the countries concerned;
- anticipate the expenses generated by growth and the associated financing requirements;
- anticipate the demand for its products and the revenues they are likely to generate;
- increase the capacity of its existing operating information technology, financial and management systems; and
- increase the inventory level of products and ancillaries available to surgeons and healthcare establishments.

The Group's incapacity to manage its growth, or unexpected difficulties encountered during its expansion could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.12 Risks of dependency on key individuals

The Group's success largely depends on the work and expertise of members of its top management and key scientific employees, in particular its Chairman, Olivier Jallabert. His departure or that of other key individuals from the Group could result in:

- the loss of know-how and increased vulnerability of certain businesses, all the more so in the event of a transfer to a competitor; or

- a lack of technical skills which could slow down activities and, in the medium term, compromise the Group's capacity to achieve its objectives.

The departure of key individuals, in particular subsidiary managers, could affect the Group's capacity to implement its strategy.

The Group could then be required to recruit new management executives and qualified scientific staff to expand its activities, which could impose significant costs on the Group, both for locating new staff and winning their loyalty.

The Group competes with other companies, research organisations and academic institutions for the recruitment and retention of highly qualified scientific, technical and management staff. Insofar as such competition is very intense, the Group could fail to attract or to retain key staff under economically acceptable conditions.

The Group's inability to attract and retain key individuals could prevent the overall achievement of its objectives and have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.13 Risks relating to existing and future strategic cooperation

The Group works in close collaboration with various surgeons on developing new products and new technologies or with other surgeons on follow-up of the clinical database. The cessation of such cooperation could delay the development of various Group technologies.

Also, the Group does not hold the entire share capital of some of its subsidiaries as third parties own minority interests (e.g., in Australia, Brazil, the United States, France and Japan). Generally, the minority shareholders contribute local know-how or a technological advantage for the Group or facilitate its penetration of the market. The Group has concluded agreements with these shareholders to organise management of these entities, requiring prior authorisation by shareholders or the management bodies of the entities concerned, possibly by an increased majority for certain decisions (e.g., issue of securities, appointment or dismissal of executives, amendment of the by-laws, changes in business or the launch of new business, approval of the business plan, approval of the budget, significant commitments or commitments that restrict the business conducted by the entities concerned, debt, the granting of guarantees or collateral, acquisition or transfer of significant assets, restructuring, distribution of dividends to shareholders, appointment of statutory auditors, bankruptcy proceedings). These agreements may also organise the transfer of securities and provide for purchase and sales promises which could be enforced upon the occurrence of certain events (financial performance, change of control, departure), pre-emptive rights, rights of first refusal, follow-on rights or forced assignment rights.

The loss of such cooperation agreements or any impasse in the Group's partnerships could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.14 Risks relating to the international nature of the Group's business

The Group currently operates in 31 countries worldwide, of which 9 through an operating subsidiary. Given the international dimension of its business, the Group is confronted by a number of risks. These risks are associated with its status as a decentralised multi-national company and problems deriving from the legislative and regulatory requirements in force in the various jurisdictions in which it operates.

The adoption of decisions and compliance with local legal requirements could be more difficult given conflicts of laws and regulations, notably concerning:

- the policy on changes;
- regulations on foreign investments;
- employment, social security and collective bargaining;
- immigration;
- health and safety;
- public sector contracts;
- competition;
- the controls on international currency exchanges; and
- protection of the environment.

The level of regulation and protection may also vary significantly from one country to another, since various countries have legal regimes and judicial and administrative systems that are more restrictive than others.

In addition, the Group may be confronted by political and social uncertainties in some of the countries in which it operates or to which it proposes to extend its activities. The political systems in these countries may

be fragile when confronted by dissatisfaction expressed through public opinion. Any interference or instability in the political or social environment in these countries could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group delegates significant operating responsibilities to its subsidiaries. Although the Group has established procedures, reporting policies and codes of conduct and carries out regular visits and audits of its facilities in each country, the Group could experience incidents given the conduct of some senior executives in certain countries or regions, which do not conform to Group policies or executives could perpetrate irregularities or accounting anomalies or deliberate or other violations of local legislation, notably corruption (e.g., the Bertrand Law and the so-called *"anti-gift"* provisions in France, the *U.S. Foreign Corrupt Practices Act of 1977* and the *Sunshine Act* in the United States or the *Bribery Act 2010* in the United Kingdom). The occurrence of such events could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.2.15 Risks relating to procurement of raw materials

The manufacturing of Group products relies on the use of various raw materials. The Group may be dependent on third parties for the procurement of certain materials necessary for the manufacture of its products (e.g., titanium, cobalt chromium, ceramics, polyethylene). In addition, procurement by the Group of one or more of these materials could be reduced or interrupted. In this case, the Group may not be capable of finding other suppliers of materials of equivalent quality, at appropriate volumes and at an acceptable cost by a deadline allowing it to satisfy orders. If its main suppliers default or if the procurement of such materials is reduced or interrupted, the Group may not be capable of continuing to develop, produce and market its products competitively by its deadlines. In addition, since these materials are subject to strict manufacturing requirements and rigorous testing, delays in completion and validation of manufacturing facilities and processes for such materials at the Group's suppliers could affect the Group's capacity to produce and market its product profitably and within reasonable lead times.

If the Group should encounter procurement difficulties and is not capable of maintaining its existing procurement agreements or concluding new agreements in future, this could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

4.3 LEGAL RISKS, LITIGATION AND TAX RISKS

4.3.1 Risks relating to the regulations applicable to medical devices developed by the Group and their amendment

The inspection, manufacture and sale of Group products are subject to obtaining and retaining the legal and regulatory authorisations and certifications necessary to market medical devices. As a result, Group products are subject to strict regulations subject to constant change. Compliance with this regulatory framework could require following long and complex procedures as well as significant costs and no guarantee can be given that such authorisations will be obtained and maintained or by the expected deadlines.

The applicable regulations on medical devices are generally country specific. Given the nature of its activities, the Group is therefore exposed, to the requirements of multiple national and international standards with which it must comply. It must adapt to the various requirements and specific deadlines, notably for market authorisation (in particular the deadlines and conditions for registration, the absence of a single authority tending to increase the time-scales) and the associated transparency obligations.

Thus, within the European Economic Area (EEA), the Group's products are included in the category of medical devices and are governed, *inter alia*, by the provisions of European Directive 93/42/EEC which harmonises the conditions for the sale and free circulation of the Group's products within the EEA. These products may notably not be placed on the market until certificates allowing CE marking have been obtained.

In addition, the American market is governed by the regulations established by the *U.S. Food and Drug Administration* (FDA), which regulates the quality of testing, manufacture, labelling, drawings and design of products and equipment, the certification, quality assurance, storage, transportation, packaging, distribution and promotion of medical devices. The marketing on the American market of products such as those manufactured by the Group is subject to different procedures (including the so-called 510 (k) procedure which allows demonstrating the equivalence of the product with other devices already registered on this market). For products which have no equivalent, "pre-market approval" must be obtained, which may prove a long, complex and costly procedure. FDA authorisations may also subsequently be withdrawn and the FDA may require product recalls, prohibit sales or seize products.

More generally, in other countries in which the Group operates, placement on the market of medical devices imposes following specific procedures to obtain the necessary authorisations. Obtaining these authorisations is possible only on completion of a very long and expensive process (for example, in Japan, the necessary steps take on average four years).

The Group's incapacity to obtain authorisation or renewal of the certificates necessary for its products could delay marketing of products by the Group, or even prohibit their sale. The materialisation of one or more of these risks could have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

Although the Group takes into consideration potential changes in regulations or in the standards or regulations applicable in the countries in which it markets or intends to market its products, new regulatory constraints could prevent the sale of Group products in the event of withdrawal or suspension of market authorisations or could slow sales by rendering production of the devices more expensive. The procedures for obtaining market authorisation could be extended or the conditions could be multiplied and the associated transparency obligations reinforced.

Such a situation, if it occurred, would be likely to have a significant unfavourable effect on the Group, its businesses, financial position, results, expansion or prospects.

The Group is also subject to other specific regulations, notably concerning conflicts of interest and independence. For example, in France, Article 2 of the Bertrand Law (Article L. 1453-1 of the French Public Health Code) and the so-called "*anti-gift*" provisions (Article L. 4113-6 of the French Public Health Code) impose significant restrictions in this respect. Furthermore, surgeons are subject to the control of the French Medical Association which monitors the fulfilment by all of its members of their professional duties and their compliance with the rules in the Code of Ethics applicable in this respect, specifically to guarantee independence of the medical profession. In particular, Article L. 4113-6 of the French Public Health Code prohibits physicians from receiving, and enterprises offering services or manufacturing or marketing products covered by the social security compulsory regimes from procuring or offering benefits in kind or in cash, in any form whatsoever, whether directly or indirectly.

The interaction between the Group and its practitioner customers facilitates the access of the Group's authorised staff to operating rooms. This special relationship allows the Group to innovate and improve its range of products better to meet the needs of the profession. The special relationship between the Group and its practitioner customers is also manifested by their participation in seminars and conferences organised by the Group. Although participation at seminars or conferences by the Group's practitioner customers does not in principle come within the scope of the prohibition in Article L. 4113-6 of the French Public Health Code, this regulation or the position of the French Medical Association could change and restrict the future participation of practitioners at such seminars. On the other hand, if practitioners' participation at seminars gives rise to the conclusion of agreements and/or the award of remuneration or benefits in kind exceeding a value of €10, the Bertrand Law obliges companies marketing the medical devices to publicise the existence and the nature of the remuneration or benefits in kind on an official website accessible to the public. The Group is subject to equivalent regulations in other countries (for example, the *U.S. Foreign Corrupt Practices Act of 1977* and the *Sunshine Act* in the United States or the *Bribery Act 2010* in the United Kingdom).

A change in the regulations described above could have a significant unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

More generally, the Group is subject to a strict standardised set of regulations and compliance therewith is extremely expensive. It could be unable to comply with all these standards or incapable of adapting to new standards entering into force which could have a significant unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

4.3.2 Risks relating to malfunctions in industrial processes

The Group's products are classified as medical devices and are subject to specific regulations in all countries where they are manufactured, tested or marketed. Such regulations imposes obligation in relation to matters of:

- design;
- manufacture, quality control and quality assurance of products;
- labelling of products, including their use instructions;
- storage of products;
- identification and traceability of products;
- procedures for retaining data; and
- post-market supervision and notification of incidents associated with use of the products (death, serious injury, malfunction, etc.)

These regulations apply to the Group in its capacity as manufacturer of such products. Since 27 March 2015, the Notified Body in Europe which supervises the Group is the British Standard Institution ("**BSI**"), known for its high standards of quality control and for the granting of authorisations, which could increase the Group's exposure to the risk of penalties for malfunctions.

The Group cannot guarantee that its suppliers or subcontractors comply with and will in future comply with the applicable regulations. The Notified Body during a certification or follow-up audit, the regulatory authorities during an inspection or any other regulatory process could identify breaches of applicable regulations or standards and require these to be remedied by corrective action, which could interrupt the manufacture and supply of Group products. The suspension, total shutdown or total or partial prohibition on the activities of Group suppliers could compromise the Group's reputation. In addition, should the Group lose the benefit of contracts concluded with its suppliers, its business, results, financial position, expansion or prospects could be significantly compromised.

4.3.3 Risked relating to compliance with environmental law

The industrial plant of the Group located in Valence incorporates several installations which, by their nature, could be qualified as ICPE (French classified installations for the protection of the environment) should they exceed the classification thresholds provided by applicable regulations in terms of their output, volume or emissions. The installations could, according to the applicable regime, be subject to registration, declaration or authorisation.

Amendments of the environmental regulations applicable to the Group could modify the applicable classification thresholds and render classifiable the Group's installations that are not classified as ICPE under current regulations.

If, in future, certain installations owned by the Group fall within the purview of the ICPE requirements, the Group, as an operator, will be subject to strict prescriptions in the Environmental Code and specific regulations applicable to activities at the plant or any other individual administrative orders concerning operating authorisations, as well as any injunctions, warnings or similar measures adopted by the Public Authorities responsible for monitoring compliance with environmental regulations (Prefect, DREAL

(Regional Directorates of the Environment, Development and Housing), etc.). These prescriptions notably concern emissions, water, the use and handling of dangerous substances, the storage and disposal of dangerous substances and waste, the prevention and management of technological risks and accidental pollution, as well as the restoration to its original condition and decontamination of the site at the end of operations. Respect for the applicable prescriptions and, more generally, the Group's responsibilities could impose significant operating expenses or regular investments by the Group. In addition, the Group's responsibility for restoration of the site to its original condition persists for 30 years after declaration of the final shutdown, during which time authorities could, at any time, order supplementary restoration measures.

In such eventuality, the Group's business, financial situation, results, expansion or prospects could suffer a significant negative impact.

4.3.4 Risks relating to litigation to which the Group is a party

During the normal course of their business, Group Companies could be party to a number of judicial, administrative, criminal or arbitral proceedings, notably having regard to third party liability, product liability, competition law, intellectual property law, tax, industrial and environmental law and discrimination.

The most significant litigations in progress or of which the Group has received notice is detailed in Section 20.3 "*Judicial Proceedings and Arbitration"* in this Registration Document. In the framework of some of these proceedings, significant financial claims have been made or are likely to be made against one or more Group Companies. The corresponding provisions, if any, which the Group may be required to establish in its accounts could prove inadequate. In addition, it cannot be excluded that in future new proceedings, related or otherwise to existing ones or to risks identified by the Group or new risks could be brought against one of the Group Companies.

In particular, the Group was the subject of an audit by URSSAF (the French Social Security body) for the period from 1 January 2006 to 31 December 2008 and the period 1 January 2011 to 1 June 2014. At the end of these audit procedures, URSSAF notified the Group of adjustments for respective amounts of €981,315 (increase for late payment included at 21 December 2010) for the period from 1 January 2006 to 31 December 2008 and of €5,500,610 (increases for late payment included at 19 December 2014) for the period from 1 January 2011 to 1 June 2014. These adjustments arose as a result of levying on the commission paid by the Company to its sales agents in France to the contribution on implantable medical devices of 10% (increased to 15% at the end of 2009) provided by Articles L. 245-5-1 and L. 245-5-2 of the French Social Security Code. The Company challenged these adjustments and appealed to the French Amicable Settlement Board ("**CRA**" being the French acronym) in order to state its position. Concerning the first adjustment, the CRA rejected the challenge and maintained the adjustment in its entirety. The Company then appealed to the Social Security Affairs Court ("**TASS**" being the French acronym) for cancellation of the adjustment. On 7 November 2013, the TASS rejected the Company's appeal. The Company has now appealed this decision. On 8 September 2015, the Grenoble Appeal Court held that the formal demand sent on 21 December 2010 was null and void since it was irregular and subsequently granted tax relief for the adjustments. The Rhône URSSAFF now has a period of two months to appeal to the Court of Cassation. Concerning the second adjustment, the CRA had not pronounced its decision as of the date of this Registration Document. On 30 June 2015, the Company set aside a provision of €9,051,140 for these two adjustments. Should the decision prove unfavourable, the Group may be required to pay amounts corresponding to the adjustments notified and the corresponding increases for late payment and in future, the sales agent commission could become subject in France to the contribution on the promotion of medical devices. Also, the Group could seek to change its sales organisation and modify its distribution model but it cannot guarantee that it will be in a position to change the organisation or that such change will not have a significant effect on its business, results, financial positions, expansion or prospects. Finally, the Group cannot exclude that it will be the subject of new audits in future and that such audits will result in the notification of new adjustments.

As of the date of this Registration Document, there are no administrative, criminal, judicial or arbitration proceedings other than those referred to in Section 20.3 *"Judicial Proceedings and Arbitration"* of this Registration Document, including any pending or threatened proceedings known to the Group which could

have, or has had during the last twelve months, a significant unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

An unfavourable outcome of such proceedings could have a significant unfavourable effect on the Group, its business, financial position, results, expansion or prospects.

4.3.5 Tax risks

4.3.5.1 Risk relating to the general tax regime to which the Group is exposed

Independently of the Group's policy of complying with applicable laws and regulations in each of the countries in which Group Companies operate their business, some tax provisions could be the source of risks given their imprecision, the difficulties in their interpretation or possibly, changes in the interpretation by local authorities. When local tax regulations are complex or if their application is uncertain, compliance with such regulations may result in unforeseen tax consequences (e.g., relating to transfer pricing).

Moreover, in the normal context of their business, Group Companies are liable to tax audits by local authorities. Tax audits may result in adjustments and, on occasion, tax litigation before the competent jurisdictions.

In addition, several Group Companies enjoy tax accreditation decisions granted by the competent authorities. These accreditation decisions could possibly be called into question.

By way of example, the breach of an undertaking by the Company or companies party to an accreditation decision on which the decision depends and/or a change in the factual circumstances on which the accreditation decision was granted and/or a change in the position of the competent tax authority, could call such decisions into question.

Changes in the tax regimes to which Group Companies are subject are likely to have a significant, unfavourable effect on the Group, its business, results, financial position, expansion or prospects.

4.3.5.2 Risks relating to the Research Tax Credit

The Group benefits from the Research Tax Credit ("**CIR**" being the French acronym) scheme for its research and development expenses. Expenses eligible for CIR include remuneration of researchers and research technicians, depreciation of research equipment and amortisation of patents, research projects subcontracted to approved (public or private sector) research bodies and the fees for filing, maintaining and defending patents.

On 30 June 2015, CIR filed with the tax administration by the Group amounted to €596,051.

The Group cannot exclude that the tax administration could call into question its methods for calculating the research and development expenses of the Group, or that the CIR could be called into question following a change in regulations or a challenge by the tax administration, even if the Group complies with the documentation and eligibility requirements. This situation could have an unfavourable impact on the Group, its business, results, financial position, expansion or prospects.

4.3.5.3 Risks relating to the contribution for the first sale in France of medical devices.

Until 31 December 2014, manufacturers and importers conducting their first sale in France of the medical devices specified in Article L. 5211-1 of the French Public Health Code and medical devices for in vitro diagnostics specified in Article L. 5221-1 of the same Code were taxed at 0.29% of the value of sales of the relevant devices achieved during the previous calendar year, ex tax and excluding exports. (Article 1600-0 O of the French General Tax Code).

The amount of tax totalled €124,915 for the calendar year ended 31 December 2014.

The tax was duly paid by the Group.

For sales from 1 January 2015, this tax was replaced by the contribution required under Article L. 245-5-5-1 of the French Social Security Code, of which the scope, the causal event and rates are identical to such tax. The basis for the contribution is constituted by the amount of ex tax sales of medical devices and in vitro diagnostic devices achieved in France during the calendar year in which it is due. Note that the contribution is not due if the total amount of annual sales is below €500,000 ex tax.

The contribution must be paid in advance on 1 June of each year to the *Agence Centrale des Organismes de Sécurité Sociale (*the French Central Agency for Social Security Organisations – ACOSS being the French acronym) from 2016. The tax is adjusted on 1 March of the following year. Exceptionally no advance payments are due this year.

Changes to the regulations on this contribution in France and the introduction and/or increase in similar contributions or taxes in other countries could have an unfavourable impact on the Group, its business, results, financial position, expansion or prospects.

4.3.5.4 Risk relating to the tax on promotion of medical devices

Manufacturers of medical devices are subject to the contribution required under Article L. 245-5-1 of the French Social Security Code based on the expenses sustained by the enterprise, for the promotion, sale or presentation of medical devices.

The charges include (i) remuneration of any nature (including payroll savings and the associated social security contributions) for salaried and non-salaried staff of the taxable enterprises, operating in France for the purposes of presenting, promoting or selling medical devices, (ii) transport costs, (iii) costs for publication and purchase of advertising space and (iv) costs for scientific or advertising conferences incurred in the framework of such activities as well as outsourced services of the same nature. The basis of the contribution is established with deduction of a flat rate abatement of €50,000.

The contribution is levied at a rate of 15% and is not eligible for deduction from corporation tax.

Companies of which the ex-tax revenues achieved in mainland France or French overseas departments for the products and services included on the list in Article L.165-1 of the French Social Security Code is less than €11 million are exempt from this contribution. The exemption does not apply to companies which (i) are at least 50% owned subsidiaries of a company or a group of which the consolidated ex tax revenues (as defined above), exceeds €11 million or (ii) own at least 50% of the capital of one or more companies of which the revenues, when consolidated with their own revenues (as defined in the previous paragraph), exceeds €11 million.

Changes in the regulations applicable to this contribution, and the introduction and/or increase in similar taxes or contributions, could have an unfavourable impact on the Group, its business, results, financial position, expansion or prospects.

4.4 FINANCIAL RISKS

4.4.1 Risks relating to control of the working capital requirement and investment expenses

The sale and marketing of orthopaedic prostheses requires that the Group:

- maintenance available consignment stock with customers and occasionally, with its distribution network; and

- the sale and marketing or making available of ancillaries (accessory surgical instruments) available for the various types of surgery and which can be adapted to the specific needs of each patient.

Consignment stock comprises a full range of prostheses (kits, sizes, accessories) available for the various types of surgery. Invoicing of orthopaedic prostheses, either to the distributors or healthcare establishments occurs on communication of information on the implantation of prostheses and generates a request for restocking of items on consignment from the Group's customers to replace the products used.

A significant increase in Group business (volume and number of customers) and the territorial expansion of its distribution network could significantly increase the level of consignment stock, the amount of receivables due from customers and the volume of ancillaries necessary for implanting the prostheses. Moreover, although the Group remains vigilant regarding compliance with payment deadlines, it cannot exclude any extension of the average payment deadline by distributors and healthcare establishments, which could have a negative impact on the variation in its working capital requirement. In addition, a reduction of such payment deadlines imposed by the Group's suppliers could have a negative impact on the variation in its working capital requirement.

The Group's difficulties in controlling its working capital requirement and its growth could have a significant unfavourable impact on its business, results, financial position, expansion or prospects.

4.4.2 Risks relating to the Group's debt

The Group currently carries significant debt. On 30 June 2015, total Group debt amounted to €68.2 million (see paragraph 10.2.2 "*Debt*" in this Registration Document).This debt includes:

- Non-convertible Bonds governed by terms and conditions (the "**Terms and Conditions of the Bonds**") of a nominal amount of €65 million;
- lease finance agreements for €5 million; and
- a factoring agreement for €5.7 million.

The Group's significant debt could have negative consequences, such as:

- requiring the Group to allocate a significant proportion of cash flow generated by its operational businesses to the remuneration and reimbursement of its debt, such as reducing the Group's capacity to allocate available cash flow to finance its organic growth, make investments and satisfy other general needs of the enterprise;
- increasing the Group's vulnerability to any slowing down in business or deterioration of economic conditions;
- placing the Group in a less favourable financial situation to that of its competitors carrying less debt as a ratio to cash flow;
- limiting the Group's flexibility in planning or reacting to changes in its business or sectors; and
- limiting the capacity of the Group and of its subsidiaries to borrow supplementary funds or to raise capital in future and increase the costs of any supplementary finance.

Furthermore, the Group's capacity to meets its obligations, to pay interest on its loans or to refinance or reimburse its loans according to the procedures provided, will depend on its future operational performance, which may be influenced by several factors (economic climate, market conditions for the debt, regulatory changes etc.) some of which are beyond the Group's control.

In the event of inadequate liquidity to service the debt, the Group could be constrained to reduce or delay acquisitions or investments, to dispose of assets, refinance its debt or seek complementary finance which could have a significant unfavourable impact on its business, results, financial position, expansion or prospects. The Group could be incapable of refinancing its debt or obtaining supplementary finance under satisfactory conditions.

The Group is also exposed to the risks of fluctuations in interest rates insofar as remuneration of its debt is at a floating rate equal to EURIBOR increased by a margin (see paragraph 4.5.3 "*Rate risks*" in this Registration Document), despite rate hedging instruments subscribed that only partially cover the amount of the floating rate debt.

The Terms and Conditions of the Bonds require the Group to comply with covenants, notably financial and specific ratios (see Chapter 10 "*Cash and capital equity*" in this Registration Document). These covenants, *inter alia*, limit the Group's capacity to:

- make acquisitions and investments in the framework of joint ventures;
- take out any additional loans other than as additional debt in the limit of €17,500,000 which could be extended to €25,000,000 according to the trends of the Group's EBITDA;
- contract any debts or grant guarantees;
- constitute collateral;
- pay dividends or other unauthorised payments;
- make certain investments;
- sell, transfer or assign certain assets;
- merge or group with other companies;
- conclude settlements with related entities;
- amend its by-laws and reduce its registered capital; and
- issue securities giving direct or indirect entitlement to capital.

The restrictions set out in the Term and Conditions of the Bonds and the agreements relating to the Bonds could affect the Group's capacity to operate its business and limit its capacity to react to the market or seize commercial opportunities, which may arise. By way of example, these restrictions could affect the Group's capacity to finance the investment in its business, make strategic acquisitions and investments or alliances, restructure its organisation or finance its capital requirements. In addition, the Group's capacity to respect the restrictive covenants could be influenced by events beyond its control, such as economic, financial and industrial conditions. Any default by the Group on its commitments or covenants could result in default under the terms of the aforementioned agreements.

In the event of a default which is not remedied or waived, the relevant creditors could terminate their commitments and/or demand immediate repayment of all outstanding amounts. This could result in cross-defaults under other Group loans.

The materialisation of these risks could have a significant unfavourable effect on the Group, its business, results, financial position, expansion or prospects, including bankruptcy or liquidation of the Group.

4.4.3 Risks deriving from pledging of the Group's various assets

The Group has granted pledges on some Group assets (notably the shares of some Group Companies, bank accounts and some receivables) which in the event of a payment default, could be enforced by the beneficiaries of said pledges. This could have a significant unfavourable effect on the Group's businesses.

Having regard to the Intercreditor Agreement notably on Non-convertible Bonds, some Group Companies have granted guarantees *in rem* over various Group assets (notably first-ranked rights). In default of payment of Non-convertible Bonds, the guarantees agent, acting on behalf of the creditors concerned, may enforce the rights under one or more of these guarantees, and in particular, the pledging of shares of Companies in the Group (see paragraph 10.2.2.1 "*Non-convertible Bonds*" in this Registration Document. This type of event could have a significant unfavourable effect on the Group, its business, results, financial positions, expansion or prospects.

4.4.4 Risks relating to debt collection and the write-down of goodwill and deferred taxes

At 30 June 2015, goodwill totalled €90.4 million (see note 15 of the the annual consolidated financial statements for the financial year ended 30 June 2015 in the consolidated financial statements for the fiscal year ended 30 June 2015 included in paragraph 20.1.2.1 *"Annual consolidated financial statements of the Group*" in this Registration Document). The Group cannot exclude that the occurrence of future events could result in the write-down of certain intangible fixed assets and/or goodwill. Given the significant amount of intangible fixed assets and goodwill posted in the Group's financial statements, any significant write-down could have a significant unfavourable effect on its business, results and financial position in the fiscal year in which said charges were recorded.

At 30 June 2015, deferred taxes posted as assets in the Group's consolidated financial statements totalled €8.0 million (see note 14 of the the annual consolidated financial statements for the financial year ended 30 June 2015 in the consolidated financial statements for the fiscal year ended 30 June 2015 including in paragraph 20.1.2.1 *"Annual consolidated financial statements of the Group"* in this Registration Document). These deferred taxes are posted as assets in the Group's financial statements in an amount that the Group estimates it could collect within a reasonable deadline and in any event, prior to possible expiry of deficits concerning the proportion of deferred taxes included as assets relating to the tax deficits eligible to be carried forward. Nevertheless, the Group could be unable to realise the anticipated amount of deferred taxes if its future taxable revenues and the associated taxes are less than anticipated. The Group also based its forecasts on the use of deferred taxes on its understanding of the application of tax regulations, which, however, could be called into question either by changes in such tax and accounting regulations or tax audits or litigation that could affect the amount of deferred taxes. If the Group considered it could not, in future years, realise its deferred taxes, it could no longer post such assets in its financial statements, which would have a significant unfavourable impact on the net result of the Group and on its financial position.

4.5 MARKET RISKS

4.5.1 Exchange rate Risks

In general, the Group manufactures its products and incurs the corresponding expenses in euros, except for certain products manufactured in Australia and the United States. Conversely, the Group sells in local currency when marketing its products through its foreign subsidiaries and invoices in euro when selling products to distributors located abroad.

Furthermore, the Group prepares its financial statements in euros. As a result, when it prepares its financial statements, the Group must convert the assets, liabilities, revenues and expenses evaluated in foreign currency to euros by adopting the applicable exchange rates. As a result, changes in exchange rates could affect the value of these items in its financial statements (and therefore have an impact on its margin) even if their intrinsic value remains unchanged.

The main monetary fluctuations affecting the Group's results are those of the euro, on the one hand, and of the Australian dollar and the Brazilian real, on the other. As of the date of this Registration Document, the Group does not hold any exchange rate hedging instruments.

As of 30 June 2015, 21.8% of the income from the Group's ordinary business was realised in currencies other than the euro, mainly US dollars, Australian dollars, Swiss francs and Brazilian *reais*, representing respectively 0.9%, 10.9%, 1.3% and 8.7% of the income from the Group's ordinary business.

The table below presents the Group's exposure to exchange rate risks for the US dollar on 30 June 2015:

USD (in thousands of euros except for the average rate of risk exposure)	**Amount in the currency of commitment**	**Conversion at the historic rate (a)**	**Average rate of risk exposure**	**Equivalent value of the fixing rate (b)**	**Potential gross difference (a) – (b)**
Commercial risk					
Revenues as at 30 June 2015	739	674	1.10	669	5
Export invoices (balance)	341	316	1.08	309	7
Import invoices (balance)	390	350	1.11	353	(3)
Net commercial risk	(49)	(35)	1.41	(44)	10
Financial risk					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	83	75	1.11	75	0
Financial Risk - debit	83	75	1.11	75	0
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
Financial Risk - credit	0	0	0	0	0
Net financial risk	83	75	1.11	75	0
Net position excluding options	34	40	0.85	31	9

A variation of +/- 5% in the rate for the American dollar would have an impact of €2 thousand or €(2) thousand on the net result and €(1) thousand or €2 thousand on equity capital.

The table below presents the Group's exposure to exchange rate risks for the Australian dollar on 30 June 2015:

AUSD (in thousands of euros except for the average rate of risk exposure)	**Amount in the currency of commitment**	**Conversion at the historic rate (a)**	**Average rate of risk exposure**	**Equivalent value of the fixing rate (b)**	**Potential gross difference (a) – (b)**
Commercial risk					
Revenues as at 30 June 2015	11,042	7,692	1.44	7,636	57
Export invoices (balance)	3,910	2,724	1.44	2,704	20
Import invoices (balance)	1,556	1,082	1.44	1,076	6
Net commercial risk	2,354	1,642	1.43	1,628	14
Financial risk					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	994	687	1.45	687	0
Financial Risk - debit	994	687	1.45	687	0
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
Financial Risk - credit	0	0	0	0	0
Net financial risk	994	687	1.45	687	0
Net position excluding options	3,348	2,329	1.44	2,315	14

A variation of +/- 5% in the rate for the Australian dollar would have an impact of €63 thousand or of €(100) thousand on the net result and €96 thousand or €(136) thousand on equity capital.

The table below presents the Group's exposure to exchange rate risks for the Swiss franc on 30 June 2015:

CHF (in thousands of euros except for the average rate of risk exposure)	**Amount in the currency of commitment**	**Conversion at the historic rate (a)**	**Average rate of risk exposure**	**Equivalent value of the fixing rate (b)**	**Potential gross difference (a) – (b)**
Commercial risk					
Revenues as at 30 June 2015	1,005	903	1.11	964	(61)
Export invoices (balance)	106	95	1.11	102	(6)
Import invoices (balance)	163	146	1.11	156	(10)
Net commercial risk	(57)	(51)	1.11	(55)	3
Financial risk					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	19	18	1.04	18	0
Financial Risk - debit	19	18	1.04	18	0
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
Financial Risk - credit	0	0	0	0	0
Net financial risk	19	18	1.04	18	0
Net position excluding options	(38)	(33)	1.15	(36)	3

A variation of +/- 5% in the rate for the Swiss franc would have an impact of €(6) thousand or €(1) thousand on the net result and €(5) thousand or €(2) thousand on equity capital.

The table below presents the Group's exposure to exchange rate risks for the Brazilian real on 30 June 2015:

BRL (in thousands of euros except for the average rate of risk exposure)	**Amount in the currency of commitment**	**Conversion at the historic rate (a)**	**Average rate of risk exposure**	**Equivalent value of the fixing rate (b)**	**Potential gross difference (a) – (b)**
Commercial risk					
Revenues as at 30 June 2015	20,148	6,203	3.25	5,815	388
Export invoices (balance)	11,195	3,447	3.25	3,231	216
Import invoices (balance)	1,695	522	3.25	489	33
Net commercial risk	9,500	2,925	3.25	2,742	183
Financial risk					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	233	67	3.46	67	0
Financial Risk - debit	233	67	3.46	67	0
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
Financial Risk - credit	0	0	0	0	0
Net financial risk	233	67	3.46	67	0
Net position excluding options	9,733	2,992	3.25	2,809	183

A variation of +/- 5% in the rate for the Brazilian real would have an impact of €(52) thousand or of €(327) thousand on the net result and of €(49) thousand or of €(331) on equity capital.

Although the Group controls and evaluates trends on exchange rate variations regularly, it cannot exclude that unfavourable changes in the exchange rate for the aforementioned currencies could have an unfavourable effect on the Group's financial position and results.

4.5.2 Credit/counterparty risks

Credit or counterparty risk refers to the risk that a party to an agreement concluded with the Group will default on its contractual obligations causing a financial loss to the Group.

The financial instruments that could expose the Group to concentrated counterparty risk are primarily its customer receivables, cash flow and cash flow equivalents, investments and derivative financial instruments. Overall, the net book value of financial assets posted in the Group's consolidated financial statements for the

fiscal years ended 30 June 2015and 2014, net of depreciation, represents the Group's maximum exposure to the credit risk.

The Group considers it has limited exposure to concentrated credit risk relating to customer receivables. The significant size and width of the customer base and the credit insurance provided by Natixis Factor against the risk of insolvency of various Group customers whose receivables are refinanced by the Factoring Programme render the problem of concentrated customer risk insignificant in the Group's consolidated financial statements.

Moreover, the Group concludes hedging contracts with leading financial institutions and considers that the risk of default by its counterparties is very low, since the financial exposure of each of these financial institutions is limited.

4.5.3 Interest rate risks

The Group is exposed to the risk of fluctuating interest rates under the Terms and Conditions of the Bonds for which the interest rate is indexed against the Euro Interbank Offered Rate ("EURIBOR"), plus a margin.

The Group holds derivatives to hedge its cash flow. On 30 June 2015, the fair value of the interest rate swaps concluded by the Group totalled €0.7 million gross of deferred tax, that is, €0.5 million net of deferred tax, posted as liabilities (derivatives) against equity capital.

On 30 June 2015, the outstanding variable rate debt was €73.9 million, i.e., 100% of the total Group debt on that date.

The characteristics of the swap contracts concluded by the Group are as follows:

Date of Processing	Bank	Direction	Type	Nominal outstanding (millions)	Currency	Start	Maturity	Remaining term (years)	Rate	Frequency (months)
27/07/11	SG	E	SWAP	5	EUR	30/09/11	30/06/16	1	2.47%	3
27/07/11	PAL	E	SWAP	5	EUR	30/09/11	30/12/16	1.5	2.56%	3
25/02/11	CIC	E	SWAP	2.65	EUR	21/03/11	22/12/25	10.5	3.29%	3
16/12/14	LCL	E	SWAP	10	EUR	16/12/14	18/09/17	2.2	0.03%	1
16/12/14	LCL	E	SWAP	15	EUR	16/12/14	17/09/18	3.2	0.07%	1
16/12/14	PAL	E	SWAP	10	EUR	16/12/14	17/09/18	3.2	0.07%	1
16/12/14	LCL	E	SWAP	8.5	EUR	16/12/14	16/09/19	4.2	0.13%	1

The Group's exposure to interest rate risk is mainly associated with its net financial debt. The distribution of the Group's financial debt between fixed and floating rates after hedging at 30 June 2015 is set forth below:

(in millions of euros)	30 June 2015
Summary of debts prior to hedging	
Fixed rate	15.7
Floating rate	73.9
Total	89.6
Summary of debts after hedging	
Fixed rate	71.8
Floating rate	17.8
Total (after hedging)	89.6

After hedging, a change of +/- 1% in the floating rate on 30 June 2015 would have had an impact of +/- €0.2 million on the net result and of €1.6 million in the event of an increase and of €1.7 million in the case of a fall of rates on reserves.

4.5.4 Liquidity risks

The Company has conducted a specific review of its liquidity risk and on the date of this Registration Document, the Company estimates it can meet its future commitments upon maturity for the next twelve months.

The table below presents a breakdown of the financial liabilities of the Company per contractual maturity date as of 30 June 2015:

(in millions of euros)	< 1 year	2 to 5 years	> 5 years	Total on 30 June 2015
Loans from credit establishments				
Bond loan	-	-	65.0	65.0
Capitalisation of loan expenses	-	-	(2.4)	(2.4)
Bank overdrafts				
Bank overdrafts	-	-	-	-
Interest accrued on overdrafts	-	-	-	-
Other financial				

(in millions of euros)	< 1 year	2 to 5 years	> 5 years	Total on 30 June 2015
debts and loans				
Finance leases	0.7	2.6	1.7	5.0
Interest accrued on loans	-	-	0.6	0.6
Other loans from the parent company	-	-	-	-
Other loans and financial debts	19.5	1.9	-	21.4
Derivative financial instruments	-	-	-	-
Financial debt	20.2	4.5	64.9	89.6

Amplitude SAS has a Factoring Programme under which it has undertaken to assign all of its "buyer" balance receivables (except for certain customers expressly excluded from the scope of the Factoring Programme or with which Amplitude SAS has financial connections or common shareholders or managers) to Natixis Factor by subrogation (see paragraph 10.2.2.3. "*Factoring programme"* in this Registration Document).

The objective of this programme, in addition to optimising management of receivables and their collection is to provide the cash flow necessary for Amplitude SAS to finance its operations and its external growth.

As of 30 June 2015, the receivables assigned by Amplitude SAS to Natixis Factor represent an amount of €7.9 million for finance obtained of €5.7 million. The methods of accounting for the Factoring Programme are detailed in the accounting principles in note 22 to the consolidated financial statement for the fiscal year ended 30 June 2015 shown in paragraph 20.1.2.1 *"Annual consolidated financial statements of the Group*" in this Registration Document.

The agreement on the Factoring Programme was concluded without a term and each party may terminate it unilaterally, without any need to state a reason for the decision, subject to three months' prior notice sent by registered letter with return receipt. In addition, Natixis Factor may cancel the agreement without notice and/or require payment by Amplitude SAS of all receivables assigned and not yet collected from the relevant customers, (see paragraph 10.2.2.3. "*Factoring programme*" of this Registration Document).

The Group manages liquidity risk using appropriate reserves, bank credit lines (factoring, lease finance, overdraft, etc.) and reserve borrowing lines, by preparing cash flow projections and monitoring the actual cash flow by comparing the latter with its projections and seeking optimum alignment of the maturity date profiles for financial assets and liabilities.

The main stipulations in the Group's existing financing agreement (notably covenants, default clauses, early reimbursement cases) are set forth in paragraph 10.2.2.1 *"Non-convertible Bonds*" of this Registration Document.

4.5.5 Share risks

On the date of this Registration Document, the Group does not hold any financial securities apart from securities in companies included in its consolidated financial statements. As a result, the Group considers it is not exposed to market risk or that for other significant financial instruments.

4.6 INSURANCE

The Group has established a policy for covering the main insurable risks with coverage it considers compatible with the nature of its business. The expenses posted by the Group in its financial statements for all insurance policies was €0.475 million and €0.480 million for the fiscal years ended 30 June 2014 and 2015.

No significant claim was made by the Group during the fiscal years ended 30 June 2014 and 2015. These insurance policies were not the subject of any significant actions against the Group during the fiscal years ended 30 June 2014 and 2015.

Insurance	Assurer	Risks covered	Amount of guarantee	Excess	Date of entry into effect and expiry
Insurance for transportation of merchandise **(Territory: whole world)**	Helvetia	Maritime transport, on own account, by post Trade fairs and exhibitions	From €5,000 to €150,000	Nothing	01/07/2012 01/07/2013 then renewable by tacit agreement
Business use vehicle insurance **(Territory: mainland France, EU member states and all countries in which the so-called "green card" insurance is valid**	AXA	Insurance of staff vehicles	From €8,000 to €400,000	Nothing, except €500 for: Fire, storm, theft, all accident damage	01/01/2012 01/01/2013 then renewable by tacit agreement
Delivered product liability insurance **(Territory: worldwide, except for permanent establishments located outside France and Germany)**	Zurich	Third party liability during operations or works Third party liability after delivery Professional indemnity liability Criminal defence and claims	From €200,000 to €7,500,000 Between €1,500,000 and €10,000,000 €2,000,000 Maximum €16,000	Up to €5,000 From €20,000 to €75,000 €10,000 €800	01/07/2013 then renewable by tacit agreement at the end of the first two year period
Vehicle fleet insurance **(Territory: mainland France, EU member states for the professional third party liability guarantee)**	AXA	Third party liability Claims and advance on claims Natural risks Theft Guarantee for personal effects and items and professional accessories All accident damage Glass breakage	From €100 million to unlimited Claims (€8,000) and advances on claims (€16,000) Conventional value or loss adjuster Conventional value or loss adjuster €305 per vehicle and per claim Conventional value or loss adjuster	Nothing Nothing According to type of vehicle According to type of vehicle Nothing According to type of vehicle Nothing	01/01/2011 01/01/2012 then renewable by tacit agreement
		Natural disasters	Conventional value or loss adjuster	Amounts fixed by public authorities	

Insurance	Assurer	Risks covered	Amount of guarantee	Excess	Date of entry into effect and expiry
		Roadside rescue and towing Financial loss Driver guarantee	€400 Up to residual value of finance €310,000	Nothing Nothing Nothing	
Third party liability of corporate executives **(Territory: worldwide excluding United States)**	CHUBB Insurance	Liability guarantees for executives: Extension of guarantee of executives: Guarantees for the company:	€8,000,000 $1,000,000 for the contract concluded with Amplitude Suisse, Matsumoto Amplitude Inc. and Amplitude Latam and Amplitude Australia Pty Ltd. From €30,000 to €6,000,000 From €45,000 to €6,000,000	Nothing	01/07/2011 01/07/2012 then renewable by tacit agreement
Contract Business Class **(Territory: worldwide)**	ACE Europe	Capital on death Capital on total or partial permanent disability Psychological support Information support Assistance to the enterprise Medical expenses Assistance to persons Travel incidents Luggage insurance Loss, theft or destruction of samples Legal assistance Advance of bail payments Third party liability private life	€30,000 €30,000 Up to €1,000 Telephone hotline Organisation of service Up to €1,000,000 Actual cost Up to €5,000 Up to €3,000 Up to €3,000 €4,000 €15,000 Up to €5,000,000	€50	
Multi-risk industrial and commercial damages insurance (amendment No. 2) **(Territory: all of France, excluding Corsica)**	Generali	Guarantee for damage to property: Financial loss	From €236,246 to €32,342,911 €21,582,522	€10,726 for main guarantees	01/07/2011 to 30/06/2012 (Amended by amendment of 01/07/2013 to

Insurance	Assurer	Risks covered	Amount of guarantee	Excess	Date of entry into effect and expiry
					30/06/2014) then renewable by tacit agreement
Key individual insurance	AXA	Capital guaranteed in the event of death of Mr Jallabert	€5,016,000	Nothing	03/12/2014 Expiry on the maturity date of non-convertible bonds (single tranche debt) or at the latest on the date on which Olivier Jallabert reaches the age of 60 years

4.7 INTERNAL CONTROL

The Group views internal control and risk management as a set of policies intended to provide a reasonable degree of assurance that the operating objectives will be achieved, that financial information is reliable and also, that there will be compliance with the laws and regulations in force. These functions are supported by:

- the organisation and functioning of the corporate management bodies as described above;
- a "quality" system implementing controls, with indicators and risk assessments;
- procedures and an organisational structure for the preparation of accounting and financial information.

Internal Control is under the responsibility of the Administration and Finance Director. He supervises the analysis, upgrading and evaluation of the risk control systems in place within the Group. Reporting to the Chief Executive Officer with direct access to the Board of Directors, he co-ordinates his mission with the operating and functional top management in the scope of all Group business. With his teams he also co-ordinates deployment of the Ethics Charter and reinforces actions to prevent the risk of fraud.

4.7.1 The Amplitude Surgical "quality" system

The Company implements its quality initiatives pursuant to the legislation governing medical devices, notably to meet the challenges of regular reinforcement of the regulations applicable to manufacturing and the sale of its products, whether in Europe, Brazil, Australia or the United States.

The Group, through all its subsidiaries, is committed to a continuous improvement process which seeks to foster individual responsibility to:

- safeguard the health and safety of men and women contributing to its business;
- guarantee the safety of its establishments and reduce their impact on the environment, to protect the natural world;
- comply, wherever it conducts its business, with the applicable quality, safety and environmental laws;
- maintain relationships based on transparency and dialogue with all stakeholders.

All divisional Directors (Vice-Chairmen) or Directors of subsidiaries are responsible for the establishment and follow-up of the quality, safety and environment programmes within their respective remits and for ensuring the information and active contribution of all staff.

The Company's quality system guarantees:

- formalising of activities in a documentary system defining the methods and responsibilities;
- regular staff training;
- upstream and downstream traceability of all product batches;
- the conducting of internal audits;
- implementation of corrective actions to remedy non-conformities detected and to meet needs for improvements to activities. The quality system is regularly inspected by ANSM (*Agence Nationale de la Sécurité du Médicament et des Produits de Santé*) and by its foreign equivalents in countries where the Company's products are marketed.

4.7.2 Internal control procedures regarding preparation and processing of financial and accounting information

Internal control procedures regarding preparation and processing of financial and accounting information seek to ensure that within the Group, all financial and accounting information complies with the laws and regulations. Internal control also aims to ensure implementation of the instructions and priorities decided by top management.

The activities of the Group's top management, finance management and management control executive bodies are centralised at Amplitude Surgical. Some Group subsidiaries have administrative and finance departments or outsource their accounts management.

Solely the Company has capacity to enter into undertakings on deposits and guarantees or market instruments; these are reviewed periodically by the recently-established Audit Committee and regular reports are made to the Board of Directors.

The Group top finance management has established an accounting plan and procedures applicable for all French entities of the Group and uses standard local accounting plans in countries in which the Group is located.

The procedures cover budget control and information feedback.

Furthermore, Group subsidiaries are committed to applying the main general procedures (notably, the Group financial policy) through charters they conclude with the parent company.

The Group's consolidated accounts are prepared by teams at the parent company. A consolidation bundle adjusted to comply with Group standards is prepared for each consolidated subsidiary on the basis of accounting data sourced from local information systems.

Finally the Group organises internal audits to validate the degree of compliance with the policies and procedures in force.

4.7.3 Risk Management

Risks to which the Company is exposed are identified, assessed and ranked.

Each process, project and business area regularly analyses its risks to allow putting in place prevention and risk exposure level reduction measures.

The actions put in place are followed up in the continuous improvement plans.

The Group's safety and environmental policy is founded on two main priorities:

- preserving health and safety at Group subsidiaries; and
- controlling the impacts of our activities on the environment.

The Administration and Finance Manager, responsible for fostering and developing risk management skills, in coordination with the Quality Manager disseminates his know-how and expertise while providing methodological support for operational management. He also ensures optimising of the costs of risks by taking out appropriate insurance policies.

CHAPTER 5
INFORMATION ABOUT THE GROUP

5.1 HISTORY AND DEVELOPMENT OF THE GROUP

5.1.1 Company name

The name of the Company is "Amplitude Surgical".

5.1.2 Registration place and number

The Company is registered in the Trade and Companies Register for Romans, France, under number 533 149 688.

5.1.3 Date of incorporation and term of the Company

The Company was incorporated on 26 July 2011 and registered on 19 August 2011. The term of the Company is 99 years, unless it is wound up beforehand or extended as decided by the Extraordinary General Meeting of Shareholders in accordance with law and the Company's articles of association.

The fiscal year ends on 30 June each year.

5.1.4 Registered office, legal form and applicable legislation

The Company's registered office is located at 11, Cours Jacques Offenbach, 26000 Valence, France.

The Company is a public limited company with a Board of Directors under French law.

5.1.5 Background of the Group

The Company was established in 1997 by Olivier Jallabert. Apax Partners acquired a stake in the Company's capital in 2011, following investments by *Initiative et Finance Investissement* in 2004 and Weinberg Capital Partners in 2008. All three transactions took the form of LBOs.

Since it was established, the Company has been designing and marketing a range of high end products – prostheses, instrumentation and navigation systems – for orthopaedic surgery on the lower limb joints.

Between 1999 and 2000, the Group initially targeted the hip replacement sector, launching cementless femoral stems (in particular, the INITIALE® and GENERIC® prostheses).

In the 2000s, the Group extended its range of hip prostheses with the addition of its Saturne® acetabular implant. The Group also diversified, marketing the SCORE® knee prosthesis and its first navigation system, AMPLIVISION®.

At the end of that decade, the Group launched its first cutting guide and its i.M.A.G.E® system, which uses additive manufacturing technology (3D printing). It also continued to develop its range of hip prostheses, bringing the INTEGRALE® stem to market, along with an updated range of SCORE® knee prostheses.

Over the last five years, the Group has continued to leverage its capacity for innovation to introduce new products. These include the UNISCORE® and ANATOMIC® implants as part of its range of knee prostheses, and, in its hip replacement range, the enhanced INITIALE® stem and the EXTREME® stem, along with the dual-mobility acetabular cup. In instrumentation, the Group now offers an updated version of AMPLIVISION® and the E.T.O.I.L.E® technology platform. Recently, the Group has also established a foothold in the extremities sector and has just received the CE mark and FDA approval for some of its products.

After moving into Germany in 2010, the Group initiated its international expansion and established a presence in a number of different countries. Today, the Group is active in 31 countries, notably via 11 operating subsidiaries (2 in France and 9 worldwide).

For a detailed description of the Group, see paragraph *7.1 "Group organisational legal chart"* of this Registration Document.

5.2 INVESTMENTS

5.2.1 Investments in the last three fiscal years

The table below sets out the total amount invested by the Group in the last three full fiscal years:

(In € thousands)	**Fiscal year ended 30 June 2015**	**Fiscal year ended 30 June 2014**	**Fiscal year ended 30 June 2013**
Intangible assets	3,435	5,845	2,850
Tangible fixed assets	6,343	7,637	6,423
Total	**9,778**	**13,482**	**9,273**

Investment in intangible assets during the fiscal year ended 30 June 2015 related primarily to the fees for registering the Group's products in the United States of €0.6 million, R&D expenses of €1.6 million and the revaluation of patents to include future royalties of €1.4 million; investment in tangible assets comprised ancillaries made available to new customers in France of €3.2 million and in Australia of €2.4 million, as well as tools specifically for use in the manufacture of new products.

During the year ended 30 June 2014, investment in intangibles included the commissioning of the IFS IT system (€1.1 million), patent acquisitions (€1.3 million), migration costs for the Group's change of Notified Body (over €1.4 million), and the costs of CE marking for Novastep products (€0.7 million). Tangible investment was largely dedicated to ancillary equipment for fitting the new ANATOMIC® knee implant (€2.2 million), with the surge in new customers, and the commissioning of new AMPLIVISION® navigators (€0.8 million). In Australia, where a large number of new customer accounts were opened with the SCORE® knee implant, €1.5 million was invested in ancillary equipment that was made available to the Group's customers.

In the year ended 30 June 2013, the Group invested heavily in renewing the CE marking for its products for the next five years, performing numerous technical tests and process and material validations as well as changing the type of ceramic used, and making a total investment of €1.2 million. Investment in property, plant and equipment consisted largely of improvements to a new building in Valence (3,700m²) and the construction of a connecting building with a floor area of 250m², at a total cost of €1 million, and the provision of ancillaries worth €5.2 million.

5.2.2 Principal investments in progress

In early 2015 the company began renovation of its registered office, the historic building occupied by the company since 2001, with a surface area of 1,600m^2 in order to increase capacity by almost 30%. Handover will be completed at the end of October 2015. Finance is by extending the existing property lease agreement, representing a total cost in the order of €1.5 million.

In July 2015 the company signed a contract with Apsalys for the installation of Master Control software for documentary and quality processes management. The software will be installed at all Group subsidiaries. Implementation of the various modules will be rolled out over 12 months and should be finalised at the end of June 2016. This represents an investment of €0.4 million.

The company has acquired an option on a plot of land of 4,800 m^2 opposite the Valence registered office, to accommodate the infrastructure necessary for future expansion. The financial commitment for the land is approximately €0.3 million.

5.2.3 Principal future investments

As at the date of this Registration Document, the Company has not entered into any significant firm commitments other than those relating to the shareholder and minority interest agreements described in Section 7.3 of this Registration Document, *"Shareholders' agreements and minority interests"* (see Note 15 to the consolidated financial statements for the year ended 30 June 2015, paragraph *20.1.1.1, Annual consolidated financial statements of the Group"* in this Registration Document).

CHAPTER 6
OVERVIEW OF GROUP BUSINESSES

This Chapter describes the business sector in which the Group operates and the Group's business activities.

6.1 GENERAL DESCRIPTION OF THE GROUP

The Group is one of the leading French players in the international market for lower limb prostheses (hips, knees and extremities).

Established in December 1997, the Group brought its first products to market during the course of 1999. The Group is active in 31 countries, including through 11 operating subsidiaries (2 in France and 9 worldwide). In 2013, the Group was ranked second and fourth in terms of its share of the French market for knee and hip prostheses, respectively. It also ranked seventh and eighth in terms of its share of the European market for knee and hip prostheses, respectively. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

The Group designs and markets a comprehensive, innovative range of orthopaedic products for surgeons, addressing the main lower limb disorders that can affect the hip, knee and extremities (foot and ankle). In particular, the Group offers the SCORE® range of mobile-bearing knee prostheses and the ANATOMIC® fixed-bearing knee prosthesis range. Hip prostheses include the INTEGRALE® stem, the SATURNE® cup (dual-mobility acetabular cup) and the H2 cup (acetabular cup in Biolox® Delta® ceramic). The Group is also active in the extremities segment via its subsidiaries, Novastep SAS and Novastep Inc. The prostheses for extremities include the LYNC® intramedullary implant for the treatment of bunions. For the fiscal year ended 30 June 2015, the Group sold 40,753 prostheses, including 15,703 hip prostheses, 20,248 knee prostheses and 4,802 foot prostheses.

This product range is enhanced by innovative, high value-added services (training, instruments, navigation and clinical follow-up). The Group has developed the AMPLIVISION® navigation system, the i.M.A.G.E® system and the E.T.O.I.L.E® technology platform (providing a complete package for an anterior approach to hip surgery).

The Group's products are used in 360 facilities in France and 420 elsewhere in the world. The Group strives to meet the needs of patients, surgeons and health care facilities. Its main objectives are to increase fitting accuracy, post-operative patient safety and time saving in the operating room, as well as reducing the time for patient rehabilitation and providing surgeons with ergonomic instruments for the least invasive surgical approach. The Group distributes its products either directly, through its subsidiaries, or indirectly, through agents or exclusive distributors, or both, using its own sales force and a distributor.

In order to develop innovative technologies and ensure clinical follow-up on implanted prostheses, the Group has developed close relationships with surgeons who are opinion leaders in France and abroad.

The Group generated revenues of €58.2 million and €71.1 million and EBITDA of €12.8 million and €13.4 million for the fiscal year ended 30 June 2014 and the 30 June 2015 respectively.

As of 30 June 2015, the Group had 248 employees in France and abroad, including 52 engineers involved in research and development activity.

6.2 THE GROUP'S COMPETITIVE STRENGTHS

6.2.1 One of the leading French players in the global market for orthopaedic lower limb prostheses

Established in December 1997, the Group began to market its first products in France during the course of 1999. Since then, the Group has progressed to become one of the leading players in France in the market for

orthopaedic lower limb prostheses. In 2013, it was ranked second and fourth in terms of its share of the French market for knee and hip prostheses, respectively. The Group is also ranked seventh and eighth in terms of its share of the European market for knee and hip prostheses, respectively. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

The Group has achieved this position by building on (i) the development of a comprehensive range of high value-added products that are appropriate to the needs of patients, surgeons and health care facilities; (ii) the variety of services that it offers; and (iii) research and development activity geared to leading-edge technical innovation.

An extensive, comprehensive range of high end products appropriate for all surgical philosophies

The Group has chosen to develop high end products. This position is reflected in a product and instrument range that comply with high standards of quality, as well as ergonomics that meet the needs and demands of the most complex surgical techniques.

The Group offers a comprehensive, innovative range of orthopaedic products, along with ancillaries and a variety of innovative related services, including its AMPLIVISION® navigation system, i.M.A.G.E® system and E.T.O.I.L.E® technology platform.

The products offered by the Group cover the main lower limb disorders that affect the hip, knee, foot and ankle. For the fiscal year ended 30 June 2015, the Group sold 40,753 prostheses, including 15,703 hip prostheses, 20,248 knee prostheses and 4,802 foot prostheses.

The Group's products are appropriate for all surgical philosophies. They include prostheses for both primary and revision surgery, offered in all sizes with and without cement.

The ANATOMIC® fixed-bearing knee prosthesis launched by the Group in April 2013 illustrates the Group's focus on the needs expressed by different surgical practices. The Group has developed this to meet demand from surgeons worldwide, particularly in Australia and the United States, with support from the Group's research and development teams. The product complements the Group's historic SCORE® range, which employs mobile-bearing technology that is less widespread in the United States but is used more extensively in various European countries and Japan. The ANATOMIC® knee implant is currently being rolled out internationally, with registration procedures under way in Australia, Japan and Brazil. The design reflects the latest advances and surgical philosophies in prostheses, ancillaries and materials. The ANATOMIC® knee implant has helped the Group to increase the addressable proportion of markets where it can offer its products and services. The success of this new product is reflected in an increase in the number of products sold by the Group, which rose from 1,342 ANATOMIC® knee prostheses in 2013 to 5,524 in 2014/2015. Total sales of knee prostheses went from 14,837 to 20,248 over the same period, an increase of over 20.3% in the volume of products sold in the first year following the launch of the product, primarily in France. The 20,248 knee prostheses fitted break down as follows: 5,524 ANATOMIC® prostheses, 796 UNISCORE® prostheses, 826 SCORE® revision prostheses and 13,102 SCORE® prostheses.

Building on this success, the Group also identified a specific requirement in the hip market and as a result, is setting its research personnel to work on introducing new technologies associated with hip prostheses, which the Group intends to leverage to win new market share in this segment in the same way.

The Group is also building on its related services, which add significant value to its product lines. In particular, these include the AMPLIVISION® navigation system, the i.M.A.G.E® system and the E.T.O.I.L.E® technology platform (which includes a table extension, sophisticated instruments, navigation capabilities and a training programme, dedicated to anterior approaches; see paragraph 6.5.1.3 of this Registration Document, *"Related services"*). The range of related services helps to attract and build loyalty amongst surgeons and health care facilities.

As an example, the Group was able to take advantage of an opportunity in the high value-added and high-growth extremities segment through its French subsidiary, Novastep SAS, and its US subsidiary, Novastep Inc. Novastep develops innovative solutions for foot and ankle surgery. Thus, the Group is positioned in key geographic regions in a rapidly expanding market. As of the date of this Registration Document, Novastep markets a comprehensive range of products with CE and FDA marking (LYNC® implants, ARCAD® staples, AIRLOCK® plates and NEXIS® screws) for disorders affecting the foot, including hallux valgus.

The Group has established a distinct identity built on the breadth and depth of its product and service offering

The Group offers high end products and services; all products that it markets have CE marking. The company is ISO 13485 and ISO 9001 certified. ISO 13485 specifies the quality management system (QMS) requirements for the medical devices industry. The ISO 9001 standard presents the overall requirements for a quality management system. All medical devices developed by the Company comply with EU Council Directive 93/42/EEC concerning medical devices.

The Group has developed its products in collaboration with teams of renowned surgeons and in consideration of different surgical philosophies and different technologies. The Group also considers the particularities of different geographic regions (particularly those associated with individuals' heights, disorders that may be local and the format of training for surgeons), and may use local design offices to support this (for example, the Group has a design office with four engineers in Adelaide, Australia and plans to set up design offices in Brazil and the United-States). In doing so, the Group strives to offer products that meet surgeons' demands, regardless of the surgical technique in which they are trained or the disorder in question.

The Group provides technical support for health care facilities and surgeons, either directly or via a sales agent, giving operating room-specific technical guidance during the surgical procedure (for example, the individual present in the operating room advises the surgeon on the use of instruments or on fitting the implant). This day-to-day support is also available at the pre- and post-operative stage, both for surgeons and for staff (technicians, nurses, sterilisation staff, etc.) The Group offers a wide range of products and services, as well as tools that help in planning for and facilitating surgery (e.g., i.M.A.G.E® technology, AMPLIVISION®, and the E.T.O.I.L.E® platform).

The Group has a clinical follow-up department which is responsible for analysing pre-, per- and post-operative medical and surgical data. To this end, the Group has developed the CLINIRECORD® software, which is available free of charge to surgeons. To date, the database includes information about 20,000 prostheses, providing the Group with a tool for tracking its products. Scientific studies have been conducted and published by the surgical teams who contribute to research in partnership with the clinical follow-up department, using the CLINIRECORD® software.

Whether managed directly or via sales agents, the Group's close day-to-day relationship with surgeons provides it with access to almost immediate feedback on the products and services that it provides. The Group can adapt as effectively as possible to customer requirements. By continually enhancing its products, the Group can provide surgeons with solutions that save time and offer increased efficiency and accuracy (see paragraph 6.5.1.2 "*A complete product line"* in this Registration Document). This responsiveness is a real advantage for both surgeons and patients, reducing recovery time and the risk of post-operative complications.

Research and development activity geared to leading-edge technical innovation

Research and development are central to the Group's business.

The Group strives to meet the needs of patients, surgeons and health care facilities. With regard to innovation, the objective is to increase fitting accuracy, provide a minimally invasive surgical approach, save

time in the operating room and minimise cost, while giving patients a more rapid rehabilitation and optimising post-operative safety.

The Group's research and development activity is conducted entirely in-house by three structured research clusters, in mechanics, software development and electronics. A dedicated, highly qualified team of 52 experienced engineers is focused on research and development on a daily basis.

The Group thus exploits approximately 40 patent families. The Group has ownership or joint ownership of a number of patents. It also works in close collaboration with renowned surgical teams to develop new products and innovations that will help maintain its position at the forefront of technological advances. In these instances, the corresponding patents are registered in the names of the relevant surgeons. The Group is then granted exclusive exploitation licences for the term of these patents by the groups of surgeons with whom it has developed the products and services in question.

On average, the Group brings two new products or services to market each year. These include, for example, (i) the ACOR one-piece stem, the UNISCORE® single-compartment knee prosthesis (cementless version with inlay), the SCORE® hypoallergenic knee prosthesis and a disposable i.M.A.G.E® cutting guide for knee prostheses in 2014; and (ii) the ANATOMIC® knee implant and the H2 ceramic acetabular prosthesis in 2013. Additionally, the Group has developed various software applications (i.M.A.G.E® PUC, *Genou 4 en 1* and *Hanche Rapide*).

This level of innovation is a contributory factor in fostering loyalty to the Group amongst existing customers as well as attracting new customers, thereby helping it to gain market share. The AMPLIVISION® navigation systems are made available to surgeons either by agents or distributors, or directly by the Group itself. As of the date of this Registration Document, the Group has a network of 207 navigators available to its customers.

New innovations to be introduced shortly by the Group may represent advances for orthopaedic practice. In this vein, the non-invasive, pinless AMPLIVISION® system will allow the use of navigation during the surgical procedure without the need to fix pins in the bones to hold the sensors. As the system is non-invasive, it can be used in the operating room but there is also a version intended for the doctor's office. This version is currently being registered for CE marking. The version for use in the operating room is being finalised and is expected to be submitted for registration during 2016.

The Group devotes a significant proportion of its budget to its research and development activity. As a result, research and development expenditure amounted to 8.5% of revenues for the fiscal year ended 30 June 2015, or approximately €6 million; 7.9% of revenues for the fiscal year ended 30 June 2014 (€4.6 million), and 8.5% of revenues for the year ended 30 June 2013 (€4.3 million). Accordingly, the Group can adapt to the specific requirements of patients, surgeons and health care facilities and provide them with new technologies.

Renowned expertise provided by experienced teams

The Group's management team has proven experience in research, innovation and business development.

The members of the Group's management team have an average of 15 years' experience in the area of orthopaedic surgery and more specifically, in the design and marketing of joint prostheses. Several members of the management team previously held a variety of roles with competitors of the Group. Prior to co-founding the Group in 1997, Olivier Jallabert was R&D Manager Europe at Biomet. Philippe Garcia (Vice Chairman of Finance) was Chief Financial Officer of Effik Group, Novagali Pharma and Covidien before joining the Group in 2010. Bruno Jugnet (Vice-President of International Marketing and Sales for France) was Marketing Manager for knees at Tornier before joining the Group in 2005. Jean-Christophe Vial, International Vice-President, previously held a variety of marketing and management positions at DePuy Synthes, a Johnson & Johnson company, before joining the Group in 2012. Laurent Geais, Vice-President of Research and Development, previously held the position of R&D Manager at Stryker before joining the

Group in 2009. Director of US Regulatory Affairs Mireille Lemery was previously Director of International Regulatory Affairs at Tornier before joining the Group in 2015.

The Group is able to recruit highly qualified staff who receive ongoing training, which means that it can respond to the specific regulatory and technical requirements for its business sector. As of 30 June 2015, the Group employed 52 engineers.

6.2.2 A rapidly consolidating market creating opportunities for the Group

Consolidation of the markets for hip and knee prostheses

The market for orthopaedic prostheses is currently undergoing a period of consolidation amongst the various players in the sector. In 2014, the Zimmer Group (United States) announced plans to merge with the Biomet Group (United States). Similarly, Tornier (France) announced plans to merge with US-based Wright Medical Group. The main transactions over the last few years include the following:

Date	Buyer	Company acquired or being acquired	Main market segments
Oct-14	Zimmer	ETEX Holdings	Resorbable bone substitution materials
Apr-14	Zimmer	Biomet	Hip / Knee / Extremities / Traumatology / Biomaterials / Sports medicine
May-14	Smith & Nephew	ArthroCare	Hip / Knee / Shoulder / Extremities / Sports medicine / Spine
Feb-14	Stryker	Pivot Medical	Hip
Jan-14	MicroPort Scientific	Wright Medical Group's OrthoRecon Business	Hip / Knee
Jan-14	Globus Medical	Excelsius Surgical	Robotics (spine, brain)
Dec-13	Stryker	Mako Surgical	Robotics (hip / knee)
Jul-13	RTI Biologics	Pioneer Surgical Technology	Orthopaedics / Biology / Spine / Traumatology / Cardiothoracic surgery
Jun-13	TranS1	Baxano	Spine
Mar-13	Stryker	Trauson Holdings	Traumatology and spine
Nov-12	Medtronic	China Kanghui Holdings	Orthopaedic implants, traumatology and spine

The Group intends to take advantage of this period of consolidation. The Group may be able to add value to its R&D activity, given that the reduced competition resulting from consolidation amongst the major players could slow the pace of innovation.

Furthermore, consolidation in the sector could create additional business opportunities for the Group. Indeed, mergers could lead to some products being abandoned as a result of the coexistence of several similar product lines. Surgeons may not wish to use the product range that is retained and could thus look to competitor solutions. In addition, in some geographic regions, mergers could result in the duplication of sales networks (salaried sales staff, sales agents or distributors), leading the operators in question to abandon one of the overlapping networks. Lastly, these mergers could create recruitment opportunities for the Group, as they may lead to the duplication of staff in some areas (including R&D, marketing and sales). Since consolidation reduces the number of players in the market, the Group's position in some markets could be strengthened, making it even more attractive as an alternative to the major consolidated groups.

The market for extremities

The market for extremities (foot and ankle) is a new, developing market in which there are few operators as of the date of this Registration Document, partly due to the degree of specialisation required to operate in this market. The Group therefore considers that it presents significant opportunities for innovation and gaining market share.

Over the last few years, there have been numerous consolidations in the extremities area. In fact, operators without a presence in this market are looking to acquire smaller players already operating within it.

In this vein, in 2014, the Stryker Group (US) announced plans to merge with SBi Group (US), with Wright Medical (US) announcing its own plans to merge with Solana Surgical (US) and Tornier (US) and the Biomet Group (US) with the Zimmer Group (US). The main transactions to have taken place over the last few years have been as follows:

Date	Buyer	Company acquired or being acquired	Main market segments
Oct-14	Wright Medical Group	Tornier	Extremities
Aug-14	Stryker	Small Bone Innovations	Extremities
Apr-14	Zimmer	Biomet	Hip / Knee / Extremities / Traumatology / Biomaterials / Sports medicine
May-14	Smith & Nephew	AnthroCare	Hip / Knee / Shoulder / Extremities / Sports medicine / Spine
Feb-14	Wright Medical Group	OrthroPro	Extremities
Feb-14	Wright Medical Group	Solana Surgical	Extremities
Nov-13	Wright Medical Group	Biotech International	Extremities
Mar-13	Stryker	Trauson Holdings	Traumatology and spine
Mar-13	Wright Medical Group	BioMimetic Therapeutics	Extremities

The extremities market is a niche market with highly specialised surgeons who are sensitive to the quality and appropriateness of the products and services on offer.

The Group has thus established Novastep, creating two subsidiaries, Novastep SAS in France (2013) and Novastep Inc. in the United States (2014). Novastep develops innovative solutions for foot and ankle surgery: LYNC® implants, ARCAD® staples, ARILOCK® plates, NEXIS® screws, cleanSTART® technology, the ForefootComplete® configuration and the ForefootExact® configuration. The Group has shown its ability to adapt by developing innovative products with renowned surgeons and an experienced team. Novastep products obtained CE marking in 2014 and, as of the date of this Registration Document, over 4,650 surgical procedures have been carried out in France using products from the Novastep range. In the US, Novastep products have just obtained FDA approval and sales are in the early stages. The Group is also building its sales network in the United States and has just recruited a highly experienced US sales team. In four US states, the Group has established commercial relationships with five exclusive distributors as of the date of this Registration Document.

The launch of the extremities business (ankle and foot), for which marketing began in July 2014, generated revenues of €1.4 million for the Group during the fiscal year ending 30 June 2015 including €0.7 million in the United States (where activity began in December 2014) and €0.7 million in France.

The Group is also working on the development of disposable instruments for each type of disorder.

6.2.3 A strong competitive position in the markets for hip and knee prostheses

The Group went from fifth place in terms of its share of the French market for knee and hip prostheses in 2006 to second and fourth place respectively in 2013.

Group market share rose from 6.0% and 5.0% of the French markets for knee and hip prostheses, respectively in 2006, to 11.1% and 7.1% respectively in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2009-2012, July 2010; Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

In addition, over the period from 2007 to 2014, Group sales in the French market increased by an average of 15% a year.

There are various barriers to market entry and expansion of new competitors in orthopaedic prostheses.

Firstly, a new entrant must invest heavily in research and development to create a range of products and services that meet the expectations of patients, surgeons and health care facilities. To achieve this, it must also find experienced surgical staff with a track record of innovative ideas.

Before product marketing can begin, marketing authorisation is required. In recent years, the applicable legislation has become more complex and the time required to obtain authorisations has increased significantly. On average, it requires one year in the United States, between one and two years in Europe, three in Australia and Brazil and four in Japan to obtain marketing authorisation for new products. Applicable product quality and safety standards are increasingly exacting. Outside Europe, notified bodies and local governments to whose authority the Group is subject are also increasingly demanding, as

demonstrated, for example, by the increase in the number of alerts notified each year to the Health and Safety Authority regarding non-compliance with quality standards. Furthermore, there are local variations from country to country in the specifics of these procedures. This growing complexity of standards and the increase in requirements have the effect of driving up costs as well as the time required to bring a product to market.

There is also a need to patent products in order to protect them or to secure licences for other patents. Most innovations available on the market are already patented. It will be even more difficult for a research and development team that does not have an established intellectual property rights base to offer patentable products.

A new market entrant will also be faced with a clinical barrier: to persuade surgeons and health care facilities to use its products, it must be able to prove their quality and reliability. To demonstrate long-term product quality requires a clinical follow-up team. The Group has over ten years of clinical history for most of the products that it markets, and some 20,000 patient records (approximately 9,600 records relating to hip prostheses and 9,000 for knee prostheses).

New competitors often encounter a purely technical barrier insofar as the development of new products is a collaborative effort involving engineers and surgeons. It is especially difficult for a new market entrant to persuade renowned surgical teams to participate in the development of a new product. A new entrant would also be forced to develop a comprehensive product range across all segments within a limited timeframe. In the Group's view, market penetration depends on offering a comprehensive range of products and services in terms of surgical philosophy and implant type (primary and revision), joint (hip and knee), available in all sizes and with the backing of opinion leaders.

Finally, a new entrant will have to build a sales network, either by recruiting experienced staff or by establishing commercial relationships with agents or distributors.

Given the authorisations that it already holds, its international presence and the technical and human resources at its disposal, the Group considers that is it well positioned to expand its activities in countries where it already operates as well as further into international markets.

6.2.4 A targeted international presence

Building on the success of its strategy in France, the Group is experiencing significant international expansion. As a result, the proportion of Group revenues from international business grew by 141% over the period 2013-2015, increasing from €10.6 million as of 30 June 2013 to €25.6 million as of 30 June 2015.

The Group's internationalisation policy is based on offering quality products and an alternative, high end option. In the countries where the Group is established, the major international groups are present with a similar product offering. The Group has been able to adapt to the specific features of some local markets, such as in Brazil and Australia, both of which are markets with characteristics (such as the operators present, the products available and the market's maturity) that make them comparable to the US market. As such, the Group has demonstrated its ability to compete with major international groups and local players.

The Group specifically identifies the countries in which it seeks to establish a presence. It only selects markets that it considers to have good potential and which have similar characteristics to markets where it is already present. This strategy is based on an analysis of market characteristics, such as the size of the market in question, the expected margin, pricing policies and the levels of reimbursement under local social security health insurance schemes. The Group also looks at objective external factors, such as a country's demographics and its growth (both with regard to its GDP, where growth is indicative of an increase in the standard of living in the country in question, and the growth of the market for orthopaedic prostheses in that country). Lastly, the Group analyses its competitors' positions in the local market. The major international groups have a worldwide presence, but their range is highly standardised, giving the Group the opportunity to differentiate itself through innovation and its tailored service offering for the local market. Since local

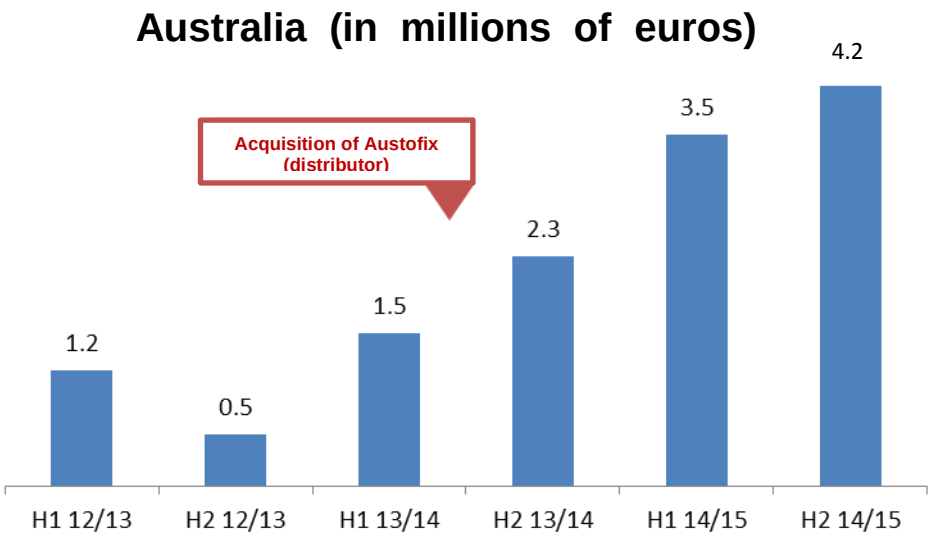
competitors are not necessarily positioned in the high end market, the Group differentiates itself through its range of innovative products and services, placing the surgeon at the heart of its strategy to make rapid gains in market share.

The Group also analyses local particularities with regard to orthopaedic implants. Accordingly, it analyses requests from local surgeons to adapt, change or develop products. The Group may establish a design office in the country in order to meet a specific market requirement and focus closely on its customers' needs. Adaptation of its products to the requirements of the local market contributes to the Group's success when expanding into a new country.

The Group may employ a variety of strategies to gauge the new market's interest in its products and services. Where management has particular experience and specific knowledge of the market, a subsidiary is created. In other markets, the Group generally takes a two-stage approach. In the first instance, it enters into an exclusive distribution contract locally, which allows it to test the market and the depth of demand, and to identify the specific characteristics of that market. Assuming that this foothold proves successful, it then acquires the distributor or its business so as to sell its products directly, energise the marketing effort and establish direct personal relationships with local surgeons (through design offices, where applicable). It can thus sustain its existing market share and increase efforts to win new market share. This has been the case in Germany, Australia, Brazil and Switzerland in particular.

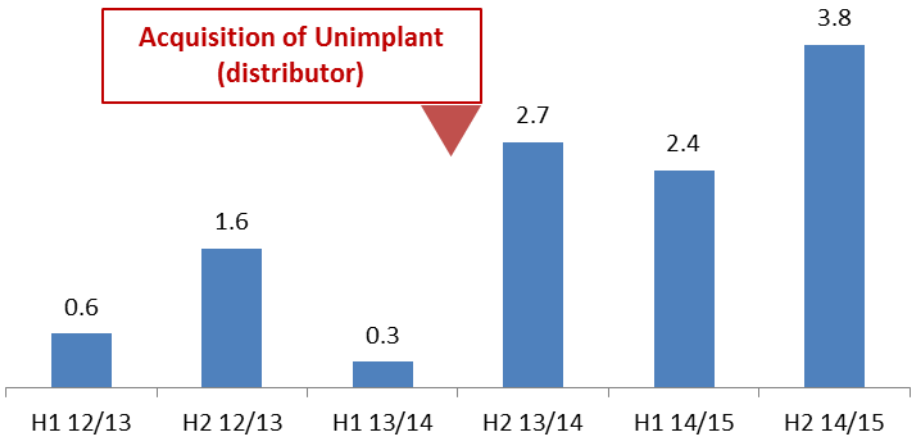
This was how the Group expanded directly into Australia and Brazil in 2014, acquiring local distributors (Austofix in Australia and Unimplant in Brazil) and reproducing its strategy of excellence, both in terms of product quality and the relationship that it developed with its customers.

Australia accounted for approximately 10.9% of Group revenues for the fiscal year ended 30 June 2015. Further to the acquisition of Austofix, Group revenues have changed as follows:



The Group sells through its subsidiary, either directly (via the subsidiary's employees or via sales agents) or indirectly (via distributors). The hip products of Joint Research have been implemented in February 2015 in Australia.

Brazil accounted for 8.7% of Group revenues for the fiscal year ended 30 June 2015. Further to the acquisition of Unimplant, Group revenues have increased as follows:



Following the Unimplant acquisition, the Group has developed its network of local distributors.

