



A French public limited company with registered capital of €478,048.41  
Registered office: 11, Cours Jacques Offenbach, Valence (26000)  
Trade and Companies Register of Romans No. 533 149 688

## REGISTRATION DOCUMENT

### 2017/2018 ANNUAL REPORT



The French version of this Registration Document was filed on 31 October 2018 in accordance with Article 212-13 of the General Regulations of the French Financial Markets Authority (*Autorité des marchés financiers*). The French version of this document shall not be used in support of any financial transaction unless supplemented by a *note d'opération* approved by the French Financial Markets Authority. The French version of this document was prepared by the issuer and is binding on its signatories.

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](http://www.amplitude-surgical.com)) and on the website of the French Financial Markets Authority ([www.amf-france.org](http://www.amf-france.org)).

*This document is a free translation into English of the original document, which was prepared in French. In all matter of interpretation, views or opinions expressed in the original language of the document in French take precedent over the translation.*

## GENERAL REMARKS

In this Registration Document, unless indicated otherwise, the term “Company” means Amplitude Surgical, a public limited company having its registered office at 11, Cours Jacques Offenbach, Valence (26000), registered in the Trade and Companies Register of Romans 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 20 December 2018. The documentation for the shareholders’ meeting is set forth in Chapter 8, “*Ordinary and Extraordinary Shareholders’ Meeting of 20 December 2018*” of this Registration Document.

### *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 financial year ended 30 June 2018 as well as the Company’s consolidated financial statements for the financial year ended 30 June 2018, 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 financial year ended 30 June 2017: the consolidated financial statements and the Statutory Auditors’ Report set forth in Chapter 6 of the Registration Document registered with the *Autorité des marchés financiers* on 31 October 2017 under number R.17-070;
- for the financial year ended 30 June 2016: the consolidated financial statements and the Statutory Auditors’ Report in Chapter 6 of the Registration Document registered with the *Autorité des marchés financiers* on 28 October 2016 under number I. 16-075.

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 Section 5.3 “Outlook” of this Registration Document. 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 connection with any legal or regulatory obligation that may be applicable to it. In addition, the actual occurrence of certain risks described in 2 “*Risk Factors*” of this Registration Document may adversely affect the Group’s businesses and its ability to achieve its objectives. Moreover, the achievement of such objectives assumes the success of the strategy presented in paragraph 1.3.5 “*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 2 “*Risk Factors*” of this Registration Document before making an investment decision. The actual occurrence of all or some of these risks may adversely affect 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 adverse effect and investors may lose all or a portion of their investment.

### *Information on the activities*

This Registration Document includes, notably in Section 1.3 “*Activity*”, 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 it 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 such 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, as a consequence, evolve differently from what is described in this Registration Document. The Group does not undertake to publish updates of this information, except in connection with any applicable legal or regulatory obligation.

### *Third-party information, 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, in particular the Avicenne and Millennium reports. To the Company’s knowledge, this information has been accurately 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.

### *Glossary*

A glossary incorporating the definitions and the main scientific and technical terms used is set forth in the annexes to this Registration Document.

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## CHAPTER 1 PRESENTATION OF THE GROUP

### 1.1 KEY FIGURES

The tables below present various selected financial information for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018. The financial information set forth below was taken from the Group's consolidated financial statements for the financial year ended 30 June 2018, prepared according to the IFRS standards, set forth in Chapter 6 of this Registration Document and audited by the Company's Statutory Auditors.

The selected financial information set out in Chapter 1 must be read in conjunction with (i) the full financial data shown in Chapter 6 "*Consolidated Financial Statements*" and Chapter 7 "*Financial Statements*" of this Registration Document, (ii) the examination of the Group's financial position and results given in Section 5.1 "*Examination of the Financial Position and of the results*" of this Registration Document, and (iii) the examination of the Group's cash flow and capital presented in Section 5.2 "*Cash and Capital Equity*" of this Registration Document.

#### *Principal key data from the Group's consolidated income statement*

Income statement (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Revenues	80,788	93,356	100,336
Inventories and capitalised production	25,019	8,054	14,345
Current operating result	3,477	17	2,264
Financial result	5,352	(8,510)	(8,129)
Net result <sup>(1)</sup>	(174)	(12,314)	(9,592)
Of which:			
- Group share	219	(12,052)	(9,446)
- Minority interests	(393)	(262)	(146)

#### *Performance level indicators*

Performance level indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Revenues	80,788	93,356	100,336
EBITDA	13,473	15,500	18,068
EBITDA Margin	16.7%	16.6%	18.0 %
Net result excluding financial charges for Bonds and extraordinary items	(174)	(5,230)	(1,748)

### 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 measurement 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 companies.

Performance level indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Current operating result	3,477	17	2,264
+ Allocations to amort./deprec.	9,903	13,328	12,992
+ Non-recurring items <sup>(1)</sup>	93	2,155	2,812
<b>EBITDA</b>	<b>13,473</b>	<b>15,500</b>	<b>18,068</b>
<b>EBITDA Margin</b>	<b>16.7%</b>	<b>16.6%</b>	<b>18.0%</b>

(1) The principal non-recurring items include:

- For the financial year ended 30 June 2016: expenses related to an external growth operation for (€0.01 million);
- For the financial year ended 30 June 2017: expenses related to the repurchase of cards and indemnities (€0.3 million), the free shares plan for a total amount of €1.4 million, the performance of a structural and organizational audit for €0.2 million as well as the discontinuation of the sale of products for €0.2 million.
- For the financial year ended 30 June 2018: expenses related to the repurchase of cards and indemnities for €0.15 million, the free shares plan for a total amount of €1.5 million, the expenses for non-recurring audits for €0.4 million as well as the discontinuation of the sale of products for €0.6 million.

### Net result before financial charges for Bonds and extraordinary items

The Group posted its net result excluding financial charges for Bonds and extraordinary items. This aggregate is equivalent to the net result to which is added the financial charges for 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 (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Net result	(174)	(12,314)	(9,592)
+ other extraordinary items:			
• Charge for reimbursement of financial debt		+1,231	
• Provision for URSSAF	+ 2,375	+2,499	+ 2,649

Performance level indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
dispute			
• Revaluation of debts/ Australian minority interests		- 1,513	
• Other non-recurring items <sup>(1)</sup>		+5,129	+ 5,195
- Tax <sup>(2)(3)</sup>	3,000	-2,177	
<b>Net result excluding extraordinary items <sup>(2)</sup></b>	<b>(799)</b>	<b>(2,631)</b>	<b>(1,748)</b>
<p>(1) Other non-recurring items include:  <i>At 30 June 2017</i>  - Non-recurring items adjusted for EBITDA: K€2,155  - Turkey and Prothys provisions (K€709): K€1,151  - Slow Moving Stock provisions (including €1M in Australia): K€1,412  - Non-recurring foreign exchange losses: K€411  <i>At 30 June 2018</i>  - None-recurring items adjusted for EBITDA: K€2,812  - Customer receivables provisions: K€740  - Non-recurring financial expenses and proceeds: K€1,643</p> <p>(2) At a theoretical rate of 33 1/3%.</p> <p>(3) This adjustment does not include the impact of the adjustment of financial expenses on the tax losses eligible for carry-forward.</p>			

*Principal key data from the Group's consolidated balance sheet*

Balance sheet (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
<b>ASSETS</b>			
Total non-current assets	144,024	159,292	180,598
Total current assets	113,241	111,669	100,989
<b>Total assets</b>	<b>257,265</b>	<b>270,961</b>	<b>281,587</b>
<b>LIABILITIES</b>			
Total equity capital	118,120	103,136	94,682
Total non-current liabilities (1)	98,332	133,138	150,849
Total current liabilities	40,814	34,687	36,055
<b>Total liabilities</b>	<b>257,265</b>	<b>270,961</b>	<b>281,587</b>
(1) The non-current liabilities include the non-convertible unirate Bonds.			

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

Cash flow (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Cash flow gross margin (before changes in working capital requirement)	17,758	(2,747)	5,366
Changes in working capital requirement	(14,978)	+ 6,334	+ 664
Net cash flow generated by operating activities <sup>(1)</sup>	1,987	+ 2,680	+ 4,934
Net cash flow for investments	(18,083)	(32,329)	(13,802)
Net cash flow for finance	(8,219)	+ 39,214	(3,002)
Changes in cash flow	(24,315)	+ 9,565	(11,870)

## 1.2 HISTORY AND DEVELOPMENT OF THE GROUP

### 1.2.1 Company name

The name of the Company is “**Amplitude Surgical**”.

### 1.2.2 Registration place and number

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

### 1.2.3 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 by anticipation or extended as decided by the Extraordinary General Meeting of Shareholders in accordance with the law and the Company's articles of association.

The financial year ends on 30 June each year.

### 1.2.4 Registered office, legal form and applicable law

The Company's registered office is located at 11, Cours Jacques Offenbach, 26000 Valence, France (Telephone number: +33 (0)4 75 41 87 41).

The Company is a public limited company (*société anonyme*) with a Board of Directors governed by French law, in particular by the legal and regulatory provisions of Book II of the French Commercial code.

### 1.2.5 Background of the Group

The Group was established in 1997 by Olivier Jalabert. Apax Partners acquired a stake in the Company's capital in 2011, following the investments by *Initiative et Finance Investissement* in 2004 and Weinberg Capital Partners in 2008.

Since it was established, the Group has been designing and marketing a range of high-end products – prostheses, instrumentation and computer-assisted surgery (CAS) 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® product line associated with the HORIZON® and EQUATEUR® acetabular cups). The product range was complemented by a full line of cemented stems (INITIALE® stems).

In the 2000s, the Group extended its range of hip prostheses with the addition of its SATURNE® acetabular implant and a line of revision stems. In 2002, the Group also diversified its business by marketing the SCORE® knee prosthesis as well as a computer-assisted surgery system: AMPLIVISION®, a system adapted for hip and knee arthroplasty.

At the end of the 2000 decade, the Group complemented its knee product range by offering unicompartimental prosthesis (UNISCORE®) and a revision prosthesis (REVISION SCORE®).

For a global offer for knee surgery, the Group launched its first patient-specific cutting guide (Patient Specific Instruments (PSI)): the i.M.A.G.E® system, which uses additive manufacturing technology (3D printing). The Group now offers a new generation (faster and small-sized) of the AMPLIVISION® system as well as the E.T.O.I.L.E® technology platform.

Over the last five years, the Group has continued to leverage its capacity for innovation to introduce new products by adding a posterior stabilized, fixed bearing prosthesis to its knee product line: the, ANATOMIC® prosthesis. The ANATOMIC® prosthesis was approved by the FDA in January 2017, thus opening the US market to the Group.

Since 2013, the Group has also established a foothold in the extremities sector together with its Novastep subsidiaries, some of whose products have received FDA approval.

After moving to 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 37 countries, notably via 16 operating subsidiaries (5 in France and 11 worldwide).

The Group acquired all of the share capital of its distributors: Duotech (in October 2017), Defese Medical Product (in December 2017) and Neos (in April 2018). These two last entities have now merged into the entity named Amplitude Ile de France.

For a detailed description of the Group, see paragraph 1.4 “*Organisation*” of this Registration Document.

## **1.3 ACTIVITY**

### **1.3.1 General description of the Group**

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

Established in December 1997, the Group brought its first products to market during the course of 1999. 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 bunions treatment.

For the financial year ended 30 June 2018, the Group sold 69,617 prostheses, including 19,218 hip prostheses, 28,694 knee prostheses and 21,705 foot prostheses.

This product range is enhanced by innovative, high value-added services (training, instruments, computer-assisted surgery and clinical follow-up). The Group has developed the AMPLIVISION® computer-assisted surgery system, the i.M.A.G.E® patient-specific cutting guide 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 520 facilities in France and over 600 facilities 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 €93.3 million and €103.3 million and EBITDA of €15.5 million and €18.1 million for the financial years ended 30 June 2017 and 30 June 2018 respectively.

As of 30 June 2018, the Group had 428 employees in France and abroad, including 61 engineers involved in research and development activity.

### 1.3.2 The Group's markets

#### 1.3.2.1 The global market for orthopaedic prostheses

##### ***Market description***

In 2016, the global market for orthopaedic prostheses generated revenues of approximately \$40.5 billion. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

The market for orthopaedic prostheses comprises the markets for knee prostheses (accounting for approximately 23% of the market) and hip prostheses (approximately 16% of the market), and the market for implants for extremities (i.e., shoulder, elbow, ankle, foot, hand, etc.) surgery (approximately 5% of the market). (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

The market for hip prostheses generated approximately \$6.7 billion in 2016 (a 2.1% increase compared to 2015) and the knee prostheses market generated approximately \$9.3 billion in 2016. It is expected to grow by 2.8%, reaching \$16.80 billion in 2022. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

In 2016, the market for hip and knee prostheses was split between North America (with 46% of the market for the hip and 55% of the market for the knee), Europe (23% for the hip and 20% for the knee) (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

The main growth of this market pertain to:

- world population ageing: as of 2015, there are approximately 901 million people aged over 60 and their number is expected to exceed 1.4 billion by 2030, representing 16.5% of the world population, and 2 billion in 2050, representing 21.5% of the world population;
- the increase in the worldwide obesity rate ;
- the democratisation and expansion of the product ranges available from manufacturers enabling patients to be treated in larger numbers;
- the development of the revision surgery market; and
- an increase in sporting activity.

*(Source: World Health Organisation 2016/Global Index, Helpage International 2015/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.

### ***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, it being specified that further to the merger-absorption of Biomet by Zimmer in 2014/2015, Zimmer Biomet is the leading player on the market.

In 2016, the main players in the global market for orthopaedic prostheses<sup>1</sup> in terms of market share were as follows:

- In the knee prostheses segment:
  - Zimmer Biomet<sup>2</sup>, with a market share of approximately 30%
  - DePuy Synthes, with a market share of approximately 16%;
  - Stryker, with a market share of approximately 16%; and

---

<sup>1</sup> Calculated in terms of number of prostheses sold

<sup>2</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015

- Smith & Nephew, with a market share of approximately 10%.

These four operators accounted for a 72% share of the market in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

- In the hip prostheses segment:
  - Zimmer Biomet, with a market share of approximately 28%;
  - DePuy Synthes, with a market share of approximately 20%;
  - Stryker, with a market share of approximately 19%; and
  - Smith & Nephew, with a market share of approximately 9%.

These four operators accounted for a 76% share of the market in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

### 1.3.2.2 The Group's markets

#### i. France

##### **Market description**

In 2016, France represented, in Europe, an 18% share of the market for the hip (representing €225 million) and 13% for the knee (representing €171 million). (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

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*).

By a decision dated 3 December 2015, the French *Conseil d'Etat* annulled a decision reducing the prices initiated in 2013. Moreover, the French Economic Committee for Healthcare Products (*Conseil économique des produits de santé*), in a decision dated 19 February 2016, reduced the prices imposed on 14 March 2016 by 12.30% for hip prostheses and 7.40% for knee prostheses. Finally, in an order of 18 April 2016, the *Conseil d'Etat* cancelled the reduction for some hip implants only.

In June 2017, the French economic committee for healthcare products (CEPS) suggested a new plan for price reductions over 2 years.

On 21 August 2017, a 3.5% decrease on average was applied to hip and knee implants.

The plan also provides for a 1.75% decrease in July 2018 on hip and knee implants. The CEPS undertakes not to implement any other price decreases on all of the orthopaedic implants referred to in article 1 of such plan and included in a generic description prior to 1 August 2019.

##### **Prospects for growth**

In France, over the 2016-2021 period, the growth in volume of marketed products is expected to reach 3% in the hip segment and 4.4% in the knee segment (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

In particular, the French market for the dual-mobility hip prosthesis (for both primary and revision surgery) and the “mini hip” are expected to see average weighted increases of 2.3% and 5.2%, respectively, over the period 2016-2021. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

### ***Competitive environment***

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

In 2016, the main players in the French market for orthopaedic prostheses<sup>3</sup> in terms of market share were as follows:

In the knee prostheses segment:

- Zimmer Biomet<sup>4</sup>, with a market share of approximately 21%;
- Amplitude, with a market share of approximately 13%;
- Stryker, with a market share of approximately 13%;
- DePuy Synthes, with a market share of approximately 9%;
- Smith & Nephew, with a market share of approximately 5%;
- Tomier, with a market share of approximately 5%;
- Medacta, with a market share of approximately 3%;
- FH Orthopedics, with a market share of approximately 3%;
- Xnov, with a market share of approximately 3%; and
- Microport, with a market share of approximately 2%.

These ten operators accounted for a 77% share of the market in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

In the hip prostheses segment:

- Zimmer Biomet<sup>5</sup>, with a market share of approximately 18%;
- Tornier, with a market share of approximately 9%;
- DePuy Synthes, with a market share of approximately 8%;
- Amplitude, with a market share of approximately 6%;
- Serf Dedienne, with a market share of approximately 5%;

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<sup>3</sup> Calculated in terms of number of prostheses sold

<sup>4</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015

- Stryker, with a market share of approximately 5%;
- Medacta, with a market share of approximately 4%;
- FH Orthopedics, with a market share of approximately 4%;
- Xnov, with a market share of approximately 4%; and
- Smith & Nephew, with a market share of approximately 3%.

These ten operators accounted for a 64% share of the market in 2016. (Source: Avicenne, *Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

ii. *Europe*

- **European market**

***Market description***

In 2015, the European market (including France) for orthopaedic prostheses generated approximately €3.43 billion and is expected to reach €3.70 billion in 2022. (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*)

The main factors in the growth of the European market pertain to (i) European population ageing (in 2080, approximately 29.1% of the European population will be aged over 65, compared with 19.5% in 2017); (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, *Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017 and Structure et vieillissement de la population, Eurostat, Statistic Explained June 2016*).

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***

The European market of knee prostheses is expected to generate sales of approximately €1.78 billion, and that of hip prosthesis approximately €1.91 billion in 2022 (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*)

***Competitive position***

In 2016, the main players in the European market for orthopaedic prostheses<sup>5</sup> in terms of market share were as follows:

In the knee prostheses segment:

- Zimmer Biomet<sup>6</sup>, with a market share of approximately 27%;

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<sup>5</sup> Calculated in terms of number of prostheses sold

- DePuy Synthes, with a market share of approximately 18%;
- Smith & Nephew, with a market share of approximately 13% ;
- Stryker, with a market share of approximately 12%; and
- Aesculap, with a market share of approximately 5%

The top five operators accounted for a market share of approximately 75% in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

In the hip prostheses segment:

- Zimmer Biomet<sup>7</sup>, with a market share of approximately 25%;
- DePuy Synthes, with a market share of approximately 13%;
- Stryker, with a market share of approximately 9%;
- Smith & Nephew, with a market share of approximately 8%; and
- Aesculap, with a market share of approximately 6%.

The top five operators accounted for a share of the market of approximately 61% in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

iii. *International (outside Europe)*

- **North America (United States, Canada and Mexico)**

### ***Market description***

The North American market for orthopaedic prostheses in which the Group operates generated approximately \$7.3 billion in revenues in 2015.

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. 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).

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<sup>6</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015

<sup>7</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015

The prospects for annual growth of the market for orthopaedic prostheses are expected to be in the order of 2.6% in 2022, when revenues generated by the US market are expected to reach \$8.65 billion. (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*)

### ***Competitive environment***

The Group's main competitors include major international groups.

In 2015, the main players in the US market for hip and knee prostheses<sup>8</sup> in terms of market share were as follows:

- Zimmer Biomet<sup>9</sup>, with a market share of approximately 32.5%;
- DePuy Synthes, with a market share of approximately 21.8%;
- Stryker, with a market share of approximately 20.4%;
- Smith & Nephew, with a market share of approximately 12%;
- MicroPort, with a market share of approximately 1.3%; and
- Exactech, with a market share of approximately 1.2%.

In 2015, these six operators accounted for a market share of approximately 89.2 %. (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*).

- **Asia – Pacific**

### ***Market description***

In 2015, the Asia-Pacific (Australia, China, India, Japan, New Zealand, South Korea and Taiwan) of orthopaedic prosthesis market generated revenues of approximately \$2.66 million.

The Asia-Pacific stability of orthopaedic prosthesis market is explained by the fact that the Japanese market experienced a slowdown in growth during the 5 past years given that the public healthcare policies were driven by the lower reimbursements and the fall in the yen. China represented, in 2015, 31.8 % of this market. (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*).

### ***Prospects for growth***

The Asia-Pacific market for orthopaedic prostheses in which the Group operates is expected to generate approximately \$3.85 million in revenues in 2022. (Source: GlobalData, *Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*).

### ***Competitive environment***

The Group's main competitors include major international groups.

In 2015, the main players in the Asia-Pacific market for hip and knee prostheses<sup>10</sup> in terms of market share were as follows:

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<sup>8</sup> Calculated in terms of revenues

<sup>9</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015

<sup>10</sup> Calculated in terms of revenues generated

- Zimmer Biomet, with a market share of approximately 26.7%;
- DePuy Synthes, with a market share of approximately 21.1%;
- Stryker, with a market share of approximately 14.9%; and
- Smith & Nephew, with a market share of approximately 8.3%.

These four operators accounted for a market share of approximately 77.3%. (*Source: GlobalData, Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*)

- **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.

### ***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.

The Group's main competitors include major international groups.

In 2015, the main players in the Brazilian market for hip and knee prostheses<sup>11</sup> in terms of market share were as follows:

- DePuy Synthes, with a market share of approximately 26.3 %;
- Zimmer Biomet<sup>12</sup>, with a market share of approximately 20.1%;
- Smith and Nephew, with a market share of approximately 15.5%;
- Baumer SA, with a market share of approximately 9.3%; and
- Stryker, with a market share of approximately 8.8%.

These five operators accounted in 2015 for a market share of approximately 80%. (*Source: GlobalData, Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*).

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<sup>11</sup> Calculated in terms of revenues generated

<sup>12</sup> The Zimmer Group (USA) merged with the Biomet Group (USA) in 2015



### 1.3.3 Group business activities

#### 1.3.3.1 An innovative, extensive product range

Research and Development (R&D) activity is central to the Group's strategy. As at 30 June 2018, 6.8% of its revenues, i.e. €6.8 million, had been devoted to R&D. Research and Development expenditure amounted to 7.6% of revenues as at 30 June 2017, i.e. €7.1 million.

At the date of this Registration Document, the Group has been using 53 patent families. The majority of patents are protected at European level, and 11 of them have been filed and are protected outside the European Union.

The Group has a dedicated, experienced R&D team comprising some 50 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 on-going 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 are established in Australia.

This helps the Group to develop its innovations and launch an average of two new products per year. For example, at 30 June 2018, the Group had helped surgeons to fit 46,725 ANATOMIC® knee prostheses and 14,525 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 products) and 30 June 2017.

See Section 1.8 "*Research and Development*" of this Registration Document for further details.

#### 1.3.3.2 A complete product range

##### *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" in the annex to 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 at 30 June 2018, the Group had developed 5 ranges and 28 products (10 acetabular implants, 8 stems, 5 revision stems and 3 total knee prostheses, 1 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 financial year ended 30 June 2018, sales of knee prostheses accounted for 63.28% of Group revenues, sales of hip prostheses accounted for 29.90% of revenues and sales of foot and ankle prostheses, for 6.82% of Group revenues.

ii. *Knee prostheses*

The Group offers a comprehensive range of knee prostheses. In the financial year it sold 28,694 knee prostheses, generating annual revenues of €59.5 million at 30 June 2018 (compared to €54.8 million at 30 June 2017).

The fitting of all the Group's knee prostheses is compatible with the AMPLIVISION® computer-assisted surgery 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:

- **The UNISCORE® single-compartment knee prosthesis:**



This is 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 8,433 prostheses were fitted throughout the world between the launch of the product in 2008 and 30 June 2018.

- **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 below). As at 30 June 2018, approximately 140,616 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 SCORE® II prosthesis:



Designed to adapt to different morphologies, this prosthesis is based on the design and clinical success of the first version in order to improve patient satisfaction and to take into account the requirements of surgeons during surgery. The range of instrumentation offered with this version has thus evolved and been diversified.

Since its launch in 2018 by the Group, approximately 300 prostheses have been fitted worldwide as of 30 June 2018.

- 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 at 30 June 2018, approximately 46,275 prostheses had been fitted throughout the world since the launch of the product in 2013. In January 2017, the Group obtained 510(k) approval from the FDA (Food and Drug Administration) for the sale of such prosthesis in the United States.

- **The SCORE® revision prosthesis:**



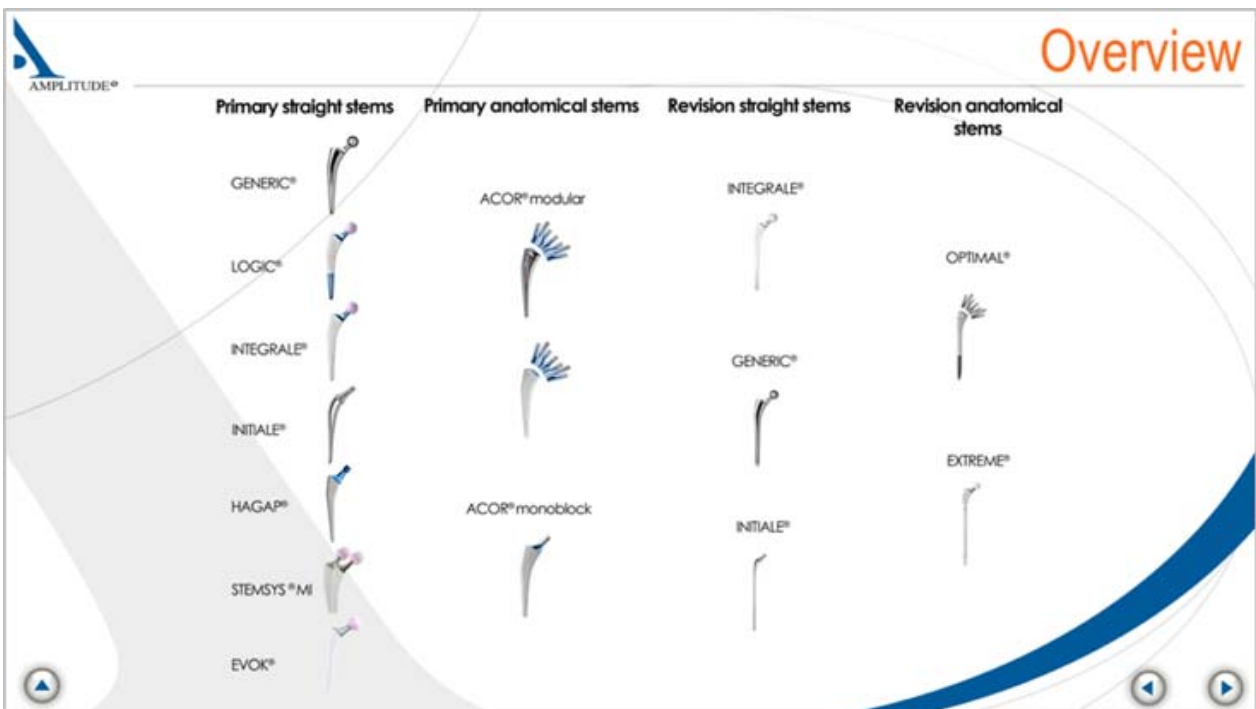
This mobile-bearing total knee prosthesis for revision surgery is intended to replace and/or reconstruct the knee joint without preserving the posterior cruciate ligament in cases of revision surgery for a single-compartment knee prosthesis, osteotomy or total knee prosthesis and in case of major deformity 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 2018, approximately 6,907 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 financial year, it sold 19,218 hip prostheses, generating revenues of €30 million at 30 June 2018 (compared to €28.6 million at 30 June 2017).

The Group offers the following products:



- **The INTEGRALE® stem:**

This total hip prosthesis for primary surgery comprises various prostheses for replacing the hip joint. There are two 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-stabilizing form provides its primary means of fixing and hydroxyapatite coating promotes osteoinduction. As at 30 June 2018, 50,860 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 maximizes 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® computer-assisted surgery system.

- **The SATURNE® acetabular:**

This acetabular is categorized 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 4 product families: SATURNE®, SATURNE® to be cemented, SATURNE® for reconstruction and SATURNE®II, and the Group offers them in different sizes. As at 30 June 2018, approximately 91,794 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® computer-assisted surgery system.



- **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® computer-assisted surgery system.

The Group offers this acetabular in 2 different versions and 9 different sizes.

The H2 cup with holes allowing secondary fixation with screws, and the H2 cup without a hole with a preassembled ceramic insert (in a clean room), facilitating and securing the surgery.

As of 30 June 2018, the Group had fitted 14,525 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 on-going wear resistance.

iv. *Ligament reconstruction*

**ACLip®**



ACLip® is an implant for graft fixation during anterior cruciate ligament reconstruction. The ACLip® consists of a male implant, a female implant and a dedicated instrumentation. Its design offers the surgeon great simplicity and reproducibility of placement while allowing fixation as close as possible to the graft's healing zone.

Having received the EC Marking in October 2016 and having benefited from controlled release on the market for more than a year, the ACLip® has been officially released in France since January 2018 and has more than 2,300 implants with over 50 surgeons who have been convinced by this concept.

v. *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 cleanStart® system is proposed for the packaging of implants and single-use instrumentation.



**cleanSTART®**

**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 53,705 of these prostheses have been fitted since 1 July 2014, generating revenues of €18.1 million to 30 June 2018.

vi. *Overview of main products for which the Group has obtained regulatory registration on significant markets:*

<b>Product</b>	<b>Country</b>	<b>Date</b>
<b>UNISCORE® prosthesis</b>	Europe	05/2007
	Australia	01/2015
	Brazil	03/2013
	Mexico	10/2012
	Vietnam	06/2014
<b>SCORE® prosthesis</b>	Europe	07/2003
	Australia	02/2007
	Brazil	02/2006
	Mexico	10/2012
	Vietnam	06/2014
	Morocco	03/2016
<b>ANATOMIC® prosthesis</b>	Europe	02/2013
	Australia	04/2014
	United States	01/2017
<b>SCORE® revision prosthesis</b>	Europe	06/2005
	Australia	02/2007
	Brazil	09/2014
<b>INTEGRALE® stem</b>	Europe	02/1999
	Australia	02/2007
	Morocco	03/2016
	Vietnam	12/2012
<b>SATURNE® acetabular</b>	Europe	12/1999
	Australia	02/2007
	Morocco	03/2016
	Vietnam	12/2012
<b>SATURNE® acetabular</b>	Europe	08/2017
<b>H2 or delta ceramic acetabular</b>	Europe	04/2013
	Australia	05/2014
	Brazil	03/2015
	Morocco	03/2016
	Vietnam	07/2016
<b>CL2 Femoral Stem</b>	Australia	09/2014
<b>E2 Femoral Stem</b>	Australia	09/2014
<b>SCORE® 2 prosthesis</b>	Europe	03/2018
<b>EVOK® prosthesis</b>	Europe	04/2018
<b>Saturne® 2 prosthesis</b>	Europe	08/2017
<b>C2 Acetabular Cup</b>	Australia	10/2014



<b>Product</b>	<b>Country</b>	<b>Date</b>
<b>NEXIS® screws</b>	Europe	06/2014
	US	02/2015
	Australia	04/2015
	South Africa	02/2016
<b>LYNC® intramedullary implants</b>	Europe	06/2014
	US	02/2015
	Australia	04/2015
	South Africa	02/2016
<b>ARCAD® compression staples</b>	Europe	06/2014
	US	12/2014
	Australia	04/2015
	South Africa	02/2016
<b>AIRLOCK® osteosynthesis plate system</b>	Europe	11/2014
	US	04/2015
	Australia	04/2015
	South Africa	02/2016
<b>CLEANSTART® single-use instruments</b>	Europe	09/2017
	United States	06/2016
<b>ACLIP® ligament and tendon anchoring system</b>	Europe	10/2016
	Australia	09/2017
	South Africa	07/2018

### 1.3.3.3 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 instruments: (i) mechanical instruments; (ii) computer-assisted surgery (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. Standard instruments*

Standard instruments include all instruments developed specifically for fitting implants and are 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. Computer-assisted surgery and the AMPLIVISION® system*

The Group offers a navigation system known as AMPLIVISION®. It is an electronic tool that helps the surgeon to visualize 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. 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 visualization 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

AMPLIVISION® system can be adapted to different approaches and can also be used to visualize 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 about 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.



### 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 sterilization.

i.M.A.G.E® system obtained its initial declaration of conformity on 29 August 2011. The declaration was updated on 18 December 2014.



iv. *The KNEEMAP® system*

The Group has developed an ambitious concept dedicated to the measurement of knee laxity in consultation: KNEEMAP®. The CE marking of this product was obtained in March 2017.



The KNEEMAP®, based on inertial power plant technology (accelerometers and gyrometers), is composed of mechanical and electronic elements, all controlled by a tablet. The KNEEMAP® provides a true mapping of all knee laxities to anticipate and adapt the future surgical gesture and evaluate it objectively.

The KNEEMAP® is based on inertial central control unit technology and a series of complex algorithms allowing the surgeon to use it easily and precisely: rapid positioning of the device on the patient's leg and real-time visualization of all the data on a tablet.

The mapping of a knee is thus carried out in less than 5 minutes.

KNEEMAP® is the subject of an initial clinical study with surgeons to quantify a complex test for sports medicine. The quantification of this complex gesture requires an arterial intelligence that can analyse 24 parameters measured by KNEEMAP®.



This quantification will allow the reconstructive surgery to be adapted and the outcome to be evaluated precisely and objectively.

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The following validations concern the planning assistance and evaluation of knee prosthesis.

In an increasingly complex regulatory context, Group Amplitude is positioning itself as the surgeon's partner by offering a precise and objective tool to accompany him/her before, during and after the surgery.

v. *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 allows cutting less 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:

- 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:

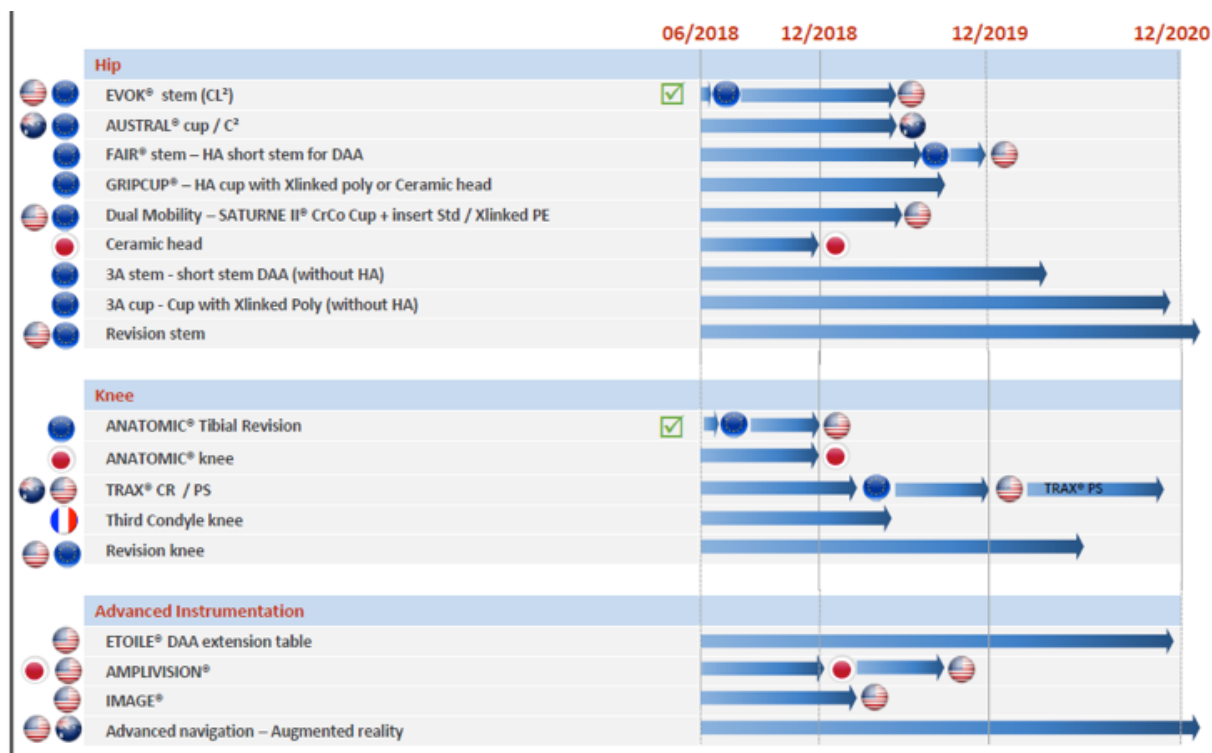
- for the patient: anterior hip surgery is less invasive and post-operative management is more straightforward. Patient rehabilitation is swift and significantly different from the rehabilitation required after posterior surgery. The Group's aim is for patients using this technique to have their operations 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.

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

Accessories and services	Country	Date
AMPLIVISION® system	Europe	09/2005
	Australia	04/2007
	Brazil	08/2007
E.T.O.I.L.E® system	Europe	10/2011
	Australia	10/2013
	United States	03/2018

i.M.A.G.E® system	Europe Australia	09/2011 05/2013
KNEEMAP® system	Europe	03/2017

### 1.3.3.4 Products and services under development



The Company aims to double revenues over the next five years, i.e., at the latest by the end of the financial year ended 30 June 2021, on the basis of the Company's revenues as at 30 June 2016 (i.e., €80,788,000) approximately €160 million.

The Group obtained EC marking for the SATURNE®II acetabular cup on 14 August 2017, for Score II on 15 March 2018 and of the Evok prosthesis on 25 April 2018.

### 1.3.3.5 Suppliers

The Group has a network of 94 suppliers at its disposal, of which approximately 80% are located in France, 16% in Europe (in Germany, Italy and Switzerland in particular), and 4% in Australia and the United States.

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) optimize 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-organized 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 a regular review 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 2017 and 30 June 2018, the Group paid its top 10 and top 20 suppliers €15,800,000.20 €2 million (compared to, respectively, €12.8 million and €17.9 million for the financial year ended 30 June 2017).

#### 1.3.3.6 Manufacturing

##### *i. Purchase of 100% of Groupe Sofab Orthopédie*

In December 2016, the Group had acquired 50% of the shares in the Sofab Orthopédie group.

Following an agreement with Yann Quinkal (founder of the Sofab group), the Amplitude group acquired the balance of the share capital of Sofab Orthopédie in April 2018 and now holds all of the shares of the Sofab Orthopédie group. The cooperation with Yann Quinkal ended in May 2018.

The Sofab Orthopédie Group was founded in 2007 in the Valence region, near Amplitude's head office, and consists of three companies all ISO 9001 and ISO 13 485 certified. It specializes in the full manufacturing of implants and instruments for orthopaedics, from machining, engraving and polishing to finishing.

##### *ii. Cleaning - conditioning*

In order to better control its processes, the Group has decided to integrate cleaning and conditioning of the majority of its implants production.

The construction works lasted for 5 months, to build 3 rooms:

- a technical room of 115 m<sup>2</sup>;
- a 180 m<sup>2</sup> cleaning room; and
- a 130 m<sup>2</sup> clean room, class ISO 7.

The clean room has been audited by a notified body and obtained Good Manufacturing Practice (GMP) certification in June 2018. Production started on July 20, 2018. Eventually, 75,000 to 100,000 implants can be processed in this room. The expected profit for the full year is two million euros.

### 1.3.3.7 Organisation of logistics and transport

The Group has optimized 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<sup>2</sup>. 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 computer-assisted surgery 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.

### 1.3.3.8 Marketing

#### *i. The Group's customers*

#### **Group's customers in France**

As of 30 June 2018, the Group's customers included (i) 348 private sector facilities and (ii) 172 hospitals (departmental, regional, university and military) (compared to 308 and 153 on 30 June 2017, respectively).

The Group works with the main health care companies, including Capiro, ELSAN, Ramsay-Générale de Santé and Vivalto Santé.

The Group's top ten customers in France make up 1.57% of the total number of customers and are responsible for 23% of the Group revenues in France as of 30 June 2018, while the top twenty customers make up 3% of the total number of customers and generated 35% of the Group revenues in France.

### **International Group's customers**

Depending on the distribution channels (see paragraph *ii 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 ten international customers make up 2% of the total number of customers and are responsible for 31% of the Group revenues internationally as of 30 June 2018, while the top twenty customers make up 5% of the total number of customers and generated 46% of the Group's international revenues.

#### *ii. Distribution channels*

### **Distribution in France**

The Group relies, on the one hand, on a network of exclusive, independent agents who provide a local, technical and commercial service, and on the other hand on direct subsidiaries that carry out the technical services with the practitioners. Approximately 39 people (distributors and sales agents) work in the field, including overseas departments and territories and 13 people through its French subsidiaries, making it one of the largest technical and commercial teams in France devoted entirely to hip and knee surgery. As of 30 June 2018, the Group was generating 68.40% of its revenues in France through sales agents and 31.6% through its French subsidiaries.

Just four historical distributors remain active, generating less than 1% of revenues in France as of 30 June 2018 (compared to 1.0% at June 30, 2017).

The Group's specialist subsidiary for the extremities, Novastep, also makes use of a sales force that comprises 6 staff members, 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.

### **International distribution**

The Group often arranges international distribution through its subsidiaries. Having established its first subsidiary in Germany in 2010, it has deployed 11 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.

<b>Country</b>	<b>Name of subsidiary</b>	<b>Date established</b>	<b>Nature of organisational structure</b>	<b>Method of distribution</b>	<b>Status</b>
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. Wholly-owned subsidiary	Salaried sales staff Sales agents Distributors	Active subsidiary



Country	Name of subsidiary	Date established	Nature of organisational structure	Method of distribution	Status
Belgium	Amplitude Benelux	2015	Creation. Wholly owned subsidiary	Salaried sales staff	Active subsidiary
Brazil	Amplitude Latin America	2014	Wholly-owned subsidiary	Distributors	Active subsidiary
India	Amplitude India Ltd	2013	Creation. Wholly owned subsidiary	Deployment on stand-by	Registered products
Japan	Matsumoto Amplitude	2013	Partnership (JV) with Matsumoto Inc., held 80%	Salaried sales staff	Active subsidiary Registered products
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	Active subsidiary
South Africa	Amplitude South Africa Pty Ltd	2015	Creation. Wholly owned subsidiary	Salaried sales staff Sales agents	Active subsidiary
Romania	Amplitude Ortho SRL	2016	Creation. Wholly-owned subsidiary	Sales agents	Active subsidiary

In countries where the Group has no subsidiary, it relies on a network of distributors who generally work exclusively for the Group. A further 26 countries are covered by this arrangement (Italy, Morocco, Argentina and Paraguay, Tunisia, Algeria, Poland, Spain, Luxembourg, Iraq, Vietnam, Mexico, , Denmark, the Netherlands, Senegal, the United Arab Emirates, Slovenia, Malaysia, Moldova, Bulgaria, Indonesia, the Philippines, the Serb Republic of Bosnia, and Kuwait).

As of 30 June 2018, the top ten distributors accounted for 8% of Group revenues and the top twenty distributors for 11% of the Group revenues (compared respectively, to 8% and 12% of the Group revenues as of 30 June 2017).

### *iii. 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 technical 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 computer-assisted surgery systems (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 part of the price of the implants 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.

#### *iv. Organisation and marketing policy*

##### **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 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).

## 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 (a "**Notified Body**"), in accordance with the regulatory requirements of the applicable European Directive 93/42/EEC and the ISO 13485 standard. 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; and
- 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 45-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.

## Marketing resources

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

- Vice-President for Sales and Marketing in France;
- Executive Marketing Assistant;
- Knee division, with one knee product range manager and 3 product managers;
- Hip division, with 2 product managers;
- Ligament reconstruction division, with one product manager and one junior product manager;
- Training division, with one assistant;

- Corporate communications division, with a communications manager and a marketing assistant; and
- Clinical monitoring division, with a manager, 3 project managers, one clinical evaluation assistant and 2 IT technicians.

#### 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.

#### 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.

#### Management of communications tools

In 2018, the Group will actively participate in 24 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.

#### 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 monitoring software developed by Amplitude has been declared compliant with the reference methodology MR3 of the CNIL.

The clinical department is structured to accomplish the following:

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

#### 1.3.4 The group's competitive strengths

##### 1.3.4.1 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 2016, 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 sixth and ninth in terms of its share of the European market for knee and hip prostheses, respectively. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

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.

*i. 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® computer-assisted surgery 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 financial year ended 30 June 2017, the Group sold 69,617 prostheses, including 19,218 hip prostheses, 28,694 knee prostheses and 21,705 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 9,769 ANATOMIC® knee prostheses in 2016, to 12,952 ANATOMIC® knee prostheses in 2017 and 14,679 ANATOMIC® knee prostheses in 2018. Total sales of knee prostheses totalled 28,694 over the same period, an increase of over 10% in the volume of products sold in the first year following the launch of the product, primarily in France. The 28,694 knee prostheses fitted break down as follows: 14,679 ANATOMIC® prostheses, 1,237 UNISCOPE® prostheses, 916 SCORE® revision prostheses, 11,555 SCORE® prostheses, 300 SCORE II® and 7 articulated 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® computer-assisted surgery 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, computer-assisted surgery capabilities and a training programme, dedicated to anterior approaches; see

paragraph 1.3.3.3 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.

ii. *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 certified. ISO 13485 specifies the quality management system (QMS) requirements for the medical devices industry. 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 Sydney, 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 to surgeons. To date, the database includes information about 29,000 files of knee and hip 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 1.3.3.2 “A complete product range” 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.

iii. *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 45 experienced engineers and 11 technicians is focused on research and development on a daily basis.

The Group thus exploits approximately 53 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 operating 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. For example, the Company has developed its range of hip prostheses with the launch of (i) Saturne II and (ii) EVOK, and has launched new knee prosthesis with Score II.

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® computer-assisted surgery systems are offered to surgeons either by agents or distributors, or directly by the Group itself. As of the date of this Registration Document, the Group thus installed over 213 AMPLIVISION® machines (computer-assisted surgery systems).

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 computer-assisted surgery 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 2020.

The Group devotes a significant proportion of its budget to its research and development activity. As a result, research and development expenditure amounted to 6.8% of revenues for the financial year ended 30 June 2018, i.e. approximately €6.8 million, compared to 7.6% of revenues for the financial year ended 30 June 2017, or approximately €7.1 million. Accordingly, the Group can adapt to the specific requirements of patients, surgeons and health care facilities and provide them with new technologies.

*iv. 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 (Deputy 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. Christophe Saint Pierre (Vice-President Research and Development) previously held the position of R&D Director World for extremities at DePuy Orthopaedics (Johnson & Johnson) before joining the Group in 2016. Vice President for Regulatory Quality Mireille Lemery was previously Director of International Regulatory Affairs at Tornier before

joining the Group in 2015. Mark Johnson (Sales Director, United States) has over 15 years of experience on the American market with Zimmer Biomet.

The Group is able to recruit highly qualified staff who receive on-going training, which means that it can respond to the specific regulatory and technical requirements for its business sector. As of 30 June 2018, the Group employed 45 engineers.

#### 1.3.4.2 A rapidly consolidating market creating opportunities for the Group

##### *i. 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 2015, 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	Purchaser	Target company	Main market segments
May 2018	Permira	Corin	Hip - Knee
January 2018	EKKIO	FX Solutions	Shoulder
October 2016	Corin	Tornier	Hip - Knee
June 2016	Medtronic	Responsive Orthopedics	Hip - Knee
May 2016	Stryker	Satnmore Implants	Hip - Knee
April 2015	Zimmer	Biomet	Hip – Knee – Extremities – Trauma – Biomaterials - Sports medicine

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.

##### *ii. 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.



The main transactions to have taken place over the last few years have been as follows:

Date	Purchaser	Target company	Main market segments
Oct-13	Wright Medical	Biothech International	Extremities, Foot and Ankle
Jan-14	Wright Medical	Solana Surgical	Extremities, Foot and Ankle
Feb-14	Wright Medical	OrthoPro	Extremities, Foot and Ankle
Jun-14	Stryker	SBI	Extremities, Foot and Ankle
May-16	Depuy Synthes	BME	Extremities, Foot and Ankle
Sep-16	Stryker	Instratek	Extremities, Foot and Ankle
Aug-18	Wright Medical	Cartiva	Extremities, Foot and Ankle

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, AIRLOCK® 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 32,000 surgical procedures have been carried out Worldwide using products from the Novastep range. In the US, Novastep products obtained FDA approval in 2015. The Group is also building its sales network in the United States and has just recruited a highly experienced US sales team. In 14 US states, the Group has established commercial relationships with nearly 18 exclusive distributors as of the date of this Registration Document, with around 50 representatives on the ground.

The launch of the extremities business (ankle and foot), for which marketing began in July 2014, generated revenues of €6.6 million for the Group during the financial year ended 30 June 2018 (compared to €6.1 million for the financial year ended 30 June 2017) including €22 million in the United States (where activity began in December 2014) and €3.1 million in France.

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

#### 1.3.4.3 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 2013 to second place in 2017.

Group market share went from 10.5% and 8.8% of the French markets for knee and hip prostheses, respectively in 2015, to 13% and 6% respectively in 2016. (Source: GlobalData, *Hip and Knee Reconstruction – Global Analysis and market forecast – June 2016 and Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

In addition, over the period from 2005 to 2018, 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 29,000 patient records (approximately 12,000 records relating to hip prostheses and 17,000 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 it is well positioned to expand its activities in countries where it already operates as well as further into international markets.

#### 1.3.4.4 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 246% over the period 2013- 2018, increasing from €10.6 million as of 30 June 2013 to €36.7 million as of 30 June 2018.

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.

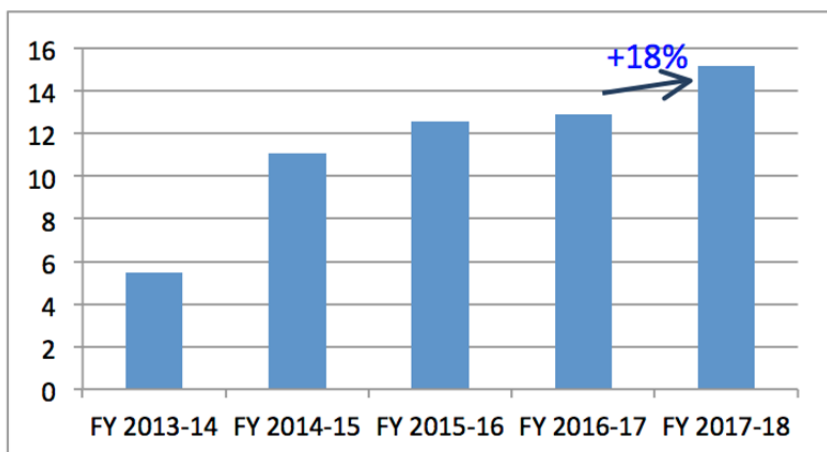
The Group may employ a variety of strategies to gauge the new market's interest in its products and services. Where management has particular experience and specific knowledge of the market, a subsidiary is created. In other markets, the Group generally takes a two-stage approach. In the first instance, 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.

The group established in South Africa in 2015 and in Romania in 2016.

Australia accounted for approximately 9.8% of Group revenues for the financial year ended 30 June 2018 (compared to 9.5% for the financial year ended 30 June 2017). Further to the acquisition of Austofix in July 2013, Group revenues have changed as follows:

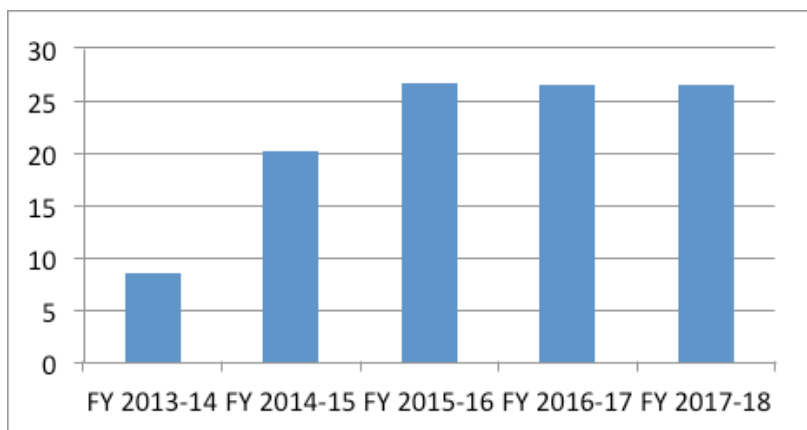
### Australia Sales (Australian Dollars)



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 6.58% of Group revenues for the financial year ended 30 June 2018 (compared to 8.02% for the financial year ended 30 June 2017). Further to the acquisition of Unimplant in January 2014, Group revenues in Brazil have increased as follows:

### Brazil Sales (Reals)



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 11 foreign subsidiaries. The last subsidiary was created in Romania in July 2016. As of the date of this Registration Document, the Group distributes its products in 37 countries via local distribution channels.

#### 1.3.4.5 A proven operational and financial model

##### *i. An appropriate, efficient business model*

The Group had opted for a “fables” business model. For the last few years, the Company has intended to vertically integrate certain manufacturing operations in order to guarantee product quality as well as

reproducibility, aiming in particular to develop the US market. Thus, this allows the Group to control manufacturing process-critical functions and ensure high product quality. It also allows the Group to reduce cost price and to improve profitability.

The Group's core business is the research, development, marketing and sale of its medical devices. The Group also makes use of a network of subcontractors to manufacture part of its products. It has concluded a hundred subcontracting agreements. Subcontractors located in France accounted for 85% of the Group's subcontracting expenditure, with subcontractors in Europe (excluding France) accounting for 15% of its subcontracting expenditure. 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 on-going 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 entered 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 to 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.

*ii. 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 expertise.

As of the date of this Registration Document, the Group has entered into 22 sales agent agreements, covering the whole of France.

In addition, the Group acquired two sales agent companies in France, in the Eastern region and in Ile-de-France, respectively Duotech and Amplitude Ile-de-France. As a result, the Group has internalized 13 sales agents. Finally, Amplitude SAS has incorporated Amplitude Sud to consolidate its technical and commercial operations within a sole entity.

Internationally, the Group has expanded by establishing subsidiaries and creating dedicated sales or marketing teams within these companies. The Group now comprises 11 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 1.3.3.8.ii of this Registration Document, entitled "*Distribution channels*".

iii. *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 1.3.3 "*Group business activities*" 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®. The clinical monitoring software developed by the Group has been declared co-form the MRC reference methodology of the CNIL. 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 29,000 knee and hip prostheses files are being monitored through the use of the CLINIRECORD® database developed by the Group.

iv. *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 17 years of continuous growth. Between 30 June 2005 and 30 June 2018, revenues rose from €16.3 million to €100.3 million, with profitable growth of approximately 18% per year on average. Over the same period, EBITDA rose from €3.7 million to €18.1 million.

The Group has continued to develop its international operations. The Group went from one subsidiary (in Germany) in 2010 to eleven 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 18% over the period 2005-2018. This level of profitability gave rise to three successive LBOs, allowing the Group to expand (see paragraph 1.2 "*History and Development 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.

### 1.3.5 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.

### 1.3.5.1 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.

#### *i. United States*

In 2015, the North American market for orthopaedic prostheses generated revenues of approximately \$7.30 billion. This figure was expected to reach \$8.66 billion in 2022. It accounts for approximately 52.8% of the global demand for orthopaedic prostheses for lower limbs in 2015 and approximately 51.5% in 2022 (*Source: GlobalData, Hip and Knee Reconstruction - Global Analysis and market forecast - July 2016*),

In addition, in the United States, it was expected that approximately 38.2% of the population would be suffering from obesity in 2015; this figure is expected to rise to 50% by 2030. (*Sources: OECD, Obesity and the economics of prevention: fit not fat, Update 2017*)

Competition in the United States is comparable to that of 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, the activity of which started on 1 November with the hire of the US Sales Director.

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 implanted 1,488 prostheses over the 2016/2017 financial year and 1,944 prostheses over the last financial year.

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.

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").

At 30 June 2018, sales in the United States amounted to \$2.7 million, solely for foot surgery.

To support its expansion in the United States, the Group has recruited Mireille Lemery in the capacity of Vice President, Regulatory Quality, who held a similar position at Tornier so that she contributes her US regulatory expertise, as well as Mark Johnson, in the capacity of Sales Director, United States, who has over 15 years of experience on the US market with ZimmerBiomet.

In January 2017, the Group obtained 510(k) approval from the FDA for its ANATOMIC® implant, addressing knee derivative disorders.

The Group wishes to enter this market by leveraging its flexible model and offering products that are appropriate to surgeons' needs (including training for the use of the ETOILE table allowing the implant of a hip prosthesis on an ambulatory basis and for the use of the computer-assisted surgery Amplivision system).

The Group also intends to maintain and further develop its close ties with practitioners and opinion leaders in the US scientific community. Its plans to launch a number of projects including the development of an acetabular cup with double mobility and of a mobile-bearing knee of the Score® type. It also plans to establish an R&D office.

Pending registration in the United States of its own hip range, the Group has entered into a distribution agreement with Signature Orthopaedics to distribute on an OEM basis similar products in the United States; this agreement allows Amplitude Orthopedics Corp. to offer a knee range and a hip range from the very beginning of the commercial prospecting phase, which will allow Amplitude Orthopedics Corp. to offer a complete range of products to American distributors.

A US Sales Manager has been recruited in October 2017. Since his recruitment, a logistics base has been opened in Allen, Texas, in order to serve customers throughout the United States.

*ii. 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 first registration for the hip range occurred in January 2016. 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.

At the date of this document, only one product has been registered, which limits the proper functioning of our installation. The Group is making a maximum effort to register the rest of the product range, despite the regulatory requirements imposed by this very specific market.

1.3.5.2 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 (created in 2013) and Novastep Inc. in the US (created in 2014), further to the recruitment of an experienced team who previously worked at Memometal, prior to the acquisition of such company by Stryker (5 individuals). Through these subsidiaries, the Group provides innovative solutions for foot and ankle surgery. These businesses employ a total of 39 members of staff, with 29 at Novastep SAS and 10 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 a 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.

#### 1.3.5.3 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 surgery system, the Group is developing a new, non-invasive, pinless system which allows the use of Amplivision 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 obtained the EC mark in March 2017 and was presented during the latest SFA (*Société Française d'Arthroscopie*) congress under the KneeMap® name. The version for use in the operating room is being developed and validated and is expected to be submitted for registration during 2019.

This advance in computer-assisted surgery 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 computer-assisted surgery technique in the accuracy and repeatability of implant positioning has already been proven through numerous publications.

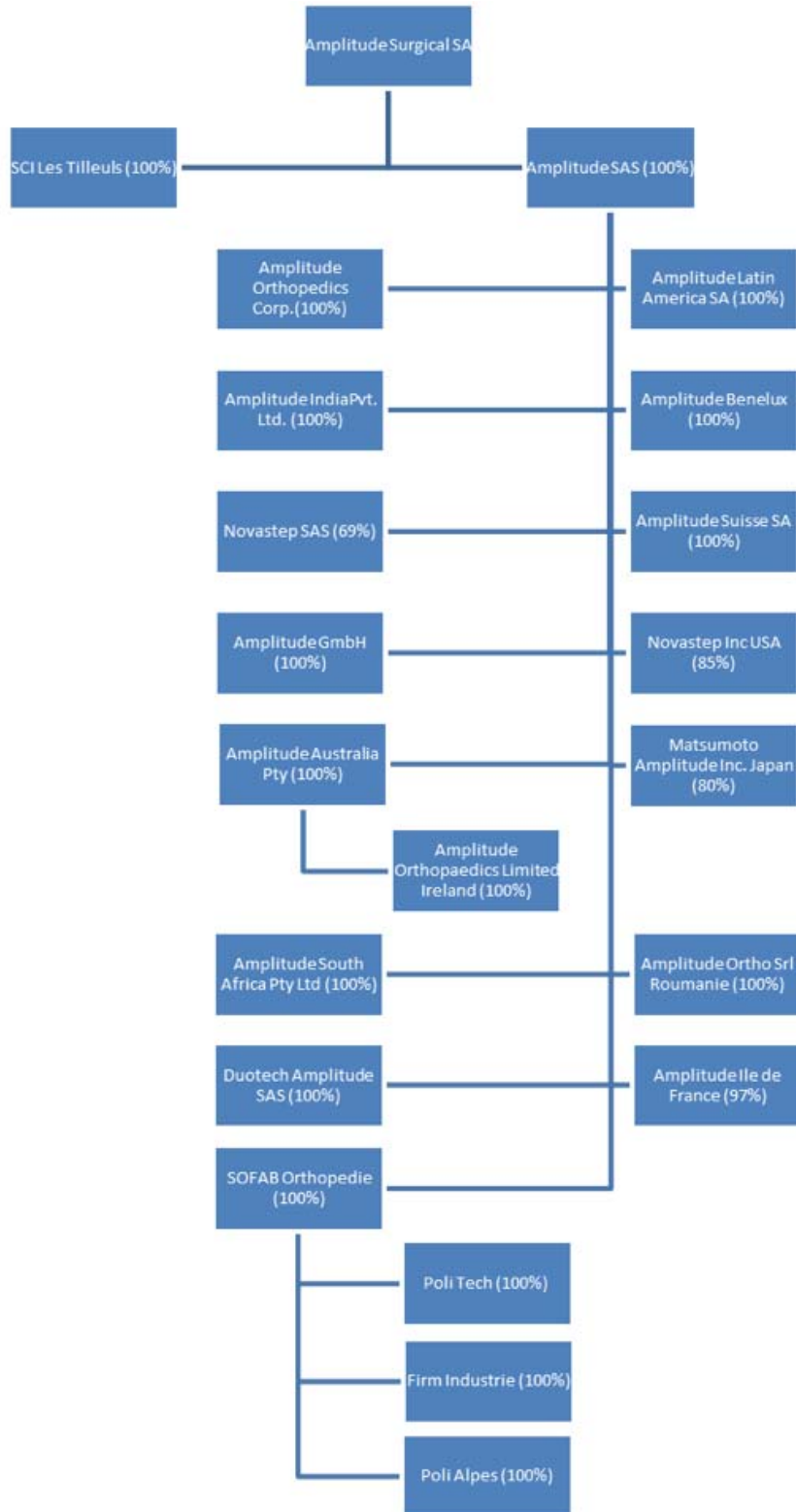
This new computer-assisted surgery system, based on accelerometer, gyroscope and electromagnetic sensor technology, the new Navigation system will be available in all countries in which the Group operates. Given the advantages that it presents in comparison with existing systems (which include a lower 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 Amplivision computer-assisted surgery system, which could help them to improve the medical services offered to their new patients.

In connection with computer-assisted surgery, the Group is developing intra-articular sensors intended to increase operative accuracy during fitting of 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® priority system or a touch-screen tablet. The device will be usable in all procedures for fitting knee prosthesis.

## 1.4 ORGANISATION

### 1.4.1 Group organisational legal chart

The organisational chart presented below represents the legal organisation of the Group on 30 June 2018:



The percentage of capital holdings and voting rights in the above organisational chart are identical.

The securities in Amplitude SAS held by the Company are subject to first-rank collateral as detailed in paragraph 5.2.2.2 “*Debt*” of this Registration Document.

#### 1.4.2 Main subsidiaries

The main direct or indirect subsidiaries of the Company on 30 June 2017 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 a share capital of €60,000, having its registered office at 11, Cours Jacques Offenbach, Valence (26000), France and registered under number 414 448 464 in the Trade and Companies Register of Romans . It is the company responsible for the manufacturing, distribution, import, export, sales and preparation of all medical products of the Group worldwide. The Company directly holds all the share capital and voting rights of Amplitude SAS.

As of 30 June 2018, Amplitude had generated revenue of €79,152,938 with a loss of €1,768,521.

- **SCI Les Tilleuls** is a civil law real estate partnership incorporated under French law with a share capital of €1,530, having its registered office at 11, rue Jacques Offenbach, Valence (26000), France and registered under number 439 216 748 in the Trade and Companies Register of Romans . It is the company holding all rights concerning the Group’s real estate at the Valence registered office. The Company directly holds all the share capital and voting rights of SCI Les Tilleuls.

SCI Les Tilleuls closes its accounts on 31 December of each year. For the financial year ended 31 December 2017 it had generated revenue of €872,337 and a profit of €107,475.

- **Amplitude Benelux** is a private limited liability company incorporated under Belgian law with a share capital of €18,550, having its 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 distribution, 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 financial year ended 30 June 2017 generated revenue of €2,159,887 and a profit of €113,044.

- **Amplitude India Private Ltd** is a company incorporated under Indian law with capital of 100,000 rupees, having its 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 a share capital of 2,516,494.31 *reais*, having its 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 distribution, import, export, sales and preparation of all medical products of the Group in Latin America. The Company indirectly holds all of the share capital and voting rights of Amplitude Latin America.

Amplitude Latam closes its accounts on 31 December of each year. For the financial year ended 30 December 2017, the company generated revenue of 28,152,639 reals (€7,454,725 ) and a profit of 480,822 reals (€127,320).

- **Matsumoto Amplitude Inc.** is a company incorporated under Japanese law with a share capital of 10,000,000 yen having its 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 distribution, import, export, sales and preparation of all medical products of the Group in Asia. As at the date of this Registration Document, Matsumoto Amplitude Inc. is 80% owned by Amplitude SAS and 20% by Mr Takeshi Matsumoto who also fulfils the duties of representative director.

In the financial year ended 30 June 2018, Matsumoto Amplitude Inc. generated revenues of a 55,326,711 yen (€419,224) and a deficit of 101,716,278 yen (€770,760).

- **Amplitude Australia PTY Ltd** is a company incorporated under Australian law with a share capital of AU\$136, having its 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 distribution, 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 wholly owned directly and indirectly by Amplitude Surgical.

Amplitude Australia Pty generated revenue of AU\$15,206,445 (€9,819,479) and a deficit of AU\$3,023,283 (€1,952,268) in the financial year ended 30 June 2018.

- **Amplitude Suisse** is a public limited company incorporated under the laws of Switzerland with a share capital of CHF 100,000, having its 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 distribution, 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 Suisse generated revenue of CHF 1,266,568 (€1,091,291) and a profit of CHF 62,795 (€54,105) during the financial year ended 30 June 2018.

- **Amplitude GmbH** is a company incorporated under German law with a share capital of €25,000, having its registered office at Nieder-Olm (55268), Germany, and registered under number HRB 734791 in the Stuttgart Trade and Companies Register. It is the company responsible for the distribution, 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 €2,618,063 and a loss of €26,692 in the financial year ended 30 June 2018.

- **NovaStep SAS** is a simplified joint-stock company incorporated under French law with a share capital of €129,032, having its registered office at Espace Performance III Bâtiment P, 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 distribution, import, export, sales and preparation of all medical products of the Group in France and abroad. As at the date of this Registration Document, Novastep SAS is 69% owned by Amplitude SAS and 31% by its founders who also fulfils managerial duties at Novastep.

NovaStep generated revenue of €5,924,240 and a profit of €567,088 in the financial year ended 30 June 2018.

- **Novastep Inc.** is a company incorporated under the laws of the State of Delaware, with a share capital of USD 100,000, having its registered office at 30 Rambland Road, Suite 200, Orangeburg, 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 distribution, 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 US\$2,462,486 (€2,065,869) and a deficit of US\$999,419 (€838,517) in the financial year ended 30 June 2018.

- **Amplitude Orthopedics Corp.** is a company incorporated under the laws of the State of Delaware, having its registered office at 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, County of New Castle. As at the date of this Registration Document, Amplitude Orthopedics Corp. is wholly owned by Amplitude SAS.

Amplitude Orthopedics Corp. generated revenues of US\$0 (€0) and a loss of US\$721,128 (€616,955) during the financial year ended 30 June 2018.

- **Amplitude South Africa Pty Ltd** is a company incorporated under the laws of South Africa, having its registered office at 983 Unit 4 Meadow Brook Business Pk, Jacaranda Road Olivedale, Johannesburg, 3194. On the date of this Registration Document, Amplitude South Africa is wholly owned by Amplitude SAS.

Amplitude South Africa generated revenues of 24,778,461 South African Rand (€1,621,601) and a loss of 7,510,965 South African Rand (€491,548) for the financial year ended 30 June 2018.

- **Amplitude Ortho SRL** is a company incorporated under the laws of Romania having its registered office at Bucuresti Sectorul 6, Splaiul Independentei, nr 202, Partner, Camera C10C, Corp de Proprieta 2. As at the date of this Registration Documents, Amplitude Ortho SRL is wholly owned by Amplitude SAS.

Amplitude Ortho SRL generated revenues of 913,155 Ron (€196,999) and a loss of 123,701 Ron (€26,687).

- **SOFAB Orthopédie** is a French simplified joint stock company, with a share capital of €3,339,854, having its registered office at 12, rue Laurent de Lavoisier, 26800 Portes-lès-Valence, and registered with the trade and companies register of Romans under number 822 921 383. This company is a historical and strategic subcontractor of the Group. In addition to the holding company, the SOFAB Ortopédie group holds 3 operating subsidiaries: Poly-Alpes, Poly-Tech and Firm Industries. As of the date of this Registration Documents, SOFAB Orthopédie is fully held by Amplitude SAS.

For the financial year ended 30 June 2018, SOFAB Orthopédie generated revenues of €437,349 and a profit of €54,865.

- **Amplitude Orthopaedics Limited Ireland** is a company wholly owned by Amplitude Australia Pty, which holds the EC mark of a hip product range. This company did not conduct any activity during the financial year ended 30 June 2018.

- **Amplitude Ile de France** is a French simplified joint stock company with a share capital of €515,000, having its registered office at 11 cours Jacques Offenbach, 2600 Valence, and registered under number 447 869 496 in the trade and companies register of Romans. This company, formerly known as DMP, is a long-standing distribution partner in the Ile de France area. As at the date of this Registration Document, the company is 97% owned by Amplitude SAS.

For the financial year ended 30 June 2018, Amplitude Ile de France generated revenues of €1,376,395 and a profit of €183,372.

- **Duotech Amplitude** is a French simplified joint stock company with a share capital of €7,500, having its registered office is located at 2 rue Michel Ange, 51140 Muizon, and registered under number 488 772 963 in the trade and companies register of Reims. This company is a long-standing distribution partner in the eastern French region. As at the date of this Registration Document, the company is wholly owned by Amplitude SAS.

For the financial year ended 30 June 2018, Duotech Amplitude generated revenues of €1,228,737 and a loss of €32,194.

Contribution by significant subsidiaries as of 30 June 2016 and 30 June 2017 are presented in the table below:

<b>30 June 2017</b>						
<b>Consolidated values (excluding dividends) (in thousands of euros)</b>	<b>Fixed assets</b>	<b>Current assets</b>	<b>Shareholders' equity (Group share)</b>	<b>Financial debt</b>	<b>Cash flow</b>	<b>Dividends paid and recovered by the Company</b>
<b>Amplitude (Surgical)</b>	111,769	101,301	115,583	96,327	29,754	-
<b>Amplitude SAS</b>	53,022	96,235	2,438	36,242	7,952	-
<b>Amplitude GmbH</b>	428	2,337	(274)	-	478	-
<b>Amplitude Benelux</b>	51	716	168	-	47	-
<b>Amplitude Suisse</b>	275	694	(164)	-	28	-
<b>Amplitude Australia PTY Ltd</b>	4,773	11,387	(3,103)	-	1,245	-
<b>Amplitude Latin American</b>	1,010	9,775	2,499	5,994	985	435
<b>Novastep SAS</b>	1,951	4,254	118	-	98	-
<b>Novastep Inc.</b>	189	2,093	(2,406)	-	50	-
<b>Matsumoto Amplitude Inc.</b>	631	754	(1,317)	-	24	-
<b>Amplitude South Africa</b>	948	1,399	(806)	950	401	-
<b>SCI Les Tilleuls</b>	159	895	78	217	148	-
<b>Amplitude ortho SRL</b>	48	85	(33)	-	9	-

<b>30 June 2017</b>						
<b>Consolidated values (excluding dividends) (in thousands of euros)</b>	<b>Fixed assets</b>	<b>Current assets</b>	<b>Shareholders' equity (Group share)</b>	<b>Financial debt</b>	<b>Cash flow</b>	<b>Dividends paid and recovered by the Company</b>
<b>Firm Industrie</b>	250	646	(69)	78	167	-
<b>Poli Alpes</b>	421	1,108	988	183	136	-
<b>Poli Tech</b>	251	485	452	71	62	-
<b>Sofab</b>	3,838	343	3,334	-	212	-
Intermediary holdings and consolidation adjustment	(20,722)	(122,838)	(13,931)	(18,393)	(169)	-
<b>Consolidated totals</b>	<b>159 292</b>	<b>111 669</b>	<b>103 555</b>	<b>121 669</b>	<b>41 627</b>	-

<b>30 June 2018</b>						
<b>Consolidated values (excluding dividends) (in thousands of euros)</b>	<b>Fixed assets</b>	<b>Current assets</b>	<b>Shareholders' equity (Group share)</b>	<b>Financial debt</b>	<b>Cash flow</b>	<b>Dividends paid and recovered by the Company</b>
Amplitude (Surgical) OrthoFin I	112,414	98,712	110,687	98,572	16,215	
Amplitude SAS	71,796	107,254	793	36,972	7,723	
Amplitude GmbH	345	2,401	(301)	0	500	
Amplitude Benelux	47	1,018	251	0	190	
Amplitude Suisse	412	959	(102)	0	60	
Amplitude Australia PTY Ltd	4,416	10,430	(4,840)	0	385	
Amplitude Latin American	676	7,989	2,340	4,100	1,540	25
Novastep SAS	2,141	5,684	686	97	161	
Novastep Inc.	297	2,429	(3,198)	33	4	
Matsumoto Amplitude Inc.	552	592	(2,096)	0	4	
Amplitude South Africa	988	2,010	(1,219)	964	712	

<b>30 June 2018</b>						
<b>Consolidated values (excluding dividends) (in thousands of euros)</b>	<b>Fixed assets</b>	<b>Current assets</b>	<b>Shareholders' equity (Group share)</b>	<b>Financial debt</b>	<b>Cash flow</b>	<b>Dividends paid and recovered by the Company</b>
SCI Les Tilleuls	237	1,084	77	217	133	1
Amplitude Ortho SRI	112	234	(60)	0	23	
Firm Industrie	296	799	(167)	81	244	
Poli Alpes	353	1,425	1,177	141	302	
Poli Tech	213	471	459	43	108	
Sofab	3,843	464	3,389	0	80	
Duotech Amplitude	4	651	412	3	232	
Amplitude IDF	763	1967	1,213	1	1,023	
Amplitude Corp	1,030	1,350	(617)	0	32	
Intermediary holdings and consolidation adjustment	(20,477)	(146,934)	(13,432)	(17,770)	(235)	-
<b>Consolidated totals</b>	<b>180,598</b>	<b>100,989</b>	<b>94,682</b>	<b>123,132</b>	<b>29,436</b>	<b>-</b>

### 1.4.3 Shareholders' agreements and minority interests

#### 1.4.3.1 Novastep SAS

The shareholders' agreement entered into on 11 October 2013 between Amplitude SAS and the managers of Novastep SAS includes, inter alia, 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 on a priority basis to the other shareholders (i.e., the other managers and Amplitude SAS, excluding Olivier Jallabert) who will have a pre-emptive right to acquire them.

#### Tag-along right (full and partial):

In the event of any transfer of shares or transaction of any nature whatsoever resulting in the loss by Amplitude of its control over Novastep SAS, this may give rise to exercise of a full tag-along right for each of the managers.

#### Drag-along right:

- (i) *In the event of an offer of acquisition made to one of the parties for all shares of Novastep SAS: in the case of an agreement among parties representing more than 50% of the share capital of Novastep*



SAS on said offer, all shareholders shall transfer all their shares to the person making the offer 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 company:* from 11 October 2015, in the event of an offer of acquisition by a third party industrial company resulting in a change of control of the Group, the Group may require that other shareholders of Novastep SAS transfer all their shares to said third party industrial company making the offer of acquisition.

The price at which the beneficiaries of the undertaking will acquire the underlying shares shall be determined on the basis of the financial conditions of the acquisition offer or with reference to the valuation of the Group's shares, as determined on the basis of revenues or revenues and EBITDA.

Liquidity clause:

The members shall periodically examine together 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' undertaking of sale:

Each of the managers irrevocably and unreservedly undertakes to other managers and to Amplitude SAS to sell them all of their shares 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 undertaking of purchase:

Amplitude irrevocably undertakes to acquire all shares held by managers as from 11 October 2015 throughout the entire residual term of the shareholders' agreement. This undertaking 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 company 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 financial year ended or the revenues of the last financial year ended and the EBITDA).

Possibility of a contribution of shares held by the managers in Novastep to the Company:

From 11 October 2015, the managers may contribute one third of their shares 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 the admission of the shares 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 connection with the initial public offering. From 1 January 2019, the Managers may contribute up to 100% of the shares in the Company that 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.