This has proven to be an effective strategy: after initially expanding into Germany in 2010 via a subsidiary, the Group now has a further 8 foreign subsidiaries, all recently acquired or established during the last 12 months (in Australia, Brazil, Belgium, Switzerland, Japan and India, and 2 in the United States). As of the date of this Registration Document, the Group distributes its products in 31 countries via local distribution channels.

6.2.5 A proven operational and financial model

An appropriate, efficient business model: the "fabless" model

The Group has opted to expand using a "fabless" business model to optimise its operational management and funding. In particular, this model helps to control high value-added functions, ensure high product quality (with the use of competitive procedures for subcontracting) and minimise the proportion of fixed costs in manufacturing and organisation. It also gives the Group the flexibility to always use the latest production technologies.

The Group's core business is the research, development, marketing and sale of its medical devices. The Group makes use of a network of subcontractors to manufacture its products. It has concluded 105 subcontract agreements. With the exception of some production that takes place in Australia (accounting for 2% of the revenues generated by the Group for the fiscal year ended 30 June 2015), subcontractors located in France accounted for 90% of the Group's subcontracting expenditure, with subcontractors in Europe accounting for 10% of its subcontracting expenditure. These 105 subcontracting agreements accounted for approximately 13.8% of external income and expenditure in the year ended 30 June 2014 and 16.7% of external income and expenditure in the fiscal year ended 30 June 2015. The Group does not only subcontract the supply of raw materials to its subcontractors: they also make the parts required to create the Group's products and assemble the various components under the ongoing supervision of the Group. Each stage of manufacture is managed by the Group, with the subcontractors' objective being to complete just a part of each stage of the manufacturing process.

The Group handles all quality and dimensional inspections of its implants and ancillaries in-house and uses its team of quality engineers to monitor production. To achieve this, the Group has an in-house metrology laboratory which inspects 100% of the implants and instruments produced, using three-dimensional measuring machines. The purpose of this is to guarantee advanced process reliability while meeting cost objectives. For every part sourced from a subcontractor that is found to be non-compliant on inspection, the Group demands a credit against the invoice, thereby reducing the cost of non-quality in manufacturing. The

Group monitors production. A number of audits are undertaken at subcontractors' premises each year so that it can guarantee a high level of quality. The term of the supply framework agreements that the Group enters into with subcontractors means that the subcontractor turnover rate is low.

To meet requirements of continuous production in line with the growth of the business, the Group operates a multi-sourcing policy for supply, making its various subcontractors compete with one another to determine the volumes that it assigns to them. These competitive procedures help the Group keep changes in its production costs under control. The Group strives to avoid situations of economic dependence. As far as possible, it seeks to develop vertical integration of its subcontractors to help it optimise its working capital requirements. Of the top 20 European manufacturers, the Group is one of very few with this manufacturing business model.

This model has helped the Group grow without having to invest heavily in manufacturing and by focusing primarily on the areas in which it creates value.

A dense, extensive network of commercial relationships

In France, the Group has developed a grass-roots sales network through a large network of independent but exclusive salespeople who are paid on commission, based on the revenues generated. The agent establishes and develops the commercial relationship with the medical practitioner and contributes to building a relationship of trust between medical personnel and the Group. In partnership with the Group's product leads, the agent provides surgeons and health care facilities with information about the Group's products and services. The agent may be present in the operating room to provide technical assistance. As of the date of this Registration Document, the Group has entered into 21 sales agent agreements, covering the whole of France.

Internationally, the Group has expanded by establishing subsidiaries and creating dedicated sales or marketing teams within these companies. The Group now comprises 9 foreign subsidiaries (in Germany, Australia, Brazil, Belgium, Switzerland, Japan, India and 2 in the United States) and has entered into over twenty exclusive distribution agreements throughout the world. The methods used to distribute the Group's products are described in detail in paragraph 6.5.4.2 of this Registration Document, entitled *"Distribution channels"*.

Maintaining close relationships with opinion leaders

The Group works closely with surgical personnel to develop new products and technologies in order to maintain its leading position in innovation. In France and abroad (including Australia), the Group has established technical partnerships with internationally recognised expert surgeons who act as opinion leaders for the Group's products. This partnership results in the surgeons in question contributing to the development of implants and instruments, to a variety of technical design tests and to post-market analysis. These surgeons often direct research efforts and publish their findings in respect of the Group's products in France and abroad (see paragraph 6.5.1.2 "*A complete product line"* of this Registration Document).

The Group also collaborates with other surgeons with the sole purpose of monitoring clinical databases. As part of this collaborative effort, surgeons provide the Group with data on the prostheses that they have fitted. To enable it to exploit this data, the Group has developed a dedicated clinical monitoring application, CLINIRECORD®. All data is anonymous, confidential and encrypted. Surgeons can use the data that is input into this application for comparative analysis for the purpose of scientific publications. As of the date of this Registration Document, over 20,000 prostheses are being monitored through the use of the CLINIRECORD® database developed by the Group.

Financial indicators that demonstrate the Group's success

In recent years, the strategy developed by the Group has been reflected in results and growth that support its choice of business model.

The Group has experienced 15 years of continuous growth. Between 30 June 2005 and 30 June 2015, revenues rose from €16.3 million to €71.1 million, with profitable growth of approximately 15% a year on average. Over the same period, EBITDA rose from €3.7 million to €13.4 million.

The Group has continued to develop its international operations. The Group went from one subsidiary (in Germany) in 2010 to nine operational foreign subsidiaries as of the date of this Registration Document. This international growth has been matched by the recruitment of staff to provide a local presence for the Group.

The Group's position in high end products and its business model driven by the search for profitability helped it to achieve an average EBITDA margin of over 20% over the period 2005-2015. This level of profitability gave rise to three successive LBOs, allowing the Group to expand (see paragraph 5.1.5 "*Background of the Group*" of this Registration Document). The successive LBOs helped with the structuring of management and the introduction of budgetary control, management of the Group so that it generates cash flow, rationalisation of costs through the use of systematic competitive procedures for stakeholders and consolidated monthly reporting that is subject to monthly analysis by a committee.

6.3 GROUP STRATEGY

The Group's vision is to become a leading international player in the market for orthopaedic prostheses. Building on its experience in France and abroad, the Group's strategy is geared around the following themes.

6.3.1 Expanding its presence in the United States and Japan

The Group aims to continue its expansion in the strategic countries in which it has a presence, such as Brazil and Australia, but also to initiate large-scale business in the United States and Japan.

The Group has developed its strategy of excellence in every country in which it has a presence, both in terms of product quality and the quality of the relationships it has developed with surgeons and health care facilities, to compete with major international groups and local players alike. This strategy is supported by the success achieved in countries in which the Group is present, and the Group plans to transpose this model to two countries that are key to the world market for orthopaedic prostheses: the United States and Japan.

United States

In 2013, the United States market for orthopaedic prostheses generated revenues of approximately $7.0 billion. This figure was expected to reach $7.2 billion in 2014. It was expected to account for 52.0% of global demand for orthopaedic prostheses for lower limbs, thus continuing to be the leading world market in 2014. (*Source: Millennium Research Group market analysis, March 2013*)

In addition, in the United States, it was expected that approximately 37% of the population would be suffering from obesity in 2014; this figure is expected to rise to 50% by 2030. (*Sources: OECD, Obesity and the economics of prevention: fit not fat, Update 2014, 27 May 2014*)

Competition in the United States is comparable to Europe, Australia, Brazil and all the countries where the Group is present. The requirements of surgeons and patients are also similar. The Group's management team has experience in the characteristics of this country and already has numerous established contacts.

The Group has a presence in the United States through its subsidiaries Novastep Inc. (for the extremities), which was established on 7 November 2014 and began trading on 1 December 2014, and Amplitude Orthopedics Corp (for the hip and knee), established in May 2015.

Between the end of 2014 and April 2015, the Group secured the FDA registrations for its range of foot surgery products, following the 510(k) procedure. The products in question are: LYNC® implants, ARCAD® staples, AIRLOCK® plates and NEXIS® screws. The Group's strategic commercial launch of implants for foot surgery in the United States was an immediate success. As a result, the Group had sold 451

prostheses as of 30 June 2015. The Group has also brought its expertise to bear in supporting the growth of its Novastep Inc. subsidiary, particularly in connection with the marketing of its products, by handling logistics and stock management directly and developing business synergies between Group staff and the staff at Novastep Inc. The Group intends to make its full range of products for the treatment of bunions available in the United States.

Furthermore, building on its 15-year history and the clinical outcomes achieved, the Group also intends to seek FDA registration for the fixed-bearing ANATOMIC® prostheses, the I.M.A.G.E® and AMPLIVISION systems and the E.T.O.I.L.E® platform.

Lastly, the Group is preparing to register its knee and hip replacement products with the FDA. In particular, the Group plans to register a range of hip prostheses derived from the development of products registered in Australia and Europe.

To support its expansion in the United States, the Group has recruited an experienced team of five individuals who previously worked at Memometal, before it was acquired by Stryker. Mireille Lemery, who held a similar position at Tornier, has also joined the Group and will contribute her US regulatory expertise. For its foot surgery products, the Group has also entered into an agreement with distributor American Extremity Medical LLC, acting as an original equipment manufacturer ("**OEM**"). Lastly, the Group has entered into a sales agency agreement with Blue Slate Ortho which covers the whole of the United States and under the terms of, which Blue Slate Ortho will help the Group to establish a network of sales agents spanning the US market. The Group wishes to enter this market by leveraging its flexible model and offering products that are appropriate to surgeons' needs (including training in the use of dual mobility prostheses and the Amplivision navigation system).

The Group also intends to maintain and further develop its close ties with practitioners and opinion leaders in the US scientific community. It also plans to establish an R&D office.

Japan

The Group wishes to expand into Japan. However, there are significant barriers to entry into the Japanese market. As a result, to establish a presence in Japan, the Group has set up a subsidiary, Matsumoto Amplitude Inc., on 24 December 2013 in partnership with Mr Matsumoto, who spent 15 years as Director of Sales at the Matsumoto Group, which was acquired by Stryker in 1994.

Two years ago, the Group submitted the following products for registration: the LOGIC® stem, the SATURNE® and EQUATEUR® acetabular implants and the ANATOMIC® knee prosthesis.

The Group also intends to take advantage of the relationships that Mr Matsumoto has developed with practitioners and opinion leaders in the scientific community to launch its first products by the end of 2016.

6.3.2 Strengthening its competitive position in the market for extremities

The Group has a presence in the extremities market via two subsidiaries, Novastep SAS in France and Novastep Inc. in the US, both established in 2014, through which it provides innovative solutions for foot and ankle surgery. These businesses employ a total of 17 members of staff, with 11 at Novastep SAS and 6 at Novastep Inc.

The full range of Novastep foot surgery products obtained the CE mark and FDA 510(k) clearance between the end of 2014 and April 2015.

In the US, foot implants are fitted not only by orthopaedic surgeons, but also by podiatrists. The Group plans to develop a presence in both segments through an exclusive distribution network managed by its Novastep Inc. subsidiary. A chief executive officer was recently hired for Novastep Inc. He was previously World M&A Manager for the extremities division of a major international group.

The Group plans to build on this recent expansion to capitalise on the strong prospects for growth that the extremities market offers. This is a newly developed market in which there are few operators as of the date of this Registration Document. A swathe of acquisitions of small, specialist companies by major international groups has resulted from this. It represents a significant opportunity for the Group in this sector. The Group also plans to expand its sales forces, particularly in France.

As there is also strong demand from surgeons for innovation, the Group aims to make its mark through its technological advances in this area. In particular, the Group's implants become stable when moulded directly by the surgeon, using tweezers, in contrast to shape memory alloy implants which are inserted using pins and are moulded and become stable in response to human body temperature.

6.3.3 Designing the innovations of tomorrow

The Group plans to continue innovating and developing new technologies for its core business, orthopaedic prosthetic implants for the lower limbs.

The initial purpose of research conducted by the Group to expand its product range is to seek constant satisfaction of its customers' needs, while as adapting to specific local characteristics and surgical philosophies and maintaining product and service quality.

Amongst the various research topics currently being addressed by the Group, the AMPLIVISION® system is of particular strategic interest. Building on the success of its computer-assisted navigation system, the Group is developing a new, non-invasive, pinless navigator which allows the use of navigation in the operating room as well as at the consultation stage in advance of or following the surgical procedure, to improve diagnosis and post-operative analysis. The version of this system intended for use in consultation is currently being registered. The version for use in the operating room is being finalised and is expected to be submitted for registration during 2016.

This advance in navigation represents a major technological breakthrough compared with the navigation systems currently present in the market. The Group plans to maintain its technological lead in this area and convince new surgeons or healthcare facilities who have been resistant because of the invasive character of the pins required to fix the sensors and the additional time required to carry out navigated hip or knee surgery. In comparison with a conventional technique, the superiority of a navigated technique in the accuracy and repeatability of implant positioning has already been proven through numerous publications.

Based on accelerometer, gyroscope and electromagnetic sensor technology, the new Navigation system will be available in all countries in which the Group operates. Given the advantages that it presents in comparison with conventional navigation (which include a lower cost, less invasive technology and a reduction in the time required for implementation), this new technology will be suitable for numerous countries where orthopaedic products and services offer moderate level of added value. The target market covers hip and knee prostheses both at the consultation stage and in the operating room. Intended exclusively for use with the Group's products, this tool will support pre-operative diagnosis and implant fitting quality. The Group also plans to build on its innovative character to persuade new surgeons and healthcare facilities to use this navigation system, which could help them to treat new patients.

In connection with Navigation, the Group is developing intra-articular sensors intended to increase operative accuracy during fitting of a knee prosthesis. Positioned between the tibia and the femur, this force sensor allows the surgeon to adjust the ligament balance of the knee, pre- or post-incision. Up until now, this stage of surgery took place with no external means of measurement. This is a disposable device which is fitted with a Bluetooth transmitter and can communicate with the AMPLIVISION® Navigator or a touch-screen tablet. The device will be usable in all procedures for fitting a knee prosthesis.

6.4 THE GROUP'S MARKETS

The Group operates in the market for orthopaedic prostheses, and more specifically, hip and knee prostheses. In the analysis that follows, any reference to the market for orthopaedic prostheses denotes the hip and knee segments only. The Group is also present to a lesser degree in the foot and ankle surgery segment, with this line of business being a very recent addition.

Over the last few years, the market for orthopaedic prostheses has been characterised by consolidation between manufacturers. In April 2014, US group Zimmer and the Biomet group announced plans to merge, followed in October 2014 by the French group Tornier and the Wright Medical group, which announced similar plans.

The various market analyses used for this section were conducted prior to these consolidation operations and therefore do not reflect these latest changes in the market for orthopaedic prostheses.

6.4.1 The global market for orthopaedic prostheses

Market description

In 2013, the global market for orthopaedic prostheses generated revenues of approximately $36 billion, an increase of 4.4% compared to 2012 during which year revenues reached $34.4 billion. The market for orthopaedic prostheses comprises the markets for knee prostheses (accounting for approximately 22% of the market) and hip prostheses (approximately 18% of the market), and the market for implants for foot and ankle surgery (approximately 5% of the market). The market for knee prostheses was worth approximately $8 billion in 2013 and for hip prostheses, it was worth $6.3 billion, representing growth of 5% and 2%, respectively, compared to the previous year. This difference in levels of growth reflects the fact that the hip market is more mature than the knee market. The market for extremities (foot and ankle) was worth $1.6 billion in 2013, growing by 12%, with 95% of demand coming from developed countries; this makes it the fastest-growing segment in the orthopaedic prostheses market. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

In 2013, the market for knee prostheses was split between the United States (with 56% of the market), Europe (17%) and the rest of the world (27%). The market for hip prostheses was split between the United States (with 46% of the market), Europe (19%) and the rest of the world (35%). Lastly, the market for the extremities was split between the United States (with 61% of the market), Europe (24%) and the rest of the world (15%). *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

The main factors in the growth of this market pertain to:

(i) world population ageing: as of 2015, there are approximately 868 million people aged over 60 and their number is expected to exceed two billion by 2050; the number of people aged 80 and over is expected to increase four-fold between 2000 and 2050 to reach a total of 395 million people; and furthermore, the number of people aged over 65 rose from 12% of world population in 1960 to 16% in 2000 and is expected to reach 26% in 2050;

(ii) the increase in the worldwide obesity rate (there were over 600 million obese adults in 2014, or approximately 13% of world population, and this number has doubled since 1980);

(iii) the democratisation and expansion of the product ranges available from manufacturers enabling patients to be treated in larger numbers;

(iv) the development of the revision surgery market; and

(v) an increase in sporting activity.

(Source: World Health Organisation 2014/Global Index, Helpage International 2014/OECD estimates on national health surveys)

In parallel, the orthopaedics market is seeing the following changes: (i) progress has been made on many fronts in the anaesthetics and analgesics segment; (ii) surgery is now suitable for a younger population; and (iii) doctors are making increasing use of the surgery that hospitals have to offer.

Population ageing brings with it the development of osteoarthritis, particularly in the over-60s, creating demand for knee and hip prostheses. Obesity results in premature wear on the joints, and the increase in obesity, particularly in the most developed countries, is reflected in a strong demand for prostheses. Lastly, knee and hip operations have become more common and have now been perfected and this has increased their level of acceptance, particularly as a result of more straightforward and cheaper access to surgery in most countries. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Prospects for growth

The prices of orthopaedic prostheses are expected to decrease very slightly over the next few years. In fact, the market for orthopaedic prostheses is being impacted by an overall reduction in national rates of reimbursement for health care. State policies to reduce reimbursement for medical expenses have a negative impact on pricing trends, potentially affecting the future generation of revenues in this market. In addition, the market for orthopaedic prostheses is seeing increasing levels of competition between manufacturers, both locally and globally.

With regard to products, the arrival in the market of new technologies (such as ceramic devices and an end to the use of cement), new ancillaries and instruments is expected to contribute to continued improvement in the orthopaedic prostheses available to patients. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Competitive environment

The Group's main competitors are primarily major groups with a global presence.

In 2013, the main players in the global market for orthopaedic prostheses[1] in terms of market share were as follows:

- In the knee prostheses segment:
    - Zimmer, with a market share of approximately 24%;
    - DePuy Synthes, with a market share of approximately 19%;
    - Stryker, with a market share of approximately 17%;
    - Biomet, with a market share of approximately 12%; and
    - Smith & Nephew, with a market share of approximately 11%.

Between them, these five operators accounted for an 84% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

- In the hip prostheses segment:
    - DePuy Synthes, with a market share of approximately 21%;

[1] Calculated in terms of number of prostheses sold

- Zimmer, with a market share of approximately 21%;
- Stryker, with a market share of approximately 20%;
- Biomet, with a market share of approximately 12%; and
- Smith & Nephew, with a market share of approximately 10%.

Between them, these five operators accounted for an 85% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

6.4.2 The Group's markets

6.4.2.1 France

Market description

Since 2012, the French orthopaedic prosthesis market has seen annual growth of approximately 3% by volume and approximately 0.1% by value. Despite having a higher growth rate and better resistance to the economic crisis than its European neighbours, the French market has been impacted by the differing health care policies of successive governments. *(Source: Millennium Research Group market analysis, March 2013)*

The French market for orthopaedic prostheses in which the Group operates was worth €408 million in 2013. *(Source: Millennium Research Group market analysis, March 2013)* 35% of the number of fittings are in the public sector, whilst 65% is in the private sector *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014.*

In 2014, revenues were expected to reach €414 million, making France the second largest European market (behind Germany) and the fifth largest market in the world (behind the United States, Japan, Australia and Germany). *(Source: Millennium Research Group market analysis, March 2013)*

The average price on the French market for knee prostheses in 2014, was $2,780 for a prosthesis for primary surgery, whilst the price of a prosthesis for revision surgery was $3,210. In the same year, the average price on the French market for hip prostheses was on average $1,821 for a prosthesis for primary surgery, while that of a prosthesis for revision surgery was $1,524.

In France, joint replacement prostheses are medical implants which are fully reimbursed on the basis of the "**LPPR**" (*Liste des Produits et Prestations Remboursables* (list of reimbursable products and services)) pricing policy. Private health care facilities purchase prostheses at this reimbursement price, while public hospitals arrange invitations to tender in accordance with France's current Public Contracts Code. In France, prices have historically been stable over the last 25 years. However, in 2012, the French government altered this pricing policy in a bid to reduce health care expenditure, reducing medical reimbursements by 10.5% (for hip prostheses) and by 5.5% (for knee prostheses) over three years (2013-2015). The effect of these measures has been a reduction by manufacturers in the selling price of these devices. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

Prospects for growth

Over the next few years, the French market for orthopaedic prostheses is expected to see steady but limited growth of approximately 1.1% by value. Given the potential for a further reduction in the rates at which the French government reimburses hip and knee prostheses, this growth is expected to remain relatively weak. *(Source: Millennium Research Group market analysis, March 2013)*

In particular, the French market for the dual-mobility hip prosthesis (for both primary and revision surgery) and the anterior approach are expected to see average weighted increases of 6.2% and 22.8%, respectively, over the period 2013-2018. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

The French market was expected to be worth approximately €465 million in 2021. *(Source: Millennium Research Group market analysis, March 2013)*

Competitive environment

The Group's main competitors in the French market include major groups with a local presence.

In 2013, the main players in the French market for orthopaedic prostheses[2] in terms of market share were as follows:

- In the knee prostheses segment:
    - Zimmer, with a market share of approximately 20%;
    - Amplitude, with a market share of approximately 11%;
    - Stryker, with a market share of approximately 11%;
    - DePuy Synthes, with a market share of approximately 9%; and
    - Biomet, with a market share of approximately 8%.

Between them, these five operators accounted for a 59% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

- In the hip prostheses segment:
    - Zimmer, with a market share of approximately 10%;
    - Biomet, with a market share of approximately 9%;
    - DePuy Synthes, with a market share of approximately 8%;
    - Amplitude, with a market share of approximately 7%; and
    - Tornier, with a market share of approximately 7%.

Between them, these five operators accounted for a 41% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Assuming (i) that the positions in terms of market share for 2013 are as set out above; (ii) that the merger announced between Zimmer and Biomet takes place; (iii) that the merger announced between Tornier and Wright takes place; (iv) that Wright's knee and hip prosthesis business is sold to MicroPort and (v) that there are no other significant changes, the Group estimates that it would rank second and third in the French markets for knee and hip prostheses respectively for 2014.

[2] Calculated in terms of number of prostheses sold

6.4.2.2 Europe

European market

Market description

In 2013, the European market (including France) for orthopaedic prostheses was worth approximately €2.6 billion. Of this, approximately €1.3 billion was attributable to the market for knee prostheses and €1.2 million to the market for hip prostheses, representing increases of 1.0% and 2.1%, respectively, compared with 2012. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

The average price in 2014 on the European market for knee prostheses was $2,265 for a prosthesis for primary surgery, whilst the price of a prosthesis for revision surgery was $3,200. The average price on the European market for hip prostheses was $1,594 for a prosthesis for primary surgery, while the price of a prosthesis for revision surgery was $2,221. *(Source: Millennium Research Group market analysis, March 2013)*

The main factors in the growth of the European market pertain to (i) European population ageing (in 2060, approximately 29.5% of the European population will be aged over 65, compared with 17.4% in 2010); (ii) increase in the obesity rate; (iii) the democratisation and expansion of the product ranges available from manufacturers enabling patients to be treated in larger numbers; (iv) development of the revision surgery market; and (v) an increase in sporting activity. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014* and *The greying of the baby boomers, A century-long view of ageing in European populations, Eurostat, 23/2011)*

Population ageing brings with it the development of osteoarthritis, particularly in the over-60s, creating demand for knee and hip prostheses. Obesity results in premature wear on the joints and bones. The increase in obesity, particularly in the most developed countries, is reflected in a strong demand for prostheses. Lastly, knee and hip operations have become more common and have now been perfected, therefore increasing their level of acceptance, particularly as a result of more straightforward and cheaper access to surgery in most countries. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Prospects for growth

Looking ahead, it is expected that the number of implantations of knee prostheses will show an increase in the order of 5.0% a year by volume between 2012 and 2017, with the figure for hip prostheses increasing by approximately 2.0% a year over the same period.

In particular, the European market for the dual-mobility hip prosthesis (in both primary and revision surgery) is expected to show an average weighted increase of 15.0% over the period 2013-2018. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

On the European market, sales of prostheses in primary surgery should see growth of around 3% a year up to 2020, reaching 1.3 million units sold; sales of prostheses in revision surgery should see growth of around 6% a year, reaching 0.18 million units sold. (*Source: Millennium Research Group market analysis, March 2013*).

Competitive position

In 2013, the main players in the European market for orthopaedic prostheses[3] in terms of market share were as follows:

[3] Calculated in terms of number of prostheses sold

- In the knee prostheses segment:
    - Zimmer, with a market share of approximately 20.3%;
    - DePuy Synthes, with a market share of approximately 17.7%;
    - Smith & Nephew, with a market share of approximately 13.1%;
    - Biomet, with a market share of approximately 10.8%;
    - Stryker, with a market share of approximately 9.9%;
    - Aesculap, with a market share of approximately 4.3%;
    - Amplitude, with a market share of approximately 2.6%;
    - LINK, with a market share of approximately 1.5%;
    - Medacta, with a market share of approximately 1.4%; and
    - Mathys, with a market share of approximately 1.4%.

The top ten operators accounted for a share of the market of approximately 83% in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

- In the hip prostheses segment:
    - Zimmer, with a market share of approximately 19.0%;
    - DePuy Synthes, with a market share of approximately 12.1%;
    - Smith & Nephew, with a market share of approximately 8.3%;
    - Stryker, with a market share of approximately 8.1%;
    - Biomet, with a market share of approximately 7.2%;
    - Aesculap, with a market share of approximately 4.6%;
    - Medacta, with a market share of approximately 2.0%;
    - Amplitude, with a market share of approximately 1.9%;
    - LINK, with a market share of approximately 1.7%; and
    - Lima, with a market share of approximately 1.7%.

The top ten operators accounted for a share of the market of approximately 67% in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

The Group is ranked seventh and eighth in the European markets for knee and hip prostheses, respectively.

Assuming (i) the figures for 2013 set out above; (ii) that the merger announced between Zimmer and Biomet takes place; (iii) that the merger announced between Tornier and Wright takes place; (iv) that Wright's knee and hip prosthesis business is sold to MicroPort and (v) that there are no other significant changes, the Group

estimates that it would rank sixth and seventh in the European markets for knee and hip prostheses, respectively.

Germany

Market description

Since 2012, the German orthopaedic prosthesis market has seen steady annual growth of approximately 3.1% in terms of units sold and approximately 2.5% in terms of revenues generated. The robust health of the orthopaedic prostheses market is primarily the result of a policy of investment in public health at a level that is amongst the highest in Europe. In addition, the German medical profession adopted orthopaedic prostheses well in advance of their European counterparts. As a result, there is continued and significant demand amongst the local population. *(Source: Millennium Research Group market analysis, March 2013)*

The German market for orthopaedic prostheses in which the Group operates was worth €635 million in 2013. *(Source: Millennium Research Group market analysis, March 2013)*

In 2014, revenues were expected to reach €651 million, making it the largest European market and the third largest market in the world (behind the United States and Australia). *(Source: Millennium Research Group market analysis, March 2013)*

Prospects for growth

Over the next few years, the German market for orthopaedic prostheses is expected to see steady and significant growth of approximately 2.5% a year, accelerating considerably from 2016 onwards. This growth is explained partly by Germany's obesity rate, which is higher than in the rest of Europe, generating greater demand for prostheses, particularly for the knee. In addition, a national prostheses register was launched in 2013 and is expected to increase the visibility of prosthesis manufacturers amongst the general public. For all these reasons, Germany is expected to be the European country where the market for orthopaedic prostheses will grow most strongly in the next few years, generating €777 million in revenues in 2021. *(Source: Millennium Research Group market analysis, March 2013)*

Competitive environment

The Group's main competitors include major international groups, as well as local players.

In 2013, the main players in the German market for orthopaedic prostheses[4] in terms of market share were as follows:

- In the knee prostheses segment:
    - Smith & Nephew, with a market share of approximately 23%;
    - Zimmer, with a market share of approximately 19%;
    - DePuy Synthes, with a market share of approximately 17%;
    - Biomet, with a market share of approximately 10%; and
    - Aesculap, with a market share of approximately 8%.

Between them, these five operators accounted for a 77% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

[4] Calculated in terms of number of prostheses sold

- In the hip prostheses segment:
    - Zimmer, with a market share of approximately 24%;
    - Aesculap, with a market share of approximately 15%;
    - Smith & Nephew, with a market share of approximately 13%;
    - DePuy Synthes, with a market share of approximately 13%; and
    - Biomet, with a market share of approximately 6%.

Between them, these five operators accounted for a 71% share of the market in 2013. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Belgium

Market description

Since 2012, the Belgian market for orthopaedic prostheses has seen steady annual growth of approximately 2.9% in terms of units sold and approximately 1.4% in terms of revenues generated. *(Source: Millennium Research Group market analysis, March 2013)*

The Belgian market for orthopaedic prostheses in which the Group operates was worth €92 million in 2013 and was expected to reach a value of €94 million in 2014. *(Source: Millennium Research Group market analysis, March 2013)*

Prospects for growth

Over the next few years, the orthopaedic prosthesis market in Belgium is expected to grow at a moderate, steady pace of approximately 1.7% until 2016 and will then exceed 2% for the period from 2016 to 2021, generating €135.7 million in revenues in 2021. *(Source: Millennium Research Group market analysis, March 2013)*

Italy

Market description

The Italian market for orthopaedic prostheses has been in recession since 2012. This trend is reflected in a strong decrease in terms of both units sold (a decline of 1.6%) and revenues generated (a decline of 8%). This economic situation is largely the result of the austerity policies that have been implemented by the Italian government since the 2009 economic crisis. Health care spending budgets and patient reimbursements have been particularly impacted by these measures. *(Source: Millennium Research Group market analysis, March 2013)*

In 2013, the Italian market for orthopaedic prostheses was worth €310 million (*Source: Millennium Research Group market analysis, March 2013*).

It was expected to have a value of €282 million in 2014, making it the fourth largest market in Europe and the seventh largest market worldwide in 2014. *(Source: Millennium Research Group market analysis, March 2013)*

Prospects for growth

Over the next few years, the outlook for the orthopaedic prosthesis market in Italy is negative, with very limited prospects for growth (in the region of 1% a year at the upper end, generating revenues of €301

million in 2021). The economic crisis has had the effect of reducing household budgets for health care, and all the more so given that since the austerity measures of successive governments have increased the cost of access to health care for patients. Downward pressure on the prices of orthopaedic prostheses is therefore anticipated over the next few years. *(Source: Millennium Research Group market analysis, March 2013)*

Competitive environment

The Group's main competitors include major international groups, as well as local players.

In 2013, the main players in the Italian market for orthopaedic prostheses[5] in terms of market share were as follows:

- In the knee prostheses segment:
    - Zimmer, with a market share of approximately 24%;
    - Biomet, with a market share of approximately 15%;
    - DePuy Synthes, with a market share of approximately 13%;
    - Smith & Nephew, with a market share of approximately 10%; and
    - Stryker, with a market share of approximately 10%.

Between them, these five operators accounted for a share of the market of approximately 72%. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

- In the hip prostheses segment:
    - Zimmer, with a market share of approximately 23%;
    - Lima, with a market share of approximately 10%;
    - Adler, with a market share of approximately 8%;
    - DePuy Synthes, with a market share of approximately 7%; and
    - Smith & Nephew, with a market share of approximately 7%.

Between them, these five operators accounted for a share of the market of approximately 55%. (*Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014*)

Switzerland

Market description

Since 2012, the Swiss market for orthopaedic prostheses has seen steady annual growth of 3% in terms of units sold and 1.5% in terms of revenues generated. *(Source: Millennium Research Group market analysis, March 2013)*

The Swiss market for orthopaedic prostheses in which the Group operates was worth $113.5 million in 2013. *(Source: Millennium Research Group market analysis, March 2013)*

[5] Calculated in terms of revenue generated

The market was expected to be worth €84 million in 2014. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

Prospects for growth

Over the next few years, the Swiss market for orthopaedic prostheses is expected to see moderate but steady growth in the region of 1.6% a year to 2016. Growth is expected to exceed 2% a year from 2016 to 2021, generating revenues of $137.1 million in 2021. *(Source: Millennium Research Group market analysis, March 2013)*

6.4.2.3 International (outside Europe)

United States

Market description

The US market for orthopaedic prostheses in which the Group operates generated approximately $7.0 billion in revenues in 2013. *(Source: Millennium Research Group market analysis, March 2013)*

It was expected to be worth $7.2 billion in 2014. It will account for 52.0% of global demand for lower limb orthopaedic prostheses and was expected to continue to be the leading world market in 2014. *(Source: Millennium Research Group market analysis, March 2013)*

The average price on the US market for knee prostheses was $5,431 in 2014, for a prosthesis for primary surgery, whilst the price of a prosthesis for revision surgery was $6,360. In the same year, the average price on the US market for hip prostheses was $5,411 for a prosthesis for primary surgery, while the price of a prosthesis for revision surgery was $6,050. *(Source: Millennium Research Group market analysis, March 2013)*

Since 2012, the US market for orthopaedic prostheses has seen annual growth of approximately 3.1% in terms of units sold and approximately 1.8% in terms of revenues generated. The growth in the market is the result of the overall economic upturn in the country since 2013, with a slight slowdown in 2014 embodying a number of health care professionals' concerns about the implementation of the Patient Protection and Affordable Care Act (PPACA) in 2014. It is anticipated that the markets for knee and hip prostheses will see annual growth of 6.0% and 3.0%, respectively, over the period 2012-2017. *(Source: Millennium Research Group market analysis, March 2013).* In addition, on the American market, sales of prostheses in primary surgery should see growth of around 3% a year up to 2020, reaching 1.38 million units sold; sales of prostheses in revision surgery should see growth of around 5% a year, reaching 0.19 million units sold.

The US population is covered either by a system of private mutual health insurance schemes or by a system of public health coverage (for those on very low incomes and the very elderly): Medicare, Medicaid and Obamacare. Over the last twenty years, rates of reimbursement under the public scheme have fallen and further reductions are expected over the next few years. An increasing proportion of the population that was initially covered by the public protection scheme is thus now obliged to subscribe to Medigap (private medical cover) to obtain full reimbursement. Given the proportional rates of cover under the public health care schemes in the United States and in Europe, a medical device manufacturer is proportionately more exposed to a reduction in rates of reimbursement in the United States than in Europe.

Prospects for growth

Over the next few years, the growing obesity rate and US population ageing are expected to have a positive impact on demand for orthopaedic prostheses (with increased demand for knee prostheses in particular). The prospects for annual growth of the market for orthopaedic prostheses are expected to be in the order of 3% in 2021, when revenues generated by the US market are expected to reach $8.82 billion. *(Source: Millennium Research Group market analysis, March 2013)*

Competitive environment

The Group's main competitors include major international groups.

In 2013, the main players in the US market for hip and knee prostheses[6] in terms of market share were as follows:

- Zimmer, with a market share of approximately 23%;
- DePuy Synthes, with a market share of approximately 23%;
- Stryker, with a market share of approximately 22%;
- Biomet, with a market share of approximately 14%; and
- Smith & Nephew, with a market share of approximately 9%.

These five operators account for a share of the market of approximately 91%. *(Source: Millennium Research Group market analysis, March 2013)*

Australia

Market description

The Australian orthopaedic prosthesis market has been stable since 2012, with annual growth of 0.2%.

In 2013, it was worth approximately $486 million. *(Source: Millennium Research Group market analysis, March 2013)*

The Australian market for orthopaedic prostheses in which the Group operates was expected to generate approximately $370 million in revenues in 2014. *(Source: Millennium Research Group market analysis, March 2013)*

However, it is anticipated that the markets for hip and knee prostheses will see growth of 7.0% and 4.0%, respectively, between 2012 and 2017. *(Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)*

In Australia, medicinal products are only reimbursed by private mutual health insurance schemes. These schemes are required by law to reimburse public hospitals on the basis of prices set by the government. However, private hospitals may, as an exception, purchase the medical devices that they need at prices that are lower than those set by the government.

Prospects for growth

The Australian market for orthopaedic prostheses is expected to remain stable over the next few years, with an anticipated growth rate in the order of 1% a year through to 2021. This situation is explained by the fact that the Australian market is considered to be a mature market. This modest growth is supported by the efforts of successive Australian governments to increase the number of orthopaedic surgeons in rural areas, a policy which has resulted in a rise in the number of prostheses implanted in these areas in recent years. It is also explained by the increasing incidence of obesity amongst the local population, creating growing demand for orthopaedic prostheses, particularly for knee replacements. *(Source: Millennium Research Group market analysis, March 2013)*

[6] Calculated in terms of revenues generated[7] Calculated in terms of revenues generated

Competitive environment

The Group's main competitors include major international groups.

In 2013, the main players in the Australian market for hip and knee prostheses[7] in terms of market share were as follows:

- DePuy Synthes, with a market share of approximately 20%;
- Stryker, with a market share of approximately 18%;
- Zimmer, with a market share of approximately 17%;
- Smith & Nephew, with a market share of approximately 10%; and
- Biomet, with a market share of approximately 6%.

Between them, these five operators accounted for a share of the market of approximately 71%. *(Source: Millennium Research Group market analysis, March 2013)*

Brazil

Prospects for growth

The demand for orthopaedic prostheses in the Brazilian market is expected to increase in the next few years in response to a combination of factors:

- a general increase in life expectancy;
- an improvement in the population's quality of life and their purchasing power;
- the development of public health policies and governmental commitment to providing local populations with access to a public or private health system;
- the development of a form of medical tourism; and
- the growing and increasingly widespread use of surgery and orthopaedic prostheses.

According to *Global Business Intelligence Research*, the market for orthopaedic prostheses is expected to grow by approximately 35% between 2010 and 2017, at an annual rate of approximately 5.2%. *(Source: Brazilian Macroeconomic analysis, Credit Suisse Hedging-Griffo, August 2013)*

Competitive environment

The market for implants in Brazil comprises an entry-level segment (public hospitals and contracts) essentially geared towards local players, and a high end segment (private clinics) where the players are the same as those in every other country where orthopaedic products and services offer high added value.

There are approximately 20 orthopaedic prosthesis manufacturers in the Brazilian market. (*Source: Brazilian Macroeconomic analysis, Credit Suisse Hedging-Griffo, August 2013)*

[7] Calculated in terms of revenues generated

Japan

Market description

From 2012 to 2013, the Japanese market for orthopaedic prostheses saw growth of approximately 7.5% in terms of units sold and approximately 6.0% in terms of revenues. (*Source: Company*)

At the end of 2013, the Japanese market for orthopaedic prostheses was worth approximately ¥102 billion.

Prospects for growth

The markets for knee and hip prostheses are expected to see annual growth of approximately 7.0% and 8.0% respectively over the period 2012-2017 (Source: Avicenne Medical market analysis, European orthopaedics market 2013-2018, November 2014)

Competitive environment

The Group's main competitors include major international groups.

In 2013, the main players in the Japanese market for hip and knee prostheses were as follows:

- Zimmer, with a market share of approximately 23%;
- Stryker, with a market share of approximately 18%;
- DePuy Synthes, with a market share of approximately 9%;
- Biomet, with a market share of approximately 10%; and
- Kyocera, with a market share of approximately 10%.

Between them, these five operators accounted for a share of the market of approximately 70%. (*Source: Company*)

India

Market description

The Indian market for orthopaedic prostheses has been growing strongly since 2012, pointing to overall revenues of nearly $1.5 billion in 2021. The market has grown by over 20% a year since 2011 and this momentum is expected to continue over the next few years. This positive trend is due to overall vitamin D deficiency amongst India's population, resulting in a larger incidence of fractures and premature wear of the cartilage amongst the local population than in the rest of the world. The trend also reflects the growing development of medical tourism within the country, which boasts a combination of highly qualified health care personnel and operating costs that are lower than in many countries. *(Source: Millennium Research Group market analysis, March 2013)*

In 2013, the Indian market for orthopaedic prostheses was worth $254.3 million. *(Source: Millennium Research Group market analysis, March 2013)*

The Indian market for orthopaedic prostheses in which the Group operates was expected to generate revenues of $220.7 million in 2014. *(Source: Millennium Research Group market analysis, March 2013)*

Prospects for growth

Over the next few years, the annual growth of the orthopaedic prosthesis market is expected to become more pronounced, growing at a rate of approximately 22% a year until 2021 and achieving revenues of $1.5 billion. *(Source: Millennium Research Group market analysis, March 2013)*

Competitive environment

The Indian market for orthopaedic prostheses comprises an entry-level segment and a high end segment. The Group's main competitors include major international groups.

In 2013, the main players in the Indian market for hip and knee prostheses[8] in terms of market share were as follows:

- DePuy Synthes, with a market share of approximately 48%;
- Zimmer, with a market share of approximately 20.9%; and
- Stryker, with a market share of approximately 10%.

Between them, these three operators account for a share of the market of approximately 78.9%. *(Source: Millennium Research Group market analysis, March 2013)*

6.5 GROUP BUSINESS ACTIVITIES

6.5.1 An innovative, extensive product range

6.5.1.1 A significant research and development activity

Research and Development (R&D) activity is central to the Group's strategy. As of 30 June 2015, 8.5% of its revenues over the last half year, or €6 million, had been devoted to R&D. Research and Development expenditure amounted to 7.9% of its revenues as of 30 June 2014, or approximately €4.6 million and 8.5% of revenues as of 30 June 2015 (€6 million).

Since the first patent was filed on 19 April 2002, the Group and its partner surgeons have filed 40 patent families, including 28 over the last four years. The majority of patents are protected at European level, and seven of them have been filed and are protected outside the European Union.

The Group has a dedicated, experienced R&D team comprising some 40 engineers and/or doctors and has established three design offices with particular specialisms (mechanics, electronics and software development). The Group has also set up a "technology watch" system that allows it to monitor technical and medical advances on an ongoing basis, so that it remains permanently at the forefront of progress. The Group has established partnerships with renowned professors, surgeons, clinical facilities and universities.

In addition, the Group is setting up dedicated research and development teams in the countries where it operates. As such, research and development offices will be established in Brazil and the US.

This helps the Group to develop its innovations and launch an average of two new products a year. For example, the Group helped surgeons to fit 8,875 ANATOMIC® knee prostheses and 4,284 acetabular implants with an optimised surface coating and a Biolox® Delta® ceramic inlay between April 2013 (the date that CE marking was obtained for these two new products) and 30 June 2015.

See Chapter 11, *"Research and development, patents and licences"* of this Registration Document for further details.

[8] Calculated in terms of revenues generated

6.5.1.2 A complete product line

i. Range of disorders addressed

The Group's products are intended to correct the occurrence of a variety of disorders. This is primarily the case for osteoarthritis (of which there are a number of forms, such as osteoarthritis of the hip and arthritis of the knee), osteonecrosis, femur head fracture, bunions on the feet, polyarthritis, meniscal lesions and cruciate ligament tears, along with disorders connected with sporting activity. For example, nearly 30% of French women aged over 50 suffer from bunions, resulting in the largest number of operations in connection with a deformity of the foot or ankle. *(Source: Améli Santé)*

For more information on these various disorders, see the section on "Definitions" at the start of this Registration Document.

To address these disorders, the Group provides knee and hip prostheses and implants for the foot and ankle. To support the fitting of these implants it provides special instruments and related ancillary services. As of 30 June 2015, the Group had developed 5 ranges and 29 products (12 acetabular implants, 8 stems, 5 revision stems and 2 total knee prostheses, 1 revision total knee revision prosthesis and 1 single-compartment knee prosthesis). The products offered by the Group relate to the fitting of a prosthesis for the first time (primary surgery) and the fitting of a prosthesis to replace a primary prosthesis (particularly in case of infection or instability) or in the event of major deformity or very loose joints (revision prosthesis).

For the fiscal year ended 30 June 2015, sales of knee prostheses accounted for 59% of Group revenues, sales of hip prostheses accounted for 34% of revenues and sales of foot and ankle prostheses, for 2% of Group revenues.

ii. Knee prostheses

The Group offers a comprehensive range of knee prostheses. In the fiscal year it sold 20,248 knee prostheses, generating annual revenues of €42.2 million on 30 June 2015 and €35.4 million on 30 June 2014. The fitting of all the Group's knee prostheses is compatible with the AMPLIVISION® navigation system offered by the Group. Similarly, all the primary prostheses (SCORE® and ANATOMIC®) and the UNISCORE® prosthesis can be fitted using the i.M.A.G.E® technique (made-to-measure instruments based on scan or MRI images).

The Group offers the following products:

a. The UNISCORE® single-compartment knee prosthesis:

This is a single-compartment knee prosthesis for primary surgery which comprises various prostheses for replacing the internal or external femorotibial compartments of the knee. There are three parts to this implant: (i) the femoral condyle which replaces the distal end of the femur; (ii) the tibial base which replaces the proximal end of the tibia; and (iii) the mobile or fixed inlay for connecting the femur and the tibia.

The Group offers this prosthesis in 7 different sizes, in cemented and cementless versions. Approximately 5,229 prostheses were fitted throughout the world between the launch of the product in 2008 and 30 June 2015.

b. The total knee prosthesis comes in two forms: the SCORE® prosthesis and the ANATOMIC® prosthesis.

- The SCORE® prosthesis:

This mobile-bearing total knee prosthesis for primary surgery comprises various prostheses for replacing the knee joint without preserving the posterior cruciate ligament. It comprises three sections: (i) the femoral condyle which replaces the distal end of the femur; (ii) the tibial base which replaces the proximal end of the tibia; and (iii) the patellar button, a mobile inlay for connecting the femur and the tibia, to "resurface" the kneecap.

This prosthesis is available in cemented and cementless versions and is compatible with the SCORE® revision surgery system (see paragraph (c) below). As of 30 June 2015, approximately 106,089 prostheses had been fitted throughout the world since the product was launched in 2002.

Following the onset of hypersensitivity in a proportion of the population to some of the materials used in the SCORE® prosthesis design, the Group now offers a hypoallergenic version, the SCORE® AS (*Allergie Solution*) prosthesis. This has the same properties as the Score prosthesis, but is coated with a layer of titanium nitrate which acts as a barrier between the body and the chromium cobalt, thus limiting the release of allergenic metal ions.

- The ANATOMIC® prosthesis:

This fixed-bearing total knee prosthesis for primary surgery comprises various prostheses for replacing the knee joint without preserving the posterior cruciate ligament. As with the SCORE® prosthesis, there are three parts to this implant: (i) the femoral condyle which replaces the distal end of the femur; (ii) the tibial base which replaces the proximal end of the tibia; and (iii) the patellar button a fixed inlay for connecting the femur and the tibia, which replaces the joint surface of the kneecap.

The Group offers this prosthesis in 9 different sizes and 6 different inlay thicknesses, in cemented and cementless versions. As of 30 June 2015, approximately 8,875 prostheses had been fitted throughout the world since the launch of the product in 2013.

c. The SCORE® revision prosthesis:

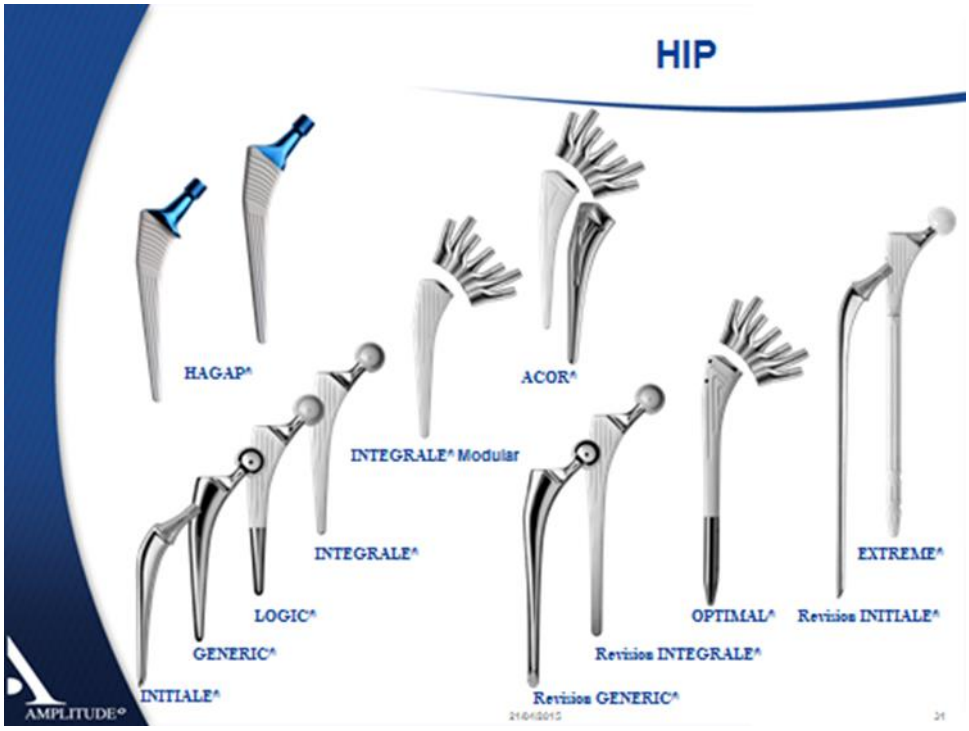
This mobile-bearing total knee prosthesis for revision surgery is intended to replace and/or reconstruct the knee joint without preserving the posterior cruciate ligament in cases of revision surgery for a single-compartment knee prosthesis, osteotomy or total knee prosthesis and in case of major deformity in primary prostheses. There are three parts to the implant: (i) the femoral condyle which replaces the distal end of the femur; (ii) the tibial base which replaces the proximal end of the tibia; and (iii) the patellar button, a mobile inlay for connecting the femur and the tibia, which replaces the joint surface of the kneecap.

The Group offers this prosthesis in 4 different sizes. It is only supplied in cemented form. As at 30 June 2015, approximately 4,043 prostheses had been fitted throughout the world since the launch of the product in 2005.

iii. Hip prostheses:

The Group offers a comprehensive range of hip prostheses for primary, revision and reconstructive surgery. In the fiscal year, it sold 15,703 hip prostheses, generating revenues of €24.4 million to 30 June 2015 and €20.1 million to 30 June 2014.

The Group offers the following products:



a. The INTEGRALE® stem:

This total hip prosthesis for primary surgery comprises various prostheses for replacing the hip joint. There are 2 parts to the implant: (i) the femoral stem which is fixed into the femur and (ii) the acetabular implant, which is fixed into the acetabulum of the natural joint, with the prosthetic femoral head providing the functional connection.

The Group offers this prosthetic stem in 8 different sizes. Highly ergonomic instruments provide various types of rasp handles to address practitioners' needs, with versions available in straight and curved-handle forms, for use in manual or navigated procedures via anterior or posterior approaches. There is no requirement to cement this prosthesis as its self-stabilising form provides its primary means of fixing and hydroxyapatite coating promotes osteoinduction. As of 30 June 2015, 35,343 stems had been fitted throughout the world since the launch of the product in 1999. This stem has the advantage of using a neck with a finer diameter, reducing impingements and thereby reducing post-operative dislocations. Its ovoid form maximises the filling of the femoral medullary canal, ensuring long-term attachment for the implant. Placement of this prosthesis is compatible with the Group's AMPLIVISION® Navigation system.

b. The SATURNE® acetabular:

This acetabular is categorised as part of a total hip prosthesis and comprises a steel cup that can be fixed with or without cement and a mobile inlay inside the cup. It is designed to replace the acetabular cavity, in primary or revision surgery. These dual-mobility acetabular implants are designed for use with other Group prostheses (stems and heads), to provide a total hip prosthesis.

The range comprises 3 product families: SATURNE®, SATURNE® Cemented and SATURNE® for reconstruction, and the Group offers them in different sizes. As at 30 June 2015, approximately 69,504 SATURNE® acetabular implants had been fitted since the launch of the product in 2000.

The Dual-Mobility acetabular was invented in France by an orthopaedic surgeon, to eliminate post-operative dislocations. Taking this basic concept, the Group has improved it by further developing the materials and surface treatments, as well as the form of the implant and the instruments that it uses. As this type of product

remains little known on the international stage, the Group intends to promote it widely and win over numerous surgical teams, all of whom are concerned about post-operative dislocation, one of the main complications further to fitting a prosthetic hip. The fitting of this prosthesis is compatible with the Group's AMPLIVISION® Navigation system.

c. H2 acetabular (with Biolox® Delta® ceramic inlay):

As a total hip prosthesis, this acetabular makes use of a ceramic-on-ceramic bearing. It is used with certain inlays and ceramic femoral heads developed by the Group (the Biolox® Delta® Amplitude range). It is intended to be fitted without cement. The fitting of this prosthesis is compatible with the Group's AMPLIVISION® Navigation system.

The Group offers this acetabular in 9 different sizes. As of 30 June 2015, the Group had fitted 4,284 H2 acetabular implants since the launch of the product in 2013. The main advantage of this acetabular lies in the use of Biolox® Delta® ceramic. This ceramic is much more durable than the ceramics used in the past and has the particular characteristic of ongoing wear resistance.

iv. Ankle and foot prostheses

Novastep offers a comprehensive, innovative range for surgery of the forefoot, to provide a response to the disorders associated with this area (bunions, arthritis of the big toe, hammer toes, metatarsalgia, etc.)

This product range has been developed to be reliable and straightforward and to reduce operating time. As such, it offers scored compression screws, superelastic compression staples, locking screw osteosynthesis plates and intramedullary implants.

NEXIS® screws have a wide range of indications for use in both the forefoot and midfoot. They have a self-drilling, self-tapping, inverse self-tapping design that includes Torx impression and a self-perforating conical head.

LYNC® intramedullary implants have been designed to treat hammer toe deformities. Designed to expand within the bone, the implant is placed in the medullary canal of the phalanges using specific instruments to attach it and to fix bony fragments.

ARCAD® compression staples have been designed to fix osteotomies and arthrodeses in treating deformities of the forefoot and midfoot. The superelastic properties of nickel titanium alloy give the staples compression capabilities that maximise bony consolidation performance.

The AIRLOCK® osteosynthesis plate system provides a complete range of locking screw anatomical plates specifically for fixing arthrodeses and osteotomies in corrections to the forefoot and designed to maximise stability.

The cleanSTART® technology comprises a sterile tube packaging system and a special dispenser for use in the operating room. With intuitive storage, the system makes it easy to identify a device, reduces storage space and maximises traceability at the same time as allowing for "first in, first out" (FIFO) management.

The forefootCOMPLETE® system provides surgeons with a unique kit with all the instruments that are needed to fit the Nexis, Lync and Arcad implants for treating the full range of disorders of the forefoot.

The forefootEXACT® system is a tailor-made kit solution offering the specific instruments required to fit a range of implants, in kit form.

This range has received the CE mark and has been registered by the FDA.

A combined total of 4,802 of these prostheses have been fitted since 1 July 2014, generating revenues of €1.4 million to 30 June 2015.

v. Overview of products for which the Group has obtained regulatory registration:

Product	Country	Date
UNISCORE® prosthesis	Europe Australia Brazil	05/2007 01/2015 03/2013
SCORE® prosthesis	Europe Australia Brazil	07/2003 02/2007 02/2006
ANATOMIC® prosthesis	Europe Australia	02/2013 04/2014
SCORE® revision prosthesis	Europe Australia Brazil	06/2005 02/2007 09/2014
INTEGRALE® stem	Europe Australia	02/1999 02/2007
SATURNE® acetabular	Europe Australia	12/1999 02/2007
H2 or delta ceramic acetabular	Europe Australia Brazil	04/2013 05/2014 03/2015
Joint Research	Australia	From 08/2013 to 02/2014
NEXIS® screws	Europe US Australia	07/2014 12/2014 to 03/2015 04/2015
LYNC® intramedullary implants	Europe US Australia	07/2014 12/2014 to 03/2015 04/2015
ARCAD® compression staples	Europe US Australia	07/2014 12/2014 to 03/2015 04/2015
AIRLOCK® osteosynthesis plate system	Europe US Australia	07/2014 12/2014 to 03/2015 04/2015

6.5.1.3 Related services

The Group has developed and manufactured specific instruments for every type of prosthesis. These instruments are made available to surgeons. The Group provides updates and maintenance free of charge. These instruments are compatible with all surgical practices and fitting techniques. The Group offers four categories of instrument: (i) mechanical instruments; (ii) computer-assisted surgical navigation (AMPLIVISION®); (iii) made-to-measure disposable instruments (i.M.A.G.E®); and (iv) instruments for the anterior approach (E.T.O.I.L.E®).

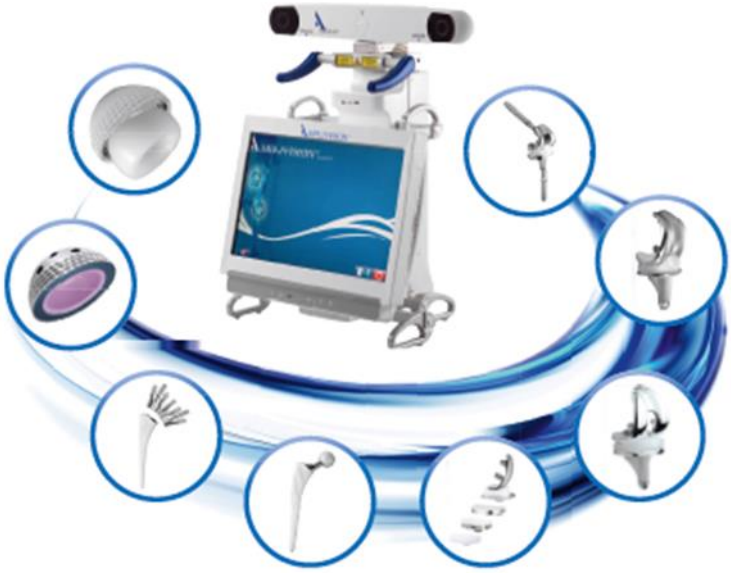
i. Mechanical instruments

Mechanical instruments includes all instruments developed specifically for fitting implants and is the focus of numerous innovations (the E.T.O.I.L.E® platform, for example). They are also used in conjunction with the i.M.A.G.E® and AMPLIVISION® systems.

ii. Navigation and the AMPLIVISION® system

The Group offers a navigation system known as AMPLIVISION®. This is an electronic tool that helps the surgeon to visualise and therefore to prepare for the surgical procedure with greater accuracy. The tool is easy for the surgeon to use and is applicable for both hip and knee prostheses, as well as for cruciate ligament operations. A navigator comprises an infra-red camera and special software, both developed in-house. Sensors are fixed to the patient's bone during the procedure, providing dynamic, real-time visualisation on the navigator screen (as computer-generated images) of the various calibrations that the surgeon can make in fitting the prosthesis. It provides a means of controlling the positioning of the prosthesis, the axes, extension gaps and ligament tensions. The navigator can be adapted to different approaches and can also be used to visualise the surgical instruments.

Using this technology, the Group can (i) provide the patient with better prosthesis positioning and alignment and guarantee an implant that is suitable for their body shape and size; (ii) with knees, reduce the risk associated with "*hip-knee-ankle*" (HKA) alignment by offering increased accuracy, improve ligament balance and be confident of the final post-operative outcome; (iii) with hips, reduce the risk of dislocation (through better management of prosthesis orientation), provide better management of differences in leg length, reduce wear and the risk of limping ("offset") and navigate the range of movement; and (iv) in ligament reconstructions, provide better tunnel positioning and optimise the isometric calibration of the graft.

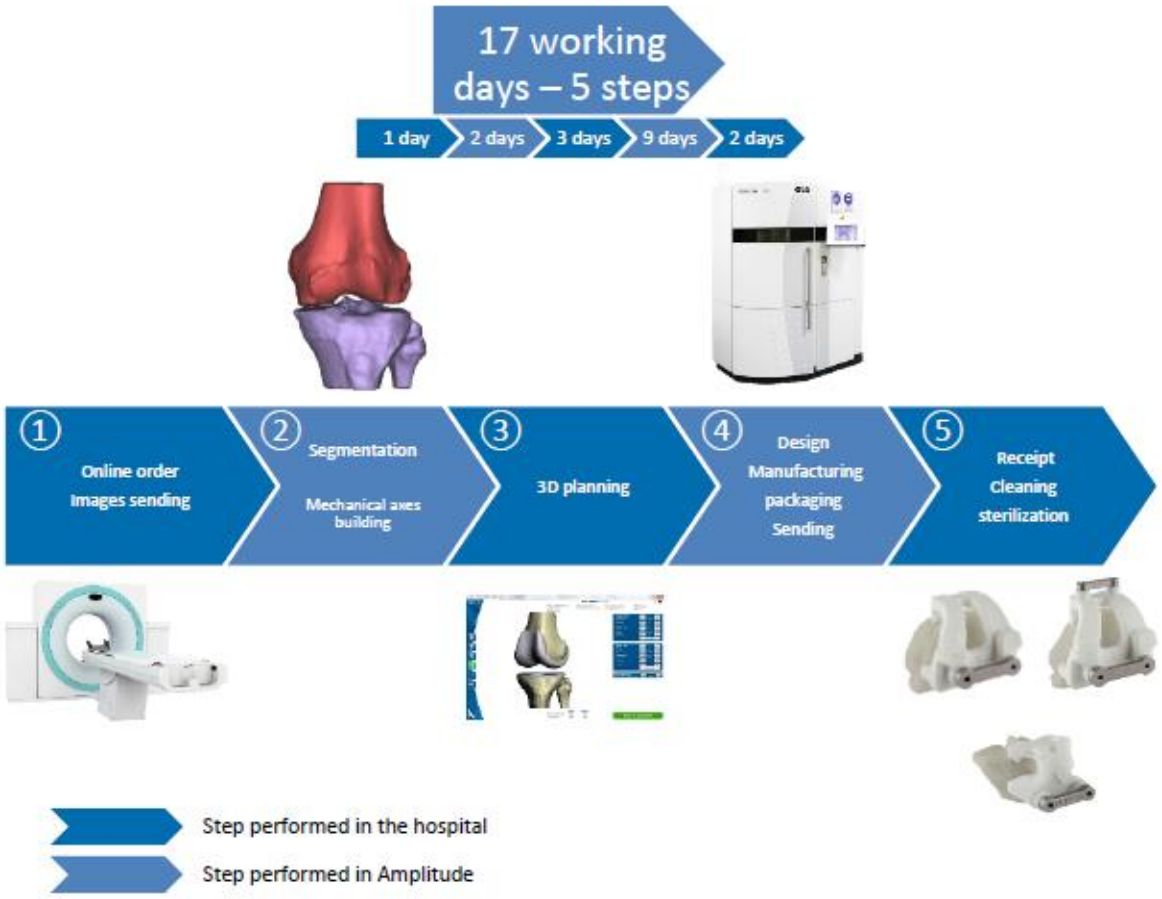


iii. The i.M.A.G.E® system

The i.M.A.G.E® system provides made-to-measure instrumentation for knees, using additive manufacturing technology (3D printing). The Group produces a made-to-measure guide for use in making incisions when implanting knee prostheses. The design of the guide begins with MRI or scan images of the patient in the first instance, to which are added technical data selected by the surgeon during pre-operative preparatory work on computer-generated images (the Group has created a dedicated website for this purpose). The cutting guide is then produced on a 3D printer and is delivered (non-sterile) to the surgeon a few days before the procedure.

This system helps to achieve ideal implant positioning based on the individual patient, at the same time as limiting the associated blood loss. Correspondingly, the risk of embolism falls as a result of the limitation in tourniquet time and the reduced incision, both anaesthetic time and nosocomial infections are also reduced. For the surgeon, this type of system allows them to plan for the surgical intervention, thus reducing the operating time (which represents time saving for the surgeon and cost saving for the facility), the volume of ancillaries required and the cost of sterilisation.

i.M.A.G.E® system obtained its initial declaration of conformity on 29 August 2011. The declaration was updated on 18 December 2014 and the i.M.A.G.E® service is now available to practitioners free of charge.



iv. Instrumentation for procedures using the anterior approach (E.T.O.I.L.E®)

The aim of this overall concept is to promote the minimally invasive fitting of hip prostheses via the anterior approach, in contrast to the posterior approach. The anterior approach to the hip avoids cutting into the muscles and offers quicker rehabilitation for the patient, with some operations being conducted as ambulatory procedures. This concept necessitates training for the surgical team and specific equipment for the operating room. To meet these aims, the Group offers:

- *a so-called "sherpa" system* which aims to manage patient care right from the patient's arrival in the facility through to follow-up on their rehabilitation. It takes the form of a patient guide describing all the steps of the procedure, and various meetings with all those involved in the operation. The meetings and information aim to reassure the patient and provide them with encouragement during the rehabilitation phase, thereby improving post-operative outcome;

- *an E.T.O.I.L.E® operating table extension and specific instrumentation* : this equipment facilitates the surgical procedure and the Group offers specific instruments for use with this technique;

- *training in this new operating technique*: the Group provides special training for surgical teams to help them to master the anterior approach. Managed by a dedicated product lead within the Group, this training relies on various pilot sites in France and elsewhere, and on theoretical and practical application in the anatomy lab. Personalised support for surgeons allows them to adjust to this technique under conditions of maximum safety.

The new technique offers numerous advantages for the various stakeholders involved:

- for the patient: anterior hip surgery is less invasive (the size of the incision – and therefore the blood loss - is reduced) and post-operative management is more straightforward. Patient rehabilitation is swift and significantly different from the rehabilitation required after posterior surgery. The Group's aim is for patients using this technique to have their operations on an ambulatory basis;

- for the surgeon: performing the anterior approach is a significant differentiating factor between professional peers; and

- for the facility: it offers a means of reducing the length of patients' stays.

v. Load sensors

The load sensors system that the Group will be offering shortly introduces a disposable sensor based on FLEXIFORCE® technology which captures a given effort with a related load, frequency and satisfactory stability. This made-to-measure sensor comprises two symmetrical compartments isolated by a mechanical system that ensures optimum transmission of effort measurements. The system makes it possible for the surgeon to measure ligament tension (femorotibial effort) in objective fashion during the process of fitting a knee prosthesis. Combined with a Bluetooth transmitter, the sensor allows information to be sent to a touch-screen tablet or navigator screen.

Calibrating femorotibial effort allows the collateral ligament tensions in the knee joint to be calibrated for full anatomical joint kinematics. It also helps in achieving an even load distribution on the polyethylene tibial component with the aim of reducing wear on the prosthesis and therefore maximising the life of the implant.

vi. Overview of ancillaries and services for which the Group has obtained regulatory registration

Accessories and services	Country	Date
AMPLIVISION® system	Europe Australia Brazil	01/09/2005 03/04/2007 27/08/2007
E.T.O.I.L.E® system	Europe Australia	13/10/2011 31/10/2013
i.M.A.G.E® system	Europe Australia	07/09/2011 24/05/2013

6.5.1.4 Products and services under development

Country	Innovations or steps	HY2 2015	2016	2017	2018
Hips Segment					
India	Launch of business				
Japan	Plans to obtain regulatory authorisations				
United States	Plans to obtain FDA regulatory authorisations				
United States	Joint Research range				
United States	Dual-mobility Saturne acetabular – plans to obtain FDA regulatory authorisation				
Knee segment					
India	Launch of business				
United States	Plans to obtain FDA regulatory authorisation				
Europe/ Australia	Plans to obtain regulatory authorisations relating to the prosthesis with retention of the posterior cruciate ligament				
Extremities segment					
France	Disposable products				
United States	Disposable products				
	Full range for the rear foot				
Instruments					
	Pinless navigation - Consultation				
	Pinless navigation – Operating room-based procedures				

The Group has recently developed the ACOR single-part prosthesis (France: last half of 2015) for the ANATOMIC hip and knee segment (Australia: second half of 2015) for the knee segment.

6.5.2 Suppliers

The Group has a network of 105 suppliers at its disposal, of which approximately 83% are located in France with the remaining 17% in Europe (Germany, Italy and Switzerland in particular), except for the manufacturing that takes place in Australia.

The production/supply department has a number of sources for each of the following services:

- smelting;
- machining;
- polishing; and
- packaging.

This allows the Group to (i) distribute the workload evenly amongst them; (ii) optimise delivery deadlines; (iii) compensate for any in-house issues that the subcontractor may have; (iv) handle peaks in activity; and (v) ensure a more flexible working relationship with suppliers. Additionally, some of these suppliers, who have particular importance for the Group (such as in the areas of polishing and machining) are located close to the company's head office in Valence, which improves turnaround times, encourages well-organised interaction and helps in maintaining good technical relationships.

Every agreement with a supplier is a real partnership, with a technical specification being agreed along with the contract. All of the Group's subcontractors are ISO 13485 and ISO 9001-compliant or are audited by the Group with reference to this quality framework. The Group's quality and purchasing department conducts an annual audit to monitor the management of and adherence to the contract, compliance with standards and technical specifications. It formulates corrective actions to be taken if required.

Between 1 July 2014 and 30 June 2015, the Group paid its top 10 and top 20 suppliers €13.8 million and €19.9 million, respectively.

6.5.3 Organisation of logistics and transport

The Group has optimised its stock management and always has two months' forward stock in order to respond to potential impromptu requests and unanticipated periods of increased activity. To achieve this objective and guarantee that the customer inventory is accurate, the sales network takes annual inventories using the Personal Digital Assistant. Central stock is stored at the Group's head office location in Valence, in the Drôme department of France, in a warehouse of approximately 4,000 m^2. Every international subsidiary has a central storage resource for distribution in the country in question.

On the Valence site, the Group thus has stock of hip and knee implants comprising approximately 1,400 different products, with forward stock for approximately two months. Stock is monitored and replenished by the purchasing departments, based on purchase requests from the ERP system. The Group also owns and manages a stock of ancillaries which is made available to its customers, either on loan or for purchase. The Group's ability to produce a new ancillary at any time from its stock of parts, means that it can be responsive to each and every customer request, both in France and elsewhere.

The sales administration department forwards orders to the logistics department and they are processed the same day, with delivery before 9 a.m. the following day to locations in France.

The Group makes use of two transport service providers, UPS and Ciblex which share all deliveries and returns on French soil as of the date of this Registration Document. Delivery requests are allocated on the basis of the following criteria:

- required delivery deadlines: before 8 a.m., before 9 a.m., before midday or during the day;
- related services: delivery straight to the operating room, acceptance of heavy items (such as navigation stations or orthopaedic table extensions, etc.); and
- the ability to provide high quality service in sometimes remote regions.

On the international front, delivery to the end customer is handled in exactly the same way as in France, but is overseen by the subsidiary or distributor representing the Group in the country in question. Upstream, supplies for export are delivered weekly, monthly or quarterly from the Group's central stock in France, based on customer requirements or requests.

An assistant in the sales administration/operations department forms the interface between the customer and the Group's logistics and sales departments (in France or for export). This guarantees near real-time tracking of transport services and, if required, the provision to customers of specific information on the progress of their delivery.

6.5.4 Marketing

6.5.4.1 The Group's customers

i. Customers in France

As of 30 June 2015, the Group's customers included (i) 221 private sector facilities and (ii) 139 hospitals (departmental, regional, university and military).

The Group works with the main health care companies, including Générale de Santé, Capio, Vitalia and Medi-HA.

The Group's top ten customers in France made up 2% of the total number of customers and were responsible for 27% of the Group's revenues in France as of 30 June 2015, while the top twenty customers made up 4% of the total number of customers and generated 38% of the Group's revenues in France.

ii. International customers

Depending on the distribution channels (see paragraph 6.5.4.2. below, *"Distribution channels"*, of this Registration Document), the Group works with a variety of contacts (subsidiaries, distributors and sales agents) but is also in touch with surgical teams throughout the world who use the Group's products.

The Group's top 10 international customers made up 5% of the total number of customers and were responsible for 36% of the Group's international revenues as of 30 June 2015, while the top 20 customers made up 10% of the total number of customers and generated 54% of the Group's international revenues.

6.5.4.2 Distribution channels

i. Distribution in France

The Group relies on a network of exclusive, independent agents who provide a local, technical and commercial service. Approximately 45 people (distributors and sales agents) work in the field, making it one of the largest sales forces in France devoted entirely to hip and knee surgery. As of 30 June 2015, the Group was generating 86% of its revenues in France through sales agents.

The Group also leverages its direct sales force in regions where it wishes to undertake specific action (such as managing the departure of an agent). The team is very small (comprising just 5 sales staff) as there are few regions in which the Group does not make use of its network of agents.

Just two historical distributors remain active, generating less than 1% of revenues in France as of 30 June 2015.

The Group's specialist subsidiary for the extremities, Novastep, also makes use of a sales force that comprises two staff, and is currently building a territorial grid including both exclusive agents and experienced employees. The French territorial grid is being developed by giving preference to the Group's sales agents who already market the hip and knee ranges. The Group's salaried sales staff therefore have the option to market Novastep products.

ii. International distribution

The Group often arranges international distribution through its subsidiaries. Having established its first subsidiary in Germany in 2010, it has deployed 8 new foreign subsidiaries over the last two years. The table below sets out the Group's subsidiaries and their status as of the date of this Registration Document.

Country	Name of subsidiary	Date established	Nature of organisational structure	Method of distribution	Status
Germany	Amplitude GmbH	2010	Takeover of a distributor. Wholly owned subsidiary	Salaried sales staff Sales agent	Active subsidiary
Australia	Amplitude Australia Pty	2013	Takeover of a distributor. 75% subsidiary	Salaried sales staff Sales agents Distributors	Active subsidiary
Belgium	Amplitude Benelux	2014	New company Wholly owned subsidiary	Salaried sales staff	Active subsidiary
Brazil	Amplitude Latin America	2014	Joint venture with MDT, takeover of Unimplant with 60% stake	Distributors	Active subsidiary
India	Amplitude India Pvt Ltd	2013	New company Wholly owned subsidiary	Roll-out in progress	Products being registered
Japan	Matsumoto Amplitude	2013	Joint venture with Matsumoto Inc., 80% stake	Roll-out in progress	Products being registered
Switzerland	Amplitude Suisse SA	2014	Takeover of a distributor. Wholly owned subsidiary	Salaried sales staff	Active subsidiary
United States	Novastep Inc.	2014	New company 85% subsidiary	Sales agents Distributors	Active subsidiary
United States	Amplitude Orthopedics Corp.	2015	New company Wholly owned subsidiary	Sales agents	Products being registered

In countries where the Group has no subsidiary, it relies on a network of distributors who generally work exclusively for the Group. A further 22 countries are covered by this arrangement (Turkey, Italy, Morocco, Argentina, Tunisia, Algeria, Poland, Spain, Luxembourg, Iran, Iraq, Vietnam, Mexico, Lebanon, Denmark, the Netherlands, Senegal, Greece, the United Kingdom, Bulgaria, South Africa and the United Arab Emirates).

As of 30 June 2015, the top ten distributors accounted for 11% of Group revenues and the top twenty distributors for 16% of Group revenues.

6.5.4.3 The Group's distribution models

The Group makes use of two distribution models, which have a direct impact on its overall income.

The Group may use its direct sales forces, i.e. its salaried sales staff or sales agents. In this case, the Group's customers are public and private health care facilities. The revenues recognised by the Group are derived by adding the price of the implants (i.e. the unit price of an implant as set locally by public or private health insurance bodies multiplied by the number of implants) to the revenues generated by the Amplivision navigation software (i.e. the hire or sale price of the software, depending on the country, multiplied by the number of copies of the software supplied).

The Group recognises revenues when the implant is used by the surgeon and comes out of the Group's customer consignment stock.

In exchange for revenues, the Group covers the costs of:

- associated operating expenses, such as commission paid to sales agents (i.e. a percentage of the sale price), and sales and marketing expenses;

- investment expenditure incurred by the Group with a distinction being drawn between "growth" investments which are recognised when ancillaries and associated services are first made available (calculated on the basis of a percentage of the additional revenues generated) and "maintenance" investments relating to the replacement of ancillaries; and

- costs of inventories.

The Group also makes use of distributors to sell its products; in this case, the distributors are the Group's customers. The revenues recognised by the Group are derived by adding the price of the implants (i.e. approximately 50% of the unit price for an implant as set locally by public or private health insurance bodies multiplied by the number of implants) to the revenues generated by ancillaries and the provision of other services (i.e. the unit cost of the Group's products and services as invoiced to the distributor, multiplied by the number of products and services provided).

Revenues are recognised by the Group when the implants and ancillaries are dispatched to distributors.

The Group covers the costs of marketing to distributors; these are less significant than the costs of marketing to customers, which are covered by the distributor. In addition, investment expenses for ancillaries are covered by the distributor directly, as is the cost of carrying the inventory that is made available to customers and distributors.

6.5.4.4 Organisation and marketing policy

i. Group pricing policy

The Group has introduced an appropriate pricing policy in each country.

In France, implantable joint prostheses are medical devices which are fully reimbursed on the basis of the "LPPR" (*Liste des Produits et Prestations Remboursables* (list of reimbursable products and services)) price structure. Private health care facilities purchase prostheses at this reimbursement price, while public hospitals arrange invitations to tender in accordance with France's current Public Contracts Code. Instrumentation and navigators are loaned to health care facilities and surgeons in France.

For international business, there are two approaches. When the Group uses subsidiaries, they buy the products and then resells them, either through direct distribution channels (an internal sales force in Belgium and Switzerland) or through indirect sales channels (selling through agents or exclusive distributors in Brazil and the United States), or using mixed models that combine direct and indirect sales (as in Germany and Australia). When the Group uses distributors, they benefit from purchase prices that are set when the contract is signed, and their pricing policy in respect of the end customer is then managed independently. On the international stage, instrumentation and navigators are sold to sales partners (both subsidiaries and distributors).

ii. Quality control

The Group has also implemented a quality system for its products. The Group's products are classified as medical devices and, as such, are subject to specific standards and regulatory requirements in all the countries where they are designed, manufactured, tested and marketed. To meet these requirements, the Group has set up a quality management system certified by a third-party (Notified Body), in accordance with the regulatory requirements of the applicable European Directive 93/42/EEC and the ISO 9001 and ISO 13485 reference standards. The quality management system covers the full range of activities for the devices,

from design to distribution. This system applies to all products without distinction and is audited annually by a Notified Body, to ensure that it remains effective.

The quality system is based on documented procedures for the following activities in particular:

- quality management;
- design;
- product manufacture, inspection and quality assurance;
- control of subcontracting;
- detection and handling of any non-compliant internal or external product;
- identification and implementation of corrections or corrective and preventive actions;
- product labelling;
- product storage and distribution;
- product identification and traceability;
- data storage and quality record procedures;
- post-marketing surveillance and reporting of incidents and risk of incidents resulting from the use of medical devices after launch.

The Group has a dedicated 25-strong team who check all the stages of manufacturing of the Group's products on a daily basis. These inspections are conducted in compliance with the Group's procedures.

iii. Marketing resources

The Group's marketing team comprises 18 members and is structured as follows:

- Vice-President of Sales and Marketing for France;
- Executive Marketing Assistant;
- Product Leads Manager;
- Knee cluster, with five product managers;
- Hip cluster, with two product managers;
- Training cluster, with a training manager and an assistant;
- Corporate communications cluster, with a communications manager and a marketing assistant; and
- Clinical monitoring cluster, with a manager, two project managers and an IT technician.

a. Management of product ranges

The product management team attends design meetings and arranges and manages product launches. The product managers also provide technical responses to the sales team and directly to surgeons in the operating room.

b. Management of training

The training cluster is responsible for training programmes for product users and all Group staff. One of its objectives is to design and deliver courses on surgical techniques and the use of instrumentation, as well as on the technical solutions intended for the sales teams.

c. Management of communications tools

In 2015, the Group will actively participate in 17 conferences in France and abroad where it will take exhibition stands. In compliance with legislation (including CE marking and France's Bertrand Law), the

team works with the product managers to provide the technical tools (surgical technique, video and technical fact sheets) and the sales tools required to promote the products.

d. Managing clinical monitoring

The Group has to demonstrate that its medical devices are reliable and effective. Demonstrations based solely on bibliographic comparisons with previous products are increasingly unacceptable.

Data from clinical trials are the rule for obtaining and renewing the CE mark in Europe and equivalent approvals throughout the world. To support this, the Group has developed its own "CLINIRECORD®" software and website for all user surgeons to collect clinical data.

The clinical department is structured to accomplish the following:

- Arrange for data collection through investigators;
- Archive and restore clinical data on all Amplitude products;
- Encourage and support scientific publication and communication on the key products; and
- Arrange for collection, storage and review of medical literature.

6.6 LEGISLATION

As a manufacturer of medical devices, the Group must satisfy regulatory requirements in each of the countries where it markets its products. Regulations for the Group's "key" markets, i.e. those where it has a subsidiary, are set out below.

6.6.1 Legislation applicable to medical devices

6.6.1.1 Europe

Applicable legislation

General overview:

The European Union has established a legal framework for the inspection of medical devices within the European Union. The regime obliges manufacturers to ensure that their devices are safe and suitable for their intended purpose before they are marketed in Europe. The aim of the regime is to harmonise the European standards in place to protect against the risks associated with the design, manufacture and packaging of medical devices and enable free movement of these devices in the European internal market.

The European Regime (which is currently being reviewed) is laid down by a number of Directives, including (i) Directive 93/42/EEC relating to medical devices (the Medical Device Directive), which applies to the Group's range of medical devices; (ii) Directive 90/385/EEC on the approximation of the laws of the Member States relating to active implantable medical devices; and (iii) Directive 98/79/EC on in vitro diagnostic medical devices (IVDMD).

These directives, which were transposed into the French Public Health Code and into similar laws and regulations in other European countries, enshrine a number of aspects of medical devices, including in particular:

- Product design, development and manufacture;
- Product testing;
- Storage;
- Marketing;
- Product certification and CE marking;

- Data storage procedures; and
- Post-marketing monitoring (medical device vigilance).

Manufacturer:

The main obligations under these Directives apply to "manufacturers" of medical devices, namely, the individuals or legal entities responsible for the design, manufacture, packaging and labelling of a device before it is marketed under their own name, regardless of whether these operations are carried out by these individuals or entities or by a third party on their behalf. The key provision that qualifies a medical device manufacturer as such is the fact of placing the medical device on the market "under its own name".

Classification of devices:

The Medical Device Directive dictates a hierarchy of control such that the level of control over a medical device corresponds to the level of potential risk identified as inherent in the type of device. As a result, a "risk-based" classification system has been set up to determine levels of risk based on the vulnerability of the human body and considering the potential risks associated with devices. A medical device may be determined as falling within one of the following four classes of products, from low risk to high risk: Class I, Class IIa, Class IIb and Class III.

As an example, basic adhesive dressings generally fall within Class I, while hip replacements would generally be considered Class III devices. Commission Directive 2005/50/EC regarding the reclassification of hip, knee and shoulder joint replacements requires that implantable components for total replacement of the hip, knee or shoulder are classified as Class III medical devices, in derogation of the rules in the Medical Device Directive. As indicated below, the higher levels of classification require more demanding assessments.

Compliance assessment:

Before products are marketed in the European Union, they must have obtained CE marking to prove their compliance with European legislation. This CE marking provides legal authorisation for the manufacturer to distribute their products within the European Union. It is also a guarantee of safety for users and indicates that the manufacturer has made every effort to ensure compliance with European requirements.

To be able to affix the CE mark to one of its medical devices, the manufacturer's products must comply with the "Essential requirements" laid down by European legislation. This comprises a clinical investigation of the device and conformity with the shared harmonised European standards for a number of medical devices.

The nature of the compliance assessment depends on the classification of the medical device (and reflects the perceived risk associated with the device). As a general rule, compliance assessment procedures for Class I devices may be carried out by the manufacturer itself by means of self-certification: once the manufacturer considers that the product meets all the "Essential requirements" of the Directive, it declares that the product complies with the Directive and must register with the competent authority of the Member State in which the device is marketed.

All other classes of device (and sterile Class I devices) require a level of involvement from a "**Notified Body**". Class IIb and Class III devices must be audited or examined, and in the case of Class III devices, a design file must be submitted and approved by the Notified Body. Notified Bodies, which number approximately 80 throughout Europe, are appointed and supervised by Member States and act under the supervision of the Competent Authority.

Notified Bodies are initially selected by the manufacturer. Having been under the authority of German Notified Body DEKRA, the Group has chosen the British Notified Body, the British Standards Institution, with regard to the marketing of its products in Europe. As a French manufacturer, the Group is also

supervised by the competent French authority, the French National Agency for Medicines and Health Products Safety (ANSM).

Structure and control of the quality management system

Since it was established, the Group has set up a quality management system covering all of its activities, from product design to distribution. This system applies to all the Group's activities and is audited annually by British Notified Body BSI to ensure that it is effective.

As such, the Group has the following certifications:

- ISO 13485: essential quality system certification for medical device manufacturers, helping to meet various requirements of the Medical Devices Directive; and

- ISO 9001: voluntary quality system certification.

Post-marketing surveillance and vigilance reports:

Post-marketing activity may be considered proactive (post-marketing surveillance - PMS) or reactive (medical device vigilance). Manufacturers must establish and maintain a procedure for systematic analysis of the data acquired on devices in the post-production phase and implement appropriate means to apply the corrective or preventive measures that are required to ensure quality management standards. PMS processes generally seek information on the safety and quality of the device which is then used to determine whether the risk assessments conducted previously demand revisions to the device, if the instructions for use necessitate a revision and if a product quality issue needs attention and to be addressed.

In addition, medical device vigilance under the Directive requires manufacturers to publish reports for the Competent Authority immediately it becomes aware of: (i) any malfunction or degradation in the characteristics and/or performance of a device, as well as any inadequacy in the labelling or the instructions for use which might lead or which might have led to the death of a patient or a serious deterioration in their state of health; and (ii) any technical or medical reason connected with the characteristics or performance of a device leading to systematic recall of devices of the same type by the manufacturer for the reasons described in (i).

Manufacturers are also required to inform the Competent Authorities of any field safety corrective actions (FSCA) that they are undertaking. FSCAs are generally carried out in response to problems raised by the manufacturer through the vigilance of PMS programmes and are actions implemented to reduce the risk of death or serious deterioration in the state of health associated with the use of a medical device already on the market. As an example, FSCAs can include modifications to a device, review of the advice pertaining to the use of the device or the return of the device to the manufacturer.

Implementation:

The Competent Authorities in all Member States have a range of powers for handling and withdrawing from the market products that do not comply with the applicable requirements, and may institute criminal proceedings if local law transposing the Directive is not enforced. As an example, some of the powers granted to the Competent Authorities of Member States include the ability to:

- enter premises, inspect goods, examine manufacturing procedures and arrange tests, and demand that all files be produced for examination;
- seize and hold certain goods or restrict or prohibit the supply of certain goods;
- issue a series of opinions requiring the suspension of deliveries, the restriction of supply, the confiscation of goods, the provision of warning notices and/or the completion of corrective measures to rectify a non-conformity;

- issue recall notices requiring the manufacturer to arrange for return of the product by consumers; and
- bring criminal proceedings, including convictions with fines and prison sentences.

Specific features of the different European Union member countries

The regulatory environment applicable to the Group is set by European Directives and accordingly, the Group must consider the specific characteristics of their transposition into national laws. Some Member States have added conditions relating to registration, notification or additional evaluations in particular. Furthermore, the requirements relating to medical device advertising vary considerably between Member States, with French requirements in respect of advertising under the Bertrand Law being particularly strict (and very similar to the rules that apply to medicinal products).

6.6.1.2 United States

Applicable regulations

In the United States, the legislation applicable to medical devices was defined by the Medical Device Amendments Act of 28 May 1976 which amended the federal Food, Drug and Cosmetics Act ("**FDCA**"). This legislation was transposed into Sections 800 to 1299 of the Code of Federal Regulations ("**CFR**") which defines medical devices, creates a classification scheme for them and describes the necessary standards for a product to be registered. Product and manufacturer registration is directly controlled by the Food and Drug Administration ("**FDA**").

The basic regulatory requirements with which manufacturers of medical devices distributed in the United States must comply are: (i) registration of the company; (ii) registration of the medical devices; (iii) pre-market notification 510(k), unless exempt, or pre-market approval (PMA); (iv) Investigational Device Exemption (IDE) for clinical trials; (v) legislation on the quality system; (vi) labelling; and (vii) reports on medical devices.

Medical device registration and inspection procedure

In the US market, as with most other national markets, medical devices are categorised into classes (on a scale from I to III based on the level of hazard). Depending on the product class, there are two procedures to be used:

(i) *the pre-market notification 510(k) procedure:* This procedure entails filing a technical submission to demonstrate that the product covered by the submission is substantially equivalent to a product already present on the US market (concept of "Substantial Equivalent"). To demonstrate substantial equivalence, the applicant must demonstrate that their device has the same "intended use" and is as safe and effective as the predicated device. This procedure applies to most Class II (moderate risk) devices. The time-scale for review of a submission by the FDA is a minimum of 90 days. However, the FDA may suspend the time-scale if it considers that the responses with which it has been provided are inadequate. The time-scale may therefore be protracted and may even culminate in failure of the submission. The applicant must pay a small user fee for the submission.

(ii) *the "pre-market approval" procedure* ("**PMA**"): If the products submitted are Class III (high risk) products with no Substantial Equivalent on the market, the FDA then requires the "Pre-market approval" procedure. This procedure is significantly longer and more complex. The PMA must include information on the manufacture, components and principles of operation of the device; on the proposed labelling; and comprehensive reports on all information relating to surveys conducted to evaluate the safety and efficacy of the device. The PMA must include clinical data, and the applicant must pay a substantial user fee.

Class I devices, which present the lowest risk, are generally exempt from any pre-market scrutiny (as mentioned above).

6.6.1.3 Japan

Applicable regulations

In Japan, the Minister for Health, Employment and Social Protection is competent to legislate on medical devices manufactured or sold on Japanese territory. The most recent update to the law on pharmaceutical products was made in 2005, to align Japanese legislation with market practices, including by adapting ISO 13485:2003 regarding quality systems. The Japanese Pharmaceuticals and Medical Devices Agency (PMDA) was also created; it is responsible for appointing Notified Bodies. All medical devices require pre-marketing authorisation.

Medical device registration and inspection procedure

To obtain this authorisation, the manufacturer must arrange for inspection of its product by a Notified Body (or by the PMDA directly for the highest-risk medical devices), to check that the device complies with the provisions and principles laid down by the law on medical and pharmaceutical products. In addition, for the highest-risk medical products, substantial equivalence to a product already present on the Japanese market must be demonstrated.

The steps required to register a product on the Japanese market may be very protracted (up to 36 months).

6.6.1.4 Brazil

The National Health Surveillance Agency (ANVISA) is responsible for the control and regulation of medical devices manufactured or marketed in Brazil under the supervision of the Minister for Health.

Applicable legislation

The legislation applicable to medical devices is resolution RDC No. 185 of October 2001. This resolution describes the procedure applicable to the registration of medical products and lists the documents that are necessary. Products are also grouped into 4 different classes.

Medical device registration and inspection procedure

For a medical device to be manufactured or marketed in Brazil, proof must be provided of its compliance with resolution RDC No. 185. Products must have been subject to testing by an accredited laboratory (ILAC, EA or IAAC).

In addition, electrical medical devices must obtain INMETRO certification, issued by a certifying body, and must then be registered directly with the National Health Surveillance Agency.

6.6.1.5 Australia

Applicable regulations

Medical devices are regulated by the Therapeutic Goods (Medical Devices) Regulations adopted in 2002. This legislation is technically very close to the Medical Device Directive in its requirements and its application procedures. As such, there is a quality system certification procedure in the Australian market that is comparable to the procedure used in the European Union and is based on ISO 13485:2003 certification.

The authority responsible for monitoring and enforcing this legislation is the Therapeutic Goods Administration (TGA). This Administration is also the compliance assessment body for medical device manufacturers.

Medical device registration and inspection procedure

The registration procedure for the Australian market is known as a "Pre-market assessment". This procedure is based on filing a technical submission which must demonstrate that the proposed device complies with ISO 11135 (which specifies the requirements for the development, approval and routine inspection of the sterilisation procedure for medical devices using ethylene oxide) and ISO 11137 (which defines product families for determining and auditing the sterilisation dose to obtain maximum assurance that products are sterile). This evaluation procedure is carried out either by the Australian administration directly or by an approved Notifying Body.

6.6.1.6 India

Applicable regulations

Historically, most medical devices have been unregulated in India. This has changed in recent years: certain devices have been categorised as medical devices, and the Indian supervisory body, the Central Drug Standard Control Organisation ("**CDSCO**") has introduced guidelines for medical devices and appointed its approval body, the Central Licensing Approval Authority ("**CLAA**"), which is responsible for the supervision of medical devices.

Comprehensive legislation is being implemented which should considerably widen the scope of regulation for medical devices in India. The suggested amendments to the Indian Drugs and Cosmetics Act will probably lead to a review of the existing regulations and standards applicable to medical devices, which may increase the time-scale for approval of devices and the associated costs.

Medical device registration and inspection procedure

At the present time, the CLAA only requires pre-marketing examinations for certain categories of medical device, including cardiac prostheses, cardiac valves, orthopaedic implants and intraocular lenses. In addition, certain medical devices such as condoms, tubal ring IUDs, blood pouches, etc., are regulated in the same way as drugs.

Furthermore, regulated medical devices imported from outside India which have obtained prior approval in the US, the European Union, Canada, Japan or Australia may legally be sold in India by making a technical submission and obtaining the necessary approvals, leading to a limited compliance assessment process. In such cases, those requesting registration of the device must submit all documentation used to support prior authorisations with their request.

6.6.2 Liability for defective products

The concept of liability for defective products was established by the European Directive of 25 July 1985 and transposed into French law by Law No. 98-389 of 19 May 1998. In European countries, this legislation establishes the automatic liability of producers for losses caused by product defects.

Any producer within the meaning of Article 1386-6 of the French Civil Code is liable, regardless of whether they are contractually bound to the victim or whether the victim has professional status, provided that the injury has been caused by a product defect and that the product has been put into circulation.

The concept of producer is extremely broad, since it covers any entity acting in a professional capacity and manufacturing a product, producing a raw material or manufacturing a component part, as well as any entity acting in a professional capacity and purporting to be a producer by placing their trade mark or other distinctive sign on the product. Use of the fabless model does not exempt the Group from this liability, and it therefore fits the definition of a producer and is automatically liable for defective products.

The trial judges decide on the defect at their sole discretion pursuant to Article 1386-4 of the French Civil Code according to which a product is defective when it does not provide the level of safety that can legitimately be expected.

The principle of compensation is the principle of full compensation for all harm, with no indemnity ceiling.

Health care products and devices used in this context, including orthopaedic prostheses, are thus products within the meaning of French law. However, when the loss is caused by a defect in such a product when it is used to provide a service, particularly a service provided by a hospital facility, the Court of Justice of the European Union ("**CJEU**") considers that the Directive does not cover the service provider's liability because it does not contribute to the manufacturing/distribution chain and is therefore excluded from the scope of persons whose liability is defined by the Directive, provided that there is a means of redress against the producer (CJEU 21 December 2011, Case C.495/10).

The French Council of State supplemented this decision in a ruling of 9 July 2003, considering that the public hospital service is liable on a no-fault basis for injury caused by the failure of the health care products and devices that it uses. The CJEU does not prosecute this solution when the service provider's redress from the producer is expressly upheld. However, this distinction does not apply if the service provider is acting as the product supplier, when it can be held liable only on the basis of Articles 1386-1 *et seq*. of the French Civil Code, i.e. its liability is not subsidiary. This is the case for the supply of prostheses in particular (French Court of Cassation, first civil division 12 July 2012, No. 11-17510).

The Group is also subject to equivalent liability in all countries where it distributes its products.

6.6.3 Management of relationships with prescribing professionals and managers in public hospitals awarding public contracts

6.6.3.1 France

In France, relationships between manufacturers and distributors of medical devices which are reimbursed by the compulsory health insurance scheme and health care professionals are governed by the provisions of Article L. 4113-6 of the French Public Health Code on benefits granted to health care professionals (the so-called "anti-gift" provision). For the purpose of conforming to the restrictions stipulated by this provision, the Group applies ethical rules based on the following major principles:

- relationships between the Group and health care professionals must not influence purchasing decisions through direct or indirect benefits;

- relationships between the Group and health care professionals must be transparent and comply with the current legislation applicable in this area; and

- relationships between the Group and health care professionals must, in compliance with current applicable provisions, be subject to written agreements, for which templates have been adopted by the Group (with every agreement being submitted to the relevant *conseil départemental des médecins* (French departmental governing body for doctors)).

Furthermore, a significant proportion of the Group's business derives from public supply contracts awarded by public health care facilities covered by the scope of application of the French Code of Public Contracts.

In France, businesses that participate in public contracts are exposed to the risk of criminal sanctions if their behaviour in respect of an awarding authority has the effect of distorting competition conditions in relation to the award procedure. The main risk of criminal sanction is connected with the offence of favouritism, defined by Article 432-14 of the French Criminal Code as the act of procuring or attempting to procure undue advantage by means of an act contrary to the laws and regulations designed to guarantee freedom of access and equality of candidates in public contracts. A business may, under certain conditions, be exposed

to aiding and abetting the offence of favouritism and therefore incur (i) criminal penalties and (ii) the cancellation of the public contract by the administrative judge.

There are also other offences, as laid down in Articles 433-1 *et seq*. of the French Criminal Code, with which a bidder for a public contract may be charged, such as active corruption, which includes offering undertakings, gifts or benefits of any kind to a representative of the public authority in exchange for an official duty or for forbearance, or active trading in influence, which includes offering undertakings, gifts or benefits of any kind to a representative of the public authority for them to abuse their influence for the purpose of obtaining public contracts or any other favourable decision from a public procurement authority.

This criminal law framework for public contracts requires the Group to abide by strict ethical rules and principles when it participates in public procurement procedures.

For this purpose, in respect of public health care facilities and their representatives, the Group ensures that it complies with the recommendations of the codes of ethics published by public purchasers and, in particular, that:

- it neither offers (nor accepts) any direct or indirect benefit from (or on the behalf of) the public entity;

- it ensures that the other candidates benefit at the same time from any inside information that is granted (adherence to the principle of equal treatment of candidates);

- it refrains from giving any gifts, particularly during the consultation period (during execution of the contract, only ordinary gifts with token value – such as pens or promotional items – may be given);

- it refrains from taking representatives of the public customer to a restaurant, particularly during the consultation period; and

- it refrains from inviting its contacts to professional events (such as trade fairs and workshops) or recreational events (such as sporting or cultural events), at the Group's expense.

6.6.3.2 United States

In the United States, the Physician Payment Sunshine Act (the "**Sunshine Act**") was adopted in March 2010 in connection with the US law on Patient Protection and Affordable Care and implemented through various regulations adopted by the US Centers for Medicare and Medicaid Services (the body which sets the terms and conditions for health care reimbursement in the US, the "**CMS**") in February 2013. The Sunshine Act demands that drugs, medical devices and biological and medical materials manufacturers covered by the three US health care regimes (Medicare, Medicaid and the health insurance scheme for children, the "**SCHIP**") disclose any payment or item of value given to doctors or university hospitals to the CMS. The CMS also requires certain manufacturers and group purchasing organisations to disclose any contribution to or investment in these bodies by doctors. The information reported is published on the Open Payment Program website managed by the CMS.

The Sunshine Act defines "payments or other items of value" as any item of any value, such as meals, fees or the reimbursement of travel expenses. However, certain payments are expressly excluded from this definition, including educational material and contributions in kind to charity. The information that must be disclosed to the CMS for each payment or item of value must include (i) the name and address of the recipient; (ii) the amount and the date of the payment or item; (iii) the form of the payment or item (monetary or in shares); and (iv) the nature of the payment or item (fees, gifts or entertainment).

Failure to provide this information in due time is punishable by financial penalties. As such, failure to forward the information required is punishable by a civil fine of an amount ranging from $1,000 to $10,000 (the total may not exceed $150,000) for each undisclosed payment, item of value, holding or investment, as

required by the Sunshine Act. Knowledge of a failure to provide information to the CMS is also punishable with a civil fine of an amount ranging from $10,000 to $100,000 (the total may not exceed $1,000,000). Failure to provide information and knowledge of such failure to provide information are accounted for separately.

The disclosure of a payment, an item of value, a holding or an investment in the public database in accordance with the Sunshine Act is not necessarily an indication that the individuals in question have engaged in improper or unlawful conduct. However, disclosure of a payment in accordance with the **Sunshine Act** does not protect them from legal liability under other laws, including the Anti-Kickback Statute and the False Claims Act.

6.6.4 Advertising restrictions on medical devices

As a manufacturer and distributor of medical devices, the Group is subject to restrictions in France on advertising for its products, in accordance with the provisions of Articles L. 5213-1 and R. 5213-1 *et seq*. of the French Public Health Code transposing the Bertrand Law.

Advertising is defined as all forms of information (including door-to-door), canvassing activity or inducement designed to promote:

- the prescription;
- the supply;
- the sale;
- or the use of medical devices.

To the exclusion of the following forms of information:

- labelling and instructions for use;
- correspondence, possibly accompanied by material of a non-promotional nature, needed to answer a specific question about a device;
- information relating to warnings, precautions for use and adverse effects identified as part of medical device vigilance and in vitro diagnostic medical device vigilance;
- sales catalogues and price lists if they do not feature any information about the device;
- information on human health or human diseases, provided that it does not make reference – even indirectly – to a medical device.

With regard to medical devices that are reimbursable, including those devices that are partly reimbursable, by compulsory health insurance schemes, advertising to the public is prohibited in principle (Article L. 5213-3 of the French Public Health Code). However, the list of devices for which advertising to the general public is permitted (Class I and IIa medical devices) is set by decree. This advertising is subject to ex-post checking by the ANSM and there is no requirement to file it with the ANSM. Advertising to the general public is strictly prohibited for reimbursable Class IIb and III devices.

Non-reimbursable medical devices may be advertised to the general public (Article L. 5213-4 of the French Public Health Code). It is subject to *ex-ante* checking by the ANSM if the medical devices are on the list of devices presenting a significant risk to human health (which are authorised for a renewable term of five years). Advertising for other non-reimbursable devices is subject to ex-post checking by the ANSM and there is no requirement to file it with the ANSM.

For all medical devices, both reimbursable and non-reimbursable, advertising to health care professionals for devices on the list of medical devices presenting a significant risk to health is subject to ex-ante checking by the ANSM. Advertising to health care professionals for other medical devices is subject to ex-post checking by the ANSM and there is no requirement to file it with the ANSM.

In all cases where advertising is permitted, its form and content must comply strictly with the obligations and prohibitions prescribed by the French Public Health Code and in particular, by Articles L. 5212-3 and R. 5213-1 to R. 5213-3.

The ANSM monitors and sanctions failure to comply with these constraints and may add daily penalties to its formal demands and prohibit the continuation or distribution of an advertisement.

6.6.5 Environmental legislation

Due, on the one hand, to the Group's adoption of a fabless model and, on the other, to the non-hazardous nature of the substances present in the products that it markets (which consist entirely of metals such as titanium, cobalt, etc.), the Group is subject to limited standards and constraints with regard to environmental law.

Given the Group's business, the only provisions applicable to it in France relate to explosive atmospheres ("**ATEX**" zones) and the regulations applicable to electrical and electronic equipment waste.

Legislation applicable to explosive atmospheres

In France, the Group has an industrial site in Valence, the operation of which is subject to compliance with particular environmental constraints. Although this site is used largely as office premises and storage facilities taking delivery of non-hazardous products, it includes a powder sintering workshop subject to the regulations applicable to explosive atmospheres (Directive 1999/92/EC on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres, the so-called "ATEX" Directive, transposed by Articles R. 4227-42 *et seq*. of the French Employment Code).

In the presence of "ATEX" zones, the employer is subject to various obligations involving the implementation of necessary risk prevention measures or measures to limit the propagation of explosions based on an examination of the risks associated with explosive atmospheres, or the creation and updating of a document relating to protection from explosions, as part of the single risk assessment document. The classification of "ATEX" zones and the legislation that applies to these zones are specified in two decrees dated 8 and 28 July 2003.

Only the sintering room on the Valence site operated by the Group is affected by "ATEX" legislation, and in November 2013, Bureau Veritas conducted a study supporting the classification of "ATEX" zones and formulating recommendations.

Regulations applicable to electrical and electronic equipment waste

In addition, the Group markets AMPLIVISION® Navigation systems, which contain electronic components that require the Group to adhere to the regulations on electrical and electronic equipment waste applicable to the French market. On this basis, the Group is included in the national register of electrical and electronic equipment producers.

European Directive 2012/19/EU on waste electrical and electronic equipment ("**WEEE**") and European Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (recasting Directive 2002/96/EC and Directive 2002/95/EC) impose obligations on producers of electrical and electronic equipment that govern design, marketing and waste processing for these products. In particular, these directives set incremental targets for the collection and recycling of WEEE by 2020 (a collection target of 65% of electrical and electronic equipment sold, with effect from 2019).

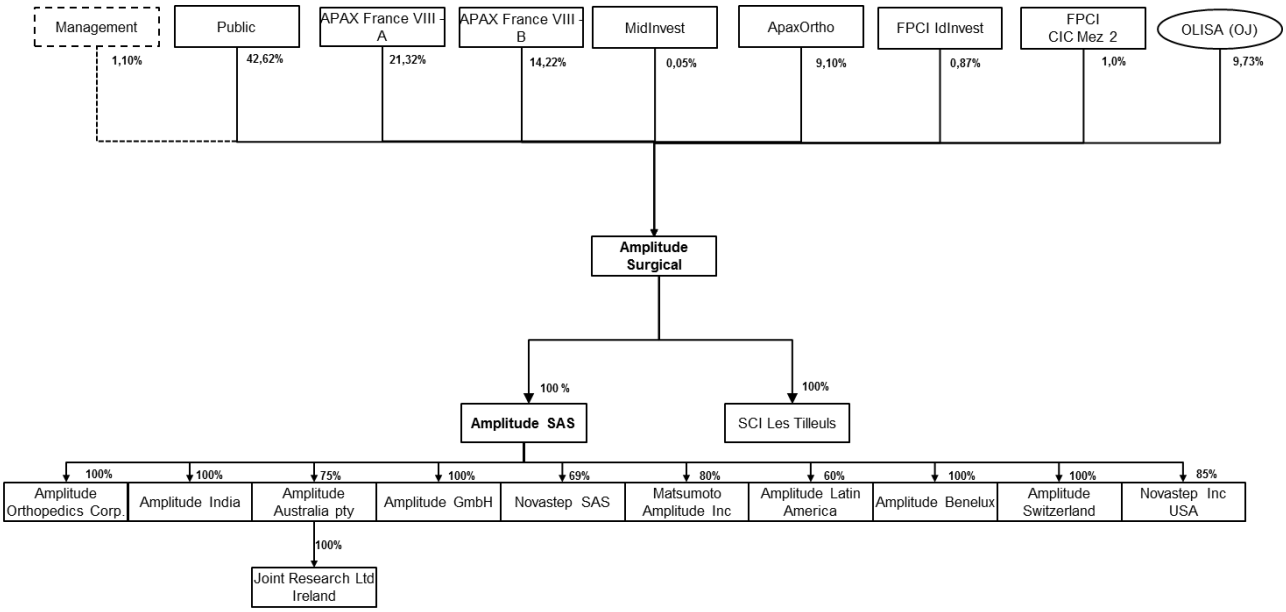
Producers and distributors of electrical and electronic equipment are subject to various obligations in terms of equipment compliance, marketing, declaration, and the collection and processing of waste equipment. Producers may make use of specialist service providers to fulfil their collection obligation for WEEE. Failure to comply with the applicable provisions will incur administrative and criminal sanctions.

Up until this year, the Group collected the WEEE from navigation systems itself, to reuse the parts. With a view to the elimination of WEEE in the future, the Group is currently in negotiations with an approved environmental body which will be responsible for collection and processing.

CHAPTER 7
ORGANISATIONAL CHART

7.1 GROUP ORGANISATIONAL LEGAL CHART

The organisational chart presented below represents the legal organisation of the Group on 30 June 2015:



7.2 MAIN SUBSIDIARIES

The main direct or indirect subsidiaries of the Company on 30 June 2015 are described below.

None of the Group's subsidiaries are listed companies.

- **Amplitude SAS** is a simplified joint-stock company incorporated under French law with capital of €60,000, with registered office at 11, Cours Jacques Offenbach, Valence (26000), France and registered under number 414 448 464 in the Romans Trade and Companies Register. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group worldwide. The Company indirectly holds all the capital and voting rights of Amplitude SAS.

  As of 30 June 2015 Amplitude had generated revenue of €60,731,971 with a net loss of €6,261,736.

- **SCI Les Tilleuls** is a non-trading real estate company incorporated under French law with capital of €1,530, with registered office at 11, rue Jacques Offenbach, Valence (26000), France and registered under number 439 216 748 in the Romans Trade and Companies Register. It is the holding company for all rights concerning the Group's real estate at the Valence registered office. The Company indirectly holds all the capital and voting rights of SCI Les Tilleuls.

  SCI Les Tilleuls closes its accounts on 31 December of each year. For the fiscal year ended 31 December 2014 it had generated revenue of €426,580 and a profit of €77,561.

- **Amplitude Benelux** is a private limited liability company incorporated under Belgian law with capital of €18,550, with registered office at 475, Avenue Louise, Brussels (1050), Belgium, and registered under number 0549 982 971 in the Brussels Trade and Companies Register. It is the Group holding company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Belgium. The Company indirectly holds all the capital and voting rights of Amplitude Benelux.

Amplitude Benelux in its fiscal year ended 30 June 2015 of an exceptional duration of 6 months, generated revenue of €168,987 and a deficit of €43,963.

- **Amplitude India Private Ltd** is a company incorporated under Indian law with capital of 100,000 rupees, with registered office at Sr. No. 213, Plot No. 62, Rishiniwas, Kalyani Nagar, Pune (411006), Maharashtra, India, and registered under number U74900PN2013FTC148594 in the Pune Trade and Companies Register. The Company indirectly holds all the capital and voting rights of Amplitude India Private Ltd. This subsidiary does not carry out any activities on the date of this Registration Document.

  On the date of this Registration Document Amplitude India has not started up its business.

- **Amplitude Latin America** is a public limited company under Brazilian law with capital of 2,516,494.31 *reais*, with registered office at 1460, Rua 06, sala 45, Rio Claro (CEP 13500-190), Brazil, and registered under number 10 978 692/0001-09 in the Trade and Companies Register of the State of São Paulo. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Latin America. As of the date of this Registration Document, Amplitude Latin America is owned 60% by Amplitude SAS and 40% by its founder and chief executive officer and by various investment funds (MDT – Indústria, Comércio, Importação e Exportação de Implantes S.A., Pátria Brazilian Private Equity Fund – Fundo de Investimento EM Participações, Brasil Private Equity IV-Fundo de Investimento EM Participações).

  Amplitude Latam closes its accounts on 31 December of each year. For the fiscal year ended 30 December 2014, the company generated revenue of 15,667 thousand *reais* and a profit of 2,927 *reais*.

- **Matsumoto Amplitude Inc**. is a company incorporated under Japanese law with capital of 10,000,000 yen with registered office at 1-11-4 Yushima, Bunkyo-ku, Tokyo, Japan, and registered under number 0100-01-157777 in the Trade and Companies Register. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Asia. As of the date of this Registration Document, Matusmoto Amplitude Inc. is 80% owned by Amplitude SAS and 20% by Mr Takeshi Matsumoto who also fulfils the functions of representative director.

  On the date of this Registration Document Matsumoto Amplitude Inc. has not started up its business.

- **Amplitude Australia PTY Ltd** is a company incorporated under Australian law with capital of AU$136, with registered office at 263, Clarence Street, Level 7, Sydney NSW 2000, Australia, and registered under number ACN 161 470 622 in the Trade and Companies Register of the State of Victoria. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Australia. As of the date of this Registration Document, Amplitude Australia pty is 75% owned directly and indirectly by Amplitude Surgical and 25% by Austofix Group Limited.

  Amplitude Australia Pty generated revenue of AU$11,047,003 and a profit of AU$52,116 in the fiscal year ended 30 June 2015.

- **Amplitude Suisse** is a public limited company incorporated under the laws of Switzerland with capital of CHF 100,000, with registered office at 4 rue Pedro-Meylan, Geneva (1208), Switzerland, and registered under number CHE 100 103 729 in the Geneva Trade and Companies Register. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Switzerland and abroad. The Company indirectly holds all the capital and voting rights of this company.

  Amplitude Switzerland generated revenue of CHF 1,531,544 and a deficit of CHF 237,375 during the fiscal year ended 30 June 2015, of an exceptional duration of 18 months. Moreover the company was acquired on 1 July 2015.

- **Amplitude GmbH** is a company incorporated under German law with capital of €25,000, with registered office at Zotzenheim (55576), Germany, and registered under number HRB 734791 in the Stuttgart Trade and Companies Register. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in Germany. The Company indirectly holds all the capital and voting rights of this company.

  Amplitude GmbH generated revenue of €2,299,820 and a deficit of €199,387 in the fiscal year ended 30 June 2015. The company generated revenue of €2,083,077 and a deficit of €492,015 in the fiscal year ended 30 June 2014.

- **NovaStep SAS** is a simplified joint-stock company incorporated under French law with capital of €129,032, with registered office at Espace Performance Bâtiment C2, Saint-Grégoire (35760), France and registered under number 752 292 797 in the Rennes Trade and Companies Register. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in France and abroad. As of the date of this Registration Document, Novastep SAS is 69% owned by Amplitude SAS and 31% by its founders who also fulfils managerial functions at Novastep SAS.

  Novastep generated revenue of €1,685,435 and a deficit of €178,287 in the fiscal year ended 30 June 2015. The company generated revenue of €48,897 and a deficit of €675,315 in the fiscal year ended 30 June 2014.

- **Novastep Inc.** is a company incorporated under the laws of the State of Delaware, with capital of USD 1, with registered office at 1679 South Dupont Highway, Suite 100, City of Dover 19901, County of Kent, United States, and registered under number 37 - 1769377 in the Trade and Companies Register of the State of New Jersey. It is the company responsible for the marketing, import, export, sales and preparation of all medical products of the Group in the United States. As of the date of this Registration Document, Novastep Inc. is 85% owned by Amplitude SAS and 15% by its chief executive officer and director.

  Novastep Inc generated revenue of USD 160,464 and a deficit of USD 373,499 in the fiscal year ended 30 June 2015.

  During the fiscal year ended 30 June 2015, a new company was created by the Group:

- **Amplitude Orthopedics Corp.** is a company incorporated under the law of the State of Delaware, with the registered office at 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, County of New Castle. As of the date of this Registration Document, Amplitude Orthopedics Corp. is wholly owned by Amplitude SAS.

  On the date of this Registration Document Amplitude Orthopedics Corp. has not started up its business.

Contribution by significant subsidiaries as of 30 June 2014 and 30 June 2015 are presented in the table below:

For the year ended 30 June 2014						
Consolidated values (excluding dividends) (in thousands of euros)	**Fixed assets**	**Current assets**	**Shareholders' equity (Group share)**	**Financial debt**	**Cash flow**	**Dividends paid and recovered by the Company**
OrthoFin I	67,999.8	14,365.2	24,108.1	58,225.7	1.7	
OrthoFin II	101,058.4	2,915.0	61,787.9	28,941.2	60.1	
Amplitude SAS	28,397.2	49,774.9	10,612.5	19,821.4	1,462.8	-
Amplitude GmbH	717.2	1,981.3	(262.7)	-	88.084	-
Amplitude Benelux	-	-	-	-	-	-
Amplitude Suisse	-	-	-	-	-	-
Amplitude Australia PTY Ltd	2,510.6	6,092.2	1,182.4	-	250.2	-
Amplitude Latin America	4.0	5,984.4	1,360.8	-	1,059.9	-
Novastep SAS	784.6	405.7	175.9	-	101.0	-
Matsumoto Amplitude Inc.	-	72.3	72.3	-	72.3	-
Amplitude India Private Ltd	-	-	-	-	-	-
SCI Les Tilleuls	87.4	728.0	63.3	101.9	94.6	-
Intermediary holdings and consolidation adjustment	(83,708)	(31,564.3)	(77,375)	6,588	(5)	-
Consolidated totals	117,851	50,755	22,250	113,679	3,201	-

For the half year ended 30 June 2015						
Consolidated values (excluding dividends) (in thousands of euros)	**Fixed assets**	**Current assets**	**Shareholders' equity (Group share)**	**Financial debt**	**Cash flow**	**Dividends paid and recovered by the Company**
Amplitude (Surgical) OrthoFin I	106,412.0	96,694.4	124,653.6	72,607.1	51,951.2	-
Amplitude SAS	35,154,9	67,105,0	5,954.2	31,154.7	3,016.1	-
Amplitude GmbH	641.0	2,028.5	(486.2)	-	62.1	-
Amplitude Benelux	0.2	152.0	(28.8)	-	39.5	-
Amplitude Suisse	150.9	450.8	106.5	-	18.0	-
Amplitude Australia PTY Ltd	4,810.9	9,637.7	2,629.9	-	687.2	-
Amplitude Latin American	52.2	5,728.0	1,716.2	-	67.5	-
Novastep SAS	856.4	2,308.2	(295.4)	-	121.2	-
Novastep Inc.	8.1	531.9	(241.0)	-	53.6	-
Matsumoto Amplitude Inc.	144.5	8.9	73.4	34.0	0.6	-

For the half year ended 30 June 2015						
Consolidated values (excluding dividends) (in thousands of euros)	**Fixed assets**	**Current assets**	**Shareholders' equity (Group share)**	**Financial debt**	**Cash flow**	**Dividends paid and recovered by the Company**
SCI Les Tilleuls	3 347,6	682,6	253,9	3 553,5	92,5	-
Intermediary holdings and consolidation adjustment	(27,957.2)	(69,919.1)	(15,580.2)	(17,708.3)	-	-
Consolidated totals	123,622	115,409	118,756	89,641	56,110	-

7.3 SHAREHOLDERS' AGREEMENTS AND MINORITY INTERESTS

7.3.1 Novastep SAS

The shareholders' agreement concluded on 11 October 2013 between Amplitude SAS and managers of the company Novastep SAS includes the following provisions:

Reciprocal pre-emptive right:

Amplitude SAS and each of its managers, should they wish to transfer their securities, must have first offered them as a priority to other members (that is the other managers of Amplitude SAS, excluding Olivier Jallabert) who will have a pre-emptive right to acquire them.

Joint exit right (total and proportionate):

In the event of any transfer of securities or transaction of any nature whatsoever having as a consequence the loss by Amplitude of control of Novastep SAS, this may give rise to exercise of a total joint exit right for each of the managers.

Forced assignment:

(i) In the event of an offer of acquisition made to one of the parties for all securities of Novastep SAS: in the case of agreement of parties representing more than 50% of the capital of Novastep SAS on said offer, all members shall assign to the person making the offer, all their securities under the same terms and conditions.

(ii) In the event of a change of control of the Group for the benefit of a third party industrial enterprise: from 11 October 2015, in the event of an offer of acquisition by a third party industrial enterprise resulting in a change of control of the Group, the Group may require that other members of Novastep SAS should assign all their securities to said third party industrial enterprise making the offer of acquisition.

The price at which the beneficiaries of the promise will acquire the securities the subject of the promise shall be fixed on the basis of the financial conditions of the acquisition offer or with reference to the valuation of the Group's securities, as determined on the basis of revenues or revenues and EBITDA.

Liquidity clause:

The members shall periodically together examine the financial and strategic procedures for their exit, undertaking to make their best efforts to achieve a successful outcome. In default of total assignment of their securities on 31 December 2018, the managers shall be entitled to confer an exclusive assignment mandate for all the securities.

Managers' promise of sale:

Each of the managers irrevocably and unreservedly promises to other managers and to Amplitude SAS to sell them all of their securities in the event of their departure from the company. The price shall be calculated on the basis of the Group EBITDA and the Net Financial Debt of the Group (as defined in the agreement).

Amplitude promise of sale:

Amplitude irrevocably promises to sell to the managers all of the securities it holds from signature of the shareholders' agreement up to 11 October 2015. This promise may be exercised by the managers in the event of a change of control of the Amplitude Group for the benefit of a third party industrial enterprise within a deadline of six or twelve months from occurrence of the change of control of the Group or in the event of serious and repeated breach by Amplitude SAS of its obligations according to the shareholders' agreement, as well as in the event of the departure, without fault, of the Chairman of Novastep SAS, without the agreement of two of the three managers. The assignment price shall be based on the cost price of the securities and the nominal value of the shareholder account of Amplitude SAS.

Amplitude promise of purchase:

Amplitude irrevocably promises to acquire all securities held by managers from 11 October 2015 throughout the entire residual term of the shareholders' agreement. This promise may be enforced by the managers in the event of a change of control of the Group for the benefit of a third party industrial enterprise within a deadline of six months from occurrence of the change of control of the Group. The transfer price shall be based on the valuation of securities (aligned notably with a multiple of revenues for the last fiscal year ended or the revenues of the last fiscal year ended and the EBITDA).

Possibility of a capital contribution of securities held by the managers in Novastep to the Company:

From 11 October 2015, the managers may contribute one third of their securities as a capital contribution on the basis of the valuation of the Company calculated according to a multiple of EBITDA. This capital contribution may be made to a company dedicated to management.

From admission of the securities of one of the Group's companies to trading on a regulated market in Europe or a multilateral trading platform in Europe (for example, admission of the Company's shares on the Regulated market of Euronext Paris), the managers shall be entitled to contribute up to 50% of the securities of the company Novastep which they hold, against shares in the listed company. The valuation of shares thus contributed shall be made on the basis of a multiple of revenues and EBITDA, as demonstrated by the valuation in the framework of the initial public offering. From 1 January 2019, the Managers may contribute up to 100% of securities in the Company which they hold against shares in the listed company.

No valuation of the minority interests in Novastep is possible on the date of this Registration Document; the financial aggregates used as the basis for the valuation are very low given the very recent start-up of Novastep's business.

7.3.2 Novastep Inc.

The shareholders' agreement concluded in December 2014 between Amplitude SAS and the chief executive officer of Novastep Inc., includes the following:

Pre-emptive rights:

Novastep Inc. and Amplitude SAS shall successively have a pre-emptive right in the event of transfer of securities held by the chief executive officer of the Company.

Right of forced assignment:

In the event of an offer of acquisition for all shares held by Amplitude SAS, Amplitude SAS may require that the chief executive officer transfer all of his shares to the purchaser under the same terms and conditions.

Joint exit right:

Should Amplitude SAS decide to conduct a transaction involving more than 50% of the capital of Novastep Inc., the minority shareholder must be informed of such transaction and will be entitled to sell a certain proportion of its shares under the same terms and conditions.

Promise of sale by the chief executive officer and call option by Amplitude SAS:

During a period of six months following departure of the chief executive officer or in the event of a change of control of Novastep Inc., Amplitude SAS shall benefit from a call option on all securities held by the chief executive officer. The change of control expressly excludes cancellation of an initial public offering.

Also, during a period of six months following a departure classified as a *"good leaver departure"* or in the event of change of control of Novastep Inc., the chief executive officer shall have the benefit of a promise of purchase by Amplitude for all the securities he holds.

In the event that Amplitude's call option is exercised, the exercise price will be equal (i) to the higher of the cost of acquisition of its shares by the chief executive officer and the fair market value in the event of a change of control or a *"good leaver departure"*, and (ii) the lower of the costs of acquisition of its shares by the chief executive officer and the fair market value in the case of a *"bad leaver departure"*. In the event that a promise of sale held by the chief executive officer is exercised, the exercise price of the promise will be equal to the higher of the cost of acquisition of the shares by the chief executive officer and the fair market value. The fair market value is determined on the basis, according to the case, of the revenue, the gross margin, EBITDA and the debt of Novastep Inc.

No valuation is possible on the date of this Registration Document; the financial aggregates used as the basis for the valuation are very low given the very recent start-up of the Group's business.

7.3.3 Amplitude Latin America

The shareholders' agreement concluded on 31 January 2014 between MDT, Pátria Brazilian Private Equity Fund, Brazil Private Equity IV, Antonio Bueno and Amplitude SAS and the agreement for acquisition and subscription dated 9 December 2013, includes the following:

Put option for the benefit of MDT and call option for the benefit of Amplitude SAS for securities held by MDT:

MDT and Amplitude SAS respectively hold a call and put option in all of the hypotheses described below:

- 10% of Amplitude Latin America shares by exercising the call/put option within 30 days of submission of the financial statements for the fiscal year ended 31 December 2014 (the "**First Option**"); Following exercise of the First Option the Group acquired 10% of the shares of Amplitude Latin America on 18 May 2015 for a price of 3,868,380.24 *reais* (including interest), an amount paid on 29 May 2015;

- 10% of the shares of Amplitude Latin America, insofar as the First Call Option has not been exercised, or the totality of Amplitude Latin America shares held by MDT, on exercising the call/put option within 30 days of submission of the financial statements for the fiscal year ended 31 December 2015 (the "**Second Option**");

- all Amplitude Latin America shares held by MDT, insofar as the Second Call Option is not exercised, on exercising the call/put option within 30 days of submission of the financial statements for the fiscal year ended 31 December 2016;

- call/put option for the entirety of Amplitude Latin America shares held by MDT in the event of transfer of control of Amplitude SAS prior to 31 December 2016, it being specified that (i) in the event of a transfer of control through an initial public offering of Amplitude SAS before 31 December 2015, the option may be exercised exclusively during a period of 30 days from submission of the financial statements for the fiscal year ended 31 December 2015 and (ii) in the case of transfer of control between 1 January 2015 and 31 December 2015 otherwise than in the framework of an initial public offering or after 1 January 2016, the option may not be exercised except during a period of 30 days from submission of the financial statements for the period of 12 months in the month preceding the transfer of control;

- call/put option for the totality of Amplitude Latin America shares held by MDT in the event of a transfer of control of MDT before 31 December 2016, it being specified that in the case of a transfer of control between 1 January 2015 and 31 December 2016, the option may be exercised exclusively during a period of 30 days from submission of the financial statements for the 12 month period ending in the month preceding the transfer of control.

The transfer price of the shares is calculated on the basis of EBITDA reduced by net debt, as these items are determined on the basis of the audited financial statements for the last fiscal year, or the financial statements audited for the last twelve months, as applicable.

Call option for the benefit of MDT and put option for the benefit of Amplitude SAS for shares held by Amplitude SAS:

In the following scenarios, MDT and Amplitude SAS benefit respectively from a call option and a put option for the shares held by Amplitude SAS:

- from one year after implementation of the acquisition of Amplitude Latin America and during a period of thirty days following submission of the financial statements of Amplitude Latin America for the fiscal year ended 2014 if one of the following two events has occurred: (a) (i) the business plan fixed or any objective of EBITDA which had been fixed have not been achieved, and (ii) none of the licences (as defined in the agreement) were actually transferred to Amplitude Latin America or (b) Biotechnology Ortopedia Exportação Ltda (a company manufacturing orthopaedic prostheses and implants, the initial holder of regulatory authorisations) has violated the exclusive sublicensing agreement or if this agreement has terminated;

- 18 months from implementation of the acquisition of Amplitude Latin America and during a period of thirty days from such date, in the event that (a) Biotechnology Ortopedia Importação Ltda has violated the exclusive sub-licensing agreement or such agreement has terminated or (b) all licences (as defined in the agreement) have not actually been transferred to the Company on that date.

The price is calculated on the basis of the acquisition price of Amplitude Latin America.

The Group's commitment is evaluated as €6.6 million in the consolidated annual financial statements on 30 June 2015. This amount includes all minority interests, that is, 40% of the capital of Amplitude Latin America.

7.3.4 Matsumoto Amplitude Inc.

The shareholders' agreement and option agreement concluded on 19 December 2013 between Mr Takeshi Matsumoto and Amplitude SAS include the following:

Promise of sale:

Mr Matsumoto has granted Amplitude SAS a promise of sale in the event of his departure (cessation of functions or cancellation of one of the distribution, sub-distribution or service provision agreements).

Promise of purchase:

Amplitude has granted Mr Matsumoto a promise of purchase for all shares held by Mr Matsumoto in the event of a change of control of Amplitude SAS, with a change of control being defined as an acquisition of control of the company Matsumoto Amplitude Inc. by one or more persons other than Apax.

The exercise price of the sale promise is equal to (i) 50% of the fair market value for a *"good leaver departure"* and (ii)) 50% of the fair market value or the cost of acquisition of shares held by Mr Matsumoto, in the event of a *"bad leaver departure"*, whichever figure is lower. The exercise price of the purchase promise is equal to 50% of the fair market value of the shares concerned. The fair market value is calculated on the basis of the sum of multiples of revenues and EBITDA, reduced by net debt.

No valuation is possible on the date of this Registration Document; the financial aggregates used as the basis for the valuation are very low given the very recent start-up of the Group's business.

7.3.5 Amplitude Australia PTY Ltd

By virtue of an agreement, concluded in July 2013 and amended on 11 February 2015, Austofix Group Limited and Amplitude Australia Pty Ltd ("**Amplitude Australia**") agree on contribution of the assets of Austofix Group Limited to Amplitude Australia in exchange for a holding in Amplitude Australia of 25% of the capital and assignment of such holding to Amplitude Surgical under the terms and conditions described below. This transaction is regarded as one and the same transaction; it means that 100% of the subsidiary has been integrated in the consolidated financial statements since the date of the transaction.

In the event of an *"Apax Exit Event"* and at the latest 30 September 2015, 6 Amplitude Australia shares shall be acquired by the Company or one of its subsidiaries for an amount equal to AU$1,731,200.

At the latest on 30 September 2015, 11 Amplitude Australia shares will be exchanged for securities in the Company (the "**First Exchange**").

At the latest on 30 September 2015, 9 Amplitude Australia shares will be exchanged against securities in the company (the **Second Exchange**").

The purchase of 26 Amplitude Australia shares by the company was delayed given regulatory constraints related to the capital contribution formalities. In fact, finalising of this purchase requires preparing consolidated financial statements to enable the statutory auditors to prepare reports on the evaluation and the exchange parity governing issue of the company's securities to be exchanged for Amplitude Australia shares. The discussions initiated to find an interim solution with Austofix Group proved unsuccessful and the latter then brought proceedings in the Australian courts claiming damages and interest and cancellation of the securities swap agreement. However, the company is determined to continue the discussions with the Austofix Group and to finalise the purchase as promptly as possible.

At the latest on 31 December 2016, 8 Amplitude Australia shares will be exchanged against securities in the company (the "**Third Exchange**").

In the event of an *"Apax Exit Event"* after 30 September 2015 (and therefore after implementation, and in any event, of the First Exchange and the Second Exchange), the Third Exchange shall be implemented within a deadline of 14 days following the Apax Exit Event.

An *"Apax Exit Event"* is defined as the occurrence of one of the following three events: (i) transfer by Apax of 30% of securities of the Company (or of its significant subsidiaries) excluding implementation of such

transfer in the framework of an initial public offering, (ii) assignment of all or a significant proportion of the business or assets of the Company (or of one of its subsidiaries), or (iii) any other transaction which changes direct or indirect control exercised over the Company's securities or the voting procedures of the Board of Directors of the Company. The securities include ordinary shares, preference shares and the Convertible Bonds of the Company.

The Group's commitment is evaluated as €9.1 million in the consolidated annual financial statements on 30 June 2015. This amount includes all minority interest (that is 25% of the capital of Amplitude Australia Pty).

As a result of the Reorganisation and admission of the Company's shares to trading on the Regulated market of Euronext Paris, the securities which shall be handed over to Austofix Group Limited shall be ordinary shares of the Company.

See also Note 15 of the consolidated financial statements for the fiscal year ended 30 June 2015, as included in paragraph 20.1.2.1 "*Annual Financial statements of the Group*" in this Registration Document.

CHAPTER 8
REAL ESTATE ASSETS, PLANT AND EQUIPMENT

8.1 EXISTING OR PLANNED MAJOR TANGIBLE FIXED ASSETS

The majority of sites occupied by the Group are offices; as the Group has adopted the "*fabless*" model, it does not operate any manufacturing plants.

The Group companies do not own any real estate assets.

During the fiscal year ended 30 June 2015, the Group dedicated €691,645 to rent and rental expenses and €54,104 to maintenance of the real estate assets. Most of this expenditure is for lease agreements of which the term exceeds one year. The Group considers these real estate assets are adequate to cover its existing needs and that supplementary appropriate space could be made available should it prove necessary.

8.1.1 France

8.1.1.1 SCI Les Tilleuls

SCI Les Tilleuls holds a financial leasing agreement for its registered office and that of Amplitude SAS, located in Cours Offenbach in Valence (Land Register section EL: numbers 389 to 391, 396, 397 and 446), concluded on 4 April 2011 for a term of 15 years.

This site comprises:

- a building used as offices of a surface area of approximately 1,563 m^2 constructed on a plot of land of 5,000 m^2; and

- a second building used as offices of a surface area of approximately 3,780 m^2 constructed on a plot of land of 8,797 m^2.

The amount of investments in financial leasing is €4,000,000 spread over two tranches, the first corresponding to the price and acquisition costs (€3,274,600) and the second to the cost of works on fitting-out and building a connection between the two buildings (€725,400).

The rent is payable quarterly and incorporates a portion for reimbursement of the capital and a portion for interest calculated on the outstanding capital at a nominal rate of the three-month EURIBOR + 1.50%.

SCI Les Tilleuls has a call option on the building that is the subject of the financial leasing agreement. This option may be exercised either on maturity of the financial leasing agreement, i.e., 3 April 2026 for a price of €1.00 or in advance after expiry of the 7th year. In the latter case, the purchase price will be equal to the outstanding capital on the date of exercise of the option plus (i) 3% until the end of the 10th year, (ii) 2% from the start of the 11th year to the end of the 12th year, (iii) 1% from the start of the 13th year to the end of the 14th year (iv) without any increase thereafter.

The Group has incurred expenses for fitting-out the 1,563 m² Company's registered office in an overall amount of €1.5 million (excluding taxes). In order to finance the works, the Group will take out a new tranche of financial leasing in an amount of €1.212 million.

8.1.1.2 Amplitude SAS

Amplitude SAS is the lessee of the two sites which it occupies, located at Neyron (Ain) and Valence (Drôme) mainly used as offices.

Neyron site

The premises located at Neyron used exclusively as offices, having a surface area of 679 m^2, are occupied under a commercial lease concluded for a nine-year term from 19 March 2015 from completion of the works by the lessor and at the latest 15 May 2015. The annual rent, ex tax, ex charges is €78,410.52 to which is added supplementary rent of €9,000 paid during the first six years of the lease as consideration for performance of fitting-out works by the lessor. The rent (excluding the supplementary rent) is indexed annually on the basis of variations in the Index for Rent for Premises used for Tertiary Activities (ILAT).

Valence site

Amplitude SAS sub leases the premises leased by SCI Les Tilleuls under the financial leasing agreement described above, under a commercial subleasing agreement for use for the manufacture and marketing of all medical-surgical devices and products and for provision of medical-surgical services, of which the term is nine years from 4 April 2011.

Amplitude SAS is also the lessee of storage premises of a surface area of 248 m^2 located in Valence under a commercial lease granted for a nine-year term from 9 July 2012. Amplitude SAS will lease new storage premises of a surface area of 500 m^2 to replace these premises.

The annual rent, excluding tax, excluding charges, is €8,400.

The occupancy of the premises occupied by Amplitude SAS is 90% as of the date of this Registration Document.

8.1.1.3 Novastep SAS

By virtue of an agreement for the making available of premises and services granted for a term of one year from 1 September 2013 which may be renewed a maximum of three times for an equivalent term, Novastep occupies office premises located in Rennes of a total surface area of 88 m^2, as consideration for a monthly fee for all services provided of €1,074.65 excluding tax, excluding charges, to which is added a supporting fee at a flat rate of €130 excluding tax. The fee is increased by 10% per annum from the 3rd anniversary of the agreement, excluding the flat rate element which is indexed annually on the basis of the variation in the INSEE index for the cost of services.

8.1.2 International locations

The Group also has international locations in the following countries:

- In Australia, the Group is the lessee, under two leases, of premises used as offices occupied in Sydney having a surface area of 186 m², for an initial monthly rent of AU$3,842 excluding taxes, excluding charges (subject to an annual increase of 3.50%) granted for a term of five years from 1 January 2015 and in Adelaide of a surface area of 533 m², for an initial monthly rent of AU$5,281.25 (subject to an annual increase of 4%) granted for a term of five years from 1 January 2014;

- In Switzerland, the Group is the lessee, under a commercial lease, of premises in Geneva used as offices having a surface area of 68 m², occupied for an initial rent of CHF27,000 (which may be amended annually in proportion to the variation in the Swiss consumer price index subject to one month's notice from the lessor) granted for a term of five years from 15 December 2011;

- In the United Sates, the Group is the lessee, under a lease, of premises used as office in Nanuet, New York having a surface area of 1,326 square feet (approximately 123 m²), occupied for an annual rent of US$26,520 (inclusive of taxes and upkeep of the common parts) and granted for a term of one year from 1 January 2015;

- In Belgium the Group has concluded two domiciliation agreements in the framework of a services provision agreement respectively from 14 January and 11 June 2014, for premises located at 523 avenue Louise, 1050 Brussels for a total amount respectively of €100 and €150 excluding tax covering all affiliation costs and granted for an indeterminate period.

8.2 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Given its "*fabless*" model and the absence of hazardous substances in the products it stores and markets, the Group is not subject to extensive environmental regulation and legislation for operation in France of the Neyron site, comprising offices and the Valence site, comprising mainly office and storage space with a polymer powder laser sintering machine as its only production facility.

The Group is mainly subject to regulations applicable to electrical and electronic equipment waste (European Directive 2012/19/EU on waste electronic and electrical equipment ("WEEE"), and European Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment) in the framework of its activity of supplier of "AMPLIVISION®" to its customers (hospitals, clinics).
The Group complies with these regulations.

8.3 CORPORATE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

8.3.1 Methodological Note: organisation and method of reporting

For the first year, the statistics were collected from the Administration and Finance Division.

Corporate, environmental and social management is centralised at the Administration and Finance Division.

The quantitative indicators are the subject of reports.

The qualitative indicators are collected continuously on the basis of information issued by the accounts department or third parties.

8.3.1.1. Reporting scope and period

Considering the problems of data reliability except at Amplitude SAS, for the first year of publication exclusively the data relating to Amplitude SAS are published, apart from the data in the workforce table in paragraph 8.3.2.2. *"Workforce"* in this Registration Document for which the data are presented for the Group overall.

The data concern the fiscal year ended 30 June 2015, unless otherwise stated in the body of the report.

8.3.1.2. Pertinence of the selected indicators

The pertinence of the indicators considers the corporate, environmental and social impacts of Group Companies' activities and the risks associated with the challenges of its businesses.

Having regard to Group activities, the following information was not considered relevant and is therefore excluded from the report:

- Amount of provisions and guarantees for environmental risks.

- Preventive measures to reduce or remediate atmospheric, water and ground emissions which seriously impact on the environment.

- Consideration of noise or any other form of pollution specific to an activity.

- Measures adopted to preserve or extend biodiversity.
- Adaptation to the consequences of climate change.
- Use of land.
- Other actions promoting Human Rights.

8.3.1.3 Methodological details

Energy consumption considers the energy used for heating and air conditioning of buildings.

Water consumption considers use for sanitary facilities and upkeep of premises.

All water and energy consumption is calculated according to the same method, the recording of invoices defining the period of consumption.

The workforce includes employees present on 30 June 2015, whether under permanent or fixed-term, professional training or apprenticeship contracts.

Employees who had left the Group on 30 June 2015 are excluded from the workforce.

Employees joining or leaving the company include those holding permanent or fixed-term, professional training or apprenticeship contracts.

In the event of multiple-fixed term contracts over the period, only conclusion of the first contract is included with a single departure being recorded during the period.

Conversions of fixed-term to permanent contracts are neutralised.

Having regard to remuneration and its uprating, salaries include the 641 account heading after deducting the 649 account heading (CICE) and the charges include account headings 645, 647 and 648.

Having regard to the rate of absenteeism, absence for sickness including occupational sickness, absence caused by an occupational accident or when travelling to and from work and absence for family events are included.

The method of calculation is based on theoretical working hours and the actual hours of absence.

Occupation accidents are accidents occurring from 1 July 2014 to 30 June 2015 (excluding accidents when travelling to and from work).

The rate is calculated as follows: (number of accidents declared with sick leave, excluding accidents when travelling to and from work) / number of hours worked) x 1,000,000.

The number of hours worked is equivalent to the number of theoretical working hours reduced by absences during the period.

The accident severity rate is calculated as follows: (number of calendar days off sick following accidents / number of hours worked) x 1,000.

Training hours include DIF/CPF (*Droit Individuel à la Formation/Compte Personnel de Formation*), training in the workplace, deductible and non-deductible training and internal and external training.

8.3.1.4 External verification procedures

The corporate, environmental and social information was verified by an independent third party body, Mazars SAS, a member of the Mazars SA Network and the company's Statutory Auditors, duly accredited by COFRAC (*Comité Français d'Accréditation*), under number 3-1058 of which the remit can be consulted on the website www.cofrac.fr.

Their conclusions are presented in paragraph 8.3.5 *"Report of the third party independent body"* in this Registration Document.

8.3.2 Corporate liability

8.3.2.1 Corporate information

The success of Group strategy is founded on the commitment and motivation of its employees as well as compliance with the regulations in force.

The Group complies with the stipulations in the founding agreements of the International Labour Organization on:

- respect for the freedom of association and the right of collective bargaining;
- elimination of discrimination in respect of employment and occupation;
- elimination of forced or compulsory labour;
- effective abolition of child labour.

Having regard to the Group's scope of consolidation and its business, it was decided not to expand on these points since they are not considered pertinent for the Group.

8.3.2.2 Workforce

Total workforce (Amplitude Group)

On 30 June 2015, the Amplitude Group employed 248 staff, distributed as follows:

Country	**Workforce**
France	204
Of which Amplitude SAS	*188*
Excluding Amplitude SAS	*16*
Australia	15
Switzerland	3
Germany	9
Belgium	2
United States	6
Brazil	9
Total	**248**

Distribution of workforce per type of contract (Amplitude SAS)

Amplitude SAS employs few people on fixed-term or temporary contracts. Recourse to this type of contract is essentially made to cater for occasional peak demand.

Amplitude SAS ***(in percentage)***	**30/06/2015**	**30/06/2014**	**30/06/2013**
Permanent (CDI in the French acronym)	91%	90%	96%
Fixed-term (CDD in the French acronym)	9%	10%	4%

Distribution of workforce by grade (Amplitude SAS)

Amplitude SAS	Management	Non-Management
On 30 June 2015	86	102

Distribution of workforce per age range (employees registered under a permanent contract of employment)

The average age of Amplitude SAS employees was 36 years on 30 June 2015:

Age range	**Number of permanent staff**
18-30	54
31-45	86
> 45 years	32

Distribution of staff by gender (Amplitude SAS)

Amplitude SAS is committed to achieving gender balance in its workforce throughout all stages of professional life.

On 30 June 2015, women represented 45% of the Amplitude SAS workforce including 39% in management grade posts.

On 30 June 2015, men represented 55% of the Amplitude SAS workforce, including 51% in management grade posts.

8.3.2.3 Employment dynamics and induction

i. Recruitment

Amplitude SAS recruited 52 staff including all types of contract (permanent, fixed-term, apprenticeship and professional training) and all grades.

Amplitude SAS	**30/06/15**
Permanent (CDI)	27
Fixed-term (CDD)	25
Total	**52**

Amplitude inducts new staff members, for example by presenting the Company and issuing a welcome booklet, and fosters staff loyalty through periodic interviews and opportunities for internal promotion and mobility.

ii. Departures

During the 2014-2015 fiscal year, 20 employees left the company

Amplitude SAS	**30/06/2015**
Dismissals	1
Resignations/Expiry of fixed-term contracts/Expatriation	16
Termination of contract	3
Total	**20**

iii. Staff loyalty

Turnover

The turnover of Amplitude SAS is 12.8% (Departures / Workforce at the start of the period).

Average length of service

On 30 June 2015, the average length of service of Amplitude SAS staff employed under permanent contracts of employment was 4.87 years.

8.3.2.4 Remuneration

Trends of Amplitude SAS staff costs

Amplitude SAS *(in €K)*	**30/06/2015**	**30/06/2014**
Salaries	6,223	5,504
Charges	2,835	2,580

8.3.2.5 Organisation of working time

Duration and distribution of working time

The Group complies with local legislation on working time.

At Amplitude SAS, management grade staff are all contracted to work a set number of days throughout the year; full time non-management staff are bound by the collective fixed working time applicable at the Company, which is 38 hours per week.

Recourse to part-time working

The number of persons employed under part time contracts at Amplitude SAS was 14 on 30 June 2015, that is, 7% of the workforce.

8.3.2.6 Working Conditions

Health and safety conditions

The Group has always paid special attention to the health and safety of its staff.

In March 2015, Amplitude SAS published a safety booklet which is issued to all staff members and new recruits.

This booklet details the prevention organisation of the company by listing the most frequent risks to which staff are exposed and the means of reducing these to a minimum.

No health and safety at work agreement has been signed.

Number of accidents

As of 30 June 2015, 3 accidents (excluding accidents travelling to and from work) were recorded at Amplitude SAS.

Amplitude SAS	**30/06/2015**
Number of occupational accidents at (excluding accidents when travelling to and from work)	3
of which number of occupational accidents followed by sick leave	*2*

Accident Frequency rate

The frequency rate of occupational accidents (excluding accidents travelling to and from work) at Amplitude SAS calculated as the number of occupational accidents followed by sick leave, per millions of hours worked, was 7.08 on 30 June 2015.

Accident severity rate

The occupational accident severity rate (excluding accidents travelling to and from work) of Amplitude SAS calculated as the number of days' sick leave per 1,000 hours worked, was 0.12 on 30 June 2015.

Fire-fighting and first aid in the workplace training

From 1 July 2014 to 30 June 2015, 19 staff members participated in a fire-fighting training course on the correct conduct in the event of fire and how to handle a fire extinguisher.

From 1 July 2014 to 30 June 2015, 22 staff members participated in training in First Aid in the workplace.

Occupational illnesses

No occupational illness has ever been declared in the Group.

8.3.2.7 Equality of treatment

Equality of men-women

The Group is committed to equal treatment of men and women in comparable situations and in all areas: recruitment, remuneration, careers, training, etc.

In 2013, Amplitude SAS committed to an action plan based on three criteria:

- Equality in the actual remuneration of men and women,
- Non-discrimination on recruitment,
- Satisfactory work/life balance, review of working times to improve compatibility with parental responsibilities.

8.3.2.8 Training and skills management

Training

The training plan focuses on several key areas:

- The Group's strategic priorities,

- The needs compiled during annual interviews,

- Access to training by CPF and CIF,

- Specific needs linked to the profession (regulatory changes, legal, etc.).

On 30 June 2015, 176 Amplitude SAS employees followed training courses totalling 3,210 hours.

The average number of training hours followed by employees who received training was 18.24 hours.

On 30 June 2015, the budget allocated by Amplitude SAS to training was €75,913. This amount did not include internal training.

Training provided for staff covered various topics: products, regulatory change, management, health and safety, information technology, etc.

Annual reviews

For several years, Amplitude SAS has organised annual reviews for 100% of its employees.

The review is conducted with the manager, with a view to preparing an inventory of the previous year and planning the strategic priorities for the following year.

8.3.2.9 Employees and the enterprise

i. Employee survey

In 2015, Amplitude SAS conducted its first survey involving 192 members of staff.

The rate of participation in the survey was 70%.

It emerges that a majority of employees are highly motivated and satisfied at work.

ii. Absenteeism

The average absenteeism rate at Amplitude SAS was 3.74% on 30 June 2015.

iii. Corporate relationships

Staff representative bodies

There is a works council, and staff representatives who meet as the sole staff representative body at Amplitude SAS, along with a health and safety in the workplace committee.

The sole staff representative body comprises 7 elected holders (4 for the "operatives and office staff" college and 3 for the "technicians, supervisors and management" college) with the same number of deputies. The results of the latest elections were announced on 23 January 2015, the mandates having entered into effect on 29 January 2015 for a term of 4 years.

The health and safety in the workplace committee comprises 2 members (1 for the "operatives and office staff" college and 1 for the "technicians, supervisors and management" college) appointed on 27 May 2015 for a term of 2 years.

The Top Management of Amplitude SAS considers it maintains good relations with the staff representative bodies.

Collective agreements

The following collective agreements have been concluded at Amplitude SAS:

- Employees' profit-sharing agreement dated 20 June 2008 concluded for an indeterminate period.

- Rules for the company savings plan dated 14 June 2005, concluded for a term of one year, renewable automatically; and

- Rules of the collective pension savings plan dated 6 November 2014, concluded for an indeterminate period.

iv. Disabled employees

On 30 June 2015, Amplitude SAS employed 2 disabled workers.

Amplitude SAS also orders a proportion of its office supplies from ESAT (*Etablissement de Service d'Aide par le Travail*).

v. Combating discrimination

In 2013, Amplitude SAS produced a guide to good practices for combating recruitment discrimination.

The guide informs managers on the prohibition of all forms of discrimination during the recruitment process. It also indicates the information which may not be sought from applicants.

8.3.3 Social information

8.3.3.1 Territorial, economic and social impact of the company's business

The impact on employment and regional development is assessed according to the number of jobs created directly and indirectly by regional subcontracting of products.

Furthermore, the Group's impact on local or neighbouring populations is based on a recruitment policy which favours local recruitment; however, given the specific nature of the profiles sought, recruitment is also on a national basis.

8.3.3.2 Sponsorship

During the fiscal year, the Group established a partnership with the *Fondation Robert Ardouvin*.

The *Fondation Ardouvin* offers accommodation to children and adolescents referred by the *Aide Sociale à l'Enfance* (Children's Social Services) or directly by the children's judges in application of a child protection measure. It favours keeping siblings together.

The Foundation's *Village d'enfants* in Vercheny can accommodate 65 girls and boys aged from a few months old to 18, from the Drôme and other French geographical departments. Some children may remain at the centre up to the age of 21 years under a "young adult" contract should they wish to continue their studies or if they are experiencing difficulties in entering the world of work.

Sponsorship aims to improve the care for the children concerned, notably by financing the Foundation's projects to this end.

Amplitude SAS' contribution in the next fiscal year will be a donation to the Foundation, but also initiatives such as offering traineeships at the company, or employees' involvement in the association.

8.3.3.3 Subcontractors and suppliers

On 30 June 2015, Amplitude SAS cooperated with 105 suppliers and subcontractors of which 83% are based in France.

On 30 June 2015, Amplitude SAS had purchased goods totalling €20,288,558 from its French subcontractors and suppliers.

8.3.3.4 Ethical commitment of the Amplitude Group

The Group has established an Ethics committee which met for the first time in December 2014.

The purpose of the Ethics committee is to define the values and principles guiding our activities and the conduct of our collaborators and to ensure that they are followed.

The mission of the committee is notably to establish a Code of Ethics that will be applicable in all countries where the Group is located.

It is distributed to all group collaborators.

8.3.3.5 Relationships with persons and organisations involved in the company's business

Apprenticeship tax is paid to training establishments and schools from which we recruit students for professional training or apprenticeship contracts.

8.3.3.6 Consideration of social and environmental challenges in the purchasing policy

Given the importance of subcontracting and the supply of products for our business, but also given the lengthy selection and validation process, particular care is taken in maintaining long-term relationships of trust with our co-contractors.

8.3.3.7 Actions initiated to prevent corruption

Law No. 2011-2012 of 29 December 2011 on reinforcing the health standards for medicines and health products imposes an obligation to publish the existence of agreements or benefits offered to health professionals by companies manufacturing or marketing health products.

Amplitude strives to comply with its obligations and publishes on the "public transparency" website any agreements or benefits for health professionals.

8.3.3.8 Measures adopted to promote the health and safety of consumers

The Group undertakes to comply with the health and safety requirements stipulated in the Council Directive 93/42/EEC of 14 June 1993.

To be placed on the market in the European Union, a medical device must comply with the health and safety requirements defined in the Directive.

The placing on the market of a medical device is subject to obtaining CE marking before it is offered for sale. The CE marking certifies conformity of the medical device to the health and safety requirements set out in European legislation.

The manufacturer must compile an application which proves the resources used to meet the health and safety objectives set by the legislation.

Devices must be designed so that their use does not compromise the clinical condition of patients or the health and safety of patients and users. In addition, devices must fulfil the performance standards claimed by the manufacturer and any risks must be acceptable, having regard to the benefits for the patient.

EC marking applications are assessed by a notified body. This is a third party organisation responsible for evaluating the compliance of a medical device with the requirements for placing on the market provided for in the Directive. Notified bodies, which are appointed by the competent authorities in the various EU countries, must satisfy the criteria of independence, integrity and impartiality, training and competence.

8.3.4 Environmental Information

8.3.4.1 General Environmental Policy

The type of business of the Company and its subsidiaries does not generate any significant environmental risks.

8.3.4.2 Organisation of the company with regard to environmental questions and, if applicable, the procedures for environmental assessments and certification.

In July 2014, Amplitude SAS appointed a Security and Environment Technical Manager for the purposes of improving employee safety and addressing the environmental questions.

The development works in progress on the Valence building will result in improvements in the consumption of electricity by including, for example, movement detectors to manage the switching on and off of lights.

8.3.4.3 Actions for training and informing employees on protection of the environment.

The environmental safety booklet distributed to all Amplitude SAS employees raises awareness of employees and incorporates the following message:

*"**Energy***

Once the lighting levels are adequate, I will remember to turn off the light.

At night, and during any prolonged absence, I will switch off my computer and all devices which do not need to remain on standby.

I will use the heating and air conditioning sensibly.

Water

I will not throw used chemicals or waste into wash basins, toilets or drains.

To avoid waste, I will always turn off taps after using them.

I will notify my line manager if I observe a water leak.

Paper

To reduce consumption, I will remember:

To print only when necessary

To print on both sides of the page

To reuse paper for rough drafting"

8.3.4.4 Pollution and waste management

The business of Amplitude SAS is notably subject to environmental regulations under European Directives and Regulations:

- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on Waste Electrical and Electronic Equipment (the so-called "WEEE" directive); on 30 June 2015, no WEEE has been scrapped.

- Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 providing for the mandatory carrying out of energy audits in European Union large enterprises.

Amplitude SAS recycles boxes, approximately 645 cubic metres in the fiscal year ended 30 June 2015, as well as papers, toners and batteries.

Toners and batteries are recovered by brokers. Papers are recycled by the municipality.

8.3.4.5 Energy consumption

i. Energy consumption

Amplitude SAS energy consumption

Amplitude SAS	**Data at 30/06/2015**
Electricity in kWh	499,330
Gas in kWh	156,238

The gas consumption stated above covers the period from mid-March 2014 to mid-March 2015 in order to use the actual data rather than estimates.

The electricity consumption presented above covers the period mid-June 2014 to mid-June 2015 in order to use the actual data rather than estimates.

Consumption of fuel for business travel

On 30 June 2015, the fleet of Amplitude SAS comprised 39 vehicles (private and commercial); 68,358 litres of diesel were consumed over the fiscal year.

ii. Water consumption

Amplitude SAS uses water in its commercial and administrative buildings, notably in the air conditioning and sanitary systems and for upkeep of the premises. Water is extracted from the mains system.

Amplitude SAS water consumption was approximately 4,166 cubic metres on 30 June 2015.

The water consumption given above refers for the period June 2014 to May 2015, to water from the mains system and for the calendar year 2014, to water from the Bourne canal.

8.3.4.6 Greenhouse gas emissions and combating climate change

The manufacture and marketing of company products generates few direct CO2 emissions.

Direct CO2 emissions are generated by the natural gas used to heat the premises and vehicle emissions (transport during production and deliveries to customers, the company fleet, employees' travel).

8.3.4.7 Resources allocated to preventing environmental risks and pollution.

The parking areas at the Valence site are equipped with hydrocarbon separation tanks to process rainwater which may be contaminated by hydrocarbons in open air parking areas.

8.3.4.8 Consumption of raw materials and measures adopted to improve use efficiency

The Group has extensive recourse to subcontracting; however, Amplitude SAS has a sintering machine which uses polyamide powder.

Consumption of polyamide powder is reduced to a minimum (880 litres) since the company has established a policy for reasonable consumption of the raw material.

8.3.5 Report of the independent third party body

Report of the independent third party body on the consolidated corporate, environmental and social information in the management report

To shareholders

In our capacity of third party independent body, a member of the Mazars network, the statutory auditors of Amplitude Surgical, accredited by COFRAC under number 3-1058[9], we present our report on the consolidated corporate, environmental and social information for the fiscal year ended 30 June 2015 in the management report (hereinafter the "RSE Information"), pursuant to Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

It is the responsibility of the Board of Directors to prepare a management report incorporating the CSR Information provided at Article R.225-105-1 of the French Commercial Code according to the reference documents used by the company (hereinafter the "Reference Documents") of which a summary is given in the management report and available on request.

Independence and quality control

Our independence is defined by the regulatory texts, the code of ethics for the profession and pursuant to Article L.822-11 of the French Commercial Code. Furthermore, we have established a quality control system which incorporates documented procedures and policies ensuring compliance with the ethical rules, professional standards and the applicable statutory and regulatory texts.

Responsibility of the Independent Third Party Body

It is our responsibility on the basis of our work:

- to certify that the required CSR Information is presented in the management report or in the case of omission, explained pursuant to paragraph 3 of Article R.225-105 of the French Commercial Code (Certificate of inclusion of CSR Information);

- to provide a conclusion of moderate assurance that the CSR Information, taken overall, is presented, in all significant aspects, sincerely and pursuant to the Reference Documents (reasoned opinion on the sincerity of the CSR Information).

[9] Of which the remit is available on the website www.cofrac.fr

Our mission was performed by a team of 4 people between 16 September and 9 October 2015 over a period of approximately 3 weeks.

We conducted the works described below according to the professional standards applicable in France and the order of 13 May 2013 stipulating the methods according to which an independent third party body must conduct its mission and, concerning the reasoned opinion on sincerity and the reasonable assurance report, to International Standard ISAE 3000[10].

I – Certification of presence of CSR Information

On the basis of interviews with the Administration and Finance Director, we were informed of the statement of priorities for sustainable development given the corporate and environmental consequences of the company's activities and its social commitments and, if applicable, the resultant actions or programmes.

We compared the CSR Information presented in the management report with the list in Article R.225-105-1 of the French Commercial Code.

In the absence of certain detailed consolidated information, we verified that the explanations were provided pursuant to Article R.225-105 al.3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, that is, the company and its subsidiaries pursuant to Article L.233-1 and the companies it controls pursuant to Article L.233-3 of the French Commercial Code, subject to the limits specified in the methodological note in paragraph 8.3.1 of the management report.

On the basis of these works and considering the limits referred to above, we certify the presence in the management report of the required CSR Information.

II – Reasoned opinion on the sincerity of the CSR Information

Nature and extent of our mission

We conducted 3 interviews with the top management representative responsible for preparing the CSR Information and its compilation and, if applicable, also responsible for the internal control and risk management procedures, in order:

- to assess the appropriateness of the reference documents having regard to their pertinence, comprehensiveness, reliability, neutrality, comprehensibility and, if applicable, having regard to good practices in the sector;
- to verify the establishment of a process for collecting, compiling, processing and checking the comprehensiveness and consistency of the CSR Information and to become acquainted with the internal control and risk management procedures regarding the CSR Information.