#### 1.4.3.2 Novastep Inc.

The shareholders' agreement entered into in December 2014 between Amplitude SAS and the chief executive officer of Novastep Inc., includes the following:

##### Pre-emptive right:

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 Novastep Inc.

##### Drag-along Right:

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.

##### Tag-along right:

Should Amplitude SAS decide to conduct a transaction involving more than 50% of the share capital of Novastep Inc., the minority shareholder must be informed of such transaction and will be entitled to sell a certain portion of its shares under the same terms and conditions.

##### Undertaking 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 shares 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 an undertaking to 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 an undertaking of sale held by the chief executive officer is exercised, the exercise price of the undertaking 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.

#### 1.4.3.3 Matsumoto Amplitude Inc.

The shareholders' agreement and option agreement entered into on 19 December 2013 between Mr Takeshi Matsumoto and Amplitude SAS include the following:

##### Undertaking of sale:

Mr Matsumoto has granted Amplitude SAS an undertaking of sale in the event of his departure (termination of the duties or cancellation of one of the distribution, sub-distribution or service provision agreements).

#### Undertaking of purchase:

Amplitude has granted Mr Matsumoto an undertaking 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 undertaking 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 undertaking 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.

#### 1.4.3.4 Amplitude Ile de France

The shareholders’ agreement between Amplitude SAS and the managers of Amplitude Ile de France, entered into on 20 April 2018, includes the following provisions:

#### Inalienability clause:

The managers of Amplitude Ile de France have undertaken not to transfer the shares they hold in the company for a period of 4 to 5 years, unless otherwise agreed in writing by Amplitude SAS.

#### Managers' commitments (exclusivity, non-compete and non-solicitation):

The managers of Amplitude SAS have entered into exclusive agreements during the performance of their respective duties and non-compete and non-solicitation undertakings.

#### Pre-emption right:

Amplitude SAS shall have a pre-emptive right in the event of a sale of shares held by the company's managers (subject to events of unrestricted transfers, for example a transfer of Amplitude SAS to its affiliates).

#### Joint and proportional tag-along rights:

In the event of a change of control of the company and Amplitude SAS, the managers will benefit from a full joint tag-along right.

In the event of a transfer of shares that does not result in a change of control of the company's shareholding structure or of Amplitude SAS's shareholding structure, the managers will benefit from a proportional tag-along right.

#### Drag-along right:

In the event of an offer to acquire all the shares of Amplitude Ile de France and in the event of an agreement of Amplitude SAS, each shareholder has undertaken to sell its shares to the third party that made the total offer to acquire.

Undertaking to sell from managers:

Each of the managers has granted an irrevocable undertaking to sell their shares in the event of their departure.

#### Undertaking to purchase from Amplitude SAS:

Amplitude SAS has undertaken to purchase from the managers all the shares they hold as from the fourth or fifth year following the date of signature of the shareholders' agreement.

### **1.5 REAL ESTATE ASSETS, PLANT AND EQUIPMENT**

#### 1.5.1 Existing or Planned Major Tangible Fixed Assets

The Group companies do not own any real estate assets.

During the financial year ended 30 June 2018, the Group dedicated €1,766,974 to rent and rental expenses and €266,747 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 additional appropriate space could be made available should it prove necessary.

##### 1.5.1.1 France

###### *i. 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), entered into 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<sup>2</sup> constructed on a plot of land of 5,000 m<sup>2</sup>;
- a second building used as offices of a surface area of approximately 3,780 m<sup>2</sup> constructed on a plot of land of 8,797 m<sup>2</sup>; and
- a third building used as offices of a surface area of approximately 3,690 m<sup>2</sup> built on a plot of land of 4,850 m<sup>2</sup>.

The amount of investments in financial leasing is €5,240,300 spread over three tranches, the first corresponding to the price and acquisition costs (€3,274,600), the second to the cost of works on fitting-out and building a connection between the two buildings (€725,400) and the third, to the cost of refurbishment of the historic building (€1,240,300).

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 building dedicated to business and offices of an approximate surface of 3,690 m<sup>2</sup> was financed by a financial leasing agreement in August 2016, of an amount of €4 million or for a term of 15 years.

*ii. 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<sup>2</sup>, are occupied under a commercial lease entered into 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, excluding VAT, ex charges is €78,410.52 to which is added additional 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 additional 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 502 m<sup>2</sup> located in Valence under a commercial lease granted for a nine-year term from 9 July 2015. Amplitude SAS will lease new storage premises of a surface area of 500 m<sup>2</sup> to replace these premises.

The annual rent, excluding tax, excluding charges, is €13,200.

The occupancy of the premises occupied by Amplitude SAS is 95% as of the date of this Registration Document.

*iii. Novastep SAS*

By virtue of an agreement for the making available of premises and services granted for a term of six years from 1 May 2016, Novastep occupies office premises located in Rennes of a total surface area of 290 m<sup>2</sup>, as consideration for a monthly fee for all services provided of €33,350 excluding tax, excluding charges. The rent is indexed annually on the basis of the variation in the INSEE index for rent from tertiary activities, base 2<sup>nd</sup> quarter 2015.

1.5.1.2 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 m<sup>2</sup>, 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 m<sup>2</sup>, 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 m<sup>2</sup>, 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 States, the Group is the lessee, under a lease, of premises used as office in Nanuet, New York having a surface area of 3,500 square feet (approximately 325 m<sup>2</sup>), occupied for an annual rent of US\$64,890 (inclusive of taxes and upkeep of the common parts) and granted for a term of one year from 1 February 2016;
- In Belgium, the Group has entered into 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 monthly amount respectively of €100 and €150 excluding tax covering all affiliation costs and granted for an indeterminate period;
- In Japan, the Group is the lessee under a lease of premises used for offices and storage and a car park, located at 1-11-4 Yushima, Bunkyo-ku, Tokyo, of an occupied surface area of 464 m<sup>2</sup> for a rent of 18,180,288 Yen (taxes and maintenance included) per annum, for a term of two years from 1 March 2016, renewable for 2 years;
- In Romania, the Group is the lessee under a lease of premises used as offices, located at Bucharest, Sectorul 6, Splaiul Independentei, nr 202, Partner, Camera C10C, Corp de Proprietate 2, of an occupied surface area of 32 m<sup>2</sup> for a rent of €2,150.40 per annum, granted for a term of two years from 10 June 2016, renewed for a term of two years that is to end on 5 June 2020; and
- In Brazil, the Group is the lessee under a lease of premises used for offices and storage located at Av. 80-A, 599 Jardim Village, Zip code 13506-095, Rio Claro, of an occupied surface area of 835 m<sup>2</sup> for a rent of 84,000 Reals, granted for a term of 3 years as of 27 April 2017.

## 1.6 INVESTMENTS

### 1.6.1 Investments in the last three financial years

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

<i>(In € thousands)</i>	<b>Financial year ended 30 June 2018</b>	<b>Financial year ended 30 June 2017</b>	<b>Financial year ended 30 June 2016</b>
Intangible assets	13,001	5,169	4,781
Tangible fixed assets	13,616	19,714	11,779
<b>Total</b>	<b>26,617</b>	<b>24,883</b>	<b>16,560</b>

Investments made during the financial year ended 30 June 2018 mainly concerned, for the intangible part, the registration of two patents relating to the new products marketed during the financial year (Score II and Saturn II), including potential royalties to be paid during the years covering the validity of the patents, and for the tangible part, the installation and validation of the clean room for cleaning and packaging implants for €1.0 million and ancillary equipment made available to new customers in France for €5.2 million, at Novastep for €0.8 million, in Australia for €1.5 million, in Brazil for €0.1 million, in South Africa for €0.3

million, in Japan for €0.1 million and in the United States (at Amplitude Corp) for €0.9 million as well as manufacturing tools for new products and Sofab for €0.8 million.

Investments made during the financial year ended 30 June 2017 concern mainly for intangibles, the cost of registering products in the USA of €0.6 million, the KneeMap project for €0.5 million, product development costs of €1.5 million and re-evaluation of patents to include future royalties of €1.9 million and for tangibles, a new logistics building 4 €4.0 million, a clean room for the cleaning and packaging of the implants for €2.5 million and ancillaries made available to new customers in France for €8.8 million, at Novastep for €0.5 million, in Australia for €1.5 million, in Brazil for €1.5 million, in South Africa for €0.2 million and in Japan for €0.3 million and manufacturing resources dedicated to new products for €0.4 million.

Investments made during the financial year ended 30 June 2016 concern mainly for intangibles, the cost of registering products in Japan for €0.6 million, product development costs of €1.6 million, and re-evaluation of patents to include future royalties for €0.6 million and for tangibles, ancillaries made available to new customers in France for €6.4 million, at NovaStep for €0.9 million, in Australia for €2.3 million, in South Africa for €0.6 million and in Japan for €0.4 million, and manufacturing resources dedicated to new products.

#### 1.6.2 Main investments in progress

The Company is currently setting up a clean room, with the full completion of the entire infrastructure. This investment is currently being validated by the Company's teams and should enable it to be operational in three tranches: coated metal in Q2 2018, polyethylene in Q2 2019 and metal in Q3 2020. This investment, with a total cost of €4.0 million, should result in savings of €2 million over a full year, with 90% of the manufacturing flows being internalized. The clean room capacity will enable the Company to cope with a fourfold increase in its volume of activity, with the creation of additional teams and the purchase of new sealing machines.

#### 1.6.3 Main future investments

The company plans to acquire, via SCI Les Tilleuls, a plot of land of 4,000 m<sup>2</sup> opposite the Valence registered office, to accommodate the infrastructure necessary for future subcontracting operations carried out by Sofab and its subsidiaries. The financial commitment for the land is approximately €0.3 million.

Amplitude SAS has incorporated Amplitude Sud, in order to combine its technical and sales operations in a sole entity.

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 1.4.3 of this Registration Document, "*Shareholders' agreements and minority interests*" (see Note 29 to the consolidated financial statements for the year ended 30 June 2018, Section 6.1 "*Group Consolidated Financial Statements for the financial year ended 30 June 2018*" of this Registration Document).

### 1.7 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.

## 1.7.1 Legislation applicable to medical devices

### 1.7.1.1 Europe

#### *i. 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, packaging and distribution of medical devices and enable free movement of these devices in the European internal market.

The European Regime 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).

These Directives will be replaced by two regulations: Regulation (EU) 2017/45 on medical devices and Regulation (EU) 2017/746 on in vitro diagnostic medical devices.

##### 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 obtain 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 55 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).

#### *ii. 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 ISO 13485 certification, an essential quality system certification for medical device manufacturers, helping to meet various requirements of the Medical Devices Directive.

#### 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.

#### *iii. 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).

##### 1.7.1.2 United States

#### *i. 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.

*ii. 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:

*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.

*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).

1.7.1.3 Japan

*i. 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 and medical devices was made in 2014, to align Japanese legislation with market practices, including by adapting ISO 13485:2003 regarding quality systems. The placing on the market of medical devices is monitored by the Japanese Pharmaceuticals and Medical Devices Agency (PMDA). All medical devices require pre-marketing authorisation.

*ii. 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).

#### 1.7.1.4 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.

##### *i. 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.

##### *ii. 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.

#### 1.7.1.5 Australia

##### *i. 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.

##### *ii. 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 the Australian regulations, and in particular with the essential requirements of the Therapeutic Goods (Medical Devices) Regulations 2002 amended.

#### 1.7.1.6 India

##### *i. 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, India’s 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.

ii. *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.

### 1.7.2 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, reinserted in articles 1245 *et seq.* of the French Civil Code by Order No. 2016-131 of 10 February 2016. In European countries, this legislation establishes the automatic liability of producers for losses caused by product defects.

Any producer within the meaning of Article 1245-5 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 fables 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 1245-5 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 *Conseil d’Etat* 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 1245 *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.

### 1.7.3 Management of relationships with prescribing professionals and managers in public hospitals awarding public contracts

#### 1.7.3.1 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 company 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.

#### 1.7.3.2 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 transfer of value must include (i) the name and address of the recipient; (ii) the amount and the date of the payment or the transfer; (iii) the form of the payment or the transfer (monetary or in shares); and (iv) the nature of the payment or the transferred value (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, transfer 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 transfer 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.

Indeed, it is considered a crime under the Anti-Kickback Statute to make an offer, make a payment, solicit or receive valuable item in order to promote or reward the use, recommendation, order or purchase of medical equipment or services funded by a federal medical coverage program. Violation of this Anti-Kickback Statute is punishable by a fine of up to \$25,000 and/or imprisonment of up to 5 years for each violation. There are "safe harbours", exceptions, when conditions are met. In addition, companies distributing health products in which a health professional has a direct or indirect interest are subject to special surveillance, since they are considered as inherently suspicious.

In addition, a violation of the Anti-Kick Back Statute is deemed a violation of the False Claims Act, which provides civil penalties for any undue demand for payment from the federal government. The civil fines are three times the amount of the undue request plus a penalty ranging from \$5,500 to \$11,000 per request.

#### 1.7.4 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.

#### 1.7.5 Environmental legislation

Due 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 and the integration of certain manufacturing steps, the provisions applicable to it in France relate to the regulations applicable to electrical and electronic equipment waste and the disposal of waste water used in the manufacturing process.

##### 1.7.5.1 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.

##### 1.7.5.2 Regulations applicable to electrical and electronic equipment waste

In addition, the Group markets AMPLIVISION® computer-assisted surgery 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.

## **1.8 RESEARCH AND DEVELOPMENT**

### **1.8.1 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.

#### **1.8.1.1 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, i.e., 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.

#### **1.8.1.2 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, computer-assisted surgery (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 45 engineers and/or highly qualified experienced doctors, as well as 11 technicians.

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

#### 1.8.1.3 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 6.8% of revenues for the financial year ended 30 June 2018, i.e., €6.8 million and 7.6% of the revenues for the period ended 30 June 2017, i.e., €7.1 million.

#### 1.8.1.4 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.

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, i.e. (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 14,679 ANATOMIC® knee prostheses in 2018. Total sales of knee prostheses rose from 14,837 to 28,694 over the same period, i.e., an increase of more than 93% 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® computer-assisted surgery 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 and its KNEEMAP® system (measurement of knee kinematics) (see paragraph 1.3.3 “*Group business activities*” of this Registration Document).

#### 1.8.2 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.

1.8.2.1 Patents

i. *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 computer-assisted surgery system).

As at the date of this Registration Document, 53 patent families are operated by the Group. The Group uses 53 families of patents of which (i) 32 families of which it is the owner, (ii) one family of patents which it owns jointly with a third party and (iii) 20 families of patents licensed to it.

<b>PATENTS and PATENT applications</b>	<b>Amplitude Group</b>	<b>Third Parties</b>
<u>Number of families of patents, of which</u>	<b>33</b>	<b>20</b>
▪ Implants, of which	9	17
○ Hip prostheses	5	9
○ Knee prostheses	2	8
○ Foot prostheses	2	0
▪ Instrumentation and ancillaries, of which	17	2
○ Hip instrumentation	3	0
○ Knee instrumentation	7	2
○ Foot instrumentation	7	0
▪ Navigation and evaluation systems, of which	6	1
○ System for knee	6	1
▪ Packaging	<b>1</b>	<b>0</b>
<u>Number of patents and patent applications, of which:</u>	<b>74</b>	<b>40</b>
▪ Implants, of which	22	34
○ Hip prosthesis	9	19
○ Knee prosthesis	4	15
○ Foot prosthesis	9	0
▪ Instrumentation and ancillaries, of which	34	5

<b>PATENTS and PATENT applications</b>	<b>Amplitude Group</b>	<b>Third Parties</b>
○ Hip instrumentation	12	0
○ Knee instrumentation	10	5
○ Foot instrumentation	12	0
▪ Navigation and evaluation system, of which	15	1
○ Systems for knee	15	1
▪ Packaging	3	0
Countries where application filed:	Countries where patent applications are filed are different depending on patent families and adapted depending on marketing goals	

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 the second half of 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, i.e. 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 €113,524 for the financial year ended 30 June 2018, compared with an amount of €218,939 for the financial year ended 30 June 2017.

As at the date of this registration document, no objection has been filed against the patents held or operated by the Company.

*ii. 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.

In the absence of a joint ownership agreement, the additional 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.

### *iii. 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, i.e. 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.

#### 1.8.2.2 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 71 trademarks (154 registrations).

These trademarks were almost all exclusively filed in class 10 of the Nice Classification, i.e., 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.

#### 1.8.2.3 Domain names

Amplitude SAS uses five domain names "amplitude-ortho.fr", "amplitude-ortho.com", "amplitude-ortho.ch", "amplitude-ortho.be", "amplitude-ortho.de" and "amplitude-ortho.ro" 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 and "novasteportho.com" registered in the name of its subsidiary Novastep Inc.

### 1.9 KEY CONTRACTS

#### 1.9.1 Shareholders' agreement

The main Group shareholders' agreements are described in Section 1.4.3 "*Shareholders' agreements and minority interests*" of this Registration Document and include notably:

- a shareholders' agreement between Amplitude SAS and Novastep SAS entered into on 11 October 2013;
- a shareholders' agreement between Amplitude SAS and the chief executive officer of Novastep Inc. concerning the company Novastep Inc.;
- a shareholders' agreement between Amplitude SAS and Mr Takeshi Matsumoto entered into on 19 December 2013 concerning the company Matsumoto Amplitude Inc; and
- a shareholders' agreement between Amplitude SAS and the managers of Amplitude Ile de France, entered into on 20 April 2018, relating to Amplitude Ile-de-France.

#### 1.9.2 Real estate agreements

The key real estate agreements are described in Section 1.5 "*Real Estate Assets, Plant and Equipment*" of this Registration Document and include notably:

- a real estate financial leasing agreement entered into on 4 April 2011 for a term of fifteen years for the registered office of the company SCI Les Tilleuls and the company Amplitude SAS;
- a commercial lease entered into on 19 March 2015 by Amplitude SAS for two sets of premises located in Neyron;
- a commercial lease entered into on 1 May 2015 for storage premises of Amplitude SAS;
- a commercial lease entered into on 1 May 2016 by Novastep SAS for premises located in Rennes;

- a commercial lease entered into on 12 August 2016 with SCI Les Tilleuls, for a term of 15 years for the logistical building of Amplitude SAS;
- a lease agreement entered into on 4 November 2008 by Poli-tech SAS for the headquarters of Poly-tech;
- a commercial lease agreement entered into on 20 July 2009 by Poli Alpes SAS for the headquarters of Poli Alpes;
- a commercial lease agreement entered into on 1 April 2016 by Poli Alpes SAS for industrial premises; and
- a commercial lease agreement entered into on 1 July 2010 by Firm Industrie for the registered office of Firm Industrie.

In addition to these agreements, the agreements described hereunder entered into with its suppliers CeramTec and Marle are also key agreements for the Group.

### 1.9.3 Cash and equity capital

A factoring programme with Natixis Factor was established on 29 June 2004 by Amplitude SAS and amended by a first amendment dated 17 September 2013, a second amendment dated 2 September 2014 and then a third amendment dated 25 June 2016 as described in Section 5.2 “*Cash and Capital Equity*” of this Registration Document).

### 1.9.4 Marle

On 2 May 2013, Amplitude SAS and Etablissements Maurice Marle (Marle) entered into 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 entered into 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.

### 1.9.5 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 entered into 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 entered into 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 2 RISK FACTORS**

### **2.1 RISK FACTORS**

The Group conducts its business in an environment which poses a number of risks, some 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.

#### 2.1.1 Risks relating to markets on which the Group operates

##### 2.1.1.1 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.

Global growth is expected to slow beyond the next two years, as evidenced by the International Monetary Fund's forecasts. Once their output gaps are closed, most advanced countries are expected to return to potential growth well below pre-crisis averages, held back by population ageing and low productivity. *(Source: IMF, World Economic Outlook, April 2018)*

The economic difficulties could also lead governments, insurance companies and other third parties to reduce healthcare costs, which could impact on the Group 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.

#### 2.1.1.2 Risks relating to existing and future competition facing the Group

The sector including orthopaedic prostheses is a highly competitive market, dominated by major international players, such as Zimmer- Biomet, DePuy Synthes (J&J Group), Stryker, Smith & Nephew or Medtronic, which dominate the world orthopaedic prostheses market. These firms generated cumulated revenues of 61% on this market in 2016. (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*).

These companies 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 , Exactech or Wright Medical in the United States.

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 communication 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 companies. The orthopaedic prostheses sector is experiencing widespread consolidation as demonstrated by the mergers completed in 2015 between Zimmer and Biomet, in 2016 between Medtronic and Responsive Orthopedics and in 2017, between Corin and Tornier. This trend towards consolidation strengthens the competitive positioning of the companies 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 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 (GIE) 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.

### 2.1.1.3 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.

### 2.1.1.4 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, in France, the Economic Committee for Medicinal Products (CEPS) 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. By a decision dated 3 December 2015, the French *Conseil d'Etat* [Council of State] annulled a decision reducing the prices initiated in 2013.

Moreover, the CEPS in a decision dated 19 February 2016 reduced the prices imposed on 14 March 2016 by 12.30% for hip prosthesis and 7.40% for knee prostheses. Finally, in an order of 18 April 2016, the Council of State cancelled the reduction for some hip implants only. In June 2017, the CEPS suggested a new plan for price reductions over 2 years. On 21 August 2017, a 3.5% decrease on average was applied to hip and knee implants. The plan also provides for a 1.75% decrease in July 2018 on hip and knee implants. The CEPS undertakes not to implement any other price decreases on all of the orthopaedic implants referred to in article 1 of such plan and included in a generic description prior to 1 August 2019.

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.

## 2.1.2 Risks relating to Group business and products

### 2.1.2.1 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 with approximately €6.8 million at 30 June 2018, and €7.1 million at 30 June 2017, respectively representing 6.8% and 7.6% 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.

### 2.1.2.2 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.

#### *i. Intellectual and industrial property rights*

Of the 53 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 entered into 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.

*ii. 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.

*iii. 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.

*iv. 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.

*v. 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 compensation 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 additional compensation as a result could request additional compensation, 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.

#### 2.1.2.3 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. The Group has also reinforced its security policy for connections to the IT network for staff and for passwords (notably mandatory renewal). 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® computer-assisted surgery 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.

#### 2.1.2.4 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.

#### 2.1.2.5 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.

#### 2.1.2.6 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, and 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 entered into 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 entered into 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. Thus, Prothys obtained in 2017 the 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, as amended*, 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 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.

#### 2.1.2.7 Risks relating to outsourcing manufacturing of products and dependency on subcontractors

The Group operates according to a “*fables*” 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 on-going 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 (see paragraph 1.3.3.5 “*Suppliers*” of this Registration Document).

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. Indeed, 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's 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.

#### 2.1.2.8 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. Thus, 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.

#### 2.1.2.9 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 and in France 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 €15 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.

#### 2.1.2.10 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 company 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.

#### 2.1.2.11 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 on-going 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.

#### 2.1.2.12 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.

#### 2.1.2.13 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 entered into 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.

#### 2.1.2.14 Risks relating to the international nature of the Group's business

The Group currently operates in 37 countries worldwide, of which 11 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 foreign exchange policy ;
- regulations on foreign investments;
- employment, social security and collective bargaining;
- immigration;
- health and safety;
- public sector contracts;
- competition;
- the controls on international trade; and
- environmental protection.

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.

### 2.1.2.15 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, and 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.

### 2.1.3 Legal risks, litigation and tax risks

#### 2.1.3.1 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 updated by the law of 7 October 2016 for a digital Republic) 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 companies 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 tightening 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.

### 2.1.3.2 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 impose obligation, in particular, 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 entered into with its suppliers, its business, results, financial position, expansion or prospects could be significantly compromised.

### 2.1.3.3 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. In this case, the installations could, according to the applicable regime, be subject to registration, declaration or authorisation.

As well, 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 additional restoration measures.

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

#### 2.1.3.4 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 below. 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.

As of the date of this Registration Document, there are no administrative, criminal, judicial or arbitration proceedings other than those referred to below, 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.

##### *i. 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 ruling 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 ruling. By judgment of 7 September 2017, the Grenoble Court of Appeal ordered Amplitude SAS to pay Prothys (i) an amount of €149,374.74 in respect of the indemnity relating to the notice period, i. e. 3 months (in addition to statutory interest), (ii) €959,716 in respect of the severance indemnity (in addition to statutory interest) and (iii) the sum of €12,000 in respect of the procedural indemnity.

Amplitude SAS had booked, as at 30 June 2017, a provision of €1,150,656.43 for this dispute. Amplitude SAS paid an amount of EUR 1,150,686.43 in September 2017. This payment settled the dispute.

*ii. Dispute between Amplitude SAS and Zimmer Biomet France*

By subpoena dated 15 June 2017, Zimmer Biomet France brought proceedings before the Commercial Court of Romans against (i) B.R.A., with whom it had entered into a commercial agent's agreement dated 20 February 2006 which expired on 30 June 2016, in breach of the non-compete clause contained in such agreement, and (ii) Amplitude SAS for being complicit in the breach of such agreement and thus having committed acts of unfair competition in respect of Zimmer Biomet France.

Zimmer Biomet seeks joint and several sentencing of Amplitude and of B.R.A. to pay damages in an amount of €9,800,000 in compensation for the damage suffered. Amplitude SAS denies the existence of acts unfair competition.

Zimmer Biomet caused a procedural incident to request Amplitude SAS to provide certain documents relating to the company's revenues under penalty payment. Amplitude SAS objected to this request. The procedural incident was heard on 13 June 2018 before the Commercial Court of Romans.

The Commercial Court of Romans, in its decision of 11 October 2018, (i) ordered Amplitude SAS to communicate in the form of accounting certificates duly certified by an accountant or a statutory auditor the annual revenues achieved by Amplitude SAS for the years 2014-2015 and 2016-2017 for customers requested by Zimmer Biomet and (ii) scheduled the resumption of the hearing for 13 February 2019.

As at 30 June 2018, Amplitude SAS had not recorded any provision.

*iii. Dispute between Amplitude SAS and S.E.R.F.*

By writ of summons dated 20 April 2018, Société d'Etudes et de Recherches et de Fabrication (**S.E.R.F.**) brought an action for patent infringement before the First Instance Court of Paris against Amplitude SAS.

S.E.R.F. claims that Amplitude SAS manufactures and markets a model of a cup for hip prosthesis which it claims reproduces the claims of a French patent belonging to it, and seeks compensation for the damage it claims to have suffered.

S.E.R.F. requests that Amplitude SAS be ordered to pay an amount of €239,641 in damages.

Amplitude SAS will request the Court to dismiss this infringement action.

*iv. Dispute between Amplitude SAS and URSSAF on the specific contribution for commercial agents' fees.*

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, by registered mail dated 21 December 2010, of a reassessment of €881,315. The reassessment 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 reassessments and seized the French Arbitration Committee ("CRA") in order to state its position. It objects in particular the method of calculation established based on the argument that the provisions of the French Social Security Code referred to above do not refer to the amounts paid to commercial agents (who have the status of freelance workers) but only compensation granted to persons having an employee status. In October 2011, the CRA rejected the challenge and maintained the URSSAF reassessment in its entirety.

Amplitude SAS then seized the French Social Security Affairs Court (the "TASS") for cancellation of the reassessment. On 7 November 2013, the TASS of Valence rejected Amplitude SAS' claims and sentenced it to pay the amount of €981,315 under the reassessment. Amplitude SAS appealed the decision.

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). 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 URSSAF Rhône appealed against this decision on 9 November 2015.

By a judgment dated 15 December 2016, the second civil division of the *Court of Cassation* (i) quashed and annulled, in all its provisions with the exception of those stating that there is no need to transmit the QPC, the judgment issued on 8 September 2015 by the Grenoble Appeal Court of and (ii) remitted the case to the Appeal Court of Chambéry. The Appeal Court of Chambéry, in a ruling dated 12 September 2017, upheld the judgment of the Valence TASS.

Amplitude SAS appealed against this decision. The Court of Cassation is due to examine the case on 24 October 2018 and deliver its ruling in the course of December 2018.

In addition, Amplitude SAS was the subject of a formal notice from URSSAF Rhône Alpes dated 5 April 2018 to pay the additional late payment increases for 2007 and 2008, i.e. an amount of €276,269. By application dated 6 June 2018, Amplitude SAS brought an action before the CRA for a stay of proceedings pending a final decision on the main relief. As of the date of this Registration Document, since the CRA has not issued a decision within the one-month time limit, Amplitude SAS will be able to refer the matter to the TASS of Valence.

In parallel with this dispute, the Amplitude SAS was once again the subject of an URSSAF (Rhône Alpes) 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.

By a ruling dated 28 April 2017, the CRA partially rejected Amplitude SAS's challenge, with the exception of the reduction in the amount of the adjustment from €4,947,676 to €4,938,905 (excluding the late payment penalty).

On 10 August 2017, Amplitude SAS filed an appeal against this decision with the TASS of Valence. The timetable for the procedure is not yet known at the date of this Registration Document.



On 30 June 2018, Amplitude SAS has booked a provision in an amount of €15,466 thousand.

*v. Provisions for disputes*

On 30 June 2017, the total amount of provisions for the Group's disputes totalled €16,129 thousand (see note 26 to the consolidated financial statements). The Group had booked, inter alia, a provision of €15,466 thousand relating to its disputes with the URSSAF (see note 26 to the consolidated financial statements).

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

2.1.3.5 Tax risks

*i. 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.

*ii. 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 compensation 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.

At 30 June 2018, the CIR booked in the financial statements amounted to €348,030, compared to €693,000 at 30 June 2017.

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.

iii. *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, excluding VAT and excluding exports. (Article 1600-0 O of the French General Tax Code).

The amount of tax totalled €133,118 for the calendar year ended 31 December 2015, and €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 excluding VAT sales of medical devices and in vitro diagnostic devices achieved in France during the calendar year in which it is due. The contribution is not due if the total amount of annual sales is below €500,000 excluding VAT.

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.

On 1 June 2017, a provisional contribution of €100,522 was paid by the Group. On 1 March 2018, and adjustment of an amount of €26,156 was paid by the Group.

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.

iv. *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) compensation of any nature (including employee savings plan and the associated social security contributions) for salaried and non-salaried staff of the taxable companies, operating in France for the purposes of representing, 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 excluding VAT 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 excluding VAT 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.

#### 2.1.4 Financial risks

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

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

- the provision of consignment stock to its customers and occasionally, to 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.

##### 2.1.4.2 Risks relating to the Group's debt

The Group currently carries significant debt. On 30 June 2018, total Group debt amounted to €123.1 million (see paragraph 5.2.2.2 in this Registration Document). This debt includes in particular:

- 2016 Non-convertible Bonds governed by terms and conditions (the "**Terms and Conditions of the 2016 Bonds**") of a nominal amount of €65 million;
- 2014 Non-convertible Bonds governed the terms and conditions (the "**Terms and Conditions of the 2014 Bonds**") of a nominal amount of €31 million, further to the early repayment of an amount of €35 million;
- two medium-term loans entered into with BPI of €3 million and €5 million respectively;
- a medium-term loan entered into with CIC for the construction of the clean room for €1.6 million;
- financial lease agreements for €15.4 million: and
- a factoring agreement for €0.8 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 company;
- 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 additional funds or to raise capital in future and increase the costs of any additional finance.

Furthermore, the Group's capacity to meet 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 additional 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 2.1.5.3 in this Registration Document), despite rate hedging instruments subscribed that only partially cover the amount of the floating rate debt.

The 2014 and 2016 Terms and Conditions of the Bonds require the Group to comply with covenants, notably financial and specific ratios (see Section 5.2 "*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.

#### 2.1.4.3 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 Section 5.2 "*Cash and Capital Equity*" 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.

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

At 30 June 2018, goodwill totalled €95.7 million (see note 16 of the consolidated financial statements for the financial year ended 30 June 2018 financial year included in Section 6.1 "*Group Consolidated Financial Statements for the financial year ended 30 June 2018*" 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 financial year in which said charges were recorded.

At 30 June 2018, deferred taxes posted as assets in the Group's consolidated financial statements totalled €10.1 million (see note 15 of the consolidated financial statements for the financial year ended 30 June 2018 financial year included in Section 6.1 "*Group Consolidated Financial Statements for the financial year ended 30 June 2018*" 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.

## 2.1.5 Market risks

### 2.1.5.1 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, the US dollar, the Swiss franc, the South African rand 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 2018, 21.9% of the income from the Group's ordinary business was realised in currencies other than the euro, mainly US dollars, Australian dollars, Swiss francs, South African rands and Brazilian *reals*, representing respectively 2.2%, 9.6%, 1.1%, 1.6% and 6.6% 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 2018:

<b>USD (in thousands of euros except for the average rate of risk exposure)</b>	<b>Amount in the currency of commitment</b>	<b>Conversion at the historic rate (a)</b>	<b>Average rate of risk exposure</b>	<b>Equivalent value of the fixing rate (b)</b>	<b>Potential gross difference (a) – (b)</b>
<b>Commercial risk</b>					
Revenues as at 30 June 2018	2,465	2,109	1.19	2,068	41
Export invoices (balance)	964	825	1.19	809	16
Import invoices (balance)	521	446	1.19	437	9
Net commercial risk	443	379	1.19	372	7
<b>Financial risk</b>					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	42	36	1.19	35	1
Financial Risk - debit	42	36	1.19	35	1
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	42	36	1.19	35	1
Net position excluding options	485	415	1.19	407	8

A variation of +/- 5% in the rate for the American dollar would have an impact of €-11 thousand or +€27 thousand on the net result and -€1 thousand or +€3 thousand on equity capital.

The table below presents the Group's exposure to exchange rate risks for the Australian dollar on 30 June 2018:

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)
<b>Commercial risk</b>					
Revenues as at 30 June 2017	15,206	9,639	1.55	9,819	-181
Export invoices (balance)	3,247	2,058	1.55	2,097	-39
Import invoices (balance)	1,625	1,030	1.55	1,049	-19
Net commercial risk	1,622	1,028	1,55	1,047	-19
<b>Financial risk</b>					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	607	385	1.55	392	-7
Financial Risk - debit	607	385	1.55	392	-7
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	607	385	1.55	392	-7
Net position excluding options	2,229	1,413	1.55	1,440	-27

A variation of +/- 5% in the rate for the Australian dollar would have an impact of -€68 thousand or of +€35 thousand on the net result and of -€26 thousand or +€13 thousand on equity capital.

The table below presents the Group's exposure to exchange rate risks for the Swiss franc on 30 June 2018:

<b>CHF (in thousands of euros except for the average rate of risk exposure)</b>	<b>Amount in the currency of commitment</b>	<b>Conversion at the historic rate (a)</b>	<b>Average rate of risk exposure</b>	<b>Equivalent value of the fixing rate (b)</b>	<b>Potential gross difference (a) – (b)</b>
<b>Commercial risk</b>					
Revenues as at 30 June 2018	1,267	1,095	1.16	1,091	3
Export invoices (balance)	162	140	1.16	140	0
Import invoices (balance)	156	135	1.16	135	0
Net commercial risk	6	5	1.16	5	0
<b>Financial risk</b>					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	69	60	1.16	60	0
Financial Risk - debit	69	60	1.16	60	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	69	60	1.16	60	0
Net position excluding options	75	65	1.16	65	0

A variation of +/- 5% in the rate for the Swiss franc would have no impact on the net result and -€3 thousand or +€3 thousand on equity capital.



The table below presents the Group's exposure to exchange rate risks for the South African rand on 30 June 2018:

<b>ZAR (in thousands of euros except for the average rate of risk exposure)</b>	<b>Amount in the currency of commitment</b>	<b>Conversion at the historic rate (a)</b>	<b>Average rate of risk exposure</b>	<b>Equivalent value of the fixing rate (b)</b>	<b>Potential gross difference (a) – (b)</b>
<b>Commercial risk</b>					
Revenues as at 30 June 2018	24,778	1,545	15.28	1,622	-76
Export invoices (balance)	3,328	207	15.28	218	-10
Import invoices (balance)	2,582	161	15.28	169	-8
<b>Net commercial risk</b>	746	46	15.28	49	-2
<b>Financial risk</b>					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	11,418	712	15,28	747	-35
<b>Financial Risk - debit</b>	11,418	712	15.28	747	-35
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
<b>Financial Risk - credit</b>	0	0	0	0	0
<b>Net financial risk</b>	11,418	712	15.28	747	-35
<b>Net position excluding options</b>	12,164	758	15.28	796	-38

A variation of +/-5% in the rate for the South African rand would have an impact of -€5 thousand or no impact on the net result and of -€69 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 2018:

<b>BRL (in thousands of euros except for the average rate of risk exposure)</b>	<b>Amount in the currency of commitment</b>	<b>Conversion at the historic rate (a)</b>	<b>Average rate of risk exposure</b>	<b>Equivalent value of the fixing rate (b)</b>	<b>Potential gross difference (a) – (b)</b>
<b>Commercial risk</b>					
Revenues as at 30 June 2018	26,520	5,889	4.01	6,603	-714
Export invoices (balance)	17,639	3,917	4.01	4,392	-475

Import invoices (balance)	2,576	572	4.01	641	-69
<b>Net commercial risk</b>	15,063	3,345	4.01	3,750	-405
<b>Financial Risk</b>					
Forward-selling commitment	0	0	0	0	0
Debit balance - bank	6,935	1,540	4.01	1,727	-187
<b>Financial Risk - debit</b>	6,935	1,540	4.01	1,727	-187
Forward-purchasing commitment	0	0	0	0	0
Credit balance - bank	0	0	0	0	0
<b>Financial Risk - credit</b>	0	0	0	0	0
<b>Net financial risk</b>	6,935	1,540	4.01	1,727	-187
<b>Net position excluding options</b>	21,998	4,885	4.01	5,477	-592

A variation of +/- 5% in the rate for the Brazilian real would have an impact of -€565 thousand or of -€229 thousand on the net result and of -€260 thousand or of -€106 thousand on equity capital.

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

#### 2.1.5.2 Credit/counterparty risks

Credit or counterparty risk refers to the risk that a party to an agreement entered into 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 financial years ended 30 June 2018 and 2017, 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 Program 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.

### 2.1.5.3 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 2018, the fair value of the interest rate swaps entered into by the Group totalled €0.3 million gross of deferred tax, i.e., €0.2 million net of deferred tax, posted as liabilities (derivatives) against equity capital.

On 30 June 2018, the outstanding variable rate debt was €101.1 million, i.e., 82.1% of the total Group debt on that date.