We have identified the nature and extent of our tests and controls according to the nature and importance of the CSR Information having regard to the characteristics of the company, the corporate and environmental challenges of its business, its priorities on sustainable development and sector-specific good practices.

For the CSR Information which we considered most important[11]:

- for the consolidating entity we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions); we also analysed

[10] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

[11] Total number of male and female staff recruited under fixed-term or permanent contracts and dismissals, number of occupational accidents, with or without sick leave, total number of hours of training, consumption of energy in KWh (electricity and gas) consumption of water in m^3

quantitative information and verified, on the basis of sampling, the calculations and consolidation of data and verified their consistency and concordance with other information in the management report;

- for a representative sample of the entities we selected[12] according to the nature of their business, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify correct application of the procedures and carried out detailed tests on the basis of samples, to verify the calculations made and reconcile the data in the documentary proof.

The sample selected represented on average 76% of employees and between 97% and 100% of the quantitative environmental information.

For other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the company.

Finally, we assessed the pertinence of the explanations, if applicable, of the total or partial absence of certain information.

We consider that the sampling methods and the size of samples selected by exercising our professional judgement enable us to express a conclusion of moderate assurance; a higher standard of assurance would have required a more extensive audit. Given recourse to sampling and other limitations intrinsic to the functioning of any information system and internal control, the risk of non-detection of a significant anomaly in the CSR Information cannot be totally eliminated.

Conclusion

On the basis of our work, we did not detect any significant anomalies of a nature to doubt that the CSR Information, taken overall, is presented sincerely, according to the Reference Documents.

Done in Paris La Défense, 30 October 2015

Independent third party body

MAZARS SAS

Emmanuelle Rigaudias

[12] Amplitude SAS

CHAPTER 9
EXAMINATION OF THE FINANCIAL POSITION AND OF THE RESULTS

In application of Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is incorporated by reference in this Registration Document: examination of the financial position and results of the Group for the fiscal years ended 30 June 2014 and 30 June 2013 shown on pages 163 to 167 of the French version of the Registration Document filed with the *Autorité des marchés financiers* on 26 May 2015 as number I.15-044 (page 65 to 67 of the English version). The parts which are not included in this document are either not pertinent for investors or covered elsewhere in the Registration Document.

Readers are invited to read the following information regarding the financial results of the Group in conjunction with the consolidated Group financial statements for the fiscal years ended 30 June 2014 and 2015, as highlighted in paragraph 20.1.1.1 "*Annual consolidated financial statements of the Group"* in this Registration Document.

The Company's fiscal year runs from 1 July to 30 June of the following year.

The Group's consolidated financial statements for the fiscal years ended 30 June 2014 and 2015 were prepared in accordance with IFRS standards as adopted by the European Union. The auditors' reports on the consolidated financial statements for the fiscal year ended 30 June 2015 are presented in paragraph 20.1.1.2 "*Report of the Statutory Auditors*" of this Registration Document.

The review of the financial statements and profit is presented in euros, and all values are rounded to the nearest tenth of a million, unless otherwise indicated. The totals and sub-totals contained in the review of the financial statements and profit are given in thousands of euros, and all values are rounded to the nearest tenth of a million. Consequently, the totals may not add up because of roundings.

9.1 OVERVIEW

9.1.1 Introduction

The Group is one of the leading French players in the provision of lower limb prostheses (hip, knee, and lower extremities).

The Group was established in December 1997, and launched its first products onto the market in 1999. The Group has operations in 31 countries, through 11 subsidiary operating companies (2 in France and 9 in the rest of the world). In terms of market share, the Group is currently ranked second and fourth in the French market in knee and hip prostheses, respectively. In terms of market share, the Group ranks seventh and eighth in Europe in knee and hip prostheses respectively. (*Source: Avicenne Medical market research, European orthopaedics market 2013-2018, November 2014*).

The Group designs and markets a complete and innovative range of orthopaedic products for surgical use, covering the main pathologies of the lower limbs, which could affect the hip, the knee, and the lower extremities (foot and ankle). The Group's product range includes the SCORE® range of moving plate knee prostheses, and the ANATOMIC® range of, fixed plate knee prostheses. Hip prostheses include the INTEGRALE® pin, the SATURNE® acetabulum (double mobility acetabulum), or the H2 acetabulum (in Delta ceramic). The Group is also active in the lower extremities sector through its subsidiaries Novastep SAS and Novastep Inc. Lower limb prostheses include the intramedullary implant LYNC® designed for the treatment of Hallux Valgus. For the fiscal year ended 30 June 2015, the Group sold 40,753 prostheses, of which 15,703 were hip prostheses, 20,248 were knee prostheses and 4,802 were foot prostheses.

This product offering is enhanced through additional innovative services with a high added-value (e.g., training, instrumentation, navigation, clinical follow-up). In particular, the Group has developed its

AMPLIVISION® navigation system, i.M.A.G.E® system and E.T.O.I.L.E® technical platform (a global offering for the anterior approach in the context of hip surgery).

The Group's products are used in 360 establishments in France and 420 international ones. The Group seeks to respond in the best way possible to the needs of patients, surgeons, and healthcare establishments. Its primary objectives are to increase the accuracy of fitting and insertion, patient safety in relation to operative follow-up and the timeframe of the operation itself in order to reduce patient rehabilitation time, as well as to offer surgeons ergonomic instruments which allow minimally invasive procedures. The Group distributes its products directly, through its subsidiaries, and indirectly, through agents and exclusive distributors, or through a combination of these by employing its own sales force or that of its distributors.

The Group has developed close relationships with surgeons, opinion leaders in France and abroad, with a view to developing innovative techniques and assuring clinical follow-up of the fitted prostheses.

During the fiscal years ended 30 June 2014 and 30 June 2015, the Group achieved revenues of €58.2 million and €71.1 million respectively, and an EBITDA of €12.8 million and €13.4 million respectively.

As at 30 June 2015, the Group employed 248 salaried staff, in France and overseas, of which 52 were engineers, dedicated to research and development.

9.1.2 Significant accounting principles

The following are the significant accounting principles applied by the Group:

Segment reporting

All Group activity is reported within the specific branch of the business activity, namely, research & development and sales of orthopaedic prostheses and associated instrumentation. No distinction is made at a single operational level between hip and knee. Furthermore, the "extremities" activity is included within an identical operational team. The commercial subsidiaries and distributors distribute the same range of products. Finally, the Group has centralised all of its management functions (administration, commercial and R&D) at its headquarters. As a result, the Group has two cash-generating units ("**CGUs**"), one corresponding to the Company and the other bringing together all its consolidated international subsidiaries.

The Group's revenues can be broken down by geographic area, which corresponds to the internal reporting units used by the management of the Group, to the internal organisation of the Group and the different developments of the Group within these markets:

- the French market, where the Group has built up long-term customer relationships and a strong position through its network of exclusive selling agents; and

- the rest of the world, where the Group has a presence either through its direct sales subsidiaries, or through its distribution network.

The Company is able to separate its activity into two cash-generating units (CGUs), with the activity carried out from France on the one hand, and the activity carried out internationally from its subsidiaries on the other. Thus, the Company's goodwill shall be allocated to each of these CGUs, and shall form the subject of an individualised impairment test.

The goodwill test carried out to 30 June 2015, based on the two CGUs, gives recoverable values higher than the amounts of assets to be tested recorded in the financial statements, based on projected discounted cash flow.

Revenues

The Group's revenues can be broken down by customer type:

- public and private hospitals and clinics (both in and outside of France);
- distributors (outside of France); and
- sales agents (both in and outside of France), to whom the Group either sells products or leases ancillaries.

For hospitals and clinics: only prostheses are sold to hospitals and clinics. Ancillaries and software, for example, the AMPLIVISION® Navigation software or the i.M.A.G.E system, are generally provided free of charge.

There are two invoicing methods for prostheses:

- prostheses sold on consignment: volume of inventory is adjusted according to the level of activity of the establishment concerned. The Group is informed on a daily basis of the number of fittings carried out, on the basis of which the Group invoices and replenishes the consigned inventory. Revenues are recognised when an invoice is issued;
- prostheses which are not sold on consignment: all sizes and types of prostheses necessary for planned operations are delivered to the hospital in time for the procedure. After the surgical procedure has been carried out the unused prostheses stock is returned to the Group and the hospital is invoiced for the prostheses used.

Ancillaries and software (notably AMPLIVISION® or the i.M.A.G.E® system) are provided free of charge in France. In other countries (e.g., Switzerland) they are leased for a daily charge. Ancillaries provided free of charge or leased are included in tangible assets.

The Group requires a significant level of traceability. For this reason the expiry dates and batch numbers detailed on the invoice are necessary for the calculation of revenues, and payment could be delayed if they are not included.

For distributors: The Group sells prostheses and ancillaries to its distributors. Revenues are recognised when the products are despatched, according to the Incoterms applied. In most cases delivery is ex-works, with the Group relinquishing ownership as soon as the products leave its premises.

For sales agents: Generally, sales agents do not take ownership of the Group's products. However, in France some of them may purchase or lease ancillaries. In the case of purchase, revenues are recognised as soon as the ancillary is despatched to the agent. Where an item is leased, revenues are recognised in the month during which the product is leased, according to the negotiated terms of the agreement.

Tangible fixed assets

The sale of orthopaedic prostheses necessitates the sale or supply of ancillaries (accessory surgical instruments) to be made available for different surgical procedures and which are adaptable to the specific needs of each patient. Ancillaries are included in tangible fixed assets.

Tangible fixed assets are included on the balance sheet at their historical purchase cost. They are not revalued.

Items of significant value financed under finance lease agreements, where the risks and benefits of their ownership are transferred to the Group, are included as assets on the balance sheet. The corresponding debt is included as a liability under financial debt.

Investment grants are included in liabilities under Other current liabilities.

The components of a fixed asset are accounted for separately if there is a significant difference in the estimated length of their useful economic life, and therefore in their amortisation period.

Amortisation is calculated on the depreciable amount, which is the cost of the asset or any other amount equal to the cost. Given the nature of the tangible assets, no value is considered at the end of their useful economic life.

Amortisation on expenses is calculated on a straight-line basis on the estimated use of each component of a fixed asset, which represents the best estimated rate of consumption of the future economic benefit of the asset.

Leased assets are amortised on the shorter of the term of the leasing agreement, and their useful economic life, unless the Group is reasonably certain of assuming ownership by the end of the lease term.

Land is not amortised.

Estimated durations are detailed in Note 3.7 of the consolidated financial statements for the fiscal year ended 30 June 2015, which is highlighted in paragraph 20.1.2.1 "*Annual consolidated financial statements of the Group*" of this Registration Document.

Amortisation methods, useful economic life, and residual values are reviewed every fiscal year end and adjusted accordingly.

The replacement cost of a tangible fixed asset is included in its book value if the Group is likely to derive future economic benefit from the asset and if its cost can be determined using a reliable method.

The book value of the replaced asset is excluded.

Current care and maintenance costs are included in expenses at the time they are incurred.

Inventory

The Group's marketing of orthopaedic prostheses also necessitates the provision of consignment stock to customers and, periodically, to its distribution network. Consignment stock is comprised of a complete range of prostheses (kits, sizes, accessories) for different surgical procedures. Invoicing of orthopaedic prostheses, either to distributors or to healthcare establishments, occurs on communication of information related to the fitting of the prostheses, and triggers a request from the customers to replenish consignment stock of the products.

Inventory of materials and finished products are valued at the lower of cost and net realisable value.

Goods and raw materials are valued using the weighted average unit cost method. Storage expenses are not included in inventory values.

Products in progress and finished products are valued at their production cost. A proportion of indirect costs of production is calculated on the normal basis of production capacity, excluding all idle capacity and storage costs.

A provision for inventory depreciation is made when the gross value, calculated using the method detailed above, is greater than or equal to the realisable value, after subtracting the proportional sales cost.

In compliance with legal requirements, the Group has implemented a traceability system for all of its products. In particular, before the expiry date has passed, the inventory is returned and rejected (for perishable inventory, e.g., prostheses made from polyethylene), or is resterilised (in the case of other materials, for example metal prostheses, the expiry date of which is relating to sterilisation). Since the inventory is rotated on a regular basis in respect of its expiry date, the number of prostheses actually rejected is low.

Goodwill

Business combinations are accounted for according to the acquisition method. The assets and contingent liabilities of the acquired entity are valued at fair value on the date of acquisition. Valuation differences identified after the date of acquisition are accounted for within the individual asset and liability accounts in question. The residual difference, which represents the difference between the cost of the acquisition of the securities, and the proportionate Group share in the fair value valuation of identified assets and liabilities, is included in goodwill.

Goodwill is subject to an impairment test at least once annually. Depreciation analyses are carried out on the assets tested, either individually or at the cash-generating unit level of the smallest identifiable group of assets which generates cash inflows independently. Goodwill is tested at the level of the cash-generating unit concerned. An amount for depreciation is booked when the carrying amount of the goodwill is greater than its recoverable amount. The recoverable amount is the projected cash flow realised from continued use of the assets concerned. Depreciation allocated to the cash-generating unit is imputed in order, first to goodwill, then to the value of the other assets within the cash-generating unit, up to their recoverable amount.

The items included in goodwill as at 30 June 2015 are detailed in paragraph 10.5 "*Goodwill*" of this Registration Document.

As at 30 June 2015, impairment testing was carried out on the basis of the discounted cash flow method, using the following parameters and assumptions:

- taking into account the business plan for the period from 1 July 2015 to 30 June 2025;
- a perpetuity growth rate of 2.5%;
- actualisation at a rate of 10% of expected cash flows; and
- the value test confirmed the carrying amount of the assets of two CGUs (including goodwill).

Intangible assets

Intangible assets are presented on the balance sheet at cost. Any intangible assets identified at the time of an acquisition are also included in this figure. These assets consist mainly of patents and software.

The Company exploits patents which it owns outright, or which it holds under licensing agreements.

Only patents owned outright are included in intangible assets. Licensing agreements are not included in assets (the relevant royalties being included in external expenses).

The Group holds some patents which have been developed in partnership with inventors, some of which give rise to the payment of royalties which are indexed on future sales. Historically, these patents have been accounted as assets by estimating flow of future royalties, and as counterpart a debt has been accounted for the same amount. The patent is subsequently amortised on a non straight-line basis, based on the royalties effectively due for the period, the initial debt being settled as the royalties are paid.

The above described accounting treatment has been reviewed in light of the applicable IFRS standards. The new accounting treatment that will be applied will result in a revaluation of the amount of debt accounted for in respect of royalties based on the valuation of the total amount of royalties to be paid over the utilisation period of the asset.

The Group has been applying this accounting method since closure of the accounts prepared for the year ended 30 June 2015. Consequently, the debt accounted for in respect of royalties has been revalued retrospectively at 30 June 2014. The difference in accounting treatment does not have a significant impact on the liabilities of the Group which is estimated at €1.4 million. This difference does not have a significant impact on the other accounting aggregates of the Group.

Research and development costs

Research and development expenses are booked in the fiscal year in which they are incurred. Research Tax Credit is deducted from the research and development costs that are booked to expenses.

Research and development costs can be capitalised immediately (as intangible assets) in respect of certain projects (for example certain prototypes), but only where the Group can demonstrate that the following conditions are fulfilled:

- its intention and financial ability to carry out the development project from start to finish;
- any future revenues benefit attributable to these development costs are likely to flow back to the Group; and
- the cost of the asset can be assessed using a reliable method.

Provisions for risk

Provisions are made where the Group has a legal or implied obligation resulting from a past event, and where there is the likelihood of an outflow of economic resources, without a corresponding inflow, in order to meet the obligation.

These provisions are estimated taking into account the most probable assumptions on the date of preparation of the financial statements.

If the effect of their value over time is significant, the provisions are discounted.

Tax

Tax on profits (expense or income) comprises the tax liability expense (income) and the deferred tax expense (income). Current and deferred taxes are booked to the profit and loss account unless they relate to a business combination, to items that are recorded directly in capital reserves or to other elements of the consolidated profit and loss account.

Tax due is comprised of:

- the estimated total tax due (or receivable) as income (or expense) in a given period, determined by using tax rates in force at the date of closing of the accounts; and
- all adjustments of tax liability relating to prior periods.

The Group calculates deferred taxes on the basis of timing differences between the book value of assets and liabilities, and their tax basis. The following elements are not included in the deferred taxes calculation:

- the initial recording of an asset or liability in a transaction which is not a business combination and which impacts neither the book profit nor the taxable profit; and

- timing differences related to shareholdings in subsidiary companies and joint ventures to the extent that they are not likely to be reversed in the foreseeable future.

Deferred taxes are not calculated on the taxable timing differences generated the first time that goodwill is booked. Deferred tax assets and liabilities are valued at the rates of tax in force or expected to be in force for the period during which the asset would be realised and the liability settled, on the basis of the tax rules in force or applicable at the date of closing of the accounts. Deferred tax assets and liabilities are offset in accordance with tax legislation which allows for the offsetting of taxable assets and liabilities, and if this relates to tax levied on profits by the same tax authority, whether it relates to the same taxable company or a different taxable company, but which has the intention of settling the taxable assets and liabilities on the basis of their net value, or of realising the assets and settling the liabilities at the same time.

A deferred tax asset is not recorded in respect of deductible timing differences, unused tax losses and tax credits, except to the extent that the Group is likely to have future taxable profits against which to offset them.

Deferred tax assets are reviewed on the date of closing of the accounts.

Fair value

A certain number of accounting policies and a certain amount of information are necessary in the calculation of the fair value of financial and non-financial assets and liabilities. Fair value calculation related mainly to interest rate hedging instruments such as Convertible Bonds and share subscription warrants ("**BSAs**").

Fair values are determined for the purposes of evaluation or supplied information, using the following methods:

- tangible fixed assets: the fair value of tangible fixed assets recorded after a business combination is based on market value. The market value of property is the estimated amount for which this asset can be sold, as at the date of valuation, after the appropriate advertising, between well-informed and consenting parties acting within normal market conditions. The fair value of fixtures, fittings and equipment is based on market approach and the profit approach by using the price quoted for similar items where this is available, or the cost of replacement where appropriate;

- intangible assets: the fair value of intangible assets is based on expected discounted cash flow on the use and eventual re-sale of the assets;

- inventory: the fair value of inventory acquired as part of a business combination is determined on the basis of the estimated sale price in the course of normal business activity, less the estimated completion and resale costs, and at a reasonable profit to reward the necessary efforts required to finish and sell the goods; and

- derivatives: the fair value of interest rate swaps is based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments for the credit risk of the Group Company concerned, and of the counter party where appropriate.

9.1.3 Main items in the profit and loss account

The main items included in the profit and loss account on which the Group's management relies to analyse its consolidated financial results are set out below.

Revenues

Revenues comprise (i) sales of prostheses to healthcare establishments and to distributors, and (ii) sales of ancillaries to distributors. The Group may also occasionally sell or lease ancillaries to its sales agents. In

France, the price booked is the price set by the LPPR (or its equivalent outside France) where the customer is a private establishment, or the price quoted in an invitation to tender where the customer is a public establishment.

The Group's distribution models are described in paragraph 6.5.4.3 *"The Group's distribution models"* in this Registration Document.

Fixed asset inventory

Fixed asset inventory refers to inventories of prostheses and ancillaries. Ancillaries comprise different instruments and components. These instruments and components are stocked, and then assembled to make an ancillary. Instruments and components are removed from the inventory, and ancillaries that are made from them are capitalised on their first use.

Expenses

Expenses essentially comprise:

- purchases of components and all the constituent elements and parts of a product (e.g., forging, packaging, instructions);

- processing operations which are included in the price invoiced by suppliers for the following processes: factory handling, polishing, carving, assembly, packaging, surface treatment and sterilisation;

- other purchases and external expenses, which mainly comprise commissions paid to selling agents (based on the revenues generated), or to the supplier of services, subsidiaries' expenses, insurance premiums, temporary staff expenses and travel expenses;

- taxes, levies and related payments such as Company land and property tax (French CFE), tax on medical devices, payroll tax, (e.g., apprenticeship, continuous professional development, paid training). The expense for Company value added tax is included under the heading "tax on profits" and not in operational expenses; and

- employee expenses, made up of salaries and related costs, retirement severance pay, employee profit share and incentive bonuses.

Impairment allowances and provisions, net of reversals

Impairment allowances relate primarily to ancillaries, patents owned by the Group, the building in Valence which is owned by the Group, and provisions for risks and charges (mainly in respect of legal disputes to which the Group is exposed).

Other operating income and expenses

Other operating income and expenses mainly comprise licence fees paid in respect of exclusive licensing agreements granted to the Group (royalties), in addition to income from the Research Tax Credit (French CIR).

Operating income

Operating income is revenues less operating expenses.

Operating income can include non-recurring items (e.g., occasional payments in relation to registering a product or to the discontinuation of a product). In particular, the Group incurred exceptional expenses when the Notified Body was changed (from the DEKRA to the BSI) and when the ERP was launched.

Operating income relates to current operating income.

Financial income

The Group's financial income consists of financial revenues less financial expenses.

Financial revenues essentially comprise financial revenues relating to investments and gains on foreign exchange.

Financial expenses are essentially interest paid or capitalised in respect of the Group's debt (senior loan contract and mezzanine debt prior to 2014, bonds from 2014, Convertible Bonds, property finance leasing and securitisation (factoring)).

Tax on profits

Tax on profits represents the tax expense for the fiscal year made up of corporation tax paid or deferred, value added tax payments, and allowances and reversals on tax provisions.

Deferred taxes

The Group calculates deferred taxes on the basis of timing differences between the book value of assets and liabilities, and their tax basis.

Net profit

Net profit represents the profit after current and deferred taxes. The minority share relates to interests held by third parties in Group subsidiaries in Australia and Brazil, as well as in the United States and France (Novastep Inc. and Novastep).

9.1.4 Main factors affecting profit

Certain key factors as well as key past events and operations had, and could continue to have, an effect on the business and profits of the Group. These factors are described below.

Health policies and reimbursement prices

Group business activities are carried out within the healthcare field, and are therefore affected by the prevailing regulatory and economic environment. More specifically, public health policies and reimbursement levels have a direct effect in those countries in which the Group sells directly to healthcare establishments (this is especially true where the price is fixed by health insurance policies), or indirectly where the Group sells its products through distributors who are themselves subject to these policies. The total sum of healthcare costs and the level of reimbursement therefore have a direct impact on Group business activities and on its profits.

The selling price of the Group's products is the most important element of its profits, since this price is often fixed by law. For example, in 2012, the French government, with a view to reducing healthcare costs, changed the medical reimbursement rates for hip and knee prostheses by 10.5% and 5.5% respectively. This reduction was phased in over three years, namely 2013, 2014 and 2015 (the final reduction having taken effect on 1 September 2015). Each such rate reduction can have a significant impact on Group profits on the basis that 70% of its revenues is attributable to France.

Regulatory background and developments

The control, manufacture and sale of the Group's products are dependent on obtaining and maintaining the necessary legal and regulatory certifications for the sale and marketing of medical devices. The Group's products are the object of strict regulatory rules which are constantly changing. Adherence to these

regulations can prove to be expensive. These regulatory changes can have a significant impact on the Group's business activities, and therefore on its profits. In particular, each regulatory change could require the Group to conform to a new set of rules, and could force it to reapply for authorisations or licences.

For example, the regulation of medical devices is similar to applicable requirements in the pharmaceutical sector. The Group is forced to undertake a great deal of preparatory validation and clinical work in order to justify keeping its products on the market. The Group therefore has to ask surgeons to follow up with their patients every 5 years (primarily to check whether the product is still correctly positioned, and in good condition).

Currency fluctuations

As a result, the Group generally manufactures its own products and pays for this in euros, with the exception of certain products that are manufactured in Australia and the United States. On the other hand, the Group sells its products in local currency when marketing products through its foreign subsidiaries and invoices in euros when selling products to distributors located abroad.

Therefore, the Group presents its financial statements in euros. Consequently, in preparing its accounts the Group has to convert its assets, liabilities, revenues and expenses from foreign currency into euros, using the relevant exchange rates in effect. Exchange rate differences can therefore affect the value of these items within the accounts (and can also impact the profit expressed in euros) even if their intrinsic value remains unchanged.

The main currency fluctuations affecting the Group's results are those between the euro on one hand, and the US dollar, the Australian dollar, the Swiss franc and the Brazilian real on the other. As at the date of this Registration Document, the Group did not hold any hedging instruments for currency fluctuations.

Operating expenses

The Group's has a significant number of operating expenses, which primarily include:

- research and development costs: the Group carries out research and development activities in Valence, France, and in Australia (where it has two research facilities, namely in Sydney and Adelaide). Research and development costs are financed by the Group using shareholders' equity. The majority of research and development costs are booked as expenses, except those research and development costs that fulfil the necessary criteria allowing them to be capitalised as assets. These costs are not identified separately, but are included in operating expenses. Research and development costs are categorised by type and destination. They mainly comprise costs related to the registration of products (e.g., FDA, ANVISA, JPMA, TGA);

- sales and marketing expenses: advertising and marketing expenses relate essentially to commissions paid to selling agents (the total of which is booked proportionally as revenue), product launches, conferences attended by the Group and recruitment of the Group's sales force; and

- administrative expenses: administrative expenses are essentially the costs of setting up in a country, Group structuring expenses, and employee expenses.

Other operating expenses	**Fiscal year ended 30 June**		
(in thousands of euros)	**2015**	**2014**	**2013**
Revenues	71,090	58,228	50,268
Gross profit	54,139	44,605	38,147
As a % of revenues	*76.2%*	*76.6%*	*75.9%*
Sales and marketing expenses	26,802	20,082	16,362

Administrative expenses	7,845	7,112	6,696
R&D costs	6,045	4,592	4,250

Internationalisation of Group business

The Group is growing significantly on an international level, on the one hand, by increasing the number of countries in which it distributes its products through distribution agreements, and on the other, through establishing subsidiaries internationally. This international growth significantly impacts all of the Group's expenses, in particular those falling under "sales and marketing expenses", to which all expenses relating to distribution subsidiaries are booked. Given the significant growth in international sales, this item increased in proportion to an increase in international sales through distribution subsidiaries.

Seasonality

The Group's business activities are affected by seasonality in certain countries. For example, very few surgical procedures are carried out in August in France or in January in Australia. Group business activity in France generally increases in January and October. This seasonality is reinforced in France by the fact that the Group builds up inventory in preparation for the busiest periods (mainly in June). Inventory levels can respond to the seasonality of sales, with one or two months of lead time. This generally results in a much weaker EBITDA in June than in December.

Group business activity is less affected by seasonality in other countries.

Sources of financing

The business of marketing orthopaedic prostheses necessitates:

- the provision of consignment stock to the distribution network;

- the marketing or supplying of ancillaries (accessory surgical instruments) which are made available for different surgical procedures, and made adaptable to the specific needs of each patient.

As a consequence, every new customer procured by the Group results in investment expenses being incurred (which represent around one third of revenues or more where the Group sells its products directly to the end customer, rather than through a distributor). This also results in an increase in the need for working capital, which has to be financed by the Group. In order to achieve this, the Group takes, or could take, advantage of different sources of financing: leasing of equipment or property, medium-term credit (notably for ancillaries), self-financing, factoring or letters of credit.

Financial expenses

The Group's financial expenses were high, given that the Group has entered into various borrowing agreements, and has already been the subject of three LBOs so far (see Section 10.2.2 *"Debt*" of this Registration Document).

A large part of the of the Group's cash flow is affected by the servicing and repayment of its debt, notably:

- interest on Non-convertible Bonds (unitranche debt) are included in total financial expenses every year. It consists of a portion paid in cash every month, and a capitalised portion;

- interest related to property finance leasing is included in financial expenses.

9.1.5 Principal performance indicators

The Group uses as its principal performance indicators revenues, EBITDA, EBITDA margin, and net profit exclusive of financial expenses in relation to Convertible Bonds.

Performance indicators (in thousands of euros)	Fiscal year ended 30 June		
	2013	2014	2015
Revenue	50,268	58,228	71,090
EBITDA	10,840	12,819	13,447
EBITDA margin	21.6%	22.0%	18.9%
Net profit excluding financial expenses relating to Convertible Bonds and extraordinary items	366	389	244

Revenues

See definition of revenues in paragraph 9.1.3. "*Main items in the profit and loss account*" of this Registration Document.

EBITDA and EBITDA margin

EBITDA represents current operating profit, plus impairment allowances, less non-recurring items. The EBITDA margin represents EBITDA as it relates to Group revenues.

Performance indicators (in thousands of euros)	Fiscal year ended 30 June		
	2013	2014	2015
Current operating income	4,937	4,557	5,128
+ Amortisation allowances	4,940	6,060	7,228
+ Non-recurring items (1)	963	2,202	1,091
EBITDA	**10,840**	**12,819**	**13,447**
EBITDA margin	**21.6%**	**22.0%**	**18.9%**

(1) The main non-recurring items include:

- For the fiscal year ended 30 June 2013: commercial indemnities (€0.9 million).
- For the fiscal year ended 30 June 2014: commercial indemnities (€0.2 million), tax penalties (€0.1 million), expenses relating to the acquisition of the Australian and Brazilian subsidiaries (€0.1 million), business launch expenses (€0.2 million), extraordinary rejections of certain products (€0.6 million), indemnities paid in respect of a legal dispute with a former employee (€0.2 million), bad debt write-offs (€0.8 million);
- For the fiscal year ended 30 June 2015: charges for the cessation of sale of products (€0.6 million), amounts for bad debts written-off (€0.2 million), APAX support services (€0.2 million).

EBITDA and EBITDA margin are not standardised accounting calculations, with a single generally accepted definition. They should not be considered as a substitute for operating profit, net profit, cash flow from operating income, or as a measure of liquidity. EBITDA and EBITDA margin may be calculated differently by different companies with similar or different business activities. For this reason the EBITDA and EBITDA margin calculated by the Company should not be compared with those used by other companies.

Net profit excluding financial expenses in respect of Convertible Bonds and extraordinary items

A significant portion of the Group's cash flow is affected by the servicing of its debt, particularly interest in respect of Convertible Bonds (subscribed by the shareholders) which is fully booked to financial expenses every year and is compounded annually.

Compound interest generated by this borrowing can proportionately reduce net profit. It will either be converted or paid in the event of repurchase.

Consequently, the Group shows a net profit exclusive of financial expenses in respect of Convertible Bonds which are designed to be converted into ordinary shares at the time of the Company's initial public offering, and excluding extraordinary items. This total represents net profit plus financial expenses in respect of Convertible Bonds, less tax withheld on these financial expenses (calculated based on a tax rate of 33 1/3%) and less extraordinary items.

Performance indicators	**Fiscal year ended 30 June**		
(in thousands of euros)	**2013**	**2014**	**2015**
Net profit	(2,149)	(2,540)	(17,722)
+ Financial expensed in respect of Convertible Bonds	3,773	4,394	4,935
+ other extraordinary items: • Charge for reimbursement of senior debt • IPO expenses + monitoring fees • Provision for URSSAF dispute • Revaluation of debts/Australian minority interests			 +1,500 +2,035 +7,906 +3,235
- Tax (1) (2)	1,258	1,465	1,645
Net profit excluding financial expenses in respect of Convertible Bonds and excluding extraordinary items (2)	**366**	**389**	**244**

(1) At theoretical rate of 33 1/3%

(2) This adjustment does not take into account the impact of adjusting the financial costs in the fiscal deficits eligible for carrying forward

This calculation is not a standardised accounting calculation, with a single generally accepted definition. It should not be considered as a substitute for operating profit, net profit, cash flow from operating income, or as a measure of liquidity. This total maybe calculated differently by different companies.

9.2 ANALYSIS OF CONSOLIDATED RESULTS FOR FISCAL YEARS ENDED 30 JUNE 2015 AND 30 JUNE 2014

Profit and loss account (in thousands of euros)	Fiscal year ended 30 June	
	2015	2014
Revenue	71,090	58,228
Fixed asset inventory	11,823	10,272
Raw materials, goods and other supplies	(15,481)	`(13,024)
Outsourcing expenses	(10,927)	(7,630)
Other purchases and external expenses	(25,877)	(22,427)
Taxes, levies and related payments	(1,029)	(868)
Employee expenses	(14,426)	(11,259)
Impairment allowances and provisions, net of reversals	(7,228)	(6,060)
Other operating income	786	1,276
Other operating expenses	(3,760)	(4,079)
Capital gains/losses on disposals	156	130
CURRENT OPERATING INCOME	**5,128**	**4,557**
Impairment losses	12	12
Initial public offering costs	(1,790)	
Dispute over tax on promotion of medical devices	(7,906)	
OPERATING INCOME	**(4,566)**	**4,569**
Total dividends	-	-
Other financial income	476	52
Total financial income	**476**	**52**
Interest and financial expenses	(14,132)	(8,112)
Changes in fair value of financial instruments	-	(64)
Other financial expenses	(1,357)	(345)
Total financial expenses	**(15,489)**	**(8,520)**
FINANCIAL INCOME	**(15,014)**	**(8,468)**
Current and deferred taxes	1,847	1,359
Income from equity affiliates	-	-
NET INCOME	**(17,722)**	**(2,540)**
Of which:		
- Group share	(17,646)	(2,846)
- Minority interest share	(75)	306

Revenues

Revenues increased from €58.2 million in the year ended 30 June 2014 to €71.1 million in the year ended 30 June 2015, which represents a 22.1% increase.

Revenues are split between France and International as follows:

Revenues (in thousands of euros)	**Fiscal year ended 30 June**		
	2015	**2014**	**Change (as a %)**
France	**45,472**	**42,475**	7.0%
Distributor export	8,109	7,064	14.8%
Subsidiary export	17,509	8,689	201.5%
International	25,618	**15,753**	62.6%
Total	**71,090**	**58,228**	22.1%

Fixed asset inventory

Fixed asset inventory increased from €10.3 million in the year ended 30 June 2014 to €11.8 million in the year ended 30 June 2015, which represents a 14.5% increase.

External income and expenses

External income and expenses (in thousands of euros)	**Fiscal year ended 30 June**		
	2015	**2014**	**Change (as a %)**
Raw materials, goods and other supplies	(15,481)	(13,024)	18.9%
Outsourcing expenses	(10,927)	(7,630)	43.2%
Other purchases and external expenses	(25,877)	(22,427)	15.4%
Taxes, levies, and related payments	(1,029)	(868)	18.5%
Employee expenses	(14,426)	(11,259)	28.1%
Total	**(67,740)**	**(55,208)**	22.7%

Total external income and expenses increased from €(55.2) million in the year ended 30 June 2014 to €67.7 million on 30 June 2015, representing an increase of 22.7%.

Impairment allowances and provisions, net of reversals

Impairment allowances and provisions increased from €6.1 million in the year ended 30 June 2014 to €7.0 million in the year ended 30 June 2015, representing an increase of 15.4%.

Other operating income and expenses

Total operating income and expenses amounted to a net operating expense of €2.8 million on 30 June 2014, totalling €3.0 million in the year ended 30 June 2015, representing an increase of 6.2% in operating expenses.

EBITDA and EBITDA Margin

EBITDA increased from €12.8 million in the year ended 30 June 2014 to €13.4 million in the year ended 30 June 2015, representing an increase of 5%. Moreover, the EBITDA margin grew from 22.0% on 30 June 2014 to 18.9% on 30 June 2015.

Non-recurrent items in the period

Non-recurrent items decreased from €2.2 million in the half year ended 30 June 2014 to €1.1 million on 30 June 2015, representing a decrease of 100%.

In respect of the fiscal year ended on 30 June 2015, the Group booked the following non-recurring items: €0.6 million as a result of the end of CE marking, €0.2 million in relation to support to Apax, and €0.2 million in relation to receivables entered as losses over the period.

During the year ended 30 June 2014, the Group booked the following exceptional items: (i) €0.2 million in respect of commercial indemnities, (ii) €0.1 million in tax penalties, (iii) €0.1 million for expenses relating to the acquisition of the Australian and Brazilian subsidiaries, (iv) €0.2 million in launch expenses, (v) €0.6 million due to the rejection of certain products, (vi) €0.2 million in respect of a legal dispute with a former employee, and (vii) €0.8 million in bad debt write-offs.

Current operating income

Current operating income declined from €4.6 million in the year ended 30 June 2014 to €5.1 million in the year ended 30 June 2015, representing a decrease of 17.7%.

Financial income

Financial income amounted to a net loss of €8.5 million in the year ended 30 June 2014 and of €15 million in the year ended 30 June 2015, representing a 77.3% greater loss.

Financial expenses for the debt were €9.3 million of which €4.9 million for convertible bonds converted on 25 June 2015.

Furthermore, the financial expenses include two non-recurring items:

- Exceptional amortisation of the non-amortised remainder of the loan issue expenses for the bank debt repaid in advance in September 2015 of €1.5 million;

- Revaluation of the costs of minority interests for Australia following the initial public offering of €3.3 million.

Net loss

Net income amounted to a net loss of €2.5 million in the year ended 30 June 2014 and of €17.7 million in the year ended 30 June 2015, i.e. a marked increase in the loss, but essentially due to non-recurrent events totalling €19.4 million.

Tax expense increased from €0.4 million in the year ended 30 June 2014 to €0.7 million in the year ended 30 June 2015.

Deferred taxes increased from €(1.7) million in the year ended 30 June 2014, to €(2.5) million in the year ended 30 June 2015.

9.3 ANALYSIS OF COMPANY RESULTS FOR THE FISCAL YEAR ENDED 30 JUNE 2015

During the 12-month fiscal year, the company generated revenues of €2,206,637.

Operating expenses of €4,072,407 were recorded resulting in an operating deficit of €1,793,649.

After posting financial income of €3,922,399 and financial expenditure of €9,341,336, the pre-tax current result was a deficit of €7,212,586.

Having regard to the exceptional income and expenditure resulting in a net profit of €582,998 and the income from tax integration of €614,107, limited by the new tax measures on loan interest, the fiscal year ended 30 June 2015 ends with an accounting deficit of €6,015,481.

9.4 TABLE OF COMPANY RESULTS FOR THE LAST FIVE FISCAL YEARS

Financial table	**30/06/2015**	**30/06/2014**	**30/06/2013**	**30/06/2012**
I – Financial situation at end of fiscal year				
a) Share capital	469,298	319,060	276,037	276,037
b) Number of shares issued	46,929,852	31,906,070	27,603,765	27,603,765
c) Number of bonds convertible to shares	0	46,558,734	40,280,648	40,280,648
II – Overall result of actual transactions				
a) Revenues ex tax	2,206,637	-	-	-
b)Profit before tax, amortisation and provisions	-7,480,302	4,492,198	-3,812,844	-3,533,528
c) Tax on profits	614,107	1,564,414	1,041,629	1,459,866
d)Profit after tax, amortisation and provisions	-6,015,481	2,950,857	2,794,288	2,096,861
e) Profit distributed	0.00	0.00	0.00	0.00
f) Employees' profit sharing	0.00	0.00	0.00	0.00
III – Result of transactions reduced to a single action				
a) Profit after tax but before amortisation and provisions	-0.15	-0.09	-0.10	-0.08
b) Profit after tax, amortisation and provisions	-0.13	-0.09	-0.10	-0.08
c) Dividend distributed per share	0.00	0.00	0.00	0.00
IV – Breakdown of share types				
a) Number of shares with a priority dividend	0.00	28,438,482	24,603,765	24,603,765
b) Maximum number of future shares to be created	0.00	46,558,734	40,280,648	40,280,648
c) By exercise of subscription rights	0.00	2,910,300	2,910,300	2,910,300
V - Workforce				
a) Number of employees	4	-	-	-
b) Payroll	797,166	0.00	0.00	0.00
c) Amounts paid for social benefits (social security, charities)	348,368	0.00	0.00	0.00

9.5 PAYMENT DEADLINES

Pursuant to the provisions introduced by the French Law on Modernisation of the Economy dated 5 August 2008, for fiscal years commencing after 1 January 2009, companies whose accounts are certified by a statutory auditor must now publish information on the deadlines for payments of suppliers or customers.

Pursuant to Articles L.441-6-1 and D.441-4 of the French Commercial Code, on closing of the fiscal years ended 30 June 2013 and June 2014, the breakdown of the balance of debts outstanding to suppliers by due date was as follows:

- During the fiscal year ended 30 June 2014, accounts payable total €31,025 and are all debts not yet due.

- During the fiscal year ended 30 June 2015, accounts payable total €3,162,725 and are all debts not yet due.

Article D.441-4 of the French Commercial Code does not require the provision of any information on the deadlines for customer payments. This information was submitted for audit by the statutory auditors.

The payment deadline for customers and suppliers is fixed as 60 days.

CHAPTER 10
CASH AND CAPITAL EQUITY

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is incorporated by reference in this Registration Document: the presentation of cash flow and capital on pages 171 to 188 of the Registration Document filed with the *Autorité des marchés financiers* on 26 May 2015 under number I.15-044. The parts of the documents not incorporated are either of no relevance for investors or are covered elsewhere in the Registration Document.

10.1 OVERVIEW

The main financing needs of the Group include its working capital requirements, funds for investments (especially for the design and purchase of ancillaries provided to medical practitioners), interest payments, and loan repayments.

The Group's primary source of regular liquid funds comprises cash from operating activities. Available cash and cash equivalents totalled €3.2 million and €56.1 million as at 30 June 2014 and 2015 respectively. The Group uses cash and cash equivalents to finance its current needs. The Group's cash is denominated partly in euros. Its future ability to generate cash from operating activities will depend on its future operational performance, which is, in turn, dependent to a great extent on economic, financial, competitive, market, regulatory, and other factors. The majority of these are outside the Group's control (see risk factors described in Chapter 4 of this Registration Document).

The Group is also financed by debt. In June 2011, the Group finalised a senior credit facility, and issued bonds relating to share subscription warrants ("**OBSA**"). This debt was refinanced in its entirety in September 2014 (through the issuance of Non-convertible Bonds due 2021). In June 2011 the Group had also issued Convertible Bonds into shares, subscribed by the shareholders, with a maturity date of 2026, which had all been converted into shares at the time of the Company's initial public offering. The Group finalised a property lease agreement used to finance its Head Office in Valence. Finally, the Group implemented a system of securitisation of certain of its receivables (*factoring*). Group debt totalled €113.7 million and €89.6 million as at 30 June 2014 and 2015, respectively (see paragraph 10.2.2 of this Registration Document).

10.2 SHAREHOLDERS' EQUITY AND DEBT

10.2.1 Shareholders' equity

The Group share of shareholders' equity amounted to €22.3 million and €119 million as at 30 June 2014 and 2015, respectively.

The variation in equity capital is a consequence of the Company's initial public offering which raised €50 million and allowed converting the convertible bonds for €63 million (including interest accrued).

Available cash and cash equivalents amounted to €3.2 million and €56.1 million as at 30 June 2014 and 2015, respectively.

10.2.2 Debt

The Group's debt amounted to €113.7 million and €89.6 million as at 30 June 2014 and 2015, respectively.

The movements in debt during the periods were primarily due to the following:

The table below sets forth the breakdown of the gross debt of the Group for the dates indicated:

(in thousands of euros)	As at 30 June 2015	As at 30 June 2014
Convertible bond issuances	-	66,061
Bond issuances	62,600	-
Borrowings from credit establishments	-	24,706
Interest on borrowings	-	1
Various financial debts	15,737	14,012
Debt obligations under financed leasing	5,014	3,317
FACTOR financial debts	5,701	5,576
Bank funding	44	5
Total gross debt	**89,641**	**113,679**

In addition, the table below gives a breakdown of the gross debt of the Group (excluding Convertible Bonds subscribed by the shareholders). The Group's net debt can be broken down as follows (A) the sum of (i) short, medium and long-term bank credit, bond issuances (comprised of the compound interest on Convertible Bonds subscribed by mezzanine investors, but excluding Convertible Bonds subscribed by shareholders or other shareholder subordinated debt), (ii) financial debts under re-stated equipment and property finance leases, (iii) amounts due to the factor in respect of factored contracts, and (iv) unexpired notes presented for discount, (B) less the sum of (A) bank funding and (B) cash in hand and the value of investments.

(in thousands of euros)	As at 30 June 2015	As at 30 June 2014
Convertible bond issuances subscribed by mezzanine investors	-	16,276
Bond issuances	62,600	-
Borrowings from credit establishments	-	24,706
Interest on borrowings	-	1
Debt obligations under financed leasing	5,014	3,317
Financial debts net of Factoring	5,701	5,576
Bank overdrafts	44	5
Cash at bank and in hand	(56,110)	(3,201)
Total net debt	**17,249**	**46,680**

As at 30 June 2015, and as at 30 June 2014, the Group's ratio of net debt to EBITDA was 1.28 and 3.64x respectively (excluding Convertible Bonds subscribed by the mezzanine lenders).

The main elements making up the Group's financial debt are detailed below:

10.2.2.1 Non-convertible Bonds

On 9 September 2014, OrthoFin II (taken over by Amplitude Surgical) issued 6,500 Non-convertible bonds with a nominal value of €10,000 each, being a nominal total of €65,000,000, carrying (i) interest at a rate of 6% above EURIBOR applicable during the interest period and (ii) interest compounded annually at a rate of 0.75%, and maturing in 2021 (the "**Non-convertible Bonds**"). These Non-convertible Bonds were used to (i) refinance an existing senior bank loan as well as all of the existing mezzanine bonds of the Group at the issuance date, (ii) finance the general needs of the Group and (iii) finance all the costs and expenses related to them.

In the context of its initial public offering, the Group modified the terms and conditions of its Non-convertible Bonds by an amendment dated 26 May 2015, entering into force as from admission of the Company's shares to trading on the regulated market Euronext in Paris.

Guarantees

The Non-convertible Bonds are guaranteed by:

- a senior pledge of the securities accounts in which all the securities held by the Company and issued by Amplitude SAS are registered;
- a senior pledge of the bank accounts in respect of the balances of the entirety of the bank accounts held by the Company;
- a senior pledge of bank accounts in respect of the balances of the entirety of bank accounts held by Amplitude SAS;
- a senior pledge of intra-group receivables in respect of receivables resulting from intra-group loans afforded to Amplitude and / or all other Group members by Amplitude Surgical; and
- a transfer of key person insurance in respect of Olivier Jallabert.

Commitments and restrictive clauses

The terms and conditions of the Non-convertible Bonds contain restrictive covenants, namely that the Company and other members of the Group will not:

- undertake acquisitions or investments within the framework of a joint venture;
- undertake additional loans in any way with the exception of an additional debt of up to €17.5 million, extending to €25 million as a means of increasing the Group's EBITDA;
- honour all debts or grant guarantees;
- provide collateral:
- (i) pay dividends except where the gearing ratio is lower than 2.0x (before and after the said distribution of the dividends), and except where the early payment is in progress, or would not occur after said distribution and/or (ii) of all other non-authorised payments;
- undertake certain investments;
- sell, transfer or give up certain shares;
- combine or consolidate with other companies;
- undertake transactions with related parties under other than normal commercial conditions and in the course of normal business;
- change its statutes and reduce its capital; or
- issue securities that give direct or indirect access to its capital.

The terms and conditions of the Non-convertible Bonds also contain affirmative undertakings applicable to Amplitude Surgical and all other Group members, including matters relating to obtaining and maintaining authorisations, adherence to legislation, bank accounts, asset maintenance, maintaining the rank of creditors, subscription and maintenance of insurance, access of the bondholders' representative, intellectual property rights, signing of supplementary guarantees, subscription of hedging agreements, retaining of company fiscal year ends, the appointment of a statutory auditor, cash management and replacing of the key person and of key directors.

Furthermore, the terms and conditions of the Non-convertible Bonds also impose adherence to financial commitments, in particular, adherence to certain financial ratios which limit the amount of the debt that can be entered into by Group members. In particular, Amplitude Surgical is committed to maintaining:

- a ratio for the hedging of financial expenses (defined as EBITDA divided by net financial expenses):

Test period ending:	**R2 higher than or equal to**
31 December 2014	2.10x
30 June 2015	2.30x
31 December 2015	2.50x
30 June 2016	2.70x
31 December 2016	2.90x
30 June 2017	3.10x
31 December 2017	3.30x
30 June 2018	3.50x
31 December 2018	3.50x
30 June 2019	3.50x
31 December 2019	3.50x
30 June 2020	3.50x
31 December 2020	3.50x
30 June 2021	3.50x

- a ratio for the hedging of debt servicing that must be less than or equal to 1.00x, and is to be tested half yearly on 30 June and 31 December every year (defined as the relationship equal to Free Cash Flow divided by Debt Servicing); and

- a gearing ratio: (defined as ratio of net total financial debt divided by EBITDA).

Test period ending:	**R1 lower than or equal to:**
31 December 2014	6.00x
31 March 2015	5.75x
30 June 2015	5.50x
30 September 2015	5.50x
31 December 2015	5.25x
31 March 2016	5.25x
30 June 2016	5.00x
30 September 2016	4.75x
31 December 2016	4.50x
31 March 2017	4.25x
30 June 2017	4.25x
30 September 2017	4.00x
31 December 2017	4.00x
31 March 2018	3.75x
30 June 2018	3.50x
30 September 2018	3.50x
31 December 2018	3.50x
31 March 2019	3.50x
30 June 2019	3.50x
30 September 2019	3.50x
31 December 2019	3.50x

Test period ending:	R1 lower than or equal to:
31 March 2020	3.50x
30 June 2020	3.50x
30 September 2020	3.50x
31 December 2020	3.50x
31 March 2021	3.50x
30 June 2021	3.50x
30 September 2021	3.50x
31 December 2021	3.50x

Finally, the terms and conditions of the Non-convertible Bonds require the Company to provide holders of Non-convertible Bonds with a certain amount of financial information, in particular quarterly, half yearly and annual financial information. In order to respect the principle of equivalence of information, the Company envisages coordinating the provision of this information with the financial information that will be communicated to the market when the Company shares are admitted to trading on the Regulated market of Euronext Paris.

Compulsory early redemption

The Non-convertible Bonds become automatically subject to early redemption, in whole or in part, in the event of a change or transfer of control, a transfer or disposal of the assets, in the event of a disaster, or in the event the shares of any Group member are listed and traded on a regulated stock market ("**Listing**").

In the event of a change or transfer of control, the Company is required to undertake immediate early redemption of all of the Non-convertible Bonds that have not yet been redeemed.

(i) In the event of a Listing that does not entail a change of control, the Company is required to attribute all or part of the income which it receives from such Listing to early redemption of the Non-convertible Bonds in the following way:

- a proportion (up to 100% as appropriate) of the net income from listing, up to the gearing ratio (namely the Total Net Financial Debt divided by the EBITDA) calculated after such attribution for the most recent of the test periods, but not exceeding 3.0:1.0;

- then, if all or a part of the net income from listing has not been applied in accordance with the above paragraph, a proportion up to 50% of the balance of the net income from listing, up to the gearing ratio calculated after the such attribution for the most recent of the test periods, but not exceeding 2.5:1.0.

In the event that the early redemption by the Company due to the listing of a Group member's shares is funded by one of its subsidiaries, the total sum to be redeemed early by the Company is to be calculated as follows: (net income after taking into account the final deductible amount applicable in relation to the cash funds provided by the subsidiary concerned, less any authorised reinvestments and re-attributions) x (percentage of dividend rights that can be paid by the subsidiary held directly or indirectly by the Company).

(ii) In the event of a complete early compulsory redemption taking place on or before 9 September 2016, which relates to a change or transfer of control, the Company must pay a redemption indemnity to each Non-convertible Bond holder on the date of early redemption, and of an amount equal to "R" multiplied by the number of Non-convertible Bonds redeemed or repurchased by OrthoFin II, "R" being calculated as follows: $R = P \times ((I \times T)/360)$,

Where:

"P" equals the total principal (including all compounded interest) of a Bond as at the date on which the early redemption is effected;

"I" equals the sum of (i) 3-month EURIBOR rate applicable as at the date of early redemption, (ii) the Margin, and (iii) compound interest; and

"T" is the number of days between the date of early redemption and 9 September 2016.

No early redemption guarantee will be given by the Company where: (i) early redemption occurs on a date after 9 September 2016, (ii) early compulsory redemption undertaken due to any illegality in respect of the Non-convertible Bond holder and (iii) in the event of a partial compulsory early redemption of the Non-convertible Bonds due to the listing of a Group member's shares.

Early repayment

The Terms and Conditions of the Non-convertible Bonds provide for a certain number of eventualities for early repayment, including, in particular, defaults on payment, failure to adhere to the financial ratios, failure to fulfil other commitments in relation to financing documents, inaccuracy of declarations and guarantees, the occurrence of simultaneous defaults, bankruptcy proceedings, seizure or final charging order, any illegality, failure to adhere to the equity subordination agreement, cessation of trading, failure to submit the financial statements for auditing, expropriation or nationalisation measures, legal dispute, the occurrence of a significant unfavourable event, the lack, invalidity or alteration of the guarantees, capital reduction, or the occurrence of any event making it impossible to maintain the tax consolidation of the Group.

Normal redemption

Notwithstanding any voluntary early redemption, compulsory early redemption or early repayment, all Non-convertible Bonds not already redeemed before 9 September 2021 will become redeemable on such date.

10.2.2.2 Finance leases

The operation of finance leases are described in Chapter 8 "*Real estate assets, plant and equipment*" of this Registration Document.

10.2.2.3 Factoring programme

Background and financial data

On 29 June 2004, Amplitude SAS entered into a factoring programme with Natixis Factor, a limited company authorised as a credit establishment by the French Prudential and Resolution Control Authority and which is not part of the Group (the "**Factoring Programme**").

Under the terms of this programme, Amplitude SAS is committed to selling all of its euro trade or business receivables, arising from closed sales, from delivery of products or from the provision of services to all its customers in metropolitan France, with the exception of receivables from certain customers that have been specifically excluded from the Factoring Programme, and receivables for corporate customers with whom Amplitude SAS has financial ties, shareholders, or directors in common.

The Factoring Programme was modified on 17 September 2013 by a first supplementary clause, which had the effect of including within the scope of the Programme receivables due from customers located in Martinique, Guadeloupe, and Reunion Island, of including credit insurance from Natixis Factor against the risk of insolvency of the customers of Amplitude SAS, up to the credit limits set by Natixis Factor, and of modifying the financial conditions of the Factoring Programme to take into account the changing characteristics of Amplitude SAS's portfolio of accounts receivable, as evaluated by Natixis Factor.

The Factoring Programme was later modified by a second supplementary clause on 2 September 2014, which had the effect of including within the scope of the Programme receivables of customers located in French Guiana and New Caledonia, and in the countries of the European Union (excluding Greece) and Switzerland, but excluding customers in the European Union and Switzerland from the scope of the credit insurance agreed to by Natixis Factor within the context of the Factoring Programme, and modifying the financial conditions of the Factoring Programme to take into account the changing characteristics of Amplitude SAS's portfolio of accounts receivable, as evaluated by Natixis Factor.

In 2013, 2014 and 2015, the key features of the portfolio of accounts receivable of Amplitude SAS included within the scope of the Factoring Programme, the corresponding amounts collected, and the applicable financial conditions are set out in the table below:

	2013	**2014**	**2015**
Revenues factored	€46 million	€50 million	€50 million
Average invoice value	€1,500	€1,700	€1,700
Number of debtors assigned	250	540 + 100 (annual fee)	540 + 100 (annual fee)
Percentage of accounts not settled within 60 days of due date	3%	3.3%	3.3%
Average collection period	60 days	60 days	60 days
Percentage of unpaid values	2.5%	3%	3%
Total financing for the period	€4.2 million	€4.5 million	€4.5 million
Factoring commission (calculated on the total sum of assigned receivables and credit notes)	0.17% with a minimum factoring commission of €65,000	0.175% with a minimum factoring commission of €65,000	0.175% with a minimum factoring commission of €65,000
Financing commission (calculated on an annual basis of 360 days and applied to the total sums deducted by Amplitude on its current account)	3-month EURIBOR rate + 0.95% per year on an annual basis of 360 days, and increased by 1 point in the event of deterioration of the customer's financial position	3-month EURIBOR rate + 0.95% per year on an annual basis of 360 days, and increased by 1 point in the event of deterioration of the customer's financial position	3-month EURIBOR rate + 0.95% per year on an annual basis of 360 days, and increased by 1 point in the event of deterioration of the customer's financial position
Effective global rate	1.24% per year for payment by cheque or wire transfer on the basis of an annual total assigned amount of €46 million, an average settlement period of 60 days and a rate of 7% of guaranteed funds	1.24% per year for payment by cheque or wire transfer on the basis of an annual total assigned amount of €46 million, an average settlement period of 60 days and a rate of 7% of guaranteed funds	1.24% per year for payment by cheque or wire transfer on the basis of an annual total assigned amount of €46 million, an average settlement period of 60 days and a rate of 7% of guaranteed funds

Factoring programme key features

The Factoring Programme has three key features:

- receipt of funds on demand by Amplitude SAS in anticipation of collection of trade accounts receivable delegated to Natixis Factor;

- administration and recovery of the trade accounts receivable assigned to Natixis Factor; and

- a guarantee against the risk of insolvency of Amplitude SAS customers (with the exception of customers located in the European Union and Switzerland).

Receipt of funds

The Factoring Programme is based on all transactions between Natixis Factor and Amplitude SAS that fall within the scope of the programme being booked as either a credit or a debit to a single current account, in the name of Amplitude SAS, within Natixis Factor's accounts, and reimbursement of the reciprocal debts between Natixis Factor and Amplitude SAS that are booked to this account. This current account comprises all open sub-accounts for each customer included within the scope of the Factoring Programme.

Natixis Factor purchases all of the trade accounts receivable of eligible Amplitude SAS customers that are included in the account "purchasers" of Amplitude SAS, at least once every 30 calendar days, and no more than once weekly, at the face value of the amount receivable (total tax inclusive amount of invoices issued) by way of a subrogation and booking of a credit to the current account, the total sum of accounts receivable purchased by Natixis Factor, up to the limit approved by Natixis Factor for each of the customers in question.

After booking this gross amount to its current account, Natixis Factor calculates the outstanding available amount by deducting from the gross amount the totals corresponding to the debtor balance of the account to be recharged, (i) the trade accounts receivable of the customers excluded from the scope of the Factoring Programme, (ii) the trade accounts receivable which were not settled within 30 days of their due date, (iii) the accounts receivable of the purchasers whose solvency has declined and (iv) the trade accounts receivable that do not fulfil the eligibility criteria of the Factoring Programme. This total amount available is then provided to Amplitude SAS who may use it, if they so choose, as a promissory note, cheque, or bank transfer (the first two subject to payment of an additional commission).

A reserve fund for an amount corresponding to 9% of the total outstanding available and, in any event, a minimum of €250,000, is issued by Natixis Factor in the form of cash collateral, which allows Natixis Factor to deduct, at any given moment, the necessary amounts to cover the total debit balance of the current account. Furthermore, provision is made for Natixis Factor to establish, by debiting the current account, a reserve fund specially set up in the form of cash collateral in their own favour, for the tax inclusive sum of all of the accounts receivable which are not settled within 30 days of their due date.

Management and recovery of the accounts receivable assigned

Before the occurrence of a default, the collected amounts in respect of trade accounts receivable are paid by customers into a dedicated open account within the books of Natixis Factor in the name of Amplitude SAS, and are periodically paid into a sub-account in the current account (recharge account).

Amplitude SAS continues to attempt recovery of all the trade accounts receivable assigned to Natixis Factor, on behalf of Natixis Factor, and is still responsible for payment of the collected amounts booked to the dedicated account, and for the management of unpaid amounts and arrears in respect of trade accounts receivable.

The mandate for management and recovery of trade accounts receivable given to Amplitude SAS may be revoked by Natixis Factor in the event of non-payment, in which case Natixis Factor may inform the customers of Amplitude SAS that their debts have been assigned in its favour by way of subrogation, and demand immediate and direct payment of all sums due.

Guarantee against risk of insolvency of Amplitude SAS customers

Natixis Factor guarantees Amplitude SAS against the risk of insolvency of any of their customers that fall within the scope of the Factoring Programme, with the exception of customers located in the European Union and Switzerland.

To invoke the credit insurance, Amplitude SAS must submit to Natixis Factor all litigation requests no later than 90 days after the payment due date of the invoices assigned, or no later than 15 days after cancellation of the approval given by Natixis Factor of the total sum of receivables that may be bought in respect of a given customer. A litigation request will result in revocation of Amplitude SAS's recovery mandate, in the event of which Natixis Factor may then take charge of all litigation proceedings against the customer in question, in respect of the invoices still booked to the current account of Amplitude SAS on the date of the demand.

Early payment and cancellation

The Factoring Programme agreement was drafted without a time limit. Amplitude SAS and Natixis Factor may impose a time limit unilaterally, without the need for justification, provided three months' written notice is given by registered letter with acknowledgement of receipt.

Natixis Factor may also cancel the agreement at any time in the event that Amplitude SAS fails to fulfil their contractual obligations under the Factoring Programme, is late in paying its social security contributions, tax or salary debts, has its bank accounts frozen or assets seized, in the event of any payment incident recorded by the Bank of France, in the event of serious irregularity discovered in its financial reporting, failure to provide those documents that are required to be provided under the terms of the agreement, loss of full and total legal, commercial, or professional capacity of its directors, any change in its structure, business activities or directors, or any cancelling of or failure to renew the personal guarantees provided under the terms of the agreement. This cancellation will take effect no earlier than 48 hours after notice of cancellation has been given.

Furthermore, Natixis Factor may demand immediate payment from Amplitude SAS for all trade accounts receivable assigned to it by Amplitude SAS, and which have not yet been recovered from the customers concerned, in the event that Amplitude SAS assigns to Natixis Factor a non-issued invoice or an invalid credit note, or an invoice or credit note that falls out with the contractually prescribed time limits, in the event that Amplitude SAS fails to pay over to Natixis Factor any funds received from a customer in settlement of a debt assigned to Natixis Factor, in the event of a dispute over the existence or reality of trade accounts receivable assigned to Natixis Factor, or in the event that Natixis Factor has been assigned accounts receivable already assigned elsewhere.

10.3 COMPANY CASH FLOW ANALYSIS FOR THE FISCAL YEARS ENDED 30 JUNE 2015 AND 2014

The table below summarises the cash flow of the Group for the fiscal years ended 30 June 2015 and 2014:

Cash flow	**Fiscal year ended 30 June**	
(in thousands of euros)	**2015**	**2014**
Gross profit on self-financing (before changes in working capital requirement)	(4,605)	1,755
Changes in working capital requirement	(11,245)	(3,341)

Cash flow (in thousands of euros)	Fiscal year ended 30 June	
	2015	2014
Net cash flow from operating activities	(16,531)	(1,953)
Net cash flow from investment activities	(10,976)	(14,594)
Net cash flow from financing activities	80,375	16,090
Cash flow movement	52,869	(457)

Net cash flow from operating activities

Cash flow from operating activities for the year ended 30 June 2015 totalled €16.5 million, whilst cash flow from operating activities for the year ended 30 June 2014 totalled €2 million.

Adjusted for finance charges, net cash flow generated by operating activities fell from €6.8 million for the year ended 30 June 2014 to €5.1 million for the year ended 30 June 2015.

Net cash flow generated by investment activities

Cash flow generated by investment activities totalled €11 million in the year ended 30 June 2015, compared to a total of €14.6 million in the year ended 30 June 2014, representing a decrease of €3.6 million (24%), due primarily to the future royalties on patents posted during the previous fiscal year in the amount of €1.7 million.

Net cash flow utilisation from financing activities

Cash flow utilisation from financing activities totalled €80.4 million in the year ended 30 June 2015, as compared to €16.1 million in the year ended 30 June 2014, representing an increase of €64.3 million.

10.4 UTILISATION OF SOURCES OF FINANCING

The Group's sources of financing are directed primarily towards investment expenses, payment of interest and re-payment of loans, and their working capital requirements.

10.4.1 Investment expenses

The Group's investment expenses are split between intangible assets on the one hand, and tangible assets on the other.

The Group's investment expenses for the years ended 30 June 2014 and 2015 totalled €13.4 million and €11 million, respectively.

Further data on the Group's historic, current, and future investment expenses is contained in Section 5.2 of this Registration Document.

10.4.2 Interest and loan repayments

A large part of the of the Group's cash flow is used for the servicing and repayment of its debt.

The Group paid interest of €3.4 million and €4.3 million for the fiscal years ended 30 June 2014 and 2015, respectively.

10.4.3 Financing of working capital

The Group's working capital requirement comprises the value of inventory, plus trade accounts receivable and other operational debtors, less trade accounts payable and other operational creditors.

The variation in the working capital requirement resulted from a marked increase in the inventory of products in progress and finished products in France and in particular, at our Australian subsidiary to cater for the strong increase in demand anticipated in 2016, and the new contribution of the activity of Novastep which increased substantially at 30 June 2015.

Working capital requirement (in thousands of euros)	**Fiscal year ended 30 June**	
	2015	**2014**
Working capital requirement	**31,840**	**20,595**
Changes in inventories	(7,902)	(2,294)
Changes in trade accounts receivable and other receivables	(3,227)	(5,061)
Changes in trade accounts payable and other payables	331	4,039
Other	(243)	137
Net changes in income tax liability	(204)	(162)
Changes in working capital requirement	**(11,245)**	**(3,341)**

10.5 GOODWILL

At 31 December 2014, goodwill totalled €90.3 million and comprised the following items:

- goodwill of €75.5 million booked on the acquisition on 29 June 2011 of Amplitude Group and AEM Medical by OrthoFin II;
- goodwill of €4.7 million booked on the Group's acquisition of Amplitude Australia Pty;
- goodwill of €9.8 million booked on the Group's acquisition of Unimplant in Brazil;
- goodwill of €0.4 million booked on the Group's acquisition of Amplitude Suisse;
- (see Notes 3.4 and 15 to the consolidated financial statements for the half year ended 31 December 2014, included in paragraph 20.1.2.1 "*Financial statements*" of this Registration Document).

10.6 CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Table of contingent liabilities and other financial commitments As at 30 June 2015					
Office rental agreement	**Location**	**Area**	**Duration**	**Rent**	**Lease ends**
	Neyron (France)	679 m²	3/6/9	€74.411 / year	31/07/2020
	Saint-Grégoire (France)	87 m²	One year renew.	€1,075 / month	31/10/2014
	Geneva (Switzerland)	68 m²	One year	2,900 CHF / month	31/12/2016
	Adelaide (Australia)	533 m²	5 years	$8,750 / month	31/12/2019
	Brussels (Belgium)	10 m²	One year renew.	€150 / month	31/12/2014
Long-term rental agreement	Duration:		2014-2019		
	Total commitments		€672,002	Of which less than one year	€332,922
				Of which more than five years	€0
Fixed asset leasing	Pledging of finance leasing agreement in favour of the lessor				
	Guarantee by the Amplitude Group in favour of the lessor				
Forward contract			**Total**	**Rate**	**Lease ends**
	Rate hedging (property finance lease)		€2,648,000	3.29%	22/12/2025
	Rate hedging (financial debts)				
		Swap	€5,000,000	2.47%	30/06/2016
		Swap	€5,000,000	2.56%	30/12/2016
		Swap	€10,000,000	0.03%	18/09/2017
		Swap	€15,000,000	0.072%	17/09/2018
		Swap	€10,000,000	0.07%	17/09/2018
		Swap	€8,500,000	0.125%	16/09/2019

For a break-down of the Company's financial liabilities per contractual maturity date at 30 June 2015 see paragraph 4.5.4 *"Liquidity risks"* in this Registration Document.

CHAPTER 11
RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

11.1 RESEARCH AND DEVELOPMENT

Research and development ("**R&D**") is the source of Group innovation and is essential for improving existing technology and also, developing new products.

11.1.1 Key stages in the R&D process

The organisation and design of a medical device, from expression of the need by the requesting party through to validation followed by declaration of CE conformity and controlled placing on the market, takes approximately 36 months. This detailed procedure allows defining the preliminary stages of a project, those relating to its development, as well as those associated with modification of the design. The development procedure and any associated studies, also applies to requests for design of new products or to modify the design of existing products in the range.

The person initiating the design of a medical device is, in general, external to the Group, that is, a designer surgeon who is an expert in the field of the product under design and development.

The design process for a medical device is based on three main stages: (i) the development stage: development is steered by the R&D Director who guarantees, at his level, general organisation and coordination of the various studies for the development to provide a global response to customers' general needs; (ii) the study stage: the needs expressed by its customers are manifested by more specific technical specifications (functional, of performance and safety); these specifications are processed in the form of studies at the design offices concerned; (iii) the release: for verification of the design (development data deliverables and data from associated studies), validation of the design, the CE declaration of conformity and controlled placing on the market of the devices concerned.

11.1.2 R&D teams

The R&D activity is conducted entirely and internally by the Group to foster close relationships with surgeons and offer a rapid response to their needs. This also allows constant upgrading of the range of products offered.

The Group's R&D department is structured as three design offices: mechanical, navigation (software) and electronics. These three design offices are assisted by three support departments, namely (i) the Methods department with three centres: validation of special processes, industrialisation and follow-up of technical files; (ii) the Inspection department; and (iii) the I.M.A.G.E® process centre. A highly qualified, dedicated R&D team focuses daily on R&D activities. The team incorporates 47 engineers and/or highly qualified experienced doctors, as well as 5 technicians. In each country strategic for the Group, the establishment of a design office is envisaged to respond to specific local needs of surgeons and the techniques used.

The Group has formed strong partnerships with many networks of surgeons (some forty groups comprising from 6 to 12 surgeons) hence access to extensive practical information. During the design process for a device, at least three meetings a week are organised between the Group and the surgeons

11.1.3 Group investment in R&D activities

Significant resources are deployed to guarantee satisfactory operation and effectiveness of R&D. The Group dedicates a significant proportion of its budget to R&D activities. The R&D expenses represent 7.9% of revenues for the fiscal year ended 30 June 2014, that is, €4.6 million and 8.5% of the revenues for the period ended 30 June 2015, that is, €6 million.

11.1.4 Key technology

The Group offers a wide range of products in the domain of high end orthopaedic prostheses for the entire lower limb (hip, knee, ankle and foot), with emphasis on knee and hip prostheses. On average the Group launches two new products each year, each product including an implant, the associated instrumentation and possibly, software. Over the last two years, the Group has launched (i) the ceramic ANATOMIC® knee and the H2 acetabulum in 2013, (ii) the single-compartment UNISCORE knee prosthesis (version with a cement free inlay), the anti-allergen SCORE knee prosthesis and a single-use i.M.A.G.E® cutting guide for knee prostheses in 2014.

For hip prostheses, the products offered by the Group are adapted to all surgical practices and all operating approaches, whether posterior or anterior. The Group was able to identify a specific demand on the hip market and, in consequence, to mobilise its R&D teams to offer new technologies (in particular the H2 acetabulum and special software developed for hip prostheses) which the Group can exploit to win new market share.

For knee prostheses, the Group is present in two markets existing in France, that is (i) the mobile inlay market, with its SCORE knee prosthesis, and (ii) the fixed inlay market, with its ANATOMIC® knee prosthesis. The Group developed the ANATOMIC® knee to meet the demand of surgeons, with the assistance of its R&D teams. The ANATOMIC® knee prosthesis launched by the Group in April 2013 is an illustration of the constant attention paid by the Group to the needs expressed by the various players with whom it collaborates closely in developing its products. The success of this new product was manifested by the increase in the number of products sold by the Group from 1,342 ANATOMIC® knee prostheses in 2013 to 5,524 ANATOMIC® knee prostheses in 2014/2015. Total sales of knee prostheses rose from 14,837 to 20,248 over the same period, that is, an increase of more than 20.3% in the volume of products sold during the first year of the product launch, mainly in France. Finally, the Group has also designed two software programmes for the SCORE and ANATOMIC® prostheses: the 4 in 1 software and the 5 in 1 software.

The Group is also supported by associated departments which confer high added value on its product offer, notably its AMPLIVISION® Navigation system (on which all its software operates), its i.M.A.G.E® system and its E.T.O.I.L.E® technical platform (extension of tables and associated services) for the anterior operating approach (see paragraph 6.5.1.3 "*Related services*" in this Registration Document).

11.2 INTELLECTUAL PROPERTY

The Group's activity is dependent on effective protection of its intellectual and industrial property rights and rights under licences granted by third parties to the Company or its subsidiaries.

Industrial property incorporates significant know-how protected by a portfolio of patents. It is also important for the Group to protect itself against the unauthorised use and disclosure of its confidential information and its commercial secrets which are not necessarily the subject of any formal registration. The Group may be required to disclose in various forms, information, technology, processes, know-how, data or information which is not patented and/or patentable to third parties with whom it cooperates on research, development, manufacture and marketing of its products. In these cases, the Group requires the conclusion of confidentiality undertakings, notably in the framework of expert or consultancy agreements.

11.2.1 Patents

Description of the patents portfolio:

The patents portfolio is an essential aspect in the Group's expansion. It provides protection from future competitors and demonstrates its technological advance on the high end product market for orthopaedic surgery of lower limb joints (implants, instrumentation and navigation system). Since the first patents filed on 19 April 2002, 40 families of patents have been filed by the Group, of which 28 during the last four years.

The Group uses 40 families of patents of which (i) 15 families of which it is the owner, (ii) 2 families of patents which it owns jointly with a third party and (iii) 23 families of patents licensed to it.

PATENTS and PATENT Applications	**AMPLITUDE SAS**	**Third party**
Number of families of patents, of which:	**17***	**20**
• Implants of which	6	13
- Hip Prostheses	4	6
- Knee Prostheses	2	7
• Instrumentation and ancillaries, of which	8	2
- Hip instrumentation	2	0
- Knee instrumentation	6	2
• Navigation systems, of which	3	0
- System for the hip	0	0
- System for the knee	2	0
Number of patents/applications for patents of which	**31***	**56**
Number of patents:	18	34
• Implants, of which	9	31
- Hip prostheses	8	18
- Knee prostheses	1	13
• Instrumentation and ancillaries, of which	7	3
- Hip instrumentation	3	0
- Knee instrumentation	4	3
• Navigation systems, of which	2	0
- System for the hip	0	0
- System for the knee	1	0
Number of patent applications:	**13**	**22**
• Implants of which	4	19
- Hip Prostheses	3	13
- Knee Prostheses	1	6
• Instrumentation and ancillaries, of which	8	3
- Hip instrumentation	0	0
- Knee instrumentation	8	3
• Navigation systems, of which	1	0
- System for the hip	0	0
- System for the knee	1	0
Number of countries where filed	6: Australia, Belgium, Brazil, France, Italy, Mexico	12: Germany, Australia, Belgium, Brazil, Spain, United States, France, Italy, India, Japan, Liechtenstein, Luxembourg, United Kingdom

PATENTS and PATENT applications (*): Including 2 families of patents incorporating 4 patents owned jointly with third parties, including one family for knee instrumentation and one for knee implants.	NOVASTEP SAS	Third parties
- Foot implants	1	1
- Instrumentation and ancillaries	2	0
Number of countries where filed	France, PCT pending	France, PCT pending

The term of validity of the patents is 20 years from the date of filing the application; hence the first patents to expire will not expire before 2018.

Patent applications are filed in France each time a patentable invention can be protected without disclosing know-how for which protection by industrial secrecy would be more appropriate. International protection is examined on a case by case basis, preferring the countries where the Company may have markets on a 20 year horizon (term of a patent) and countries in which competitors are located. The majority of these patents were filed in Europe, and some have been extended outside Europe, that is to Brazil, Australia, Mexico, United States, India and Japan.

The filing of each patent application is preceded by research on the prior art carried out by industrial property consultants to ensure the invention the subject of the technology concerned satisfies the criteria for patentability and that the patent can be issued by the corresponding offices and maintained as such, on conclusion of any opposition proceedings.

The costs for filing and maintaining the validity of patents in the various countries where they are filed requires a budget of approximately €144,000 for the fiscal year ended 30 June 2015, compared with an amount of €39,734 for the fiscal year ended 30 June 2014.

Jointly owned patents

Some patents and/or patent applications are owned jointly with third parties. On the one hand, the family of patents "LCA cortex fixing" with priority of the French patent filed on 28 July 2011 under number FR20110056911 is jointly owned with COUSINS BIOTECH. No royalty for use of the patents is paid by the Group or by COUSINS BIOTECH.

On the other hand, the family of patents "Method of surgery and method of designing a surgical implant" with priority of the Australian patent filed on 19 October 2012 under number AU2013/001217 is jointly owned by Amplitude (50%) and Sydney Knee Specialists Ply Ltd (50%) as a result of payment of the second tranche at the end of September 2015. Since use of the patent had not yet begun as of the date of this Registration Document, no royalties have been paid. The Company will pay Sydney Knee Specialists Ply Ltd royalties for use of the family of patents proportionate to the revenues generated for the patented product.

In the absence of a joint ownership agreement, the supplementary provisions provided in Article L.613-29 of the French Intellectual Property Code will apply to the French patent: each joint owner may use the patent for its own purposes and grant non-exclusive licence (subject to indemnifying the other joint owner for unilateral personal use or unilateral granting of a non-exclusive licence). The proposed concession must,

however, be notified to the other joint owners together with an offer for transfer of the quota for a fixed price; on the other hand, a unanimous decision is required to grant an exclusive licence.

It is important to note that the French provisions apply exclusively to patents under French law, including a patent resulting from French validation following proceedings before the European Patents Office (EPO). Thus given EPO proceedings, including the designation of various validation territories for a jointly owned patent the joint ownership of each of the patents is subject to the regime in each of the validating States.

Patents for which the Group holds an operating licence

The main patents, essential to Group activity, are not held directly by the Company but were developed in partnership with one or more surgeons and licensed to the Company under an exclusive licensing agreement by one or more surgeons who generally combine to form a civil partnership, for a term of twenty years, that is the term of validity of the underlying patents. In this framework, the Group has undertaken to comply with certain conditions. These notably consist in development and marketing initiatives for products incorporating the licensed technology or the payment of (i) inclusive fees during performance of predefined stages or (ii) fees proportionate to the revenues generated by sales achieved by the Group in the territories where the patent was filed.

Some licensing agreements were not registered with the competent industrial property offices. The only consequence of absence of registration of the licensing agreements is that the latter are not enforceable against third parties, but exclusively against parties to the agreement. The registration formalities for the various licensing agreements at the various competent industrial property offices, for the purpose of rendering the Company's rights enforceable against third parties, are in progress.

11.2.2 Trademarks

The trademarks filed by the Group are essential for identification of its products (notably the trademarks ANATOMIC®, AMPLIVISION®, i.M.A.G.E® and E.T.O.I.L.E®). The Company holds a portfolio comprising 68 trademarks.

These trademarks were almost all exclusively filed in class 10 of the Nice Classification, that is, for surgical, medical or dental instruments and devices and artificial limbs; orthopaedic articles; suture materials, prostheses, artificial implants, knee prostheses, hip prostheses and their component parts, orthopaedic prostheses, special fittings for medical use, operating tables, scalpels, ancillary equipment for computer assisted surgery, ancillaries for total knee prostheses, osteotomy plates, bone screws and bars used in surgery, acetabulums.