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

Date of Processing	Bank	Direction	Type	Nominal outstanding (millions)	Currency	Start	Maturity	Remaining term (years)	Rate	Frequency (months)
25/02/11	CIC	E	SWAP	2.0	EUR	21/03/11	22/12/25	7.5	3.29%	3
16/12/14	LCL	E	SWAP	15	EUR	16/12/14	17/09/18	0.2	0.07%	1
16/12/14	PAL	E	SWAP	10	EUR	16/12/14	17/09/18	0.2	0.07%	1
16/12/14	LCL	E	SWAP	8.5	EUR	16/12/14	16/09/19	1.2	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 2018 is set forth below:

(in millions of euros)	30 June 2018
<b>Summary of debts prior to hedging</b>	
Fixed rate	22.0
Floating rate	101.1
<b>Total</b>	<b>123.1</b>
<b>Summary of debts after hedging</b>	
Fixed rate	57.5
Floating rate	65.6
<b>Total (after hedging)</b>	<b>123.1</b>

After hedging, an increase of 1% in the floating rate on 30 June 2018 would have had an impact of €0.6 million on the net result, a decrease of such rates (the latter being negative) would have no impact, and of €0.4 million in the event of an increase and of €(0.4) million in the case of a fall of rates on reserves, taking into account the fluctuation of the fair value of the swaps

### 2.1.5.4 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 2018:

(in millions of euros)	< 1 year	2 to 5 years	> 5 years	Total on 30 June 2018
<b>Loans from credit establishments</b>				
Bond loan	2.3	65.0	29.9	97.2
Spread loan expenses				
<b>Bank overdrafts</b>				
Bank overdrafts	0.05	-	-	0.05
Interest accrued on overdrafts	-	-	-	-
<b>Other financial debts and loans</b>				
Finance leases	3.0	9.0	3.4	15.4
Interest accrued on loans	-	-	-	-
Other loans and financial debts	2.5	7.5	0.5	10.9
Derivative financial instruments	-	-	-	-
<b>Financial debt</b>	<b>7.8</b>	<b>81.5</b>	<b>33.8</b>	<b>123.1</b>

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 Section 5.2 “Cash and Capital Equity” 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 2018, the receivables assigned by Amplitude SAS to Natixis Factor represent an amount of €9.7 million for finance obtained of €8.3 million. The methods of accounting for the Factoring Programme are detailed in the accounting principles in note 23 to the consolidated financial statement for the financial year ended 30 June 2018 shown in Section 6.1 “Group Consolidated Financial Statements for the financial year ended 30 June 2018” in this Registration Document.

The agreement on the Factoring Programme was entered into 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 Section 5.2 “Cash and Capital Equity” 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 Section 5.2 "*Cash and Capital Equity*" in this Registration Document.

#### 2.1.5.5 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.

## 2.2 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 €0.571 million, €0.505 million and, €0.522 million for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016.

No significant claim was made by the Group during the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016. These insurance policies were not the subject of any significant actions against the Group during the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016.

Since 1 July 2016, the Group has had civil liability insurance with the insurance company HDL.

Insurance	Assurer	Risks covered	Amount of guarantee	Excess	Date of entry into effect and expiry
<b>Insurance for transportation of merchandise</b> (Territory: whole world)	Helvetia	Air, road, maritime transport, on own account, by post Trade fairs and exhibitions	From €5,000 to €150,000	N/A	01/07/2012 01/07/2013 then renewal by tacit agreement
<b>Business use vehicle insurance</b> (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	N/A, except €500 for: Fire, storm, theft, all accident damage	01/01/2012 01/01/2013 then renewal by tacit agreement
<b>Delivered product liability insurance</b> (Territory: worldwide, except for permanent establishments located outside France and	HDI	Third party liability during operations or works  Third party liability after delivery	From €200,000 to €8,000,000  Between €1,500,000 and €15,000,000	Up to €5,000  From €30,000 to €75,000	01/07/2017 for a two-year period

Insurance	Assurer	Risks covered	Amount of guarantee	Excess	Date of entry into effect and expiry
Germany)		Professional indemnity liability Criminal defence and claims	€2,000,000 Maximum €16,000 per claim	€10,000	
<b>Vehicle fleet insurance (Territory: mainland France, EU member states for the professional third party liability guarantee)</b>	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 Natural disasters	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  Conventional value or loss adjuster	N/A  N/A  According to type of vehicle  According to type of vehicle  N/A  According to type of vehicle  N/A  Amounts fixed by public authorities	01/01/2011 01/01/2012 then renewal by tacit agreement
		Roadside rescue and towing	€400	N/A	
		Financial loss	Up to residual value of finance	N/A	
		Driver guarantee	€310,000	N/A	
<b>Third party liability of corporate executives (Territory: worldwide )</b>	CHUBB Insurance	Liability guarantees for executives:  Extension of	€8,000,000 \$1,000,000 for the contract entered into with Amplitude Suisse, Matsumoto Amplitude Inc. and Amplitude Latam and Amplitude Australia Pty Ltd.  From €30,000 to	€10,000 in the USA	01/07/2011 01/07/2012 then renewal by tacit agreement

<b>Insurance</b>	<b>Assurer</b>	<b>Risks covered</b>	<b>Amount of guarantee</b>	<b>Excess</b>	<b>Date of entry into effect and expiry</b>
		guarantee of executives: Guarantees for the company:	€8,000,000 From €45,000 to €6,000,000		
<b>Contract Business Class</b> <b>(Territory: worldwide)</b>	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	
<b>Multi-risk industrial and commercial damages insurance</b> <b>(Territory: all of France, excluding Corsica)</b>	Generali -	Guarantee for damage to property: Financial loss	From €200,000 to €80,000,000 €40,802,034	€15,000 for main guarantees	01/07/2011 to 30/06/2012 then renewably tacit agreement
<b>Key individual insurance</b>	AXA	Capital guaranteed in the event of death of Mr Jallabert	€5,016,000	N/A	03/12/2014 Expiry upon 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

## 2.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

### 2.3.1 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; and
- 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.

#### 2.3.1.1 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-Chairman) 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; and
- 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.



#### 2.3.1.2 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.

#### 2.3.1.3 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.

## CHAPTER 3 CORPORATE GOVERNANCE

This Chapter 3 constitutes the corporate governance report required by Article L. 225-37 of the French Commercial Code.

This report was prepared by the Board of Directors in collaboration with the Senior Management.

### 3.1 ADMINISTRATIVE AND MANAGEMENT BODIES

#### 3.1.1 The Company's administrative, supervisory bodies and senior management

##### 3.1.1.1 Members of administrative, supervisory bodies and of senior management

As of the date of this Registration Document, the Company is a French public limited company with a Board of Directors governed by the laws and regulations in force and by its articles of association.

This governance structure is intended to simplify the decision-making process and strengthen the accountability of the Board of Directors.

Olivier Jallabert is Chairman and Chief Executive Officer.

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 Section 3.5 ("Founding Deeds and Articles of Association") of this Registration Document.

#### *i. Board of Directors*

##### **Composition of the Board of Directors**

In accordance with the Company's articles of association, the Board of Directors comprises between three and 18 members appointed for a term of four years (or any other maximum number resulting from an amendment of the legal provisions in force), it being specified that directors representing employees are not taken into account when determining the minimum and maximum number of directors. The Board of Directors is composed of 4 members, including 1 independent member (Mr Daniel Caille), whose information updated to the date of the registration document is provided below.

<b>Mr Olivier JALLABERT</b>  (51 years)	<b>PROFESSIONAL ADDRESS:</b>  11, Cours Jacques Offenbach, Valence (26000)	<b>NUMBER OF SHARES HELD:</b>  397,806 shares
<b>EXPERIENCE AND EXPERTISE</b>		
<b>Chairman and Chief Executive Officer, member of the Board of Directors</b>  Olivier Jallabert founded the Amplitude Group in 1997, he formerly worked for major American groups (in particular Biomet as Europe R&D Manager). He has more than 25 years' experience in the orthopaedics industry.		

<b>TERM OF OFFICE</b>	
First appointment: 10 June 2015	
Current term: from 10 June 2015 until the Shareholders' Meeting of the Company called to approve the financial statements for the financial year ended 30 June 2018	
<b>LIST OF CORPORATE MANDATES AND OTHER DUTIES IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE BUSINESS YEARS</b>	
<b>Corporate mandates and duties at the Group</b>	<b>Corporate mandates and duties outside the Group</b>
<u>Current:</u>	<u>Current:</u>
<i>In France</i>	<i>In France</i>
<ul style="list-style-type: none"> <li>• Amplitude Surgical (Chairman and CEO)</li> <li>• Amplitude SAS (Chairman)</li> <li>• Novastep SAS (Director)</li> <li>• SCI Les Tilleuls (Manager)</li> <li>• Sofab Orthopédie SAS (legal representative of Amplitude SAS, Chairman)</li> <li>• Firm Industrie SARL (Manager)</li> <li>• Poli Tech SAS (legal representative of Amplitude SAS, Chairman)</li> <li>• Poli Alpes SAS (legal representative of Amplitude SAS, Chairman)</li> </ul>	N/A
<i>Abroad</i>	<i>Abroad</i>
<ul style="list-style-type: none"> <li>• Amplitude Benelux (Manager)</li> <li>• Amplitude GmbH (Chairman)</li> <li>• Amplitude India Pvt Ltd (Chairman)</li> <li>• Amplitude Australia (Director)</li> <li>• Amplitude Suisse (Chairman)</li> <li>• Amplitude Matsumoto (Director)</li> <li>• Novastep Inc. (Director)</li> <li>• Amplitude Orthopaedic Ltd (formerly Joint Research Ltd.) (Director)</li> <li>• Amplitude South Africa PTY LTD (Director)</li> <li>• Amplitude ORtho SRL (Director)</li> </ul>	N/A
<u>During the last five financial years:</u>	<u>During the last five financial years:</u>
<i>In France</i>	<i>In France</i>
- OrthoFin I (Permanent representative of	- Olisa (Manager)

<ul style="list-style-type: none"> <li>Olisa, Chairman)</li> <li>- OrthoFin II (Permanent representative of Olisa, Chairman)</li> <li>- Amplitude Group (Permanent representative of Olisa, Chairman)</li> <li>- Amplitude SAS (Chairman)</li> <li>- AEM Medical (Permanent representative of Olisa, Chairman)</li> <li>- Novastep SAS (Director)</li> <li>- OrthoManagement (Chairman)</li> <li>- SCI Les Tilleuls (Manager)</li> </ul>	
<i>Abroad</i>	<i>Abroad</i>
<ul style="list-style-type: none"> <li>- Amplitude GmbH (Chairman)</li> </ul>	N/A

<b>APAX Partners MidMarket</b> Represented by Mrs Annick BITOUN (47 years)	<b>PROFESSIONAL ADDRESS:</b> 1, rue Paul Cézanne, Paris (75008)	<b>NUMBER OF SHARES HELD:</b> 1 share
<b>EXPERIENCE AND EXPERTISE</b>		
<p><b>Director, member of the Board of Directors, member of the Audit Committee, member of the Appointments Committee, member of the Compensation Committee</b></p> <p>Annick Bitoun joined Apax Partners in September 2014 in the capacity of Debt Manager. She started her career at Crédit Lyonnais, then, after the merger, at Crédit Agricole CIB as Director within the Leverage Finance France division. More recently, Annick Bitoun worked with legal receivers firm Valliot &amp; Le Guerevé-Abitbol, where she was in charge of the restructuring of companies in difficulty, listed or nonlisted, through amicable ad hoc mandate / conciliation proceedings.</p> <p>She is a graduate of the Paris Dauphine University.</p>		
<b>TERM OF OFFICE</b>		
<p>First appointment: 10 June 2015 (it being specified that on 23 November 2016, Mrs Annick Bitoun replaced Mr Vincent Collomb as permanent representative of Apax Partners SAS)</p> <p>Current term of office: from 10 June 2015 until the Shareholders' Meeting of the Company called to approve the financial statements for the financial year ending 30 June 2018</p>		
<b>LIST OF CORPORATE MANDATES AND OTHER DUTIES IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS</b>		
<b>Appointments and duties in the Group</b> <u>Current:</u>	<b>Appointments and duties in the Group</b> <u>Current:</u>	

<i>In France</i> - N/A <i>Abroad</i> - N/A <u>During the last five financial years:</u> <i>In France</i> - N/A <i>Abroad</i> - N/A	<i>In France</i> - N/A <i>Abroad</i> - N/A <u>During the last five financial years</u> <i>In France</i> - N/A <i>Abroad</i> - N/A
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<b>Mr Bertrand PIVIN</b> (58 years)	<b>PROFESSIONAL ADDRESS:</b> 1, rue Paul Cézanne, Paris (75008)	<b>NUMBER OF SHARES HELD:</b> <b>1 share</b>
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**EXPERIENCE AND EXPERTISE**

**Director, member of the Board of Directors, member of the Audit Committee, member of the Appointments Committee, member of the Compensation Committee**

Bertrand Pivin joined Apax Partners in 1993. He is the investment manager in the Services and Healthcare sectors. He began his career as a R&D Engineer at Alcatel in France, then went to the United States to supervise R&D projects for North American Telecoms operators. Bertrand is the Partner responsible for our responsible investor policy. He is a graduate of the Ecole Polytechnique, of Telecom ParisTech and holds a MBA from Harvard Business School.

**TERM OF OFFICE**

First appointment: 10 June 2015

Current term of office: from 10 June 2015 until the Shareholders' Meeting of the Company called to approve the financial statements for the financial year ended 30 June 2018

**LIST OF CORPORATE MANDATES AND OTHER DUTIES IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FINANCIAL YEARS**

<b>Corporate mandates and duties at the Group</b>  <u>Current:</u> <i>In France</i> - Amplitude Surgical (Director, member of the Audit Committee, Member of the Appointments Committee and member of the Compensation Committee)	<b>Corporate mandates and duties outside the Group</b>  <u>Current:</u> <i>In France</i> - Apax Partners SAS (Director)  - Financière MidMarket SAS (Director)  - INSEEC Association (Member of the Supervisory Board) - Insignis SAS (Chairman of the Board of
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<p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- N/A</li> </ul>	<p>Directors and Director)</p> <ul style="list-style-type: none"> <li>- Insignis Management SAS (Chairman)</li> <li>- Société Civile Haydée (Managing Partner)</li> <li>- SCI La Princesse (Managing Partner)</li> <li>- SCI La Caravelle (Managing Partner)</li> <li>- SCI Les Jacobins (Managing Partner)</li> <li>- Finondes SASU (Member of the Supervisory Board)</li> <li>- Sairem SAS (Member of the Supervisory Board)</li> </ul> <p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- Hephaestus III B.V.(Non-Executive Director and Chairman of the Board)</li> <li>- Hephaestus IV Cooperatief UA (Managing Director)</li> <li>- European Education Centre Ltd. (Director)</li> <li>- International University of Monaco SAM (Director)</li> <li>- Dantes (Chairman of the Board of Directors and Director)</li> <li>- Toruk AS (Chairman of the Board and Sole Board Member)</li> <li>- Makto Sarl (Manager)</li> <li>- Ikran Sarl (Class A Manager)</li> <li>- Ikran 2 SA (Class A Director)</li> <li>- Ikran 1 SCA (member of the Supervisory Board)</li> </ul>
<p><u>During the last five financial years:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- OrthoFin I SAS (Director)</li> <li>- OrthoFin II SAS (Director)</li> </ul> <p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- N/A</li> </ul>	<p><u>During the last five financial years:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- Centre d'Etudes Européen pour l'Enseignement Supérieur (Chairman)</li> <li>- Insignis SAS (Chairman)</li> </ul> <p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- Mobsat Gérance Sàrl (Manager)</li> <li>- Chrysaor S.à.r.l (Class A Manager)</li> <li>- Capio Holding AB (Director of the Board)</li> <li>- Capio AB (Director of the Board)</li> <li>- Ygeia TopHolding AB (Director of the Board)</li> <li>- Ygeia Equity AB (Director of the Board)</li> <li>- Unilabs Holding AB (Director of the Board)</li> <li>- Captolia Gérance SàRL (representative of Captor)</li> </ul>

		<ul style="list-style-type: none"> <li>- Captor SA (President of the Board of Directors and Director)</li> <li>- Hephaestus B.V (Managing Director)</li> <li>- Hephaestus II Ltd (Director)</li> <li>- Hephaestus III B.V (Managing Director)</li> </ul>
<b>Mr Daniel CAILLE</b> (67 years)	<b>PROFESSIONAL ADDRESS:</b> 61, Avenue Victor Hugo, 75116 Paris	<b>NUMBER OF SHARES HELD:</b> <b>10 shares</b>
<b>EXPERIENCE AND EXPERTISE</b>		
<b>Director, member of the Board of Directors, member of the Audit Committee, member of the Appointments Committee, member of the Compensation Committee</b>		
<p>Daniel Caille was in turn the deputy CEO of Vivendi Universal, the CEO of La Poste, the chairman and founder of Générale de Santé and currently, is an independent director, a member of ad hoc committees and a consultant on behalf of French and foreign companies in the environment, health, home care services, service employment checks, home services and care home sectors. Moreover, in France, he has notably been the chairman of Vivalto since 2006, chairman of Vivalto Santé SAS since December 2009, chairman of Vivalto Santé Holding and the chairman and chief executive officer of Vivalto Santé SA since November 2015, chairman of Vivalto Vie SAS since December 2014 and chairman of Vivalrec since 2013.</p>		
<b>TERM IN OFFICE</b>		
<p>First appointment: 10 June 2015</p> <p>Current term of office: from 10 June 2015 until the Shareholders' Meeting of the Company called to approve the financial statements for the financial year ended 30 June 2018</p>		
<b>LIST OF CORPORATE MANDATES AND OTHER DUTIES IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE BUSINESS YEARS</b>		
<p><b>Corporate mandates and duties at the Group</b></p> <p><u>Current:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- Amplitude Surgical (Director, member of the Audit Committee, Member of the Appointments Committee and member of the Compensation Committee)</li> </ul>	<p><b>Corporate mandates and duties outside the Group</b></p> <p><u>Current:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- Centre Hospitalier Privé Saint-Grégoire (Chairman)</li> <li>- Clinique Générale (Chairman)</li> <li>- 5 Santé (member of the Supervisory Board)</li> <li>- Clinique Past Lanroze (Director)</li> <li>- Domco 2 (Deputy Chairman of the Supervisory Board and member of the Supervisory Board)</li> <li>- Flex Industrie (Chairman)</li> <li>- Foncière Vivalto Santé SA (Chairman and CEO and Director)</li> <li>- GIE Robotique Medical Vivalto Santé (Director)</li> <li>- GIE Vivalto Santé Services Partagés (Chairman of the Board of Directors and Director)</li> </ul>	

	<ul style="list-style-type: none"> <li>- GSC Vivalto Santé Enseignement, Recherche, Innovation (Chairman of the Board of Directors, member of the Board of Directors and alternate director)</li> <li>- Institut Vivalto Santé pour la Recherche Clinique, l'Innovation et la Formation Médicale (Chairman of the Board of Directors and Director)</li> <li>- Association Vivalto (President)</li> <li>- Keraudren Grand Large (Director)</li> <li>- Clé Immobilière (Manager)</li> <li>- Sarl Château de Beaumel (Manager)</li> <li>- SCI Château Beaumel (Manager)</li> <li>- SCI Clotibeo (Managing Partner)</li> <li>- SCI du Domaine de Saint Pry (Manager)</li> <li>- SCI Du Petit Essart (Manager)</li> <li>- SCI Juliette Drouet (Managing Partner)</li> <li>- SCI Mabrisa (Managing Partner)</li> <li>- SCI Villa Lerins (Managing Partner)</li> <li>- Vivalrec (Chairman)</li> <li>- Vivalto SAS (Chairman)</li> <li>- Vivalto Dom (Chairman)</li> <li>- Vivalto Santé Holding (Chairman and Member of the Strategic Committee)</li> <li>- Vivalto Santé SA (Chairman and CEO and Director)</li> <li>- Vivalto VIE (Chairman and member of the Supervisory Board)</li> <li>- Vivalto VIE Management (Chairman and member of the Steering Committee)</li> </ul>
<p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- N/A</li> </ul>	<p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- Sinequanon Health Care SA (Chairman of the Board of Directors and Director)</li> <li>- Sinequanon Invest SARL (Manager)</li> <li>- Sinequanon Partners SA (Chairman of the Board of Directors and Director)</li> <li>- Vivalto Ambiente SGPS SA (Director)</li> <li>- Vivalto Home Belgium (Chairman of the Board of Directors and director)</li> <li>- Vivalto Home Partners (Chairman of the Board of Directors, Director )</li> <li>- Vivalto International SARL (Manager)</li> </ul>
<p><u>During the last five financial years:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- N/A</li> </ul>	<p><u>During the last five financial years:</u></p> <p><i>In France</i></p> <ul style="list-style-type: none"> <li>- Vivra (Chairman)</li> </ul>



- UFFI Participations SAS (Chairman)
- Europe Santé Gestion (Director and Chairman and CEO)
- SIS Holding (Chairman)
- Services Immobiliers Participations (Chairman)
- Laurad Management (Manager)
- Europe Santé Gestion (Director and Chairman and CEO)
- Centre Hospitalier Privé de l'Europe (Director)
- Cliniques Privées Associées (Chairman and CEO and Director)
- Domiserve (Director)
- Domiserve+ (Director)
- Europe Santé Gestion (Chairman and CEO)
- Financial Asset Management Entreprise "FAME" (Chairman)
- GIE Vivalto Saint Management (Chairman of the Board of Directors and Director)
- Khéops (Manager)
- La Breteche (Chairman and CEO, Manager and Director)
- La Clé de Sol (Manager)
- La Picaudrie (Manager)
- La Rêverie (Manager)
- La Roseraie (Manager)
- Laurad Management – Zur Centre Ouest (Chairman)
- Laurad Management – Zur Grand Lyon (Chairman)
- Laurad Management – Zur Ile de France Nord Ouest (Chairman)
- Laurad Management – Zur Lyon Rhone (Chairman)
- Laurad Management – Zur Montagne (Chairman)
- Laurad Management – Zur Nord (Chairman)
- Laurad Management – Zur Sud Ouest (Chairman)
- Les Feuillants (Manager)
- Les Hyades (Manager)
- Les Jardins de Montplaisir (Manager)
- Maison de retraite des Tamisiers (Manager)
- Polyclinique de la Baie (Director)
- Polyclinique Lyon-Nord (Director)
- Résidence Bellevue (Manager)
- Résidence Le Bocage SARL (Manager)
- Rillieux Santé (Chairman and Director)
- SCI Cigogne (Managing Partner)

	<ul style="list-style-type: none"> <li>- SCI Clorbeau (Managing Partner)</li> <li>- SCI de la Baie du Mont St Michel (Managing Partner)</li> <li>- SCI Polyclinique de la Baie (Managing Partner and Director)</li> <li>- Vivalto Santé Groupe (Chairman and Member of the Supervisory Board)</li> <li>- Vivalto Santé Ile de France (Chairman)</li> <li>- Vivalto Santé SAS (Chairman and Chairman of the Board of Directors)</li> <li>- Vivalto Sport (Chairman)</li> <li>- Immobilière Laffitte (Chairman)</li> <li>- Zur Centre Est (Chairman)</li> </ul>
<p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- N/A</li> </ul>	<p><i>Abroad</i></p> <ul style="list-style-type: none"> <li>- Laurad Groupe Holding SARL (Manager)</li> <li>- Vivalto BEL (Chairman of the Board of Directors, Directors and Deputy Director)</li> <li>- DC Lux SARL (Manager)</li> <li>- DS Care Italia (Director)</li> <li>- Laurad Management Participation SARL (Manager)</li> <li>- Olympe Management SA (Chairman of the Board of Directors and Director)</li> <li>- Participations Services Investissements Immobiliers (PS2I) (Chairman)</li> <li>- Sinequanon Capital Partner Belgium (Director and Deputy Chairman)</li> <li>- Sinequanon General Partner Luxembourg SA (Director)</li> <li>- Sinequanon Real Estate Services General Partner SA (Chairman of the Board of Directors and Director)</li> <li>- Sinequanon Real Estate Services SCA (Commissaire)</li> <li>- Vivalto Home (Chairman of the Board of Directors and Director)</li> </ul>

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.

### **Departure, appointment and renewal of members of the Board of Directors**

During the financial year ended 30 June 2018, there were no changes in the composition of the Board of Directors.

In addition, it will be suggested to the Shareholders' Meeting of 20 December 2018 to renew the terms of office of Mr Olivier Jallabert, Apax Partners (represented by Ms Annick Bitoun), Mr Bertrand Pivin and Mr Daniel Caille, which will expire at the end of the said Shareholder's Meeting.

The biographies of Mr Olivier Jallabert, Apax Partners (represented by Ms Annick Bitoun), Mr Bertrand Pivin and Mr Daniel Caille are presented at the beginning of this chapter and are also presented in the Board of Directors' report to the Shareholders' Meeting of 20 December 2018, which appears in Chapter 8 ("*Ordinary and Extraordinary Shareholders' Meeting of 20 December 2018*") of this Registration Document.

### **Succession planning**

The Board of Directors, on the proposal of the Appointments Committee, has begun to review a succession plan for the Company's executive corporate officers in order to be able to plan succession solutions, particularly in the event of unforeseeable vacancies. In particular, it is planned to hire an Operations Manager.

### **Diversity policy within the Board of Directors**

The Board of Directors is committed to ensure diversity among its members.

The policy pursued by the Board of Directors is therefore to recruit a variety of profiles with sufficient experience and expertise to ensure cohesion between directors and to enable the Board of Directors to carry out its duties in a thorough and effective manner in line with the Group's activities.

The Board of Directors' diversity policy is based on the following principles:

- presence of members with skills in the medical but also extra-medical field;
- presence of independent members; and
- presence of female members.

Appointments of new profiles are submitted by the Board of Directors to the Shareholders' Meeting, after recommendations from the Appointments Committee.

The Appointments Committee examines the skills and experience of each director and ensures that they are in line with the policy set by the Board of Directors.

### ***Skills of the members of the Board of Directors***

The Board of Directors considers that, in its current composition, it benefits from the complementary and recognized skills of its members. Directors have the practical and sectorial skills to enable the Board to carry out its work in a thorough and effective manner.

Similarly, in its work on the evolution of its composition, the Board of Directors takes into account the current skills of its members and identifies the skills to be sought among candidates.

As at 30 June 2018, the skills represented on the Board of Directors were as follows:

### **Directors' Skills Matrix**

	International experience	Managerial experience	Finance	Strategy	Health Sector	Regulatory	Social and environmental responsibility
Olivier Jallabert	√	√	√	√	√	√	
Bertrand Pivin	√	√	√	√			√

Annick Bitoun	√	√	√	√	
Daniel Caille	√	√	√	√	√

### ***Independent members***

In accordance with the principles and best practices of corporate governance set out in its internal regulations, the Board of Directors has set itself the objective of including independent members and that the Committees of the Board of Directors include independent members.

As at 30 June 2018, the Board of Directors, the Audit Committee, the Compensation Committee and the Appointments Committee had one independent member, Mr Daniel Caille.

At the time of its initial public offering during the financial year ended 30 June 2015, the Company undertook to submit to its shareholders the appointment of three female directors who are also independent directors. The Company has not yet been able to identify three new independent directors. The Company intends to appoint at least three new independent female directors as soon as possible.

### ***Definition and criteria of independence***

The definition and criteria of independence are set by reference to the principles of corporate governance laid down by AFEP and MEDEF.

Thus, in analysing the situation of each director, the Board of Directors examines the following criteria:

- not to be an employee or executive corporate officer of the Company or a company that it consolidates, nor an employee, executive corporate officer or director of its parent company or a company that it consolidates and not to have been so within the preceding five years;
- not to be an executive corporate officer of a company in which the Company directly or indirectly holds a director's mandate or in which an employee designated as such or an executive corporate officer of the Company (current or having been so for less than five years) holds a director's mandate;
- not to be a customer, supplier, investment banker, commercial banker, commercial banker:
  - material to the company or its group,
  - or for which the company or its group represents a significant part of the business.

As part of the analysis of this criterion, the Board of Directors reviews, on the one hand, the weight of the customer, supplier, investment banker or investment banker in the Group's turnover or expenditure and, on the other hand, the weight that the Group represents in the activity of the customer, supplier, investment banker or investment banker.

- not to have a close family relationship with a corporate officer;
- not to have been the Company's Statutory Auditor within the previous five years; and
- not to have been a director of the company for more than twelve years. The loss of the status of independent director occurs on the date of the twelfth anniversary.

In addition, a non-executive corporate officer cannot be considered independent if he or she receives variable compensation in cash or securities or any compensation linked to the performance of the company or the Group.

Directors representing significant shareholders of the company or its parent company may be considered independent insofar as these shareholders do not participate in the control of the company. However, above a threshold of 10% in capital or voting rights, the Board of Directors, on the basis of a report from the Appointments Committee, systematically examines the qualification of independent, taking into account the structure of the Company's capital and the existence of a potential conflict of interest.

The Board of Directors may consider that a director, although meeting the independence criteria defined by the guidelines of the AFEP and the MEDEF, should not qualify as independent in view of his or her particular situation or that of the Company, having regard to his or her shareholding or for any other reason. Conversely, the Board of Directors may consider that a director who does not meet the criteria detailed above is nevertheless independent.

#### *Qualification procedure for independent members*

The qualification of independent member is discussed each year by the Appointments Committee, which draws up a report on this subject for the Board of Directors. Each year, the Board of Directors reviews, in light of this report, the situation of each director with regard to the independence criteria.

The Board of Directors must inform shareholders of the findings of its review in the annual report.

The findings of the Board of Directors' report are set out below.

As at 30 June 2018:

- 1 out of 4 members of the Board of Directors was considered independent: Mr Daniel Caille;
- 1 out of 3 members of the Audit Committee was considered independent: Mr Daniel Caille;
- 1 out of 3 members of the Compensation Committee was considered independent: Mr Daniel Caille;
- 1 out of 3 members of the Appointments Committee was considered independent: Mr Daniel Caille.

#### **Gender Balance**

As of 30 June 2018, the Board of Directors had one female member out of a total of four members and was therefore in compliance with the provisions of Article L. 225-18-1 of the French Commercial Code.

At the time of its initial public offering during the financial year ended 30 June 2015, the Company undertook to submit to its shareholders the appointment of three female directors who were also independent directors. The Company has not yet been able to identify three new independent directors. The Company intends to appoint at least three new independent female directors as soon as possible.

#### **Nationality of members of the Board of Directors**

No director is currently a foreign national.

#### **Combination of corporate mandates**

Regarding the combination of corporate mandates, the Company intends to comply with the recommendations of the AFEP-MEDEF Code.

The Board of Directors reviews, when appointing a director and when proposing the appointment of a director to the Board of Directors of another listed company, the consequences that this appointment could have on the plurality of corporate offices held in accordance with the recommendations of the AFEP-MEDEF Code.

*ii. Statements relating to the 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
- has 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.

*iii. 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, facilitating the implementation of the Group's strategy.

3.1.1.2 Conflicts of Interests in Administration Bodies and Senior Management

On the date of this Registration Document and to the Company's knowledge, there is no existing or potential conflict between duties vis-à-vis the Company of the persons listed in Paragraph 3.1.1.1 of this Registration Document and their private interests or other duties.

3.1.2 Functioning of the management 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 this Section 3.1.2 of this Registration Document.

The articles of association and the internal regulations of the Board of Directors described in this Registration Document are those of the Company on the date of this Registration Document.

The internal regulations described in this Registration Document are those of the Company in force on the date of this Registration Document.

3.1.2.1 Operation of the Management of the Company

The Company is managed by Mr Olivier Jallabert in his capacity as Chairman and Chief Executive Officer.

### 3.1.2.2 Operating of the Board of Directors

#### *i. Powers of the Board of Directors*

The Board of Directors determines the orientations of the Company's 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 connection with its mission but on a non-exhaustive basis, 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 compensation policy;
- Adoption of significant changes in accounting policies;
- Distributions (in particular 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 share capital;
- Allocation of share subscription or purchase options, free 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 determined 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 determined by the Board of Directors;
- Merger, spin-off or partial contribution 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 determined by the Board of Directors, in relation to any dispute.

#### *ii. Operating procedures of the Board of Directors*

Board Meetings are convened 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 by the best interest 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 in accordance with the legal and regulatory conditions.

iii. *Works of the Board of Directors during the financial year ended 30 June 2018*

During the financial year ended 30 June 2018, the Board of Directors met 6 times.

The Board of Directors resolved, inter alia, on the following matters:

- Review and approval of the Company and consolidated financial statements for the financial year ended 30 June 2017;
- Review and approval of the provisional management documents and in particular of the business plan;
- Review and approval of the proposal for allocating the result for the financial year ended 30 June 2017;
- Review and approval of the management report for the financial year ended 30 June 2017;
- Review and approval of the Board of Directors' report on corporate governance;
- Review and approval of the list of related-party agreements;
- Review of the work of the Board of Directors' Committees;
- Review and approval of the compensation of the Chairman and Chief Executive Officer;
- Approval of the free share allocation plan;
- Amount of directors' fees;
- Preparation and convening of the mixed shareholder's meeting of 24 November 2018;
- Financial disclosure; and
- Self-assessment works by the Board of Directors.

Lastly, the Board of Directors 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 specialized committees during the financial year ended 30 June 2018 was as follows:

Directors	Board of Directors		Audit Committee		Compensation 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	6	100%	-	-		-	-	-
Apax Partners, represented by Annick Bitoun	6	100%	2	100 %	0	0	-	-



Bertrand Pivin	5	83	2	100 %	2	100%	-	-
Daniel Caille	3	50	2	100 %	2	100%	-	-
<b>Average Rate</b>	<b>83%</b>		<b>100 %</b>		<b>67%</b>			

iv. *Assessment of organization and operation of the Board of Directors*

The Board of Directors of the Company carries out on a regular basis and at least once per year, a self-assessment of its performance.

For the year 2018, the assessment shows items that it would be appropriate to appoint new directors, and, in particular, female independent directors having experience or specific expertise in the medical field.

The assessment also shows that the operation of the Board of Directors and of its committees seems appropriate, that their duties are adequately determined and that the directors can easily have access to the management team.

v. *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.

3.1.2.3 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.

The Committees have been tasked to notify the Board of Directors of their opinions, proposals or recommendations. They have exclusively consultative powers and exercise their duties under the responsibility of the Board of Directors.

As of the date of this Registration Document, the Company has established an Audit Committee, a Compensation Committee and an Appointments Committee.

i. *Audit Committee*

**Members (Article 2 of the internal regulations of the Audit Committee)**

The Audit Committee comprises at least three members, one of which 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 in accordance with the recommendations in the AFEP-MEDEF Code. The membership 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 membership of the Board of Directors (Article 2 of the internal regulations of the Audit Committee).

Notably, pursuant to the applicable legal provisions, members of the Audit Committee must possess specific skills in finance and/or accounting.

All members of the Audit Committee, when appointed, will be provided with details on specific aspects of the Company's special accounting, financial and operational methods.

The term of office of members of the Audit Committee coincides with that of their term of 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 review by the Board of Directors, upon proposal of the Appointments Committee from among the independent members. The Audit Committee shall not include any executive directors.

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.

As at 30 June 2018, the Audit Committee was composed of Mr Daniel Caille, Mr Bertrand Pivin and Apax Partners, represented by Ms Annick Bitoun.

### **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, audit systems and for risk management having regard to the financial and accounting information;
- monitoring the independent auditing of the corporate and consolidated financial statements by the Company's Statutory Auditors; and
- monitoring the independence of the Statutory Auditors.

### **Operation (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 the 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.

During the financial year ended 30 June 2018 the Audit Committee met on two occasions, with an attendance rate of 100%.

ii. *Compensation Committee*

**Members (Article 2 of the internal regulations of the Compensation Committee)**

The Compensation 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 compensation of executive directors of listed companies. The Compensation Committee will seek to include a number of independent directors in accordance with the recommendations made by the AFEP-MEDEF Code. The Compensation Committee shall not include any executive directors (Article 2 of the internal regulations of the Compensation Committee).

The membership of the Compensation 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 membership of the Board of Directors.

The term of office of members of the Compensation Committee coincides with that of their term of office as member of the Board of Directors. This term may be renewed at the same time as the latter.

The Chairman of the Compensation Committee is appointed from among the independent members of the Board of Directors.

The secretariat services for the Compensation Committee's work will be provided by any person appointed by the Chairman of the Committee or with the latter's agreement.

As at 30 June 2018, the Compensation Committee was composed of Mr Daniel Caille, Mr Bertrand Pivin and Apax Partners, represented by Ms Annick Bitoun.

**Responsibilities (Article 1 of the internal regulations of the Compensation Committee)**

The Compensation Committee is a specialized Committee of the Board of Directors whose main mission is to assist the latter in determining and regularly assessing all compensation 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 Compensation Committee shall notably carry out the following main missions:

- examination and proposal to the Board of Directors on all aspects and conditions for compensation 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 compensation for special missions entrusted, if applicable, by the Board of Directors to some of its members.

**Operation (Article 3 of the internal regulations of the Compensation Committee)**

The Compensation 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 Compensation 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 compensation of the members or Senior Management or the distribution of directors' fees.

During the financial year ended 30 June 2018, the Compensation Committee met on two occasions, with an attendance rate of 67%.

### *iii. Appointments Committee*

#### **Members (Article 2 of the internal regulations of the Appointments Committee)**

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 compensation of executive directors of listed companies. The Appointments Committee will seek to include a number of independent directors in accordance with the recommendations made by the AFEP-MEDEF Code. The Appointments Committee shall not include any executive directors (Article 2 of the internal regulations of the Appointments Committee).

The membership of the Appointments 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 membership of the Board of Directors.

The term of office of members of the Appointments Committee coincides with that of their term of 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 secretariat services for the Appointments Committee's work will be provided by any person appointed by the Chairman of the Committee or with the latter's agreement.

As of 30 June 2018, the Appointments Committee was composed of Mr Daniel Caille, Mr Bertrand Pivin and Apax Partners, represented by Ms Annick Bitoun.

#### **Responsibilities (Article 1 of the internal regulations of the Appointments Committee)**

The Appointments Committee is a specialized Committee of the Board of Directors whose main mission is to assist 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 evaluation of independence of members of the Board of Directors.

### **Operation (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.

During the financial year ended 30 June 2018, the Compensation Committee did not meet.

## **3.2 COMPENSATION OF CORPORATE OFFICERS**

The purpose of this section is to present the structure of compensation as determined by the Board of Directors, on the advice of the Compensation Committee, i.e., the principles and criteria used by the Board of Directors in order to determine, distribute and allocate the compensation of corporate officers.

### **3.2.1 Compensation of non-executive corporate officers (directors)**

The Shareholder's meeting of Amplitude Surgical may allocate directors' fees to members of the Board of Directors.

On 10 June 2015, the Shareholders' Meeting of Amplitude Surgical shareholders allocated a total amount of €200,000 in respect of attendance fees, which has not been amended since that date.

The Board of Directors distributes the fees among directors at its discretion, may allocate exceptional compensation for missions or corporate mandates entrusted to members of the Board of Directors, and may authorise the reimbursement of travel costs and expenses incurred by Board members in the interest of the Group.

### **Rules for the allocation and amounts of directors' fees paid in respect of the financial years ended 30 June 2017 and 30 June 2018**

At its meeting of 16 October 2015, the Board of Directors decided that from the financial year ended 30 June 2016, independent directors would receive fees of a maximum amount of €15,000 per independent director per year, calculated according to effective attendance of independent directors at Board of Directors meetings.

On this basis, directors' fees and other compensation received by non-executive corporate officers for the financial years ended 30 June 2017 and 30 June 2018 were as follows:

<b>Directors' fees and other compensation received by non-executive corporate officers (in €)</b>		
<b>Non-executive corporate officers</b>	Amounts paid for the financial year ended 30 June 2017	Amounts paid for the financial year ended 30 June 2018
<b>Apax Partner (represented by Annick Bitoun)</b>		
<i>Directors' fees</i>	-	-
<i>Other remuneration</i>	-	-
<b>Bertrand Pivin</b>		
<i>Directors' fees</i>	-	-
<i>Other remuneration</i>	-	-
<b>Daniel Caille</b>		
<i>Directors' fees</i>	9,615	8,000
<i>Other remuneration</i>	-	-

### **Rules for the allocation and amounts of directors' fees to be paid for the financial year ending 30 June 2019**

The Board of Directors has decided to renew the rules for the allocation of directors' fees as defined above for the financial year ending 30 June 2019.

3.2.2 Compensation policy applicable to executive corporate officers for the financial year ending 30 June 2019, subject to shareholder approval (Article L. 225-37-2 of the French Commercial Code)

Under Article L.225-37-2 of the French Commercial Code, "the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional items making up the total compensation and benefits of any kind" paid to the corporate officers of the Company must be subject to the vote of the shareholders.

#### 3.2.2.1 General principles

In accordance with the governance structure, the only executive corporate officer of the Company is, as of the date of this Registration Document, the Chairman and Chief Executive Officer (executive corporate officer).

The compensation of the Chairman and Chief Executive Officer is determined by the Board of Directors after consulting the Compensation Committee. The Compensation Committee ensures that all applicable principles are properly applied.

The Company's compensation policy consists of applying fixed annual compensation. Executive corporate officers may also receive variable compensation. Executive corporate officers may receive exceptional

compensation or benefits in kind. Finally, executive corporate officers may receive medium- or long-term compensation (notably in connection with the allocation of free shares).

#### 3.2.2.2 Compensation policy for the Chairman and Chief Executive Officer

The Compensation of the Chairman and Chief Executive Officer is determined by the Board of Directors after hearing the opinion of the Appointments and Compensation Committee. The compensation includes a fixed element and a variable element.

It is reviewed periodically with other compensation and the performance of the Group's executives.

- **Fixed compensation**

The Chairman and Chief Executive Officer receives fixed annual compensation.

This fixed annual compensation is determined by the Board of Directors at the beginning of the corporate mandate. Its amount is determined based on criteria specific to the relevant person (experience, length of service, duties) and on business sector-based criteria.

This fixed annual compensation is then regularly reviewed according to the Company's compensation policy. The regular evolution of the fixed compensation is moderate; it is evaluated in the context of the evolution of the business and scope of the Group, market evolutions and similar companies in the same business sector, and is determined consistently with his duties attached to the position of Chairman and Chief Executive Officer.

#### **Short-term variable compensation**

The Chairman and Chief Executive Officer also receives annual variable compensation.

This variable compensation is intended to correlate compensation of the Chairman and Chief Executive Officer with the results of the Group's business.

This variable compensation is calculated according to whether or not Group and personal targets are met. The targets are both qualitative and quantitative. The individual targets are quantitative targets determined according to the person concerned, the duties 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.

Variable compensation is based for 80% on quantitative criteria (achievement of turnover and EBITDA in relation to the budget) and for 20% on qualitative criteria.

- **Long-term variable compensation**

In order to involve the management in the Group's development and performance and to align its interests with those of the shareholders, the Board of Directors may grant performance shares free of charge.

The Chairman and Chief Executive Officer is eligible for free performance share plans.

The shares granted to the Chairman and Chief Executive Officer are fully subject to performance conditions assessed over periods of at least two years. The performance criteria are the achievement of a 3-year business plan in terms of sales and EBITDA.

The shares allocated to the Chairman and Chief Executive Officer are also allocated on a presence basis.

The regulations for the free performance share allocation plans provide for the loss of any unvested shares in the event of a departure from the Group (excluding in the event of death or disability).

The Chairman and Chief Executive Officer is subject to a minimum retention requirement of 25% of the shares acquired under these plans until the termination of his duties.

In accordance with the Afep-Medef Code, beneficiaries must formally undertake not to use hedging mechanisms in respect to the stock options and performance shares received from the Company.

The criteria are detailed in section 3.7.4 ("*Award of free shares*") of this Registration Document.

- **Other compensation items**

***Exceptional compensation and allowances on taking up duty***

The Chairman and Chief Executive Officer may receive bonuses, the allocation and amount of which depend on the constraints related to the performance of his duties or the performance of exceptional missions or work.

The Board of Directors considers that, in the interest of the Group and its stakeholders, it should not be ruled out in principle that exceptional compensation may be granted to executive corporate officers in very specific circumstances, as provided for in the AFEP-MEDEF Code (Article 24.3.4), in particular in the event of transactions that are material to the Group because of their scale or nature, or changes in the Group's organization or activities, the involvement required or the difficulties they present, or transactions that do not fall within the scope of the usual duties of executive corporate officers. The allocation of such compensation should be justified and the reasons for its implementation explained.

Similarly, while the Board of Directors intends to focus on the internal development of talent in succession plans, it also considers that the payment of an allowance for taking up duties for an executive corporate officer should be considered, if the Group's interest so warrants, to attract a new talented executive (Article 24.4 of the AFEP-MEDEF Code).

In any event, these compensation items would meet the requirements of the AFEP-MEDEF Code and would in particular comply with the principles of reasonableness and fair balance between the various interests involved. These compensation items must be appropriately disclosed and precisely justified.

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, the payment of exceptional compensation items (exceptional compensation or duties take-up pay as described above) could only be made after approval of the compensation items of the relevant person by a Shareholder's Meeting.

***Multi-year compensation***

The Board of Directors has not provided for any multi-year compensation for the benefit of executive corporate officers.

***Severance benefits***

The Chairman and Chief Executive Officer receives a severance payment in the event of departure, under the following conditions:

- In the event of termination of his corporate office, the Chairman and Chief Executive Officer will receive a gross termination indemnity corresponding to 24 months of monthly reference compensation.



- The monthly reference compensation is defined as the gross annual fixed compensation plus the average gross amount of the last two variable bonuses received, excluding any exceptional bonuses, divided by 12 months.
- The termination indemnity is only applicable in the event of a forced departure linked to a change of control or strategy. The termination indemnity is not applicable in the event of dismissal for serious or gross misconduct, or in the event of departure or retirement.

The severance payments of the Chairman and Chief Executive Officer are subject to the following performance criteria, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code:

- the payment of half of the indemnity would depend on the Group's revenue. This payment would be 100% if the level of revenue, calculated on the basis of the Group's audited consolidated financial statements for the last two financial years preceding the date of termination of the corporate office (reference financial years), reaches at least 100% of the budgeted values on average for these two financial years. If, during one or both of the two financial years, the Group's economic and financial situation and/or the economic and financial conditions of the market deteriorate, this average level to be achieved could be reviewed by the Board of Directors, upon proposal from the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure that the target is consistent with its implementation difficulties;
- the payment of half of the indemnity would depend on the Group's EBITDA level. This payment would be of 100% if the level of EBITDA, calculated on the basis of the Group's audited consolidated financial statements for the two financial years preceding the date of termination of the corporate office (reference financial years), reaches a maximum of 100% on average of the performance budgeted for these two years. If, during one or both of the two financial years, the Group's economic and financial condition and/or the economic and financial situation of the market deteriorate, this average level to be achieved could be reviewed by the Board of Directors upon proposal of the Compensation Committee, and submitted for approval to the Annual Shareholders' Meeting in order to ensure that the target is consistent with its implementation difficulties.

A non-compete clause may be provided for, it being specified however that the Chairman and Chief Executive Officer is not subject to any non-compete clause.

### ***Pension plan***

The Chairman and Chief Executive Officer benefits from a supplementary defined-contribution pension plan for the benefit of the Chairman and Chief Executive Officer of the Company for a maximum amount equal to eight times the social security ceiling.

### ***Directors' fees***

The Chairman and Chief Executive Officer may receive directors' fees for corporate mandates exercised in the Group.

### ***Benefits in kind***

The Chief Executive Officer may also be awarded benefits in kind resulting from duties exercised in the Group, such as in relation to pension benefits or a company car.

### 3.2.2.3 Resolution submitted to the ordinary and extraordinary Shareholders' Meeting of the Company on 20 December 2018

In accordance with Article L. 225-37-2 of the French Commercial Code, the draft resolution submitted to the ordinary and extraordinary Shareholders' Meeting of the Company on 20 December 2018 to approve the principles and criteria for determining, breaking down and allocating the various compensation elements of the Chairman and Chief Executive Officer is as follows:

#### **“Fifth resolution**

***(Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and the Chief Executive Officer for financial year 2018/2019)***

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the registration document for the financial year ended 30 June 2018, and more particularly Section 3.2.2 "*Compensation policy applicable to executive corporate officers for the 2018/2019 financial year subject to shareholder approval (Article L. 225-37-2 of the French Commercial Code)*", in accordance with Articles L. 225-37 and L. 225-37-2 of the French Commercial Code,

Approves the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and the Chief Executive Officer for its term of office of the financial year 2018/2019, as detailed in the said registration document.”

### 3.2.3 Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017

The compensation items of Olivier Jallabert as the Company's Chairman and Chief Executive Officer were fixed by the Board of Directors on 10 June 2015, then amended by the Board of Directors' meetings of 14 December 2016 and of 17 October 2017.

No compensation 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 financial years ended 30 June 2018 and 30 June 2017.

Nevertheless, it should be noted that all employees and managers of Amplitude Surgical are beneficiaries of the defined-contribution additional pension scheme.

The compensation elements of Olivier Jallabert in his capacity as chairman and chief executive officer are as follows.

#### ***Fixed Compensation***

Olivier Jallabert's fixed gross annual compensation amounts to €300,000 since 1 January 2018.

#### ***Variable annual compensation***

Olivier Jallabert's variable gross compensation amounts to €110,000 subject to performance criteria (including quantitative criteria based on the Group's revenue and EBITDA as well as qualitative criteria), within the terms described below.

Quantitative objectives: the quantitative objectives govern payment of 80% of the variable compensation and are calculated as follows:

<b>Criterion</b>	<b>Target at least equal to 110%</b>	<b>Target equal to 90%</b>	<b>Target between 110% and 90%</b>
Amount of bonus based on sales	€57,200	€30,800	Amount determined by linear interpolation between the two limits of the target (110% / 90%)
Amount of bonus based on EBITDA	€57,200	€30,800	Amount determined by linear interpolation between the two limits of the target (110% / 90%)

Qualitative objectives: 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.

Qualitative objectives determine the vesting of 20% of the variable compensation.

If 100% of the qualitative objectives are achieved, the entire 20% of the amount of variable compensation will be due.

#### ***Other compensation items***

The Chairman and Chief Executive Officer also benefits from the following compensation elements:

- a benefit in kind by the making available of a company car;
- the benefit of a profit-sharing agreement set up within the Company on 22 July 2016, for an amount of €18,975 (before Social Contributions) in respect of the financial year ended the 30 June 2018 and eligible for payment onto the Company Savings Plan; and
- a defined-contribution additional pension scheme for the benefit of the Company's Chief Executive Officer of a maximum amount equal to eight times the social security cap (i.e. approximately €26,152 per annum calculated based on the 2017 Social Security ceiling).

The Company has not provisioned any amounts for payment of allowances, pensions or similar other benefits to executives, including Olivier Jallabert.

#### ***Long-term compensation: options for share subscription or share purchase, allocation of free performance -related shares***

*Options for share subscriptions or share purchase awarded during the financial year to each executive director by the issuer and by any Group Company*

For the financial years ended 30 June 2017 and 30 June 2018, no option for share subscriptions or share purchase was awarded whether gratuitously or for consideration to the executive director of the Company.

*Options for share subscriptions or share purchasing exercised during the financial year by each executive director*

For the financial years ended 30 June 2017 and 30 June 2018, no option for share subscriptions or share purchase was exercised by the executive director of the Company.

*Performance Shares allocated during the financial year to each executive director by the issuer and any Group Company*

For the financial years ended 30 June 2017 and 30 June 2018, no performance shares were allocated to the executive director of the Company.

*Free shares granted to each corporate officer*

For the financial years ended 30 June 2017 and 30 June 2018, no free shares were allocated to the executive director of the Company

*Free shares allocated available to each executive director*

During the financial years ended 30 June 2017 and 30 June 2018, no free shares allocated became available to the executive directors of the Company.

*History of allocation of share subscriptions or share purchase options*

During the financial years ended 30 June 2017 and 30 June 2018, no share subscription or share purchase option were allocated.

*History of free shares allocated*

On 27 July 2016, the Board of Directors made an award of free shares under the conditions described in paragraph 3.7.4 (“Award of free shares”) of this Registration Document. On 24 July 2018, the Board of Directors acknowledged the final vesting by Mr Olivier Jallaber of (i) 286,539 Tranche A shares and (ii) 96,267 Tranche B shares.

*Options for share subscriptions or share purchase allocated to the top ten employees who were not executive directors and exercise of said options by the latter*

During the financial years ended 30 June 2017 and 30 June 2018, no option for share subscriptions or share purchase was allocated to the top ten employees who were not executive directors and the latter did not exercise any options.

***Elements of compensation, indemnities or benefits due or which may be due given the acceptance, termination or change of duties 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 as 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 €740,000) subject to performance conditions (quantitative criteria based on Group revenue and EBITDA).

A detailed description of these items is given in Section 3.3 “Main Transactions with Related Parties” in this Registration Document.

*Summary tables of the executive director's compensation items*

Summary table of compensation, options and shares granted		
(In euros)	Year ended 30 June 2017	Year ended 30 June 2018
<b>Olivier Jallabert</b>		
Compensation due for the financial year (detailed in Table 2)	282,500	295,000
Valuation of multi-year variable compensation granted during the financial year	61,740	119,240
Valuation of options granted during the financial year (detailed in Table 4)	-	-
Valuation of free shares granted (detailed in Table 6)	-	-
Valuation of other long-term compensation plans		
<b>TOTAL</b>	<b>344,240</b>	<b>414,240</b>

Summary table of compensation (in euros)				
Olivier Jallabert	Year ended 30 June 2017		Year ended 30 June 2018	
	Amounts due	Amounts paid out	Amounts due	Amounts paid out
Fixed compensation	282,500	282,500	295,000	295,000
Annual variable compensation	61,740	75,800	119,240	61,740
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	12,712	12,712	12,712	12,712
<b>TOTAL</b>	<b>356,952</b>	<b>371,012</b>	<b>426,952</b>	<b>369,452</b>

**Summary table concerning the employment contract, the supplementary pension scheme, termination benefits and non-competition clause benefits**

Executive directors and corporate officers	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to be due as a result of the termination or change of duties		Indemnities relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Olivier Jallabert Chairman and Chief Executive Officer Start of mandate: 10 June 2015 Renewal: 16 October 2018		X	X		X			X

3.2.4 Fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or allocated to the Chairman and Chief Executive Officer for the 2017/2018 financial year and subject to shareholder approval (Article L. 225-100 of the French Commercial Code)

In accordance with Article L. 225-100 of the French Commercial Code, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Olivier Jallabert, Chairman and Chief Executive Officer for the financial year ended 30 June 2018, are submitted to the shareholders for approval at the Shareholders' Meeting of 20 December 2018 (sixth resolution):

<b>Olivier Jallabert (Chairman and Chief Executive Officer)</b>		
Compensation items due or granted in respect of the financial year ended 30 June 2018	Amount or accounting valuation submitted to a vote	Description
Fixed annual compensation	€295,000	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, then on 17 October 2017 fixed his fixed gross annual compensation as (i) €290,000 from 1 July 2017 to 31 December 2017 and (ii) €300,000 as from 1 January 2018.
Variable annual compensation	€119,240	See paragraph 3.2.3 (" <i>Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017</i> ") of this Registration Document.
Deferred variable	Not applicable	Not applicable

compensation		
Multiannual variable compensation	Not applicable	Not applicable
Share subscription or purchase options	Not applicable	Not applicable
Free share allotment	-	See paragraph 3.7.4 (“Award of free shares”) of this Registration Document
Other long term compensation items	Not applicable	Not applicable
Profit-sharing	€18,975	The amount of the profit-sharing paid to the Employee Savings Scheme (PEE) of Olivier Jallabert for the financial year ended 30 June 2018 amounts to €18,975 pursuant to a profit-sharing agreement of the Company dated 22 July 2017.
Directors’ fees	Not applicable	Not applicable
Valuation of benefits of any kind	€12,712	See paragraph 3.2.3 (“Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017”) of this Registration Document.
Severance payments	No payment	<p>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 €740,000) subject to performance conditions (criteria based on the level of turnover and EBITDA of the Amplitude Group).</p> <p>The Board of Directors of the Company decided, on 16 October 2018, to renew by anticipation the corporate mandate as Chairman and Chief Executive Officer of Olivier Jallabert, subject to the approval of his mandate as member of the Board by the Shareholders Meeting of 20 December 2018. Upon such renewal, the Board also approved the undertaking granted to the benefit of Olivier Jallabert.</p> <p>See paragraph 3.3 (“Main Transactions with Related Parties”) of this Registration Document.</p>
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 €26,152 per

		annum). See paragraph 3.3 (“ <i>Main Transactions with Related Parties</i> ”) of the Registration Document.
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### 3.3 MAIN TRANSACTIONS WITH RELATED PARTIES

This Section describes the main agreements between the Company and related parties, i.e. 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 2018, concerning the following transactions:

#### 3.3.1 Main transactions with related parties

##### 3.3.1.1 Main transactions entered into with related parties during previous financial years and implementation of which was continued during the financial year ended 30 June 2018

##### *i. Service-provision agreement between Amplitude Surgical SA and Amplitude SAS*

On 10 October 2011, Amplitude SAS entered into a service-provision agreement with OrthoFin II for assistance and advisory services related to the reorganization 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 entered into 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 consideration corresponding to the costs incurred for provision of the aforementioned services plus a 5% margin.

This agreement was transferred from OrthoFin II to the Company during the legal reorganization of subsidiaries in the perspective of the stock market launch.

The amounts paid under this agreement for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 were, respectively, €2,183,816, €2,220,617 and €2,200,842.

##### *ii. Cash-pooling agreement of 31 October 2011*

The Company and Amplitude SAS entered into a cash-pooling agreement dated 31 October 2011, for a term of one year, tacitly renewable.

The advances granted earn interest at the 3-month EURIBOR plus 1 point

At 30 June 2017, the status in respect of this agreement was as follows:

	<b>Balance on 30 June 2018 of the current account at Amplitude Surgical (excluding interest accrued)</b>	<b>Financial revenues recorded by Amplitude Surgical on 30 June 2018</b>
Amplitude SAS	+ €79,296,504	+ €539,866



This cash-pooling agreement allows cash advances to be made available for Amplitude SAS for the purposes of financing certain investments. The cash-pooling agreement also allows the management of intragroup payments, in particular in case of payment of dividends or reimbursement of funds advanced.

*iii. Tax consolidation agreement*

The Company has entered into a tax consolidation agreement with Amplitude SAS, OrthoFin II (merged in the Company during the financial year ended 30 June 2015), Amplitude Group (merged in the Company during the financial year ended 30 June 2015), AEM Medical (merged in the Company during the financial year ended 30 June 2015) from the financial years commencing 1 July 2011. The agreement is entered into 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 this tax consolidation agreement, on 30 June 2018, the Company recorded tax income for the companies of €492,532.

This agreement allows offsetting profits and losses from a tax standpoint between the various French subsidiaries of the Group held at over 95%.

*iv. Intra-group loan agreement*

On 16 September 2014, an intragroup loan of €16,405,110.54 was entered into 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.

	<b>Balance of the loan with Amplitude Surgical as at 30 June 2018 (excluding accrued interest)</b>	<b>Financial income recognized by Amplitude Surgical as at 30 June 2018</b>
Amplitude SAS	+ €18,306,410	+ €644,927

This loan was set up following reimbursement of the senior debt and associated so-called “CAPEX” loans allocated to Amplitude SAS.

*v. Agreement establishing the so-called “article 83” basic pension scheme and the additional contribution-based pension scheme of Olivier Jallabert*

At its meeting held on 10 June 2015, the Company’s Board of Directors determined the compensation and benefits of Olivier Jallabert as Chief Executive Officer of the Company and notably the so-called “article 83” basic pension scheme and the additional contribution-based pension scheme, for a maximum amount equal to eight times the social security limit (i.e., approximately €26,152 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.

- vi. *Agreements pursuant to Article L.225-42-1 of the French Commercial Code entered into by the Company and continued during the financial year ended 30 June 2018:*

### **Deferred compensation items 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 compensation
- The reference monthly compensation is understood as the fixed gross annual compensation 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 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 financial years ended prior to the date of cessation of the corporate mandate (the reference financial years) attains as a minimum on average, 100% of the values budgeted for said two financial years. If, during one or other of the two reference financial 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 Compensation Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation; and
- 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 financial years ended prior to the date of cessation of the corporate mandate (the reference financial years) attains as a maximum on average, 100% of the budgeted performance for said two financial years. If, during one or other of the two reference financial 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 Compensation Committee and submitted for approval by the shareholders' meeting to ensure consistency of the objective having regard to the difficulty of its implementation.

#### 3.3.1.2 Main transactions entered into with related parties during the financial year ended 30 June 2018

No new regulated agreements pursuant to Articles L. 225-38 *et seq* of the French Commercial Code were entered into by the Company during the financial year ended 30 June 2018.

#### 3.3.1.3 Main transactions with related parties entered into since 30 June 2018

At its meeting of 16 October 2018, the Board of Directors decided to renew the term of office of the Chairman and Chief Executive Officer in advance, subject to the renewal of his term of office as director at the end of the ordinary and extraordinary Shareholders' Meeting of 20 December 2018, to authorize the following regulated agreements and commitments and to submit them to the shareholders for approval, in accordance with the provisions of Articles L. 225-38, L. 225-40 and L. 225-42-1 of the French Commercial Code:

- in the event of termination of his corporate office, Mr Olivier Jallabert will receive a gross termination indemnity corresponding to 24 months of a monthly reference compensation; Mr Olivier Jallabert's severance payments will be subject to performance conditions, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, based on the Group's sales and EBITDA; and
- the regulated agreements establishing the basic pension plan ("Article 83") and the supplementary pension plan with contributions for Olivier Jallabert, in accordance with Article L. 225-38 of the French Commercial Code.

### 3.3.2 Special reports of the Statutory Auditors on regulated agreements and undertakings

#### 3.3.2.1 Special report of the Statutory Auditors on regulated agreements for the financial years 2017 and 2016

The special reports of the Company's Statutory Auditors on regulated agreements for the financial years ended 30 June 2017 and 30 June 2016 are included respectively in the Registration Document filed with the *Autorité des marchés financiers* on 31 October 2017 under number R.17-070 and in the Registration Document filed with the *Autorité des marchés financiers* on 28 October 2016 under number R.16-075.

#### 3.3.2.2 Special report of the Statutory Auditors on related-party agreements and undertakings for the financial year 2018

*This is a free translation into English of the Statutory Auditors' report on related party agreements and commitments issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

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

To the Shareholders:

In our capacity as statutory auditors of your Company, we hereby present our report on related party agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the main characteristics, terms and conditions as well as the purposes, in respect of the best interest of the company of the agreements and commitments of which we have been informed. It is not our role to determine whether these agreements and commitments are beneficial or appropriate; nor are we required to ascertain whether any other agreements or commitments exist. It is your responsibility, pursuant to Article 225-31 of the French Commercial Code, to assess the benefits arising from the entry into these agreements and commitments in view of their approval.

Furthermore, it is our duty, where applicable, to communicate to you the information provided in article R.225-31 of the French Commercial Code in connection with the performance, during the past financial year, of the agreements and commitments already approved by the shareholders meeting.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*). These procedures have consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

#### **AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING**

We inform you that we have not been notified of any agreement or commitments authorized and entered into during the past financial year to be submitted to the approval of the shareholders meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

#### **AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING**

Pursuant to article R.225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments approved by the shareholders meeting in prior years, has continued during the past financial year.

- **Service agreement entered into between Orthofin II and Amplitude SAS**

Description, terms and conditions:

On 10 October 2011, Orthofin II (subsequently merged with your company) entered into a service agreement with Amplitude SAS, the purpose of which was the provision of assistance and advice in connection with the reorganization of the business of Amplitude SAS. This agreement is tacitly renewed for successive terms of one year, unless terminated.

Related parties:

Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical and President of Amplitude SAS.

Terms and conditions:

Your company receives a consideration corresponding to the costs borne in connection with the performance of the services referred to above, plus a 5% margin.

The amount received by your company in respect of the financial year ended the 30 June 2018 is €2,200,842.

- **Cash-pooling agreement**

Description, terms and conditions:

On 31 October 2011, Orthofin II (now merged with your company) entered into a cash-pooling agreement with Amplitude SAS. The funds advanced bear interest at the EURIBOR 3-month rate +1 point.

Related parties:

Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical and President of Amplitude SAS.

Terms and conditions and purpose:

This cash-pooling agreement allows financing investments carried out by Amplitude SAS and any other transaction.

The amount of interest received by your company in respect of the financial year ended the 30 June 2018 is €539,866. The outstanding amount due by Amplitude SAS is €79,296,504.

▪ **Tax consolidation agreement**

Description, terms and conditions:

On 1 July 2011, your company entered into a tax integration agreement with Amplitude SAS for a term of 5 years. The agreement provides that the subsidiary shall record its tax burden as if in the absence of tax integration, any potential tax integration gains being recorded by the parent company.

Related parties:

Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical and President of Amplitude SAS.

Terms and conditions and purpose:

This agreement allows compensating, from a tax perspective, the losses and profits among the various French subsidiaries of the group held at 95% or more.

Under this agreement, your company recorded 80 corporate income tax benefit of €492,532 at 30 June 2018.

▪ **Agreement determining the additional pension plan and benefits granted to the Chairman and Chief Executive Officer**

Description, terms and conditions:

On 10 June 2015, the Board of Directors of your company determined the compensation and benefits of Mr Olivier Jallabert in his capacity as Chairman and Chief Executive Officer of the company and in particular:

- a basic pension plan referred to as "article 83 of the French General tax code",
- as well as an additional defined-contribution pension plan for a maximum amount equal to 8 times the social security limit (i.e., approximately €26,320 per year).

Related parties:

Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical.

Terms and conditions and purpose:

This agreement was set up in connection with the change of governance of the company that led to the replacement of Olisa by Mr Olivier Jallabert in the capacity of Chairman and Chief Executive Officer. Its purpose is to offer attractive compensation in line with market practices in consideration of the management duties carried out.

This agreement has had no impact on the financial statements closed at 30 June 2018.

▪ **Intra-group loan agreement**

Description, terms and conditions:

On 16 September 2014, Orthofin II (now merged with your company) entered into a loan agreement for an amount of €16,405,111 with its subsidiary Amplitude SAS.

Related parties:

Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical and President of Amplitude SAS.

Terms and conditions and purpose:

This loan was set up in view of the repayments of the senior debt and associated loans known as "CAPEX". The loan bears interest at the EURIBOR 12-month rate +3.5 points.

The amount of financial proceeds recorded by your company in respect of the financial year ended the 30 June 2018 is €644,927. The outstanding amount of the loan entered into with Amplitude SAS is €18,306,410.

▪ **Deferred compensation items of Mr Olivier Jallabert**

Description, terms and conditions:

On 10 June 2015, the Board of Directors of your company determined the severance indemnity subject to performance criteria of Mr Olivier Jallabert. Since Mr Olivier Jallabert is not a party to any employment agreement, he shall benefit from a gross severance indemnity equal to 24 months of reference monthly compensation in the event of the termination of his corporate mandate.

The monthly reference compensation is defined as the fixed gross annual compensation plus the gross average of the last two bonus payments received with the exception of any exceptional bonus, divided by 12 months.

This severance indemnity shall not apply in the event of a dismissal for serious misconduct (*faute grave*) or gross misconduct (*faute lourde*) or in case of departure or forced retirement.

Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, this indemnity shall be subject to performance criteria. The performance criteria have been determined based on two items: firstly, the amount of revenues made by the group and secondly, the EBITDA level, and shall be calculated as follows:

- the payment of half of the indemnity would depend on the revenues of the Amplitude group. This payment would be due for 100% if the level of revenues, calculated based on the audited consolidated financial statements of the Amplitude group in respect of the two past financial years closed prior to the termination date of the corporate mandate (the reference financial years) reaches at least an average of 100% of the budgeted performance for such two financial years. If, during one or both reference years, the economic situation and financial condition of the Amplitude group and / or the economic and financial conditions on the market deteriorate, this level may be adjusted by the Board of Directors upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation;

- the payment of half of the indemnity would depend on the EBITDA level of the Amplitude group. This payment would be due for 100% if the level of EBITDA, calculated based on the audited consolidated financial statements of the Amplitude group in respect of the two past financial years closed prior to the termination date of the corporate mandate (the reference financial years) reaches at the maximum average of 100% of the budgeted performance for such two financial years. If, during one or both reference years, the economic situation and financial condition of the Amplitude group and / or the economic and financial conditions on the market deteriorate, this average level may be adjusted by the Board of Directors, upon proposal of the Compensation Committee, and submitted for approval to the annual shareholders' meeting in order to ensure consistency of the target with its difficulty of implementation.

Related parties:

Mr Olivier Jallabert, Chairman and Chief Executive Officer of Amplitude Surgical.

Terms and conditions and purpose:

The granting of such indemnity is justified by the need to offer Mr Olivier Jallabert, in consideration for the management duties carried out by him and the related responsibilities, attractive compensation in line with market practice.

These undertakings have had no impact on the financial statements of your company in the financial year ended the 30 June 2018.

*Signed in Lyon and Villeurbanne on 30 October 2018*

The Statutory Auditors

**MAZARS**

**DELOITTE & ASSOCIES**

Pierre BELUZE

Dominique VALETTE

**3.4 APPLICATION OF THE AFEP-MEDEF GOVERNANCE CODE FOR LISTED COMPANIES – PARAGRAPH 27.1 OF THE AFEP-MEDEF CODE**

The Company will refer to the recommendations in the Code of Governance for Listed Companies of the *Association Française des Entreprises Privées* (AFEP - French Association for Private Companies) and of the *Mouvement des Entreprises de France* (MEDEF - French Companies Movement), (the “**AFEP-MEDEF Code**”) in particular for preparing the report of the Board of Directors on corporate governance provided by Article L. 225-37 of the French Commercial Code on the membership 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, in particular 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 compensation 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's business or that of a Group Company, their assets or results.

The AFEP-MEDEF Code to which the Company refers may be consulted on the 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 its corporate governance known at the date of this Registration Document, the Company complies with most of the recommendations in the AFEP-MEDEF Code, insofar as the principles established are compatible with the Company's organisation, size and resources, with the exception of the following elements:

AFEP-MEDEF Code	Position of the Company
<b>Independent directors</b>	
<p>The proportion of independent 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 directors who represent employee shareholders as well as those directors representing the employees are not taken into account for establishing such percentages.</p>	<p>On the Initial Public Offering in the financial year ended 30 June 2015, the Company undertook to submit for approval of the shareholders, at the latest at the shareholder's meeting approving the financial statements for the financial year ended 30 June 2016, the appointment of 3 women as independent directors.</p> <p>On the date of this Registration Document, the Company is not in a position to identify 3 new independent directors. Nevertheless, the Company intends to comply with the recommendations of the AFEP-Medef Code and appoint 3 women independent directors as soon as possible.</p> <p>On the date of this Registration Document, 1 member of the Board of Directors of the Company is an independent director.</p>
<b>Board Committees</b>	
<p><b><u>Audit Committee</u></b></p> <p>The proportion of independent directors on the audit committee must be at least two thirds and the Committee must not include any executive directors.</p>	<p>On the Initial Public Offering in the financial year ended 30 June 2015, the Company undertook to submit for approval of the shareholders, at the latest at the shareholder's meeting approving the financial statements for the financial year ended 30 June 2016, the appointment of 3 women as independent directors. The Company thus intended to expand the composition of the Audit Committee so that at least two-thirds would be made up of independent members. On the date of this Registration Document, the Company is not in a position to identify 3 new independent directors. Nevertheless, the Company intends to appoint 3 women independent directors as soon as possible.</p> <p>On the date of this Registration Document, 1 member of the Board of Directors of the Company is an independent director.</p>



<p><b><u>Appointments Committee</u></b></p> <p>The appointments committee must not include any executive director and must be composed of a majority of independent directors.</p>	<p>On the Initial Public Offering in the financial year ended 30 June 2015, the Company undertook to submit for approval of the shareholders, at the latest at the shareholder’s meeting approving the financial statements for the financial year ended 30 June 2016, the appointment of 3 women as independent directors. The Company thus intended to expand the composition of the Appointments Committee so that at least half would be made up of independent members.</p> <p>On the date of this Registration Document, the Company is not in a position to identify 3 new independent directors. Nevertheless, the Company intends to appoint 3 women independent directors as soon as possible.</p> <p>On the date of this Registration Document, 1 member of the Board of Directors of the Company is an independent director.</p>
<p><b><u>Compensation Committee</u></b></p> <p>The Compensation Committee must not include any executive director and be composed of a majority of independent directors. It is recommended that it be chaired by an independent director, and that an employee director be a member of it.</p>	<p>On the Initial Public Offering in the financial year ended 30 June 2015, the Company undertook to submit for approval of the shareholders, at the latest at the shareholder’s meeting approving the financial statements for the financial year ended 30 June 2016, the appointment of 3 women as independent directors. The Company thus intended to expand the composition of the Compensation Committee so that at least half would be made up of independent members.</p> <p>On the date of this Registration Document, the Company is not in a position to identify 3 new independent directors. Nevertheless, the Company intends to appoint 3 women independent directors as soon as possible.</p> <p>On the date of this Registration Document, 1 member of the Board of Directors of the Company is an independent director.</p>

<b>Holding of shares in the Company by members of the Board of Directors</b>	
<p>The Board of Directors determines a minimum number of shares that must be held in the registered form by the corporate officers until the termination of their duties. This decision is reviewed at least at each renewal of their term of office.</p>	<p>Insofar as on the date of this Registration Document the Board of Directors is not yet fully appointed, the internal regulations of the Company's Board of Directors do not require that directors should hold other than a minimum of one share in the Company, which must be registered to them until the end of their mandate.</p> <p>The internal rules of the Company will, if applicable, be reviewed to provide for an obligation to hold a significant number of shares when the Board of Directors is fully constituted.</p>
<b>Compensation of executive corporate officers and award of share options and performance shares</b>	
<p><b><u>Performance shares</u></b></p> <p>The award of share options and performance shares does not benefit all employees; hence an alternative plan to ensure other staff benefit from the Company's performance is required (incentive scheme, special profit sharing agreement, award of free shares, etc.).</p> <p>Ensure that the share options and performance shares are evaluated according to IFRS standards and do not represent a disproportionate percentage of all compensation, options and shares awarded to each corporate executive.</p> <p>To avoid an excessive focussing on awards to management and executive directors</p>	<p>Staff incentive schemes were put in place at Amplitude Surgical and its subsidiaries from 1 July 2016.</p> <p>The Company's Board of Directors undertook at in the Company's Initial Public Offering to establish a plan for the award of free shares for the benefit of the Chairman and Chief Executive Officer and incentive schemes and profit sharing agreements have been put in place by the Group for the benefit of employees.</p>
<b>Succession of executive directors</b>	
<p>The Appointments Committee must establish a succession plan for the corporate officers. This is one of the main tasks of this committee, although it may be entrusted by the Board to an ad hoc committee. The Chairman may be part of all of the associated with the works of the committee for the performance of this duty.</p>	<p>The Board of Directors, upon suggestion of the Appointments Committee, has started elaborating a succession plan for the corporate officers of the Company in order to be in a position to provide for succession solutions, in particular in case of unpredictable vacancy.</p> <p>The implementation and follow-up of such plan is to continue during the 2018 / 2019 financial year.</p>

### **3.5 FOUNDING DEEDS AND ARTICLES OF ASSOCIATION**

The main provisions described below stem from the Company's articles of association adopted by the shareholders' meeting on 10 May 2015 and entered into force on 29 June 2015.

#### **3.5.1 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 any and all surgical products and equipment; the provision to individuals and to all types of business of any and all services in the medical-surgical sector; the Company's participation, by any means, directly or indirectly, in any transaction potentially relating to its corporate purpose, through the creation of new companies, contribution, subscription or purchase of shares and associated rights, merger or other transaction, 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 any and 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;
- any and all transactions, on its own behalf, for the purchase, sale and management of French and foreign securities of any nature and of all companies, 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 established or that may be established by any means (by the incorporation 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 operation of said assets, their sale and capital contribution to a company; participation in all operations for the operation, management and administration of all businesses or companies; 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, any and 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, to 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 the lending or borrowing or granting of guarantees and securities covering its obligations or those of affiliate companies.

#### **3.5.2 Provisions in the articles of association on administration and management bodies – Internal regulations of the Board of Directors**

The description hereunder summarises the main provisions 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 paragraph 3.1.2.3 in this Registration Document).

### 3.5.2.1 Board of Directors (Articles 14 to 20 of the articles of association)

#### *i. Composition of the Board of Directors (Article 14 of the articles of association)*

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 Article 14.8. The limit may also be increased, if applicable, by directors representing employees appointed pursuant to the provisions of Article 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 appoint 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 term 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 provisions 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 provisions on the combination of corporate 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 companies 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 corporate 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 related companies (as defined in 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 provisions in force, or by the 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 1 above.

The term of 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 financial year in the year in which the mandate expires.

However, the mandate shall end *ipso jure* 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 a related 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 of 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 provisions of subparagraph one of paragraph 8 shall cease to apply if, at the end of a financial 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 8 shall expire on reaching its term. The provisions 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 provisions in paragraph Article 16 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 corporate mandates of directors representing employees, which shall continue until their expiry date.