Some of these trademarks such as the "AMPLITUDE®", "AMPLIFIX®", "AMPLIRENT®", "AMPLITUDE MOVEMENTS FOR AN ACTIVE LIFE®", "AMPLIVISION®" and "E.T.O.I.L.E®" trademarks were also filed in class 5 (for pharmaceutical products, medical hygiene products, chemical preparations for medical use, plasters, equipment for bandages, bone cement for surgery and orthopaedics, surgical fabrics, alloys of precious metals for surgical, orthopaedic or dental use, disinfectants); in class 9 (for information technology hardware and software for use in surgery and orthopaedics, equipment for processing information and computers, computer peripherals, magnetic recording support media, optical discs, devices for recording, transmitting, reproduction or processing sound or images); in class 42 (scientific research services in the field of surgical instruments and devices, surgical prostheses, design and development of prostheses and implants); in class 44 (for surgical and medical services, surgical and medical assistance, leasing of medical devices, leasing of medical appliances and machinery, leasing of appliances and facilities in the field of medical technology, leasing of operating tables, orthopaedic tables, making available of information on surgical instruments and appliances, surgical prostheses, the fitting of artificial limbs, prosthetic appliances, prostheses and implants).

The countries covered by the registrations are as follows; France, Argentina, Brazil, European Union, Australia, Switzerland, Algeria, Japan, Morocco, Mexico, Norway, Tunisia, Turkey, Vietnam, Benelux,

Germany, Italy, Lichtenstein, Sweden, United Kingdom, United States, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Spain.

Like patents, trademarks are the subject of major free availability searches prior to filing. The Company policy is to secure trademarks as soon as possible once an upstream need has been identified. In addition, managers of the Company's intellectual property are particularly vigilant concerning defence of trademark rights and regularly oppose the filing of trademarks which may infringe the trademarks held by the Company.

11.2.3 Domain names

Amplitude SAS uses five domain names "amplitude-ortho.fr", "amplitude-ortho.com", "amplitude-ortho.ch", "amplitude-ortho.be" and "amplitude-ortho.de" of which it is the owner as well as (i) the domain name "amplitude-ortho.com.au" registered in the name of its subsidiary Amplitude Australia Pty Ltd and (ii) the domain name "novastep-ortho.com" registered in the name of its subsidiary Novastep SAS.

CHAPTER 12
INFORMATION ON TRENDS AND TARGETS

12.1 BUSINESS TRENDS

A detailed description of the Group's results for the fiscal year ended 30 June 2015 and the fiscal year ended 30 June 2014 is given in Chapter 9 of this Registration Document.

12.2 MEDIUM TERM FUTURE PROSPECTS

The targets and trends presented below are based on data, assumptions and estimates considered as reasonable by the Group on the date of this Registration Document.

These future prospects and targets, reflecting the Group's strategic priorities, do not represent forecasts or estimates of the Group's profits. The data and assumptions given below may change or be amended, notably following changes in the regulatory, economic, financial, competitive, accounting or tax environment or given other factors of which the Group is not aware on the date of this Registration Document.

In addition, the materialisation of one or more of the risks described in Chapter 4 "Risk Factors" in this Registration Document may have an impact on the business, financial position, results or prospects of the Group, and therefore call into question its capacity to achieve the targets set out below.

Moreover, achievement of the targets assumes success of the Group's strategy. The Group enters into no commitments and gives no guarantees on attaining the targets included in this section.

Group targets

The Group's ambition is to become a leading international player in the orthopaedic prosthesis market for lower limb joints and intends to maintain its accelerated growth over the next few fiscal years.

To achieve this target, the Group intends to base its operations on its strategy (see 6.3 "*Group strategy"* of this Registration Document) aimed at:

- sustained growth in the strategic countries where it has established a presence, such as Brazil and Australia;
- expanding its business in the United States, a market which represents approximately 52%[13] of world demand for orthopaedic prostheses for the lower limbs, and then during a second stage, in Japan with the main focus on the launch of products adapted to that market (for example, the ANATOMIC® fixed plateau knee prosthesis or the double mobility acetabulum for hip prostheses) and its range of innovative services (see paragraph 6.5.1.3 "*Related services*");
- maintaining and extending, notably in the United States, relations with sales agents and distributors, taking advantage whenever possible of opportunities arising from the ongoing consolidation of the major players in this market;
- relying on the growth of its subsidiaries Novastep SAS and Novastep Inc., strengthening its competitive positioning on the extremities market, which offers strong prospects for growth; and
- maintaining its offer of innovative products and services, notably with the launch of two products or services every year on average to drive Group sales (see paragraph

[13] See paragraph 6.3.1 *"Expanding its presence in the United States and Japan"* in this Registration Document; *Source: Millennium Research Group, market analysis. March 2013*.

- *6.5.1.4 Products and services under* development*"*) of this Registration Document as well as forming close relationships with practitioners, opinion leaders and sales agents.

Revenues targets

For the 2017/2018 horizon, the Group's target is consolidated revenues exceeding €130 million, including at least €20 million generated in the United States thanks to expansion of its subsidiary Novastep Inc. and registration of its range of knee and hip implants, scheduled respectively for 2016 and 2017 with the FDA, and also the growth of its subsidiary Novastep SAS in France in the extremities market segment.

This target is also based on (i) an annual average growth rate in revenues of from 8% to 10% for the period 2015-2018 for France, linked to the continuing expansion of Group's hip and knee product range (e.g. the double mobility acetabulum, the prosthesis with retention of a cross posterior ligament, etc.), and more specifically, given the dynamic growth of its extremities business, as well as to commercial opportunities resulting from the ongoing market restructuring, and (ii) an annual growth rate of approximately 30% in international business (excluding the United States). On 30 June 2018, the Group estimates that approximately 60% of its revenues will be generated abroad (United States included) compared with almost 36% for the fiscal year ended 30 June 2015.

For the horizon of the 2019/2020 fiscal year, the Group's objective is to generate consolidated revenues exceeding €200 million.

EBITDA margin target

The Group is aiming to stabilise its EBITDA margin by the 2017/2018 fiscal year, at a level comparable to the EBITDA margin achieved in the 2013/2014 fiscal year.

Investment target

The Group is also seeking to achieve a ratio of investment to revenues gradually reducing in relation to current levels, on the basis of the statistics for the half year ended 31 December 2014, to approximately 8% of revenues for the 2017/2018 fiscal year, considering notably expansion of business in countries where the reimbursement price of inlays largely exceeds that in France (see Section 6.4 *"The group's markets")* of this Registration Document.

Net debt leverage (adjusted[14]) /EBITDA target ratio

The Group's target is to maintain a leverage ratio below 2.0x for the 2017/2018 fiscal year. On 30 June 2015, the leverage ratio was 1.32x.

[14] As this term is defined in the Non-convertible Bond issue contract (see paragraph 10.2.2.1 "Non-convertible Bonds" in this Registration Document.

CHAPTER 13
PROFIT FORECASTS OR ESTIMATES

13.1 FORECASTS

The profit forecasts presented below were prepared pursuant to Commission Regulation (EC) No. 809/2004 of 29 April 2004 as amended and the Committee of European Securities Regulators (CESR) recommendations on forecast information as updated by the European Securities and Markets Authority (ESMA) in March 2013.

The profit forecasts presented below are based on data, assumptions and estimates considered as reasonable by the Group on the date of this Registration Document. The data and assumptions given below may change or be amended, notably following changes in the regulatory, economic, financial, competitive, accounting or tax environment or given other factors of which the Group is not aware on the date of this Registration Document.

*In addition, the materialisation of one or more of the risks described in Chapter 4 "*Risk Factors*" in this Registration Document may have an impact on the business, financial position, results or prospects of the Group, and therefore call into question these profit forecasts.*

Moreover, achievement of the targets assumes success of the Group's strategy. The Group enters into no commitments and gives no guarantees on attaining the forecasts given in this Section.

13.1.1 Forecasts for the fiscal year ended 30 June 2015

In the Registration Document registered on 26 May 2015 under number I.15-044 and according to the assumptions described therein, the Group estimated that:

- revenues for the fiscal year ended 30 June 2015 should be around €72.0 million, representing annual growth in the order of 23.6% compared with the fiscal year ended 30 June 2014 and that the current operating results should total approximately €8.1 million, that is, an increase that should exceed 77.7% compared with that achieved during the fiscal year ended 30 June 2014; and

- given the €6.9 million allocation to amortisation and provisions and of €12 thousand for non-recurrent items, the EBITDA for the fiscal year ended 30 June 2015 will be approximately €15 million, that is, growth in the order of 17.3% compared with the fiscal year ended 30 June 2014, representing almost 20.9% of revenues on 30 June 2015.

The revenues of Amplitude Surgical for the fiscal year ended 30 June 2015 was €71.1 million, compared with €58.2 million for the previous fiscal year, that is, growth of 22.1%. At a constant exchange rate revenues would be almost identical, with an increase of 22%.

Given that investments exceeded those initially provided at the various subsidiaries, the EBITDA was around €13.4 million for the fiscal year ended 30 June 2015. Additional recruitment of senior staff to support expansion, the marketing drive necessary for satisfactory start-up of businesses, seeking notably immediately to offer the unequalled service level specific to Amplitude Surgical by the manufacture and distribution of Amplivision® navigators or the provision of training for surgeons, had a greater impact than anticipated on the overall business of Amplitude Surgical. Operating income was €5.1 million, representing growth of 12%.

13.1.2 Forecasts for the fiscal year ended 30 June 2016

The Group has not prepared forecasts for the fiscal year ending 30 June 2016.

CHAPTER 14
ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 MEMBERS OF ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND OF SENIOR MANAGEMENT

As of the date of this Registration Document, the Company is a French public limited company governed by the laws and regulations in force and by its articles of association. The Company is managed by a Board of Directors comprising 4 members of which one independent member (Mr Daniel Caille). The Company intends submitting to its shareholders, at the latest during the shareholders' meeting called to approve the accounts for the financial year ended 30 June 2016, the appointment of 3 independent members.

A description of the main provisions of the articles of association and the internal regulations on the Board of Directors, its committees and senior management of the Company, in particular their operating and powers, are given in Chapter 16 of this Registration Document.

14.1.1 Board of Directors

14.1.1.1 Composition of the Board of Directors

The table below presents the composition of the Board of Directors on the date of this Registration Document.

Mr Olivier Jallabert **(age 48)**	**PROFESSIONAL ADDRESS:** 11, Cours Jacques Offenbach, Valence (26000)	**NUMBER OF SECURITIES HELD:** 15,000 shares
EXPERIENCE AND EXPERTISE		
Chief Executive Officer, member of the Board of Directors Olivier Jallabert founded the Amplitude Group in 1997. He previously worked with major US Groups (notably, at Biomet as the Manager - R&D Europe). He has more than 25 years' experience in the orthopaedic industry.		
TERM IN OFFICE		
First appointment: 10 June 2015 Current term in office: four years from the date of approval by the *Autorité des marchés financiers* of the prospectus for admission of the Company's shares to trading on the Regulated market of Euronext Paris.		
LISTS OF TERMS IN OFFICE AND OTHER POSITIONS IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS		
Terms in office and positions in the Group Current: *In France* - Amplitude Surgical (Chief Executive Officer) - Amplitude SAS (Chairman) - Novastep SAS (Director) - SCI Les Tilleuls (Manager) *Abroad* - Amplitude Benelux (Manager) - Amplitude GmbH (Chairman) - Amplitude India Ltd (Chairman)	**Terms in office and positions outside the Group** Current: *In France* - Olisa (Manager) *Abroad* N/A	

- Amplitude Australia (Director) - Amplitude Switzerland (Chairman) - Amplitude Matsumoto (Director) - Novastep Inc. (Director) - Joint Research Ltd. (Director) During the last five fiscal years: *In France* - OrthoFin I (permanent representative of Olisa, Chairman) - OrthoFin II (permanent representative of Olisa, Chairman) - Amplitude Group (permanent representative of Olisa, Chairman) - Amplitude SAS (Chairman) - AEM Medical (permanent representative of Olisa, Chairman) - Novastep SAS (Director) - OrthoManagement (Chairman) - SCI Les Tilleuls (Manager *Abroad* - Amplitude GmbH (Chairman)	During the last five fiscal years: *In France* - *Olisa (Manager)* *Abroad* N/A

APAX Partners MidMarket Represented by Mr Vincent Colomb (age 30)	**PROFESSIONAL ADDRESS:** 1, rue Paul Cézanne, Paris (75008)	**NUMBER OF SECURITIES HELD:** 27,066,640

EXPERIENCE AND EXPERTISE

Director, member of the Board of Directors, member of the Audit Committee, member of the Appointments Committee, member of the Remuneration Committee

Victor Colomb joined Apax Partners in 2014 as a member of the Corporate Services and Finance and Health Services team

Vincent Colomb began his career in 2009 as Analyst then Partner in the Investment Banking division of Morgan Stanley in London and Paris. He worked in the Media and Telecom sector in Europe before joining the group tasked to follow-up major French groups, participating in various merger-by-acquisition operations, LBOs and initial public offerings. Vincent is a graduate of HEC.

TERM IN OFFICE

First appointment: 10 June 2015

Current term in office: four years from the date of approval by the *Autorité des marchés financiers* of the prospectus for admission of the Company's shares to trading on the Regulated market of Euronext Paris.

LISTS OF TERMS IN OFFICE AND OTHER POSITIONS IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
Terms in office and positions in the Group Current: *In France* - Amplitude Surgical (permanent representative of Apax Partners MidMarket SAS - Director) *Abroad* During the last five fiscal years: *In France* - OrthoFin I (permanent representative of Apax Partners MidMarket SAS - Director) - OrthoFin II (permanent representative of Apax Partners MidMarket SAS - Director) *Abroad* - N/A	**Terms in office and positions outside the Group** Current: *In France* - N/A *Abroad* During the last five fiscal years: *In France* - N/A *Abroad* - N/A

Mr Bertrand Pivin **(age 55)**	**PROFESSIONAL ADDRESS:** 1, rue Paul Cézanne, Paris (75008)	**NUMBER OF SECURITIES HELD: -**

EXPERIENCE AND EXPERTISE

Director, member of the Board of Directors

Bertrand Pivin joined Apax Partners in 1993. He is in charge of investments in Services to Enterprises & Financial and Health Services. He began his career as an R&D engineer at Alcatel in France, and then went to the United Sates to supervise R&D projects for the North American telephone operators. Bertrand is in charge of our responsible investment policy. He is a graduate of the *École Polytechnique*, of Telecom ParisTech and has an MBA from Harvard Business School.

TERM IN OFFICE

First appointment: 10 June 2015

Current term in office: four years from the date of approval by the *Autorité des marches financiers* of the prospectus for admission of the Company's shares to trading on the Regulated market of Euronext Paris.

LISTS OF TERMS IN OFFICE AND OTHER POSITIONS IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
Terms in office and positions in the Group Current: *In France* - Amplitude Surgical (member of the Audit Committee, member of the Appointments Committee, member of the Remuneration Committee *Abroad* - N/A	**Terms in office and positions outside the Group** Current: *In France* - Apax Partners MidMarket SAS (Director) - Financière MidMarket SAS (Director) - INSEEC Association (Member of the Supervisory Board) - Insignis SAS (Chairman of the Board of Directors and Director) - Insignis Management SAS (Director) - Professional Partnership Haydée (Manager - Partner) - SCI La Princesse (Manager-Partner) - SCI La Caravelle (Manager-Partner) *Abroad* - Hephaestus III B.V.(Non-Executive Director and Chairman of the Board)

	- Hephaestus IV Cooperatief UA (Managing Director) - European Education Centre Ltd. (Director) - Ygeia Equity AB (Director of the Board) - Ygeia TopHolding AB (Director of the Board) - Capio Holding AB (Director of the Board) - Capio Ab (Director of the Board) - Unilabs Holding AB (Director of the Board) - Mobsat Gérance Sàrl (Manager) - International University of Monaco SAM (Category A Director) - Chrysaor S.àr.l (Manager) (Class A Manager) - Dantes (Chairman of the Board of Directors and Director) - Toruk AS (Chairman of the Board and Sole Board Member - Makto Sàrl (Manager)
<u>During the last five fiscal years:</u> *In France* - OrthoFin I SAS (Director) - OrthoFin II SAS (Director) *Abroad* *N/A*	<u>During the last five fiscal years:</u> *In France* - Centre d'Etudes Européen pour l'Enseignement Supérieur SAS (Chairman) - Insignis SAS (Chairman) *Abroad* - Captolia Gérance SàRL (representative of Captor) - Captor SA (Chairman of the Board of Directors and Director) - Hephaestus B.V (Managing Director) - Hephaestus II Ltd (Director) - Hephaestus III B.V (Managing Director) - IEE Holding 1 SA (Chairman of the Board and Member of the Remuneration Committee) - Mobsat Group Holding Sàrl (Representative of Apax Partners SA, Class A Manager - Mobsat Holding Norway AS (Board Member) - Mobsat Holding US Corp (Member of the Board of Directors) - Vizada AS (Member of the Board of Directors)

Mr Daniel Caille **(age 64)**	**PROFESSIONAL ADDRESS:** 36, rue de la Ronce, Paris (75014)	**NUMBER OF SECURITIES HELD: -**

EXPERIENCE AND EXPERTISE

Director, member of the Board of Directors

Daniel Caille was in turn Deputy General Manager of Vivendi Universal then General Manager of La Poste and since 2002, an independent Director and consultant for French and foreign companies in the Building and Public Works, Environmental and Health sectors.

TERM IN OFFICE

First appointment: 10 June 2015

Current term in office: four years from the date of approval by the *Autorité des marchés financiers* of the prospectus for admission of the Company's shares to trading on the Regulated market of Euronext Paris.

LISTS OF TERMS IN OFFICE AND OTHER POSITIONS IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
Terms in office and positions in the Group Current: *In France* - Amplitude Surgical (Director)	**Terms in office and positions outside the Group** Current: *In France* - Centre Hospitalier Santé St Grégoire (Chairman) - Clinique Pasteur Lanroze (Director) - Clinique Sourdille (Chairman) - Cliniques Privées Associées (Director) - Domiserve Holding (Chairman of the Strategic Committee) - Europe Santé Gestion (Director) - Flex Industrie (Chairman) - Foncière Vivalto Santé (CEO and Director) - GIE Robotique Medical Vivalto Santé (Director) - GIE Vivalto Santé Services Partagés (Chairman of the Board of Directors and Director) - Institut Vivalto Santé pour la Recherche Clinique, l'Innovation et Formation Médicale (Chairman of the Board of Directors) - Les Feuillants (Manager) - Khéops (Manager) - La Clé de Sol (Manager) - La Clé Immobilière (Manager) - La Picaudrie (Manager) - La Réverie (Manager) - La Roseraie (Manager) - Les Hyades (Manager) - Maison de retraite des Tamisiers (Manager) - Les Jardins de Montplaisir (Manager) - Résidence Le Bocage SARL (Manager) - New Sourdille (Chairman, Chairman of the Board of Directors and Director) - PMG Holding (Member of the Strategy Committee) - Résidence Bellevue (Manager) - Résidence le Bocage SCI (Manager) - Rillieux Santé (Chairman) - SCI Du Fief (Manager) - SCI Du Petit Essart (Manager) - SCI Juliette Drouet (Manager-Partner) - SCI Laugier (Manager) - SCI Mabrisa (Manager-Partner) - SCI Provenza (Manager) - SCI Les Feuillantines (Manager) - SCI Résidence Bellevue (Manager) - SCI Villa Lerins (Manager-Partner) - Vivalrec (Chairman and Chairman of the Monitoring Committee) - Vivalto (Chairman) - Vivalto Dom (Chairman) - Vivalto Santé SAS (Chairman)

	- Vivalto Santé Groupe (Chairman) - Vivalto Santé International (Chairman) - VS Immo (Chairman) - Vivalto - Sport (Chairman) - Pasteur Participations (Director) - Vivalto VIE (Chairman, Member of the Supervisory Board) - Centre Hospitalier Privé de l'Europe (Director) - SCI Clorbeau (Manager-Partner) - SCI Cigogne (Manager-Partner) - SCI Polyclinique de la Baie (Manager-Partner) - Clinique Générale (Chairman) - SCI Clotibeo (Manager-Partner) - FIDES (Chairman) - UFFI Real Estate Asset Management (Director) - Urbania Adyal Developpement (Chairman) - Zur Ile-de-France Sud Est (Chairman) - Zur Sud Est (Chairman) - UFFI Participations SAS (Chairman) - Laurad Management (Manager) - Participations Services Investissements Immobiliers (PS2I) (Chairman) - UFFI SAS (Chairman) - SIS Holding (Chairman) - Services Immobiliers Spécialisés (Chairman) - Immobilière Clinique de Bretagne (Partner-Manager) - Sàrl Château Beaumel (Manager) - Sci Château Beaumel (Manager) - Essart Grand Couronne (Manager)
Abroad - N/A	*Abroad* - Vivalto BEL (Chairman of the Board of Directors, Director and Managing Director) - DC Lux SARL (Manager) - DS Care SA (Chairman of the Board of Directors, Director and Managing Director) - DS Care Italia (Director) - Sinequanon Health Care SA (Chairman of the Board of Directors and Director) - Sinequanon Invest SARL (Manager) - Sinequanon Partners SA (Chairman of the Board of Directors and Director) - Laurad Groupe Holding SARL (Manager) - Olympe Management SA (Chairman of the Board of Directors and Director) - Vivalto Ambiente SGPS SA (Director) - Vivalto International SARL (Manager) - Laurad Management Participation SARL (Manager)

During the last five fiscal years: *In France* - N/A	During the last five fiscal years: *In France* - Vivalto Santé Ile de France (Chairman) - Amor Vision (Chairman) - Centre Hospitalier Privé St Grégoire (Chairman of the Board of Directors and Director) - Cliniques Privées Associées (CEO and Deputy General Manager) - Domiserve (Director) - Domiserve+ (Director) - Europe Santé Gestion (CEO) - SA Cligale (Managing Director) - GIE Vivalto Santé Management (Chairman of the Board of Directors and Director) - La Breteche (CEO, Manager and Director) - Polyclinique de Kerio (Chairman) - PS2I (Chairman) - Sinequanon Capital Partners France (Chairman and Liquidator) - SIP (Chairman) - Valorca (Chairman) - Clinique de la Cote d'Emeraude (Director) - Clinique Pasteur Lanroze (Director) - Polyclinique du Pays de Rance (Director) - Rillieux Santé (Director) - Polyclinique Lyon-Nord (Director) - Polyclinique de la Baie (Director) - St Vincent Participations (Manager) - La Breteche (Manager-Partner) - GIE Vivalto Saint Management (Chairman of the Board of Directors) - SCI Polyclinique de la Baie (Manager) - SCI de la Baie du Mont St Michel (Manager-Partner) - SCI Cigogne (Manager-Partner) - Zur Ile de France Sud Est (Chairman) - Zur Sud Est (Chairman) - Amplitude Surgical (Director) - Financial Asset Management Entreprise "FAME" (Chairman)
Abroad - N/A	*Abroad* - Vivalto Home (Chairman of the Board of Directors and Director) - Sinequanon General Partner Luxembourg SA (Director) - Sinequanon General Partner Belgium (Director and Managing Director) - Sinequanon Real Estate Services General Partner SA (Chairman of the Board of Directors and Director) - Sinequanon Real Estate Services SCA (Auditor) - Sinequanon SCA SICAR (Liquidator)

For the purposes of their corporate mandates, members of the Board of Directors shall have their address for service at the Company's registered office.

Nationality of members of the Board of Directors

No director is currently of foreign nationality.

Gender balance

On the date of this Registration Document, the Board of Directors has no female member out of a total of 4 Board members. However, the Company is committed to complying with the provisions of Law No. 2011-103 of 27 January 2011 and the AFEP-MEDEF corporate governance code recommendations on gender balance on boards of directors and supervisory boards, and intends to submit the appointment of three female independent directors to its shareholders, at the latest, at the shareholders' meeting called to approve the accounts for the financial year ended 30 June 2016.

Departure, appointment and reappointment of members of the Board of Directors

From the time of conversion of the company into a public limited company on 10 June 2015, there have been no departures, appointments or reappointments to the Board of Directors.

Combination of mandates

Regarding the combination of mandates, the Company intends to comply with the recommendations in the AFEP-MEDEF Code.

Independent members

Pursuant to the corporate governance principles and good practices set out in its internal regulations, the Board of Directors and each of its committees include independent members elected or co-opted as such.

At the latest during the shareholders' meeting approving the accounts for the financial year ended 30 June 2016, the Company intends to submit to shareholders, the appointment of three female independent directors.

14.1.1.2 Declarations concerning members of the Board of Directors

To the knowledge of the Company, there are no family ties between members of the Board of Directors of the Company identified above.

During the last five years, no member of the Company's Board of Directors identified above:

- has been sentenced for fraud or convicted or the subject of an official public penalty pronounced against him by the statutory or regulatory authorities;
- has been implicated in bankruptcy, receivership or liquidation proceedings as a director or corporate representative; nor
- have they been prevented by a court from acting in the capacity as member of an administration, management or supervisory body, or participating in the management or conduct of an issuer's business.

14.1.2 Senior management

Oliver Jallabert is the Chief Executive Officer of the Company.

The wish to combine the positions of Chairman of the Board of Directors and of Chief Executive Officer by appointing Olivier Jallabert as Chairman & Chief Executive Officer given his substantial contribution and the results achieved under his leadership at the head to the Group reflects both the desire to streamline the decision-making process and foster cohesive management and administrative powers, thus facilitating deployment of Group strategy.

14.2 CONFLICTS OF INTERESTS IN ADMINISTRATION BODIES AND SENIOR MANAGEMENT

On the date of this Registration Document and to the Company's knowledge, there are no existing or potential conflicts between duties vis-à-vis the Company of the persons listed in Section 14.1 of this Registration Document and their private interests or other duties.

CHAPTER 15
REMUNERATION AND BENEFITS

15.1 REMUNERATION AND BENEFITS OF ANY FORM AWARDED TO CORPORATE EXECUTIVE DIRECTORS AND MEMBERS OF THE ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES DURING THE FISCAL YEARS ENDED 30 JUNE 2013 AND 30 JUNE 2014

The Company's remuneration policy is to award fixed annual remuneration, of which the amount is determined both according to criteria specific to the person concerned (experience, length of service, responsibilities) and criteria linked to the sector of activity. In addition, employees may receive variable remuneration of which the purpose is to correlate their remuneration and the results for Group business. The variable remuneration is calculated depending on the achievement or otherwise of individual or Group-related targets. The individual targets are quantitative targets determined according to the person concerned, the functions exercised in the Group and the missions entrusted to the employee. The Group-related targets are quantitative targets based on Group results and aggregates used in the framework of analysing its financial situation.

Remuneration of the Chief Executive Officer is set by the Board of Directors after hearing the opinion of the Appointments and Remuneration Committee. The remuneration includes a fixed element and a variable element. It is reviewed periodically with other remuneration and the performance of the Group's executives.

The Chief Executive Officer may also be awarded bonuses of which the granting and amount depend on constraints linked to exercise of his functions and the performance of exceptional missions or works.

The Chief Executive Officer may also be awarded benefits in kind resulting from functions exercised in the Group.

Olivier Jallabert was appointed as Chief Executive Officer on 10 June 2015 in the context of the Company's Initial Public Offering. In consequence, Oliver Jallabert did not receive any fixed or variable remuneration for the financial year ended 30 June 2015.

Finally, in order to foster the involvement of and serve as an incentive to executives and staff regarding expansion of the Group and improved results, the Company may award free shares.

OLISA, a limited liability company 100% owned by Olivier Jallabert and his family of which Olivier Jallabert is the manager, was the Chairman of the Company until 10 June 2015 during the period it was a simplified joint stock company. From 10 June and conversion of the company to a public limited company with a Board of Directors, Olivier Jallabert was appointed as Chief Executive Officer. In consequence, the following paragraphs detail the remuneration paid to Olivier Jallabert and OLISA for the financial years ended 30 June 2014 and 30 June 2015. The remuneration paid to Olivier Jallabert and to OLISA for the financial year ended 30 June 2015 was calculated *pro-rata temporis* according to the time spend in the capacity of Chairman and Chief Executive Officer.

15.1.1 Remuneration and benefits of any form awarded to corporate executive directors

The components of Olivier Jallabert's remuneration as the Chief Executive Officer of the Company were fixed by the Board of Directors on 10 June 2015:

- fixed gross annual remuneration of €275,000;

- variable gross remuneration of €100,000 subject to performance conditions (quantitative criteria based on the Group's revenue and EBITDA as well as qualitative criteria);

Quantitative objectives: the quantitative objectives govern payment of 80% of the variable remuneration and are calculated as follows:

Criterion	Target at least equal to 110%	Target equal to 90%	Target between 110% and 90%
Amount of bonus based on sales	€52,000	€28,000	Amount determined by linear interpolation between the two limits of the target (110% / 90%)
Amount of bonus based on EBITDA	€52,000	€28,000	Amount determined by linear interpolation between the two limits of the target (110% / 90%)

Qualitative objectives: the qualitative objectives govern payment of 20% of the variable remuneration. The qualitative objectives set are: development and marketing of new products, the registration of new products in key territories, expansion of the Group's geographical locations and development of the extremities business. If 100% of the qualitative objectives are achieved, the entire 20% of the amount of variable remuneration will be due.

- a benefit in kind by the making available of a company car; and

- a defined contributions supplementary pension scheme for the benefit of the Company's Chief Executive Officer of a maximum amount equal to eight times the social security cap (that is approximately €22,625 per annum).

Moreover, in the framework of admission of the Company's shares to trading on the Paris Euronext regulated market, it was decided to grant a special bonus to Olivier Jallabert in his capacity of Chief Executive Officer of the Company, given the Company's Initial Public Offering. An amount of €540,000 was thus deducted from the gross amount of the capital increase.

No remuneration in any form has been granted by any Group Companies to any other corporate executives, directors or other members of the Company's administration bodies for the fiscal years ended 30 June 2014 and 30 June 2015. However it should be noted that all members of the holding OrthoManagement are beneficiaries of the defined contributions supplementary pension scheme.

Table 1 – Summary table of remuneration, options and shares awarded to each executive director		
(In euros)	Fiscal year ended 30 June 2014	Fiscal year ended 30 June 2015
Olivier Jallabert		
Remuneration due for the fiscal year *(detailed in table 2)*	0	0
Value of long-term variable remuneration awarded during the fiscal year	0	0
Valuation of options awarded during the fiscal year *(detailed in table 4)*	0	0
Valuation of options awarded gratuitously *(detailed in table 6)*	0	0
TOTAL	0	0
Table 1 – Summary table of remuneration, options and shares awarded to each executive director		

(In euros)	Fiscal year ended 30 June 2014	Fiscal year ended 30 June 2015
OLISA		
Remuneration due for the fiscal year *(detailed in table 2)*	€309,000	€314,000
Value of long-term variable remuneration awarded during the fiscal year	0	0
Valuation of options awarded during the fiscal year *(detailed in table 4)*	0	0
Valuation of options awarded gratuitously *(detailed in table 6)*	0	0
TOTAL	€309,000	€314,000

Table 2 – Summary table of remuneration of each executive director				
Olivier Jallabert	Fiscal year ended 30 June 2014		Fiscal year ended 30 June 2015	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	0	0	€4,583	0
Variable annual remuneration	0	0	0	0
Variable long-term remuneration	0	0	0	0
Extraordinary remuneration	0	0	€540,000	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	€247	€247
TOTAL	0	0	€544,830	€247

Table 2a – Summary table of remuneration of executive director				
OLISA	Fiscal year ended 30 June 2014		Fiscal year ended 30 June 2015	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	€309,000	€309,000	€314,000	€314,000
Variable annual remuneration	0	0	0	0
Variable long-term remuneration	0	0	0	0
Extraordinary remuneration	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0		
TOTAL	**€309,000**	**€309,000**	**€314,000**	**€314,000**

15.1.2 Remuneration and benefits of any form awarded to non-executive directors

Table 3 – Table of directors' fees and other remuneration received by corporate non-executive directors

For the fiscal years ended 30 June 2014 and 30 June 2015, no directors' fees or other remuneration was received by non-executive directors of the Company.

15.1.3 Options for share subscriptions, share purchase and performance-related shares

Table 4 – Options for share subscriptions or share purchase awarded during the fiscal year to each executive director by the issuer and by any Group Company

For the fiscal years ended 30 June 2014 and 30 June 2015, no option for share subscriptions or share purchase was awarded whether gratuitously or for consideration to the executive director of the Company.

Table 5 – Options for share subscriptions or share purchasing exercised during the fiscal year by each executive director

For the fiscal years ended 30 June 2014 and 30 June 2015, no option for share subscriptions or share purchase was exercised by the executive director of the Company.

Table 6 – Shares awarded gratuitously to each executive director

For the fiscal years ended 30 June 2014 and 30 June 2015, no shares were awarded gratuitously to the executive director of the Company.

Table 7 – Shares awarded gratuitously made available to each executive director

For the fiscal years ended 30 June 2014 and 30 June 2015, no shares awarded gratuitously were made available to the executive directors of the Company.

Table 8 – History of award of share subscriptions or share purchase

No award of share subscriptions or share purchasing occurred.

Table 9 – Options for share subscriptions or share purchase awarded to the first ten employees who were not executive directors and exercise of said options by the latter

For the fiscal years ended 30 June 2014 and 30 June 2015, no option for share subscriptions or share purchase was awarded to the first ten employees who were not executive directors and the latter did not exercise any options.

Table 10 – History of shares awarded gratuitously

No shares were awarded gratuitously to corporate employees or executives.

15.1.4 Details of conditions for remuneration and other benefits granted to executive directors

Table 11 – Employment Contract

Executive directors	Employment contract		Supplementary pension scheme		Indemnities or benefits due or that may be due on the cessation or change of functions		Indemnity under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Olivier Jallabert Chief Executive Officer Start of term in office: 10 June 2015 End of term in office: N/A		X	X		X			X

Executive directors	Employment contract		Supplementary pension scheme		Indemnities or benefits due or that may be due on the cessation or change of functions		Indemnity under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
OLISA Chairman Start of term in office: 28 November 2013 End of term in office: 10 June 2015		X		X		X		X

15.1.5 Directors' fees

At its meeting of 16 October 2015 the Board of Directors decided that from the 2015/2016 fiscal year, independent directors would receive fees of a maximum amount of €15,000 per independent director per annum, calculated according to actual attendance of independent directors at Board of Directors meetings.

15.2 ELEMENTS OF REMUNERATION, INDEMNITIES OR BENEFITS DUE OR WHICH MAY BE DUE GIVEN THE ACCEPTANCE, CESSATION OR CHANGE OF FUNCTIONS OF THE COMPANY'S CHIEF EXECUTIVE OFFICER.

On 10 June 2015 the Company's Board of Directors resolved to grant Olivier Jallabert, in his capacity of Chief Executive Officer, a severance indemnity in the event of involuntary departure decided by the Company's Board of Directors equivalent to 24 months' salary (currently the amount of €550,000) subject to performance conditions (quantitative criteria based on Group revenue and EBITDA). A detailed description of these items is given in Chapter 19 "Transactions with related parties" in this Registration Document.

15.3 AMOUNTS PROVISIONED BY THE GROUP FOR PAYMENT OF ALLOWANCES, PENSIONS OR OTHER BENEFITS TO EXECUTIVES

The Company has not provisioned any amounts for payment of allowances, pensions or similar other benefits to executives, including Olivier Jallabert.

15.4 AGREEMENTS CONCLUDED BETWEEN THE COMPANY OR ITS SUBSIDIARIES WITH ITS EXECUTIVES

See Chapter 19 *"Transactions with related parties"* in this Registration Document.

15.5 LOANS AND GUARANTEES GRANTED TO EXECUTIVES

N/A

15.6 CONSULTATION ON THE INDIVIDUAL REMUNERATION OF COMPANY EXECUTIVE DIRECTORS

Pursuant to paragraph 24.3 of the AFEP-MEDEF Code, the tables below present the remuneration of each executive director for the fiscal year ending 30 June 2015 submitted for consultation of shareholders during the shareholders' meeting:

Olivier Jallabert (Chief Executive Officer)		
Components of remuneration due or awarded for the fiscal year closed	**Amount or accounting values submitted for vote**	**Presentation**
Annual fixed remuneration	€4,583	Olivier Jallabert was appointed as Chief Executive Officer of Amplitude Surgical on 10 June 2015. The Board of Directors Meeting held on 10 June 2015 fixed his fixed gross annual remuneration as €275,000. The amount of €4,583 corresponds to the remuneration of Olivier Jallabert for the current period of his appointment as Chief Executive Officer as of 30 June 2015. This amount was paid in July 2016. See paragraph 15.1 of this Registration Document
Annual variable remuneration	€0	Olivier Jallabert was appointed Chief Executive Officer of Amplitude Surgical on 10 June 2015 and in consequence did not receive any annual variable remuneration for the fiscal year ended 30 June 2015. See paragraph 15.1 of this Registration Document
Deferred variable remuneration	Not applicable	Not applicable
Multi annual remuneration	Not applicable	Not applicable
Exceptional remuneration	€540,000	In the context of admission of the company shares to trading on the Paris Euronext Regulated Market, it was decided to award an exceptional bonus to Olivier Jallabert in his capacity of Chief Executive Officer of the company, given the Company's Initial Public Offering. An amount of €540,000 was deducted from the gross amount of the capital increase realised in the context of the Initial Public Offering. This amount was paid in July 2016. See paragraph 15.1 of this Registration Document
Share subscription	Not applicable	Not applicable

Olivier Jallabert (Chief Executive Officer)		
Components of remuneration due or awarded for the fiscal year closed	**Amount or accounting values submitted for vote**	**Presentation**
options		
Award of free shares	Not applicable	Not applicable
Other long term remuneration component	Not applicable	Not applicable
Director's fees	Not Applicable	Not applicable
Evaluation of benefits of all kinds	€247	Olivier Jallabert was appointed as Chief Executive Officer of Amplitude Surgical on 10 June 2015. The amount of €247 corresponds to making available of a company car. See paragraph 15.1 of this Registration Document
Severance indemnity	No payment	On 10 June 2015 the Board of Directors decided to grant Olivier Jallabert in his capacity of Chief Executive Officer of the Company, a severance indemnity in the event of involuntary departure decided by the Company's Board of Directors equivalent to 24 months' salary (currently the amount of €550,000) subject to performance conditions (quantitative criteria based on Group revenue and EBITDA) See paragraph 15.2 of this Registration Document
Non-competition indemnity	Not applicable	Not applicable
Supplementary pension scheme	No payment	Olivier Jallabert benefits from a defined contribution supplementary pension scheme for a maximum amount equal to eight times the social security cap (that is approximately €22,625 per annum). See paragraph 15.1 of this Registration Document

CHAPTER 16
FUNCTIONING OF THE MANAGAMENT AND SUPERVISORY BODIES OF THE COMPANY

The functioning of the Company's Board of Directors is determined by the statutory and regulatory provisions, the Company's articles of association and the internal regulations of the Board of Directors of which the main stipulations are given in Chapter 16.

The articles of association and the internal regulations of the Board of Directors described in this Registration Document are those in force on the date of fixing the Initial Public Offering Price in the framework of admission to trading on the Regulated market of Euronext Paris.

The internal regulations described in this Registration Document are those of the Company as approved on the date of signature of the prospectus and that will enter into force on fulfilment of the condition precedent of fixing the Initial Public Offering Price on the Regulated market of Euronext Paris.

16.1 TERM IN OFFICE OF MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

See Section 14.1 "*Members of administrative, management, and supervisory bodies and of senior management"* in this Registration Document.

16.2 OPERATING OF THE BOARD OF DIRECTORS

16.2.1 Powers of the Board of Directors

The Board of Directors determines the priorities for Company business and monitors their implementation. Subject to powers expressly reserved to the shareholders' meetings and in the limit of the corporate purpose, all issues regarding the satisfactory performance of the Company and its business affairs are resolved by decisions of the Board of Directors. In addition it conducts all the checks and inspections it deems appropriate.

In the framework of its mission but non-exhaustively, the following matters fall within the purview of the Board of Directors:

- Adoption of annual budget and strategic plan;
- Appointment, dismissal of key executives and establishing the remuneration policy;
- Adoption of significant changes in accounting policies;
- Distribution (notably of dividends or reserves) to shareholders;
- Issue of shares and securities giving entitlement to Company capital or that of a company of which it owns directly or indirectly more than one half of the shareholders' equity;
- Award of share subscription or purchase options, gratuitous award of shares or other plans for the benefit of employees of the Company or of its subsidiaries;
- Share buyback programmes;
- Acquisition and assignment of business divisions, of equity interests, assets and all investment expenditure, up to a value threshold fixed by the Board of Directors;
- Creation of a business division or subsidiary, investment in or acquisition of an equity interest in a country in which the Company does not conduct any business;
- Borrowing or assumption of liabilities up to a value threshold fixed by the Board of Directors;
- Merger, spin-off or partial transfer of assets;

- Any transactions causing a significant change in the scope of the business of the Company and of its subsidiaries; and
- Any settlement or compromise, up to a value threshold fixed by the Board of Directors, in relation to any dispute.

16.2.2 Operating procedures of the Board of Directors

Board Meetings are called by the Chairman or any of its members by any means, including orally. The party calling the meeting shall indicate the agenda.

The Board shall meet as frequently as required in the interests of the Company. Members of the Board of Directors may participate in Board of Directors meetings by videoconference or using any other means of telecommunications guaranteeing their identification and actual participation under the conditions provided by the applicable laws and regulations.

A proposed schedule of Board of Directors meetings is prepared several months in advance to facilitate Directors' attendance at the meetings.

Attendance at Board of Directors meetings is recorded in an attendance register and its business in minutes according to the legal and regulatory conditions.

16.2.3 Works of the Board of Directors during the fiscal year ended 30 June 2015

During the fiscal year ended 30 June 2015 the Board of Directors met three times.

The Board of Directors reached a decision on:

- the proposed Initial Public Offering of the Company and associated operations;
- the method for exercise of general management;
- appointment of the Chief Executive Officer;
- fixing the remuneration of the Chief Executive Officer;
- establishing the internal regulations of the Board of Directors; and
- creation of a Board of Directors Committee.

The Board of Directors moreover was informed of changes in the main structural projects conducted by subsidiaries of the Amplitude Group.

The directors' fees for Board of Director's meetings and of specialised committees was as follows:

Directors	Board of Directors		Audit Committee		Remuneration Committee		Appointments Committee	
	Number of meetings	Percentage attendance	Number of meetings	Percentage attendance	Number of meetings	Percentage attendance	Number of meetings	Percentage attendance
Olivier Jallabert	3	100%	N/A	N/A	N/A	N/A	N/A	N/A
Apax	3	100%	N/A	N/A	N/A	N/A	N/A	N/A
Bertrand Pivin	3	100%	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Caille	3	100%	N/A	N/A	N/A	N/A	N/A	N/A
Average Rate	**100%**		**N/A**		**N/A**		**N/A**	

16.3 INFORMATION ON SERVICE AGREEMENTS BINDING MEMBERS OF THE BOARD OF DIRECTORS TO THE COMPANY OR ONE OF ITS SUBSIDIARIES

There are no service agreements binding members of the Board of Directors to the Company or one of its subsidiaries.

16.4 BOARD OF DIRECTORS COMMITTEES

Pursuant to Article 15 of the Company's articles of association and Article 8 of the Board of Directors' internal regulations, the Company's Board of Directors may decide to establish Committees tasked to examine questions which the Board or its Chairman submits to them.

As of the date of this Registration Document, the Company is constituted in the form a public limited company, with a Board of Directors; it has also established Audit Committee, a Remuneration Committee and an Appointments Committee.

The internal regulations of these Committees, of which the main provisions are given below, have been adopted following the fixing of the Initial Public Offering Price on the Regulated market of Euronext Paris (see Section 21.2 "*Founding Deed and Articles of Association"*and articles of association of this Registration Document on stipulations of the Board of Director's' internal regulations).

16.4.1 Audit Committee

i. Composition (Article 2 of the internal regulations of the Audit Committee)

The Audit Committee comprises three members of which one is appointed from among the independent members of the Board of Directors. The composition of the Audit Committee may be amended by the Board of Directors at the request of its Chairman, and in any event, it will be modified in the event of any change in the general composition of the Board of Directors.

Notably, pursuant to the applicable legal provisions, members of the Committee must possess specific skills in finance and/or accounting.

All members of the Committee when appointed will be provided with details on specific aspects of the Company's special accounting, financial and operational methods.

The term in office of members of the Audit Committee coincides with that of their term in office as member of the Board of Directors. This term may be renewed at the same time as the latter.

The Chairman of the Audit Committee is appointed, after a specific examination by the Board of Directors, on a proposal of the Appointments Committee from among the independent members. The Audit Committee shall not include any executive directors.

The Audit Committee comprises at least three members of which one is appointed from among the independent members of the Board of Directors pursuant to applicable regulations. The Audit Committee will seek to include a number of independent directors according to the recommendations in the AFEP-MEDEF Code. The composition of the Audit Committee may be amended by the Board of Directors acting at the request of its Chairman, and in any event its amendment is mandatory in the event of a change in the general composition of the Board of Directors (Article 2 of the internal regulations of the Audit Committee).

The secretariat services for the Committee's work will be provided by any person appointed by the Chairman of the Committee or with the latter's agreement.

ii. Responsibilities (Article 1 of the internal regulations of the Audit Committee)

The mission of the Audit Committee is to follow up questions on preparation and auditing of accounting and financial information and to ensure effectiveness of the system for monitoring risks and operational internal controls, in order to facilitate the fulfilment by the Board of Directors of its associated missions of control and verification.

In this framework, the Audit Committee shall notably carry out the following main missions:

- monitoring the processes for preparing financial information;
- monitoring the effectiveness of internal control and audit systems and for risk management having regard to the financial and accounting information;
- monitoring independent auditing of the corporate and consolidated financial statements by the Company's Statutory Auditors; and
- monitoring the independence of the Statutory Auditors.

iii. Operating (Article 3 of the internal regulations of the Audit Committee)

The Audit Committee may validly resolve, either during a meeting or by telephone or videoconference, under the same conditions as the Board, when convened by the Chairman or the secretary of the Committee provided at least one half of members participate in the work of the Committee.

Notices of meetings shall include an agenda and may be sent orally or by any other means.

The Audit Committee shall adopt decisions by majority vote of members attending the meeting, each member holding one vote. In the event of a tied vote, the Chairman shall have a casting vote.

The Audit Committee shall meet whenever necessary and in any event, at least twice a year when preparing the annual and half yearly financial statements and, if possibly, quarterly.

Meetings will be held before Board of Directors meeting and, insofar as possible, at least two days prior to said meeting when the agenda for the Audit Committee includes examining the half yearly and annual financial statements prior to their examination by the Board of Directors.

Since the Audit Committee was created on the date of admission of the Company's shares to the Paris Euronext regulated market, that is, on 26 June 2015, the Audit Committee did not meet prior to closing of the fiscal year ended 30 June 2015.

16.4.2 Remuneration Committee

i. Composition (Article 2 of the internal regulations of the Remuneration Committee)

The Remuneration Committee comprises three members of which one is appointed from among the independent members of the Board of Directors. He/she is appointed by the latter from among its members having regard notably to his/her independence and competence in the selection or remuneration of executive directors of listed companies. The Remuneration Committee shall not include any executive directors.

The composition of the Committee may be amended by the Board of Directors at the request of its Chairman, and in any event, it will be modified in the event of any change in the general composition of the Board of Directors.

The term in office of members of the Remuneration Committee coincides with that of their term in office as member of the Board of Directors. This term may be renewed at the same time as the latter.

The Chairman of the Remuneration Committee is appointed from among the independent members of the Board of Directors.

The Remuneration Committee comprises at least three members, of which one is an independent member of the Board of Directors. They are appointed by the latter from among its members considering notably their independence and competence in the matter of selection or remuneration of executive directors of listed companies. The Remuneration Committee will seek to include a number of independent directors according to the formulations in the AFEP-MEDEF code. The Remuneration Committee shall not include any executive directors (Article 2 of the internal regulations of the Remuneration Committee).

The secretariat services for the Committee's work will be provided by any person appointed by the Chairman of the Committee or with the latter's agreement.

ii. Responsibilities (Article 1 of the internal regulations of the Remuneration Committee)

The Remuneration Committee is a specialist Committee of the Board of Directors with, as its main mission, assisting the latter in determining and regularly assessing all remuneration and benefits for executive directors or senior managers of the Group, including all deferred benefits and/or all severance indemnities for voluntary or forced departure from the Group.

In this framework, the Remuneration Committee shall notably carry out the following main missions:

- examination and proposal to the Board of Directors on all aspects and conditions for remuneration of the Group's key executives;
- examination and proposals to the Board of Directors on the method of distributing directors' fees; and
- extraordinary missions concerning all extraordinary remuneration for special missions entrusted, if applicable, by the Board of Directors to some of its members.

iii. Operating (Article 3 of the internal regulations of the Remuneration Committee)

The Remuneration Committee may validly resolve, either during a meeting or by telephone or videoconference, under the same conditions as the Board, when convened by the Chairman or the secretary of the Committee provided at least one half of members participate in the work of the Committee. Notices of meetings shall include an agenda and may be sent orally or by any other means.

The Remuneration Committee adopts decisions by a majority of members attending the meeting, each member being entitled to one vote. The Committee shall make recommendations to the Board of Directors indicated the number of favourable votes obtained for said recommendations.

The Audit Committee shall meet whenever necessary and in any event, at least once a year, prior to the Board of Directors meeting pronouncing on the situation of members of the Board of Directors having regard

to the independence criteria adopted by the Company and, in any event, prior to any meeting of the Board of Directors pronouncing on the fixing of remuneration of the members or Senior Management or the distribution of directors' fees.

Since the Remuneration Committee was created on the date of admission of the Company's shares to the Paris Euronext regulated market, that is, on 26 June 2015, the Remuneration Committee did not meet prior to closing of the fiscal year ended 30 June 2015.

16.4.3 Appointments Committee

i. Composition (Article 2 of the internal regulations of the Appointments Committee)

The Appointments Committee comprises three members of which one appointed from among the independent members of the Board of Directors. He/she appointed by the latter from among its members having regard notably to his/her independence and competence in the selection or remuneration of executive directors of listed companies. The Appointments Committee shall not include any executive directors.

The composition of the Committee may be amended by the Board of Directors at the request of its Chairman, and in any event, it will be modified in the event of any change in the general composition of the Board of Directors.

The term in office of members of the Appointments Committee coincides with that of their term in office as member of the Board of Directors. This term may be renewed at the same time as the latter.

The Chairman of the Appointments Committee is appointed from among the independent members of the Board of Directors.

The Appointments Committee comprises at least three members, of which one is an independent member of the Board of Directors. They are appointed by the latter from among its members considering notably their independence and competence in the matter of selection or remuneration of executive directors of listed companies. The Appointments Committee will seek to include a number of independent directors according to the formulations in the AFEP-MEDEF code. The Appointments Committee shall not include any executive directors (Article 2 of the internal regulations of the Appointments Committee).

The secretariat services for the Committee's work will be provided by any person appointed by the Chairman of the Committee or with the latter's agreement.

ii. Responsibilities (Article 1 of the internal regulations of the Appointments Committee)

The Appointments Committee is a specialist Committee of the Board of Directors with, as its main mission, assisting the latter in determining the composition of management bodies of the Company and the Group.

In this framework, the Committee shall notably carry out the following main missions:

- proposals on appointing members of the Board of Directors, Senior Management and the Advisory Committees; and

- annual evaluations of independence of members of the Board of Directors.

iii. Operating (Article 3 of the internal regulations of the Appointments Committee)

The Appointments Committee may validly resolve, either during a meeting or by telephone or videoconference, under the same conditions as the Board, when convened by the Chairman or the secretary of the Committee provided at least one half of members participate in the work of the Committee. Notices of meetings shall include an agenda and may be sent orally or by any other means.

The Appointments Committee adopts decisions by a majority of members attending the meeting, each member being entitled to one vote.

The Appointments Committee shall meet whenever necessary and in any event, at least once a year, prior to the Board of Directors meeting pronouncing on the situation of members of the Board of Directors having regard to the independence criteria adopted by the Company.

Since the Appointments Committee was created on the date of admission of the Company's shares to the Paris Euronext regulated market, that is, on 26 June 2015, the Appointments Committee did not meet prior to closing of the fiscal year ended 30 June 2015.

16.5 DECLARATIONS ON CORPORATE GOVERNANCE

The Company will refer to the recommendations in the Code of Governance for Listed Companies of the *Association Française des Entreprises Privées* (AFEP being the French acronym - French Association for Private Enterprises) and of the *Mouvement des Entreprises de France* (MEDEF being the French acronym - French Enterprise Movement), (the "**AFEP-MEDEF Code**") in particular for preparing the report of the Board of Directors provided by Article L. 225-37 of the French Commercial Code on the composition of the Board on application of the principle of gender balance on the Board, the conditions for preparing and organising the work of the Board and the internal control and risk management procedures established by the Company.

The Company intends notably to guarantee the presence of independent members on the Board of Directors and to confer on the specialised Committees responsible for making recommendations on the strategy for auditing the financial statements and the remuneration of executives and the prior approval of the Board of Directors of the implementation of a number of decisions which may have significant consequences on the Group business or that of a Group Company, their assets or results.

The AFEP-MEDEF Code to which the Company refers may be consulted on Internet at the following address: http://www.medef.com. The Company shall permanently keep copies of the Code available to members of its corporate bodies.

For aspects of corporate governance known on the date of this Registration Document, the Company complies with most of the recommendations in the AFEP-MEDEF Code.

The table below features the AFEP-MEDEF recommendations with which the Group does not comply on the date of this Registration Document.

AFEP-MEDEF Code	**Position of the Company**
Composition of the Board of Directors	
Concerning gender balance the objective for each Board is to recruit and retain a percentage of women members of at least 20% within three years and of at least 40% within six years, from admission of the Company's shares to trading on the regulated market.	The Company's Board of Directors comprises 4 members but no women. At the latest during the shareholders' meeting called to approve the accounts for the fiscal year ending 30 June 2016, the Company intends to submit to shareholders, the appointment of 3 women also being independent.
Independent directors	

AFEP-MEDEF Code	Position of the Company
The proportion of independant directors must be at least half of the members of Board of Companies with a widely spread share capital without any controlling shareholder. In controlled companies (pursuant to Article L.233-3 of the French Commercial Code), the proportion of independent directors must be at least a third.	The Company's Board of Directors comprises 4 members including one independent director. At the latest during the shareholders' meeting called to approve the accounts for the fiscal year ending 30 June 2016, the Company intends to submit to shareholders, the appointment of 3 women as independent directors.
Board Committee	
Audit Committee The proportion of independent directors on the audit committee (excluding directors representing employee shareholders and directors representing employees who are not counted for the present purposes) must be at least two thirds and the Committee must not include any executive directors.	The Audit Committee comprises 3 members including 1 independent member. (Mr Vincent Colomb, Mr Bertrand Pivin and Mr Daniel Caille). At the latest, at the time of the shareholders' meeting ruling on the financial statements relating to the fiscal year ended on 30 June 2016, the Company intends to change the composition of the Audit Committee so the latter comprises at least two thirds of independent members.
Appointments Committee The appointments committee must be composed by a majority of independent directors. It must be chaired by an independent director.	The appointments committee will comprise 3 members including 1 independent member (Mr Vincent Colomb, Mr Bertrand Pivin and Mr Daniel Caille). At the latest during the shareholders' meeting convened to approve the accounts for the fiscal year ending 30 June 2016, the Company intends to amend the composition of the Appointments Committee so that at least one-half is made up of independent members.
Remuneration Committee The Remuneration Committee must be composed by a majority of independent directors. It must be chaired by an independent director.	The Remuneration Committee will comprise 3 members including 1 independent member (Mr Vincent Colomb, Mr Bertrand Pivin and Mr Daniel Caille). At the latest during the shareholders' meeting convened to approve the accounts for the fiscal year ending 30 June 2016, the Company intends to amend the composition of the Remunerations and Appointments Committees so that at least one-half is made up of independent members.
Remuneration of executive directors and award of share options and performance-related share	

AFEP-MEDEF Code	Position of the Company
Lock-up The Chairman of the Board, the Chief Executive Officer, the Deputy Chief Executive Officers, members of the Supervisory Board or the manager of a partnership with shares must retain a significant number of registered shares as determined from time to time by the Board of Directors until the end of their period in office	Insofar as the Board of Directors does not yet comprise all its members, on the date of this Registration Document, the Company's articles of association only require the directors to hold one share of the Company, which they must retain in registered form until cessation of their duties. The Company's in-house regulations shall, where appropriate, be revised in order to envisage the obligation to hold a significant number of shares when the Board of Directors comprises all its members.
Evaluation of the Board of Directors	
As good corporate governance practice, the Board will evaluate its ability to meet the expectations of shareholders appointing it to manage the company, by periodically reviewing its composition, organisation and functioning.	Insofar as the Board of Directors was created in June 2015, no evaluation of the Board of Directors was conducted for the fiscal year ending 30 June 2015. But a self-assessment of the Board of Directors will be performed for the fiscal year ending 30 June 2016 according to the AFEP-MEDEF recommendations.

CHAPTER 17
EMPLOYEES

17.1 HUMAN RESOURCES POLICY

17.1.1 Employment policy

As of 30 June 2015, the Company has 5 employees. Most of the Group's employees are concentrated at the Company's subsidiary: Amplitude SAS.

17.1.1.1 Collective Regulations

Amplitude SAS is bound by the collective agreement for metal-working Industries at national and French administrative department level (Drôme-Ardèche) (the "**Collective Agreement**").

Moreover, the following collective agreements have been concluded at Amplitude SAS:

- Employee profit sharing agreement dated 20 June 2008 concluded for an indeterminate period (see paragraph 17.4.2 *"Profit-sharing agreement"* in this Registration Document);

- Rules of the corporate savings scheme dated 14 June 2005, concluded for a term of one year, tacit renewal (see Section 17.5 *"Savings plan"* in this Registration Document); and

- Rules of the collective pension savings scheme dated 6 November 2014, concluded for an indeterminate term.

There are plans to conclude a corporate savings scheme and a collective pension savings scheme within the Company to replace those schemes established within OrthoFin II.

17.1.1.2 Working time

The organisation of working time at Amplitude SAS is governed by the statutory provisions and those in the Collective Agreement.

Management-grade employees of Amplitude SAS are bound by an agreement to work a fixed number of days over the year.

Full-time non-management employees are bound by the collective working time provisions in force at Amplitude SAS, i.e., 38 hours per week.

Part-time employees account for 8% of the total staff of Amplitude SAS.

17.1.1.3 Training

Amplitude SAS organises training courses for the benefit of its employees. Accordingly, 3,253 training hours were provided as at 30 June 2015 and 100% of Amplitude SAS employees received training between 1 July 2014 and 30 June 2015.

17.1.2 Remuneration policy

Amplitude SAS has no general policy on variable remuneration. However, some management and sales staff are entitled to performance-related bonuses (based notably on revenue) or sales commissions. The benefits and variable remuneration procedures are negotiated on a case–by-case basis between the parties at the time of recruitment or during the period of employment.

17.1.3 Staff representation and social dialogue

Amplitude SAS incorporates a works and staff representatives committee, which meets as the single staff representation body, and also a health, safety and working conditions committee.

The single staff representation body comprises 7 elected members (4 for the "operatives and office staff" section and 3 for the "technicians, supervisors and management" section) and an equal number of deputies. The results of the latest elections were announced on 23 January 2015 and the terms in office of those elected commenced on 29 January 2015 for a term of 4 years.

The health, safety and working conditions committee comprises 2 members (1 for the "operatives and office staff" section and 1 for the "technicians, supervisors and management" section) appointed on 27 May 2015 for a term of 2 years.

Top management of Amplitude SAS considers it maintains good relations with the staff representation bodies.

17.2 CORPORATE INFORMATION

17.2.1 Payroll

On 30 June 2015, the Group employed 248 members of staff.

The payroll of Amplitude SAS is characterised by its consistent increasing in recent years. On 30 June 2008, the company declared it employed 59 members of staff. On 30 June 2015, Amplitude SAS employed 188 staff in France of which 172 on permanent contracts and 14 on fixed-term contracts. The payroll of Amplitude SAS also includes 2 staff employed under vocational training contracts.

The Staff is spread over its two sites: the registered office of the Company where 158 members of staff currently work located in Valence (Drôme) and the Neyron (Ain) site dedicated to the Company's sales department which is staffed by 30 employees.

17.2.2 Geographical distribution

The table below gives an overview of Group staff in countries where it is located as of 30 June 2015:

Country	Number of Staff
France	204
Including Amplitude SAS	188
Excluding Amplitude SAS	16
Australia	15
Switzerland	3
Germany	9
Belgium	2
United States	6
Brazil	9
Total	**248**

17.2.3 Structure and progression of staff

The tables below give an overview of the recent structure and progression of staff at Amplitude SAS during the last three fiscal years.

Global progression of number of staff at Amplitude SAS

The tables below describe the progression over the last three years of staff at Amplitude SAS distributed by type of contract (paragraph 17.2.3.1 *"Distribution of staff by type of contract"* in this Registration Document), by socio-professional category (paragraph 17.2.3.2 "*Distribution by socio-professional category"* in this Registration Document), by new recruitment (paragraph 17.2.3.3 "*Recruitment*" in this Registration Document), and by type of departure (paragraph 17.2.3.4 "*Dismissals, resignations and retirements*" in this Registration Document).

17.2.3.1 Distribution of staff by type of contract

Amplitude SAS *(as a percentage)*	**30/06/2015**	**30/06/2014**	**30/06/2013**
Permanent (CDI being the French acronym)	91%	90%	96%
Non-permanent (French acronyms: CDD)	9%	10%	4%

17.2.3.2 Distribution by socio-professional category

Amplitude SAS	**Managers**	**Non-management**
As at 30 June 2015	86	102
As at 30 June 2014	74	86
As at 30 June 2013	69	79

17.2.3.3 Recruitment

Amplitude SAS	**30/06/2015**	**30/06/2014**	**30/06/2013**
Permanent (CDI being the French acronym)	27	11	12
Non-permanent (French acronyms: CDD)	25	24	25
Total	52	35	37

17.2.3.4 Dismissals, resignations and retirements

Amplitude SAS	**30/06/2015**	**30/06/2014**	**30/06/2013**
Redundancies/dismissals	1	1	2
Resignations/Expiry of temporary contracts	16	19	8
Retirement/death	0	0	0
Termination of contract	3	3	1
Total	20	23	11

17.3 OPTIONS FOR COMPANY SHARE SUBSCRIPTIONS AND SHARE PURCHASING

There is no shareholding plan for the benefit of employees in the Group or in any of its subsidiaries.

17.4 EMPLOYEE INCENTIVES AND PROFIT-SHARING

17.4.1 Employee profit-related incentive agreement

The profit-related agreement in place at OrthoFin II was taken over by Amplitude Surgical following the merger of the two entities; a new agreement will be concluded during the first half of the year to replace the previous one which has ended.

17.4.2 Profit-sharing agreement

Amplitude SAS concluded a profit-sharing agreement on 20 June 2008, for an indeterminate period.

The table below gives an overview of the special profit-sharing provision over the last four consolidated fiscal years.

Amplitude SAS	***Amount of the special profit-sharing provision***
Fiscal Year 2014-2015	€120,557
Fiscal Year 2013-2014	€329,514
Fiscal Year 2012-2013	€227,427
Fiscal Year 2011-2012	€348,481

17.5 SAVINGS PLAN

A corporate savings scheme has been in force since 14 June 2005 at Amplitude SAS and since 11 December 2012 within the Company (following the transfer of the corporate savings plan previously concluded at OrthoFin II).

17.6 SHAREHOLDINGS OF EXECUTIVES AND TRANSACTIONS PERFORMED BY MEMBERS OF THE BOARD OF DIRECTORS INVOLVING COMPANY SECURITIES

See Chapter 18 "*Principal shareholders*" of this Registration Document.

CHAPTER 18
PRINCIPAL SHAREHOLDERS

18.1 IDENTIFICATION OF SHAREHOLDERS

18.1.1 Distribution of capital and of voting rights

As of the date of this Registration Document, the capital and voting rights of the Company are distributed as follows (on an undiluted basis):

Shareholding	Number of shares (1)	% of capital and of voting rights
Olisa	4,564,825	9.73
Apax companies, of which:	20,972,543	44.69
FPCI Apax France VIII A	10,006,798	21.32
FPCI Apax France VIII B	6,671,198	14.22
FPCI Apax Ortho	4,270,349	9.10
Midinvest	24,198	0.05
CIC Mezzanine 2	466,789	1.00
Idinvest private debt	408,442	0.87
Management	517,253	1.10
Public[15]	20,000,00	42.62
Total	**46,929,852**	**100%**

(1) All company shares are ordinary shares.

[15] The public includes notably the Allianz Global Investors GmbH and Amundi Asset Management Funds which have declared they have exceeded the thresholds described in paragraph 18.1.2 "*Exceeding the thresholds*".

On completion of exercise of the supplementary issue option on 24 July 2015, the capital and voting rights of the Company were distributed as follows:

Shareholding	**Number of shares**	**% of capital and voting rights**
Olisa	4,564,825	9.73
Apax companies, of which:	19,799,596	42.19
FPCI Apax France VIII A	9,447,140	20.13
FPCI Apax France VIII B	6,298,093	13.42
FPCI Apax Ortho	4,031,518	8.59
Midinvest	22,845	0.05
CIC Mezzanine 2	440,681	0.94
Idinvest private debt	385,599	0.82
Management	517,253	1.10
Public[16]	21,221,898	45.22
TOTAL	**46,929,852**	**100%**

[16] The public includes notably the Allianz Global Investors GmbH and Amundi Asset Management Funds which have declared they have exceeded the thresholds described in paragraph 18.1.2 "*Exceeding the thresholds*".

On ending the fiscal years 2015, 2014 and 2013 the capital and voting rights of the Company were distributed as follows:

Shareholding	Position as at 30/06/2015			Position as at 30/06/2014			Position as at 30/06/2013		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Olisa	4,564,825	9.73	9.73	4,115,037	12.89	12.89	3,580,000	12.98	12.98
OrthoManagement	-	-	-	517,253	1.62	1.62	450,000	1.63	1.63
Apax companies, of which:	20,972,543	44.69	44.69	27,096,905	84.91	84.91	23,573,765	85.38	85.38
FPCI Apax France VIII A	10,006,798	21.32	21.32	12,928,963	40.52	40.52	11,247,939	40.78	40.78
FPCI Apax France VIII B	6,671,198	14.22	14.22	8,619,309	27.01	27.01	7,498,626	27.19	27.19
FPCI Apax Ortho	4,270,349	9.10	9.10	5,517,368	17.29	17.29	4,800,000	17.40	17.40
Midinvest	24,198	0.05	0.05	31,265	0.09	0.09	27,200	0.01	0.01
CIC Mezzanine 2	466,789	1.00	1.00	94,333	0.29	0.29	-	-	-
Idinvest Private debt	408,442	0.87	0.87	82,542	0.25	0.25	-	-	-
Management	517,253	1.10	1.10	-	-	-	-	-	-
Public[17]	20,000,000	42.62	42.62	-	-	-	-	-	-
Total	**46,929,852**	**100%**	**100%**	**31,906,070**	**100%**	**100%**	**27,603,765**	**100%**	**100%**

A description of changes in share capital during the fiscal years ended 30 June 2015, 2014 and 2013 is shown in paragraph 21.1.7 "*Changes in the Company's share capital over the last three fiscal* years" in this Registration Document.

18.1.2 Exceeding the thresholds

The Company has received the following declarations of exceeding the thresholds:

- On 30 June 2015, the public limited company Allianz Global Investors GmbH declared it held on behalf of customers with funds under its management, 2,936,000 Company shares, representing an equivalent number of voting rights, that is, 6.26% of the Company's capital and voting rights;

- On 1 July 2015, the company incorporated under English law, Aviva Investors Global Services Limited, declared it held on behalf of customers with funds under its management, 3,068,305 Company shares, representing an equivalent number of voting rights, that is, 6.54% of the Company's capital and voting rights.

[17] The public includes notably the Allianz Global Investors GmbH and Amundi Asset Management Funds which have declared they have exceeded the thresholds described in paragraph 18.1.2 "*Exceeding the thresholds*".

- On 2 July 2015, the company Amundi Asset Management declared it held through these UCITS (Amundi Société Générale Gestion, Etoile Gestion, CPR Asset Management and BFT Gestion) 787,843 Company shares, representing an equal number of voting rights, that is, 1.67% of the Company's capital and voting rights.

- On 19 August 2015, the FCPE Epargne Croissance, managed by AXA Investment Managers Paris, declared it held 869,565 Company shares representing an equivalent number of voting rights, that is, 1.85% of the Company's capital and voting rights; and

- On 24 August 2015, the company La Banque Postale Asset Management declared it held in the name of and on behalf of collective investment undertakings, 748,000 Company shares, representing an equivalent number of voting rights, that is, 1.49% of the Company's capital and voting rights.

18.1.3 Transactions performed by members of the Board of Directors and the Chief Executive Officer

Olivier Jallabert declared that, at the time of the stock market launch of the Company, he subscribed shares of a value of €75,000 and that a natural person related to him also subscribed shares of a value of €75,000. Olivier Jallabert currently holds 15,000 shares, representing an equivalent number of voting rights, that is 0.03% of the Company's capital and voting rights and the related natural person currently holds 15,000 shares representing an equivalent number of voting rights, that is, 0.03% of the Company's capital and voting rights.

18.1.4 Presentation of the principal shareholders

18.1.4.1 Olisa

Olisa is a limited liability company with registered office at 11, Cours Jacques Offenbach, in Valences (26000), registered in the Romans Trade and Companies under number 534 074 273. Its capital is €8,501,000 divided into 8,501,000 shares each of nominal value of one euro. Olisa is 100% owned by Olivier Jallabert and his family.

18.1.4.2 OrthoManagement

OrthoManagement is a simplified joint stock company with registered office at 11, Cours Jacques Offenbach, in Valences (26000), registered in the Romans Trade and Companies under number 532 353 588. Its capital is €517,253 divided into 51,725,300 shares each of nominal value of one euro cent. The company is owned by certain executive directors of OrthoFin II. It was merged with Amplitude Surgical on 25 June 2015.

18.1.4.3 Apax companies

Apax is a major player in private equity in France and concentrates on the French speaking midcap market.

Since its creation, Apax has leveraged more than €2.5 billion of funds in France for major international investors.

The fund management company, Apax Partners Midmarket is a French company, approved by the AMF and 100 % owned by its shareholders. It retains historic links with Apax Partners LLP, based in London which focuses on large cap transactions.

Since 1990, Apax has been based on a sector-specific organisation: teams have developed strong expertise in growth sectors, including technologies, telecommunications, media, distribution, services and health.

The team incorporates 20 investment professionals including 7 partner directors.

18.1.4.4 Mezzanine investors

CM-CIC Private Debt

CM-CIC Private Debt is one of the main players in mezzanine and senior finance dedicated to French SMEs and intermediate-sized companies.

Since its creation in 2003, CMC-CIC Private Debt has raised more than €650 million in France from private and institutional investors. €240 million have been invested as of today in mezzanine and €190 million in senior debts with a view to financing the transfer and growth of 67 French SMEs and intermediate-sized companies.

The management company, CM-CIC Private Debt is a French company, approved by the AMF and 100% owned by the Crédit Mutuel CIC Group. It has a dense and privileged flow of business thanks to its close association with the Crédit Mutuel CIC Group.

The team is composed of 10 people.

Idinvest

Idinvest Partners is an acknowledged European player in Mid-Market Private Equity. With €5 billion under management, and more than fifty associates, Idinvest Partners have developed several forms of expertise: capital growth operations for young innovative European enterprises; senior and mezzanine finance operations; primary and secondary investments or Private Equity consultancy services.
The senior and mezzanine finance business has more than €1.5 billion under management. Created in 1997 under the name of AGF Private Equity, Idinvest Partners was a subsidiary of Allianz until 2010, date on which the company joined with the IDI Group to become independent.

18.2 SHAREHOLDERS' VOTING RIGHTS

On the date of this Registration Document, no shareholder has special voting rights. One vote is attached to each Company share. In addition, the Company does not directly or indirectly hold any treasury shares.

Following the proposed initial public offering, the Company has exercised the option provided by Article L.225-123(3) of the French Commercial Code, deciding that fully paid shares, for which it can prove registration for at least two years in the name of the same shareholder, will not benefit from a double voting right.

18.3 SHAREHOLDERS' AGREEMENT, LOCK-UP AND CONCERTED ACTION UNDERTAKINGS

In the context of the stock market launch of the Company and as stated in the transaction note forming part of the prospectus approved under No. 15-265 on 10 June 2015, the Company, the assigning entities (i.e. FPCI Apax France VIII A, FPCI Apax France VIII B, FPCI Apax Ortho and Midinvest) as well as some Company employees (including Olivier Jallabert) entered into lock-up undertakings for a period expiring after 180 days. Please refer to section 7.3 of the transaction note.

18.4 CONTROL OF THE COMPANY

On the date of this Registration Document, the Company is controlled by Apax (FPCI Apax France VIII A, FPCI Apax France VIII B, FPCI Apax Ortho and Midinvest) represented by the management company Apax Partners MidMarket SAS, which act in concert. The Apax companies together hold 19,799,596 shares, representing 42.19% of the capital and voting rights in the Company. Having regard to the proposed

operations for the Company's initial public offering, the equity interest of Apax companies in the Company capital will automatically be reduced.

18.5 AGREEMENTS WHICH MAY RESULT IN A CHANGE OF CONTROL OF THE COMPANY

On the date of this Registration Document, there is no agreement of which the implementation could result in a change of control of the Company.

CHAPTER 19
TRANSACTIONS WITH RELATED PARTIES

This Chapter describes the main agreements between the Company and related parties, that is, members of the Company's top management, members of the Company's Board of Directors and the subsidiaries of the Company under the conditions of Articles L.225-38 *et seq* of the French Commercial Code, in force on 30 June 2015, concerning the following transactions:

19.1 MAIN TRANSACTIONS WITH RELATED PARTIES

Agreements pursuant to Article L.225-38 *et seq* of the French Commercial Code concluded by the Company during the fiscal year ended 30 June 2015 and subject to approval of the shareholders' meeting of 9 December 2015:

Conclusion of an underwriting agreement

On 25 June 2015, the Company signed an underwriting agreement with a group of financial establishments comprising Oddo & Cie and Natixis as Global Coordinators and Joint-Lead Managers and Joint-Bookrunners, Crédit Agricole Corporate and Investment Bank Joint-Lead Managers and Joint-Bookrunners for all shares offered at an open price and the global investment in order, notably, to guarantee success of the offer.

This is a standard agreement during a stock market launch in which banks undertake to find investors or in default, to subscribe or purchase the securities concerned themselves.

The countersigning by the Company of an exit agreement with its main shareholders

The Company signed an exit agreement on 10 June 2015 with FPCI Apax France VIII-A, FPCI Apax France VIII-B, FPCI Apax Ortho, Midinvest, Olisa, FPCI CIC Mezzanine 2, FPCI Idinvest Private Debt and the shareholders of OrthoManagement, with as its purpose organising the relationships between the parties in the Company, the methods for liquidating their securities and cancellation of the shareholders' agreement, in the specific context of the stock market launch.

This is a mechanism which, during a stock market launch, determines the restructuring methods necessary for the transaction.

Agreement establishing the so-called *"article 83"* basic pension scheme and the supplementary contributions-based pension scheme of Olivier Jallabert

At its meeting held on 10 June 2015, the Company's Board of Directors determined the remuneration and benefits of Olivier Jallabert as Chief Executive Officer of the Company and notably the so-called *"article 83"* basic pension scheme and the supplementary contributions-based pension scheme, for a maximum amount equal to eight times the social security cap (that is, approximately €22,625 per annum).

This agreement was established in the context of the change of governance of the Company resulting in replacement of the company Olisa directly by Olivier Jallabert as its Chief Executive Officer.

Payment of an exceptional bonus to Olivier Jallabert in view of the Company's stock market launch

In the framework of admission of the Company's shares to trading on the Paris Euronext regulated market, the Board of Directors meeting held on 10 June 2015 resolved to pay €540,000 net (that is €756,000 gross) to Olivier Jallabert (deducted from the gross amount of the capital increase).

This remuneration was paid to Olivier Jallabert in view of Company's stock market launch, given the time spent on preparing and implementing the transaction.

Intragroup loan agreement

On 16 September 2014, an intragroup loan of €16,405,110.54 was concluded between OrthoFin II (now merged with the Company) and its subsidiary Amplitude SAS following reimbursement of the senior debt and the drawdown of the CAPEX credit facilities.

The loan earns interest at the 12-month EURIBOR plus 3.5 points

	Balance on 30 June 2015 of the shareholders' current account at Amplitude Surgical (excluding interest accrued)	Financial income recorded in the accounts by Amplitude Surgical on 30 June 2015
Amplitude SAS	+ €16,405,110	+ €505,146

This loan was set up following reimbursement of the senior debt and associated so-called "CAPEX" loans allocated to Amplitude SAS.

Agreements pursuant to Article L.225-42-1 of the French Commercial Code concluded by the Company during the fiscal year ended 30 June 2015 subject to approval of the shareholders' meeting of 9 December 2015:

Deferred remuneration of Olivier Jallabert

A severance indemnity was determined for Olivier Jallabert in his capacity as Chief Executive Officer as follows, it being specified that Olivier Jallabert does not have any contract of employment, at one of the Group's companies:

- In the event of cessation of his corporate mandate, Olivier Jallabert will receive a gross severance indemnity equivalent to 24 months of his reference monthly remuneration (that is currently an amount of €550,000).

  The reference monthly remuneration is understood as the fixed gross annual remuneration increased by the gross average amount of the last two variable bonuses received, excluding any exceptional bonuses, all divided by 12 months.

- The severance indemnity is applicable only in the case of forced departure caused by a change of control or of strategy. The severance indemnity is not due in the event of dismissal for serious negligence or wilful misconduct, resignation or retirement.

The severance indemnities of Olivier Jallabert are subject to the following performance conditions pursuant to the provisions of Article L.225-42-1 of the French Commercial Code:

- payment of one half of the indemnity will be conditional on the Group's revenue. The payment will be due 100% if the revenue calculated on the basis of the Group's consolidated financial statements for the last two fiscal years ended prior to the date of cessation of the corporate mandate (the reference fiscal years) attains as a minimum on average, 100% of the values budgeted for said two fiscal years. If, during one or other of the two reference fiscal years, the economic and financial position of the Group and/or the economic and financial conditions of the market deteriorate, the average amount to be achieved may be reviewed by the Board of Directors on a proposal of the Remunerations Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation.

- payment of one half of the indemnity will be conditional on the Group's EBITDA. The payment will be due 100% if the EBITDA, calculated on the basis of the Group's consolidated financial

statements for the last two fiscal years ended prior to the date of cessation of the corporate mandate (the reference fiscal years) attains as a maximum on average, 100% of the budgeted performance for said two fiscal years. If, during one or other of the two reference fiscal years the Group's economic and financial position and/or the economic and financial conditions of the market deteriorate, the average level to be achieved may be reviewed by the Board of Directors on a proposal of the Remunerations Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation.

This agreement was established in the framework of a change of governance of the Company, resulting in replacement of the company Olisa directly by Olivier Jallabert in the capacity of Chief Executive Officer.

Agreements pursuant to Articles L.225-38 *et seq* of the French Commercial Code concluded by the Company during previous fiscal years, of which execution continued during the fiscal year ended 30 June 2015:

Service-provision agreement between OrthoFin II and Amplitude SAS

On 10 October 2011, Amplitude SAS concluded a service-provision agreement with OrthoFin II for assistance and advisory services related to the reorganisation of the business of Amplitude SAS. Under the terms of this agreement, OrthoFin II undertakes to assist Amplitude SAS in various areas (financial, accounting, marketing and information technology, research and development, management of patents and relations with prostheses designers, supervision of the quality department, communication, strategy and safety).

This agreement, initially concluded for a term of one year from 1 July 2011, is tacitly renewable for subsequent periods of one year, unless cancelled by either of the parties by registered letter or personal service against receipt, with three months' notice.

The financial conditions of this agreement are defined below: OrthoFin II will receive remuneration corresponding to the costs incurred for provision of the aforementioned services plus a 5% margin.

The amounts paid under this agreement for the fiscal years ended 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015 were respectively €1,230,984, €1,607,011, €1,750,660 and €2,061,002.

This agreement was transferred from OrthoFin II to the Company during the legal reorganisation of subsidiaries in the perspective of the stock market launch.

Cash flow management agreement of 31 October 2011

The advances granted earn interest at the 3-month EURIBOR plus 1 point

	Balance at 30 June 2015 of the shareholders' current account at Amplitude Surgical (excluding interest accrued)	Financial income recorded in the accounts by Amplitude Surgical on 30 June 2015
Amplitude SAS	+ €35,440,139	+ €315,770

This cash flow agreement allows financing investments made by Amplitude SAS in consideration of dividends to be paid by Amplitude SAS to the holding.

Tax consolidation agreement

The Company has concluded a tax consolidation agreement with Amplitude SAS, OrthoFin II (merged in the Company during the fiscal year), Amplitude Group (merged in the Company during the fiscal year), AEM

Medical (merged in the Company during the fiscal year) from the fiscal years commencing 1 July 2011. The agreement is concluded for a term of 5 years.

The agreement provides that the subsidiary companies should post their tax charges in the same way as in the absence of consolidation of tax, any tax consolidation bonus being posted in the accounts by the Company.

Under the tax consolidation agreement, on 30 June 2015, the Company recorded tax income for the companies of €614,107.

This agreement allows offsetting profits and losses from a tax standpoint between the various French subsidiaries of the Group owned more than 95%.

Convertible bond loan

On 29 June 2011, the Company (previously named OrthoFin I) issued a bond loan in a total amount of €40,280,648.

This loan was subscribed as follows: FCPR Apax France VIII-A for €16,871,909, FCPR Apax France VIII-B for €11,247,939, Apax Ortho for €7,200,000, Midinvest for €40,800 and Olivier Jallabert (Olisa) for €4,920,000.

In 2013, the Company issued supplementary investor bonds of a value of €6,278,086, subscribed as follows:

FCPR Apax France VIII-A:	€2,521,537
FCPR Apax France VIII-B:	€1,681,024
Apax Ortho:	€1,076,053
Midinvest:	€6,098
Olivier Jallabert (Olisa):	€735,303
FCPR CIC Mezzanine 2:	€137,638
FCPR Idinvest Private Debt:	€120,433

This loan was remunerated at a fixed rate of 8.5%. On 30 June 2015, the interest for the financial year was capitalised in an amount of €4,935,426.

The convertible bonds were issued to finalise financing of acquisition of the Amplitude Group and the subsidiaries by the funds managed by Apax Partners and Olisa.

On 25 June 2015, the bonds and the capitalised interest were converted to ordinary shares.

Service-provision agreement between Apax Partners Midmarket SAS and OrthoFin II SAS

In November 2011, OrthoFin II SAS, a subsidiary of the Company, concluded a service-provision agreement with Apax Partners Midmarket SAS, the Company's principal shareholder.
Under the term of the service-provision agreement, Apax Partners Midmarket SAS will notably provide the following consultancy services for the Group:

- consultancy on Group strategy;
- consultancy on investments and external growth operations;
- consultancy on finance and refinance operations;

- market analysis;
- follow-up of Group performance and consultancy services on improving Group performance;
- conduct of Group valuation analysis;
- support for corporate governance; and
- consultancy on the Group's accounting policies and audit procedures.

As consideration for the provision of the aforementioned services, Apax Partners Midmarket SAS receives €250,000 ex-tax per annum, supplemented by costs incurred for provision of the aforementioned services.

Under this agreement the Company posted a charge of €245,833 on 30 June 2015.

The agreement terminated on 25 June 2015.

Service-provision agreement between Olisa and OrthoFin II SAS

In November 2013, OrthoFin II SAS, a subsidiary of the Company, concluded a service-provision agreement with Olisa, a shareholder in the Company. This agreement was amended by an amendment dated 18 December 2014.

The purpose of this agreement was to provide for management services by Olivier Jallabert for the Group and its subsidiaries.

Under the agreement, on 30 June 2015, the Company posted a charge of €314,000.

This agreement terminated on 25 June 2015.

19.2 STATUTORY AUDITORS' SPECIAL REPORTS ON REGULATED AGREEMENTS AND COMMITMENTS

19.2.1 Statutory Auditors' special report on regulated agreements and commitments for the fiscal year ended 30 June 2015

Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on the information provided to us, the principal terms and conditions and grounds justifying the interest of those agreements and commitments brought to our attention or that we may have discovered through our engagement, without expressing an opinion on their usefulness and appropriateness, nor seeking the existence of other agreements and commitments. It is your responsibility, under Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of those agreements and commitments for the purpose of approving them.

Furthermore, it is our duty if applicable to provide the information provided in Article R.225-31 of the French Commercial Code on execution during the previous fiscal year, of agreements and commitments previously approved by the shareholders' meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

In accordance with Article L.225-40 of the French Commercial Code, we have been notified of the following agreements and commitments that were previously authorised by the Board of Directors.

Conclusion of an underwriting agreement

Type and purpose:

On 25 June 2015, the Company signed an underwriting agreement with a group of financial establishments comprising Oddo & Cie and Natixis as Global Coordinators and Joint-Lead Managers and Joint-Bookrunners, Crédit Agricole Corporate and Investment Bank Joint-Lead Manager and Joint-Bookrunner.

This agreement concerns all shares offered at an open price and the global investment in order, notably, to guarantee success of the offer.

Persons concerned:

Vincent Colomb representing Apax Partners MidMarket and Bertrand Pivin, Director of Amplitude Surgical and of Apax Partners MidMarket.

Methods and reasons:

This is a standard agreement during a stock market launch in which banks undertake to find investors or in default, to subscribe or purchase the securities concerned themselves.

The impact of the agreement on the Company's financial statements for the year ended 30 June 2015 was €1.3 million corresponding primarily to commission paid.

The countersigning by the Company of an exit agreement with its main shareholders

Type and purpose:

The Company signed an exit agreement on 10 June 2015 with as its purpose organising the relationships between the parties in the Company, the methods for liquidating their securities and cancellation of the shareholders' agreement, in the specific context of the stock market launch.

Persons concerned:

Oliver Jallabert, Chief Executive Officer of Amplitude Surgical

Methods and reasons:

This is a mechanism which, during a stock market launch, determines the restructuring methods necessary for the transaction.

The agreement has no direct impact on the Company's financial statements.

Agreement establishing the supplementary pension scheme and benefits granted to the Chief Executive Officer

Type and purpose:

At its meeting held on 10 June 2015 the Company's Board of Directors determined the remuneration and benefits of Olivier Jallabert as Chief Executive Officer of the Company and notably:

- the so-called *"article 83"* basic pension scheme and the supplementary contributions-based pension scheme, for a maximum amount equal to eight times the social security cap (that is, approximately €22,625 per annum).

Persons concerned:

Oliver Jallabert, Chief Executive Officer of Amplitude Surgical

Methods and reasons:

This agreement was established in the context of the change of governance of the Company resulting in replacement of the company Olisa directly by Olivier Jallabert as its Chief Executive Officer. It seeks to offer an attractive remuneration package in line with market practices as consideration for the management functions performed.

This agreement had no impact on the financial statements ended 30 June 2015.

Payment of an exceptional bonus to Olivier Jallabert

Type and purpose:

In the framework of admission of the Company's shares to trading on the Paris Euronext regulated market, the Board of Directors meeting held on 10 June 2015 resolved to pay €540,000 net (that is €756,000 gross) to Olivier Jallabert.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical

Methods and reasons:

This remuneration was paid to Olivier Jallabert in view of Company's stock market launch, given the time spent on preparing and implementing the transaction. The company posted concomitant expenditure of €672,032 in the fiscal year.

Intragroup loan agreement

Type and purpose:

On 16 September 2014, an intragroup loan of was concluded between OrthoFin II (now merged with the Company) and its subsidiary Amplitude SAS.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical and Chairman of Amplitude SAS.

Methods and reasons:

The loan was put in place to repay the senior debt and the associated so-called "CAPEX" loans. The loan earns interest at the 12-month EURIBOR plus 3.5 points.

The company posted financial income of €505,146 for the fiscal year ended 30 June 2015.

Deferred remuneration of Olivier Jallabert

Type and purpose:

On 10 June 2015, the Board of Directors determined a severance indemnity for Olivier Jallabert conditional on performance. Since Olivier Jallabert does not have any contract of employment, in the event of cessation of his corporate mandate, he will receive a gross severance indemnity equivalent to 24 months of his reference monthly remuneration.

The reference monthly remuneration is understood as the fixed gross annual remuneration increased by the gross average amount of the last two variable bonuses received, excluding any exceptional bonuses, all divided by 12 months.

The severance indemnity is not due in the event of dismissal for serious negligence or wilful misconduct, resignation or retirement.

The severance indemnities of Olivier Jallabert are subject to the following performance conditions pursuant to the provisions of Article L.225-42-1 of the French Commercial Code. The performance conditions were based on two criteria: the amount of revenue attained by the Group and the EBITDA as detailed hereunder:

- payment of one half of the indemnity will be conditional on the Group's revenue. The payment will be due 100% if the revenue calculated on the basis of the Group's consolidated financial statements for the last two fiscal years ended prior to the date of cessation of the corporate mandate (the reference fiscal years) attains as a minimum on average, 100% of the values budgeted for said two fiscal years. If, during one or other of the two reference fiscal years, the economic and financial position of the Group and/or the economic and financial conditions of the market deteriorate, the average amount to be achieved may be reviewed by the Board of Directors on a proposal of the Remunerations Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation.

- payment of one half of the indemnity will be conditional on the Group's EBITDA. The payment will be due 100% if the EBITDA, calculated on the basis of the Group's consolidated financial statements for the last two fiscal years ended prior to the date of cessation of the corporate mandate (the reference fiscal years) attains as a maximum on average, 100% of the budgeted performance for said two fiscal years. If, during one or other of the two reference fiscal years the Group's economic and financial position and/or the economic and financial conditions of the market deteriorate, the average level to be achieved may be reviewed by the Board of Directors on a proposal of the Remunerations Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical.

Methods and reasons:

The granting of the indemnities is justified by the need to offer Oliver Jallabert an attractive remuneration package in line with market practices for his management functions and associated responsibilities.

The undertakings have no impact on the Company's financial statement for the fiscal year ended 30 June 2015.

AGREEMENTS AND UNDERTAKINGS APPROVED PREVIOUSLY BY THE SHAREHOLDERS' MEETING

Pursuant to Article R. 225-30 of the French Commercial Code we were informed that execution of the following agreements and undertakings approved by the shareholders' meetings in previous financial years continued during the last fiscal year.

Service-provision agreement between OrthoFin II and Amplitude SAS

Type and purpose:

On 10 October 2011, OrthoFin II (now merged with the Company) concluded an assistance and advisory services agreement with Amplitude SAS related to the reorganisation of the business of Amplitude SAS. This agreement is tacitly renewable for subsequent periods of one year unless terminated.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical and Chairman of Amplitude SAS.

Methods:

The Company received remuneration equivalent to the costs borne for provision of the services plus a margin of 5%.

The amount received by the company for the fiscal year ended 30 June 2015 was €2,061,002.

Cash flow management agreement.

Type and purpose:

On 31 October OrthoFin II (now merged with the company) concluded a cash flow management agreement with Amplitude SAS. The advances paid earn interest at the 3-month EURIBOR plus 1 point.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical and Chairman of Amplitude SAS.

Methods:

This cash flow agreement allows financing the investments of Amplitude SAS and any other transaction.

The Company received €315,770 as interest for the fiscal year ended 30 June 2015. The balance outstanding with Amplitude SAS totalled €35,440,139.

Tax consolidation agreement

Type and purpose:

On 1 July 2011, the company concluded a tax consolidation agreement with Amplitude SAS for a term of 5 years. The agreement provides that the subsidiary should post its tax in the same way as in the absence of tax consolidation, any consolidation bonus being posted by the parent company.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical and Chairman of Amplitude SAS.

Methods:

From a tax standpoint the agreement allows offsetting profits and losses between the Group's various French subsidiaries owned more that 95%.

Under this agreement the Company posted corporation tax income of €614,107 on 30 June 2015.

Convertible bond loan

Type and purpose:

On 29 June 2011, the Company issued a bond loan of a total amount of €40,280,648. The loan was subscribed as follows: FCPR Apax France VIII-A €16,871,909, FCPR Apax France VIII-B €11,247,939, Apax Ortho €7,200,000, Midinvest €40,800 and Olivier Jallabert (OLISA) €4,920,000.

In 2013 the company issued supplementary investors bonds of €6,278,086 subscribed as follows: FCPR Apax France VIII-A €2,521,537, FCPR Apax France VIII-B €1,681,024, Apax Ortho €1,076,053, Midinvest €6,098, Olivier Jallabert (OLISA) €735,303, FCPR CIC Mezzanine 2 €137,638 and FCPR Idinvest Private Debt €120,433.

This loan is remunerated at a fixed rate of 8.5%.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical, Vincent Colomb, representative of Apax Partners Midinvest and Bertrand Pivin, Director of Amplitude Surgical and of Apax Partners Midinvest.

Methods:

The convertible bonds were issued to finalise financing of the acquisition of Amplitude Group and its subsidiaries by the funds managed by Apax Partners Midinvest and Olisa.
The Company posted an interest charge of €4,935,429 for the fiscal year.

On 25 June 2015, the bonds and the capitalised interest were converted to ordinary shares.

Service-provision agreement between Apax Partners Midmarket and Amplitude Surgical

Type and purpose:

In November 2011, OrthoFin II (now merged with the Company) conclude a service-provision agreement with Apax Partners Midmarket. Under the terms of the agreement, Apax Partners Midmarket provided for the Group notably advisory services, for example on strategy, investment, finance, performance follow-up and analysis of changes at the Group, etc.

Persons concerned:

Vincent Colomb representative of Apax Partners MidMarket and Bertrand Pivin, Director of Amplitude Surgical and of Apax Partners MidMarket.

Methods:

Under the agreement the Company posted a charge of €245,833 for the fiscal year. The agreement was terminated on 25 June 2015.

Service-provision agreement between Olisa and OrthoFin II.

Type and purpose:

In November 2013, OrthoFin II (now merged with the Company) concluded a service-provision agreement with Olisa, amended by an amendment dated 18 December 2014.

The purpose of the agreement is the provision of management services by Olivier Jallabert for the Amplitude Group.

Persons concerned:

Olivier Jallabert, Chief Executive Officer of Amplitude Surgical.

Methods:

Under this agreement the Company posted a charge of €314,000 for the fiscal year. The agreement was terminated on 25 June 2015.

Done at Lyon and Villeurbanne on 30 October 2015

The Statutory Auditors

M E L I N & A S S O C I E S

Jacques Melin

M A Z A R S

Pierre Beluze

19.2.2 Statutory Auditors' special report on regulated agreements and commitments for the fiscal year ended 30 June 2014

The Statutory Auditors' special reports on regulated agreements for the fiscal years ended 30 June 2013 and 2014 are presented in Sections 19.3.2 and 19.3.3 of the Registration Document of 26 May 2015.

CHAPTER 20
FINANCIAL INFORMATION ON THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE COMPANY

20.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS

20.1.1 Group consolidated financial statements for the fiscal year ended 30 June 2015

20.1.1.1 Annual consolidated financial statements of the Group

Consolidated balance sheet

Assets

		Twelve months ended	
In thousands of euros	**Note**	**30 June 2015**	**30 June 2014**
Goodwill	*15*	90,427	89,968
Tangible fixed assets	*16*	21,193	19,429
Intangible assets	*15*	11,958	10,085
Other financial assets, including derivatives		43	130
Deferred tax asset	*14*	8,038	4,563
Total non-current assets		**131,660**	**124,175**
Inventory	*17*	33,166	25,264
Current tax debt	*18*	2,180	1,564
Accounts receivable and other debtors	*18*	23,953	20,726
Cash and cash equivalents	*19*	56,110	3,201
Total current assets		**115,409**	**50,755**
Total assets		**247,069**	**174,930**

Liabilities

In thousands of euros	**Note**	**30 June 2015**	**30 June 2014**
Share capital	*20*	469	319
Issuance premium		145,507	31,562
Other reserves		-9,600	-6,136
Items booked directly to capital and reserves		27	-649
Net profit-group share		-17,646	-2,846
Minority interests			61
Total capital and reserves		**118,756**	**22,311**
Borrowings and financial liabilities	*5 & 21*	69,407	100,636
Derivative instrument liabilities	*23*	698	9,630
Retirement commitments	*24*	275	144
Provisions for non-current risks and expenses	*25*	9,051	-
Deferred Tax	*14*	306	280
Other non-current liabilities		337	462
Total non-current liabilities		**80,075**	**111,153**
Bank overdrafts	*22*	44	5
Factoring financing liabilities	*22*	5,701	5,576
Borrowings and financial liabilities	*5 & 21*	14,489	7,462
Current deferred tax liabilities		741	330
Accounts payable and other creditors, including derivatives	*26*	26,718	26,388
Provisions for risk and expenses	*25*	544	1,706
Total current liabilities		**48,238**	**41,466**
Total liabilities, capital and reserves		**247,069**	**174,930**

Consolidated statement of profit and loss

In thousands of euros	Notes	Twelve months ended 30 June 2015	30 June 2014
		12 months	12 months
Revenues	8	71,090	58,228
Fixed asset inventory		11,823	10,272
Raw materials, goods and other supplies		-15,481	-13,024
Third-party expenses		-10,927	-7,630
Other purchases and external expenses	9	-25,877	-22,427
Taxes, levies and related payments		-1,029	-868
Employee expenses	10	-14,426	-11,259
Impairment allowances and provisions, net of reversals	11	-7,228	-6,060
Other operating income	12	786	1,276
Other operating expenses	12	-3,760	-4,079
Capital gains/losses on disposals		156	130
CURRENT OPERATING INCOME		**5,128**	**4,557**
Impairment losses		12	12
IPO expenses		-1,790	-
Tax Legal Dispute over Marketing of MD	25	-7,906	-
OPERATING INCOME		**-4,556**	**4,569**
Other financial income		476	52
Total financial income		**476**	**52**
Interest and financial charges	13	-14,132	-8,112
Movements in fair value on financial instruments		-	-64
Other finance charges		-1,357	-345
Total finance charges		**-15,489**	**-8,520**
FINANCIAL INCOME		**-15,014**	**-8,468**
Current and deferred tax	14	1,847	1,359
NET PROFIT		**-17,722**	**-2,540**
Attributable to:			
-the Group		-17,646	-2,846
-minority interest share		-75	306
Group share of net profit per share (euros)		-0.376	-0.089
Diluted Group share of net profit per share (euros)		-0.376	-0.001
Number of shares retained (in thousands)			
for net earnings per share		46,930	31,906
for diluted earnings per share		46,930	4,675,427

Consolidated statement of other income

		Twelve months ended	
In thousands of euros	**Note**	**30 June 2015**	**30 June 2014**
Net consolidated profit for the year		**-17,722**	**-2,540**
Cash flow hedges		259	141
Currency translation adjustments		-176	-37
Total re-usable items		**82**	**103**
Actuarial losses and gains			
Deferred taxes on actuarial losses and gains			
Total non-reusable items		**0**	**0**
Total other income		-17,639	-2,437
Group share		-17,564	-2,743
Minority interest share		-75	306

Consolidated cash flow statement

In thousands of euros	Note	Twelve months ended 30 June 2015 12 months	30 June 2014 12 months
OPERATING ACTIVITIES			
PROFIT after tax		**-17,722**	**-2,540**
Exclusion of items not impacting cash flow or unrelated to operating activities			
Amortisation, provisions and impairment losses	11	15,120	5,784
Plus or minus capital gain on disposal		-156	-130
Income taxes payable	14	-1,847	-1,359
GROSS PROFIT ON SELF-FINANCING before tax		**-4,605**	**1,755**
Tax paid	14	-680	-367
Changes in inventories		-7,902	-2,294
Changes in trade accounts receivable and other receivables		-3,227	-5,061
Changes in trade accounts payable and other payables		331	4,039
Other		-243	137
Net movement in income tax liability		-204	-162
CHANGES IN WORKING CAPITAL REQUIREMENT		**-11,245**	**-3,341**
Net cash flow from operating activities		**-16,531**	**-1,953**
INVESTMENT ACTIVITIES			
Purchase of intangible assets	15	-3,435	-5,876
Purchase of tangible fixed assets	16	-7,517	-7,637
Proceeds from / loss on disposal of tangible and intangible assets		473	531
Purchase of financial assets		-9	-102
Proceeds from / loss on disposal of financial assets excluding tax		1	-4
Purchase / sale of businesses		-489	-1,506
Net cash flow from investment activities		**-10,976**	**-14,594**
FINANCING ACTIVITIES			
Capital increase		113,177	4,277
FACTORING financing	22	125	938
Costs of borrowing		66,205	10,778
Changes in finance charges(**)		545	5,053
Repayment of loans		-99,677	-4,956
Net cash flow from financing activities		**80,375**	**16,090**
CASH FLOW MOVEMENTS		**52,869**	**-457**
Exchange rate losses			
CASH and cash equivalents at BEGINNING OF YEAR		**3,196**	**3,653**
CASH and cash equivalents at END OF YEAR		**56,065**	**3,196**

(**) Compound interest on bond and convertible bond issuances

The reconciliation between cash and cash equivalent totals which appear on the balance sheet and the net cash total which appears in the table of changes in cash flow is as follows:

In thousands of euros	Twelve months ended 30 June 2015	30 June 2014
Cash and cash equivalents	56,110	3,201
Bank overdrafts	-44	-5
Net cash from cash flow statement	**56,065**	**3,196**

Consolidated statement of changes in shareholders' equity

In thousands of euros	Number of shares (in thousands)	Capital	Premiums	Other reserves and profit	Shareholders' equity - group share	Minority interests	Shareholders' equity
Position as at 30 June 2013	**27,604**	**276**	**27,328**	**-7,166**	**20,438**		**20,438**
Changes in accounting policy							
Position as at 1 July 2013	**27,604**	**276**	**27,328**	**-7,166**	**20,438**		**20,438**
Consolidated profit for the year				-2,846	-2,846	306	-2,540
Changes in fair value on financial instruments				141	141		141
Currency translation adjustments				-37	-37	1	-36
Total other income				**-2,742**	**-2,742**	**307**	**-2,435**
Capital increase	4,302	43	4,234		4,277		4,277
Downgrading of minority interests as debt				306	306	-306	
Dividends paid							
Other changes				-29	-29	60	31
Position as at 30 June 2014	**31,906**	**319**	**31,562**	**-9,631**	**22,249**	**61**	**22,311**
Changes in accounting policy							
Position as at 1 July 2014	**31,906**	**319**	**31,562**	**-9,631**	**22,249**	**61**	**22,311**
Consolidated profit for the year				-17,646	-17,646	-75	-17,720
Changes in fair value on financial instruments				259	259		259
Currency translation adjustments				-176	-176		-176
Total other income				**-17,562**	**-17,563**	**-75**	**-17,638**
Capital increase	15,024	150	115,922		116,072		116,072
Allocation of capital increase costs (net of tax)			-1,929		-1,929		-1,929
Changes in financial liabilities				-87	-87		-87
Dividends paid							
Other changes			-47	61	14	14	28
Position as at 30 June 2015	**46,930**	**469**	**145,507**	**-27,219**	**118,756**		**118,756**

On 25 June 2015, Amplitude Surgical completed the process for admission of its shares to trading on the regulated market of Euronext Paris. The changes in capital were as follows:

- Creation of 10,000,000 ordinary shares in respect of a capital increase,
- Conversion of convertible bonds, exercise of share warrants, conversion of preference shares into 5,023,782 ordinary shares.

A total number of 15,023,782 shares were issued, share capital from thenceforth comprising 46,929,852 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ENTITY PRESENTING THE FINANCIAL STATEMENTS

Amplitude Surgical ("the Company") is a company domiciled in France. The registered office of the Company is located in Valence (26). The consolidated financial statements for the year ending 30 June 2015 are those of the Company and its subsidiaries (altogether referred to as "the Group" and each of which is individually referred to as "Group company"). The Group's activities consist mainly of the manufacture and marketing of prostheses.

The consolidated financial statements for 30 June 2015 relate to a twelve month period (that is, the period from 1 July 2014 to 30 June 2015).

1.1 Significant events

Change of name

During the fiscal year, the parent company changed its name from OrthoFin I to Amplitude Surgical. It was also changed from a simplified joint stock company (SAS) to a public limited company (SA).

Initial Public Offering

On 26 June 2015, admission of Amplitude Surgical's shares to trading on the Regulated market of Euronext Paris was completed. The offering was increased from €100 million to €106.1 million following a partial over-allotment exercise. This exercise enabled the Company to raise €50 million by issuing 10 million new shares.

At the same time, all Convertible Bond holders converted their bonds into ordinary shares, shareholders of preference shares agreed to convert these into ordinary shares, and all share subscription warrants were exercised.

By the end of the exercise capital was made up of 46,929,852 ordinary shares.

Tax legal dispute over "marketing of MD"

As at 30 June 2015, the Group had made an additional provision for risk in respect of a legal tax dispute surrounding the marketing of medical devices (MD).

On 23 October 2014, the company was assessed for a further €5.5 million in respect of this legal dispute in relation to the years 2011, 2012, 2013 and 2014. The group took the decision to make a provision for the full liability of the risk associated with this dispute (see Note 25).

NOTE 2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated half year financial statements are prepared in accordance with IFRS as adopted within the European Union.

The consolidated financial statements of Amplitude Surgical and its subsidiaries (the Group) are presented in thousands of euros.

2.2 Basis of valuation

The consolidated financial statements were prepared using the historical cost convention, with the exception of certain categories of assets and liabilities valued at fair value in accordance with IFRS. The categories in question are highlighted in the following notes.

2.3 Functional and reporting currency

The Group's consolidated financial statements are presented in euros in accordance with IAS 21. The Group's functional currency is the euro, since this is the currency in which the majority of its transactions are carried out.

Foreign currency transactions are converted into the respective functional currencies of the Group companies at the exchange rate in effect on the date of the transaction. The exchange rates of the group companies are detailed in paragraph 3.3 of this annex.

All financial information given in euros has been rounded up to the nearest thousand.

2.4 Critical accounting estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Directors to exercise judgment and to make certain estimates and assumptions which affect the application of accounting policies, the figures relating to assets and liabilities, revenues, income and expenses. The final values established as transactions unwind may differ from estimates made at the date of closing of the accounts.

The underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is accounted for during the period of the change and all subsequently affected periods.

Information relating to critical judgments exercised by applying accounting policies which have the most significant impact on the consolidated financial statements is included in the following notes:

- Note 3.4 – goodwill
- Note 3.5 – intangible assets
- Note 3.13 – provisions for risks and expenses.

2.5 Changes to accounting policies

As at 30 June 2015, only standards which have been published, approved and deemed mandatory by the European Union have been applied in advance.

The impact of IFRIC 21, which became mandatory from 1 January 2014, was not considered by the Group to be significant.

2.6 Standardisation

The financial statements of all Group companies included in the consolidated financial statements were standardised in accordance with IFRS accounting rules and principles of Group accounting. The consolidated financial statements are presented on the basis of the financial position as at 30 June 2015.

NOTE 3 PRINCIPAL ACCOUNTING POLICIES

3.1 Presentation of the financial statements

The accounting policies used in the preparation of the consolidated financial statements conform to IFRS standards and their interpretation as adopted within the European Union as at 30 June 2015. These accounting policies are the same as those used in the preparation of the annual consolidated financial statements for the fiscal year ending 30 June 2014, with the exception of the following two items:

- In the consolidated financial statements for the fiscal year ending 30 June 2014, the Company corrected an error in relation to the booking of a financial commitment to purchase the minority share interest in subsidiary Amplitude Brazil. The impact of this correction is outlined below.
- In the consolidated financial statements for the fiscal year ending 30 June 2014, the Company reclassified a Group debt owing to the transferors of the Austofix business to Amplitude Australia PTY (sale of which was finalised in October 2013) for a total of €4,400,000 under "Borrowings and financial debts – non-current provisions" in respect of the portion due in over one year. At the same time, the sum of €1,504,000 was booked to "Borrowings and financial debts – current provisions" (within the financial statements for the fiscal year ending 30 June 2014 previously completed, this debt had been included in "Trade accounts payable and other creditors, including derivatives"). As at 30 June 2015, the debt owing to the transferors of the Austofix business was also included in "Borrowings and financial debts – current provisions", in respect of the portion due within one year, namely, the sum of €7,251,000, while a total of €1,888,000 in respect of the portion due in over one year, has been booked to " Borrowings and financial debts – non-current provisions".
- In the consolidated financial statements for the fiscal year ending 30 June 2014, the Company corrected an error relating to future debt in respect of licence fees on patents. The impact of this correction is outlined below.

Correction of error in relation to undertakings to purchase the minority share interest in subsidiary Amplitude Brazil.

In February 2014, the Company acquired 50% of Brazilian company Unimplant (also known as Amplitude Brazil). The agreement provides for the purchase of an additional 10% within 2 years, and the remaining 40% within 3 years (Put and Call combined). Since its acquisition, this company has been fully integrated. However, in the consolidated financial statements for the fiscal year ending 30 June 2014 previously completed, the company had not accounted for the debt obligation to purchase the interests held by minority shareholders.

While finalising the consolidated financial statements for the fiscal year to 30 June 2015, the Company sought to correct this error, and, as a result, adjusted the consolidated financial statements for the year to 30 June 2014, which were issued by way of a comparison to the consolidated half year financial statements. Given this correction, the Company also chose to account for this acquisition according to the so-called "full goodwill" method. The following corrections also appear in balance sheet information for 30 June 2014 (comparative to the financial statements previously completed):

- An item in the amount of €7,724,000, in respect of a difference in goodwill, as a result of using the full goodwill method instead of the partial goodwill method;
- An item in the amount of €8,109,000 in respect of the debt owing to the transferors of Unimplant, included in "Borrowings and financial debts – non-current provisions", which represents an estimate of the total payable by the Group in the event of a put option exercise by the minority shareholders;
- A decrease of €680,000 in minority share capital under the category of “Minority investments”, which equals the book value of minority interests in Amplitude Brazil as recorded in the published financial statements for the fiscal year ending 30 June 2014;
- A Group capital increase of €295,000.

Correction of error relating to future debt on royalties payable on patents.

- The Company holds patents that are subject to royalty payments based on sales of products that are covered by at least one of the corresponding patent claims. As soon as it was completely amortised, the gross value of the patents was revalued annually, based on the royalty payments made during the course of the fiscal year, and as counterpart a debt owing on patents. In accordance with IAS 39.AG8, the liability should have been revalued on an ongoing basis as the total value of future royalties payable was re-estimated.
- While in the process of preparing the consolidated financial statements for the fiscal year to 30 June 2015, the Company corrected this error, and, as a result, adjusted the consolidated financial statements for the year to 30 June 2014, which were issued by way of a comparison to the consolidated annual financial statements.
- Thus, in applying IAS 8, the following corrections within the balance sheet as at 30 June 2014 were made retrospectively (comparative to the financial statements which had already been prepared) by booking an additional asset (patents) and liability (amounts due on fixed assets) in the amount of €1,762,000.

The following new standards and their interpretations applied during the fiscal year did not have a significant impact on the consolidated financial statements for the year to 30 June 2015:

- IFRIC 21 - Levies
- IFRS improvements – updates to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 18 and IAS 24.

The Group did not apply standards or interpretations coming into effect after 30 June 2015.

3.2 Principles of consolidation

All Companies within the Group already have, or are in the process of having, a financial year end of 30 June.

The Group exercises exclusive control of all companies included within the consolidated financial statements, listed in Note 29. They were therefore all consolidated in accordance with the principles of full consolidation.

A subsidiary is a company wholly controlled by the Group. Subsidiary financial statements were included in the consolidated financial statements from the date on which control was obtained until the date on which control ceased. The accounting policies of subsidiaries are standardised and aligned with those adopted by the Group.

All balance sheet balances and transactions, income and expenses resulting from intra-group transactions are excluded.

3.3 Conversion method

Foreign currency transactions

Foreign currency transactions are converted into the Company's functional currency on the date of the transaction.

Foreign currency monetary assets and liabilities (debtors and creditors) are converted into the currency of the financial statements at the rate in force on the closing date. The resulting exchange rate losses and gains are booked to the statement of profit and loss for the period.

Conversion of financial statements of Group companies with functional currencies other than the euro

The consolidated financial statements are presented in euro.

The financial statements of subsidiaries which use a different functional currency are converted into euros using:

- the official exchange rate as at the closing date of the accounts for assets and liabilities; and

- the average exchange rate for the period for profit and loss items and the cash flow statement.

Exchange rate differences in the financial statements of Group companies are included in "conversion differences" within Other items in the statement of other income.

Goodwill and fair value adjustments resulting from the acquisition of an overseas company are considered to be assets and liabilities of the overseas company. They are therefore expressed in the functional currency of the overseas company, and are converted at the rate in effect on the closing date of the accounts.

The exchange rates of the Companies outside the Eurozone are as follows:

Country	Average Exchange Rate	Closing Exchange Rate	Average Exchange Rate	Closing Exchange Rate
	June 2015	*June 2015*	*June 2014*	*June 2014*
Australia	*0.696658*	*0.691500*	*0.676453*	*0.691180*
Brazil	*0.307885*	*0.288619*	*0.322591*	*0.332557*
Swiss Franc	*0.898083*	*0.959279*	*0.815395*	*0.822774*
India			*0.012031*	*0.012226*
Dollar	*0.905070*	*0.897300*		
YEN	*0.007282*	*0.007344*	*0.007293*	*0.007229*

3.4 Goodwill

The business combination was accounted for according to the method of acquisition. The assets, liabilities and contingent liabilities of the acquired entity are valued at fair value on the date on which it was acquired. Valuation differences identified after the date of acquisition are accounted for within the individual asset and liability accounts in question.

The residual difference, which represents the difference between the fair value of the consideration paid, and the proportionate share of the Group in the fair value valuation of identified assets and liabilities, is included in Goodwill.

Only two cash-generating units (CGUs) are affected by Goodwill. These units are defined by the geographic areas where the Group has a business presence, namely the French market and international markets. Following the acquisition of minority interests in subsidiaries, the goodwill generated on acquisition of the subsidiary was itemised and subjected to individual impairment testing (cf Note 7).

Depreciation

In accordance with IFRS 3 "Business Combinations", goodwill is no longer amortised. It is subject to an impairment test at least once annually.

Depreciation analyses are carried out on the assets tested, either individually or at the cash-generating unit level of the smallest identifiable group of assets which generate cash inflows completely independently. Goodwill is tested at the level of the cash-generating unit concerned.

A provision for depreciation is booked when the carrying amount of the Goodwill is greater than its recoverable amount. The useful value is the discounted projected cash-flow.

Depreciation allocated to the cash-generating unit is imputed in order, firstly to goodwill, then to the value of the other assets within the cash-generating unit, up to their recoverable amount.

As at 30 June 2015, impairment testing was carried out on the basis of the realised cash flow method, using the following parameters and assumptions:

- in view of the current business plan for the end of the accounting period from 1 July 2015 to 30 June 2025;
- perpetuity growth rate of 2.5%; and
- discount at a rate of 10% of expected cash inflows.

The value test confirmed the carrying amount of the assets of a cash-generating unit (including goodwill).

3.5 Intangible assets

Intangible assets are presented on the balance sheet at their cost price. Any intangible assets identified at the time of an acquisition are also included in this figure. They consist mainly of patents and software.

With regard to patents, the company exploits patents which it owns outright, or which it holds under licensing agreements.

Only patents owned outright are included in intangible assets, since licensing agreements are not considered as assets (the relevant licence fees being included in external expenses).

The gross value of capitalised patents is equal to the estimated value of any royalties on the date of acquisition of the patent by Amplitude SAS, the corresponding entry being to a debt owing to the transferor of the invention.

The likelihood of using these patents after the date of complete amortisation of the intangible asset is substantial given the level of royalties paid and the duration of the licensing agreements signed with assignors of the inventions.

At the end of each fiscal year, the debt due on patents is recalculated on the basis of the total amount of future royalties payable, commensurate with the revaluation of the value of the patent as an asset.

These patents are amortised annually, commensurate with the licensing fees proportional to revenues paid to the inventor. As licence fees are paid, the amounts are debited to the supplier's asset account.

Software is amortised on the basis of the length of its expected use by the Group, that is, 3 to 5 years.

3.6 Research and development costs

In accordance with IAS 38, research expenses are included in costs for the financial year in which they are incurred.

In line with IAS 38, development costs are included within intangible assets if the Group can demonstrate that the following conditions are fulfilled:

- its intention and financial ability to carry out the development project from start to finish;
- any future revenue benefit attributable to these development costs will flow back to the Group; and
- the method of assessing the cost of the asset must be reliable.

Amortisation

Development costs in respect of new products are booked to fixed assets in progress, until the product is launched for sale, after which time it is capitalised and amortised over 3 years.

Expenses relating to brand renewal or certificate renewal are included in assets until the start date of the new certificate, then they are capitalised and amortised over the duration of the new certificate (5 years).

3.7 Tangible fixed assets

Tangible fixed assets are stated on the balance sheet at their historical purchase cost. They are not revalued.

Items of significant value financed under leasing agreements, where the risks and benefits of their ownership are transferred to the Group, are included as assets on the balance sheet. The corresponding debt is included as a liability under financial debt.

Investment grants are included in liabilities under Other current liabilities.

The components of a fixed asset are accounted for separately if there is a significant difference between the estimated length of their useful economic life and the length of their amortisation.

Amortisation

Amortisation is calculated on the depreciable amount, which is the cost of the asset less the residual value at the end of its useful economic life. Given the nature of the tangible assets, no value is considered at the end of the economic life set out below.

Amortisation is calculated on expenses on a straight line basis, on the estimated use of each component of a fixed asset, which represents the best estimated rate of consumption of the future economic benefit of the asset.

Leased assets are amortised on the shorter of the term of the leasing agreement, and their useful economic life, unless the Group is reasonably certain of assuming ownership by the end of the leasing term.

Land is not amortised.

Estimated useful economic life is as follows:

Fixed asset type	Method	Duration
Construction	*Straight-line*	*20 years (*)*
Materials and tools	*Straight-line*	*5 to 10 years*
Fixtures and fittings	*Straight-line*	*3 to 10 years*
Transport of materials	*Straight-line*	*3 years*
Office materials	*Straight-line*	*1 to 4 years*
Office furniture	*Straight-line*	*4 to 7 years*
Recyclable packaging	*Straight-line*	*3 to 5 years*

** Construction financed by a lease- purchase agreement entered into by SCI Les Tilleuls.*

Amortisation methods, useful life and residual values are reviewed every fiscal year end and adjusted accordingly.

Future costs

The replacement cost of a tangible fixed asset is included in its book value if the Group is likely to derive future economic benefit from the asset, and if its cost can be determined using a reliable method.

The book value of the replaced asset is excluded.

Current care and maintenance costs are included in expenses at the time they are incurred.

3.8 Leased assets

Finance leases

Items of significant value financed under leasing agreements are capitalised where the leasing agreement transfers almost all of the risks and benefits of ownership to the Group. Such contracts are valued primarily using the following criteria:

- the relationship between the leasing term of the assets and their useful economic life;
- the total sum of future payments in relation to the fair value of the financed asset;
- the existence of a transfer of ownership at the end of the leasing agreement term;
- the existence of a favourable purchasing option; and
- the specific nature of the leased asset.

Assets held under financed leasing agreements are amortised on the shorter of their useful economic life, or the term of the leasing agreement.

Operating leases

Leasing agreements which are not financed are reported as operational leasing agreements and only the lease payments are included in the statement of profit and loss.

3.9 Inventory

In compliance with IAS 2, stock of purchased goods and finished products are valued at the lower of cost and net realisable value.

Valuation of used stock

Goods and raw materials are valued using the weighted average unit cost method. Storage expenses are not included in stock values.

Valuation of manufactured stock

Goods in progress and finished products are valued at their cost of production. A proportion of indirect costs of production is calculated on the normal basis of production capacity, excluding all below capacity and storage costs.

Depreciation of stocks of finished product

A provision for inventory depreciation is made when the gross value, calculated using the method detailed below, is greater than or equal to the realisable value deduction made from the proportionate cost of re-sale.

3.10 Accounts receivable and other debtors

Accounts receivable are amounts owing from customers for products sold and services provided in the course of the Group's normal business activities. Amounts due in less than twelve months are booked as current assets, while those due in more than twelve months are included in non-current assets. A provision for doubtful debts was made where there was an objective probability that the Group would be unable to recover the full amount payable under the conditions prevailing at the time of the original transaction. Significant financial difficulty encountered by the debtor, the probability of a debtor defaulting or carrying out financial restructuring, and a debtor's failure or inability to pay are considered to be factors that justify making a provision for doubtful debts.

3.11 Cash and cash equivalents

This item comprises cash, liquid assets, and financial investments of minimal risk, capable of being liquidated or transferred quickly and that are undertaken by the Company during the course of its normal cash flow management. Such investments represent financial transaction assets, and are therefore valued at their fair value with a corresponding profit and loss effect.

Cash and cash equivalents comprise cash on hand and demand deposits whose maturity is less than or equal to three months from their start date. For the purposes of the cash flow statement, cash and cash equivalents comprise a significant part of the Company's cash management, and include banking shortfalls repayable on demand.

Banking losses in relation to financing are included in "Borrowings and current financial debts".

3.12 Employee benefits

Defined benefit plans

The net obligation of the group in respect of defined benefits plans is valued separately for each plan by estimating the total future benefit to the employee in exchange for service performed over the course of the current period and prior periods. This amount is then discounted and the fair value of the assets within the plan is deducted.

Calculation of debts in respect of defined benefit plans are carried out every fiscal year end using the projected unit credit method.

Revaluations of the net liability in respect of defined benefit plans, which consist of actuarial differences, the return on the plan's assets, and, if applicable, the differences resulting from the limits on the asset, are included immediately in other items within the statement of other income.

As the benefits of the plan are modified, or in the event that the plan is reduced, the impact of past services performed by the employee, or the profit (or loss) resulting from the reduction of the plan, is immediately included in net profit. The Group books gains and losses resulting from the liquidation of a defined benefit plan at the time liquidation occurs.

Short term employee benefits

Obligations in respect of short term benefits are valued on a non-discounted basis and included when the service in question is performed.

A liability is calculated where the Company expects to make payments in respect of profit-sharing plans and short-term regulated premiums, if the Group has a legal or implied obligation to make such payments in exchange for past services performed by the employee, and if the obligation can be quantified using a reliable method.

3.13 Provisions for risk and expenses

In accordance with the requirements of IAS 37, provisions are made where the group has a legal or implied obligation resulting from a past event, and where there is the likelihood of an outflow of resources representing economic benefits, without a corresponding inflow, in order to meet the obligation.

These provisions are estimated taking into account the most probable assumptions on the date of preparation of the financial statements.

If the effect of their time value is material, the provisions are discounted.

3.14 Financial instruments

Non-current financial assets

Other financial assets include deposits and guarantees which have an expiry date of longer than twelve months.

Other current financial assets

At each closing date, the book values of the Group's other current assets (apart from inventory and deferred tax assets) are reviewed in order to determine whether there is any indication that their value has diminished. If there is any such indication, the recoverable value of the asset is estimated.

This entry essentially contains the business and tax debts of the Group.

Borrowings and financial debts

These are initially valued at fair value of the amount received, less any directly attributable transaction costs. They are then valued at amortised cost on the basis of the interest rate in effect.

In accordance with the requirements of IAS 39, borrowing issuance costs are calculated exclusive of the amount borrowed, and included in the effective interest rate. The difference between the interest expense calculated using the effective interest rate and the interest paid over the period is booked as an increase or decrease in the debt.

Medium and long term borrowings and financial obligations are included in non-current liabilities. Short-term loans and financial obligations, in addition to the proportion of medium and long term borrowings and financial obligations repayable within one year, are included in current liabilities.

Non-derivative financial assets

The company initially values loans, debts and deposits on the date on which they are generated. All other financial assets are initially calculated on the date of the transaction through which the Company became a party to the contractual provisions of the instrument.

Loans and debts are fixed or variable payment financial assets which are not quoted on any active market. Such assets are initially valued at fair value plus any directly attributable transaction costs.

Loans and debts consist of customer and other debts.

Non-derivative financial liabilities

All other financial assets are initially calculated on the date of the transaction through which the Company became a party to the contractual provisions of the instrument.

The Group does not report financial liability for which its contractual obligations have been fulfilled, nullified or expired.

The Group has the following non-derivative financial liabilities: borrowings, bank overdrafts, supplier debts and other debts.

These financial liabilities are initially valued at fair value plus any directly attributable transaction costs, then valued at amortised cost.

Derivative financial instruments and hedge accounting

These derivative instruments are recorded on the balance sheet at their fair value.

For derivative instruments not designated as hedging instruments, the subsequent changes in fair value are included in financial income.

Rate hedging

The Group holds financial derivative instruments to mitigate its exposure to interest rate risk.

These derivative instruments act as cash flow hedges.

From the initial designation as hedges, the Group formally documents the relationship between the hedging instrument and the instrument hedged, with a view to managing the risk and the strategy employed from the start of the hedging process, in addition to the methods used to evaluate the effectiveness of the hedging relationship.

From the beginning of the hedging process and on a continual basis, the Group assesses whether these instruments are going to be "highly effective" in protecting the cash flow of the hedged elements for the periods during which the hedging is designated to occur, and also evaluates whether the effective results of each hedge falls within the range of 80 to 125%.

Cash flow hedges

Once a derivative is designated as a hedging instrument for hedging cash flow fluctuations attributable to a particular risk associated with a recorded asset or liability, or a future transaction highly likely to affect profit, the effective part of the fair value adjustments of the derivative is included in other items within the statement of other income, and in the reserve for hedging in capital and reserves. The total included within other elements of the statement of other income is taken out, and included in the statement of profit and loss for the period during which the cash flow hedge affected the statement of profit and loss. This total is included on the same line in the statement of other income as the element hedged. The ineffective parts of the fair value adjustments of the derivative are immediately included in the statement of profit and loss.

3.15 Revenues

Group revenues comprise revenue from the sale of orthopaedic products, reported net of customer returns and discounts.

Revenues are recognised on the basis of the following criteria: all risks and benefits of ownership of the goods are transferred to the customer, the Group has no effective control over the goods sold, all revenues and costs associated with the sale are capable of being valued in a reliable manner, and the Group derived economic benefits from the sale.

Revenues are recorded on a net basis, in accordance with IFRS standards.

3.16 Financial income and expenses

Financial income consists of interest on investments.

Financial expenses consist of interest on borrowings, customer discounts and various bank commissions.

3.17 Tax on profits

Tax on profits (expense or income) comprises the tax liability expense (income) and the deferred tax expense (income). Tax liability and deferred tax expenses are booked to the statement of profit and loss unless they relate to a business combination, to items that are recorded directly in capital reserves or to other elements within the statement of other income.

Tax liability is comprised of:

- the estimated total of tax due (or receivable) as income (or expense) in a given period, determined by using tax rates in force or applicable at the date of closing of the accounts; and
- all adjustments of tax liability relating to prior periods.

Deferred tax is calculated on the basis of timing differences between the book value of assets and liabilities and their tax basis. The following elements are not included in the deferred tax calculation:

- the initial recording of an asset or liability in a transaction which is not a business combination and which impacts neither the book profit nor the taxable profit; and
- timing differences related to shareholdings in subsidiary companies and joint ventures to the extent that they are not likely to be reversed in the foreseeable future.

Furthermore, deferred tax is not calculated on taxable timing differences generated the first time that goodwill is booked. Deferred tax assets and liabilities are valued at the rates of tax in force or expected to be in force for the period during which the asset will be realised and the liability settled, on the basis of the tax rules in force or applicable at the closing date of the accounts. Deferred tax assets and liabilities are offset in accordance with tax legislation which allows for the offsetting of taxable assets and liabilities, and if this relates to tax levied on profits, whether it relates to the same taxable company or a different taxable company, but which has the intention of settling the taxable assets and liabilities on the basis of their net value, or of realising the assets and settling the liabilities at the same time.

A deferred tax asset is not recorded in respect of deductible timing differences, unused tax losses and tax credits, except to the extent that the Group is likely to have future taxable profits against which to offset it.

Deferred tax assets are reviewed as at each date of closing of the accounts, and are reduced to the extent that they are no longer likely to provide a tax advantage.

3.18 Earnings per share

Net earnings per share are calculated by dividing the Company's net profit by the weighted average number of ordinary shares outstanding during the financial year.

Diluted net earnings per share are calculated by increasing the number of the weighted average number of ordinary shares outstanding during the financial year by the number of shares issuable upon convertible bonds and the exercise of the warrants.

NOTE 4. FAIR VALUE CALCULATION

A certain number of accounting policies and information is necessary in the calculation of the fair value of non-financial assets and liabilities. Fair values are determined for the purposes of evaluation or information to be supplied, using the following methods. Additional information regarding assumptions used in determining fair value are highlighted, if necessary, in the notes for the specific asset or liability concerned.

4.1 Tangible fixed assets

Fair value of tangible fixed assets recorded after a business combination is based on market value. The market value of property is the estimated amount for which it could be sold in a normal transaction, between market participants on the date of the valuation.

4.2 Intangible assets

The fair value of other intangible assets is based on expected actualised cash flow on the use and eventual resale of the assets.

4.3 Inventory

The fair value of inventory acquired as part of a business combination is determined on the basis of the estimated sale price in the course of normal business activity, less the estimated completion and resale costs, and at a reasonable profit to reward the necessary efforts required to finish and sell the goods.

4.4 Derivatives

The fair value of unlisted financial instruments for which there is observable market data is determined using valuation techniques such as the valuation models used for options, or by using the discounted cash flow method.

The models used for valuing these instruments include assumptions based on market data, in accordance with IFRS 13. The fair value of interest rate swaps is calculated on the basis of future discounted cash flows.

Fair values reflect the credit risk of the instrument and include adjustments for the credit risk of the Group company concerned, and of the counter party where appropriate.

NOTE 5. FINANCIAL RISK MANAGEMENT

The Group carries out the following rate hedging operations:

	Twelve months ended	
In thousands of euros	**30 June 2015**	**30 June 2014**
Variable rate debt obligations	83,896	108,098
Fixed rate debt obligations	-	-
Debt obligations carrying interest	**83,896**	**108,098**
As cash flow hedges (variable rates swapped with fixed rates)	63,148	23,737

A sensitivity analysis was carried out based on the net cash flow position after hedging as at 30 June 2015.

The Group is exposed to interest rate fluctuations, particularly because of changes in the conditions of its variable rate financing. However, the Group has implemented a system of active rate management to limit this risk.

As at 30 June 2015 and 30 June 2014, the Group held the following derivative instruments:

30 June 2015

As cash flow hedges - financing of projects at variable rates swapped with fixed rates (in thousands of euros)

Processing date	Type	Direction	Nominal in progress (millions)	Currency	Start	Maturity	Time remaining (years)	Rate	Market value
27/07/11	SWAP	B	5.000	EUR	30/09/11	30/06/16	1.0	2.4700%	-125
27/07/11	SWAP	L	5.000	EUR	30/09/11	30/06/16	1.0	3M Euribor	0
27/07/11	SWAP	B	5.000	EUR	30/09/11	30/12/16	1.5	2.5600%	-195
27/07/11	SWAP	L	5.000	EUR	30/09/11	30/12/16	1.5	3M Euribor	2
25/02/11	SWAP	B	2.648	EUR	21/03/11	22/12/25	10.5	3.2900%	-485
25/02/11	SWAP	L	2.648	EUR	21/03/11	22/12/25	10.5	3M Euribor	107
16/12/14	SWAP	B	10.000	EUR	16/12/14	18/09/17	2.2	0.0300%	-7
16/12/14	SWAP	L	10.000	EUR	16/12/14	18/09/17	2.2	1M Euribor	-7
16/12/14	SWAP	B	15.000	EUR	16/12/14	17/09/18	3.2	0.0720%	-35
16/12/14	SWAP	L	15.000	EUR	16/12/14	17/09/18	3.2	1M Euribor	28
16/12/14	SWAP	B	10.000	EUR	16/12/14	17/09/18	3.2	0.0700%	-23
16/12/14	SWAP	L	10.000	EUR	16/12/14	17/09/18	3.2	1M Euribor	19
16/12/14	SWAP	B	8.500	EUR	16/12/14	16/09/19	4.2	0.1250%	-45
16/12/14	SWAP	L	8.500	EUR	16/12/14	16/09/19	4.2	1M Euribor	68
Total			**56.148**						**-698**

B: Borrowing

L: Lending variable rate

30 June 2014

As cash flow hedges - financing of projects at variable rates swapped with fixed rates (in thousands of euros)

Processing date	Type	Direction	Nominal in progress (millions)	Currency	Start	Maturity	Time remaining (years)	Rate	Market value
27/07/11	SWAP	B	4.000	EUR	30/09/11	30/09/14	0.3	2.1290%	-22
27/07/11	SWAP	L	4.000	EUR	30/09/11	30/09/14	0.3	3M Euribor	2
27/07/11	SWAP	B	7.000	EUR	30/09/11	30/06/15	1.0	2.2890%	-162
27/07/11	SWAP	L	7.000	EUR	30/09/11	30/06/15	1.0	3M Euribor	13
27/07/11	SWAP	B	5.000	EUR	30/09/11	30/06/16	2.0	2.4700%	-250
27/07/11	SWAP	L	5.000	EUR	30/09/11	30/06/16	2.0	3M Euribor	20
27/07/11	SWAP	B	5.000	EUR	30/09/11	30/12/16	2.5	2.5600%	-323
27/07/11	SWAP	L	5.000	EUR	30/09/11	30/12/16	2.5	3M Euribor	28
25/02/11	SWAP	B	2.737	EUR	21/03/11	22/12/25	11.5	3.2900%	-565
25/02/11	SWAP	L	2.737	EUR	21/03/11	22/12/25	11.5	3M Euribor	172
Total			**23.737**						**-1,086**

B: Borrowing

L: Lending variable rate

5.1 Introduction

The Group is exposed to the following risks associated with the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note outlines information relating to the Group's exposure to each of the above risks, its objectives, policies and procedures for evaluating and managing such risk, as well as its management of capital. Quantitative data is included in other notes within the financial statements.

5.2 Risk management framework

It is the responsibility of the Chairman to define and oversee the Group's risk management framework.

The Group's risk management policy is aimed at identifying and analysing the risks to which the Group is exposed, to define the boundaries within which risk should be kept and the controls that need to be put into place, to manage the risk and to maintain oversight of the defined limits.

5.3 Credit risk

The Group is exposed, by virtue of its operational and financial activities, to the risk of default by its counter parties (customers, suppliers, partners) where they may be unable to fulfil their contractual obligations.

5.4 Customers and other debtors

Gross outstanding trade accounts receivable and other debtors with overdue payments is analysed below:

	Non impaired assets due as at date of closing					Non Impaired	
					Assets	and not due	Total
In thousands of euros	0-6 months	6-12 months	beyond 1 year	total	Impaired	assets	
As at 30 June 2015	2,577			2,577	426	13,955	16,958
As at 30 June 2014	3,073			3,073	151	12,081	15,305

Credit risk is the risk of financial loss suffered by the Group in the event that a customer or the counter party of a financial instrument fails to fulfil its contractual obligations. This risk essentially originates from customer debt and investment securities.

The book value of financial assets represents the maximum exposure to credit risk.

5.5 Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

5.6 Liquidity risk

Liquidity risk is the risk of the Group having difficulty in fulfilling its obligations in respect of financial liabilities which would be normally settled from cash flow or other financial assets. The approach of the Group in managing liquidity risk is to ensure, to the greatest extent possible, that it always has sufficient liquidity to honour its liabilities when they come due, under normal or "challenging" conditions, without incurring unacceptable losses or damage to the Group's reputation.

As at 3 June 2015, the non-discounted contractual flows in outstanding financial debts by maturity date and by type were as follows:

As at 30 June 2015

In thousands of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Convertible bond issuances							
Unitranche bond issuance	62,600						62,600
Accrued interest on Unitranche bond issuance	545						545
Borrowings with credit establishments							
Debt obligations in relation to acquisitions of subsidiaries	15,737	13,849	1,888				
Debt obligations under finance leasing	5,014	641	653	667	680	621	1,752
Bank overdrafts and cash current accounts	44	44					
*FACTORING financial debts**	5,701	5,701					
Outstanding debt obligations	**89,641**	**20,235**	**2,541**	**667**	**680**	**621**	**64,897**
Assets linked to financing							
Cash and cash equivalents	56,110						
Net debt	**33,532**	**20,235**	**2,541**	**667**	**680**	**621**	**64,897**

As at 30 June 2014

In thousands of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Convertible bond issuances	66,061						66,061
Senior loans	24,324	5,625	5,625	5,625	7,449		
Borrowings from credit establishments	382	125	200	57			
Debt obligations in relation to acquisitions of subsidiaries	14,013	1,505	12,508				
Debt obligations under finance leasing	3,317	251	258	264	271	278	1,996
Bank overdrafts and cash current accounts	5	5					
*FACTORING financial debts**	5,576	5,576					
Total	**113,679**	**13,087**	**18,590**	**5,946**	**7,720**	**278**	**68,057**
Assets linked to financing							
Cash and cash equivalents	3,201						
Net debt	**110,479**	**13,087**	**18,590**	**5,946**	**7,720**	**278**	**68,057**

5.7 Operational risk

Operational risk is the risk of direct or indirect loss generated by a number of internal factors related to the Group's procedures, staff, technology, and infrastructure, and by external factors not including credit risk, market risk or liquidity risk. Such external factors may include adherence to legislation and regulation, or the rules of professional conduct. All of the Group's operations present operational risk.

The Group's objective is to manage its operational risk in a balanced fashion, allowing it to avoid financial losses or reputational damage, while also avoiding the implementation of control procedures that could stifle initiative and creativity.

NOTE 6. CHANGES IN SCOPE

Acquisition of 100% of the capital of Swiss company Ortos SA. This company had been an exclusive distributor of Amplitude orthopaedic surgical prostheses since 2008. The name of this subsidiary was changed to Amplitude Switzerland. The acquisition price was €456,000.

Goodwill on the acquisition was calculated as follows:

In thousands of euros	
Consideration paid	456
Less fair value of net identifiable assets	87
Goodwill	**369**

The Company was integrated within the scope of consolidation on 1 July 2014.

Novastep Inc. was set up, the value of its shares totalling €69,000, and the percentage ownership being 85%.

Amplitude Benelux was included in the consolidation for the first time on 1 July 2014, the value of its shares totalling €19,000, and the percentage ownership being 100%.

NOTE 7. SEGMENT REPORTING

All Group activity is carried out within a specific area of business activity, namely, research, development, and sales of orthopaedic prostheses and associated instrumentation.

Consequently, the Group's segment reporting is broken down by geographic area, which corresponds to the internal reporting units used by the directors in their management of the Group.

Geographic areas are divided into two sub-groups, corresponding to the internal organisation of the Group and Amplitude's varying degrees of expansion throughout these markets:

- the French market, where the Amplitude Surgical Group has built up strong, long-term client relationships through its network of exclusive selling agents; and

- international markets, or the rest of the world, where the Group has a presence either through its direct sales subsidiaries, or through its distribution network.

7.1 Geographic data

Segment data is provided by geographical breakdown of revenues, segregating the French data on the one hand and the international data from the overseas subsidiaries on the other.

All income and expenses have been allocated. Data for France includes research and development costs, financial costs and those Group support functions which are carried out in France.

	Fiscal year June 2015			Fiscal year June 2014		
In thousands of euros	France	International	Total	France	International	Total
Revenues	53,581	17,509	71,090	49,612	8,616	58,228
Current operating income	2,523	2,605	5,128	4,098	459	4,557
Financial income	-14,051	-963	-15,014	-8,282	-186	-8,468
Taxes	3,170	-1,323	1,847	1,390	-31	1,359
Net Profit	-19,007	1,285	-17,722	-3,260	720	-2,540
- amortisation allowances	6,203	909	7,112	5,101	545	5,646
- other expenses without cash consideration	102	14	116	384	30	414
Segment assets	213,697	33,373	247,069	147,266	27,664	174,930
- Goodwill	75,552	14,875	90,427	75,462	14,506	89,968
- Intangible assets	10,588	1,370	11,958	9,589	497	10,085
- Tangible fixed assets	17,517	3,676	21,193	16,967	2,462	19,429
Shareholders' equity	116,587	2,169	118,756	20,974	1,337	22,311
Segment liabilities excluding borrowings	35,375	2,599	37,974	24,650	4,659	29,309
Debt obligations	90,305	35	90,339	123,309	0	123,309
Segment investments						
- intangible	2,475	960	3,435	5,387	458	5,845
- tangible	6,507	1,470	7,977	7,369	268	7,637

7.2 Breakdown of revenues by product range

Revenue breakdown proportionally by product range is as follows:

in %	30 June 2015	30 June 2014
Hips	34.20%	35.40%
Knees	59.10%	61.00%
Foot & Ankle	1.90%	-
Others	4.80%	3.60%
Total	**100.00%**	**100.00%**

NOTE 8. REVENUES

Revenue breakdown by type and geographic area is as follows:

8.1 By type

In thousands of euros	30 June 2015	in %	30 June 2014	in %
Sales of goods				
Sales of finished products	71,090	100%	58,228	100%
Services provided				
Total	**71,090**	**100%**	**58,228**	**100%**

8.2 By geographic area

In thousands of euros	30 June 2015	in %	30 June 2014	in %
Revenues - France	45,472	64%	42,475	73%
Revenues - Distributor export	8,109	11%	9,795	17%
Revenues - Subsidiary export	17,509	25%	5,958	10%
Total	**71,090**	**100%**	**58,228**	**100%**

NOTE 9. OTHER PURCHASES AND EXTERNAL EXPENSES

Other purchases and external expenses consist of the following:

In thousands of euros	30 June 2015	30 June 2014
Non-stock purchases	511	373
Rents	893	691
Repair and maintenance	682	529
Insurance premiums	574	530
Temporary staff	1,348	422
Commissions paid to salespersons	13,715	13,901
Fees	1,548	407
Advertising	704	652
Transportation	1,519	1,288
Travel and subsistence	2,157	1,425
Banking fees and share purchase fees	298	221
Other purchases and external expenses	1,922	1,988
Total	**25,877**	**22,427**

NOTE 10. PERSONNEL EXPENSES AND DATA

10.1 Personnel expenses

In thousands of euros	30 June 2015	30 June 2014
Salaries and Wages	10,609	7,771
Social security contributions	3,697	3,158
Contributions to post-employment defined benefit plans	-	-
Employee shares	121	330
Total	**14,426**	**11,259**

10.2 Number of staff

Number	30 June 2015	30 June 2014
Sales & Marketing	86	57
General and administrative	110	89
R&D	52	36
Total	**248**	**182**

10.3 Directors' remuneration

Since 25 June 2015, the CEO has received the following remuneration in respect of his duties:

- Gross salary: €4,583
- Benefit in kind: €247
- Premium in relation to Initial Public Offering: €540,000 (paid July 2015)

NOTE 11. PROVISIONS FOR CURRENT ASSETS, NET OF REVERSALS

In thousands of euros	30 June 2015	30 June 2014
Amortisation of intangible assets	2,098	877
Amortisation of tangible fixed assets	4,829	4,584
Amortisation of leased materials	185	185
Provisions for inventory, net of reversals	-286	-77
Provisions for current assets, net of reversals	275	329
Provisions for risks and expenses, net of reversals	127	163
Total	**7,228**	**6,060**

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	30 June 2015	30 June 2014
Other operating income		
Research tax credit	698	627
Other	88	649
Total	**786**	**1,276**
Other operating expenses		
Licence fees paid	3,284	3,771
Tax and social security penalties		17
Gifts and donations		68
Bad debt write-offs	153	-
Other	324	223
Total	**3,760**	**4,079**

NOTE 13. FINANCIAL INCOME AND EXPENSES

Financial income essentially comprises the cost of borrowing of €9,339,000. Financial income for 2015 also includes:

- Amortisation of the remaining non-amortised issuance costs in the amount of €1,500,000 relating to a senior debt which was repaid early; and
- Finance charge of €3,236,000 in relation to a change in the debt due to the differences in share prices of Amplitude Australia.

NOTE 14. INCOME TAX EXPENSE

14.1 Details of income tax expense

In thousands of euros	30 June 2015	30 June 2014
Current income taxes	680	367
Deferred income taxes	-2,527	-1,726
Total	**-1,847**	**-1,359**

14.2 Analysis of tax expense

In thousands of euros	30 June 2015	30 June 2014!
Profit before tax	**-19,570**	**-3,911**
Taxable income	33.33%	33.33%
Tax payable	**-6,523**	**-1,304**
Effect of permanent differences	811	133
Tax credits	-215	-215
Current year deductions not taken	321	-
Prior year deductions not taken	-441	-77
CVAE reclassification	339	303
Differences in overseas tax rates	36	-149
Provision (not subject to tax) for Tax Legal Dispute over Marketing of MD	2,686	-
Total changes in price of associates (not subject to tax)	954	-
Other	184	-51
Group tax expense	**-1,847**	**-1,359**

14.3 Balance sheet deferred tax

Deferred tax assets and liabilities recorded on the balance sheet are broken down as follows:

In thousands of euros	30 June 2014	Impact on reserves	Impact on profit	30 June 2015
Deferred tax assets				
Organic	17		-1	16
Expenses on share purchases	645		-540	105
Employee shares	110		-70	40
Retirement severance pay	52		32	84
Gain on asset disposal	301		83	384
Deductions taken	3,104	965	2,825	6,894
Hedging instrument	362		-129	233
Margin on stock	1,171		382	1,553
Other	60		3	63
Deferred tax assets/deferred tax liabilities (IDA/ADP) offset	-1,259		-74	-1,333
Total	**4,563**	**965**	**2,511**	**8,038**
Deferred tax liabilities				
Regulated provisions	-			-
Fair value of assets	90			90
Use of Ancillaries	1,140		50	1,190
Gain on asset disposal	171		-35	136
Gain on asset disposal	73		83	156
Equity instruments	19		-19	0
Finance leasing	46		21	67
Deferred tax asset/deferred tax liability (IDA/ADP in French) offset	-1,259		-74	-1,333
Total	**280**	**0**	**26**	**306**

Deferred tax assets in respect of timing differences mainly relate to pensions and severance pay on retirement, provisions for Organic expenses, and the fair value computation of interest rate hedging instruments.

The proportion of utilised losses from the tax deduction for capital increase costs were recognised net of the issuance premium, at €965,000.

Deferred tax assets in relation to timing differences relate essentially to tangible assets.

Deferred tax assets were recognised to the extent that recovery was deemed likely, in accordance with IAS 12.

Tax losses are utilised where Senior Management considers it likely that the Group will have future taxable profits against which the losses can be offset. This decision is based on the updated business plan.

NOTE 15. INTANGIBLE ASSETS

15.1 Goodwill

As stated in Note 3.4 of this annex, goodwill is allocated to one cash-generating unit only.

As stated in Note 3.4, an impairment test was carried out on 30 June 2015, using the discounted cash flow method. The value test confirmed the carrying amount of the assets of the cash-generating unit (including goodwill).

Goodwill is primarily in respect of the Amplitude Group following its acquisition by Amplitude Surgical on 29 June 2011. The Amplitude Group of companies consist of Amplitude Group, Amplitude Finance, Amplitude, SCI Les Tilleuls, and Amplitude GMBH.

The purchase price of the Amplitude Group acquisition was determined on the basis of the Company's ability to generate profit and revenue, the expertise of the companies within the Group, and their relationships with clients and doctors. Goodwill in respect of the purchase of the Amplitude Group totalled €75,462,000.

Amplitude Australia PTY

In October 2013, Australian company Amplitude PTY, established on 1 July 2013, was the beneficiary of an asset transfer, mainly of fixed assets and inventory, and took over the distribution activities of Austofix. The assets and inventory are valued at their fair value as at the date of acquisition.

These acquisitions will be paid for partly in cash, and partly in Amplitude Surgical shares. The number of shares issued will depend on the subsidiary's performance between 1 July 2014 and 30 June 2016.

According to our estimates as at 30 June 2014, the share and cash purchase price will total €5,903,000, and this will be included in other financial debts within the consolidated financial statements. The goodwill in relation to this purchase will total €4,722,000.

As at 30 June 2015, the purchase price was estimated at €9,139,000, which is a revaluation of financial debt in the amount of €3,236,000 included in finance charges.

Amplitude Brazil

On 12 February 2014, the Group acquired 50% of the capital of the Brazilian company Unimplant. The assets and inventory are valued at their fair value as at the date of acquisition. The purchase price for 50% of this subsidiary was €2,247,000.

The agreement provides for the purchase of an additional 10% within two years, and the remaining 40% within three years (Put and Call combined).

According to our estimates as at 30 June 2014, the cash purchase price will total €8,109,000, and this will be included in financial debts within the consolidated financial statements for 30 June 2014 (see Note 3.1 in relation to corrections made to the financial statements for the fiscal year to 30 June 2014).

The first tranche in the amount of €1,139,000 was paid in April 2015.

As at 30 June 2015, the purchase price was estimated at €6,598,000, namely, a difference in financial debt in the amount of €373,000 included in finance income.

Goodwill in relation to this purchase totalled €9,785,000.

Amplitude Suisse

The Group acquired 100% of the Swiss Company for €456,000 in June. Goodwill in relation to this acquisition totalled €369,000.

15.2 Development expenses

Given the criteria outlined in note 3.6, development costs totalling €4,945,000 as at 30 June 2015 were included in intangible assets. These expenses were included in intangible assets in progress and in development costs. These costs are amortised over three years. Treatment of these expenses as at 30 June 2015 was based on best estimates regarding completion of the projects as at the date of preparation of the financial statements.

15.3 Other intangible assets

In thousands of euros	30 June 2014	Purchases / (net allocations)	(Disposals)/ profit from disposals	Currency translation adjustments	Changes in perimeter and reclass.	30 June 2015
Concessions and patents (*)	9,189	1,113		-6		10,296
Stock in trade	557					557
Development expenses	706	143		1		850
Other intangible assets	1,044	1,560				2,604
Intangible assets in progress	3,477	618				4,096
Gross values	**14,973**	**3,435**	**0**	**-5**	**0**	**18,402**
Concessions and patents	4,607	974				5,581
Stock in trade	85	23				108
Other intangible assets and development costs	195	562				757
Amortisation and depreciation	**4,887**	**1,558**	**0**	**0**	**0**	**6,446**
NET VALUES	**10,085**	**1,876**	**0**	**-5**	**0**	**11,958**

(*) Adjustment in relation to revaluation of patents (see note 3.1)

NOTE 16. TANGIBLE FIXED ASSETS

16.1 Tangible fixed assets

In thousands of euros	30 June 2014	Purchases / (net allocations)	(Disposals)/ profit from disposals	Currency translation adjustments	Changes in Group structure and other	30 June 2015
Land	376					376
Construction	3,700					3,700
Technical fixtures and fittings	33,620	6,998	1,632	12	119	39,118
Other tangible fixed assets	2,897	953	3	-5	9	3,851
Fixed assets in progress		26				26
Gross values	**40,593**	**7,977**	**1,634**	**7**	**128**	**47,072**
Land	18	8				25
Construction	545	185				730
Technical fixtures and fittings	18,756	5,033	856	0	15	22,948
Other tangible fixed assets	1,846	329	3	0	3	2,175
Amortisation and depreciation	**21,165**	**5,555**	**859**	**0**	**18**	**25,878**
NET VALUES	**19,429**	**2,423**	**776**	**8**	**110**	**21,193**

"Changes in scope and other changes" relate solely to the acquisition of Ortos SA (Amplitude Switzerland).

NOTE 17. INVENTORY

	Twelve months ended	
In thousands of euros	**30 June 2015**	**30 June 2014**
Raw materials	1,101	291
In-process stock	15,650	11,809
Intermediate and finished product stock	17,385	14,409
Gross values	**34,136**	**26,509**
Depreciation	970	1,245
Net stock and in-process	**33,166**	**25,264**

NOTE 18. RECEIVABLES

	Twelve months ended	
In thousands of euros	**30 June 2015**	**30 June 2014**
Gross value	16,958	15,305
Depreciation	426	151
Net value	**16,532**	**15,154**

Current tax assets essentially comprise research tax credits and employment competitiveness tax credits.

Accounts receivable due within one year.

18.1 Other current assets

	Twelve months ended	
In thousands of euros	**30 June 2015**	**30 June 2014**
Tax liabilities (excluding tax on benefits)	3,613	3,344
Social security liabilities	57	25
Pre-payments	917	1,173
Advance payments and instalments	1,888	699
Other current assets	946	330
Total	**7,421**	**5,571**

Given the type of these trade debtors and their due dates, it is considered that their book value after possible depreciation corresponds to their fair value.

NOTE 19. CASH AND CASH EQUIVALENTS

	Twelve months ended	
In thousands of euros	**30 June 2015**	**30 June 2014**
Marketable securities	-	-
Bank accounts and other cash assets	56,110	3,201
Total	**56,110**	**3,201**

NOTE 20. CAPITAL AND RESERVES

Share capital is €469,298.52, divided into 46,829,952 shares, each with a nominal value of one cent, all fully paid up.

As stated in Note 1, admission of the Company's shares to trading on the Regulated market of Euronext Paris has been completed. On the basis of this, the number of ordinary shares issued was as follows:

- Creation of 10,000,000 ordinary shares in respect of a capital increase,
- Conversion of convertible bonds, exercise of share warrants, conversion of preference shares into 5,023,782 ordinary shares.

As at 30 June 2015, all dilutive instruments linked to convertible bonds and to share subscription warrants were converted on the date of the Initial Public Offering. Capital was made up of 46,829,952 ordinary shares.

NOTE 21. BORROWINGS

This note provides details on the contractual terms of borrowings undertaken by the Group that are subject to interest, and which are valued at amortised cost.

21.1 Breakdown of debt by type

In thousands of euros	Twelve months ended			
	30 June 2015		30 June 2014	
	Non-current	Current	Non-current	Current
Convertible bond issuances			66,061	
Unitranche bond issuance	62,600			
Accrued interest on Unitranche bond issuance	545			
Borrowings with credit establishments			18,992	5,714
Debt obligations in relation to acquisitions of subsidiaries	1,888	13,849	12,508	1,504
Debt obligations under finance leasing	4,374	640	3,073	244
Total	**69,407**	**14,489**	**100,636**	**7,462**

As stipulated by IAS 32 and IAS 39, bonds convertible into shares that are issued by Amplitude Surgical contain a debt component and a derivative component. The total amount of the convertible bond can be broken down into a financial debt and a derivative liability with a value of €7,497,000 (value as at 30 June 2011).

As at 30 June 2015, the fair value of rate hedging instruments totalled (€698,000) before deferred tax, or (€465,000) after deferred tax, included in the liability (derivative), with a corresponding booking to capital and reserves.

On 16 September 2014, in order to fund its rapid growth, the Group finalised a Unitranche debt arrangement of €65 million. This transaction was manifested by the full repayment of an existing senior debt, in addition to the total mezzanine obligations, for a nominal sum of €45.2 million.

This new debt will become fully payable by 16 September 2021, and will subject to half-yearly covenants.

21.2 Covenant

The Group made undertakings under its Unitranche loan agreement to comply with the following financial ratios:

- ratio for hedging financial expenses: denotes the ratio EBITDA divided by net financial expenses;
- ratio for hedging of the debt servicing: denotes the ratio free cash flow divided by the debt service; and
- gearing ratio: denotes the ratio of net total debt divided by EBITDA.

As at 30 June 2015, only two ratios (gearing ratio and debt service hedging ratio) needed to be complied with, and both these ratios were fulfilled.

As at 30 June 2014, the Group had made undertakings under a senior loan agreement repaid on 16 September 2014 (cf note above) to comply with financial ratios. As at this date these were complied with.

NOTE 22. BANK FUNDING AND FACTORING

In thousands of euros	30 June 2015	30 June 2014
*FACTORING financial debts**	5,701	5,576
Dailly cash advances		
Bank funding	44	5
Total	**5,745**	**5,581**

*Within the IFRS consolidated financial statements, the Group progressed towards offsetting of the following elements:

- financial debt in relation to factoring (entirety of the portfolio of accounts receivable factored);

- account factoring in progress (available for use by the company); and

- reserve accounts and provision funds.

This treatment allowed debts to be included in the IFRS consolidated balance sheet for only the amount of the payment received by the Group on an open factored account.

As at 30 June 2014, the amount of factored debt was €6,533,000, and accounts receivable totalled €958,000, being a net debt of €5,576,000, included in "Bank funding and factoring ".

At 30 June 2015, the amount of factored debt was €7,920,000, and accounts receivable totalled €2,219,000, being a net debt of €5,701,000, included in "Bank funding and factoring".

NOTE 23. DERIVATIVES

The Group subscribes to swap type interest rate hedging instruments. The aim of these is to protect the Amplitude Surgical Group from the interest rate increases to which it is exposed through its loans.

Derivatives qualified as cash flow hedges, in the meaning of IAS 39, totalled €63 million as at 30 June 2015 and €24 million as at 30 June 2014.

The fair value of derivatives is included as a balance sheet liability under the heading “Derivative”.

For the qualified hedging derivatives under IFRS:

- The consideration for the efficient portion of the change in the fair value of derivatives designed to hedge future periods is included in capital and reserves under (“Other items in the statement of other income”).
- Changes in fair value of the time value of options, and the inefficient portion of hedging relationships are included in income.

For derivative instruments not designated as hedging instruments, changes in the value of the derivatives are included in income.

In thousands of euros	30 June 2015		30 June 2014	
	Assets	Liabilities	Assets	Liabilities
Rate derivatives (fair value)	-	698	-	1,086
Non-hedging derivatives	-	-	-	8,544
Total	**-**	**698**	**-**	**9,630**

NOTE 24. EMPLOYEE BENEFITS

The total amount of all benefits conferred on employees in the form of severance pay on retirement, and, assuming that the Company will still be in existence at the retirement age of the employees, was €275,000 inclusive of social security contributions as at 30 June 2015.

This amount is fully included in provisions for risk and expenses.

NOTE 25. PROVISIONS FOR RISK AND EXPENSES

25.1 Closing balance

In thousands of euros	30 June 2015	30 June 2014
Provisions for non-current risks and expenses	**9,326**	**144**
Provision for legal disputes	9,051	
Employee benefits	275	144
Provisions for current risks and expenses	**544**	**1,706**
Provision for legal disputes	516	1,672
Other current provisions	28	34
Total	**9,870**	**1,850**

25.2 Changes in financial year end

In thousands of euros	
Value at 30 June 2013	**1,671**
Allocations	264
Write-backs used	109
Write-backs not used	
Changes in group structure	24
Value at 30 June 2014	**1,850**
Allocations	8,053
Write-backs used	33
Write-backs not used	
Changes in group structure	0
Value at 30 June 2015	**9,870**

25.3 Provisions for risk

Provisions were made during the fiscal year to cover business and commercial risks, or risks associated with legal disputes in progress, by analysing the files kept by the company's management.

Commercial legal dispute

During fiscal year 2012/2013, Amplitude was ordered by the court of first instance to pay the sum of €1.4m in a litigation relating to the severing of commercial ties. The Amplitude group appealed the ruling. Given the evidence against the opposing party in the litigation, the directors have made a provision voluntarily limited to €450,000. No new information emerged during the financial year.