However, on expiry of the corporate 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 provisions 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, i.e. 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 1 above.

The term of 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 provisions of paragraph 3 of Article 16 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.

*ii. Organisation of the Board of Directors (Article 15 of the articles of association)*

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 compensation 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 compensation, strategy and major projects.

The composition, the procedures and powers of the committees are established by the internal regulations of the Board of Directors.

*iii. Term of office – age limits (Article 16 of the articles of association)*

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 financial year held in the year during which their mandate expires.

Directors are eligible for re-election.



Notwithstanding the provisions of paragraphs 1 and 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 corporate mandates of members of the Board of Directors.

*iv. Compensation (Article 17 of the articles of association)*

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 financial 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 for in paragraph 4 of Article 15 above and in the Board of Director's internal regulations, than to other directors.

The Board of Directors may allocate special compensation to directors for specific missions or corporate 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.

*v. Operation of the Board of Directors (Article 18 of the articles of association)*

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 copies 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.

*vi. Powers of the Board of Directors (Article 19 of the articles of association)*

The Board of Directors determines the orientations for the Company's activities and ensures they are implemented. Without prejudice to powers expressly reserved for the shareholders' meetings and within 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 agreements referred to in Article L. 225-38 of the French Commercial Code;

- decides on the procedure for general management of the Company, pursuant to paragraphs 1 and 4 of Article 21 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 compensation 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 provisions 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 that 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; and
- 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.

vii. *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 financial 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.

3.5.2.2 Executive Management (Articles 21 to 26 of the articles of association)

i. *Choice of executive management operating procedures (Article 21 of the articles of association)*

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 of office of the Chief Executive Officer is set by the Board of Directors in the decision appointing the latter, subject to the provisions of paragraph 3 of Article 21 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 3 of Article 21 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 and Chief Executive Officer.

Any change in the method for executive management of the Company does not require any amendment of these articles of association.

ii. *Powers (Article 22 of the articles of association)*

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 is 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.

*iii. Deputy executive management (Article 23 of the articles of association)*

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.

*iv. Compensation (Article 24 of the articles of association)*

The compensation of the Chief Executive Officer and, if applicable, of any Deputy Chief Executive Officer, is set by the Board of Directors.

*v. Age limit (Article 25 of the articles of association)*

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 may 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.

vi. *Removal from office and impediment (Article 26 of the articles of association)*

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 duties, 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.

3.5.2.3 Rights, privileges, restrictions and obligations attached to shares (Articles 9, 10, 11, 12 and 30 of the articles of association)

i. *Form of shares – Identification of shareholders (Article 9 of the articles of association)*

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.

ii. *Indivisibility of shares – Bare ownership and usufruct (Article 10 of the articles of association)*

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.

iii. *Transfer of shares (Article 11 of the articles of association)*

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.

iv. *Rights and obligations attached to the shares (Article 12 of the articles of association)*

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 *ipso jure* acceptance of these articles of association and the decisions of shareholders' meetings.

The rights and obligations attached to a share follow the security into whose hands it passes.

v. *Holding general shareholders' meetings (Article 30 of the articles of association)*

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 confers *ipso jure* 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.

3.5.2.4 Amendment of shareholders' rights

Shareholders' rights may be amended under the conditions provided by the regulatory and legal provisions. There are no specific provisions governing the amendment of shareholders' rights which are more restrictive than the in the legislation.

3.5.2.5 Shareholders' meetings (Article 27 to 34 of the articles of association)

i. *Notice of meetings, venue for meetings (Article 27 of the articles of association)*

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.

ii. *Agenda (Article 28 of the articles of association)*

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.

*iii. Right to attend meetings (Article 29 of the articles of association)*

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.

*iv. Meeting officials – secretary (Article 30 of the articles of association)*

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.



v. *Ordinary shareholders' meeting (Articles 31 and 32 of the articles of association)*

Quorum - majority (Article 31 of the articles of association)

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 (Article 32 of the articles of association)

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 financial 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; and
- appoints the Board of Statutory Auditors; and resolves, if necessary, on any special reports prepared by the latter pursuant to law.

vi. *Extraordinary shareholders' meeting (Articles 33 and 34 of the articles of association)*

Quorum - majority (Article 33 of the articles of association)

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 (Article 34 of the articles of association)

The extraordinary shareholders' meeting may amend any provisions 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.

##### 3.5.2.6 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.

##### 3.5.2.7 Exceeding the statutory 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 provisions, this obligation of 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.

##### 3.5.2.8 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 by such persons under conditions provided by the legislative and regulatory provisions in force.

When the person who received a request for said information fails to provide the latter by the deadline provided by the legislative and regulatory provisions in force or provides 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.

3.5.2.9 Special provisions governing changes in the share capital (Article 7 of the articles of association)

Concerning changes in the share capital, the articles of association of the Company do not set out any special provisions that are more restrictive than the legislative provisions.

3.5.2.10 Financial year (Article 35 of the articles of association)

Each financial year commences on 1 July of a year and terminates on 30 June of the following year.

### 3.6 SHAREHOLDING STRUCTURE

3.6.1 Main shareholders

3.6.1.1 Identification of shareholders

*i. Distribution of capital and of voting rights*

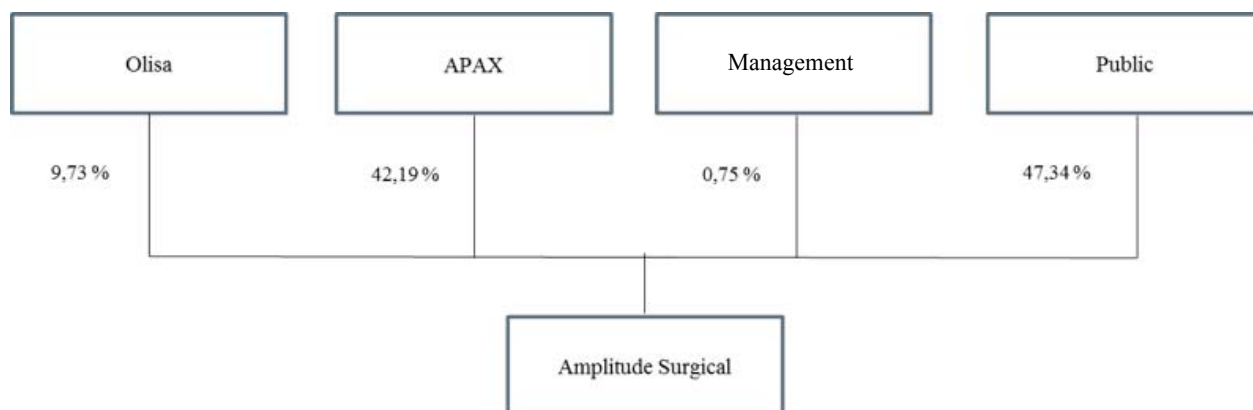
As of 30 June 2018, the capital and voting rights of the Company were distributed as follows (on an undiluted basis):

Shareholding	Number of shares <sup>(1)</sup>	% of capital and of voting rights
Olisa	4,564,815	9.73%
Apax companies, of which:	19,799,594	42.19%
<i>FPCI Apax France VIII A</i>	<i>9,447,138</i>	<i>20.13%</i>
<i>FPCI Apax France VIII B</i>	<i>6,298,093</i>	<i>13.42%</i>
<i>FPCI Apax Ortho</i>	<i>4,031,518</i>	<i>8.59%</i>
<i>Midinvest</i>	<i>22,845</i>	<i>0.05%</i>
Management	351,620	0.75%
Public <sup>13</sup>	22,213,822	47.33%
<b>Total</b>	<b>46,929,852</b>	<b>100.00 %</b>

(1) All company shares are ordinary shares.

The organization chart below shows the Company's shareholders on 30 June 2018:

<sup>13</sup> The public includes notably the Aviva Investors Global Services Limited and Aviva Investors France SA that have declared that they have exceeded the 7% threshold.



On closing of the 2017, 2016 and 2015 financial years, the share capital and voting rights of the Company were distributed as follows:

Shareholding	Position as at 30/06/2017			Position as at 30/06/2016			Position as at 30/06/2015		
	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	4,564,815	9.73	9.73	4,564,815	9.73	9.73	4,564,825	9.73	9.73
Apax companies, of which:	19,799,594	42.19	42.19	19,799,594	42.19	42.19	20,972,543	44.69	44.69
<i>FPCI Apax France VIII A</i>	9,447,138	20.13	20.13	9,447,138	20.13	20.13	10,006,798	21.32	21.32
<i>FPCI Apax France VIII B</i>	6,298,093	13.42	13.42	6,298,093	13.42	13.42	6,671,198	14.22	14.22
<i>FPCI Apax Ortho</i>	4,031,518	8.59	8.59	4,031,518	8.59	8.59	4,270,349	9.10	9.10
<i>Midinvest</i>	22,845	0.05	0.05	22,845	0.05	0.05	24,198	0.05	0.05
CIC Mezzanine 2	-	-	-	440,681	0.94	0.94	466,789	1.00	1.00
Idinvest Private debt	-	-	-	385,599	0.82	0.82	408,442	0.87	0.87
Management	351,061	0.75	0.75	517,253	1.10	1.10	517,253	1.10	1.10
Public <sup>14</sup>	22,214,382	47.34	47.34	21,221,910	45.22	45.22	20,000,000	42.62	42.62
<b>Total</b>	<b>46,929,852</b>	<b>100%</b>	<b>100%</b>	<b>46,929,852</b>	<b>100%</b>	<b>100%</b>	<b>46,929,852</b>	<b>100%</b>	<b>100%</b>

<sup>14</sup> 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 8.2.1.1 "Exceeding the thresholds".

A description of changes in share capital during the financial years ended 30 June 2016, 2015 and 2014 is shown in paragraph 3.7.8 “*Changes in the Company’s share capital over the last three financial years*” in this Registration Document.

*ii. Exceeding the thresholds*

The Company has received the following declarations of exceeding the thresholds during the financial year ended 30 June 2018:

On 27 July 2017, Aviva Investors Global Services Limited and Aviva Investors France SA declared to the Company that they had exceeded the 7% threshold, taking into account the consolidation of the interests of Aviva Plc's investment vehicles and that they held 6.089% and 1.283% (i.e., 7.372% in total) of the Company's capital and voting rights respectively..

*iii. Equity interests of directors*

As at 30 June 2018, the direct and indirect holdings of members of the Board of Directors and executives in the Company’s capital is as follows:

	<b>Number of shares</b>
<b>Members of the Board of Directors</b>	
Apax Partners	1 share
Bertrand Pivin	1 share
Daniel Caille	10 shares
<b>Chairman &amp; Chief Executive Officer</b>	
Olivier Jallabert	15,000 shares

On 27 July 2018, Olivier Jallabert had definitely vested 382,806 free shares.

*iv. Transactions performed by members of the Board of Directors and the Chairman and Chief Executive Officer*

During the financial year ended 30 June 2018, no transaction was performed by members of the Board of Directors or by the Company’s Chairman and Chief Executive Officer.

*v. Award of free shares*

The shareholder’s meeting of 9 December 2015 authorised the Board of Directors to make an award of free shares (fourteenth decision) to Company executives and staff.

On 27 July 2016, the Company’s Board of Directors awarded 1,407,897 free performance shares to executives and employees of the Amplitude Surgical Group, under the conditions described in paragraph 3.7.4 below.

vi. *Presentation of the principal shareholders*

**Olisa**

Olisa is a limited liability company with registered office at 11, Cours Jacques Offenbach, in Valence (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.

**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 30 investment professionals including 11 partner directors.

3.6.1.2 Shareholders' Voting Rights

On the date of this Registration Document, no shareholder has special voting rights. One vote is attached to each Company share (with the exception of 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.

3.6.1.3 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 19,799,595 shares, representing 41.4% of the capital and voting rights in the Company.

3.6.1.4 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.

3.6.2 Dividend distribution policy

3.6.2.1 Dividends distributed during the last six financial years

During the last three financial years, the Company has not distributed any dividend.

### 3.6.2.2 Period of prescription

Unclaimed dividends are prescribed and paid to the State after five years has elapsed since they were made available for payment.

## 3.7 SHARE CAPITAL

### 3.7.1 Share capital subscribed and share capital authorised but not issued

On the date of this Registration Document, the share capital of the Company is €478,048.41 divided into 47,804,841 shares, each of nominal value one hundredth of one euro (€0.01) fully paid.

The table below presents the delegated powers and authorisations granted by the shareholders' meeting held on 24 November 2017 as well as the powers to be delegated and authorisations proposed to the shareholders meeting of 20 December 2018.

Current Authorizations					Authorizations proposed to the Shareholders' Meeting of 20 December 2018		
Type of delegated power	Date of the Shareholders' Meeting (resolution number)	Duration (expiry date)	Maximum authorized amount	Use of the system	Resolution no.	Duration	Ceiling
<b>Increase in share capital</b>							
Issuance with preferential subscription rights maintained	24 November 2017 (resolution 10)	26 months (24 January 2020)	Capital securities: €600,000 Debt securities: €300,000,000 These limits are common to all resolutions relating to the issue of equity and/or debt securities	None	15th resolution	26 months	Capital securities: €600,000 Debt securities: €300,000,000 These limits are common to all resolutions relating to the issue of equity and/or debt securities
Issuance by way of a public offering, with cancellation of preferential subscription rights	24 November 2017 (resolution 11)	26 months (24 January 2020)	Capital securities: €250,000 Debt securities: €150,000,000	None	16th resolution	26 months	Capital securities: €250,000 Debt securities: €150,000,000
Issuance by way of an offer referred to in II of	24 November 2017 (resolution 12)	26 months (24 January 2020)	Capital securities: €250,000 Debt securities:	None	17th resolution	26 months	Capital securities: €250,000 Debt

Current Authorizations					Authorizations proposed to the Shareholders' Meeting of 20 December 2018		
Type of delegated power	Date of the Shareholders' Meeting (resolution number)	Duration (expiry date)	Maximum authorized amount	Use of the system	Resolution no.	Duration	Ceiling
Article L. 411-2 of the French Monetary and Financial Code, with cancellation of preferential subscription rights			€150,000,000				securities: €150,000,000
Authorization granted to increase the amount of the initial issues with or without preferential subscription rights	24 November 2017 (resolution 13)	26 months (24 January 2020)	15% of the initial issue	None	18th resolution	26 months	15% of the initial issue
Determination of the price of issues carried out by way of a public offering or an offer referred to in II of Article L. 411-2 of the French Monetary and Financial Code, with cancellation of preferential subscription rights, within the limit of	24 November 2017 (resolution 14)	26 months (24 January 2020)	10% of the share capital on the date of the Board of Directors' decision to set the issue price per 12-month period	None	19th resolution	26 months	10% of the share capital on the date of the Board of Directors' decision to set the issue price per 12-month period



Current Authorizations					Authorizations proposed to the Shareholders' Meeting of 20 December 2018		
Type of delegated power	Date of the Shareholders' Meeting (resolution number)	Duration (expiry date)	Maximum authorized amount	Use of the system	Resolution no.	Duration	Ceiling
10% of the share capital per year							
Issuance of shares with cancellation of shareholders' preferential subscription rights to the benefit of categories of persons	24 November 2017 (resolution 15)	18 months (24 May 2019)	Capital securities: €250,000 Debt securities: €150,000,000	-	20th resolution	18 months	Capital securities: €250,000 Debt securities: €150,000,000
Issuance of shares up to a maximum of 10% of the share capital, as consideration for contributions in kind	24 November 2017 (resolution 16)	26 months (24 January 2020)	10% of the share capital on the day of the Board of Directors' decision to issue the shares	None	21st resolution	26 months	10% of the share capital on the day of the Board of Directors' decision to issue the shares
Capital increase by incorporation of premiums, reserves, profits or other items for which capitalization is permitted	24 November 2017 (resolution 19)	26 months (14 February 2019)	250 000 € This ceiling shall not be deducted from any ceiling	None	24th resolution	26 months	250 000 € This ceiling shall not be deducted from any ceiling

<b>Employee share ownership, allocation of share subscription or purchase options, free share allocations</b>							
Issuance with cancellation of preferential subscription rights for the benefit of members of a savings plan	24 November 2017 (resolution 17)	26 months (14 February 2019)	2% of the share capital on the date of the Board of Directors' decision	None	22nd resolution	26 months	2% of the share capital on the date of the Board of Directors' decision
Free allocation of performance shares	24 November 2017 (resolution 18)	38 months (24 January 2021)	3% of the share capital on the date of the Board of Directors' decision	3% (on an undiluted basis)	23rd resolution	38 months	3% of the share capital on the date of the Board of Directors' decision
<b>Reduction of capital by cancellation of shares</b>							
Capital reduction by cancellation of shares	24 November 2017 (resolution 9)	18 months (24 May 2019)	10% of the share capital on the date of cancellation per 24-month period	None	14th resolution	18 months	10% of the share capital on the date of cancellation per 24-month period
<b>Repurchase by Amplitude Surgical of its own shares</b>							
Authorization to be granted to the Board of Directors to trade in the Company's shares	24 November 2017 (resolution 8)	18 months (24 May 2019)	40 million euros	Implementation under a liquidity agreement	13th resolution	18 months	40 million euros

### 3.7.2 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.

### 3.7.3 Shares held by the Company or on its own behalf

#### 3.7.3.1 Information about the share redemption programme approved by the general shareholders' meeting of 24 November 2017

#### **Characteristics of the share buy-back program**

The ordinary and extraordinary shareholders' meeting of Amplitude Surgical of 24 November 2017 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 EU

regulations applicable to market abuse, 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 (i.e. 10% of the capital on the date of this Registration Document)
Maximum overall amount of programme	€40 million
Maximum unit purchase price	€10
Duration of programme	18 months, i.e., until 24 May 2019

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 shares to Amplitude Surgical employees or executives or of a related companies 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 companies;
- 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; and
- 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.

### **Overview of share buy-back programme**

The liquidity agreement has been transferred to Oddo BHF further to the merger with Natixis, formerly a party to the agreement.

On 30 June 2018, the Company owned 75,320 shares, of which 75,320 in the context of the liquidity agreement entered into with Natixis.

In the framework of the liquidity agreement, the Company purchased 678,302 shares during the financial year ended 30 June 2018 at an average price of €4.02 and a total cost of €2,728,556 representing approximately 1.42% of the Company's share capital. Moreover, in the framework of this liquidity agreement, the Company assigned 640,989 shares for an average price of €4.01.

During the financial year ended 30 June 2018, transactions performed by the Group on its own securities in the framework of the authorised buy-back programme are as follows:

Number of shares cancelled during the last 24 months	-
Number of treasury shares held in the portfolio as of 30 June 2017	38,007
- Purchase of shares	678,302
- Sale of shares	640,989
- Transfer of shares	-
- Cancellation of shares	-
Number of shares held in the portfolio as at 30 June 2018	75,320
Percentage of capital held directly or indirectly by the Company as of 30 June 2018	0.16%
Book value of the portfolio	263,568
Market value of the portfolio as at 30 June 2018	235,752
Details of the operations carried out by Amplitude Surgical in 2018, by objective:	-
- Liquidity agreement	-
<i>Purchase of shares</i>	678,302
<i>Sale of shares</i>	640,989
<i>Number of shares held in the portfolio as at 30 June 2018</i>	75,320
- Cancellation of shares	-
<i>Number of shares cancelled</i>	-
<i>Number of shares held in the portfolio as at 30 June 2018</i>	-
- Allocation to employees	-
<i>Purchase of shares</i>	-
<i>Transfer of shares</i>	-
<i>Number of shares held in the portfolio as at 30 June 2018</i>	-

The Company does not have any open put or call positions on derivatives as of 30 June 2018.

The expenses incurred by the Company for implementing the share buy-back programme totalled €25,000 ex tax for the financial year ended 30 June 2018.

#### 3.7.3.2 Description of the share buy-back programme to be submitted to the Shareholder's Meeting

##### *i. Purpose of the share buy-back programme for 2018/2019*

The objectives of the programme by decreasing order of importance are as follows:

- to guarantee liquidity and market-making for Company shares through an investment service provider acting independently in the framework of a liquidity agreement pursuant to a code of ethics recognized by the AMF;
  - honouring obligations for the allotment of share options, award of free shares or other awards, allotments or assignment of shares to employees or to executives of the Company or a related company and performing any hedging operations for said transactions under the conditions provided by the market authorities, by the Board of Directors or the person acting with delegated authority of the Board of Directors;
  - hedging of the Company's commitments on rights with payment in cash for positive trends in the Company's share price on the stock exchange granted to Company employees and executives or those of an associate company;
  - the retention and subsequent submission of Company shares for exchange or payment in the framework of external growth operations, pursuant to acknowledged market practices in compliance with applicable regulations;
  - the delivery of Company shares when exercising rights attached to securities giving access by any means, immediately or in future, to Company shares;
  - the cancelling of all or some of the shares bought back, under conditions provided by law, subject to authorisation of an extraordinary shareholder's meeting; and
  - any other practice that may be admitted or acknowledged by law or the AMF or any other objective which complies with the regulations in force.
- ii. *Maximum proportion of capital, maximum number and characteristics of securities that may be acquired in connection with the 2018/2019 buy-back programme*

The maximum proportion of the capital which the buy-back is authorised is 10% of the total number of shares comprising the share capital at any time, this percentage applying to a capital adjusted according to transactions post-dating the shareholder's meeting.

For information, on the basis of the share capital existing on 30 June 2018 after deducting the 75,320 shares on the same date, the maximum number of shares that may be acquired is 4,617,665.

The securities that the Company envisages acquiring are ordinary shares.

iii. *Maximum purchase price*

The maximum purchase price per share is €10, it being specified that, for transactions on capital, notably by incorporation of reserves and award of free shares, division or grouping of shares, this price will be adjusted to consider the impact of these transactions on the share value.

iv. *Purchase and assignment methods*

Acquisition, assignment or transfer of shares may be made or paid by any means, on the market or by negotiation, including by transactions for blocks of shares or a public offering, options, derivatives, purchase of options or securities all in compliance with the applicable regulatory conditions.

In the event of a public offering of Amplitude Surgical securities paid in full in cash, Amplitude Surgical cannot continue execution of its share buy-back programme.

v. *Term of the share buy-back programme*

The share buy-back programme will have a term of 18 months from the shareholder's meeting, i.e. until 20 June 2020.

3.7.4 Award of free shares

**Plan for award of free shares established on 27 July 2016**

Pursuant to the authorisations granted by the ordinary and extraordinary shareholder's meeting of 9 December 2015, the Board of Directors resolved, at its meeting of 27 July 2016, to award 1,407,897 free ordinary shares in the Company, under the conditions described below.

The shares awarded in the context of the plan for the award of free shares are divided into two tranches: (i) Tranche A (938,599 shares) and (ii) Tranche B (469,298 shares) of which the characteristics are described below:

- Conditions of presence on the date of vesting: (i) being an employee with a permanent employment contract with the Company or a company of which the Company holds or controls the majority of capital and voting rights, and not be subject to notice of redundancy, resignation or a procedure for breach of contract (ii) hold a mandate as chief executive officer or deputy chief executive officer in the Company and not be subject to notice of cessation of duties for any reason whatsoever.

- Performance conditions:

Concerning Tranche A:

- Vesting of 80% of the number of shares in tranche A by each beneficiary is dependent on achieving a pre-defined consolidated revenue of the Company during the financial year ended 30 June 2017 as follows:

<b>Number of shares tranche A<sup>(1)</sup></b>	<b>Level of revenues on 30/06/2017 (N)</b>
0%	< €80 million
30% + 0% to 30%	> or = €80 million and < €90 million <i>(Adjusted pro-rata realisation (90 - N)/(90-80))</i>
30% + 30% + 0% to 20%	> or = €90 million and < to €106 million <i>(Adjusted pro-rata realisation (90-N)/(106-90) )</i>
30% + 30% + 20%	Equal or greater than €106 million

<sup>(1)</sup> Percentages indicated in the 2017 Registration Document were erroneous and have been corrected.

- Vesting of 20% of the number of shares in tranche A by each beneficiary is conditional on achieving an EBITDA (X) on 30/06/2017 of €21 million, with a minimum of €14 million, adjusted by application of a pro-rata  $(X-14)/(21-14)$ .

Concerning Tranche B:

- Vesting of 80% of the number of shares in Tranche A by each beneficiary is dependent on achieving a defined consolidated revenue of the Company during the financial year ended 30 June 2018 as follows:

Number of shares in tranche B <sup>(1)</sup>	Level of revenues on 30/06/2018 (N)
0%	< €85 million
0% to 50%	> or = €85 million and < €105 million <i>(Adjusted pro-rata realisation (N-85)/(105-85) )</i>
50% + 0% to 30%	> or = €105 million and < €130 million <i>(Adjusted pro-rata realisation (N-105)/(130-105) )</i>
50% + 30%	Equal to or greater than €130 million

<sup>(1)</sup> Percentages indicated in the 2017 Registration Document were erroneous and have been corrected.

- Vesting of 20% of the number of tranche B shares by each beneficiary is conditional on an EBITDA (X) on 30/06/2018 of €26 million, with a minimum of €17 million, adjusted by application of a pro-rata  $(X-17)/(26-17)$

On 27 July 2016 the following shares were awarded:

AWARDEES	TRANCHE	NUMBER OF SHARES	EVALUATION OF SHARES AWARDED	DATE OF ACQUISITION	DATE OF ASSIGNABILITY	CONDITIONS <sup>(1)</sup>
CORPORATE EXECUTIVES						
Olivier Jallabert	Tranche A	410,636	€788,418	27 July 2018	28 July 2020	<sup>(1)</sup>
	Tranche B	205,316	€261,777	Latest date between (i) second anniversary of date of initial award and (ii) date of meeting of the Board of Directors recording realisation of the conditions described above	Second anniversary following date of definitive acquisition of shares	
3 TOP EMPLOYEES						
Employee #1	Tranche A	205,988	€395,496	27 July 2018	28 July 2020	<sup>(1)</sup>
	Tranche B	87,994	€112,194	Latest date between (i) second	Second anniversary	

AWARD EES	TRANCHE	NUMBER OF SHARES	EVALUATION OF SHARES AWARDED	DATE OF ACQUISITION	DATE OF ASSIGNABILIT Y	CONDITI ONS <sup>(1)</sup>
				anniversary of date of initial award and (ii) date of meeting of the Board of Directors recording realisation of the conditions described above	following date of definitive acquisition of shares	
Employee #2	Tranche A	175,988	€337,896	27 July 2018	28 July 2020	(1)
	Tranche B	87,994,	€112,194,	Latest date between (i) second anniversary of date of initial award and (ii) date of meeting of the Board of Directors recording realisation of the conditions described above	Second anniversary following date of definitive acquisition of shares	
Employee #3	Tranche A	145,987	€280,296	27 July 2018	28 July 2020	(1)
	Tranche B	87,994	€112,191	Latest date between (i) second anniversary of date of initial award and (ii) date of meeting of the Board of Directors recording realisation of the conditions described above	Second anniversary following date of definitive acquisition of shares	

(1) See the performance criteria adopted for the plan of 27 July 2016 above.

At its meeting of 24 July 2018, the Board of Directors noted the permanent vesting of 874,989 ordinary shares of the Company (654,948 shares under Tranche A and 220,041 shares under Tranche B) which were definitively vested on 27 July 2018. Under this plan, Mr Olivier Jallabert definitively vested (i) 286,539 shares under Tranche A and (ii) 96,267 shares under Tranche B.

### Free share allocation plan set up on 24 July 2018

In accordance with the authorizations granted by the Ordinary and Extraordinary Shareholders' Meeting of the Company on 24 November 2017, the Board of Directors decided at its meeting of 24 July 2018 to grant 1,434,145 free ordinary shares of the Company under the conditions described below. The Chairman and Chief Executive Officer was granted 540,000 free shares.



Performance shares granted during the financial year to each executive director by the issuer and by any Group company					
Names	Plan number and date	Number of free shares granted during the financial year	Valuation of shares according to the method used for the consolidated financial statements	Acquisition date	Availability date
Olivier Jallabert	AGM Plan for 24 July 2018	Tranche A: 180,000	€572,400 <sup>(1)</sup>	Latest date between (i) the second anniversary of the initial grant date and (ii) the date of the Board of Directors' meeting that will record the fulfilment of the attendance and performance conditions <sup>(1)</sup>	Second anniversary following the final acquisition date of the shares
		Tranche B: 180,000	€572,400 <sup>(1)</sup>		
		Tranche C : 180,000	€572,400 <sup>(1)</sup>		

(1) Based on a closing price of €3.18 euros

(2) The conditions of presence and performance are detailed below.

The shares allocated under this 2019-2021 plan are divided into three tranches: (i) a Tranche A (478,048 shares), (ii) a Tranche B (478,048 shares) and (iii) a Tranche C (478,048 shares) whose characteristics are described below:

- Conditions of presence on the date of vesting: (i) being an employee with a permanent employment contract with the Company or a company of which the Company holds or controls the majority of capital and voting rights, and not be subject to notice of redundancy, resignation or a procedure for breach of contract (ii) hold a mandate as chief executive officer or deputy chief executive officer in the Company and not be subject to notice of cessation of duties for any reason whatsoever.
- Performance conditions:
  - Vesting of 80% of the number of shares in each tranche by each beneficiary is dependent on achieving a pre-defined consolidated revenue of the Company during the financial year ended 30 June as follows:

Number of shares in Tranche A	Criteria
0%	< to X <sub>base</sub> million €

0% à 50%	> or = $X_{\text{base}}$ million € and < to $X_{\text{target}}$ million € (Adjusted pro rata to the realization $(X_{\text{target}} - N) / (X_{\text{target}} - X_{\text{base}})$ (*)
50% + 0% to 30%	> or = to $X_{\text{target}}$ million € and < to $X_{\text{plan}}$ million € (Adjusted pro rata to the realization $(N - X_{\text{target}}) / (X_{\text{plan}} - X_{\text{target}})$ (*)
50% + 30%	Equal to or greater than $X_{\text{plan}}$ million €

(\*) Prorata is capped at 100%.

- The vesting of 20% of the number of shares in each tranche by each beneficiary is subject to the achievement of an EBITDA in excess of €17.5 million and an EBITDA/revenue ratio at 30/06/N above the threshold indicated for each financial year:

Thresholds	Tranche A	Tranche B	Tranche C
	30/06/2019 (in millions of euros)	30/06/2020 (in millions of euros)	30/06/2021 (in millions of euros)
$X_{\text{base}}$	103.3	106.4	109.6
$X_{\text{target}}$	110.5	121.8	134.2
$X_{\text{plan}}$	115.4	132.7	152.6
EBITDA/REVENUE	16.0%	16.5%	17.0%

In the event of a change of control that results in one or more shareholders acting in concert holding more than 50.1% of the Company's share capital or voting rights, i.e. upon completion of an initial public offering on a US market, during the vesting period, the  $X_{\text{target}}$  and  $X_{\text{plan}}$  thresholds will take the values of  $X_{\text{base}}$  for calculating shares during the vesting period, based on performance.

In the event of a transfer by the Apax Entities of shares resulting in the Apax Entities holding less than 20% of the Company's capital or voting rights during the Acquisition Period, only for the portion concerned by the event:

- if the consolidated turnover of the relevant tranche is greater than  $X_{\text{base}}$  of Tranche A, the percentage calculated below shall be at least 20%,
- if the consolidated turnover of the relevant tranche is less than  $X_{\text{target}}$ ,  $X_{\text{target}}$  will take the value  $X_{\text{base}}$  and  $X_{\text{plan}}$  will take the value  $X_{\text{target}}$  for the calculation of the shares acquired based on performance,
- if the consolidated turnover of the relevant tranche is less than  $X_{\text{plan}}$ ,  $X_{\text{plan}}$  will take the  $X_{\text{target}}$  value for the calculation of the acquired shares based on performance,
- if the consolidated turnover of the tranche is greater than  $X_{\text{plan}}$ , the percentage will be 120% for the calculation of the shares acquired based on performance, and
- the total number of shares acquired from the relevant tranche will be capped at the total number of shares planned for the relevant tranche.

The above figures will be determined by the Board of Directors responsible for closing the Company's consolidated financial statements for the period in question.

During the financial year ended 30 June 2018, no shares have been vested definitively by the corporate officers.

### 3.7.5 Other securities giving entitlement to capital

On the date of this Registration Document, there are no securities giving entitlement to the Company's capital.

### 3.7.6 Conditions governing any right of acquisition and/or any obligations attached to capital subscribed but not paid

None.

### 3.7.7 Share capital of any Group company subject to an option or an agreement for the future exercise of an option

See Section 1.4.3 “Shareholders’ agreements and minority interests” in this Registration Document.

### 3.7.8 Changes in the Company's share capital over the last three financial years

Date	Nature of the transaction	Capital prior to the transaction	Number of shares prior to the transaction	Number of ordinary shares issued (cancelled)	Number of preference shares issued (cancelled)	Total number of shares after the transaction	Nominal value (in euros)	Capital after the transaction
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 the warrants	€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	Capital increase (by way of public offering)	€369,298.52	36,929,852	10,000,000	0	46,929,852	0.01	€469,298.52
24/07/2018	Capital increase through the issue of new shares	€469,298.52	46,929,852	874,989	0	47,804,841	0.01	€478,048.41

### **3.8 OTHER ELEMENTS LIKELY TO HAVE AN EFFECT IN CASE OF PUBLIC OFFERING**

**The agreements entered into by the Group with minority shareholders are described in section 1.4.3 “Shareholders’ agreements and minority interests” of this Registration Document.**

**The financing agreements entered into by the Group are described in Section 5.2 “Cash and Capital Equity” of this Registration Document.**

**The material contracts entered into by the Group are described in Section 1.9 “Material Contracts” of this Registration Document.**

## **CHAPTER 4 CORPORATE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY**

### **4.1 INFORMATION**

#### 4.1.1 Methodological Note: organisation and method of reporting

For the financial year ended 30 June 2018, the statistics were collected from:

- the Administration and Finance Division
- the Human Resources Division
- the management of the group's subsidiaries, through questionnaires necessary to the preparation of this chapter.

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.

##### 4.1.1.1 Reporting scope and period

The data presented relate in majority to the Amplitude Group, with the exception of certain data that relate to Amplitude SAS solely.

The scope is indicated in each paragraph of this document.

The data concern the financial year ended 30 June 2018, unless otherwise stated in the body of the report.

##### 4.1.1.2 Relevance of the selected indicators

The relevance of the indicators may be assessed in respect of the corporate, environmental and social impacts of Group Companies' activities and the risks associated with the challenges of its businesses.

Having regard to the Amplitude Group activities, the following information was not considered relevant and is therefore excluded from the report:

- amount of provisions and guarantees for environmental risks: no provision or guarantee for environmental risks has been posted in the financial statements of the Company;
- consideration of noise or any other form of pollution specific to an activity: no environmental claim has been submitted to the Group, whether in respect of pollution or other type of damage;
- use of land: the Company does not use the land as such for the purposes of its industrial activity. However, the company takes particular care to preserve the exterior of the site where its production units are based; and
- fight against food wasting.

#### 4.1.1.3 Methodological details

Energy consumption takes into account the energy (electricity and gas) used for heating or air conditioning of the buildings.

Water consumption considers use for sanitary facilities, maintenance of premises and the water-based permanent automatic sprinkler system

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 2018, whether under permanent or fixed-term, professional training or apprenticeship contracts.

Employees who had left the Group on 30 June 2018 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 compensation 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 2017 to 30 June 2018 (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 CPF (*Compte Personnel de Formation*), training in the workplace, deductible and non-deductible training and internal and external training.

#### 4.1.1.4 External verification procedures

The information set forth in this chapter was verified by an independent third party body, Mazars SAS, duly accredited by COFRAC (*Comité Français d'Accréditation*), under number 3-1321 of which the remit can be consulted on the website [www.cofrac.fr](http://www.cofrac.fr).

Their conclusions are presented in paragraph 4.4 “*Report of the independent third party body*” in this Registration Document.

#### 4.1.2 Corporate responsibility

##### 4.1.2.1 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; and
- effective abolition of child labour.

##### 4.1.2.2 Workforce

###### *i. Total workforce (Amplitude Group)*

On 30 June 2018, the Amplitude Group employed 428 staff, distributed as follows:

<b>Country</b>	<b>Workforce</b>
France	345
<i>including Amplitude SAS</i>	224
<i>including Amplitude Surgical</i>	4
<i>including Novastep SAS</i>	29
<i>including Sofab Orthopédie</i>	75
<i>including Amplitude Ile de France</i>	7
<i>including Duotech - Amplitue</i>	6
Australia	21
Switzerland	2
Germany	8
Belgium	3
United States	13

South Africa	16
Brazil	19
Romania	1
Total	<b>428</b>

ii. *Distribution of workforce per type of contract*

The Group employs few people on fixed-term or temporary contracts. Recourse to this type of contract is essentially made to cater for occasional peak demand.

<b>Amplitude Group</b> <i>(in percentage)</i>	<b>30/06/2018</b>	<b>30/06/2017</b>
Permanent (CDI)	95%	98%
Fixed-term (CDD)	5%	2%

<b>Amplitude SAS</b> <i>(in percentage)</i>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>30/06/2016</b>
Permanent (CDI in the French acronym)	93%	99%	96%
Fixed-term (CDD in the French acronym)	7%	1%	4%

iii. *Distribution of workforce by grade (Amplitude Group)*

<b>Amplitude Group</b> <i>(in percentage)</i>	<b>Management</b>	<b>Non-Management</b>
On 30 June 2018	34%	66%

iv. *Distribution of workforce per age range (Amplitude Group)*

<b>Age range</b>	<b>Number of staff members</b>
18-30	126
31-45	210
> 45 years	92



v. *Distribution of staff by gender (Amplitude Group)*

The Amplitude Group is committed to achieving gender balance in its workforce throughout all stages of professional life.

On 30 June 2018, women represented 44% of the Amplitude SAS workforce including 31% in management grade posts.

On 30 June 2018, men represented 56% of the Amplitude SAS workforce, including 38% in management grade posts.

4.1.2.3 Employment dynamics and induction

**Recruitment**

The Group recruited 133 staff members (of which 13 from external growth) including all types of contract (permanent, fixed-term, apprenticeship and professional training) and all grades, during the financial year ended 30 June 2018.

<b>Amplitude SAS</b>	<b>30/06/2018</b>	<b>30/06/2017</b>
Permanent (CDI)	30	22
Fixed-term (CDD)	21	6
<b>Total</b>	<b>51</b>	<b>28</b>

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.

**Departures**

During the financial year ended 30 June 2018, 73 employees left the Group.

<b>Amplitude SAS</b>	<b>30/06/2018</b>	<b>30/06/2017</b>
Dismissals	2	1
Resignations / Expiry of fixed-term contracts / Retirement / Others	29	18
Terminations of contracts	7	8
<b>Total</b>	<b>38</b>	<b>27</b>

## Staff loyalty

- *Turnover*

The turnover of the Group is 19.84% between 1 July 2017 and 30 June 2018 (Departures / Workforce at the start of the period).

- *Average length of service*

On 30 June 2018, the average length of service of Amplitude SAS staff employed under permanent contracts of employment was 5.2 years (compared to 5.2 years on 30 June 2017).

<b>Average length of service by subsidiary in years</b>	<b>30/06/2018</b>
<b>Amplitude Group</b>	
<i>Amplitude SAS</i>	5.2
<i>Amplitude Surgical</i>	9.13
<i>Novastep SAS</i>	2.36
<i>Sofab Orthopédie</i>	4.42
<i>Amplitude Ile de France</i>	6.35
<i>Duotech</i>	7.48
Australia	2.24
Switzerland	4.21
Germany	5.50
Belgium	2.93
United States	1.74
South Africa	1.35
Brazil	2.5
Romania	1.93

### 4.1.2.4 Compensation

The Company implements its compensation policy on the basis of local labour market conditions, internal equity, applicable legislation and, as the case may be, collective bargaining agreements or the national staff status.

*i. Trends of Amplitude SAS staff costs*

<b>Amplitude SAS (in €K)</b>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>30/06/2016</b>
Salaries	7,631	7,883	7,185
Charges	4,101	3,687	3,511

4.1.2.5 Organization of working time

*i. Duration and distribution of working time*

The Group complies with legislative, regulatory, statutory and contractual obligations on working time in all of the countries in which it operates.

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 part-time employees within the Amplitude Group was 19 at 30 June 2018, i.e., 4% of the headcount.

The number of part-time employees within Amplitude SAS was 16 at 30 June 2018 (compared to 17 on 30 June 2017), i.e. 7% of the workforce.

4.1.2.6 Working Conditions

*i. 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 organization of the company by listing the most frequent risks to which staff is exposed and the means of reducing these to a minimum.

No health and safety at work agreement has been signed.

*ii. Number of accidents*

Workplace accidents are monitored and reported in accordance with the local legislation applicable in each country in which the Company operates.

As of 30 June 2018, 3 accidents (excluding accidents travelling to and from work) were recorded at Amplitude SAS (compared to 6 June 2017).

<b>Amplitude SAS</b>	<b>30/06/2018</b>	<b>30/06/2017</b>
Number of occupational accidents at (excluding accidents when travelling to and from work)	3	6
<i>of which number of occupational accidents followed by sick leave</i>	<i>0</i>	<i>1</i>

iii. *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 0 on 30 June 2018 (compared to 2.67 on 30 June 2017).

iv. *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 on 30 June 2018 (compared to 0.005 on 30 June 2017).

v. *Safety and working environment training*

Between 1 July 2017 and 30 June 2018, 20 employees of Amplitude SAS attended a working situation on a computer workstation training and 4 employees attended a road risk prevention training..

vi. *Occupational illnesses*

No occupational illness has ever been declared in the Group.

4.1.2.7 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, compensation, careers, training, etc.

In 2013, Amplitude SAS committed to an action plan based on three criteria:

- Equality in the actual compensation of men and women,
- Non-discrimination on recruitment, and
- Satisfactory work/life balance, review of working times to improve compatibility with parental responsibilities.

4.1.2.8 Training and skills management

i. *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 2018, 251 Amplitude SAS employees followed training courses totalling 3343.35 hours (compared to 246 employees and a total number of hours of 5133.21 on 30 June 2017).

The average number of training hours followed by employees who received training was 6.80 hours on 30 June 2018 (compared to 20.86 hours on 30 June 2017).

On 30 June 2018, the budget allocated by Amplitude SAS to training was €106,595 (compared to €89,273 on 30 June 2017).

Training provided for staff covered various topics: products, regulatory change, management, health and safety, information technology, etc.

In particular, the following training sessions were carried out:

- improvement of IT desktop situation training
- stacking training;
- electrical accreditation for B1 B2 BC class electrician; and
- professional risks assessment training.

Other subsidiaries have an autonomous training policy based on the global Group policy.

#### *ii. Annual reviews*

For several years, the Amplitude Group has been organizing annual reviews for 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.

During the financial year ended 30 June 2018, 264 employees of the group benefited from an annual interview (compared to 291 employees at 30 June 2017).

#### 4.1.2.9 Employees and the Company

##### *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 emerged that a majority of employees are highly motivated and satisfied at work.

The company renewed this survey in September 2017.

This survey was conducted between 12 and 30 September 2017. Thus, 32 questions were used in accordance with the Karasek model, representing 185 completed questionnaires, which represents a participation rate of 88%. This questionnaire assesses three dimensions of the psycho-social environment at work: psychological demand, decision-making power and social support. The analysis of the findings revealed the following points:

- **81.1%** of respondents experience a sense of well-being at work;
- **77.8%** of respondents express being motivated;

- **97.3%** of respondents indicated that they could discuss with their Line Manager in the event of disagreement;
- **99.4%** of respondents indicated that they could discuss with their colleagues in case of disagreement.

*ii. Absenteeism*

The Group remains attentive to the absenteeism rates in each of its subsidiaries.

The average absenteeism rate at Amplitude SAS was 5.54% on 30 June 2018 (compared to 4.74% on 30 June 2017).

*iii. Labor relations*

**Staff representative bodies**

There is a social and economic committee 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 3 members (2 for the “operatives and office staff” college and 1 for the “technicians, supervisors and management” college) appointed on 12 June 2017 until the renewal of their term of office in January 2019.

The Top Management of Amplitude SAS considers it maintains good relations with the staff representative bodies.

**Collective agreements**

The following collective agreements have been entered into at Amplitude SAS:

- employees’ profit sharing agreement dated 20 June 2008 entered into for an indeterminate period.
- rules for the company savings plan dated 14 June 2005, entered into for a term of one year, renewable automatically;
- rules of the collective pension savings plan dated 6 November 2014, entered into for an indeterminate period; and
- a profit sharing agreement signed on 15 June 2016 for a term of three years.

The following collective agreement was entered into within Amplitude Surgical:

- a profit-sharing agreement, executed on 22 July 2016, for a term of three years.

The following agreement was entered into within Novastep:

- a profit-sharing agreement, executed on 26 May 2016, for a term of three years.

iv. *Disabled employees*

On 30 June 2018, Amplitude SAS employed 1 disabled worker (compared to 3 disabled workers on 30 June 2017).

Amplitude SAS also orders a proportion of its office supplies from ESAT (*Etablissement de Service d'Aide par le Travail*) and has been subcontracting the cleaning of transport containers to these ESATs.

The Group's subsidiaries have an autonomous policy based on the legislation of each country. No disabled workers have been identified in the Group's other subsidiaries.

v. *Combating discrimination*

The Group's Ethics Charter sets the principle of providing and maintaining a work environment free from abuse and inappropriate biases.

The Group offers and maintains a working place free from abuse based on ethnicity, color, sexual orientation, age, religion, national origin, disability, personal data or veteran status. The workplace must also be free from abuse based on any status protected under applicable law. Any abuse in violation of this policy, under any form and at any level, will not be tolerated.

The Group holds as a principle that it will intervene by anticipation in order to take all the necessary measures to avoid any violation of this policy. Therefore, it is essential that any conduct likely to violate this policy, whether such violation affects such employee or a third party, be duly reported.

All abuse allegations must be taken seriously and must be promptly and thoroughly investigated. Confidentiality must be preserved to the full extent possible during the investigation.

Moreover, 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 that may not be requested from applicants.

## **4.2 SOCIAL INFORMATION**

### **4.2.1 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.

### **4.2.2 Sponsorship**

The partnership established with the *Fondation Robert Ardouvin* during the 2015/2016 financial year was continued.

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 center 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 made a donation of €12,500 to this Foundation during the financial year ended 30 June 2018.

#### 4.2.3 Subcontractors and suppliers

On 30 June 2018, Amplitude SAS cooperated with 94 suppliers and subcontractors (implants and instruments) of which 80% are based in France.

On 30 June 2018, Amplitude SAS had purchased goods totalling €28,092,761 from its French subcontractors and suppliers.

As the main manufacturing activity is carried out by Amplitude SAS, the analysis of suppliers and subcontractors of other Group companies is not considered relevant.

#### 4.2.4 Ethical commitment of the Amplitude Group

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 Ethics committee met on 30 May 2017 and validated the Business Ethics Charter that is applicable in all countries where the Group is established. It is distributed to all of the staff members of the Group.

The points addressed in the Business Ethics Charter are:

- ethics in the world of medical devices;
- conflicts of interest;
- confidential and IP data protection;
- donations to non-profit organizations;
- gifts, invitations and various benefits;
- competition;
- working with healthcare professionals;
- work environment;
- capital market ethic; and
- implementation of the Charter and whistleblowing.



#### 4.2.5 Relationships with persons and organizations involved in the company's business

In March 2018, Amplitude SAS joined SNITEM (*Syndicat National de l'Industrie des Technologies Médicales*).

SNITEM represents more than 400 medical device manufacturers and supports its members through, among other things, a working group and regulatory and legal monitoring.

Apprenticeship tax is paid to training establishments and schools from which we recruit students for professional training or apprenticeship contracts.

Amplitude SAS welcomed 9 trainees and 4 work placements during the financial year ended 30 June 2018.

#### 4.2.6 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.

#### 4.2.7 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.

The Company strives to comply with its obligations and publishes on the “public transparency” website any agreements or benefits for health professionals.

This matter is also referred to in the Business Ethics Charter of the Group.

#### 4.2.8 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.

#### 4.2.9 Other actions undertaken in favour of Human Rights.

Over the financial year ended 30 June 2018, the Group has not undertaken any action.

### 4.3 ENVIRONMENTAL INFORMATION

#### 4.3.1 General Environmental Policy

The type of business of the Company and its subsidiaries does not generate any significant environmental risks.

#### 4.3.2 Organization of the company with regard to environmental questions and, if applicable, the procedures for environmental assessments and certification.

The various development works on the Valence buildings have resulted in improvements in the consumption of electricity and water by including, for example, movement detectors to manage the switching on and off of lights, but also infrared detection taps.

In the first half year of 2016, Amplitude SAS had an energy audit carried out by an external agency.

The Company intends relying on the developments proposed in the report concerning energy consumption.

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 with common sense.*

#### ***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”*

#### 4.3.3 Means allocated to environmental risks prevention

Taking into account the Group's businesses, no specific mean dedicated to the prevention of environmental and contamination risks have been set-up.

#### 4.3.4 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 2018, 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 companies.

Amplitude SAS recycles boxes, approximately 760 cubic meters in the financial year ended 30 June 2018 (compared to 611 cubic meters in the financial year ended 30 June 2017), as well as papers, toners and batteries.

Toners and batteries are recovered by brokers. Papers are recycled by the municipality.

#### 4.3.5 Measures for prevention, reduction and reparation regarding waste in the air, water and soil adversely affecting the environment

The car parks at the Valence site are equipped with an oil separator to treat rainwater that could be contaminated by hydrocarbons present in the open car park.

An annual draining is carried out.

#### 4.3.6 Use of resources

##### 4.3.6.1 Energy consumption

##### *i. Amplitude SAS energy consumption*

<b>Amplitude SAS</b>	<b>Data at 30/06/2018</b>	<b>Data at 30/06/2017</b>
Electricity in kWh	1,345,400	978,431
Gas in kWh	71,535	132,03915

The electricity and gas consumption stated above covers the period from mid-May 2017 to mid-May 2018 in order to use the actual data rather than estimates.

The increase of electrical consumption over this financial year is due to the start of production of the cleaning and packaging line at our Valencia site.

The decrease in gas consumption is due to the reduction in the area to be heated, part of which is now devoted to the clean room.

##### *ii. Consumption of fuel for business travel*

On 30 June 2018, the fleet of Amplitude SAS comprised 43 vehicles (private and commercial) (compared to 42 on 30 June 2017); 59,921 litres of diesel were consumed over the financial year ended 30 June 2018 (compared to 72,633 litres of diesel over the previous financial year).

<sup>15</sup> Further to the detection of an error, the gas consumption data has been corrected.

#### 4.3.6.2 Water consumption

Amplitude SAS uses water in its commercial and administrative buildings, notably in the air conditioning and sanitary systems, for the up keeping of the premises and the permanent water sprinkler system in one of the buildings containing the stocks of implants and instruments of Amplitude SAS. Water is therefore extracted from the mains system only.

Amplitude SAS water consumption was approximately 7,062 cubic meters on 30 June 2018 (compared to 8,458 cubic meters on 30 June 2017).

The water consumption given above refers only to the Valence Site and covers the period June 2017 to May 2018, for water from the mains system and for the calendar year 2017, for water from the Bourne canal.

To show consumption over 12 months, an estimate is made when bills have not been received.

#### 4.3.7 Greenhouse gas emissions and combating climate change

The manufacture and marketing of company products generates few direct CO2 emissions, but represent the majority of the indirect emissions linked to the Group's activities.

The only material direct CO2 emissions are generated by the natural gas used to heat the premises. The other material items reflect vehicle emissions (transport during production and deliveries to customers, the company fleet, employees' travel) and electricity consumption.

#### Emissions in CO2 tones equivalent

<b>Amplitude SAS</b>	<b>Data at 30/06/2018</b>	<b>Data at 30/06/2017</b>
Transportation between the Valence site and customer establishments in France	178	162
Transportation (train and plane) by the Company in France and internationally	238	271
Electricity	87	63
Gas	15	27

*Note: The findings are subject to uncertainties in the calculation of emission factors.*

#### 4.3.8 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 used to manufacture custom cutting guides. Amplitude SAS has established a policy for reasonable consumption of the raw material using the residual powder from manufacture of the guides, to produce prototypes.

#### 4.3.9 Fighting against food wasting

The Group has not carried out any actions in connection with food wasting

#### 4.3.10 Biodiversity measures

Over the financial year ended 30 June 2018, the Group has not undertaken any action concerning biodiversity.

#### 4.3.11 Adaptation to the consequences of climate change

Taking into account the Group's activities and its geographical locations, no measure has been planned.

### 4.4 REPORT OF THE INDEPENDENT THIRD PARTY BODY

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

#### **Report of the independent third party body on the consolidated corporate, environmental and social information in the management report**

Financial year ended 30 June 2018

To the shareholders,

In our capacity of third party independent body, and also statutory auditors of Amplitude Surgical, accredited by COFRAC under number 3-132116, we present our report on the consolidated corporate, environmental and social information for the financial year ended 30 June 2018 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 Registration Documents used by the company (hereinafter the "Registration 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 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);

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<sup>16</sup> the scope of which is available on [www.cofrac.fr](http://www.cofrac.fr)

- to provide a conclusion of moderate assurance that the CSR Information, taken overall, is presented, in all significant aspects, sincerely and pursuant to the Registration Documents (reasoned opinion on the sincerity of the CSR Information).

Our mission was performed by a team of 5 people between the end of September and the beginning of October 2018 over a period of approximately 2 weeks.

We conducted the works described below in accordance with the Order of 13 May 2013 providing the methods according to which an independent third party body must conduct its mission as well as with the professional guidelines of the French Statutory Auditors' Association relating to this intervention and, concerning the reasoned opinion on sincerity, with International Standard ISAE 3000<sup>17</sup>.

## **I – Certification of presence of CSR Information**

On the basis of interviews with the managers of the departments concerned, 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 have 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 have verified that the explanations were provided pursuant to Article R.225-105 (3) of the French Commercial Code.

We have verified that the CSR Information covers the scope of consolidation, i.e., 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 presented in paragraph 4.1.1 "Methodological Note: organisation and method of reporting" 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 5 interviews with the top management representatives 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 Registration 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.

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<sup>17</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

For the CSR Information which we considered most important, we have:<sup>18</sup>

- for the consolidating entity, we have consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions); we also analysed 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 entity<sup>19</sup> that we selected according to the nature of its business, its contribution to the consolidated indicators, its location and a risk analysis, we have 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 thus selected represents 52% of the work force, considered as a representative portion of the labor aspects and 100% of the environmental data is considered as representative<sup>20</sup> of the environmental aspects.

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 judgment 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 these works, we did not detect any significant anomalies of a nature to doubt that the CSR Information, taken overall, is presented sincerely, according to the Registration Documents.

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<sup>18</sup> **Labor information:** Total workforce and its breakdown by age, gender and geographical area; Number of permanent and fixed-term staff recruited; Number of redundancies; Number of work-related accidents with or without work interruption; Total number of hours of training.

<sup>19</sup> **Environmental information:** Energy consumption (electricity and gas); Water consumption; Quantity of recycled cardboard. Amplitude SAS

<sup>20</sup> Gas and electricity consumption: water consumption and recycled cardboard quantity.

*Signed in Villeurbanne , 30 October 2018*

Independent third party body

**MAZARS SAS (LYON)**

Pierre BELUZE

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*Partner*

Nicolas DUSSON

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*Partner, Technical Manager*



## CHAPTER 5 MANAGEMENT REPORT

### 5.1 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 financial years ended 30 June 2017 and 30 June 2016 shown on pages 196 to 216 of the Registration Document filed with the *Autorité des marchés financiers* on 31 October 2017 as number R.17-070 (page 174 to 204 of the English version). The parts which are not included in this document are either not relevant 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 financial year ended 30 June 2018, as highlighted in paragraph 6.1 “*Group Consolidated Financial Statements for the financial year ended 30 June 2018*” in this Registration Document.

The Company’s financial year runs from 1 July to 30 June of the following year.

The Group’s consolidated financial statements for the financial year ended 30 June 2018 were prepared in accordance with IFRS standards as adopted by the European Union. The auditors’ reports on the consolidated financial statements for the financial year ended 30 June 2018 are presented in paragraph 6.2 “*Report of the Statutory Auditors on the consolidated financial statements for the financial year ended 30 June 2018*” 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.

#### 5.1.1 Overview

##### 5.1.1.1 Introduction

The Group is one of the leading French players in the provision of lower limb prostheses (hip, knee, and lower extremities). (*Source: Avicenne, Strategic Report – European Orthopaedic Market 2016-2021 – Hip, Knee & Shoulder – May 2017*)

The Group was established in December 1997, and launched its first products onto the market in 1999. The Group has operations in 37 countries, through 16 subsidiary operating companies (5 in France and 11 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.

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 financial year ended 30 June 2018, the Group sold 69,617 prostheses, of which 19,218 were hip prostheses, 20,694 were knee prostheses and 21,705 were foot prostheses (compared 61,080 prostheses, of which 18,389 were hip prostheses, 26,016 were knee prostheses and 16,675 were foot prostheses for the financial year ended 30 June 2017).

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® computer-assisted surgery 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 520 establishments in France and over 600 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 financial years ended 30 June 2018 and 30 June 2017, the Group achieved revenues of €100.3 million and €93.4 million respectively, and an EBITDA of €18.1 million and €15.5 million respectively.

As at 30 June 2018, the Group employed 428 salaried staff, in France and overseas, of which 61 were engineers, dedicated to research and development.

#### 5.1.1.2 Significant accounting principles

The following are the significant accounting principles applied by the Group:

##### *i. 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 duties (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 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 2018, 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.

*ii. Revenues*

The Group 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® computer-assisted surgery 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.

iii. *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 financial year ended 30 June 2018, which is highlighted in paragraph 6.1 “*Group Consolidated Financial Statements for the financial year ended 30 June 2018*” of this Registration Document.

Amortisation methods, useful economic life, and residual values are reviewed every financial 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.

iv. *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.

v. *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 2018 are detailed in Section 5.2 “Cash and Capital Equity” of this Registration Document.

As at 30 June 2018, 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 2018 to 30 June 2028;
- 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).

vi. *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. The difference in accounting treatment does not have a significant impact on the liabilities of the Group. This difference does not have a significant impact on the other accounting aggregates of the Group.

vii. *Research and development costs*

Research and development expenses are booked in the financial year in which they are incurred. Research Tax Credit is posted in other operational income in the income statement.

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.

viii. *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.

*ix. 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.

*x. 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.

#### 5.1.1.3 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.

##### *i. 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. Since the acquisition of 100% of the Sofab Group, revenues from the sale of implants or services granted to external companies are recognised as revenues.

The Group's distribution models are described in paragraph 1.3.3.8 in this Registration Document.

##### *ii. 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.

##### *iii. 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.

*iv. 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 on-going legal disputes to which the Group is exposed).

*v. 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).

*vi. Operating income*

Operating income corresponds to revenue after deducting all 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 in the context of external growth transactions, when the Notified Body was changed (from DEKRA to the BSI), when the ERP was launched and in connection with the IFRS expenses related to the allocation of free shares.

Operating income relates to current operating income less non-recurring items.

The Company includes as non-current charges, charges or provisions for current disputes at the Company.

*vii. 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)).

Financial expenses also include foreign-exchange losses, in particular in respect of current accounts denominated either in currencies or in euros with its foreign subsidiaries, the main sources of financing set up for the benefit of the subsidiaries.

*viii. Tax on profits*

Tax on profits represents the tax expense for the financial year made up of corporation tax paid or deferred, value added tax payments, and allowances and reversals on tax provisions.

ix. *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.

x. *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 Japan, as well as in the United States and France (Novastep Inc. and Novastep).

5.1.1.4 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.

i. *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).

The French *Conseil d'Etat* (Council of State) by a decision dated 3 December 2015 cancelled the reduction of tariffs initiated in 2013. A decision of the Economic Committee for Medicinal Products dated 19 February 2016 established a reduction in the tariffs imposed on 14 March 2016 in the order of 12.30% for hip prostheses and 7.40% for knee prostheses. By an order of 18 April 2016, the French *Conseil d'Etat* cancelled the latter reduction exclusively for a part of the hip implants.

In June 2017, the French economic committee for healthcare products (CEPS) suggested a new plan for price reductions over 2 years.

On 21 August 2017, a 3.5% decrease on average was applied to hip and knee implants.

Moreover, an average 1.75% decrease was applied in July 2018 on all implants, including hip and knee implants. The CEPS undertakes not to implement any other price decreases on all of the orthopaedic implants referred to in Article 1 of such plan and included in a generic description prior to 1 August 2019.

Each such rate reduction can have a significant impact on Group profits on the basis that 62% of its revenues is attributable to France.

ii. *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).

iii. *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.

iv. *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 Adelaide, Australia. 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 (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Revenues	80,788	93,356	100,336
Gross profit	62,213	70,519	75,743
<i>As a% of revenues</i>	<i>77.0%</i>	<i>75.6%</i>	<i>75.5%</i>
Sales and marketing expenses	32,115	38,626	39,933
Administrative expenses	9,297	9,321	10,958
R&D costs	7,327	7,072	6,784

v. *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.

vi. *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 December). 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 end-December than in end-June.

Group business activity is less affected by seasonality in other countries.

vi. *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.

*vii. 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 5.2.2.2 "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 (2014 and 2016 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.

5.1.1.5 Principal performance indicators

The Group uses as its principal performance indicators revenues, EBITDA, EBITDA margin, and net profit.

Performance indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Revenue	80,788	93,356	100,336
EBITDA	13,473	15,500	18,068
EBITDA margin	16.7%	16.6%	18.0%
Net profit excluding financial expenses relating to extraordinary items	(174)	(5,230)	(1,748)

*i. Revenues*

See definition of revenues in paragraph 5.1.1.3 of this Registration Document.

*ii. 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)	Financial year ended 30 June		
	2016	2017	2018
Current operating income	3,477	17	2,264
+ Amortisation allowances	9,903	13,328	12,992
+ Non-recurring items <sup>(1)</sup>	94	2,155	2,812
<b>EBITDA</b>	<b>13,473</b>	<b>15,500</b>	<b>18,068</b>
<b>EBITDA margin</b>	<b>16.7%</b>	<b>16.6%</b>	<b>18.0%</b>

(1) The main non-recurring items include:

- For the financial year ended 30 June 2016: charges concern costs relating to an external growth project which did not go through.
- For the financial year ended 30 June 2017: expenses related to the repurchase of cards and indemnities (€0.3 million), the free shares plan for a total of €1.4 million, the performance of a structural and organisational audit for €0.2 million and the termination of sale of products for €0,2 million.
- For the financial year ended 30 June 2018: expenses related to the repurchase of cards and indemnities (€0.15 million), the free shares plan for a total of €1.5 million, the cost of non-recurring audits for €0.4 million and the termination of sale of products for €0,6 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.

*iii. Net profit excluding financial expenses in respect of extraordinary items*

A significant portion of the Group's cash flow is affected by the servicing of its debt, which is fully booked to financial expenses every year and paid half-yearly or compounded annually for a small portion.

Compound interest generated by this borrowing can proportionately reduce net profit. It will either be converted or paid in the event of repurchase, or early repayment.

Consequently, the Group shows a net profit excluding extraordinary items. This total represents net profit less tax withheld on these financial expenses (calculated based on a tax rate of 33 1/3%) and less extraordinary items.

Performance indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Net profit	(174)	(12,314)	(9,592)
- Income on deconsolidation of 25% from Australia	-9,000		
+ other extraordinary items:			
• Charge for reimbursement of senior debt		+1,231	
• IPO expenses + monitoring fees			
• Provision for URSSAF dispute	+2,375	+2,599	+2,649
• Revaluation of debts/Australian minority interests	+9,000	-1,513	-
• Provision on dispute,		+5,129	+ 5,195

Performance indicators (in thousands of euros)	Financial year ended 30 June		
	2016	2017	2018
Australia			
• Other non-recurring items <sup>(1)</sup>			
- Tax <sup>(2)(3)</sup>	3,000	-2,177	-
<b>Net profit excluding financial expenses in respect of Convertible Bonds and excluding extraordinary items <sup>(2)</sup></b>	<b>(799)</b>	<b>(2,631)</b>	<b>(1,748)</b>

(1) The other non-recurring items are:

*As at 30 June 2017*

- Adjusted non-recurring items for EBITDA: K€ 2,155
- Turkey and Prothys provisions (K€ 709): K€ 1,151
- Slow Moving Inventory Provisions (including € 1 million in Australia): K€ 1,412
- Non-recurring forex losses: K€ 411

*As at 30 June 2018*

- Non-recurring items restated for EBITDA: K€2,812
- Provisions for debts: K€740
- Non-recurring Foreign exchange losses: K€1,643

(2) At theoretical rate of 33 1/3% and now at 28% for 2017.

(3) 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.

## 5.1.2 Analysis of Consolidated Results for financial years ended 30 June 2018 and 30 June 2017

### 5.1.2.1 Profit and loss account

Profit and loss account (in thousands of euros)	Financial year ended 30 June	
	2017	2018
Revenue	93,356	100,336
Fixed asset inventory	8,054	14,345
Raw materials, goods and other supplies	(16,610)	(21,365)
Outsourcing expenses	(9,871)	(11,320)
Other purchases and external expenses	(34,242)	(35,235)
Taxes, levies and related payments	(1,153)	(1,206)
Employee expenses	(23,432)	(26,609)
Impairment allowances and provisions, net of reversals	(13,328)	(12,992)
Other operating income	1,677	553
Other operating expenses	(4,451)	(4,129)

Capital gains/losses on disposals	18	(111)
<b>CURRENT OPERATING INCOME</b>	17	2,264
Impairment losses	-	-
Non-current operating income	9,265	2,758
Dispute over tax on promotion of medical devices	(2,499)	(2,649)
Non-current operational expenses	(7,729)	(2,582)
<b>OPERATING INCOME</b>	(1,046)	(239)
Total dividends		-
Other financial income	754	1,901
<b>Total financial income</b>	754	1,901
Interest and financial expenses	(8,141)	(6,501)
Changes in fair value of financial instruments	-	-
Other financial expenses	(1,124)	(3,529)
<b>Total financial expenses</b>	<b>(9 264)</b>	<b>(10,030)</b>
<b>FINANCIAL INCOME</b>	(8,510)	(8,129)
Current and deferred taxes	(2,758)	(1,224)
Income from equity affiliates	-	-
<b>NET INCOME</b>	(12,314)	<b>(9,592)</b>
Of which:		
- Group share	(12,052)	(9,446)
- Minority interest share	(262)	(146)

#### 5.1.2.2 Revenues

Revenues increased from €93.4 million in the year ended 30 June 2017 to €100.3 million on 30 June 2018, which represents a 7.5% increase, and an 8.2% increase on a constant scope and exchange rate.

Revenues are split between France and International as follows:

Revenues (in thousands of euros)	Financial year ended 30 June		
	2017	2018	Change (as a%)
<i>France</i>	58,144	63,636	9.4%
<i>Distributor export</i>	9,822	10,077	2.7%
<i>Subsidiary export</i>	25,390	26,633	4.9%
<i>International</i>	35,212	36,710	4.3%
<b>Total</b>	<b>93,356</b>	<b>100,336</b>	<b>7.5%</b>

Export subsidiaries revenues grew 12.5% on a constant exchange rate basis, considering the strength of the euro against the Australian dollar and the Brazilian real.



### 5.1.2.3 Fixed asset inventory

Fixed asset inventory increased from €8.1 million in the year ended 30 June 2017 to €14.3 million on 30 June 2018, which represents a 78.1% increase due to the growth of inventory of finished goods and of work-in progress and ancillaries rolled out on our target markets.

### 5.1.2.4 External income and expenses

External income and expenses (in thousands of euros)	Financial year ended 30 June		
	2017	2018	Change (as a%)
Raw materials, goods and other supplies	(16,610)	(21,365)	28.6%
Outsourcing expenses	(9,871)	(11,320)	14.7%
Other purchases and external expenses	(34,242)	(35,235)	2.9%
Taxes, levies, and related payments	(1,153)	(1,206)	4.7%
Employee expenses	(23,432)	(26,609)	13.6%
<b>Total</b>	<b>(85,308)</b>	<b>(95,736)</b>	<b>12.2%</b>

Total external income and expenses increased from €85.4 million on 30 June 2017 to €95.7 million at 30 June 2018, representing an increase of 12.2%.

Taking into account the production stored and capitalized, growth was 5.4%, i. e. 200 basis points lower than the growth in revenue.

### 5.1.2.5 Impairment on amortisation and provisions, net of reversals

Depreciation, amortisation and provisions decreased from €13.3 million at 30 June 2017, to €13.0 million at 30 June 2018, which represents a 2.5% drop due to the decrease of the provisions on inventories.

### 5.1.2.6 Other operating income and expenses

Other operating income and expenses represented a net operating expense of €2.8 million at June 30, 2017 and €3.6 million at June 30, 2018, representing an increase in operating expenses of 28.9% due to the decline in operating income, particularly the research tax credit.

### 5.1.2.7 EBITDA and EBITDA Margin

EBITDA increased from €15.5 million at 30 June 2017 to €18.1 million at 30 June 2018, representing an increase of 16.8%. The EBITDA margin increased from 16.6% at 30 June 2017 to 18.0% at 30 June 2018.

### 5.1.2.8 Non-recurrent items in the period

Non-recurring items increased from €2.2 million on 30 June 2017 to €2.8 million on 30 June 2018, representing a 27% increase due to fees paid on external growth transactions, and the disposal of non-recyclable products due to a change in the manufacturing circuit.

For the financial year ended 30 June 2018, the Group recorded non-recurring expenses of €2.8 million.

#### 5.1.2.9 Current operating income

Current operating income rose from €17.7 thousand at 30 June 2017 to a profit of €2.2 million at 30 June 2018, representing strong growth due to the productivity efforts put in place to offset the price cuts applied in France.

Excluding non-recurring items, current operating income would have been €5.8 million.

#### 5.1.2.10 Financial income

Financial income represented a net loss of €8.5 million at 30 June 2017, compared with a loss of €8.1 million at 30 June 2018, taking into account exchange rate losses on our current accounts with subsidiaries.

This financial income includes interest on financial debt and foreign exchange losses.

Interest expense on debt amounted to €6.5 million at 30 June 2018.

#### 5.1.2.11 Net loss

Net income represented a loss of €12.3 million at 30 June 2017, compared with a loss of €9.6 million at 30 June 2018.

The amount of taxes payable increased from €0.9 million at 30 June 2017 to €1.1 million at 30 June 2018.

Deferred taxes rose from €1.9 million at 30 June 2017 to €0.1 million at 30 June 2018.

#### 5.1.3 Analysis of company results for the financial year ended 30 June 2018

During the 12-month financial year, the Company generated revenues of €2.2 million compared to revenues of €2.2 million in the previous financial year.

Operating expenses of €3.6 million were recorded resulting in an operating deficit of €1.3 million.

After posting financial income of €1.3 and financial expenditure of €5.4 million, the pre-tax current income was a deficit of €5.4 million, compared to a current loss before taxes of €5.9 million during the previous financial year.

Considering an exceptional result of zero, and income from tax consolidation of €0.5 million, this financial year ended 30 June 2018 resulted in an accounting deficit of €4.9 million.

#### 5.1.4 Table of company results for the last five financial years

<b>Financial table</b>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>30/06/2016</b>	<b>30/06/2015</b>	<b>30/06/2014</b>
<b>I – Financial situation at end of financial year</b>					
a) Share capital	469,298	469,298	469,298	469,298	319,060
b) Number of shares issued	46,929,852,	46,929,852,	46,929,852,	46,929,852	31,906,070
c) Number of bonds convertible to shares	0	0	0	0	46,558,734
<b>II – Overall result of actual transactions</b>					

a) Revenues ex tax	2,220,842	2,220,617	2,183,816	2,206,637	/
b) Profit before tax, amortisation and provisions	--5,014,535	-11,552,393	-4,271,275	-7,480,302	-4,492,198
c) Tax on profits	- 492,532	- 850,269	- 1,369,703	- 614,107	- 1,564,414
d) Profit after tax, amortisation and provisions	-4,896,946	-3,307,404	-12,310,034	-6,015,481	-2,950,857
e) Profit distributed	0.00	0.00	0.00	0.00	0.00
f) Employees' profit sharing	0.00	0.00	0.00	0.00	0.00
<b>III – Result of transactions reduced to a single action</b>					
a) Profit after tax but before amortisation and provisions	-0.11	-0.23	-0.06	-0.15	-0.09
b) Profit after tax, amortisation and provisions	-0.10	-0.07	-0.26	-0.13	-0.09
c) Dividend distributed per share	0.00	0.00	0.00	0.00	0.00
<b>IV – Breakdown of share types</b>					
a) Number of shares with a priority dividend	0.00	0.00	0.00	0.00	28,438,482
b) Maximum number of future shares to be created	874,989	1,407,897	0.00	0.00	46,558,734
c) By exercise of subscription rights	0.00	0.00	0.00	0.00	2,910,300
<b>V - Workforce</b>					
a) Number of employees	4	4	4	5	/
b) Payroll	1,202,992	1,051,715	1,020,006	797,166	0.00
c) Amounts paid for social benefits (social security, charities)	868,021	669,451	406,630	348,368	0.00

### 5.1.5 Payment deadlines

Pursuant to the article L.441-6-1 paragraph 1 of the French Commercial Code, for financial years commencing after 1 July 2016, companies whose accounts are certified by a statutory auditor must publish information on the deadlines for payments of suppliers and customers.

Pursuant to Articles L.441-6-1 and D.441-4 of the French Commercial Code, on closing of the financial years ended 30 June 2018 and June 2017, the breakdown of the balance of debts and receivables outstanding to suppliers and customers by due date was as follows:

	Article D. 441 I.-1°: Invoices <u>received but unpaid</u> at the closing date of the financial year whose term has expired						Article D. 441 I.-2° °: Invoices <u>issued and unpaid</u> at the closing date of the financial year whose term has expired						
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	
<b>(A) Late payment instalments</b>													
<b>Number of invoices concerned</b>	6	5				5							
<b>Total amount of invoices concerned in euros including VAT</b>	168,605	139,774	-	-	-	-	-	-	-	-	-	-	
<b>Percentage of total purchases for the year including VAT</b>	15.2%	12.6%	0.0%	0%	0%	0.0%							
<b>Percentage of revenue for the financial year including VAT</b>							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables</b>													
<b>Number of excluded invoices</b>	0						0						
<b>Total amount of invoices excluded (specify: excluding VAT or including VAT)</b>	- €						- €						
<b>Reference payment periods used (contractual or legal period - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)</b>													
<b>Reference payment terms used to calculate late payments</b>	Contractual deadlines: 45 days FDM (LME)						Contractual deadlines: 45 days FDM (LME)						
	Legal deadlines: NA						Legal deadlines: NA						

## 5.2 CASH AND CAPITAL EQUITY

### 5.2.1 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 €29.4 million and €41.6 million as at 30 June 2018 and 2017 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 2 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 were all 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*).

In November 2016, the Group issued €65 million of non-convertible bonds maturing in 2022, redeemed €35 million of 2014 non-convertible bonds by anticipation, and deferred the balance to September 2023.

Group debt totalled €123.1 million and €121.7 million as at 30 June 2018 and 2017, respectively (see paragraph 5.2.2.2 of this Registration Document).

### 5.2.2 Shareholders' Equity and Debt

#### 5.2.2.1 Shareholders' equity

The Group share of shareholders' equity amounted to €94.7 million and €103.6 million as at 30 June 2018 and 2017, respectively.

Available cash and cash equivalents amounted to €29.4 million and €41.6 million as at 30 June 2018 and 2017, respectively.

#### 5.2.2.2 Debt

The Group's debt amounted to €123.1 million and €121.7 million as at 30 June 2018 and 2017, respectively. The movements in debt during the periods were primarily due to the elements below.

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 2017	As at 30 June 2018
Convertible bond issuances	-	-
Bond issuances	94,354	94,904
Borrowings from credit establishments	9,817	9,613
Interest on borrowings	268	2,278

Various financial debts	1,700	-
Debt obligations under financed leasing	13,720	15,447
FACTOR financial debts	1,793	840
Bank funding	17	47
<b>Total gross debt</b>	<b>121,669</b>	<b>123,132</b>

In addition, the table below gives a breakdown of the gross debt of the Group. 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, (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 2017	As at 30 June 2018
Convertible bond issuances subscribed by mezzanine investors	-	-
Bond issuances	94,354	94,904
Borrowings from credit establishments	9,817	9,613
Interest on borrowings	268	2,278
Debt obligations under financed leasing	13,720	15,447
Financial debts net of Factoring	1,793	840
Bank overdrafts	17	47
Cash at bank and in hand	(41,627)	29,436
<b>Total net financial debt</b>	<b>78,342</b>	<b>93,697</b>

As at 30 June 2018, and as at 30 June 2017, the Group's ratio of net financial debt to EBITDA was 5.19x and 5.05x respectively.