Tax legal dispute over marketing of MD

On 7 November 2013, the Social Security Appeals Tribunal of Valence ordered Amplitude SAS to pay a total of €981,000 to the URSSAF, in relation to an assessment for back contributions relating to the years 2006, 2007 and 2008, under Articles L 245-5-1 and L 245-5-2 of the French Social Security Code. The Company appealed the ruling and is contesting the inclusion, in the calculation of social security contributions, of commissions paid to selling agents (the Company considers such commission payments to be outside the scope of Articles L 245-5-1 and L 245-5-2 of the French Social Security Code).

During 2014, the Company underwent a new URSSAF audit covering the period from 1 January 2011 to 1 June 2014. At the end of the audit, the Company received a new notice of assessment, dated 23 October 2014, in respect of the same contributions. The amount of the assessment for the period covered by the audit totalled €4,947,000 (excluding late payment penalties, which totalled €554,000).

As at 31 December 2014, the total amount assessed by the URSSAF against Amplitude was €6,482,000 (including late payment penalties) for the years 2006, 2007, 2008, 2011, 2012, 2013 and 2014.

Details of the URSSAF assessment are as follows (the amounts detailed below for the years 2011 to 2014 do not include late payment penalties):

Periods	Status of case	Total at stake (thousands of euros)	Total assessment including late interest
2006 to 2008	*Unfavourable ruling from Valence TASS - Appeal lodged by Group in progress*	981	981
Sub-total		981	981
2011	*Adjustment notice received October 2014 - appeal lodged by Group in progress before appeals commission*	1,331	
2012		1,296	
2013		1,366	
2014		954 (*)	
Sub-total		4,947	5,501
Total Adjustments		**5,928**	**6,482**

(*) Authorities' estimate based on 75% of contributions recalculated by the URSSAF in respect of

The Company is appealing the basis of these quasi-tax contributions assessed by the tax authorities, which erroneously treat selling agents like salaried employees.

On the basis of this, and the opposing arguments, the Company had limited the provisions made to the total amounts of the salaries effectively declared by the agents, while waiting to receive a favourable ruling in this dispute. However, following the new assessment, in light of the amounts involved, and in strict adherence to the principles of prudence, the Company decided to make a provision for the entire amount of the dispute, including amounts previously and recently assessed, penalties and late payment interest, in addition to any further amounts which the authorities could assess in respect of non-prescribed periods up until the closing date of the half year accounts.

This additional provision for a total of €7,906,000 is included in the statement of profit and loss under the heading "Provision for tax legal dispute over marketing of MD", within non-current expenses; the Company will make provisions for future amounts based on the methods used by the Authorities in their calculation of the assessment, for as long as the case continues before the Tribunal.

Hence, as at 30 June 2015, a provision for this risk was made in the amount of €9,051,000. The provision made by the Group in relation to this legal dispute is analysed as follows:

Provisions	Balance
30 June 2013	952
31 December 2013	1,049
30 June 2014	1,145
30 June 2015	9,051

Since this tax is not deductible against the Company's taxable profit, no deferred tax has been booked.

At the same time, the Company is appealing the basis on which this tax is being applied to the marketing of medical devices, the aim of which, as claimed by the Ministry of Health, is to allow surgeons to fit recommended implants with precision. However, in the field of orthopaedic surgery, surgeons' recommendations are dictated solely by the existence of clearly identifiable pathologies in patients, and are never, at any stage, influenced by the actions of "commercial marketing" of their manufacturers.

25.4 Favourable ruling in Amplitude's legal tax dispute with the URSSAF

With regard to the tax dispute between Amplitude and the Rhône office of the URSSAF, the Grenoble Court of Appeal issued a ruling in favour of Amplitude on 8 September 2015. It dismissed the case which had been brought on 21 December 2010, and, in doing so, also dismissed the assessments that had been raised. The Court concerned itself only with arguments of form, and made no judgments regarding arguments of substance. Furthermore, the Judge stated that there was no longer any need to forward the QPC which had been filed with them. The URSSAF was given two months to decide whether to appeal the ruling.

NOTE 26. ACCOUNTS PAYABLE AND OTHER CREDITORS

In thousands of euros	30 June 2015	30 June 2014
Trade creditors	16,137	16,478
Tax liabilities (excluding tax on benefits)	2,244	2,412
Social security liabilities	3,879	2,420
Fixed asset suppliers (*)	1,908	2,654
Deferred revenue	14	13
Current accounts outside the group	-	2
Other current liabilities	2,538	2,409
Total	**26,718**	**26,388**

(*) The correction dated 30 June 2014 relates to the revaluation of amounts payable on patents (see note 3.1)

For trade accounts payable, the Company has determined that amortised cost constitutes a reasonable estimation of their fair value.

NOTE 27. RELATED PARTY TRANSACTIONS

The senior executives were paid by Olisa until 25 June 2015. This management services arrangement between Olisa and OrthoFin II attracted fees totalling €314,000 during the fiscal year, compared to €309,000 in the previous fiscal year.

NOTE 28. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

28.1 Financial commitments

The Amplitude Surgical Group made the following financial commitments:

- Transfer of key individual insurance (€5,000,000);
- Commitment to pay rents: €625,000;
- In respect of a Unitranche debt of €65,000,000;
- Pledging of Share accounts;
- Pledging of bank accounts; and
- Pledging / transfer of key individual insurance.

28.2 Undertaking to purchase shares

As at 30 June 2015, there were a number of undertakings to purchase the additional shares in Brazilian company Unimplant and Australian company Amplitude Australia PTY. These transactions are detailed in Note 15.

NOTE 29. GROUP COMPANIES

Company and legal structure	SIREN (Company registration) number	Registered office	Methods of consolidation applied	% control 30-June-2015	% control 30-June-2014
Amplitude Surgical (formerly Ortho	533.149.688	*France*	*Parent company*	*Parent company*	*Parent company*
*OrthoFin II **	533.083.614	*France*	*Full consolidation*	**/**	**100.0%**
*AEM Médical (formerly A.E.I.O.J.) **	515.225.787	*France*	*Full consolidation*	**/**	**100.0%**
*Amplitude Group **	504.042.763	*France*	*Full consolidation*	**/**	**100.0%**
Amplitude	414.448.464	*France*	*Full consolidation*	**100.0%**	**100.0%**
Amplitude GMBH	NA	*Germany*	*Full consolidation*	**100.0%**	**100.0%**
Amplitude Australia Pty	NA	*Australia*	*Full consolidation*	**100.0%**	**100.0%**
Amplitude Brazil	NA	*Brazil*	*Full consolidation*	**100.0%**	**100.0%**
Amplitude Switzerland	NA	*Switzerland*	*Full consolidation*	**100.0%**	**/**
Amplitude Benelux	NA	*Belgium*	*Full consolidation*	**100.0%**	**/**
Novastep	752.292.797	*France*	*Full consolidation*	**69.0%**	**69.0%**
Novastep Inc.	NA	*United States*	*Full consolidation*	**85.0%**	**/**
Matsumoto Amplitude Inc.	NA	*Japan*	*Full consolidation*	**80.0%**	**80.0%**
SCI Les Tilleuls	439.216.748	*France*	*Full consolidation*	**100.0%**	**100.0%**

OrthoFin II, Amplitude Group and AEM Médical were merged by absorption with Amplitude Surgical on 1 July 2014.

Shareholdings in Amplitude India Private Limited and in the Irish subsidiary are not included within the consolidated accounts given their immaterial nature as at 30 June 2015.

NOTE 30. SUBSEQUENT EVENTS

No significant events having an impact on the business activities, the financial position and results, or the assets and liabilities of the Group as at 30 June 2015 took place after the closing date of the accounts.

NOTE 31. CONTINGENT LIABILITIES

In the course of its normal business activities, the Group is involved in legal proceedings and is subject to tax, customs and administrative audits. The Group makes a provision each time that a risk is identified and able to be quantified.

A legal dispute with the URSSAF is in progress in relation to an assessment for social security contributions under Articles L 245-5-1 and L 245-5-2 of the French Social Security Code. Details of this dispute are contained in Note 25.

NOTE 32. ENVIRONMENTAL RISK

The Group had oversight for the analysis of rules and regulations relating to the protection of the environment, and did not anticipate any significant future event that might have an impact on its business activities, financial position or results, or assets of the Group.

20.1.1.2 Report of the Statutory Auditors

Report of the Statutory Auditors on the consolidated financial statements

To the shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended 30 June 2015, on:

- the audit of the accompanying consolidated financial statements of Amplitude Surgical;
- the justification of our assessments;
- the specific verification required by law.
- These consolidated financial statements were prepared by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position and the results of operations of all persons and entities included in the scope of consolidation in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the following matters in the consolidated annex:

- Note 3.1., "Presentation of the financial statements", in the annex presents the impacts, for purposes of comparison, on the consolidated financial statements on 30 June 2014, of the correction of an error in the consolidation basis of the subsidiary Amplitude Brazil on 30 June 2014.

- The same note also presents for purposes of comparison, the impacts on the consolidated financial statements on 30 June 2014, of the correction of an error in the posting in the financial statements of the future debt for patent royalties.

- The Notes 1 *"Entity presenting the financial statements – Significant events"* and *"25 Provisions for risks and expenses – Tax legal dispute over marketing of MD"* in the annex which set out the methods of accounting treatment of an ongoing dispute with URSSAF on the contribution provided for in Articles L 245-5-1 and L 245-5-2 of the French Social Security Code.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

Note 3.4 to the consolidated financial statements sets out the bases of recognition, measurement and impairment of goodwill.

As part of our assessment of the Company's accounting policies, we have verified the appropriateness of the aforementioned accounting policies and of the information provided in the notes in the annex to the consolidated financial statements. We also assessed the information taken into account to determine the carrying amounts of inventory values and the application of impairment tests and verified the calculation of any impairment allowances. We assessed the reasonableness of the company's estimates for that purpose.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon and Villeurbanne, 30 October 2015

The Statutory Auditors

MELIN & ASSOCIES

JACQUES MELIN

MAZARS

PIERRE BELUZE

20.1.2 Financial statements for the year ending 30 June 2015

20.1.2.1 Financial statements

Assets			Period			Previous period
			Gross Amount	Depr. or Allow.	Net amount	at : 30/06/2014
Uncalled subscribed capital						
Fixed assets	Intangible fixed assets	Start up costs				
		Research and development costs				
		Franchises, patents and similar assets				
		Goodwill	85 458 545		85 458 545	
		Other intangible fixes assets				
		Intangible assets in progress				
		Advance payments on intangible fixed assets				
		TOTAL	85 458 545		85 458 545	
	Tangible fixed assets	Land				
		Buildings				
		Industrial fixtures and equipment				
		Other tangible fixed assets				
		Tangible fixed assets in progress				
		Advance paymments on tangible fixed assets				
		TOTAL				
	Financial fixed assets	Investments measured using the equity method				
		Other investments	8 136 857		8 136 857	67 999 780
		Loans to group and related companies				
		Investments held in portfolio for the long term				
		Other investments				
		Loans				
		Other financial assets	16 910 256		16 910 256	
		TOTAL	25 047 113		25 047 113	67 999 780
		Total fixed assets	**110 505 659**		**110 505 659**	**67 999 780**
Current assets	Inventories	Raw material and supplies				
		Work in progress (goods)				
		Work in progress (services)				
		Finished goods and by-production				
		Merchandise				
		TOTAL				
	Advances to suppliers					
	Receivables	Trade accounts receivable	18 254		18 254	
		Other receivables	37 728 174		37 728 174	14 363 547
		Unpaid called capital				
		TOTAL	37 746 429		37 746 429	14 363 547
	Other	Marketable securities				
		(of which own shares :)				
		Cash instruments				
		Available funds	51 951 153		51 951 153	1 693
		TOTAL	51 951 153		51 951 153	1 693
Prepaid expenses			32 648		32 648	
		Total current assets	**89 730 231**		**89 730 231**	**14 365 240**
Defered charges			2 399 856		2 399 856	
Premiums on redemption of borrowings						
Exchange rate differences assets						
		Total assets	202 635 747		202 635 747	82 365 021

	Liabilities	Period	Previous period
Shareholder's funds	Share capital (of which paid up : 469 298)	469 298	319 060
	Share premiums (mergers, contributions)	144 542 186	31 561 654
	Revaluation variance		
	Equity reserve		
	Reserves	46 929	
	Legal reserve		
	Statutory reserves		
	Tax regulated reserves		
	Other reserves		
	Profit and loss account brought forward	-7 842 008	-4 891 150
	Previous results not yet alloted		
	Result for the financial year (profit or loss)	-6 015 481	-2 950 857
	Net worth before allocation	131 200 925	24 038 706
	Investment grants		
	Special provision for tax purposes		69 346
	Total	**131 200 925**	**24 108 053**
Other funds	Subordinated equity		
	Advances subject to covenants		
	Total		
Provisions	Provisions for risks		
	Provisions for future costs	**51 302**	
	Total	**51 302**	
Liabilities	Financial liabilities		
	Convertible debenture loans		58 225 579
	Other debenture loans		
	Borrowing from credit institution	2 748	110
	Other borrowings	66 012 293	
	Total	**66 015 042**	**58 225 689**
	Advances received on orders		
	Trade accounts payable and related liabilities	3 162 725	31 024
	Taxes and social debts	2 164 678	254
	Liabilities related to fixed assets		
	Other debts	30 949	
	Cash instruments		
	Total	**5 358 353**	**31 278**
	Income recorded in advance		
	Total liabilities and income recorded in advance	71 373 395	58 256 968
	Exchange rate differences liabilities	10 123	
	TOTAL LIABILITIES	**202 635 747**	**82 365 021**
	Leasing for buildings		
	Leasing for other equipment		
	Non expired discounted notes receivable		

			France	Export	Total	Previous period
Operating income	Sales of purchased goods		144 705		144 705	
	Sales of manufactured goods		930		930	
	Sales of services		2 061 002		2 061 002	
	Net sales		2 206 637		2 206 637	
	Changes in stock of manufactured goods and work in progress					
	Production of fixed assets capitalised					
	Partial profits on long term contracts					
	Trading incentive grants					
	Write back of depreciation, provisions and transferred charges				69 942	
	Other income				2 176	4
		Total			2 278 757	4
Charges d'exploitation	Goods	Purchases			-39 664	
		Change in inventory			163 338	
	Raw materials and other supplies	Purchases				
		Change in inventory				
	Other purchases and expenses				1 249 284	68 973
	Taxes				28 800	761
	Wages and salaries				797 166	
	Social security charges				348 368	
	Depreciation and Provisions	• on fixed assets – Depreciation			1 511 184	
		• on fixed assets – Provisions				
		• on current assets: provisions				
		• for risks and future costs: provisions			13 922	
	Other expenses				7	2
		Total			4 072 407	69 737
		Operating result	A		-1 793 649	-69 732
Joint venture op.	Profit attributed or loss transferred		B			
	Loss attributed or profit transferred		C			
Financial income	From shares in group companies				3 393 331	
	From other investments				505 146	
	Interests and similar incomes				22 502	114 014
	Write back of provisions and transferred charges					
	Exchange gain				1 419	
	Net profit on disposals of current financial investments					
		Total			3 922 399	114 014
Financial expenses	Increase of provisions against financial assets					
	Interests payable and similar charges				9 339 444	4 536 480
	Exchange loss				1 892	
	Net losses on disposals of current financial investments					
		Total			9 341 336	4 536 480
		Net financial result	D		-5 418 936	-4 422 465
RESULT OF ORDINARY OPERATIONS BEFORE CORPORATE TAX ON PROFIT (±A+B-C±D)			**E**		**-7 212 586**	**-4 492 198**

Exceptional income	On operating items		
	On capital items	29 788	
	Write back of provisions and transferred charges	3 154 111	
	Total	3 183 900	
Exceptional expenses	On operating items		
	On capital items	1 822 610	
	Depreciation and provisions	778 291	23 073
	Total	2 600 901	23 073
	Net exceptional result F	582 998	-23 073
Employees' profit sharing plan	G		
Corporate tax on profit	H	-614 107	-1 564 414
BÉNÉFICE OU PERTE (± E ± F - G -H)		**-6 015 481**	**-2 950 857**

NOTE 1. HIGHLIGHTS

1.1 SIGNIFICANT EVENTS DURING THE FISCAL YEAR

The major highlights occurring during the course of the fiscal year were as follows:

1.1.1 Initial Public Offering on Euronext Paris:

- Initial Public Offering of 20 million shares quoted at €5 each, 50% of which were issued through a capital increase, and 50% through sale by existing shareholders and exercising of BSAs carried out on 26 June 2015.

- Commencement of an over-allotment exercise period with a deadline of 24 July 2015.

- Prior to the IPO, the Company restructured its capital through:

  - Conversion of preference shares issued by the Company into new ordinary shares.

  - Conversion of convertible bonds issued by the Company into new ordinary shares.

  - Exercise of share subscription warrants.

1.1.2 Group reorganisation carried out in the context of the proposed Initial Public Offering on the Paris Euronext market:

- Change of Company name: Change of name from OrthoFin I to Amplitude Surgical.

- Retroactive merger dated 1 July 2014 of OrthoManagement, of which the shareholders are Group key managers and senior executives, with Amplitude Surgical.

- Merger of French intermediary holding companies:

  - Merger – by absorption of AEM Médical by OrthoFin II.

  - Merger – by absorption of Amplitude Group by OrthoFin II.

  - Merger – by absorption of OrthoFin II by the Company.

This restructuring was carried out for tax and accounting purposes on a retroactive basis with effect from 1 July 2014.

- The distribution business of "Extremity Medical" was transferred from AEM Médical to associate company Novastep by means of a sale of a business.

On completion of the process of reorganisation, Amplitude Surgical SAS held 100% of the capital and voting rights of Amplitude SAS.

1.1.3 Appointment of Chairman:

Olivier Jallabert was appointed Chairman of the Board of Directors and Chief Executive Officer with effect from 25 June 2015.

1.1.4 Financial restructuring

Complete re-financing of all debt in September 2014 through the issuance of bonds with a maturity date of 2021.

1.2 SUBSEQUENT EVENTS

- The over-allotment exercise carried out within the context of the IPO, and which expired on 24 July 2015, did not result in a capital increase, but in a change to capital structure.

1.3 ACCOUNTING PRINCIPLES, RULES AND POLICIES

The annual financial statements have been prepared and presented in accordance with French legal requirements in force, as proscribed by the Accounting Regulations Committee (CRC in French).

General accounting conventions on the principle of prudence have been applied, on the basis of the following assumptions:

- going concern,

- consistency of use of accounting principles in each fiscal year,

- independence of fiscal years, etc.

and in compliance with the general accounting principles governing the preparation and presentation of financial statements.

All elements within the financial statements are valued using the historical cost convention.

The main principles used were as follows:

Issuance expenses

With regard to bond issuance costs, the Company opted to spread these across the lifetime of the bonds. These costs were first booked to banking expenses. In terms of accounting treatment, they were carried on the bond issuance costs balance sheet account, after which they were amortised on a straight-line basis over the period of the lifetime of the bonds.

Provisions for risk and expenses

These were made in accordance with the opinion of the CNC published on 20 April 2000.

- "A provision is a liability, the amount and due date of which are unspecified.

- A liability is an element of a company's asset base which has a negative economic impact on the company, namely an obligation on the part of the company with respect to a third party where there is the likelihood or certainty that it will result in an outflow of funds to that third party, with no corresponding consideration expected from them".

Investments

The gross value of investments is, on the one hand, their purchase price, if they are purchased for a consideration, or the market value if they are contributed in kind and, on the other hand, any directly attributable costs (such as the following costs: transfer, deed, and other fees, and commissions). For tax purposes, the cost of purchase of investments were amortised over five years starting from the date of purchase, using an accelerated depreciation method.

Where there was a loss of value, a value test had to be carried out. The value of the investment inventory was then calculated, as necessary, on the basis of a number of different criteria, using the following valuation methods: the discounting of projected available cash flows, the financial ratios of comparable companies, and the comparable transactions methods.

Where the calculated value of the inventory was lower than the gross value, a depreciation provision was made for the difference.

Receivables and payables

Receivables and payables were valued at their nominal value.

Receivables were depreciated using a provision where the value of the inventory was lower than the net book value.

NOTE 2 BALANCE SHEET DETAILS

2.1 ASSETS

2.1.1 Intangible assets - Principal changes

In thousands of euros	30 June 2014	Purchases / (net allocations)	(Disposals)/profit from disposals	30 June 2015
Concessions and patents Stock in trade Development expenses Other intangible assets Intangible assets in progress		85,458		85,458
Gross values		**85,458**		**85,458**
Concessions and patents Stock in trade Other intangible assets and development costs				
Amortisation and depreciation				
NET VALUES		**85,458**		**85,458**

2.1.2 Set-up costs

Made up of:

- Nil.

2.1.3 Research and development costs

Represented by:

- Nil

2.1.4 Goodwill – Merger costs

In euros

Absorbed Company	Value of assets acquired by Amplitude Surgical	Merger income		Merger costs		Interim losses
		Shareholders ' equity of absorbed company	Profit	Asset	Profit	
AEM Médical	22,598,761	3,123,883			19,474,878	
Amplitude Group	60,422,454	45,743,374			14,679,080	
OrthoFin II	67,999,781	59,481,425			8,518,356	
OrthoManagement	517,253	516,184			1,069	
Merger costs originating from absorbed companies						
Amplitude Cadre					949,877	
Financière Prothée					182,435	
Amplitude Finance					41,652,851	
TOTAL					**85,458,545**	

- Mergers were carried out within the context of the legal restructuring of the Group in accordance with the terms of the agreement dated 4 May 2015, and the addenda dated 13 May 2015.

In accordance with the provisions of Article L 236-4 of the French Commercial Code, the mergers took retrospective effect for tax and accounting purposes on 1 July 2014.

As a result, and in accordance with the provisions of Article L236-1, the results of all the business operations carried out by the absorbed companies, from the effective date to the actual date, were considered for tax and accounting purposes to have been carried out by the absorbing company.

- Merger costs were taken into account in the potential capital gains of Amplitude SAS.

- The tests carried out on the useful value of merger costs already recognised in the absorbed associates as at 30 June 2014 were not highlighted in impairment losses.

2.1.5 Depreciation

Fixed asset type	Method	Duration
Company formation costs Start-up costs Capital increase costs Research and development costs Tenancy rights Stock in trade Software	Nil	

2.1.6 Tangible fixed assets. Main changes

The main investments undertaken during the course of the fiscal year were:

Fixed asset type	Totals	
	Direct investments	Lease finance.
Transport equipment Office materials		
Total		**0**

2.1.7 Tangible fixed assets. Depreciation

Fixed asset type	Method	Duration
Construction Materials and tools Fixtures and fittings Transport of materials Office materials Office furniture		

2.1.8 List of associates and shareholders

In euros

Company	Shareholders' equity	Capital retained	Net value of investments	Revenues excluding tax brought forward	Profit brought forward	Dividend retained for year
Amplitude SAS	1,435,969	100%	8,035,265	60,731,971	-6,261,736	3,000,000(1)
SCI Les Tilleuls	99,306	100%	101,592	426,580	77,561	77,561(2)

(1) Dividends distributed to Amplitude Group.

(2) SCI les Tilleuls profit transferred to Amplitude Group.

2.1.9 Investments

The value test carried out (cf. paragraph 1.3 of section “Investments” of these notes) confirmed the amount booked to investments and, as at 30 June 2015, no provision was necessary.

2.1.10 Balance sheet amounts relating to associate companies and shareholders (in euros)

Balance sheet amounts relating to associate companies and shareholders		
Type	**Totals relating to**	
	Associate companies	**Companies in which the Company has a shareholding**
Uncalled share capital		
Advance payments and instalments on intangible assets		
Advance payments and instalments on tangible fixed assets		
Investments	8,136,857	
Receivables from associate companies		
Amplitude loans + accrued interest	16,910,256	
Long-term shareholdings in trading portfolio		
Other long-term investments		
Other financial assets		
Advance payments and instalments on orders		
Trade accounts receivable		
SCI Les Tilleuls C/C Cr	463,596	
Amplitude SAS C/C Dr	35,755,909	
Called up share capital, unpaid		
Marketable securities		
Cash instruments – Asset		
Other bonds		
Borrowings with credit establishments		
Miscellaneous borrowings and financial liabilities		
Advance payments and instalments on orders in progress		
Trade accounts payable		
Amounts due on fixed assets		
Cash instruments – liability		
Finance charges (Tilleuls)	5,644	
Financial income	820,916	

2.1.11 Other financial assets

Under the Group's financial restructuring programme, an intra-group loan totalling €16,405,110 was made between OrthoFin II, absorbed by Amplitude Surgical, and Amplitude SAS.

This loan plus compound interest will be repaid by the borrower on the 8th anniversary of the date it was made (16th September 2014).

2.1.12 Discounted notes not yet due

Nil

2.1.13 Receivables assigned under guarantee (DAILLY)

Nil

2.1.14 Current assets - categorised by due date

In euros	RECEIVABLES ANALYSIS		Gross amount	Up to one year	More than one year
FROM FIXED ASSETS	Receivables from associated companies				
	Loans				
	Other financial assets		16,910,257		16,910,257
FROM CURRENT ASSETS	Doubtful debts or legal disputes				
	Other accounts receivable		18,255	18,255	
	Receivables from loaned or guaranteed shares				
	Staff costs		3,500	3,500	
	Social security and other agencies		9	9	
	State and other public authorities	Tax on profits	1,355,383	1,355,383	
		Value added tax	457,438	457,438	
		Taxes, levies and similar payments			
		Miscellaneous			
	Group and associates		35,755,910	35,755,910	
	Miscellaneous debtors		155,934	155,934	
Pre-payments			32,649	32,649	
		TOTALS	54,689,335	37,779,078	16,910,257

2.1.15 Accrued income

Interest on Amplitude loan: €505,146
Interest on current accounts of associate companies: €315,770
Accounts receivable: €13,637

2.1.16 Issuance expenses

As stated in the introductory note (1.3), issuance costs will be amortised over seven years dating from 16 September 2014.

Total expenses:	€2,703,700
Amount amortised:	€303,843
Balance to be amortised as at 30 June 2015:	€2,399,856

2.2 LIABILITIES

2.2.1 Consolidated statement of changes in shareholders' equity

In euros	N-1	+	-	N
Capital	319,060	355,260	-205,022	469,298
Statutory reserve		46,930		46,930
Issuance premiums	31,561,653	115,921,068	-2,940,536	144,542,185
Carried forward	-4,891,150	< 2,950,857 >		-7,842,007
Profit	-2,950,857	< 6,015,481 >	2,950,857	-6,015,481
Regulated provisions	69,346		-69,346	0
Other				
Total	24,108,052	107,356,920	-264,047	131,200,925

2.2.2 Capital

Capital is made up of 46,929,852 shares, each with a nominal value of 0.01 euro.

During the fiscal year the changes were as follows:

	Capital		Issuance premium in euros
	Number of shares	Capital in euros	
Opening balance	31,906,070	319,061	31,561,654
Bonds converted	22,973,167	229,732	62,931,274
Preference shares converted with corresponding capital decrease	-19,984,928	-199,849	199,849
BSA option	2,035,543	20,355	2,889,945
IPO Project	10,000,000	100,000	49,900,000
OrthoManagement capital increase		5,173	512,080
OrthoManagement capital decrease		-5,173	-512,080
Capital increase costs			-2,893,606
Effect on statutory reserve			-46,929
Closing balance	46,929,852	469,299	144,542,187

- Conversion of convertible bonds:
    - 46,558,734 convertible bonds issued in 2011, November 2013 and December 2013 were converted into ordinary shares with a par value of 0.49342 new ordinary shares, each with a nominal value of €0.01 per convertible bond.
- Preference shares converted with corresponding capital decrease:
    - 29,493,282 preference shares were converted into ordinary shares with a par value of 0.3224 new ordinary shares, each with a nominal value of €0.01.
- Exercise of options of all share subscription warrants issued in 2011 and 2013.

	Number of BSAs	Subscription price (2)	
Category A	128,700	€128,700	(2)
Category B	1,726,800	€1,726,800	(1)
Category C	1,054,800	€1,054,800	(2)
	2,910,300	€2,910,300	

(1) BSA B:

- nominal value per share €0.01.

- issuance premium value €2.0167.

(2) BSA A and C:

- nominal value per share €0.01.

- issuance premium value €0.99.

- Capital increase costs in relation to the Company's Initial Public Offering have been accounted for by a decrease in the issuance premium of €2,893,606.

The direct costs of the IPO have been recognised in exceptional expenses in the amount of €1,790,468. The IPO banks have invoiced the charges associated with the sale of shares directly to the shareholders who sold them.

2.2.3 Tax-based valuations

- Negative impacts on profit and shareholders' equity during the year

- Profit for the year	+	< 6,015,481 >
- Tax on profits at 33%	+	0
- Profit before tax	=	< 6,015,481 >
- Changes in regulated provisions		< 3,154,111 >
- Profit before tax-based valuations		< 9,169,592 >

(1) Statutory tax rate applicable at end of year

2.2.4 Provisions for risk and expenses

Summary of provisions for risks and charges

In euros	Opening balance	Amounts transferred from absorbed associate	Allowances for the year	Write-backs used	Write-backs not used	Write-backs using shareholders' equity	Closing balance
Pension provisions	0	15,769	7,255				23,024
Tax provisions	0	21,611	6,667				28,278
Total	0	37,380	13,922				51,302

2.2.5 Undertakings made regarding retirement

The total amount of all benefits conferred on employees in the form of severance pay on retirement, and, assuming that the Company will still be in existence at the retirement age of the employees, was €23,024 inclusive of social security contributions.

This amount is fully included in provisions for risk and expenses.

2.2.6 Financial obligations - Categorised by due date (in euros)

	Gross Total	Not exceeding 1 year	More than 1 year and not exceeding 5 years	More than 5 years
Convertible bonds				
Other bonds				
Borrowings with credit establishments				
- Originally up to 1 year max	2,749	2,749		
- Originally more than 1 year				
Miscellaneous borrowings and financial liabilities	65,545,287	155,287		65,390,000
Trade accounts payable	3,162,726	3,162,726		
Staff costs	960,421	960,421		
Social security and other agencies	399,902	399,902		
Tax on profits	741,276	741,276		
VAT	49,450	49,450		
Guaranteed bonds				
Other taxes and levies	13,628	13,628		
Amounts due on fixed assets				
Group and associated companies	467,007	467,007		
Other debts	30,949	30,949		
Amounts due on borrowed or rep. (sic) securities Guarantor				
Deferred revenue				
TOTAL	71,373,395	5,983,395		65,390,000

On 9 September 2014, within the context of its debt re-negotiation, OrthoFin II issued 6,500 simple bonds each with a nominal value of €10,000, being a nominal total of €65,000,000, with interest at a rate of 6% above EURIBOR applicable during the interest period, plus interest compounded annually at a rate of 0.75%, and maturing in 2021. These bonds were used to re-finance an existing senior bank loan as well as all of the existing mezzanine bonds of the Group at the issuance date, to finance the general needs of the Group, and to finance all the costs and expenses related to them.

Guarantees

The bonds are guaranteed by:

- A senior pledge of the securities accounts in which any share issued by Amplitude SAS and held by Amplitude Surgical is registered.

- Pledging of bank accounts:

    - A senior pledge of bank accounts in respect of the balances of the entirety of bank accounts held by the Company;

    - A senior pledge of bank accounts in respect of the balances of the entirety of bank accounts held by Amplitude SAS;

    - A senior pledge of intra-group receivables in respect of receivables resulting from intra-group loans afforded to Amplitude and / or all other Group members by Amplitude Surgical;

    - A transfer of key person insurance in respect of Olivier Jallabert.

2.2.7 Expenses payable (in euros)

Captions	Total
ACCRUED HOLIDAY	
Holiday provisions	73,943
Provisions for Company expenses	30,155
Tax provisions	
ACCRUED INTEREST	
Intra-group borrowings	545,287
Group share of debt	
Non-group share of debt	
Amounts owing to partner companies	
Suppliers	
Associates and related parties	2,737
Banks	2,684
Current bank funding	
OTHER EXPENSES	
Accrued expenses	3,021,536
Discounts and rebates to be granted, credit notes to be issued	
Employee shares	
Employees	873,758
Social security	215,978
Other tax expenses	10,585
Miscellaneous	
TOTAL	4,776,663

NOTE 3 INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT

3.1 ANALYSIS OF REVENUES

In euros

	France	Export and European Union sales	Total
Sales of Goods	144,705		144,705
Sales of finished			
- Goods	930		-930
- Services	2,061,002		2,061,002
Net revenues	2,206,638		2,206,638

3.2 RECHARGES

- Miscellaneous recharges: €48,444
- Benefits in kind: €21,499

3.3 FINANCIAL INCOME (IN EUROS)

Dividend income	3,000,000
SCI Les Tilleuls income	77,561
Interest on Amplitude current account	315,770
Interest on Intra-group loan	505,146
Miscellaneous	23,922
Total financial income	3,922,399
Interest on convertible bonds	4,935,426
Interest on €65,000,000 bond	3,512,930
Other bank interest	843,652
Interest on current account	47,435
Other finance charges	1,892
Total finance charges	9,341,335
Financial income	**< 5,418,936 >**

3.4 EXCEPTIONAL INCOME

-	Write-back of tax depreciation on cost of purchase of shares held by OrthoFin II which were dissolved upon merger by absorption of OrthoFin II/Amplitude Group	€3,154,111
-	Exceptional IPO expenses	€< 1,790,468 >
-	Capital gains/losses on asset disposals	€< 2,354 >
-	Impairment allowances on share purchase costs	€< 778,291>
		€582,998

NOTE 4 OTHER INFORMATION

4.1 PARENT COMPANY DETAILS:

Amplitude Surgical SAS with effect from 1 July 2011.

The group is made up as follows:

Company and legal structure	Registered office	% control 30 June 2015
Amplitude Surgical	France	Parent company
Amplitude	France	**100.0%**
Amplitude GMBH	Germany	**100.0%**
Amplitude Australia Pty	Australia	**75.0%**
Amplitude Brazil	Brazil	**60.0%**
Amplitude Suisse	Switzerland	**100.0%**
Amplitude Benelux	Belgium	**100.0%**
Novastep SAS	France	**69.0%**
Novastep INC	USA	**85.0%**
Amplitude India	India	**100.0%**
Amplitude Orthopedics	USA	**100.0%**
Matsumoto Amplitude Inc.	Japan	**80.0%**
Joint Research LTD	Ireland	**100.0%**
SCI Les Tilleuls	France	**100.0%**

4.2 ANALYSIS OF STAFF NUMBERS AS AT 30 JUNE 2015

	Salaried sales staff	Available staff
Managers	5	
Expert agents and technicians	-	
Employees	-	
Labourers	-	
Total	**5**	

4.3 DIRECTORS' REMUNERATION

Remuneration of Olivier Jallabert with effect from 25 June 2015.

Remunerations of the Company's authorised representatives are not included in the annex since this information would permit individual remuneration to be identified.

4.4 LOANS MADE TO SENIOR EXECUTIVES

There were no loans made to the company's senior executives during the year.

4.5 COMMITMENTS UNDER INDIVIDUAL TRAINING RIGHTS

Between 1 May 2004 and 30 June 2015, each employee has accrued entitlement to a total of 345 hours of individual training.

4.6 TAX GROUPING

With effect from 29 June 2011, the Company has been in a tax grouping arrangement with Amplitude SAS, Amplitude Surgical being the parent company. In accordance with the rules on tax grouping, the benefit afforded by this arrangement was enjoyed by the parent company.

Revenues recognised in relation to this arrangement for 2014/2015 totalled €614,000.

4.7 DEFICITS CARRIED FORWARD

There were no carried forward deficits from any of the Group companies.

4.8 DEFERRED TAX ITEMS

Details of pending items giving tax relief: Nil.

4.9 COMMITMENTS ALREADY HIGHLIGHTED

Note No.	Headings
2.1.12 2.1.13 2.2.5 Nil	- Discounted notes not yet due - Receivables assigned - Dailly Act - Adjustment - Finance lease

4.10 Financial commitments

In relation to the €65,000,000 bond issue carried out by Amplitude Surgical:

- Pledging of Amplitude Surgical shares.

- Senior pledge of bank accounts in respect of the balances of the entirety of bank accounts held by Amplitude Surgical.

20.1.2.2 Report of the Statutory Auditors

Report of the Statutory Auditors on the annual financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the fiscal year ended 30 June 2015, on:

- the audit of the accompanying annual financial statements of Amplitude Surgical,
- the justification of our assessments,
- the specific verifications and information required by law.

The annual financial statements were prepared by the Board of Directors. Our role is to express an opinion on the annual financial statements, based on our audit.

I – Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform diligences making it possible to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also involves evaluating the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates made, as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company and the results of operations in the past fiscal year according to French accounting rules and principles.

Without calling into question our opinion expressed above, we draw your attention to the following matter set out in Note 1.1 of the annex "Significant events during the fiscal year" on the various operations during the fiscal year.

II – Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code on the justification of our assessments, we draw your attention to the following matters:

The assets of Amplitude Surgical notably comprise technical merger costs and equity interests that are evaluated according to the policies in notes 1.3 *"Accounting principles, rules and policies – Investments"* and 2.1.4 *"Goodwill – merger costs"* in the annex. As part of our assessment of the aforementioned

accounting rules and policies, on the basis of the information available, we also assessed the procedures adopted by the company to determine the carrying amounts of inventory values and we are satisfied that the principles were applied correctly.

These assessments were made as part of our audit of the annual consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional standards applicable in France we also carried out the specific verifications provided for by law.

We have no matters to report as to the fair presentation and the consistency of information in the management report of the Board of Directors and in the documents sent to shareholders on the financial position and annual consolidated financial statements with the consolidated financial statements.

Concerning information provided pursuant to Article L225-102-1 of the French Commercial Code on the remuneration and benefits of company executives and undertakings made in their favour, we have verified its consistency with the financial statements or with the information used to prepare the financial statements, and if applicable with the information collected by the Company from companies controlling it or which are controlled by the Company. On the basis of our mission, we certify the accuracy and the truthfulness of the information.

Pursuant to law, we are satisfied that the various items of information on the identity of holders of capital and of voting rights were communicated in the management report.

Done at Lyon and Villeurbanne, 30 October 2015

The Statutory Auditors

MELIN & ASSOCIES

JACQUES MELIN

MAZARS

PIERRE BELUZE

20.2 DIVIDENDS

20.2.1 Dividends distributed during the last six fiscal years

During the last three fiscal years, the Company has not distributed any dividend.

20.2.2 Period of prescription

Unclaimed dividends are prescribed and paid to the State after five years has elapsed since they were made available for payment.

20.3 JUDICIAL PROCEEDINGS AND ARBITRATION

As of today's date, the Group has no knowledge of judicial or arbitration proceedings on commercial disputes (including any proceedings of which the Group is aware which are pending or threatened) other than those referred to below, which are likely to have or have had during the last twelve months, significant effects on the financial position or the profitability of the Company or of the Group.

As of 30 June 2015, the total amount of provisions for the Group's commercial disputes was €450,000 exclusively for the dispute between Amplitude SAS and Prothys.

As of 30 June 2015, the Group had in addition constituted a provision of €7,906,000 for the dispute with the URSSAF.

20.3.1 Disputes to which the Group is party

20.3.1.1 Dispute between Amplitude SAS and Mediforce Hellas

Under the terms of an agreement dated 1 March 2004, Amplitude SAS entrusted to the company Oebe Th Thotou and co. (of which the trading name is Mediforce Hellas) (hereinafter "**Mediforce Hellas**"), the non-exclusive distribution rights for the joint prostheses which it manufactures, for the whole of Greek territory (hereinafter "the **Distribution Agreement**"). The Distribution Agreement was concluded for an initial term of five years, ending on 28 February 2009. The company Iavokoglou Promodos and co. (of which the trading name is "**Orthopaedic Hellas**"), owned by the same shareholders as Mediforce Hellas, also distributed Amplitude products in the same territory.

By a letter of 21 September 2007, Amplitude SAS notified Mediforce Hellas of termination of the Distribution Agreement for serious breach with immediate effect given the total absence of orders from this distributor for several months.

On the basis of the arbitration clause provided in the Distribution Agreement, on 5 June 2008, Mediforce Hellas and Orthopaedic Hellas petitioned for arbitration before the International Court of Arbitration of the International Chamber of Commerce (hereinafter "the **ICC**") against Amplitude SAS. Under the terms of its award pronounced on 7 October 2009 (hereinafter "the **Arbitral Award**"), the single arbitrator declared his jurisdiction to adjudicate on the claims of the two Greek companies and notably ordered Amplitude SAS to pay (i) the overall amount of €97,910.10 (plus legal interest) as damages and interest for sudden and premature breaking-off of the Distribution Agreement; (ii) the amount of €67,888.75 (plus legal interest) for the amount paid for an inventory that was unsold on the date of cancellation of the Distribution Agreement; (iii) the symbolic amount of €1 for damages and interest for damage to their reputation; (iv) the arbitration costs fixed at 50,000 USD and (v) 80% of the costs of legal counsel they had engaged (that is an amount of €16,064). Moreover, the arbitrator rejected the counter-claim of Amplitude SAS for its loss of profit caused by the commercial policy of the distributors.

On 20 November 2009, Amplitude SAS appealed for cancellation of the Arbitral Award before Grenoble Appeal Court.

In a ruling of 12 May 2011, Grenoble Appeal Court held that the effect of the Arbitration Clause in the Distribution Agreement could not be extended to a third party company, Orthopaedic Hellas, and that the single arbitrator had no jurisdiction vis-à-vis the latter. In consequence, it cancelled the Arbitral Award and held that the parties should submit their case to a more competent court.

On 28 October 2011, the two Greek companies appealed this decision.

By a ruling of 7 November 2012, the Court of Cassation held that Orthopaedic Hellas had replaced Mediforce Hellas in execution of the Agreement, and therefore the effects of the Arbitration Clause in the Distribution Agreement must be extended to this third party company, directly involved in execution of the Distribution Agreement. It overturned in full the ruling of 12 May 2011 of Grenoble Appeal Court and referred the case to the Lyon Appeal Court.

By a ruling of 15 October 2013, the Lyon Appeal Court also cancelled the Arbitral Award and held that the parties should submit their case to a more competent court considering that the Arbitration Clause in the Distribution Agreement was not effective against Orthopaedic Hellas, since it had not replaced Mediforce in execution in the Distribution Agreement, that the two companies did not constitute a group of companies and that their claims were not connected. This ruling, duly notified on 23 December 2013, became final on 23 April 2014 (as attested by the declaration of non-appeal of 22 July 2014).

The Arbitral Award was therefore definitively cancelled. As of this date, no new judicial or arbitral proceedings have been brought by either of the Greek companies against Amplitude SAS. However, since the action is not statute-barred as of this day, it cannot be excluded that Orthopaedic Hellas will bring new judicial proceedings against Amplitude SAS before the Romans sur Isère Commercial Court (court with jurisdiction for the registered office of Amplitude SAS) and/or that Mediforce Hellas will once again seize the ICC with the case.

Finally, to date, to the Group's knowledge, no proceedings for enforcement of the Arbitral Award in a country other than France have been brought by either of the Greek companies. However, the possibility cannot be totally excluded that a foreign jurisdiction may acknowledge or order enforcement of the cancelled Arbitral Award.

20.3.1.2 Dispute between Amplitude SAS and Medica-Lys

Under the terms of a commercial agency agreement concluded on 28 September 2005, Amplitude SAS conferred on Cap Ortho an exclusive sales mandate for 'hip' and 'knee' prostheses in a certain number of administrative departments in the South of France (hereinafter "the **Agreement**"). The Agreement was concluded for a fixed term of three years renewable by tacit agreement each year thereafter. In addition, it provided for the possibility for the sales agent to be assisted by sub-agents of its choice, provided the latter were previously approved by Amplitude SAS. In this context K Ortho and Mr Gilles Marco, acting on behalf of the company in course of constitution TII, were approved to act as sub-agents by Amplitude SAS, by two amendments concluded concomitantly with the Agreement.

By a tripartite amendment dated 29 November 2007, Amplitude SAS agreed to the assignment of the Agreement by Cap Ortho to Medica Lys (it being specified that on the same day, two amendments providing for the substitution of the contracting party in the sub-agency agreements with the companies K Ortho and TII were also signed).

From April 2009, Amplitude SAS alerted Medica-Lys to the worrying decline in revenues for the sectors in which it operated directly (and not through its sub-agents). After an extensive exchange of correspondence, in a letter dated 23 September 2009, Amplitude SAS notified Medica-Lys of cancellation of the Agreement for serious breach with effect from 28 September 2009 (the anniversary of the Agreement). Under the terms of two negotiated settlements, the two sub-agents, notified of the termination of the Agreement, expressly waived any consequent judicial action against Amplitude SAS. Moreover, a third sub-agent, Mr Peraldi, was engaged in the distribution of Amplitude products. To our knowledge, the latter has not brought any direct action against Amplitude SAS given cancellation of the Agreement (it being specified that any such action is insofar as known, statute-barred).

Then, by a writ dated 14 September 2010, Medica-Lys summonsed Amplitude SARL before the Romans sur Isère Commercial Court, seeking an order for it to pay (i) an amount of €1,065,590 as compensation for

termination of the Agreement; (ii) an amount of €133,198.75 as damages and interest for violation of the period of notice specified in the Agreement; and (iii) an amount of €5,000 pursuant to Article 700 of the French Code of Civil Procedure.

By a judgment dated 14 March 2012, the Romans sur Isère Commercial Court, considering that Medica-Lys had not committed a serious breach justifying termination of the Agreement without any termination indemnity, ordered Amplitude SAS to pay (i) an amount of €133,198.75 as a compensatory indemnity; and (ii) an amount of €133,198.75 as damages and interest for violation of the period of notice stipulated in the Agreement. It also held that Article 700 of the French Code of Civil Procedure did not apply. Amplitude SAS paid in full all amounts due to Medica-Lys according to the judgment.

The decision is now final. However, even if this scenario appears improbable, Medica-Lys could decide to bring a new action against Amplitude SAS for customer poaching (as it appears to suggest in the framework of some of its documents).

20.3.1.3 Dispute between Amplitude SAS and European Publications GmbH (hereinafter "EUP")

EUP is a company incorporated under German law which publishes periodicals providing information for enterprises. In June 2009, it published an advertorial on Amplitude SAS. After an exchange of correspondence and an interview with an employee of EUP, the representative of Amplitude SAS signed the approved galley proof on 16 June 2009, authorising publication of the article. EUP then sent Amplitude SAS an invoice for €7,456.80 for the photographs published in the article. A disagreement then arose between the parties as to whether said photographs were gratuitous or for consideration.

After a formal warning producing no result, EUP summonsed Amplitude SAS before the Romans sur Isère Commercial Court by legal deed served on 19 June 2008. In this context, it sought an Order that Amplitude SAS should pay (i) an amount of €7,456.80 (plus legal interest) to settle its outstanding invoice; (ii) €1,000 for abusive resistance; and (iii) €1,500 pursuant to Article 700 of the French Code of Civil Procedure. In reply Amplitude SAS requested the Court to note the fraudulent manoeuvres of EUP and, in consequence, to pronounce the agreement null and void. In addition, it lodged a counter-claim seeking the payment by EUP of €10,000 for abuse of law.

In a judgment dated 10 April 2013, the Romans sur Isère Commercial Court pronounced the agreement null and void after observing that the consent of Amplitude SAS had been negated by fraud and rejected all EUP's claims.

EUP then appealed by declaration to the Court Registry filed on 25 July 2013.

In a ruling of 12 February 2015, Grenoble Appeal Court considered that Amplitude SAS had accepted the tariff conditions for publication of the disputed photographs and that it had failed to prove any fraudulent manoeuvres by EUP at its expense. In consequence, it overturned the judgment in full and, pronouncing a new judgment, ordered Amplitude SAS to pay EUP the amount of €7,456.80 (plus legal interest rate) for the outstanding invoice and €1,500 pursuant to Article 700 of the French Code of Civil Procedure. Amplitude SAS paid in full all amounts due under this judgment in full. This judgment and may no longer form the subject of an appeal to the Court of Cassation; the deadline for doing so expired on 6 May 2015).

20.3.1.4 Dispute between Amplitude SAS and Prothys

Under a commercial agency agreement dated 27 September 2005 (hereinafter "the **Agency Agreement**"), Amplitude SAS conferred on Mr Christian Vezine a mandate for distributing its products in a specific territory. By amendment of 17 July 2009, the commercial agency card of Mr Vezine was transferred, with the agreement of Amplitude SAS, to the company Prothys, a limited liability company of which he is the manager.

In a letter dated 19 December 2011, Amplitude SAS notified Prothys of cancellation of the Agency Agreement with immediate effect, for serious breach, that is its marketing of competing products to Amplitude customers without previously informing Amplitude or obtaining its approval.

Prothys then sought authorisation from the President of the Lyon Commercial Court to summons Amplitude SAS as a matter of urgency. By an interlocutory ruling dated 21 February 2012, the President granted the application. The same day, Prothys summonsed Amplitude SAS as a matter of urgency to appear before Lyon Commercial Court.

In a judgment dated 10 July 2012, Lyon Commercial Court accepted the objection of territorial incompetence raised by Amplitude SAS and declared itself without jurisdiction *rationae loci*, in favour of the Romans sur Isère Commercial Court.

After the parties were referred to a more competent court, the Romans sur Isère Commercial Court ordered Amplitude SAS to pay Prothys (i) an amount of €149,374.74 for an indemnity for the period of notice that is 3 months (plus legal interest); and (ii) an amount of €1,228,192.30 as a clientele indemnity (plus legal interest). The Court, moreover, rejected Prothys' claim for provisional enforcement of the ruling and all claims of the parties pursuant to Article 700 of the French Code of Civil Procedure.

On 21 February 2013, Amplitude SAS appealed this judgment. The proceedings are currently pending before Grenoble Appeal Court. No hearing date has been set as of the date of this Registration Document before Grenoble Court of Appeal.

On 30 June 2015, an amount of €450,000 was provisioned for this dispute, in the accounts of Amplitude SAS.

20.3.1.5 Dispute between Amplitude SAS and URSSAF on the specific contribution for commission of commercial agents.

Amplitude SAS markets its products notably through independent agents, mandated according to commercial agreements with payment of commission.

In July 2009, URSSAF initiated an audit of Amplitude SAS' compliance with the social security legislation for the period 1 January 2006 to 31 December 2008. Following said audit, URSSAF notified Amplitude SAS of an adjustment of €981,315 (including increases for late payment as of 21 December 2010). The adjustment concerned exclusively contributions on commission paid by Amplitude SAS to its commercial agents for implantable medical devices of 10% (increased to 15% at the end of 2009) provided by Articles L. 245-5-1 and L. 245-5-2 of the French Social Security Code.

The Company challenged these adjustments and seized the French Arbitration Committee ("**CRA**") in order to state its position. It considered it was not liable for this contribution in that the commission paid to its commercial agents (who have the status of freelance workers) does not constitute remuneration pursuant to the articles establishing the contribution on implantable medical devices. In October 2011, the CRA rejected the challenge and maintained the URSSAF adjustment in its entirety. Amplitude SAS then seized the French Social Security Affairs Court for cancellation of the adjustment. On 7 November 2013, the French Social Security Affairs Court (TASS being the French acronym) rejected Amplitude SAS' appeals, which then appealed the decision.

The dispute is pending before the Grenoble Appeal Court. A first hearing was held on 2 December 2014 during which Amplitude filed a request for a QPC (priority preliminary ruling on the issue of constitutionality). By a decision of 13 January 2015, Grenoble Court of Appeal declined to file the QPC with the Court of Cassation, rejecting the Company's argument according to which the legal provisions defining the basis for the disputed contribution failed to comply with the constitutional principles of accessibility and intelligibility of the law and equality before public encumbrances. The case was the subject of a new hearing on 9 June 2015. On 8 September 2015, Grenoble Appeal Court held that the formal demand sent on 21

December 2010 was null and void since it was irregular and subsequently granted tax relief for the adjustments. The Appeal Court however was of the opinion that it was not appropriate to transmit the priority question of constitutionality which had been filed. The Rhône URSSAF now has a period of two months to appeal to the Court of Cassation.

In parallel with this dispute, the Amplitude SAS was once again the subject of an URSSAF audit in July 2014 covering the period from 1 January 2011 to 1 June 2014. URSSAF notified Amplitude SAS of an adjustment in a total amount of €5,500,610 (including increase for late payment as of 19 December 2014) on the same basis and for the same reasons as set out during the first audit. Amplitude SAS challenged the second adjustment by letter dated 23 January 2015 sent to the CRA. To date, the CRA has not pronounced a decision.

On 30 June 2015, Amplitude SAS has provisioned the amount of €9,051,000 (including increases and interest for late payment for both disputes as of 30 June 2015).

20.3.1.6 Dispute between Amplitude SAS and Ms Sonia Idir

Ms Sonia Idir was employed by Amplitude SAS as a technical sales attaché from 14 March 2005.

On 7 September 2011, Ms Idir acknowledged the termination of her employment contract for failure to comply with the guarantee of salary maintenance during sick leave. She then seized the Labour Court in Bourg-en-Bresse requesting that her notice should be reclassified as dismissal without real and serious cause. In addition to indemnities for termination and damages and interest for unjustified dismissal, she claimed back instalments of salary and payment of her non-competition indemnity as provided in her contract of employment.

By decision dated 18 September 2012, the Bourg-en-Bresse Labour Court maintained that the acknowledgement of Ms Idir produced the effects of a resignation and rejected all Ms Idir's claims for dismissal without real and serious cause. An order was pronounced against Amplitude SAS on all the other claims by the claimant.

Ms Idir appealed the decision pronounced by the Labour Court.

By decision dated 29 January 2014, Lyon Appeal Court rejected the judgment pronounced at first instance, holding that the acknowledgement produced the effects of a dismissal without real and serious cause. The Court in addition confirmed the ruling against Amplitude SAS by the Labour Court on the other claims. Amplitude SAS was ordered to pay Ms Idir an amount of approximately €175,500.

Amplitude SAS appealed to the Court of Cassation. The Judge-Rapporteur at the Court of Cassation pronounced a decision on 28 January rejecting Amplitude SAS' appeal.

Amplitude SAS has paid Ms Idir all amounts according to the sentence, since the appeal to the Court of Cassation does not suspend the effects of the ruling.

The Court of Cassation rejected the appeal lodged by Amplitude SAS on 16 September 2015.

20.4 SIGNIFICANT CHANGES IN THE FINANCIAL OR COMMERCIAL SITUATION

Excluding the information given in this Registration Document, the Group is not aware of any significant changes in the financial or commercial situation since 30 June 2015.

Specifically, and as stated in paragraph 7.3.5 "*Amplitude Australia PTY Ltd*" of the Registration Document the purchase of the first 19% of the capital of Amplitude Australia by the Company was delayed given regulatory constraints related to the capital contribution formalities. In fact, finalising of this purchase requires preparing consolidated financial statements to enable the statutory auditors to prepare reports on the

evaluation and the exchange parity governing issue of the company's securities to be exchanged for Amplitude Australia shares. The discussions initiated to find an interim solution with Austofix Group proved unsuccessful and the latter then brought proceedings in the Australian courts claiming damages and interest and cancellation of the securities swap agreement. However, the company is determined to continue the discussions with the Austofix Group and to finalise the purchase as promptly as possible.

20.5 FEES OF THE STATUTORY AUDITORS AND MEMBERS OF ITS NETWORK PAID BY THE GROUP

	Mazars SA				Melin et Associés			
	Amount		%		Amount		%	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Statutory Auditors (1)								
Issuer	52,960	34,775	17.7%	31.8%	22,812	6,494	44.43%	69.6%
Fully integrated subsidiaries	74,730	74,663	25.1%	68.2%	0	2,836	0%	30.4%
Sub-total (1)	**127,690**	**109,437**	**42.8%**	**100%**	**22,812**	**9,330**	**44.43%**	**10%**
Other diligences and services directly relating to the mission (2)								
Issuer	0	0	0%	0%	0	0	0%	0%
Fully integrated subsidiaries	0	0	0%	0%	0	0	0%	0%
Sub-total (2)	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
Other services (3)								
Legal, fiscal, social security	170,616	0	57.2%	0%	28,533	0	55.57%	0%
Other	0	0	0%	0%	0	0	0%	0%
Sub-total (3)	**170,616**	**0**	**57.2%**	**0%**	**28,533**	**0**	**55.57%**	**0%**
TOTAL	**298,306**	**109,437**	**100%**	**100%**	**51,345**	**9,330**	**100%**	**100%**

The amounts granted under "Other services" correspond to the work carried out in the context of the Company's IPO.

CHAPTER 21
SUPPLEMENTARY INFORMATION

This Chapter presents information on the articles of association and financial authorisations in force on the date of this Registration Document.

21.1 SHARE CAPITAL

21.1.1 Share capital subscribed and share capital authorised but not issued

On the date of this Registration Document, the share capital of the Company is €469,298.52 divided into 46,929,852 shares, each of nominal value one hundredth of one euro (€0.01) fully paid.

The table below presents the delegated powers and authorisations vested by the shareholders' meeting held on 10 June 2015.

Current authorisations					Authorisations proposed to the shareholders' meeting of 9 December 2015		
Type of delegated power	**Date of shareholders' meeting (Resolution No.)**	**Duration (expiry date)**	**Maximum authorised amount**	**Purpose**	**(Resolution No.)**	**Duration**	**Cap**
Increase of share capital							
Issue with elimination of the preferential subscription right and public offering in the context of admission of the Company's shares to trading on the Paris Euronext regulated market.	10 June 2015 (resolution 7)	12 months (expiry on the date of final fixing of the IPO price)	€300,000	Capital increase in the context of admission of the Company's shares to trading on the Paris Euronext regulated market decided on 29 June 2015 by the Board of Directors and implemented on 25 June 2015 by decision of the Chief Executive Officer. Amount: €100,000 nominal and €50 million (issue premium included)	-	-	-
Issue with retention of the preferential subscription right	10 June 2015 (resolution 9)	26 months (10 August 2017)	Capital securities: €600,000 Debt securities: €300,000,000 These caps are common to all resolutions on the issue of capital and/or debt securities	None	-	-	-
Issue by public offering with elimination of the preferential subscription right.	10 June 2015 (resolution 10)	26 months (10 August 2017)	Capital securities: €250,000 Debt securities: €150,000,000	None	-	-	-
Issue pursuant to para. II of Article L.411-2 of the French Monetary and Financial Code with elimination of the preferential subscription right.	10 June 2015 (resolution 11)	26 months (10 August 2017)	Capital securities: €250,000 Debt securities: €150,000,000	None	-	-	-
Authorisation granted to increase the amount of the initial issue with retention or elimination of the preferential subscription right	10 June 2015 (resolution 12)	26 months (10 August 2017	15% of initial issue	None	-	-	-

Current authorisations					Authorisations proposed to the shareholders' meeting of 9 December 2015		
Type of delegated power	**Date of shareholders' meeting (Resolution No.)**	**Duration (expiry date)**	**Maximum authorised amount**	**Purpose**	**(Resolution No.)**	**Duration**	**Cap**
Fixing price of public offering or of offering pursuant to II of article L.411-2 of the French Monetary and Financial Code, with elimination of the preferential subscription right, limited to 10% of capital per annum	10 June 2015 (resolution 13))	26 months (10 August 2017)	10% of capital on the day of decision of the Board of Directors fixing the issue price per 12-month period	None	-	-	-
Issue limited to 10% of capital, as remuneration for capital contributions in kind	10 June 2015 (resolution 14)	26 months (10 August 2017)	10% of capital on the day of decision of the Board of Directors meeting for the issue	None	-	-	-
Capital increase by incorporation of premiums, reserves, profits or other items of which capitalisation is permitted	10 June 2015 (resolution 17)	26 months (10 August 2017)	€250,000 This cap is not set off against any other cap	None	-	-	-
Employees' shareholdings, award of subscription or share purchase options, award of free shares							
Issue with elimination of the preferential subscription right for benefit of members of a savings plan	10 June 2015 (resolution 15)	26 months (10 August 2017)	2% of capital on the day of decision of the Board of Directors	None	-	-	-
Award of free ordinary shares	10 June 2015 (resolution 16)	38 months (10 August 2018)	3% of capital on the day of decision of the Board of Directors	None	12	26 months	3% of capital on the day of decision of the Board of Directors
Capital reduction by cancellation of shares							
Reduction of capital by cancellation of shares	10 June 2015 (resolution 8)	18 months (10 December 2016)	10% of capital on the date of cancellation per 24-month period	None	11	18 months	10% of capital on the cancellation date per 24-month period
Redemption by Amplitude Surgical of its own shares							
Authorisation to be granted to the Board of Directors for redemption of Company shares	10 June 2015 (resolution 18)	26 months (10 August 2017)	€40 million	Implemented as part of a liquidity agreement	10	18 months	€40 million

21.1.2 Securities not giving entitlement to capital

On the date of this Registration Document, the Company has not issued any securities not representing or giving entitlement to its capital.

21.1.3 Shares held by the Company or on its own behalf

Information on the share redemption programme approved by the shareholders' meeting of 10 June 2015.

Characteristics of the share redemption programme

The ordinary and extraordinary shareholders' meeting of Amplitude Surgical of 10 June 2015 authorized the Board of Directors, pursuant to Article L.225-209 *et seq* of the French Commercial Code, Articles 241-1 to 241-6 of the General Regulations of the *Autorité des marchés financiers* and of Commission Regulation (EC) No 2273/2003 of December 2003, to purchase or have purchased a maximum number of Amplitude Surgical shares representing up to 10% of the share capital of Amplitude Surgical.

The characteristics of the redemption programme are as follows:

Securities concerned	Shares
Maximum percentage of capital that may be redeemed	10% (it being specified that the number of shares acquired by Amplitude Surgical with a view to their retention and subsequent award as payment or in exchange as part of a merger, de-merger or capital contribution shall not exceed 5% of the capital of Amplitude Surgical)
Maximum number of securities that may be acquired	4,692,985 shares (that is, 10% of the capital on the date of this Registration Document)
Maximum overall amount of programme	€40 million
Maximum unit purchase price	200% of the IPO price, that is, €10
Duration of programme	18 months, that is, until 10 December 2016

The objectives of the programme in decreasing order of priority are as follows:

- To ensure liquidity and stimulate trading in Amplitude Surgical shares through an investment service-provider acting in total independence under a liquidity agreement and in compliance with an ethics charter accepted by the AMF;

- To honour the obligations for the award of share options, free shares or awards of other benefits, allocations or assignments of shared to Amplitude Surgical employees or executives or of a related enterprise and to perform any hedging transactions relevant to said operations, under the conditions provided by the market authorities and at times decided by the Board of Directors or its authorised representative;

- To ensure hedging of the undertakings of Amplitude Surgical for settlement of rights in cash given an increase in the market price of Amplitude Shares issued to the employees or executives of Amplitude Surgical or of a related enterprise;

- The retention and subsequent award of Amplitude Surgical shares in exchange or as payment as part of external growth operations according to accepted market practices and the applicable regulations;

- The award of Amplitude Surgical shares given exercise of rights attached to securities giving access either immediately or in future, Amplitude Surgical shares;

- The cancellation of all or some of the shares redeemed under statutory conditions subject to authorisation of the extraordinary shareholders' meeting

- Any other practice that may be permitted or accepted under the legislation or by the *Autorité des marchés financiers* or any other objective compliant with the regulations in force.

During the fiscal year ended 30 June 2015, the Company did not perform any transactions on its own securities.

21.1.4 Other securities giving entitlement to capital

On the date of this Registration Document, there are no securities giving entitlement to the Company's capital.

21.1.5 Conditions governing any right of acquisition and/or any obligations attached to capital subscribed but not paid

None.

21.1.6 Share capital of any Group company the subject to an option or an agreement for the future exercise of an option

See Section 7.3 "*Shareholders' agreements and minority interests*" in this Registration Document.

21.1.7 Changes in the Company's share capital over the last three fiscal years

Date	Nature of the operation	Capital prior to the operation	Number of shares prior to the operation	Number of ordinary shares issued (cancelled)	Number of preference shares issued (cancelled)	Total number of shares after the operation	Nominal value (in euros)	Capital after the operation
28/11/2013	Capital increase	€276,037.65	27,603,765	183,198	1,502,459	29,289,422	0.01	€292,894.22
31/12/2013	Capital increase	€292,894.22	29,289,422	273,015	2,239,029	31,801,466	0.01	€318,014.66

Date	Nature of the operation	Capital prior to the operation	Number of shares prior to the operation	Number of ordinary shares issued (cancelled)	Number of preference shares issued (cancelled)	Total number of shares after the operation	Nominal value (in euros)	Capital after the operation
31/03/2014	Capital increase	€318,014.66	31,801,466	11,375	93,229	31,906,070	0.01	€319,060.70
26/06/2015	Conversion of convertible bonds	€319,060.70	31,906,070	22,973,167	0	54,879,237	0.01	548,792.37
26/06/2015	Exercise of BSA	€548,792.37	54,879,237	980,743	1,054,800	56,914,780	0.01	€569,147.80
26/06/2015	Conversion of preference shares	€569,147.80	56,914,780	9,508,354	(29,493,282)	36,929,852	0.01	€369,298.52
26/06/2015	Increase in capital (by public offering)	€369,298.52	36,929,852	10,000,000	0	46,929,852	0.01	€469,298.52

21.2 FOUNDING DEED AND ARTICLES OF ASSOCIATION

The main stipulations described below stem from the Company's articles of association adopted by the shareholders' meeting on 10 May 2015 and entered on 26 June 2015.

21.2.1 Corporate purpose (Article 3 of the articles of association)

The purpose of the Company, in France and abroad is:

- the manufacture and marketing, in all forms, of all surgical products and equipment; the provision to individuals and to all types of business of all services in the medical-surgical sector; the Company's participation, by any means, directly or indirectly, in any transactions potentially relating to its corporate purpose, through the creation of new companies, contribution, subscription or purchase of shares and associated rights, merger or other, creation, acquisition, rental, leasing of any business of place or business, the takeover, acquisition, use or assignment of all processes and patents concerning its activities; completion of all industrial, commercial and financial, and movable and real property transactions potentially relating, directly or indirectly, to the corporate purpose and to all similar and related purposes.

- all transactions, on its own behalf, for the purchase, sale and management of French and foreign securities of any nature and of all enterprises, the purchase, subscription, management, sale, exchange of said securities and all corporate rights, the acquisition of holdings and equity interests, whether direct or indirect, in all companies or enterprises established or that may be established by any means (by the constitution of new companies, capital contributions, subscriptions, acquisition or exchange of securities, bonds, warrants, corporate assets or rights, mergers, partnerships, economic interest groupings or otherwise, as well as through shareholder current accounts or loans, in the short and long term); the acquisition and allocation for its benefit of all movable and immovable assets, the exploitation of said assets, their sale and capital contribution to a company; participation in all operations for the exploitation, management and

administration of all businesses or enterprises; the purchase or leasing of real estate necessary for the corporate purpose;

- the provision of all services, whether administrative, financial, accounting, commercial, relating to information technology or management, for the benefit of (i) subsidiaries of the Company or any other companies in which it holds an equity interest and (ii) any other company having an equity interest in the Company;

- and generally, directly or indirectly, all operations of any nature whatsoever, whether legal, economic and financial, civil and commercial, which may relate directly or indirectly, either on its own behalf or that of third parties, alone or with third parties, for achieving the corporate purpose or any similar, related or complementary purposes, or which may be instrumental to achieving said purposes or which may promote their development or fulfilment, in particular through lending or borrowing or the granting of guarantees and securities covering its obligations or those of affiliate companies.

21.2.2 Stipulations in the articles of association on administration and management bodies – Internal Regulations of the Board of Directors

The description hereunder summarises the main stipulations of the articles of association and the Internal Regulations of the Board of Directors, in particular its operating procedures and its powers.

The Internal Regulations specify, in addition to provisions on the Board of Directors referred to above, the procedures for organisation and operation, remits and powers of committees which the Board of Directors has established internally (see Section 16.4 *"Board of Directors committees"* in this Registration Document).

21.2.2.1 Board of Directors (Articles 14 to 20 of the Articles of Association)

Composition

The Company is administered by a Board of Directors comprising at least three members and at most eighteen members.

The limit of eighteen members may be increased if necessary by directors representing shareholding employees, appointed pursuant to the provisions of paragraph 14.8. The limit may also be increased, if applicable, by directors representing employees appointed pursuant to the provisions of paragraph 14.9 or in the event of a merger, pursuant to Article L. 225-95 of the French Commercial Code.

The directors may be:
- natural persons, or
- legal persons. In this case, at the time of appointment, the legal person directors must designate a permanent representative who will be subject to the same conditions and obligations and incur the same liabilities as if a director in his/her own name, without prejudice to the joint and several liability of the legal person represented.

During the lifetime of the Company, directors are appointed, re-appointed or removed from office under the conditions provided by the regulatory and legislative provisions in force and these articles of association.

Each director, as well as the representatives of shareholding employees and employees' representatives must hold shares in the Company under the conditions and according to the methods provided by the stipulations in the Board of Director's internal regulations. Should a director cease to hold the required number of Company shares, he/she will be granted a deadline, according to the stipulations in the internal regulations, to remedy the situation otherwise he/she shall be deemed to have resigned.

Directors are bound by the legislative and regulatory provision on the combination of mandates.

Pursuant to the legislative and regulatory provisions in force and subject to compliance with the conditions on combining duties as director with a contract of employment, the number of directors bound to the Company by an employment contract (disregarding directors representing shareholding employees and directors representing employees or a collective investment fund created by an enterprise holding shares in the Company) shall not exceed one third of directors in office.

The contracts of employment between directors who are removed from office or whose mandates expire shall not be terminated by said removal from office or expiry.

If the report presented by the Board of Directors to the shareholders' meeting pursuant to Article L. 225-102 of the French Commercial Code states that shares held by company employees as well as by associate companies (defined pursuant to Article L. 225-180 of the French Commercial Code) represent more than 3% of the share capital, a director representing the shareholding employees is appointed by the shareholders' meeting according to the procedures established by the legislative and regulatory provisions in force and by these articles of association, provided the Board of Directors does not already include as members, one or more directors appointed from among members of the supervisory boards of corporate collective investment funds representing employees, or one of more employees elected pursuant to Article L. 225-27 of the French Commercial Code.

Prior to the shareholders' meeting called to appoint a director representing shareholding employees, the Chairman of the Board of Directors shall notify the supervisory board of corporate collective investment funds created in the scope of a corporate employees' savings scheme and that of associate companies defined pursuant to Article L. 225-180 of the French Commercial Code, which are invested predominantly in Company shares and consult the shareholding employees according to the conditions established by these articles of association.

Candidates for appointment are nominated under the following conditions:

- when the voting right attached to shares held by employees is exercised by members of the supervisory board of a corporate collective investment fund, the supervisory board may appoint two candidates selected from its permanent members who represent employees. If there are several corporate collective investments funds, the supervisory boards of the funds may agree, by identical resolutions, to present two joint candidates selected from all the permanent members who represent employees;

- when the voting right attached to shares held by employees is exercised directly by the latter, candidates may be nominated during consultation sessions organised by the

Company. These consultations are preceded by a call for candidates and may be held by the Company availing itself of any technical means, guaranteeing the reliability of voting, including electronic or postal systems. To be admissible, the candidates must be nominated by a group of shareholders representing at least 5% of shares held by employees who exercise their voting rights individually.

An ad hoc electoral committee, constituted by the Company, may be tasked to monitor due conduct of this process.

The shareholders' meeting will then vote exclusively on the two candidates presented either by the supervisory boards of corporate collective investment funds or by groups of shareholding employees.

The minutes prepared by the corporate collective investment fund supervisory board(s) or by the ad hoc electoral committee presenting the candidates must be forwarded to the Board of Directors at the latest, eight days prior to the Board meeting called to prepare the resolutions that will be voted on at the shareholders' meeting to appoint directors representing shareholding employees.

To be admissible, each proposal must nominate a candidate permanent director and a candidate alternate director. The candidate alternate director, who shall satisfy the same eligibility conditions as the candidate permanent director, will be co-opted by the Board of Directors to succeed the permanent director appointed by the shareholders' meeting should the latter be unable to fulfil his/her mandate, until the date fixed for expiry of the original appointee's mandate. Co-option of the alternate director by the Board of Directors is subject to ratification at the next shareholders' meeting.

In order to guarantee continuity of representation of shareholding employees until expiry of the permanent director's mandate and in the eventuality of the alternate director being unable of fulfilling the mandate until its expiry, the Chairman of the Board of Directors shall notify the body which initially appointed the candidate (supervisory board of corporate collective investment funds or group of shareholding employees) so that the latter may nominate a new candidate, whose appointment will be put to vote at the next shareholders' meeting.

The procedures for appointing candidates which are not defined by the legal and regulatory provision in force, or these articles of association, shall be determined by the Chairman of the Board of Directors, notably having regard to the timetable for nominating candidates.

The director representing shareholding employees is appointed by the shareholders' meeting under the conditions applicable to any appointment of a director.

Said directors are not included when calculating the minimum and maximum number of directors provided by paragraph 14.1 above.

The term in office of the director representing shareholding employees is four years. His/her duties shall cease after the shareholders' meeting called on to approve the accounts for the previous fiscal year in the year in which the mandate expires.

However, the mandate shall end by right and the director representing shareholding employees shall be deemed to have resigned automatically on loss of the status of Company

employee (or that of employee of an associated company or economic interest grouping defined pursuant to Article L. 225-180 of the French Commercial Code), or of shareholder (or of member of a corporate collective investment fund holding shares in the Company).

Should a vacancy arise as a director representing the shareholding employees for any reason whatsoever, a replacement will be appointed under the foregoing conditions, the new director being appointed by the shareholders' meeting for the remaining term in office of his/her predecessor.

Until the date of replacement of the director (or if applicable, the directors) representing shareholding employees, the Board of Directors may meet and validly resolve.

The stipulations of subparagraph one of paragraph 14.8 shall cease to apply if, at the end of a fiscal year, the percentage of capital held by Company employees and employees of associate companies defined pursuant to pre-cited Article L. 225-180, in the framework of the provisions of pre-cited Article L. 225-102, represents less than 3% of capital, it being specified that the mandate of any director appointed in application of the first sub-paragraph of paragraph 14.8 shall expire on reaching its term. The stipulations of paragraph 14.5 on the number of shares which a director must hold do not apply to directors representing shareholding employees. Nevertheless, each director representing shareholding employees must hold, either individually or through a corporate collective investment fund created in the framework of the group employee savings scheme, at least one share or a number of units in said fund which is equivalent to at least one share.

Directors representing shareholding employees are not counted for application of the stipulations in paragraph 16.3 below.

In the hypothesis where the provisions of Article L. 225-27-1 of the French Commercial Code are applicable, the Board of Directors must include one or two directors representing the Group's employees depending on the number of directors.

The number of directors representing employees is two if the number of directors exceeds twelve on the date of appointment of directors representing employees and one if the number of directors is equal to or less than twelve on the date of appointment of the director representing employees (without counting, in both cases, directors representing shareholding employees and directors representing employees).

The reduction of the number of directors to twelve or less (discounting directors representing shareholding employees and directors representing employees) has no effect on the term of the current mandates of directors representing employees, which shall continue until their expiry date.

However, on expiry of the mandates of directors representing employees and in the hypothesis where the number of directors remains equal to or less than twelve on the date of appointment of the directors representing employees (without counting the directors representing shareholding employees and directors representing employees), the number of directors representing employees is reduced to one.

If subsequently, the number of directors exceeds twelve (without counting the directors representing shareholding employees and directors representing employees), a second director

representing employees is appointed pursuant to the stipulations below, within a deadline of six months from co-option by the Board of Directors, or from the appointment by the shareholders' meeting, of the new director.

Directors representing employees are elected under the conditions provided by Article L. 225-28 of the French Commercial Code and according to the procedures described below.

The directors representing employees are elected by all employees having the status of voter, voting as a single body.

Pursuant to Article L. 225-28 of the French Commercial Code, the elections shall be conducted as a single-round vote on the list of candidates according to proportional representation and without any combinations. Each list shall incorporate a number of candidates double that of the positions to be filled with a strict balance of men and women. No alternates are elected.

The list of candidates will be presented exclusively by one or more trade union organisations which are representative at Group level.

The elections are organised by top management. The timetable (notably the date for registering candidates and the date of voting) and the procedures for electoral procedures not stipulated in the legislative or regulatory provisions in force or in these articles of association (notably, the choice of voting methods) shall be established by top management after consultation with the representative trade union bodies.

The timetable is established so that the announcement of the election results is made at the latest fifteen days prior to the expiry of the mandate of outgoing directors. Having regard to the first election held, pursuant to Law No. 2013-504 of 14 June 2013, the timetable is established so that the announcement of results of the elections may be made at the latest prior to expiry of the deadline of six months following the extraordinary shareholders' meeting which amended the articles of association as provided by Article L. 225-27-1 III of the French Commercial Code.

For each election, top management shall establish the list of the Company's direct or indirect subsidiaries with registered offices located in France pursuant to Articles L. 225-27-1 and L. 225-28 of the French Commercial Code.

Votes may be cast electronically, by a paper ballot, by post or a by combination of these means.

When votes are cast electronically, the election may be conducted at the workplace or remotely and may extend over a period not exceeding fifteen days. The design and the setting-up of the electronic voting system may be outsourced to an external service provider. The system must guarantee confidentiality of the data sent, a secure means of authentication, completion of attendance sheets, registration and counting of votes.

If the collegiate body presents no candidates, the corresponding seats shall remain vacant until the next elections renewing the mandate of directors representing employees.

In the event of a permanent vacancy of a seat for a director representing employees, the vacant seat shall be filled pursuant to Article L. 225-34 of the French Commercial Code, that is by the candidate on the same list with the number of votes immediately following the candidate elected.

Status of directors representing employees

Directors representing employees are not included when calculating the maximum and minimum number of directors provided by paragraph 14.1 above.

The term in office of directors representing employees is five years.

In the event of termination of a contract of employment, the director representing employees is deemed to have resigned automatically. He/she is replaced under the conditions defined above.

Directors representing employees who are newly elected enter into office on expiry of the mandate of the outgoing directors representing employees.

Directors representing employees are not included for application of the stipulations of paragraph 16.3 below.

In the hypothesis where the legal conditions governing the obligation to appoint one or more directors representing employees are no longer satisfied, the mandate of directors representing employees expires on conclusion of the meeting during which the Board of Directors formally acknowledges the lapsing of said obligation.

Organisation of the Board of Directors

The Board of Directors appoints, from among its members, a Chairman and at the case may be a Vice-Chairman who is, on penalty of invalidity of appointment, a natural person.

The Chairman of the Board of Directors determines the remuneration of the Chairman and the Vice-Chairman, which is added to his/her share in the overall amount of directors' fees.

Chairman and the Vice-Chairman are appointed for a term which shall not exceed that of their mandate as directors. They are eligible for re-election.

The Chairman and the Vice-Chairman may be removed from office at any time by the Board of Directors.

The age limit for serving as Chairman and Vice-Chairman of the Board of Directors is seventy (70) years, so that:

- no director may be appointed as Chairman or Vice-Chairman of the Board of Directors if he/she has attained the age of seventy (70) years; and

- on reaching the age of seventy (70) years during his/her mandate, the Chairman or Vice-Chairman of the Board of Directors is deemed to have resigned automatically from office after the ordinary shareholders' meeting following his/her seventieth (70) birthday.

The Chairman of the Board of Directors organises and directs the work of the Board of Directors and reports on its actions to the shareholders' meeting. The Chairman is responsible for proper working of the corporate bodies and in particular, ensuring that directors are capable of fulfilling their missions.

Should the Chairman be impeded in fulfilment of his duties, the Vice-Chairman fulfils said duties and enjoys the same prerogatives as the Chairman.

The Board of Directors may appoint a Secretary to the Board who need not be a director or a shareholder.

The Board of Directors may decide to establish any Board of Directors' committee with responsibility for examining questions submitted to it for said purpose by the Board of Directors or its Chairman, notably having regard to the preparation and auditing of accounting and financial information, appointments and remuneration, strategy and major projects.

The composition, the procedures and powers of the committees are established by the internal regulations of the Board of Directors.

Term in office – age limits

Subject to the legislative and regulatory provisions applicable in the event of temporary appointments by the Board of Directors, directors are appointed for a term of four years.

Their mandate ends after the ordinary shareholders' meeting called to approve the accounts for the previous fiscal year held in the year during which their mandate expires.

Directors are eligible for re-election.

Notwithstanding the stipulations of paragraphs 16.1 and 16.2 above:

- the number of directors (natural persons or the representatives of legal persons) who have reached the age of seventy (70) years shall not exceed one-quarter of directors in office, rounded, if applicable, up to the next whole number;

- no-one may be appointed as a director if having attained the age of seventy (70) years, his/her appointment would increase the number of directors having exceeded this age to more than one quarter of the directors in office, rounded, if applicable, up to the next whole number; and

- if the number of directors exceeding the age of seventy (70) years represents more than one quarter of directors in office, in default of resignation of a director aged over seventy (70) years, the oldest director is deemed to have resigned automatically.

By exception, the shareholders' meeting may provide, when appointing certain members of the Board of Directors, that their mandate shall be less than four years to allow for the rolling renewal of mandates of members of the Board of Directors.

Operation of the Board of Directors

The Board of Directors prepares internal regulations which stipulate and supplement its operating procedures, of which the principles are set out in this article.

The Board of Directors shall meet as many times as required in the interests of the Company and at least once a calendar quarter as a minimum, it being understood that at least one meeting per annum must be held with the physical presence of participants.

Meetings are called by any means by the Chairman or by at least two (2) Board members. Notices of meetings are sent out at least three (3) business days in advance of the meeting. Notices of meetings state the date, time and venue for the meeting (or the means of communication if the meeting is not held in person), as well as the agenda. Prior to each meeting, concomitantly with its calling, the author of the notice of the meeting sends every Board member information on the agenda items for the meeting (specifically, documentation on the transactions which must be submitted for prior approval of the Board of Directors during the meeting).

As an exception to the foregoing, no deadline or formality for calling a meeting is required if all members of the Board of Directors are present or represented (including by video-conference or teleconference).

A member of the Board of Directors may be represented by another member of the Board of Directors to the exclusion of any other person by conferring a written power of attorney. A member of the Board of Directors may be vested with several powers of attorney.

Meetings of the Board of Directors may occur by any means (including personal attendance, video-conference or telephone link) which allows holding discussions. The Board of Directors may validly resolve only if at least one half of directors are present.

An attendance record is kept of each Board of Director's meeting. The attendance sheet is duly signed in the margin by members of the Board of Directors who are personally present or represented at the time they enter the meeting (or by fax, by members of the Board of Directors not personally present or represented at the meeting, but who participate therein using any appropriate means of communication). The powers of attorney vested in each representative or a copy thereof, as well as the faxes referred to above, are appended to the attendance record.

Board of Directors meetings are chaired by the Chairman or by the Board member appointed by the latter. In the absence or impediment of the Chairman and if the latter has not appointed a member to replace him/her, the Board of Directors will appoint a Chairman of the meeting. The Board of Directors may appoint a Secretary who need not be a Board member. Meetings of the Board of Directors are conducted in French.

All decisions of the Board of Directors are taken by a simple majority vote of members present or represented. In the event of a tied vote, only the permanent Chairman of the Board of Directors shall have a casting vote. It is specified that if the permanent Chairman of the Board of Directors does not attend the Board of Director's meeting, the ad hoc acting Chairman of the meeting shall not have a casting vote.

Decisions of the Board of Directors are recorded in minutes prepared by the Secretary and signed by the Chairman and at least one director attending the meeting. The minutes are kept

in a special initialled and numbered register. Certified copies and excerpts of the minutes are validly certified by the signature of the Chairman and that of one other member of the Board of Directors.

Powers of the Board of Directors

The Board of Directors determines the priorities for the Company's activities and ensures they are implemented. Without prejudice to powers expressly reserved to the shareholders' meetings and in the limits of the corporate purpose, the Board of Directors is competent to address any issues having regard to the satisfactory conduct of the Company and to pass resolutions settling Company business.

In particular and without the list being exhaustive, the Board of Directors, pursuant to the legislative and regulatory provisions in force and under the conditions and according to the procedures established, if applicable, by the Board of Director's internal regulations:

- is competent to convene the Company shareholders' meeting and establish the agenda;

- approves the Group's annual budget presented by the Chief Executive Officer and any amendment of said budget;

- prepares the medium term finance plan for the Group

- prepares the individual company and consolidated accounts and prepares the annual management report;

- authorises the conventions listed in Article L. 225-38 of the French Commercial Code;

- decides on the procedure for general management of the Company, pursuant to paragraphs 21.1 and 21.4 of these articles of association;

- appoints or removes from office the Chairman of the Board of Directors, the Chief Executive Officer and if applicable, following a proposal by the Chief Executive Officer, any Deputy Chief Executive Officer(s);

- defines the powers of the Chief Executive Officer, and if applicable, in consultation with the latter, those of any Deputy Chief Executive Officer(s);

- may co-opt a director;

- sets the remuneration of the Chairman of the Board of Directors, of the Chief Executive Officer and, if applicable, of any Deputy Chief Executive Officer(s);

- appoints members of the Board of Director's committees established pursuant to the legislative and regulatory provisions in force, these articles of association and the internal regulations of the Board of Directors;

- distributes the directors' fees among Board members pursuant to the stipulations of the Board of Director's internal regulations;

- decides on the award of any indemnification for observers (non-voting members of the Board of Directors);

- approves the report of the Board of Directors on its own operations, internal auditing and risk management;

- may decide to issue debt securities which do not give entitlement to capital;

- authorises the Company's Chief Executive Officer, with a right of sub-delegation, to grant security deposits, endorsements and guarantees;

- grants prior authorisation for any transaction which does not fall within the scope of ordinary Company business, including disposals of assets, transactions on intellectual property rights and external growth operations, according to the criteria defined in the internal regulations;

The Board carries out any checks and monitoring operations deemed opportune and included in its remit.

In particular, the Board must confirm:

- satisfactory operation of the internal auditing bodies and the satisfactory nature of the conditions for fulfilment of the board of statutory auditors' mission;

- satisfactory operation of the committees it has established.

In addition to the legislative and regulatory obligations on prior authorisation of the Board of Directors, certain transactions listed in the Board of Director's internal regulations are, within the framework of the Group's internal organisation, subject to the express approval of the Board of Directors prior to implementation by the Company's Chief Executive Officer or if applicable, by a Deputy Chief Executive Officer.

Each director will receive all information necessary for fulfilment of his/her mission and may, within said limit, call for communication of all documents or information he/she considers instrumental to said purpose.

Remuneration

The shareholders' meeting allocates an annual fixed amount to directors in the form of directors' fees, of which it determines the amount for the current and subsequent fiscal years, until a new decision is pronounced.

The Board of Directors may freely distribute the directors' fees among its members pursuant to the rules in the Board of Director's internal regulations.

Notably, it may allocate a higher proportion thereof to the Chairman and members of the committees provided in paragraph 15.4 above and in the Board of Director's internal regulations, than to other directors.

The Board of Directors may allocate special remuneration to directors for specific missions or mandates conferred on them.

The Board of Directors may authorise the reimbursement of travel, subsistence and other expenses incurred by directors in the Company's interest.

Observers (Article 20 of the articles of association)

The shareholders' meeting may appoint as members of the Board of Directors, observers selected from among shareholders.

The number of observers shall not exceed three.

The observers are appointed for a term not exceeding four (4) years, it being specified that the ordinary shareholders' meeting of the Company may remove them from office at any time. Their duties end after the ordinary shareholders' meeting called to approve the accounts for the previous fiscal year held in the year during which their mandate expires.

Observers are eligible for re-election

Any observer reaching the age of seventy (70) years is deemed to have automatically resigned.

The missions and, if applicable, the method for indemnifying observers falls within the remit of the Board of Directors and is defined by the Board of Director's internal regulations.

21.2.2.2 Executive Management (Articles 21 to 26 of the articles of association)

Choice of executive management operating procedures

Executive management is performed under the Company's responsibility:

- either by the Chairman of the Board of Directors,

- or by another natural person, appointed by the Board of Directors from among or outside its members, with the title of Chief Executive Officer.

The term in office of the Chief Executive Officer is set by the Board of Directors in the decision appointing the latter, subject to the stipulations in paragraph 21.3 below.

Should executive management of the Company be performed by a director, the latter shall be deemed to have automatically resigned as Chief Executive Officer on expiry of his/her mandate as a director.

The Board of Directors, resolving according to the quorum and majority conditions in Article 18 of these articles of association, decides between the two methods for fulfilling the executive management duties referred to in paragraph 21.1 above. This management option remains applicable until any decision to the contrary. The choice falls within the exclusive remit of the Board of Directors.

If the Chairman of the Board of Directors fulfils the executive management duties, the legislative and regulatory provisions and those in the paragraphs below on the role of Chief Executive Officer are applicable to him/her and the Chairman has the title of Chairman & Chief Executive Officer.

Any change in the method for executive management of the Company does not require any amendment of these articles of association.

Powers

The Chief Executive Officer is vested with the most extensive powers to act in all circumstances in the name of the Company.

The Chief Executive Officer exercises said powers within the limits of the corporate purpose and subject to:

- powers which the legislative and regulatory provisions in force award expressly to shareholders' meetings and the Board of Directors; and

- powers reserved to the Board of Directors and any requirements for the latter's prior approval, pursuant to the provisions of the internal regulations of the Board of Directors.

In addition the Board of Directors may, notably for a specific operation, set specific limits on the scope of the Chief Executive Officer's powers.

The Chief Executive Officer represents the Company in its relationships with third parties.

The Company is bound, including by actions of the Chief Executive Officer which are not included in the scope of the corporate purpose unless it can prove the third party was aware that said actions exceeded said purpose or the third party could not have been unaware thereof having regard to the circumstances.

Provisions of the articles of association or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are unenforceable against third parties.

If the Chairman of the Board of Directors and the Chief Executive Officer are two separate persons, the Chief Executive Officer may request the Chairman of the Board of Directors to convene a Board of Directors' meeting to discuss a set agenda.

Deputy executive management

On a proposal by the Chief Executive Officer, the Board of Directors may appoint from among or outside its members, one or two natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

By agreement with the Chief Executive Officer, the Board of Directors determines the scope and the term for powers conferred on each of the Deputy Chief Executive Officers.

Vis-à-vis third parties, Deputy Chief Executive Officers hold the same powers as the Chief Executive Officer.

The remuneration of the Chief Executive Officer and, if applicable, of any Deputy Chief Executive Officer, is set by the Board of Directors.

Age limit

The age limit is set at seventy (70) years for exercise of the duties of Chief Executive Officer or Deputy Chief Executive Officer.

No-one many be appointed as a Chief or Deputy Chief Executive Officer after attaining the age limit of seventy (70) years.

If the Chief Executive Officer or Deputy Chief Executive Officer attains the age of seventy (70) years during his/her mandate, he/she shall be deemed to have resigned automatically, respectively as Chief Executive Officer or as Deputy Chief Executive Officer on conclusion of the ordinary shareholders' meeting following his/her seventieth (70) birthday.

Removal from office and impediment

The Chief Executive Officer may be removed from office at any time by the Board of Directors.

Equally, by proposal of the Chief Executive Officer, the Deputy Chief Executive Officers may be removed from office at any time.

Should the Chief Executive Officer leave office or be impeded in the exercise of his/her functions, the Deputy Chief Executive Officers will retain their duties and responsibilities until appointment of a new Chief Executive Officer unless otherwise decided by the Board of Directors.

On appointment of a new Chief Executive Officer, the Board of Directors will resolve whether or not to retain the Deputy Chief Executive Officers on a proposal by the new Chief Executive Officer.

21.2.3 Rights, privileges, restrictions and obligations attached to shares (Articles 9, 10, 11, 12 and 31)

Fully paid shares may be registered or bearer shares at the shareholder's discretion, subject, however, to application of the legislative and regulatory provisions and those of the Board of Director's internal regulations on the form of shares held by certain persons.

Each share gives entitlement to ownership of the corporate assets, profits distributed and the liquidation surplus in proportion to the percentage of share capital it represents.

Each share gives entitlement to attend, under the conditions established by the applicable regulatory and legislative provisions and in these articles of association, shareholders' meetings and to vote on resolutions.

In addition, each share confers the right to be informed on the performance of the Company and to obtain communication of certain corporate documents at the times and under the conditions provided by the regulatory and legislative provisions in force and in these articles of association.

Shareholders are liable for corporate liabilities exclusively within the limit of their capital contributions.

Whenever it becomes necessary to hold several shares to exercise any whatsoever right, in the event notably of the exchange, grouping, division or allotment of shares or in consequence of a capital increase or a capital reduction, a merger, demerger, partial capital contribution of assets, distribution of dividends or any other transaction, any securities held in a number below that required shall not entitle their holders to exercise said rights against the Company; in such cases the shareholders are responsible for grouping together the number of necessary shares or rights and possibly, for the sale or purchase of the required number of rights or securities.

Ownership of a share implies by right acceptance of these articles of association and the decisions of shareholders' meetings.

The rights and obligations attached to a share follow the security into whosever hands it passes.

Shares are indivisible vis-à-vis the Company.

The joint owners of undivided shares are represented at shareholders' meetings by one of them or by a single proxy. In the event of disagreement, the proxy is appointed by the Court at the request of the most diligent joint owner.

If a usufruct is registered on shares, the voting right is exercised by the holder of the usufruct at ordinary shareholders' meetings and by the bare owner at extraordinary shareholders' meetings; however, the bare owner and the usufruct holder may agree between them on any other distribution of voting rights at shareholders' meetings.

In this case, the distribution agreement shall be notified by registered letter with return receipt to the Company which will then be bound to adopt the agreement at any shareholders' meeting provided one month has elapsed from receipt of said letter.

The shareholder's right of communication or of consultation may be exercised by either of the joint owners of undivided shares, by the usufruct holder and by the bare owner of shares.

Shares, whether registered or bearer may be freely traded, without prejudice to any contrary regulatory or legislative provisions. Shares are registered in the shareholder's account and are transferred from account to account according to the procedures defined by the regulatory and legislative provisions in force.

Each shareholder is entitled to as many votes as shares owned or represented, without prejudice to any contrary regulatory or legislative provisions.

Any mechanism which by right confers a double voting right on shares proved to have been registered for at least two years in the name of the same shareholder is expressly revoked by these articles of association, pursuant to the applicable legal provisions in Article L. 225-123 of the French Commercial Code.

21.2.4 Amendment of shareholders' rights

Shareholders' rights may be amended under the conditions provided by the regulatory and legal provisions. There are no specific stipulations governing the amendment of shareholders' rights which are more restrictive than the in the legislation.

21.2.5 Shareholders' meetings (Article 27 to 35 of the articles of association)

Notice of meetings, venue for meetings

Shareholders' meetings are called under the conditions established in these articles of association and the legislative and regulatory provisions in force.

Shareholders' meetings may be held at the registered office or any other venue in mainland France as stated in the notice of the meeting.

Agenda

The agenda is prepared in principle by the person calling the meeting.

One or more shareholders representing the proportion of share capital required by the legislative and regulatory provisions in force may, however, require the inclusion on the agenda of special items or draft resolutions.

The shareholders' meeting may not resolve on any matters not included on the agenda.

Nevertheless the shareholders' meeting may, in all circumstances, remove from office one or more members of the Board of Directors and replace them.

Right to attend meetings

Any shareholder is entitled to attend shareholders' meetings and to take part in the deliberations, either personally or represented by a proxy.

Any shareholder may participate personally or be represented by a proxy at shareholders' meetings under the conditions established by the regulations in force, on proof of identity and ownership of shares registered in an account, under the conditions provided by the legislative and regulatory provisions in force.

Any shareholder may vote remotely or grant a power of attorney pursuant to the regulations in force using a form prepared by the Company and sent to the latter under the conditions provided by the regulations in force, including electronically or by telecommunications means on a decision of the Board of Directors. The form must be received by the Company under the regulatory conditions for it to be counted.

Any shareholder may also, if the Board of Directors so decides when calling the shareholders' meeting, participate and vote at the shareholders' meeting by video-conference or by electronic or other remote telecommunications means, including by internet, which allows identification of the parties under the conditions determined by the legislation. For calculation of the quorum and majority, shareholders attending the shareholders' meeting by video-conference or any other electronic telecommunications or remote transmission means which

permits their identification under conditions provided by Law, shall be deemed present at the meeting.

Shareholders' meetings are chaired by the Chairman of the Board of Directors or, in his/her absence or default, by a member of the Board specifically delegated for said purpose by the Board of Directors. Otherwise the meeting elects its own chairman.

Minutes of the meeting are prepared and copies are certified and delivered according to the regulations in force.

The legal representatives of shareholders who are legally incapacitated and natural persons representing legal person shareholders may participate at meetings, whether or not they are shareholders in their own right.

Attendance record, meeting officials, minutes

Meetings are chaired by the Chairman of the Board of Directors or in the latter's absence, by a director specially delegated for said purpose by the Board of Directors.

Otherwise the shareholders' meeting elects its own chairman.

The two members present at the meeting who hold the largest number of votes act as scrutineers, provided they accept said appointment.

The meeting officials appoint the secretary, who need not be a shareholder.

An attendance record is kept, duly signed by participants and certified as accurate by the meeting officials.

Ordinary shareholders' meeting

Quorum and majority

An ordinary shareholders' meeting held on first call may pass valid resolutions provided the shareholders present or represented hold at least one fifth of shares with voting rights.

On the second call, resolutions may be validly passed irrespective of the number of shares held by shareholders present or represented.

Resolutions are passed by simple majority of votes held by shareholders present or represented.

Powers

The ordinary shareholders meeting resolves on all proposals which do not fall within the exclusive competence of an extraordinary shareholders' meeting.

Notably, the ordinary shareholders' meeting:

- hears the report of the Board of Directors and of the Board of Statutory Auditors submitted to the annual shareholders' meeting;

- discusses, approves, amends or rejects the annual individual company accounts and consolidated accounts for the fiscal year and resolves on the dividends to be distributed and the amounts to be carried forward;

- resolves on the constitution of any reserve funds, any deductions to be made from the latter and on their distribution;

- determines the overall amount of directors' fees for the Board of Directors that will be distributed by the latter pursuant to the provisions of the Board of Director's internal regulations;

- appoints or re-elects directors or removes them from office;

- ratifies temporary appointments of directors made by the Board of Directors;

- appoints the Board of Statutory Auditors; and resolves, if necessary, on any special reports prepared by the latter pursuant to law.

Extraordinary shareholders' meeting

Quorum and majority

An extraordinary shareholders' meeting may pass valid resolutions exclusively if the shareholders present or represented possess at least:

- on the first call, one quarter of shares with voting rights, or

- on the second call, one fifth of shares with voting rights.

Resolutions are adopted by a majority of two thirds of votes held by shareholders present or represented.

If the extraordinary shareholders' meeting resolves to approve a capital contribution in kind or to grant any special benefits, the contributor or the beneficiary, if a shareholder in the Company, is not be entitled to vote on his/her own behalf or as a proxy. The shares concerned are not counted when calculating the quorum or majority.

Powers

The extraordinary shareholders' meeting may amend any stipulations of the articles of association and may decide to convert the Company into a company of any other legal form, subject to the provisions in the following paragraph.

The extraordinary shareholders' meeting may under no circumstances, except by unanimous vote of shareholders, increase shareholder's commitments or violate the equality of shareholder's rights.

21.2.6 Clauses in the articles of association which may influence a change of control

The articles of association of the Company do not incorporate any provisions which allow delaying, deferring or preventing any change of control.

21.2.7 Exceeding the threshold (Article 13 of the articles of association)

While the shares of the Company are admitted for trading on a regulated market, in addition to the declarations of exceeding the thresholds expressly provided by the legislative and regulatory provisions in force, any natural or legal person in possession, directly or indirectly, alone or jointly, of a proportion of 1% of the capital or of voting rights (calculated pursuant to Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the general regulations of the *Autorité des marchés financiers*), or any multiple of said percentage, shall notify the Company of the total number (i) of shares and voting rights held directly or indirectly, alone or jointly, and (ii) of securities giving entitlement in future to Company capital held directly or indirectly, alone or jointly and voting rights potentially attached thereto. Said notification is sent by registered letter with return receipt within four stock exchange business days from the time the threshold is exceeded.

The obligation to notify the Company also applies according to the same deadlines and under the same conditions if the capital holding or voting right of a shareholder falls below one of the above mentioned thresholds.

In the event of failure to comply with the duty of declaration of exceeding the aforementioned thresholds, the penalties provided by law for breaching the obligation to declare the exceeding of legal thresholds shall apply to the thresholds in the articles of association exclusively at the request, as recorded in the minutes of the shareholders' meeting, of one or more shareholders holding at least one percent of capital or voting rights in the Company.

Subject to the foregoing stipulations, the obligation in the articles of association is governed by the same provisions as those imposing a legal obligation to declare exceeding of said thresholds, including in cases of assimilation with shares held as provided by the regulatory and legislative provisions.

21.2.8 Identification of bearers of securities (Article 9 of the articles of association)

While company shares are admitted to trading on a regulated market, the Company is entitled to require identification of persons holding securities which confer immediately or in future, voting rights at shareholders' meetings, as well as the number of securities held under conditions provided by the legislative and regulatory provisions in force.

When the person the subject of a request for said information fails to forward the latter by the deadline provided by the legislative and regulatory provisions in force or forwards incomplete or erroneous information on their status, on the holders of securities or on the quantity of securities held by each of them, the shares or securities which give immediate or future access to capital and which are registered in said person's account, are devoid of voting rights at any shareholders' meeting held until the date of regularisation of the identification information required; payment of the corresponding dividend is likewise deferred until that date.

21.2.9 Special stipulations governing changes in share capital (Article 7 of the articles of association)

Concerning changes in capital, the articles of association of the Company do not set out any special stipulations which are more restrictive than the legislative provisions.

21.2.10 Fiscal year (Article 36 of the articles of association)

Each fiscal year commences on 1 July of a year and terminates on 30 June of the following year.

21.3 OTHER FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF AN IPO

The agreements entered into by the Group with minority shareholders are described in paragraph 7.3 "*Shareholders' agreements and minority interests*" in this Registration Document.

The financing agreements entered into by the Group are described in paragraph 10.2.2 "Debt" in this Registration Document.

The key contracts entered into by the Group are described in Chapter 22 "*Key contracts*" of this Registration Document.

CHAPTER 22
KEY CONTRACTS

The reader is referred to Sections 7.3 *"Shareholders' agreements and minority interests"* and 8.1 "*Existing or planned major tangible fixed assets*" and paragraph 10.2.2 "*Debt*" in this Registration Document.

In addition to these agreements, the agreements described hereunder concluded with its suppliers CeramTec and Marle are also key agreements for the Group.

22.1 MARLE

On 2 May 2013, Amplitude SAS and Etablissements Maurice Marle (Marle) concluded a framework subcontracting agreement entitled "Cooperation agreement" which stipulates the conditions and procedures according to which Amplitude SAS subcontracts to Marle the manufacturing, and more specifically, the forging of implants and ancillary parts. Under the terms of this agreement, Marle undertakes to manufacture the contractual products exclusively on behalf of Amplitude SAS and to refrain from making them available to any other person. Amplitude is the sole owner of all intellectual property rights for the subcontracted product. The understanding of the two parties on the price and deadlines for the services is confirmed with each order.

This agreement was concluded for a term of one year, renewable by tacit agreement for periods of the same duration, unless either of the parties was to cancel it subject to at least two months' notice prior to expiry of the current period.

22.2 CERAMTEC

On 9 November 2012, Amplitude SAS signed a procurement agreement, as well as a quality assurance agreement, with the German company CeramTec GmbH (CeramTec) which produces high performance ceramics used as components in Amplitude SAS hip prostheses.

The procurement agreement defines the commercial aspects of cooperation between the companies. It is concluded for an indeterminate term and may be cancelled by either of the parties subject to three months' prior notice. The sale price for all CeramTec products is fixed in this agreement. Under certain conditions, Amplitude may be required to pay compensation to CeramTec in the event of cancellation of the agreement prior to expiry of its term in the absence of any fault by CeramTec or in the hypothesis where product orders by Amplitude are significantly reduced for reasons beyond the control of CeramTec.

The purpose of the quality assurance agreement is to define technical aspects on quality and safety and in the scope of liability of each party. It is concluded for an indeterminate term and may be cancelled by either of the parties subject to six months' notice prior to the end of the year.

CHAPTER 23
INFORMATION FROM THIRD PARTIES, DECLARATIONS BY EXPERTS AND DECLARATIONS OF INTEREST

This Registration Document contains information on the Group's markets and its competitive positioning, including information on the size of its markets. In addition to the estimates performed by the Group, the information on which the Group's declarations are based is taken from studies and statistics of independent third parties and professional organisations, notably the Avicenne and Millennium reports. To the Company's knowledge, this information has been faithfully reproduced and no fact has been omitted that would render said information inaccurate or misleading. However, the Company cannot guarantee that a third party using different methods to combine, analyse or calculate data on the business sectors would obtain the same results.

CHAPTER 24
DOCUMENTS ACCESSIBLE TO THE PUBLIC

The articles of association of the Company, this Registration Document and other corporate documents must be made available to shareholders, pursuant to the regulations in force. They may be consulted at the Company's registered office.

Copies of this Registration Document are available without charge from the Company (11, Cours Jacques Offenbach, Valence (26000), as well as on the Company's websites (www.amplitude-surgical.com) and that of the *Autorité des marchés financiers* (www.amf-france.org).

CHAPTER 25
INFORMATION ON EQUITY INTERESTS

Information on companies in which the Company holds a proportion of capital which may have a significant influence on the evaluation of its assets, its financial situation or its results is given in Chapter 7 "*Organisational chart*" of this Registration Document.

ANNEX I

SHAREHOLDERS' MEETING OF 9 DECEMBER 2015

1. Report of the Board of Directors

The Report of the Board of Directors for the fiscal year ended 30 June 2015 consists of the present Registration Document.

2. Report of the Chairman of the Board of Directors on the functioning of the Board and internal control

2.1. Report of the Chairman of the Board of Directors on corporate governance, on the functioning of the Board and internal control for the fiscal year ended 30 June 2015

The report of the Chairman of the Board of Directors on the functioning of the Board and on the internal control for the fiscal year ended 30 June 2015 was prepared in accordance with Article L. 225-37 of the French Commercial Code, to reflect the conditions for the preparation and organisation of the work of the Board of Directors and the internal control procedures implemented by the Company within the Group.

This report was prepared by the chairman of the Board of Directors on the basis of the work carried out by the Group during the fiscal year ended 30 June 2015 for internal control and risk management system, it being specified that the Company was converted into a public limited company with a Board of Directors on 30 June 2015 in connection with the initial public offering of the Company.

This report was examined by the Audit Committee on October 16, 2015 in the presence of representatives of the Company's statutory auditors, and was approved by the Board of Directors on October 16, 2015, in the presence of the representatives of the Company's statutory auditors.

The report consists of this paragraph and section 4.7 "*Internal control*", chapter 14 "*ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT*", chapter 15 "*REMUNERATION AND BENEFITS*", chapter 16 "*Functioning of the managament and supervisory bodies of the Company*", section 21.2 "*Founding Deed and Articles of Association*" and section 21.3 "*Other factors likely to have an impact in the event of an ipo*".

This report will be submitted to the Ordinary and Extraordinary General Meeting of Shareholders of the Company on December 9, 2015.

2.2 Report of the Statutory Auditors on the report of the Chairman of the Board of Directors on corporate governance, internal control and risks management system

Report of the statutory auditors drawn up pursuant to Article L.225-235 of the French Commercial Code, on the report from the chairman of the Board of Directors of the company Amplitude Surgical

To the shareholders,

In our capacity as Statutory Auditors of the company Amplitude Surgical and in compliance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the Board of Directors of your Company pursuant to the provisions of Article L. 225-37 of the French Commercial Code, for the fiscal year ended 30 June 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risks management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of French Commercial Code, particularly in terms of corporate governance.
We are required to:

- report our observations on the information set out in the Chairman's report on the internal control and risks management procedures relating to the preparation and processing of financial and accounting information, and

- certify that the report contains the other information required under Article L. 225-68 of the French Commercial Code, it being understood that it is not our responsibility to check the accuracy of such other information

We have performed our work in accordance with professional guidelines applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risks management procedures relating to the preparation and processing of the accounting and financial information.

In particular, theses standards consist of:

- obtaining an understanding of internal control and risks management procedures relating to the preparation and processing of the accounting and financial information underlying the information presented in the Chairman's report as well as in existing documents;

- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;

- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of the work that we performed, we have no comment to make on the information provided on the Company’s internal control and risks management procedures relating to the preparation and processing of accounting and financial information, contained in the report of

the Chairman of the Board of Directors, prepared in compliance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We attest that the report of the Chairman of the Board of Directors includes the other information required under Article L. 225-37 of the French Commercial Code.

Lyon and Villeurbanne, 30 October 2015

The Statutory Auditors

MELIN & ASSOCIES

JACQUES MELIN

MAZARS

PIERRE BELUZE

3. Resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting of December 9, 2015

3.1. Report of the Board of Directors to the Ordinary and Extraordinary Shareholders' Meeting of 9 December 2015

To the Shareholders,

The ordinary and extraordinary meeting of the shareholders of Amplitude Surgical, a French *société anonyme*, having its registered office located at 11, Cours Jacques Offenbach ("**Amplitude Surgical**" or the "**Company**") has been convened by the Board of Directors on 9 December 2015 at 9.30 a.m. at the registered office of the Company, in order to resolve upon the draft resolutions presented herein.

We are presenting in this report, the motivations for each resolution that are submitted to your vote during the Shareholders' Meeting.

1. Course of business

The Company's course of business and financial condition for the financial year ended 30 June 2015 are described in the *document de référence* of the Company for the year ended 30 June 2015.

2. Resolutions submitted to the Ordinary Shareholders' Meeting

2.1. Approval of the annual and consolidated financial statements (first and second resolutions)

The first and second resolutions present the Company's annual and consolidated financial statements for the financial year ended 30 June 2015, as approved by the Board of Directors for shareholders' approval.

The annual financial statements show a loss of EUR 6,015,481.26.

The consolidated financial statements show a loss of EUR 17,722 thousand.

The Company has not incurred any expenses as defined in article 39-4 of the French General Tax Code, which are not deductible from the results.

The Company has not incurred any expenses as defined in article 223 quinquies of the French General Tax Code.

We ask that you approve these resolutions.

2.2. Allocation of income (third resolution)

Subject to the annual and consolidated financial statements as presented by the Board of Directors being approved by the shareholders, the third resolution presents the following allocation of income for the financial year ended June 30, 2015 for shareholders' approval:

Origin of the amounts to be allocated:

Profits from the financial year 2015 (loss)	- EUR 6,015,481.26
Previous carry forward at June 30, 2015 (loss)	- EUR 7,842,008.21
Total	**- EUR 13,857,489.47**

Allocation of loss:

The totality to the carry forward account (loss)	- EUR 13,857,489.47
Total	**- EUR 13,857,489.47**

The "carry forward" (loss) account would therefore amount to - EUR 13,857,489.47

As a consequence, no dividend would be distributed for the financial year ended 30 June 2015.

No dividend has been paid in the last three years.

We ask that you approve these resolutions.

2.3 Regulated agreements (fourth to seventh resolutions)

Resolutions four to seven relate to the approval by the shareholders' meeting of agreements referred to under articles L.225-38 and seq. of the French Commercial code, i.e. agreements said to be "regulated" which were authorised by the Board of Directors prior to their execution during the financial year ended 30 June 2015.

In accordance with the provisions of article L.225-40 of the French Commercial code, these agreements were the subject of a report from the Company's auditors and must be submitted to the approval of the ordinary meeting of the shareholders.

For the financial year ended 30 June 2015, the following agreements were executed:

1) Agreements executed in the context of the initial public offering of the Company:

- Underwriting Agreement:

On 25 June 2015, the Company signed an underwriting agreement with its main shareholders and a group of financial institutions including Oddo & Cie and Natixis as Global Coordinators and Joint Lead-Managers and Joint Bookrunners and Crédit Agricole Corporate and Investment Bank as Joint Lead-Managers and Joint Bookrunners.

This underwriting agreement covers the entirety of shares offered for the purposes of the French public offering and the international offering in order to guarantee the success of the offer.

This is a standard contract for the purposes of an initial public offering and under which the banks undertake to find investors, failing that, to subscribe to or to acquire the shares themselves.

The impact ot this contract on the Company's consolidated financial statements for the year ending 30 June 2015 amounted approximately EUR 1.3 million and corresponded, in essence, to the commissions paid.

The parties concerned are Bertrand Pivin and Apax.

- Exit Agreement with the main shareholder s

The Company countersigned an exit agreement on 10 June 2015 with FPCI Apax France VIII-A, RPCI Apax France VIII-B, FBCI Apax Ortho, Midinvest, Olisa, FPCI CIC Mezzanine 2, FPCI Idinvest Private Debt and the shareholders of OrthoManagement.

The purpose of this agreement is to manage the relationship between the parties within the Company, the implementation of the liquidity of their securities and the termination of the shareholders' agreement within the specific context of the intial public offering.

It is a mechanism within the context of an initial public offering which fixes the terms of restructuring necessary for the transaction.

This agreement had no impact on the Company's consolidated financial statements for the financial year ending 30 June 2015.

The individual concerned is Olivier Jallabert.

2) Agreements related to the compensation of Olivier Jallabert, executed for the purpose of the initial public offering of the Company:

- Agreement fixing the pension scheme known as "Article 83" of Olivier Jallabert, comprised of a basic pension scheme and a defined contribution supplemental pension scheme :

On 10 June 2015, the Board of Directors fixed the salary and benefits of Olivier Jallabert in his capacity as Chairman and Chief Executive Officer of the Company in the context of the initial public offering of the Company.

In particular, the Board of Directors determined the implementation of pension scheme known as "Article 83" , comprised of a basic pension scheme and a defined contribution supplemental pension scheme for a maximum amount equal to eight times the social security limit (approximately EUR 22,625 per annum).

This agreement was put in place in the context of the change in the governance of the Company having led to the replacement of OLISA by Olivier Jallabert as Chairman and Chief Executive Officer.

This agreement was executed in order to offer Olivier Jallabert, in consideration for the exercise of management functions within the group and the responsibilities attached thereto, an attractive salary in line with market practice.

This agreement did not have any impact on the Company's consolidated financial statements for the financial year ended 30 June 2015.

The individual concerned is Olivier Jallabert.

- Payment of a one-off bonus to Mr Olivier Jallabert linked to the initial public offering of the Company:

In the context of the admission to trading of the Company's shares on the regulated market of Euronext in Paris, on 10 June 2015, the Board of Directors resolved to pay a net amount of EUR 540,000 (or the gross amount of EUR 756,000) to Mr Olivier Jallabert (deducted from the gross amount of the increase in capital).

This amount has been paid to Olivier Jallabert in the context of the Company's intial public offering in light of the amount of time dedicated to the preparation and execution of the transaction.

The individual concerned is Olivier Jallabert

3) Intragroup loan agreement:

On 16 September 2014, ORTHOFIN II (which has since merged with the Company) and its subsidiary Amplitude SAS entered into an intragroup loan agreement for EUR 16,405,110.54 following repayment of the senior debt and CAPEX credits used.

The loan bears interest at the 12 month EURIBOR rate plus 3.5%.

	Balance of AMPLITUDE SURGICAL current account as at 30 June 2015 (excluding accrued interest)	Financial income recorded by AMPLITUDE SURGICAL as at 30 June 2015
Amplitude SAS	+ EUR 16,405,110	+ EUR 505,146

This loan was granted after the repayment of the senior debt and the shareholder loans known as "CAPEX" allocated to Amplitude SAS.

The individual concerned is Olivier Jallabert

We ask that you approve these agreements and the corresponding resolutions.

Furthermore, the shareholders will be asked to acknowledge the agreements executed during the preceding financial years and which continued during the financial year ended 30 June 2015. These agreements are described in the Company's *document de reference* for the financial year ended 30 June 2015 and in the auditors' special report.

2.4. Approval of the undertakings to the benefit of the Chairman and Chief Executive Officer in case of termination or change of duties (eighth resolution)

Under the provisions of article L.225-42-1 of the French Commercial Code, the Board of Directors, upon the proposal of the Compensation Committee, must set the performance conditions associated with the deferred compensation of the Chief Executive Officer. These deferred compensations and the related conditions must then be approved by the shareholders' meeting of the Company.

In the event of his removal from office, Olivier Jallabert shall receive a severance payment, subject to certain performance criteria decided upon by the Board of Directors on 10 June, 2015 and which are submitted to the approval of the Shareholders' Meeting.

As a result, the eighth resolution relates to the approval of Olivier Jallabert's undertakings and the performance criteria related thereto.

Olivier Jallabert's severance payment

Olivier Jallabert does not have an employment contract with any company in the Amplitude Group.

In the event that his corporate functions are terminated, Olivier Jallabert shall receive a gross contractual severance payment equal to the product of the reference monthly compensation by 24. The reference monthly compensation shall mean the amount of the fixed gross annual salary plus the average gross amount of the last two variable bonuses paid, excluding any exceptional bonus, with this sum being divided by 12.

This payment shall not apply in the event of termination for gross negligence (*faute grave*), willful misconduct (*faute lourde*), retirement leave or compulsory retirement leave.

Performance conditions to which the severance payments are subject

Pursuant to the provisions of article L.225-42-1 of the French Commercial Code, Olivier Jallabert's severance payments (which are subject to the approval of the Shareholders' Meeting), are subject to performance criteria.

On 10 June 2015, the Board of Directors set forth the following performance criteria:

- the payment of 50 % of the severance payment will be dependent on the turnover of the Amplitude Group. This payment will be 100 % if the turnover, calculated on the basis of Amplitude Group's consolidated and audited financial statements for the last two financial years preceding the date of termination or employment contract (each financial year a **reference period**), reaches on average a minimum of 100 % of the performance budgeted for such two periods. If, during either or both reference periods, the Amplitude Group's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level may be subject to review by the Board of Directors, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation; and
- a payment of 50 % of the severance payment will be dependent on the level of EBITDA of the Amplitude Group. This payment would be 100 % if the level of EBITDA, calculated on the basis of Amplitude Group's consolidated and audited financial statements for the last two financial years prior to the date of termination or employment contract (each financial year a **reference period**), reaches an average maximum of 100 % of the amount budgeted for such two periods. If, during either or both reference periods, the Amplitude Group's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level may be subject to review by the Board of Directors, upon the proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure coherence of the objective with the difficulty of its implementation.

These severance payments will only be made pursuant to a decision of the Board of Directors acknowledging that these conditions have been met.

The granting of these severance payments are justified by the necessity to offer Olivier Jallabert, as consideration for the management functions exercised within the Amplitude Group and for the responsibilities related thereto, an attractive compensation, in line with market practice.

These undertakings are in line with the recommendations of the Code of corporate governance for listed companies produced by the AFEP and the MEDEF.

These undertakings had no impact on the consolidated financial statements for the financial year ended June 30, 2015.

Accordingly, we submit for your approval the undertakings of Board of Directors for the benefit of Olivier Jallabert well as the performance criteria related thereto, as described above.

We ask that you approve the above-mentioned performance criteria.

2.5. Advisory vote on the elements of remuneration due or granted to Olivier Jallabert, Chairman and Chief Executive Officer, for the financial year ended 30 June 2015 (ninth resolution)

In accordance with the recommendations of paragraph 24.3 of the AFEP-MEDEF Code on corporate governance, revised in June 2013, to which the Company refers in application of article L.225-37 of the French Commercial Code, the ninth resolution submits to your opinion the elements of remuneration due or granted to Olivier Jallabert as Chairman and Chief Executive Officer, for the financial year ended 30 June 2015.

The relevant elements of compensation relate to: (i) the fixed amount, (ii) the annual variable amount and, where applicable, the multiannual variable amount with the objectives contributing to the setting of this variable portion, (iii) exceptional compensations, (iv) shares options, performance-based shares and any other long-term element of compensation, (v) indemnities related to the appointment or to the termination of office, (vi) supplementary pension scheme and (vii) benefits of any nature.

The above-mentioned elements of remuneration are set out in paragraph 15.6 of the Company's *document de référence* for the financial year ended 30 June 30 2015 and are set out below:

Olivier Jallabert (Chairman and Chief Executive Officer)		
Remuneration items due or granted in respect of the financial year ended 2015	**Amount or accounting valuation submitted to a vote**	**Description**
Fixed annual remuneration	EUR 4,583	Olivier Jallabert was appointed as Chairman and Chief Executive Officer of Amplitude Surgical effective from 10 June 2015. The Board of Directors of 10 June, 2015 fixed the gross annual compensation at EUR 275,000. The amount of EUR 4,583 corresponds to the

Olivier Jallabert (Chairman and Chief Executive Officer)		
Remuneration items due or granted in respect of the financial year ended 2015	**Amount or accounting valuation submitted to a vote**	**Description**
		remuneration of Olivier Jallabert for the period from his nomination as Chief Executive Officer to 30 June 2015. This amount was paid in July 2016. See paragraph 15.1 of the *document de référence*.
Variable annual remuneration	EUR 0	Olivier Jallabert was appointed Chief Executive Officer of Amplitude Surgical effective from 10 June 2015 and consequently did not receive any variable annual remuneration for the financial year ended 30 June 2015 See paragraph 15.1 of the *document de référence*.
Deferred variable compensation	Not applicable	Not applicable
Multiannual variable compensation	Not applicable	Not applicable
Exceptionnal compensation	EUR 540,000	In the context of the admission to trading of the Company's shares on the regulated market of Euronext in Paris, it has been decided to grant an exceptional compensation to Olivier Jallabert as Chairman and Chief Executive Officer of the Company as a result of the initial public offering of the Company. An amount of EUR 540,000 has been deducted from the gross amount of the increase in capital effected for the purposes of the Company's public listing. This amount was paid in July 2016. See paragraph 15.1 of the *Document de référence*.
Share subscription or purchase options	Not applicable	Not applicable
Free share allotment	Not applicable	Not applicable
Other long term	Not applicable	Not applicable

Olivier Jallabert (Chairman and Chief Executive Officer)		
Remuneration items due or granted in respect of the financial year ended 2015	**Amount or accounting valuation submitted to a vote**	**Description**
compensation items		
Directors' fees	Not applicable	Not applicable
Valuation of benefits in kind	EUR 247	Olivier Jallabert was appointed Chairman and Chief Executive Officer of Amplitude Surgical effective from 10 June 2015. The amount of EUR 247 corresponds to the use of a company car. See paragraph 15.1 of the *document de référence*.
Severance payments	No payment	On 10 June 2015, the Board of Directors decided to grant Olivier Jallabert, as Chairman and Chief Executive Officer of the Company, a gross severance payment in an amount equal to 24 monthly salary payments (i.e. currently EUR 550,000) subject to performance conditions (criteria based on the level of turnover and EBITDA of the Amplitude Group). See paragraph 15.2 of the *document de référence*.
Non-competition indemnity	Not applicable	Not applicable
Additional retirement scheme	No payment	Olivier Jallabert benefits from an additional contribution-based retirement scheme limited to the annual social security threshold multiplied by eight (approximately EUR 22,625 per annum). See paragraph 15.1 of the *document de référence*.

We ask that you to give a favourable opinion on the elements of remuneration due or granted to Olivier Jallabert as Chairman and Chief Executive Officer for the 2015 financial year.

2.6 Appointment of a new principal statutory auditor and a new alternate statutory auditor (tenth and eleventh resolutions)

Melin & Associés and Mr Giles Claux have resigned from their roles as principal statutory auditor and alternate statutory auditor respectively with effect from the end of the shareholders' meeting.

This resignation is due to the change of Company status resulting from the admission to trading of the Company's shares on the regulated market of Euronext in Paris.

As a result, the tenth and eleventh resolutions present the following appointments for shareholder approval with effect as from the end of this meeting:

- Deloitte & Associés, a French *société anonyme* with a share capital of EUR 1,723,040, having its registered office located at 185 Avenue Charles de Gaulle 92524 Neuilly-sur-Seine cedex, registered on the commercial and company register of Nanterre under number 572 172 445 as principal statutory auditor, and
- BEAS, a French *société par actions simplifiée* with a share capital of EUR 960, having its registered office located at 195 Avenue Charles de Gaulle 92524 Neuilly-sur-Seine cedex, registered on the commercial and company register of Nanterre under number 315 172 445 as alternate statutory auditor.

These appointments shall take effect for the remaining term of their predecessor, i.e. until the shareholders' meeting to approve the financial statements for the financial year ending 30 June 2017.

We ask that you approve these resolutions.

2.7 Authorisation to repurchase shares (twelfth resolution)

The twelfth resolution presents for approval by the shareholders' meeting the authorisation granted to the Board of Directors to repurchase shares of the Company within the limits set by the Company's shareholders and in accordance with the applicable legal and regulatory provisions.

This authorisation may be implemented in order to (i) ensure liquidity in the market, (ii) implement any share purchase option plan, any allotment of free shares, and any granting, allotment or transfer of shares for the benefit of the group employees and carry out any hedging operation relating to such transactions, (iii) ensure the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive increase of the trading price of the Company shares granted to the employees or the officers of the Company or an associated company, (iv) allot shares for the purpose of external growth transactions, (v) allot shares in connection with the exercise of rights attached to securities, and (vi) cancel all or part of the shares so repurchased.

The authorisation that may be granted to the Board of Directors is subject to limitations regarding the maximum repurchase price (EUR 10), the maximum amount for the implementation of the repurchase scheme (EUR 40 million) and the amount of securities which may be repurchased (10% of the share capital of the Company on the date of the repurchases) or allotted for the purpose of external growth transactions (5% of the share capital of the Company).

This authorisation shall be granted for a period of 18 months and will supersede the prior authorisation granted to the Board of Directors in respect of the unused portion thereof.

We ask that you approve this resolution.

3. Resolutions to be submitted to the Extraordinary Shareholders' Meeting

3.1. Authorisation to be granted to the Board of Directors to carry out a reduction in share capital by canceling shares (thirteenth resolution)

We ask that you authorise the Board of Directors to reduce the share capital by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase schemes authorised by the shareholders' meeting of the Company providing for this objective.

The reduction in share capital that the Board of Directors may carry out pursuant to this authorisation will be limited to 10% of the Company's share capital as of the date of the cancellation for a period of 24 months.

This authorisation shall be granted for a term of 18 months.

We ask that you approve this resolution.

3.2. Financial authorisations

The shareholders' meeting on 10 June 2015 granted the Board of Directors the delegations of authority and authorisations as described in the table provided in Schedule 1 attached to this report. This table specifies the conditions under which these delegations and authorisations have been used.

In the event of an issue of ordinary shares and/or securities, the Company intends to give priority to transactions upholding the shareholders' right of preferential subscription. Nevertheless, certain circumstances may justify the cancellation of the shareholders' right of preferential subscription right, in accordance with their interests. Accordingly, the Company may take advantage of the opportunities offered by financial markets, especially given the markets' current situation. The Company may also involve employees of the Amplitude Group in its development, notably by way of a share capital increase reserved to said employees or the allotment of free shares. The Company may also carry out the issue of securities underlying the securities issued by the Company or any subsidiaries of the Amplitude Group's. The cancellation of the preferential subscription right would also allow the realisation of public exchange or acquisitions offers paid for entirely by securities. Finally, the issue of securities may remunerate contributions in kind of financial securities that would not be traded on a regulated market or its equivalent.

The maximum amount of all the share capital increases (excluding share capital increases by means of capitalisation of reserves or premium and allotment of free shares) would be of EUR 600,000, i.e., 60 million shares.

In addition, the maximum amount of all share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved for employees and allotment of free shares) would be of € 250,000, i.e., 25 million shares.

The delegations and authorisations are still in force, therefore, the Board of Directors do not wish to submit their renewal to the shareholders save for the authorisation granted to the Board of Directors in order to allocate free shares for the reasons set out below.

Free allotment of shares (fourteenth resolution)

In accordance with the provisions of articles L.225-129 seq. and L.229-197-1 seq. of the French Commercial Code, the fourteenth resolution seeks to authorise the Board of Directors to proceed, on one or more occasions, with the free allotment of existing shares and/or to issue, for the benefit of the Company's employees and/or executive officers and/or companies or groups which are associated to it, directly or indirectly as defined in articles L.225-197-2 of the French Commercial Code.

The shareholders' meeting on 10 June 2015 authorised the Board of Directors to freely allot shares to Company employees and executive officers and its subsidiaries.

This authorisation has not been used as of the date of this report.

Law 2015-990 dated 6 August 2015 for the growth, activity and equality of economic opportunities, the "Loi Macron" has, in particular, modified the applicable business and tax rules for free allotments of shares. This new framework is, however, only applicable to allotments carried out on the basis of authorisation granted by shareholders' meetings after the law came into force. As a result, the Board of Directors wishes to submit a new authorisation to freely allot shares to the shareholders for approval in order to allow free allotment of shares to benefit from this new regime.

Main terms of the authorisation

The number of shares which may be freely allotted shall not exceed 3% of the Company's share capital, to be assessed when the Board of Directors makes its decision. This limit is independent of the of the overall limit of EUR 600,000 fixed by the ninth resolution of the shareholders' meeting on 10 June 2015.

This limit of 3% of the Company's share capital was determined according to the number of employees in the Amplitude Group, the organisation in place and the strategic issues.

The Board of Directors shall determine the conditions on which allotments are to be made and, where applicable, the criteria for allotting shares. The Board must subject the allotment of shares to collective attendance and performance criteria for the Company's executive officers and for the other Company employees and/or companies or groups which are linked thereto.

The allotment of shares shall only be finally after the expiration of a minimum vesting period of two (2) years, the owners having to then retain the shares so received for an additional two (2) years a from the final allotment of the shares. Furthermore, and notwithstanding the foregoing provisions, in the event that said allotments to certain recipients do not become final on the expiration of a minimum vesting period of four (4) years, these recipients shall not be required to retain their shares for any period.

Furthermore, the final allotment of shares may take place before the expiration of the vesting period in the event that the recipients thereof are not eligible and that such ineligibility corresponds with the second or third category set forth in article L.341-4 of the French Social Security Code (or its equivalent outside of France). The shares will therefore be freely transferable with immediate effect.

This authorisation shall be granted for a period of 26 months.

Use of the authorisation

On the date hereof, the Board of Directors does not have any plans in place to freely allot shares.

The granting of this authorisation shall allow the Board of Directors to put in place plans to freely allot shares to the benefit of directors and employees of the Amplitude Group and to implement a policy associating them with the performance and development of the Amplitude Group. The Company's projection and mid-term objectives require the important involvement of the teams in order to successfully drive the major growths necessary for the development of the Amplitude Group.

While this has been presented in the prospectus prepared for the purposes of its initial public offering, the Company foresees the free allotment of Company shares representing around 1% of the Company's share capital at the date of allotment, including a number of free shares allots to the Company's Chairman and Chief Executive Officer, making up around 40% of the total number of shares allotted, the remaining shares to be allotted to the key executives and managers of the Group.

The acquisition of the total number of freely allotted shares shall be subject to attendance and performance conditions determined in relation to the Amplitude Group strategy.

We ask that you approve this resolution.

3.3 Powers to effect legal formalities (fifteenth resolution)

The fifteenth resolution relates to the powers required to effect the necessary formalities following the shareholders' meeting, in particular those in relation to filing and publicity.

We ask that you approve this resolution.

Made in Paris
16 October 2015
The Board of Directors

Annex 1

Authorisations

Current authorisations					Authorisations proposed to the Shareholders' Meeting 9 December 9		
Nature of the authorisation	**Date of the shareholders' meeting (resolution n°)**	**Duration (expiry date)**	**Maximum authorised amount**	**Use**	**Resolution n°**	**Duration**	**Maximum amount**
Share capital increase							
Issuance with cancellation of the preferential subscription right and public offering as part of the admission tradingof the company's shares on the regulated market of Euronext inParis	10 June 2015 (resolution 7)	12 months (expired on the date of determination of the price of the initial public offering)	€300,000	Capital increase as part of the initial public offering decided by the board of directors on June 25, 2015, and realized by a decision of the CEO on June 29, 2015 Amount: EUR 100,000 in nominal and EUR 50 million (including issuance premium)	-	-	-
Issuance with upholding of preferential subscription rights	10 June 2015 (resolution 9)	26 months (10 August 2017)	Shares: €600,000 Debt securities: €300,000,000 Joint maximum amount applicable to all resolutions relating to the issuance of shares and/or debt securities.	N/A	-	-	-
Issuance by way of public offering with cancellation of the preferential subscription right	10 June 2015 (resolution 10)	26 months (10 August 2017)	Shares: €250,000 Debt securities: €150,000,000	N/A	-	-	-
Issuance by way of offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of the preferential subscription right	10 June 2015 (resolution 11)	26 months (10 August 2017)	Shares: €250,000 Debt securities: €150,000,000	N/A	-	-	-

Current authorisations					Authorisations proposed to the Shareholders' Meeting 9 December 9		
Nature of the authorisation	**Date of the shareholders' meeting (resolution n°)**	**Duration (expiry date)**	**Maximum authorised amount**	**Use**	**Resolution n°**	**Duration**	**Maximum amount**
Authorization to increase the amount of the initial issuance, in the event of a share issue for which shareholders' preferential subscription rights are maintained or cancelled	10 June 2015 (resolution 12)	26 months (10 August 2017)	15% of initial issuance	N/A	-	-	-
Determination of price of issuances carried out by way of public offering or offering referred to in section II of article L.411-2 of the French monetary and financial code, with cancellation of preferential subscription rights of shareholders, up to a maximum of 10% of the share capital per year	10 June 2015 (resolution 13)	26 months (10 August 2017)	10% of the share capital on the date of the decision of the Board of Directors determining the offering price per 12-month period	N/A	-	-	-
Issuance of up to 10% of the share capital in consideration for contributions in kind	10 June 2015 (resolution 14)	26 months (10 June 2017)	10% of the share capital on the date of the decision of the Board of Directors approving the issuance	N/A	-	-	-
Capital increase by capitalisation of share premiums, reserves, profits or other items that may be capitalised	10 June 2015 (resolution 17)	26 months (10 August 2017)	EUR 250,000 This maximum amount is not deductible from any maximum amount.	N/A	-	-	-
Stock-options, free share allotment and employee savings plan							
Issuance with cancellation of preferential subscription rights to the benefit of the members of a share savings plan	10 June 2015 (resolution 15)	26 months (10 August 2017)	2% of the share capital on the date of the decision of the Board of Directors	N/A	-	-	-
Free allotment of ordinary shares	June 10, 2015 (resolution 16)	38 months (10 August 2018)	3% of the share capital on the date of the decision of the Board of Directors	N/A	14	26 months	3% of the share capital on the date of the decision of the Board of Directors

Current authorisations					Authorisations proposed to the Shareholders' Meeting 9 December 9		
Nature of the authorisation	**Date of the shareholders' meeting (resolution n°)**	**Duration (expiry date)**	**Maximum authorised amount**	**Use**	**Resolution n°**	**Duration**	**Maximum amount**
Decrease in the share capital by cancelling shares							
Decrease in the share capital by cancelling shares	10 June 2015 (resolution 18)	18 months (10 December 2016)	10% of the share capital on the date of cancellation by 24-month period	N/A	13	18 months	10% of the share capital on the date of cancellation by 24-month period
Buy-back by Amplitude Surgical of its own shares							
Authorisation to be granted to the Board of Directors to trade in the Company's shares	10 June 2015 (resolution 18)	26 months (10 August 2017)	EUR 40,000,000	Implementation as part of a liquidity agreement	12	18 months	EUR 40,000,000

3.2. Text of the draft resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting of December9, 2015

I Resolutions submitted to the Ordinary Shareholders' Meeting

FIRST RESOLUTION

(Approval of the annual financial statements for the financial year ended June 30, 2015)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Board of Directors and of the statutory auditors on the annual financial statements for the financial year ended June 30, 2015,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended June 30, 2015, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The annual financial statements show a loss of € 6,015,481.26.

For the financial year ending June 30, 2015, the Company did not incur any expenses referred under article 223 quarter of the French General Tax Code.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the financial year ended June 30, 2015)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the reports of the Board of Directors and of the statutory auditors on the consolidated financial statements for the financial year ended June 30, 2015,

Approved the consolidated financial statements, i.e., the balance sheet, the income statement and the notes thereto, for the financial year ended June 30, 2015, as presented to it, as well as the transactions reflected in such financial statements and summarized in these reports.

The consolidated financial statements show a loss of € 17,772 thousand.

THIRD RESOLUTION

(Allocation of profit for the financial year ended June 30, 2015)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Decided to allocate the profits for the year ended June 30, 2015, which amounted to a loss of € 6,015,481.26 as follows:

Origin of the amounts to be allocated:

Profits from the financial year 2015 (loss) ..... - € 6,015,481.26

Previous carry forward at June 30, 2015 ..... - €7,842,008.21

Total ..... - €13,857,489.47

Allocation:

The totality to the carry forward account (loss) ..... - € 13,857,489.47

Total ..... - € 13,857,489.47

The Shareholders' Meeting decides that no dividend will be distributed for the financial year ended June 30, 2015 and takes note that no dividend has been paid in respect of the last three years.

FOURTH RESOLUTION

(Authorization of a related-party agreement referred to in articles L.225-38 and seq. of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditors' special report on related-party transactions governed by articles L.225-38 and seq. of the French Commercial Code,

Approved the following agreement entered into during the financial year ended June 30, 2015, in the context of the listing of the Company's shares on the regulated market of Euronext Paris, which has been authorized by the Board of Directors of the Company:

- an underwriting agreement, dated June 25, 2015 with some of the Company's shareholders and a group of financial institutions.

FIFTH RESOLUTION

(Authorization of a related-party agreement referred to in articles L.225-38 and seq. of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditors' special report on related-party transactions governed by articles L.225-38 and seq. of the French Commercial Code,

Approved the following agreement entered into during the financial year ended June 30, 2015, in the context of the listing of the Company's shares on the regulated market of Euronext Paris, which has been authorized by the Board of Directors of the Company:

- An exit agreement, dated June 10, 2015 with its main shareholders.

SIXTH RESOLUTION

(Authorization of related-party agreements referred to in articles L.225-38 and seq. of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditors' special report on related-party transactions governed by articles L.225-38 and seq. of the French Commercial Code,

Approved the following agreements entered into during the financial year ended June 30, 2015, in the context of the listing of the Company's shares on the regulated market of Euronext Paris and regarding the remuneration of Olivier Jallabert as Chief Executive Officer (Président-Directeur Général) of the Company, which have been authorized by the Board of Directors of the Company:

- the agreement relating to the retirement scheme of Olivier Jallabert, comprised of a base scheme and a supplemental defined contribution retirement scheme (Article 83); and
- An exceptional bonus amounting €540,000.0.

SEVENTH RESOLUTION

(Authorization of related-party agreements referred to in articles L.225-38 and seq. of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditors' special report on related-party transactions governed by articles L.225-38 and seq. of the French Commercial Code,

Acknowledged the information relating to the agreements entered into and the commitments taken during previous financial years which are mentioned in the special report of the statutory auditors' on related-party transactions governed by articles L.225-38 and seq. of the French Commercial Code; and

Approved the agreements, other than those mentioned in resolutions four to six of this Shareholders' Meeting, entered into during the financial year ended June 30, 2015, which have been authorized by the Board of Directors of the Company.

EIGHTH RESOLUTION

(Authorization of the commitments taken to the benefit of Olivier Jallabert in case of termination of, or change in, his duties referred to in article L.225-42-1 of the French Commercial Code)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the statutory auditors' special report,

Approved the commitments taken by the Board of Directors on June 10, 2015 to the benefit of Olivier Jallabert, Chief Executive Officer (Président-Directeur Général), due or likely to become due as a result of the termination of, or a change in, his duties or subsequent to such termination or change, and acknowledged and approved, in accordance with the provisions of article L.225-42-1 of the French Commercial Code, the agreement relative to Olivier Jallabert set forth in the report.

NINTH RESOLUTION

(Opinion on the elements of compensation due or granted for the financial year ended June 30, 2015 to Olivier Jallabert, Chief Executive Officer)

The Shareholders' Meeting, consulted in accordance with the recommendations of paragraph 24.3 of the AFEP-MEDEF Code of corporate governance of June 2013, to which the Company refers in application of article L.225-37 of the French Commercial Code, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the *Document de Référence* of the Company for the financial year ended June 30, 2015,

Gave a favourable opinion on the elements of compensation due or granted in respect of the financial year ended June 30, 2015 to Olivier Jallabert, Chief Executive Officer, as described in the Document de Référence of the Company for the financial year ended June 30, 2015, under Section 15.6 "*Consultation on the corporate officers' individual compensation*".

TENTH RESOLUTION

(Appointment of a new Statutory Auditor)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the resignation, with effect from this Shareholders' Meeting, of Melin & Associés, represented by Mr. Jacques Melin, from his mandate as Statutory Auditor,

Decided to appoint as statutory auditor, with effect from this Shareholders' Meeting:

Deloitte & Associés, a French *société anonyme* with a share capital of €1,723,040 which registered office is located at 185 avenue Charles de Gaulle 92524 Neuilly-sur-Seine cedex, registered with the registry of commerce and companies of Nanterre under the number 572 028 041,

For the remaining period of the mandate of his predecessor, i.e. until the close of the ordinary general meeting called to resolve on the financial year ending June 30, 2017.

The Shareholders' Meeting took note that Deloitte & Associés will be represented by Mr. Xavier Graz. The Shareholders' Meeting took also note that Deloitte & Associés had already indicated that it will accept the

mandate of statutory auditor of the Company if the Shareholders' Meeting were to decide its appointment and that Deloitte & Associates was not subject to any incompatibility provided by law.

ELENVENTH RESOLUTION

(Appointment of a new Alternate Statutory Auditor)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the resignation, with effect from the close of this Shareholders' Meeting, of Mr. Gilles Claus from his mandate as Alternate Statutory Auditor,

Decided to appoint as statutory auditor, with effect from the close of this Shareholders' Meeting:

BEAS, a French simplified joint-stock company (*société par actions simplifies*) with a share capital of € 960.0 which registered office is located at 195 avenue Charles de Gaulle 92524 Neuilly-sur-Seine cedex, registered with the registry of commerce and companies of Nanterre under the number 315 172 445,

For the remaining period of the mandate of his predecessor, i.e. until the close of the ordinary general meeting called to resolve on the financial year ending June 30, 2017.

The Shareholders' Meeting took note that BEAS had already indicated that it will accept the mandate of statutory auditor of the Company if the general meeting were to decide its appointment and that Deloitte & Associates weas not subject to any incompatibility provided by law.

TWELFTH RESOLUTION

(Authorization to be granted to the Board of Directors to carry out transactions on the Company's shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors,

Decided to authorize the Board of Directors, with the option to delegate such authorization, in accordance with the provisions of article L.225-209 of the French Commercial Code, of articles 241-1 to 241-6 of the General Regulations of the French financial markets authority (the "**AMF**") and of the European regulation relating to market abuse, to purchase or cause to be purchased shares of the Company, in order of highest to lowest priority, with a view to:

- ensuring liquidity and activity in the market for the shares of the Company through an investment services provider, acting independently under a liquidity agreement in accordance with a market ethics charter acknowledged by the AMF;

- satisfying the obligations arising out of allocations of stock options, allocations of free shares or any other granting, allocation or sale of shares to the employees or the corporate officers of the Company or of an associated enterprise and carrying out any hedging operation relating to such transactions, in accordance with the conditions set forth by the market authorities and at such times that the Board of Directors or any person acting upon the authority of the Board of Directors implements such actions;

- ensuring the coverage of the undertakings of the Company under rights with a settlement in cash and relating to the positive evolution of the trading price of the share of the Company granted to the employees or the corporate officers of the Company or of an associated enterprise;

- retaining shares and delivering shares further to an exchange or as a consideration in the context of external growth transactions, in accordance with acknowledged market practices and applicable regulations;

- granting shares in connection with the exercise of rights attached to securities conferring access by any means, immediately or in the future, to shares of the Company;

- canceling all or part of the shares so repurchased, in accordance with applicable laws and subject to an authorization being granted by the extraordinary shareholders' meeting;

- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the regulations in force.

The acquisition, sale or transfer of the shares shall be carried out or paid by any means, on the market or over the counter, including through transactions involving blocks of securities or takeover bids, option mechanisms, derivatives, purchase of options or of securities in conformity with the applicable regulatory conditions. The portion of the plan carried out through transactions involving blocks of shares may reach the total amount of the share repurchase plan.

This authorization shall be implemented pursuant to the following conditions:

- the maximum number of shares that the Company may purchase under this resolution shall not exceed 10% of the shares making up the share capital as at the date of completion of the repurchase of the shares of the Company;

- the number of shares acquired by the Company in view of holding them for subsequent payment or exchange in a merger, spin-off or contribution may not exceed 5% of the Company's share capital;

- the total maximum amount allocated to the repurchase of the shares of the Company shall not exceed € 40 million;

- the maximum purchase price per share of the Company has been set at € 10, it being specified that in the event of transactions on the share capital, in particular by way of incorporation of reserves and allocation of free shares, division or grouping of shares, this maximum purchase price shall be adjusted accordingly by using a multiplying factor equal to the ratio between the number of shares making up the share capital prior to the relevant transaction, and the number of shares further to such transaction.

The shares repurchased and retained by the Company will be deprived of voting rights and will not give right to the payment of dividends.

Full powers were granted to the Board of Directors, with the option to delegate such powers to any person so authorized in accordance with the legislative and regulatory provisions, to achieve this share repurchase program of the Company's shares, and in particular to give any stock exchange orders, enter into any agreement for the keeping of the purchase and sale registers, make any disclosures to the AMF and any other authorities, prepare any documents, in particular information documentation, allocate and, as the case may be, reallocate, subject to the conditions provided by the law, the shares acquired for the various purposes envisaged, carry out any formalities and, more generally, do as necessary.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

This authorization shall cancel, to the extent of the unused portion, and supersede the authorization granted by the eighteenth resolution of the ordinary shareholders' meeting of the Company of June 10, 2015.

The Board of Directors will, every year, inform the shareholders' meeting of the operations carried out pursuant to this resolution, in compliance with article L.225-211 of the French Commercial Code.

II. Resolutions submitted to the Extraordinary Shareholders' Meeting

THIRTEENTH RESOLUTION

(Authorization to be granted to the Board of Directors to carry out a share capital decrease by cancellation of shares)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and the Statutory Auditors' special report,

Authorized the Board of Directors to reduce the share capital, in one or several occurrences, in the proportions and at the times that it shall deem appropriate, by cancellation of all or part of the Company's shares acquired pursuant to any share repurchase programs authorized by the shareholders' meeting, within the limits of 10% of the share capital of the Company as at the date of the cancellation per period of 24 months, in accordance with the provisions of articles L.225-209 and seq. of the French Commercial Code.

This authorization is granted for a term of 18 months as from the date of this Shareholders' Meeting.

Full powers were granted to the Board of Directors, with the power to delegate such powers, in order to:

- reduce the share capital by cancellation of the shares;
- determine the final amount of the share capital decrease;
- determine the terms and conditions thereof and acknowledge its completion;
- deduct the difference between the book value of the cancelled shares and their nominal amount from any available reserve and premium accounts;
- and, in general, do as necessary for the proper performance of this authorization, amend the by-laws accordingly and carry out any required formalities.

This authorization shall cancel and supersede any prior authorization with the same purpose.

FOURTHEENTH RESOLUTION

(Authorization to be granted to the Board of Directors to grant free performance shares to the employees and to the corporate officers of the Company and its subsidiaries)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and of the Statutory Auditors' special report, in accordance with the provisions of articles L.225-129 and seq. and L.225-197-1 and seq. of the French Commercial Code:

1. Authorized the Board of Directors to carry out, with the option to subdelegate to any duly empowered person in accordance with the legislative and regulatory provisions, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company (the "Performance Shares") to employees and/or the corporate officers of the Company and/or the companies or groups that are, directly or indirectly, linked to it under the conditions set forth in article L.225-197-2 of the French Commercial Code;

2. Decided that the Board of Directors will determine the beneficiaries of the allocations and the number of shares granted to each of them, the terms of the allocation and the eligibility criteria for the allocation of the shares. The Board of Directors shall subordinate to presence and performance criteria the allocation of shares to the corporate officers and to the other salaried personnel members of the Company and/or the companies or groups that are, directly or indirectly, linked to it;

3. Decided that the number of shares that may be freely granted pursuant to this resolution may not exceed 3 % of the share capital of the Company considered as at the date of the decision by the Board of Directors, it being specified that:

   (i) this limit do not take into account the legislative, administrative or regulatory adjustments necessary to maintain the beneficiaries' rights;
   (ii) this limit shall not be comprised in the overall limit of € 600,000.0 fixed in the 9th resolution of the general meeting of June 10, 2015;
   (iii) the total number of free performance shares allocated cannot exceed 10% of the share capital of the Company considered as at the date of the decision by the Board of Directors

4. Decided that the shares allocated to their beneficiaries will become vested after a minimum period of acquisition of 2 years and that the beneficiaries will be required to retain such shares for an additional minimum period of 2 years as from the final allocation of the shares. Notwithstanding the above, the Shareholders' Meeting authorized the Board of Directors to decide that, when the allocation of said shares to their beneficiaries will be vested after a minimum vesting period of 4 years, the beneficiaries shall then be bound by no retention period;

5. Decided that the shares may become vested before the term of the period of acquisition in the event that the beneficiaries become invalid and that such invalidity correspond to the second or third category set forth under article L.341-4 of the Social security Code (or equivalent provisions outside of France) and that the shares will immediately become freely transferable;

6. Authorized the Board of Directors to carry out, as the case may be, during the period of acquisition, adjustments relating to the numbers of free shares granted on the basis of the potential transactions affecting the share capital of the Company in order to maintain the rights of the beneficiaries;

7. In the event of free shares being issued, authorized the Board of Directors to carry out one or several increase(s) in the share capital by capitalization of reserves, profits or issuance premiums reserved for the beneficiaries of such free shares and acknowledged that this authorization includes the related waiver of the shareholders' preferential subscription rights with respect to such shares and to the portion of the reserves, profits and issuance premiums thus capitalized, to the benefit of the beneficiaries; the Board of Directors is granted a delegation of authority in respect of this transaction in accordance with article L.225-129-2 of the French Commercial Code;

8. Decided that the Board of Directors will have full powers, with the option to delegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to implement this delegation of authority, in particular for the purposes of:
   (i) determining whether the free performance shares shall be newly-issued shares or existing shares;
   (ii) determining the beneficiaries and the number of free performance shares granted to each of them;
   (iii) setting the dates on which free performance shares shall be allocated, in the conditions and limits of applicable law;
   (iv) deciding upon the other terms and conditions of the allocation of shares, particularly the period of acquisition and the period of retention of the shares thus allocated, in rules for the allocation of free performance shares;
   (v) deciding upon the conditions under which the number of free performance shares to be allocated shall be adjusted, in accordance with applicable provisions of the law and the by-laws;
   (vi) more generally, entering into any agreements, executing any documents, acknowledging the share capital increases resulting from definitive allocations, changing the by-laws accordingly, and carrying out any formality or declaration with any organization;

9. Decided that this authorization is granted for a term of 38 months as of the date of this Shareholders' Meeting; and

10. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

FIFTEENTH RESOLUTION

(Powers to carry out legal formalities)

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings, conferred full powers to bearers of originals, copies or extracts of these minutes in order to carry out publication, filing and other necessary formalities.

ANNEX II

TABLES OF EQUIVALENCE

Tables of equivalence with the annual financial report

In this Registration Document the table of equivalence below identifies the information constituting the annual financial report which must be published pursuant to Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the *Autorité des marchés financiers*.

Annual financial report		**Registration Document**	
No.	**Heading**	**Reference(s)**	**Page(s)**
1.	Annual financial statements	20.1.2	**291-309**
2.	Consolidated financial statements	20.1.1	**251-291**
3.	Management report	Chapter 4, Chapter 5, Chapter 6, Chapter 7, Chapter 8, Chapter 9, Chapter 10, Chapter 11, Chapter 12, Chapter 13, Chapter 14, Chapter 15, Chapter 16, Chapter 17, Chapter 18, Chapter 19, 20.3.1, Chapter 21, Chapter 22	**24-250; 312-316; 318-344**
3.1	Information referred to in Articles L.225-100 and L.225-100-2 of the French Commercial Code		
	Analysis of business performance	Chapter 6, Chapter 9, Chapter 10, Chapter 12 and Chapter 13	**68-125; 157-186; 196-199**
	Analysis of results	Chapter 9	**157-176**
	Analysis of the financial position	Chapter 10	**177-189**
	Main risks and uncertainties	Chapter 4	**24-64**
	Summary table of currently valid delegations of powers	21.1.1	**318**
3.2	Information referred to in Article L.225-100-3 of the French Commercial Code		
	Items which may have an impact on a public offering	21.3	**343**
3.3	Information referred to in Article L.225-211(2) of the French Commercial Code		
	Share redemption programme	21.1.3	**322**
4.	Declaration by natural persons assuming responsibility for the annual financial report	1.1, 1.2	**16**
5.	Report of the Statutory Auditors on the annual financial statements	20.1.2.2	**309-311**
6.	Report of the Statutory Auditors on the consolidated financial statements	20.1.1.2	**289-291**
7.	Fees of the Statutory Auditors	20.5	**316**
8.	Report of the Chairman of the Board of Directors on the functioning of the Board of Directors and internal control	Annex I 2.1	**348**
9.	Report of the Statutory Auditors on the Chairman's report	Annex II 2.2	**348-350**

Tables of equivalence with the management report

In this Registration Document the table of equivalence below identifies the information constituting the management report.

Management report		Registration Document	
No.	**Heading**	**Reference(s)**	**Page(s)**
1.	Business and financial position	Chapter 6, Chapter 9, Chapter 10, Chapter 12 and Chapter 13	**68-126; 157-189; 196-200**
2.	Recent events, trends and prospects	Chapter 12, Chapter 13	**196-200**
3.	Research and development	11.1	**190**
4.	Description of main risks and uncertainties	Chapter 4	**24-64**
5.	Use of financial instruments	4.5.2, 20.1.1.1 (Note 3.14)	**55; 266-267**
6.	Corporate and environmental responsibility	8.3	**140-155**
7.	Subsidiaries and equity interests	Chapter 7	**127-136**
8.	Company executives (list of mandates and functions, remuneration, transactions involving securities)	Chapter 14, Chapter 15 and Chapter 16	**200-227**
9.	Share capital, shareholders and employees' profit sharing	17.4, 18.1, 21.1	**230-231; 233-237; 318-324**
10.	Dividends distributed over the last three fiscal years	20.2.1	**311**
11.	Purchase and sale of own shares	21.1.3	**322**
12.	Items which may have an impact on a public offering	21.3	**343**
13.	Other information (payment deadlines, etc.)	Chapter 6	**68-125**
	ANNEXES		
14.	Summary table of currently valid delegated powers	21.1.1	**318**
15.	Table of Company results for the last five fiscal years	9.4	**175**
16.	Report of the Chairman of the Board of Directors	Annex I 2.1	**348**

Table of equivalence with information on corporate and environmental responsibilities

In this Registration Document the table of equivalence below identifies the information on corporate and environmental responsibility.

Corporate and environmental responsibility		Registration Document	
No.	**Heading**	**Reference(s)**	**Page(s)**
1.	**Corporate information**		
a)	Employment		
	Total workforce and distribution of employees	8.3.2.2	**143**
	Recruitment and dismissals	8.3.2.3,	**144**
	Remuneration and progression	8.3.2.4	**145**
b)	Organisation of work		
	Organisation of working time	8.3.2.5	**145**
	Absenteeism	8.3.2.9	**147**
c)	Corporate relations		
	Social dialogue organisation	8.3.2.9	**147**
	Inventory of collective agreements	8.3.2.9	**147**
d)	Health and safety		
	Health and safety in the workplace	8.3.2.6	**146**
	Inventory of agreements signed	8.3.2.6	**146**
	Occupational accidents and illness	8.3.2.6	**146**
e)	Training		
	Policies deployed	8.3.2.8	**147**
	Total number of hours of training	8.3.2.8	**147**
f)	Equality of treatment		
	Measures adopted to promote male/female equality	8.3.2.7	**146**
	Measures adopted for job creation of employment and employment of the disabled	8.3.2.9	**147**
	Policy on combating discrimination	8.3.2.9	**147**
g)	Promotion and respect of the stipulations of the fundamental conventions of the International Labour Organization		
	Respect of freedom of association and the right of collective bargaining	8.3.2.1	**142**
	Elimination of employment and professional discrimination	8.3.2.1	**142**
	Elimination of forced or mandatory labour	8.3.2.1	**142**
	Effective abolition of child labour	8.3.2.1	**142**
2.	**Environmental information**		
a)	General environmental policy	8.3.4.1	**150**
	Organisation of the company	8.3.4.2	**151**
	Training and information of employees	8.3.4.3	**151**
	Resources allocated to preventing environmental risks and pollution	8.3.4.7	**152**
	Amount of provisions and guarantees for environmental risks	8.3.2.1	**142**
b)	Pollution and waste management		
	Measures for prevention, reduction or repair of scrapped items	8.3.2.1	**142**
	Measures for prevention, recycling and elimination of waste	8.3.4.4	**151**
	Consideration of noise and other forms of pollutions specific to an activity	8.3.2.1	**142**
c)	Sustainable use of resources		
	Consumption of water and water supply	8.3.4.5	**152**

Corporate and environmental responsibility		Registration Document	
No.	**Heading**	**Reference(s)**	**Page(s)**
	Consumption of raw materials and measures adopted to improve efficacious use thereof	8.3.4.8	**153**
	Energy consumption, measures adopted to improve energy efficiency and use of renewable sources	8.3.4.5	**152**
	Use of land	8.3.2.1	**142**
d)	Climate change		
	Emission of greenhouse gases	8.3.4.6	**152**
	Adaptation to consequences of climate change	8.3.2.1	**142**
e)	Protection of biodiversity		
	Measures adopted to preserve or develop biodiversity	8.3.2.1	**142**
3.	**Information on corporate commitments to sustainable development**		
a)	Territorial, economic and social impact of the Company's activity		
	On employment and regional development	8.3.3.1	**149**
	On neighbouring or local populations	8.3.3.1	**149**
b)	Relationships with persons or organisations affected by the Company's activity, notably associations for vocational integration, teaching establishments, associations for the protection of the environment, consumers' associations and of neighbouring populations		
	Conditions for dialogue with said persons or organisations	8.3.3.5	**150**
	Partnership or sponsorship initiatives	8.3.3.2	**149**
c)	Sub-contracting and suppliers		
	Consideration in the purchasing policy of social and environmental challenges	8.3.3.6	**150**
	Extent of sub-contracting and responsibility of suppliers and sub-contractors for social and environmental aspects	8.3.3.6	**150**
d)	Fair practices		
	Actions taken to prevent corruption	8.3.3.7	**150**
	Measures adopted for the health and safety of consumers	8.3.3.8	**150**
e)	Other initiatives in favour of human rights	8.3.2.1	**142**