The net financial debt may be adjusted in the event of a possible disbursement in respect of the litigation with Australian minority shareholders.

EBITDA may be subject to adjustments (adjusted EBITDA) in particular:

- neutralising the negative contribution of Group subsidiaries with registered offices in South Africa, Japan and the United States; and
- in the event of an acquisition during the financial year, the acknowledgement of changes in the scope of consolidation, in order to take into account an annual EBITDA as if the entry in the scope of consolidation had taken place on the first day of the period.

The main elements making up the Group's financial debt are detailed below:

*i. 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 "2014 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 2014 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.

On 30 November 2016, Amplitude Surgical issued 65,000,000 non-convertible bonds with a nominal value of €1 each, i. e. a total nominal amount of €65,000,000, bearing (i) interest at a rate of 5% plus EURIBOR applicable to the interest period and maturing in 2022 (the "**2016 Non-Convertible Bonds**"). These 2016 Non-Convertible Bonds were used to (i) repay part of the 2014 Non-Convertible Bonds, (ii) finance the Group's general requirements and (iii) finance all related costs and expenses. At the same time, the 2014 Non-Convertible Bonds were amended to reduce the interest rate from 6% to 5%, while retaining the capitalized interest rate of 0.75%, but increasing the maturity date to September 2023.

### **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-authorized 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 financial 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 a sole financial ratio which limits the amount of the debt that can be entered into by Group members. In particular, Amplitude Surgical is committed to maintaining:

- a gearing ratio: (defined as ratio of net total financial debt divided by adjusted EBITDA).

Test period ending:	R1 lower than or equal to:
30 June 2018	4.25x
31 December 2018	4.00x
30 June 2019	3.75x
31 December 2019	3.75x
30 June 2020	3.75x
31 December 2020	3.75x
30 June 2021	3.75x
31 December 2021	3.75x
30 June 2022	3.75x
31 December 2022	3.75x
30 June 2023	3.75x

Leverage ratio refers to the ratio of net financial debt divided by EBITDA adjusted for the negative contribution of Group subsidiaries with registered offices in South Africa, Japan and the United States, and adjusted for changes in the scope of consolidation to take into account the first day of the period.

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 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 (defined as the Total Net Financial Debt divided by the EBITDA) calculated after such attribution for the most recent of the test periods, but not exceeding 3.00x;
- 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 2.50x.

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 authorized 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 an early redemption, there is no penalty.

### **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 nationalization 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 2014 Non-convertible Bonds not already redeemed at such date shall be redeemed on 9 September 2023 and, all 2016 Non-convertible Bonds not already redeemed at such date shall be redeemed on 30 November 2022. .

#### *ii. Finance leases*

The operation of finance leases are described in Section 1.5 "*Real Estate Assets, Plant and Equipment*" of this Registration Document.

#### *iii. Factoring programme*

### **Background and financial data**

On 29 June 2004, Amplitude SAS entered into a factoring program with Natixis Factor, a limited company authorized as a credit establishment by the French Prudential and Resolution Control Authority and which is not part of the Group (the "**Factoring Program**").

Under the terms of this program, 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, i.e. in metropolitan France, with the exception of receivables from certain customers that have been specifically excluded from the Factoring Program, and receivables for corporate customers with whom Amplitude SAS has financial ties, shareholders, or directors in common.

The Factoring Program was modified on 17 September 2013 by a first supplementary clause, which had the effect of including within the scope of the Program 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 Program to take into account the changing characteristics of Amplitude SAS's portfolio of accounts receivable, as evaluated by Natixis Factor.

The Factoring Program was later modified by a second additional clause on 2 September 2014, which had the effect of including within the scope of the Program 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 Program, and modifying the financial conditions of the Factoring Program to take into account the changing characteristics of Amplitude SAS's portfolio of accounts receivable, as evaluated by Natixis Factor.

The Factoring Program was amended by a third amendment dated 27 June 2016 with the effect, notably, of deconsolidating the Factoring Program given the quality of the customer portfolio.

In 2016, 2017 and 2018, the key features of the portfolio of accounts receivable of Amplitude SAS included within the scope of the Factoring Program, the corresponding amounts collected, and the applicable financial conditions are set out in the table below:

	2016	2017	2018
<b>Revenues factored</b>	€63 million	€63 million	€63 million
<b>Average invoice value</b>	€1,700	€1,700	€1,700
<b>Number of debtors assigned</b>	540 + 100 (annual fee)	540 + 100 (annual fee)	540 + 100 (annual fee)
<b>Percentage of accounts not settled within 60 days of due date</b>	0.8%	0.8%	2%
<b>Average collection period</b>	60 days	60 days	60 days
<b>Percentage of unpaid values</b>	3%	3%	1%
<b>Total financing for the period</b>	€0.4 million	€1.8 million	€0.8 million
<b>Factoring commission (calculated on the total sum of assigned receivables and credit notes)</b>	0.165% with a minimum factoring commission of €58,000	0.165% with a minimum factoring commission of €58,000	0.165% with a minimum factoring commission of €75,000
<b>Financing commission</b>	3-month EURIBOR rate	3-month EURIBOR rate	3-month EURIBOR

<b>(calculated on an annual basis of 360 days and applied to the total sums deducted by Amplitude on its current account)</b>	+ 0.95% per year on an annual basis of 360 days	+0.95% per year on an annual basis of 360 days	rate +0.95% per year on an annual basis of 360 days
<b>Effective global rate</b>	1.063% per annum for payment by cheque or wire transfer on the basis of an assigned annual figure of €63 million, an average settlement period of 60 days and a guarantee fund rate of 9 %.	0.984% per annum for payment by cheque or wire transfer on the basis of an assigned annual figure of € 60 million, an average settlement period of 60 days and a guarantee fund rate of 5 %.	0.978% per annum for payment by cheque or wire transfer on the basis of an assigned annual figure of €65 million, an average settlement period of 60 days and a guarantee fund rate of 5%.

### **Factoring Program key features**

The Factoring Program 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 Program is based on all transactions between Natixis Factor and Amplitude SAS that fall within the scope of the program 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 Program.

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 Program, (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 Program. 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 5% of the total outstanding available and, in any event, a minimum of €300,000, 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 favor, 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 favor 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 Program, 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 Program 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 Program, 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.

### 5.2.3 Company cash flow analysis for the financial years ended 30 June 2018 and 2017

The table below summarizes the cash flow of the Group for the financial years ended 30 June 2018 and 2017:

<b>Cash flow</b> <b>(in thousands of euros)</b>	<b>Financial year ended 30 June</b>	
	<b>2017</b>	<b>2018</b>
Gross profit on self-financing (before changes in working capital requirement)	(2,747)	5,366
Changes in working capital requirement	6,334	664
Net cash flow from operating activities	2,680	4,934
Net cash flow from investment activities	(32,328)	(13,802)
Net cash flow from financing activities	39,214	(3,002)
Cash flow movement	9,566	(11,870)

#### 5.2.3.1 Net cash flow from operating activities

Cash flow generated by the operating activity at 30 June 2018 amounted to €4.9 million while the cash flow from operating activities for the year ended 30 June 2017 totalled €2.7 million.

Restated for financial expenses and other non-recurring items, net cash used by operating activities rose from €10.7 million at 30 June 2017 to €12.7 million at 30 June 2018.

#### 5.2.3.2 Net cash flow generated by investment activities

Cash flow used by investment activities amounted to €13.8 million at 30 June 2018, compared with €32.2 million at 30 June 2017, representing a decrease of €18.4 million, or 57%, mainly as a result of a return to ordinary growth investments.

#### 5.2.3.3 Net cash flow utilization from financing activities

Cash flow generated by financing activities amounted to €3.0 million at 30 June 2018, while cash flows used by financing activities amounted to €39.2 million at 30 June 2017, taking into account a return to normality and the natural repayment of amortizable debt.

#### 5.2.3.4 Utilization 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.

#### 5.2.3.5 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 2018 and 2017 totalled respectively €13.8 million and €32.2 million, respectively.

Further data on the Group's historic, current, and future investment expenses is contained in Section 1.6 "Investments" of this Registration Document.

#### 5.2.3.6 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 €6.5 million and €6.3 million for the financial years ended 30 June 2018 and 2017, respectively.

#### 5.2.3.7 Financing of working capital requirements

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.

Working capital requirement (in thousands of euros)	Financial year ended 30 June	
	2017	2018
<b>Working capital requirement</b>	<b>41,410</b>	<b>42,617</b>
Changes in inventories	5,567	(5,061)
Changes in trade accounts receivable and other receivables	7,443	6,038
Changes in trade accounts payable and other payables	(6,037)	329
Other	62	144
Net changes in income tax liability	(701)	(786)
<b>Changes in working capital requirement</b>	<b>6,334</b>	<b>664</b>

#### 5.2.4 Goodwill

At 30 June 2018, goodwill totalled €95.7 million (see notes 16 to the consolidated financial statements for the year ended 30 June 2018, included in Section 6.1 "Group Consolidated Financial Statements for the financial year ended 30 June 2018" of this Registration Document).

#### 5.2.5 Off-balance sheet liabilities

At 30 June 2018, the off-balance sheet liabilities granted relating to the Group's scope of consolidation are summarized below:

<b>Off-balance sheet liabilities granted related to the Group's scope of consolidation</b>	<b>Main features</b>	<b>Amount as at 30 June 2018</b> <i>(in euros)</i>	<b>Amount as at 30 June 2017</b> <i>(in euros)</i>
Commitment to buy back shares	As of 30 June 2018, the commitment to repurchase additional shares of SOFAB Orthopédie SAS was satisfied. This transaction is presented in Note 15.	-	1,700 K

As of 30 June 2018, the off-balance sheet liabilities granted relating to operating activities are summarized below:

<b>Off-balance sheet liabilities granted related to operating activities</b>	<b>Amount as at 30 June 2018</b> <i>(in euros)</i>	<b>Amount as at 30 June 2017</b> <i>(in euros)</i>
Insurance delegation key man	5,000 K	5,000 K
Commitment to pay rental rents	634 K	674 K

As at 30 June 2018, the off-balance sheet liabilities granted related to the financing are summarized below:

<b>Off-balance sheet liabilities granted related to financing</b>	<b>Main features</b>	<b>Amount as at 30 June 2018</b> <i>(in euros)</i>	<b>Amount as at 30 June 2017</b> <i>(in euros)</i>
Commitment in respect of the unit-linked debt	Pledging of financial securities account, Pledging of bank accounts, Pledge/delegation of Key Man Insurance.	95,000K	65,000 K
Commitment in respect of loans granted by BPI France	-	Retention of guarantee 400 K	Retention of guarantee 400 K

For a break-down of the Company's financial liabilities per contractual maturity date at 30 June 2018 see paragraph 2.1.5.4 in this Registration Document.

## 5.3 OUTLOOK

### 5.3.1 Information on trends and objectives

#### 5.3.1.1 Business Trends

A detailed description of the Group's results for the financial year ended 30 June 2018 and the financial year ended 30 June 2017 is given in Section 5.1 "*Examination of the Financial Position and of the results*" of this Registration Document.

#### 5.3.1.2 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 materialization of one or more of the risks described in Chapter 2 "*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.

#### *i. 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 financial years.

To achieve this target, the Group intends to base its operations on its strategy (see Section 1.3.5 "*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 55%<sup>21</sup> 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;
- maintaining and extending, notably in the United States, relations with sales agents and distributors, taking advantage whenever possible of opportunities arising from the on-going 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

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<sup>21</sup> 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.*



- 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 1.3.5.3 of this Registration Document) as well as forming close relationships with practitioners, opinion leaders and sales agents.

ii. *Revenues targets*

In the Registration Document filed on 28 October 2016, concerning the financial year ending 30 June 2016, the Group set the objective of doubling the consolidated revenues during the next five years, i.e., at the latest, at the end of the financial year ended on 30 June 2021, on the basis of the Company's revenues on 30 June 2016 (€80,788,000), i.e. approximately €160 million which represents an average growth rate in the order of 15% per annum. These objectives have been restated and upheld in 2017.

Based on the figures achieved at 30 June 2018, these targets have been restated and maintained.

iii. *EBITDA margin target*

The Group intends returning to an EBITDA margin of over 20%<sup>22</sup> by 2020/2021.

iv. *Investment target*

The Group is also seeking to achieve a ratio of investment to revenues gradually reducing in relation to current levels, to approximately 8% of revenues for the 2020/2021 financial year, considering notably expansion of business in countries where the reimbursement price of inlays exceeds that in France (see Section 1.3.2 "The Group's markets" of this Registration Document).

v. *Net financial debt leverage (adjusted)/(adjusted<sup>23</sup>) EBITDA target ratio*

The Group's initial target was to maintain a leverage ratio below 3.5x.

As of 30 June 2018, taking into account the disbursement related to the litigation with Australian minority shareholders, the leverage ratio stood at 4.52x. After restatement of the related disbursement, this ratio is 3.98x as at 30 June 2018.

The Group intends to comply with the leverage ratios mentioned in section 5.2.2.2 of this Registration Document.

5.3.1.3 Comparison of results forecasts for 2017 with achievements

In the Registration Document filed on 31 October 2017 under number R.17-070, the Group did not make any results forecasts for the financial year ended 30 June 2018.

5.3.1.4 Forecasts for the financial year ended 30 June 2019

The Company does not make any forecasts for the next financial year.

## 5.4 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 2018.

<sup>22</sup> This EBITDA margin objective is understood to imply the same level of URSSAF litigation.

<sup>23</sup> As defined in the Non-Convertible Bond issue contract (see section 5.2.2.2 of this Registration Document).

**CHAPTER 6**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**6.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

6.1.1 Consolidated balance sheet

**Assets**

<b>In thousands of euros</b>	Note	<b>30 June 18</b>	<b>30 June 17</b>
<i>Goodwill</i>	16	95,670	92,491
<i>Tangible fixed assets</i>	17	39,877	39,125
<i>Intangible assets</i>	16	27,020	16,926
<i>Other financial assets, including derivatives</i>		690	664
<i>Deferred tax assets</i>	15	10,125	10,086
<b>Total non-current</b>		<b>173,381</b>	<b>159,292</b>
<i>Stocks</i>	18	49,726	45,300
<i>Current tax debt</i>	19	4,309	3,537
<i>Account receivable and other debtor</i>	19	17,518	21,204
<i>Cash and cash equivalents</i>	20	29,436	41,627
<b>Total current assets</b>		<b>100,989</b>	<b>111,669</b>
<b>Total of assets</b>		<b>274,370</b>	<b>270,961</b>

**Liabilities**

<b>In thousands of euros</b>	Note	<b>30 June 18</b>	<b>30 June 17</b>
<i>Share capital</i>	21	469	469
<i>Issuance premium</i>		146,686	146,686
<i>Other reserves</i>		-42,058	-31,389
<i>Items booked directly to capital and reserves</i>		-59	-160
<b>Net profit group share</b>		<b>-9,446</b>	<b>-12,052</b>
<i>Minority Interests</i>		-910	-419
<b>Total capital and reserves</b>		<b>94,682</b>	<b>103,136</b>
<i>Borrowings and financial liabilities</i>	5 & 22	115,354	117,262
<i>Derivative instrument liabilities</i>	24	322	505
<i>Retirement commitments</i>	25	484	445
<i>Provision for non-current risk and expenses</i>	26	15,596	13,925
<i>Deferred tax</i>	15	1,042	821
<i>Other non-current liabilities</i>	27	10,833	80
<b>Total non-current liabilities</b>		<b>143,633</b>	<b>133,038</b>
<i>Bank overdraft</i>	5 & 23	47	17
<i>Factoring financing liabilities</i>	5 & 23	840	1,793
<i>Borrowing and financial liabilities</i>	5 & 22	6,890	2,596
<i>Current deferred tax liabilities</i>		1	1
<i>Account payable and other creditors including derivatives</i>	27	28,229	28,631
<i>Provisions for risk and expenses</i>	26	48	1,749
<b>Total current liabilities</b>		<b>36,055</b>	<b>34,787</b>
<b>Total liabilities capital and reserves</b>		<b>274,370</b>	<b>270,961</b>

## 6.1.2 Consolidated statement of profit and loss

In thousands of euros	Notes	<b>30 June 18</b>	<b>30 June 17</b>
		<b>12 months</b>	<b>12 months</b>
<i>Revenues</i>	8	100,336	93,356
<i>Fixed asset inventory</i>		14,345	8,054
<i>Raw material, goods and other suppliers</i>		-21 365	-16,610
<i>Third-party expenses</i>		-11,320	-9,871
<i>Other purchases and external expenses</i>	9	-35,235	-34,242
<i>Taxes, levies and related payments</i>		-1,206	-1,153
<i>Employee expenses</i>	10	-26,609	-23,432
<i>Impairment allowances and provisions net of reversals</i>	11	-12,992	-13,328
<i>Other operating incomes</i>	12	553	1,677
<i>Other operating expenses</i>	12	-4,129	-4,451
<i>Capital gain/losses on disposals</i>		-111	18
<b>CURRENT OPERATING INCOME</b>		<b>2,264</b>	<b>17</b>
<i>Impairment losses</i>		-	-
<i>IPO expenses</i>	13	2,728	9,265
<i>Tax legal dispute over Marketing of MD</i>	13	-5,231	-10,328
<b>OPERATING INCOME</b>		<b>-239</b>	<b>-1,046</b>
<i>Other financial income</i>		1,901	754
<b>Total financial income</b>	14	<b>1,901</b>	<b>754</b>
<i>Interest and financial charges</i>		-6,501	-7,517
<i>Movements in fair value on financial instruments</i>		-	-
<i>Other finance charges</i>		-3,529	-1,747
<b>Total finance charges</b>		<b>-10,030</b>	<b>-9,264</b>
<b>FINANCIAL INCOME</b>	15	<b>-8,129</b>	<b>-8,510</b>
<i>Current and deferred tax</i>		-1,224	-2,758
<b>NET LOSS</b>		<b>-9,592</b>	<b>-12,314</b>
<b>-The Group</b>		<b>-9,446</b>	<b>-12,052</b>
<b>-Minority interest share</b>		<b>-146</b>	<b>-262</b>
<i>Group share of net profit per share (euros)</i>		-0.201	-0.257
<i>Diluted Group share of net profit per shares (euros)</i>		-0.198	-0.249
<i>Number of shares retained (in thousands)</i>			
<i>For net earnings per share</i>		46,930	46,930
<i>For diluted earnings per share</i>		47,805	48,338

6.1.3 Compared statement of other income

<b>In thousands of euros</b>	Note	<b>30 June 18</b>	<b>30 June 17</b>
<b>Net consolidated profit for the year</b>		<b>-9,592</b>	<b>-12,314</b>
<i>Cash flow hedges</i>		131	357
<i>Currency translation adjustments</i>		-192	106
<b>Total re-usable items</b>		<b>-60</b>	<b>463</b>
<i>Actuarial losses and gains</i>		2	63
<i>Deferred taxes on actuarial losses and gains</i>		-1	-21
<b>Total non-re-usable items</b>		<b>1</b>	<b>42</b>
<b><i>Total other income</i></b>		<b>-9,651</b>	<b>-11,809</b>
<i>Group share</i>		-9,505	-11,547
<i>Minority interest share</i>		-146	-262

#### 6.1.4 Consolidated cash flow statement

In thousands of euros	Note	30 June 18	30 June 17
<b>OPERATING ACTIVITIES</b>			
<b>PROFIT after tax</b>		<b>-9,592</b>	<b>-12,314</b>
<i>Exclusion of items not impacting cash flow or unrelated to operating activities</i>			
<i>Amortization, provisions and impairment losses(*)</i>	11	12,401	5,648
<i>Plus or minus capital gain on disposal</i>		111	-18
<i>Personnel expenses IFRS 2</i>		1,221	1,179
<i>Income taxes payables</i>	15	1,224	2,758
<b>GROSS PROFIT ON SELF FINANCING before tax</b>		<b>5,366</b>	<b>-2,747</b>
<i>Tax paid</i>	15	-1,096	-907
<i>Changes in inventories</i>		-5,061	5,567
<i>Changes in trade account receivable and other receivables</i>		6,038	7,443
<i>Changes in trade account payable and other payables</i>		329	-6,037
<i>Other</i>		144	62
<i>Net movement in income tax liability</i>		-786	-701
<b>CHANGES IN WORKING CAPITAL REQUIREMENT</b>		<b>664</b>	<b>6,334</b>
<b>Net cash flow from operating activities</b>		<b>4,934</b>	<b>2,680</b>
<b>INVESTMENT ACTIVITIES</b>			
<i>Purchase of intangible assets (*****)</i>	16	-2,873	-5,169
<i>Purchase of tangible fixed assets</i>	17	-6,838	-19,714
<i>Proceed from/loss on disposal of tangible and intangible assets</i>		31	49
<i>Purchase of financial assets</i>		-34	-250
<i>Proceeds from / loss on disposal of financial assets excluding tax</i>		7	
<i>Purchase / sale of businesses</i>		-4,095	-7,244
<b>Net cash flow from investment activities</b>		<b>-13,802</b>	<b>-32,328</b>
<b>FINANCING ACTIVITIES</b>			
<i>Capital increase</i>			
<i>Dividends paid to the parent shareholders</i>			
<i>Dividends paid to the minority</i>			
<i>Purchases/sales of treasury shares</i>		-65	-169
<i>FACTORING Financing</i>	23	-953	1,352
<i>Cost of borrowing (****)</i>		97	78,205
<i>Change in finance charges (**)</i>		2,246	-566
<i>Repayment of loans (***)</i>		-4,327	-39,608
<b>Net cash flow from financing activities</b>		<b>-3,002</b>	<b>39,214</b>
<b>CASH FLOW MOVEMENT</b>		<b>-11,870</b>	<b>9,566</b>
<i>Exchange rate losses</i>		-352	-26
<b>CASH and equivalent at BEGINNING OF YEAR</b>		<b>41,610</b>	<b>32,071</b>
<b>CASH and equivalent at END OF YEAR</b>		<b>29,388</b>	<b>41,610</b>

(\*)including provision for reversal of risk provision as of 30 June 2017 related to the litigation with the minority shareholders of Amplitude Australia (€ 9,000 thousand)

(\*\*)Interest capitalized on unitranche loan

(\*\*\*) at 30 June 2017, of the repayment of loans related to the payment of the earn-out of the 40% of Amplitude Brazil for 4,100 K€ and the repayment of the unitranche loan for 35 M€.

(\*\*\*\*) at 30 June, 2017 additional financing of 65 M€ + new leasing agreements for 7 M€.

(\*\*\*\*\*) purchases of intangible assets are presented net of the change in debts on non-cashed-out assets for €17.3M.

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:

### Cash and cash equivalents

In thousands of euros	30 June 18	30 June 17
Cash and cash equivalents	29,436	41,627
Bank overdrafts	-47	-17
<b>Net cash flow statement</b>	<b>41,610</b>	<b>32,071</b>

Changes in WCR – In thousands of euros	June 18	Change scope	Currency translation and other adjustments	June 17	Changes
Inventories	49,726		-635	45,300	-5,061
Receivable and other receivables	17,518	1,660	692	21,204	6,038
Trade and other payables and liabilities	28,230	694	-629	28,631	-466
Other non-current liabilities	706		-169	80	795
				<b>Sub-total</b>	329
Current tax liabilities		31		1	-32
Current tax receivable	4,309	18		3,537	-754
				<b>Sub-total</b>	-786

### 6.1.5 Consolidated statement of change in shareholders' equity

In thousands of euros	Number of shares (in thousand)	Capital	Premiums	Other reserves and profit	Shareholders' equity-group share	Minority interest	Shareholders' equity
<b>Position as at 30 June 2016</b>	<b>46,930</b>	<b>469</b>	<b>145,507</b>	<b>-28,095</b>	<b>117,881</b>	<b>238</b>	<b>118,120</b>
<i>Changes in accounting policies</i>							
<b>Position as at 1 July 2016</b>	<b>46,930</b>	<b>469</b>	<b>145,507</b>	<b>-28,095</b>	<b>117,881</b>	<b>238</b>	<b>118,120</b>
Consolidated profit for the year				-12,052	-12,052	-262	-12,315
Changes in fair value on financial instruments				357	357		357
Actuarial adjustments				42	42		42
Currency translation adjustment				105	105	25	130
<b>Total other income</b>				<b>-11,549</b>	<b>-11,549</b>	<b>-237</b>	<b>-11,786</b>
Capital increase							
Cost of payment in shares			1,179		1,179		1,179
Purchases/sales of treasury shares				-169	-169		-169
Dividend paid							
Reduction in percentage interest without loss of control			-3,701		-3,701	-419	-4,120
Other changes			-86		-86		-86
<b>Position as at 30 June 2017</b>	<b>46,930</b>	<b>469</b>	<b>146,686</b>	<b>-43,600</b>	<b>103,555</b>	<b>-419</b>	<b>103,136</b>
<i>Changes in accounting policies</i>							

<b>Position as at 1 July 2017</b>	<b>46,930</b>	<b>469</b>	<b>146,686</b>	<b>-43,600</b>	<b>103,554</b>	<b>-419</b>	<b>103,136</b>
<i>Consolidated profit for the year</i>				-9,446	-9,446	-146	-9,593
<i>Changes in fair value on financial instruments</i>				131	131		131
<i>Actuarial adjustments</i>							
<i>Currency translation adjustment</i>				-198	-198	4	-195
<b>Total other income</b>				<b>-9,513</b>	<b>-9,513</b>	<b>-142</b>	<b>-9,656</b>
<i>Capital increase</i>							
<i>Cost of payment in shares</i>				1,221	1,221		1,221
<i>Purchases/sales of treasury shares</i>				-132	-132		-132
<i>Dividend paid</i>					,		,
<i>Increase (reduction) in percentage interest without loss of control</i>				500	500	-359	141
<i>Other changes</i>				-37	-37	11	-26
<b>Position as at 30 June 2018</b>	<b>46,930</b>	<b>469</b>	<b>146,686</b>	<b>-51,563</b>	<b>95,592</b>	<b>-910</b>	<b>94,682</b>

Increases and decreases in the percentage of interest without taking or losing control include:

- a decrease in the percentage of ownership held in Novastep Inc. from 100% to 85%, representing an impact of - €359k for the Group and -€359k for minority interests; and
- a decrease in the percentage of ownership held in Amplitude IDF Inc. from 100% to 97%, representing an impact of - €141k for the Group;

## *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 ended 30 June 2018 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 2018 relate to a twelve-month period (i.e., the period from 1 July 2017 to 30 June 2018).

### **Significant events**

#### **Dispute with minority shareholders in the subsidiary Amplitude Australia**

On 30 June 2015 Amplitude Surgical held 75% of its Australian subsidiary, Amplitude Australia. Amplitude Australia fully consolidated at an interest rate of 100% considering the assignment undertaking of the minority shareholders, represents approximately 10% of Group revenues. The remaining 25% of the capital of Amplitude Australia is held by the Australian Austofix group. Amplitude Surgical and Austofix agreed on a contribution of securities of the subsidiary, remunerated by the issue of Amplitude Surgical securities in two tranches: one for 19% of the capital of Amplitude Australia on 30 September 2015 and the other, the balance of 6% on 30 September 2016, according to the revenues realised respectively on 30 June 2015 and 30 June 2016.

During the contribution process, the Austofix group refused to sign the contribution agreement, essential for making the contributions and allowing the appraisal auditors to prepare reports on the evaluation and exchange parity adopted, as provided in the agreement. Austofix then challenged the agreement fixing the exchange parities and filed a claim in the Australian courts for indemnity for non-performance. Amplitude considers the claim of Austofix is extremely doubtful, both concerning the evaluation of the 25% of Amplitude Australia and the amount of damage.

At 30 June 2016, upon closing the Amplitude financial statements and given the uncertainty on the acquisition of 25% of minority interests in the subsidiary and the outcome of the current dispute with Austofix, the 25% had been deconsolidated resulting in a reclassification of the Group minority interest reserves of €672,000. The debt to cover this additional acquisition had been cancelled and recorded in the net financial result (€9M) and a provision for risk of the same amount recorded based on the calculation of the values used to estimate the debt provided in the agreement.

On 28 February 2017, the Company finalized a settlement agreement with Austofix, a minority shareholder of Amplitude Australia Pty, on 28 February 2017. This agreement confirms the repurchase of the remaining 25% of the capital of this subsidiary, as well as an indemnity to settle the dispute for a total amount of AUD 12.7 million (€8.79 million). The portion of the agreement corresponding to the purchase of the 25% minority stake was valued on the basis of an expert valuation of December 2016, i. e. €4.1 million and the balance corresponding to the indemnity, i. e. €4.69 million.

The impact of this agreement on the consolidated financial statements is as follows:

At 30 June 2017, the reversal of the provision for litigation, the recognition of the transactional indemnity and the attorney fees have been recorded in the "non-current operating expenses" line for +€1.9 million. In the balance sheet, the difference between the repurchase of 25% of the shares, the difference between the



repurchase value (€4.1 million) and the minority interests (€0.4 million) was recorded as a reduction in shareholders' equity for €3.7 million.

This dispute has had no longer any impact on the 2017/2018 financial year.

## **Acquisition**

During the first half of the year, the Group completed the acquisition of two sales agent companies in France, in the Eastern region and in the Ile de France region, in order to strengthen our commercial presence and strengthen our leading position in these regions: Duotech and Amplitude IDF, which are fully consolidated.

During the second half of the year, the Group, through Amplitude IDF, completed the acquisition of Neos, which was absorbed by Amplitude IDF in May 2018.

As part of the acquisition of SOFAB Orthopédie, Firm Industrie, Poli-Tech and Poli-Alpes, the Group honored its firm undertaking to purchase the remaining 50%, valued at €1,700k in December 2016. The final price paid amounted to €500k, and the difference was recognized as financial income at 30 June 2018.

## **NOTE 2. Basis Of Preparation**

### **2.1 Statement of compliance**

The Amplitude Group consolidated income statements are prepared in accordance with the IFRS accounting standards as adopted within the European Union.

The appended notes concern significant events in the financial year and should be read in conjunction with the consolidated financial statements as of 30 June 2018 included in the Registration Document filed with the *Autorité des Marchés Financiers* (AMF) and available on the company's website [www.amplitude.surgical.com](http://www.amplitude.surgical.com) in the investors' space.

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 Amplitude Surgical 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.
- Note 3.9 – Valuation and impairment of inventories.
- Note 3.13 – provisions for risks and expenses
- Note 3.17 – deferred taxation

## **2.5 Changes to accounting policies**

As at 30 June 2018, 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 Standardization**

The financial statements of all Group companies included in the consolidated financial statements were standardized 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 2018.

### **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 2018. These accounting policies are the same as those used in the preparation of the annual consolidated financial statements for the financial year ending 30 June 2017.

The amendments adopted by the IASB and applicable as from 1 January 2017, published in the French Official Journal on 9 November 2017, did materially impact the Group's financial position and performance. It is about:

- Amendments to IAS 7 "Statement of Cash Flows: Disclosures"

- Amendments to IAS 12 "Recognition of deferred tax assets for unrealized losses".

The Group has chosen not to early adopt the standards, interpretations and amendments adopted by the European Union applicable to the Group after the balance sheet date. These are mainly standards:

- IFRS 9 "Financial instruments";
- IFRS 15 "Revenue from contracts with customers";
- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and an associate or joint venture";
- Amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- Annual improvements, 2014-2016 cycle;
- -IFRIC 22 "Foreign Currency Transactions and Advance Consideration"; and
- -IFRS 16 "leases", approved by the IASB with a first application for financial years beginning on or after 1 January 2019 and published in the French Official Journal on 9 November 2017.

IFRS 15 and IFRS 9 are effective for annual periods beginning on or after 1 January 2018.

With regard to IFRS 15, on the basis of the Group's on-going analyses of contracts for the provision of implants and instruments, the Group does not anticipate any material differences in revenues from implant sales.

With regard to IFRS 9, the Group is currently analysing the impacts of the application of the standard on the financial statements.

IFRS 16 on leases, applicable as from 1 January 2019, is currently undergoing an impact analysis, particularly with regard to the identification of contracts.

### **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 30, based on the analysis of the criteria defined in standard IFRS 10. They were consolidated in accordance with the principles of full consolidation. As indicated in Note 30, the subsidiaries in the process of starting up in Ireland and India are not included in the scope of consolidation due to their non-material nature at 30 June 2018.

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 standardized and aligned with those adopted by the Group.

All balance sheet balances, 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	June 18		June 17	
	Average value	Closing value	Average value	Closing value
<i>Australia</i>	0.645745	0.633850	0.689384	0.672979
<i>Brazil</i>	0.248970	0.222064	0.282658	0.264901
<i>Franc Suisse</i>	0.861613	0.864185	0.924411	0.913375
<i>US Dollar</i>	0.839004	0.855542	0.914495	0.875304
<i>YEN</i>	0.007578	0.007733	0.008319	0.007780
<i>AFS</i>	0.065444	0.062358	0.067877	0.066950
<i>Romania</i>	0.215734	0.214505	0.220480	0.219180

### 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 within 12 months, and are recognised in profit or loss beyond that date.

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. These CGUs belong to the operating segments used by the Group for the application of IFRS 8. At 30 June 2018, Goodwill was subjected to impairment testing.

### **Depreciation**

Goodwill is not amortised in accordance with IFRS 3 "Business Combinations". It is subject to an impairment test at June 30 of each year and at the time of interim financial statements if there is any indication of impairment.

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 CGU is greater than its recoverable amount, which corresponds to the higher of market value less disposal costs and value in use. The useful value is the discounted projected cash-flow.

Depreciation allocated to the cash-generating units is imputed in order, firstly to goodwill, then to the value of the other assets within the cash-generating units, up to their recoverable amount.

As at 30 June 2018, 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 2018 to 30 June 2028;
- perpetuity growth rate of 2.5%;
- discount at a rate of 10% of expected cash inflows.

The value test confirmed the carrying amount of the assets of the cash-generating units (including Goodwill).

Sensitivity tests in a range of +/- 1 point on the discount rate and growth rate to infinity respectively did not allow the identification of impairment risks. The Group has not identified any likely scenarios that would lead to the recognition of impairment losses.

Taking into account the 10-year business plan corresponds to the company's investment assumptions for this period.

### **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 operates patents which it owns directly, or which it holds under licensing agreements.

Only patents owned directly 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 financial 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, i.e., 3 to 5 years.

### **3.6 Research and development expenses**

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 a period of 4 to 10 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 amortization.

## **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 amortized 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 amortized.

Estimated useful economic life is as follows:

<b>Fixed assets type</b>	<b>Method</b>	<b>Duration</b>
<i>Constructions</i>	<i>Linear</i>	<i>20 years (*)</i>
<i>Materials and tools</i>	<i>Linear</i>	<i>5 to 10 years</i>
<i>General facilities</i>	<i>Linear</i>	<i>3 to 10 years</i>
<i>Transport equipment</i>	<i>Linear</i>	<i>3 years</i>
<i>Office equipment</i>	<i>Linear</i>	<i>1 to 4 years</i>
<i>Office furniture</i>	<i>Linear</i>	<i>4 to 7 years</i>
<i>Recyclable packaging</i>	<i>Linear</i>	<i>3 to 5 years</i>

\* Constructions financed by leasing agreements entered into by SCI Les Tilleuls.

Amortization methods, useful life and residual values are reviewed every financial 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 capitalized 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 amortized 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 realizable value.

#### **Valuation of used stock**

Goods and raw materials are valued using the weighted average unit cost method.

#### **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.

#### **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 realizable value deduction made from the proportionate cost of re-sale.

The realizable value is assessed in particular by an increasing depreciation percentage based on the number of months of sales in inventory at the balance sheet date.

### **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 Group'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 financial 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 Group 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 Share-based Payments**

IFRS 2 defines the methods for measuring and accounting for share-based payments. Free share plans are considered as benefits granted by the Group to the beneficiaries.

Benefits are assessed on the basis of the fair value at the grant date of the shares. The number of shares is determined according to performance criteria, i.e. turnover and EBITDA. An expense is spread over the vesting period taking into account the probability of the beneficiary leaving. This expense is recorded as a personnel expense.

### **3.14 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.

### **3.15 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 amortized 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 amortized 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 fall 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.

## **3.16 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.

### **3.17 Financial expenses and income**

Financial income and expenses consist of interest on investments, changes in fair value of financial instruments, interest on borrowings, various bank commissions and foreign exchange income.

### **3.18 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. These forecasts of future results are determined on the basis of the budget used for goodwill impairment tests.

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.

### **3.19 Earnings per share**

Net earnings per share are calculated by dividing the Company's net profit, Group share by the weighted average number of ordinary shares outstanding during the period, less the treasury shares.

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.

### 3.20 Performance indicators

#### *Reconciliation of current operating result and EBITDA*

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 the 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.

In thousands of euros	30 June 18	30 June 17
current operating income	2,264	17
+ Allocation to amort./deprec.	12,992	13,328
+ Non-recurring items (1)	2,812	2,155
EBITDA	<b>18,068</b>	<b>15,500</b>
EBITDA margin	<b>18.0%</b>	<b>16.6%</b>

<sup>(1)</sup> The principal non-recurrent items include: For the financial year ended 30 June 2018: expenses related to repurchases of cards and indemnities (€0.15 million), the free share plan for a total of €1.5 million, non-recurring audit expenses for €0.4 million, and the cessation of marketing of products (€0.6 million).

#### **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.

##### **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.

##### **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.

##### **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.

##### **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:

In thousands of euros	30 June 18	30 June 17
Variable rate debt obligations	97,182	94,622
Fixed rate debt obligations	-	-
<b>Debts obligations carrying interest</b>	<b>97,182</b>	<b>94,622</b>
As cash flow hedges (variable rates swapped with fixed rates)	35,459	45,669

A sensitivity analysis was carried out based on the net cash flow position after hedging as at 30 June 2018.

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 2018 and 30 June 2017, the Group held the following derivative instruments:

#### 30 June 18

##### *A cash flow hedges – financing of project at variable rates swapped with fixed rates (in thousands euros)*

Processing date	Type	Direction	Nominal in progress (millions)	Currency	Start	Maturity	Time remaining (years)	Rate	Market value
25/02/11	SWAP	B	1.959	EUR	21/03/11	22/12/25	7.5	3.2900%	-266
25/02/11	SWAP	L	1.959	EUR	21/03/11	22/12/25	7.5	Euribor 3M	18
16/12/14	SWAP	B	15.000	EUR	16/12/14	17/09/18	0.2	0.0720%	-2
16/12/14	SWAP	L	15.000	EUR	16/12/14	17/09/18	0.2	Euribor 1M	-12
16/12/14	SWAP	B	10.000	EUR	16/12/14	17/09/18	0.2	0.0700%	-2
16/12/14	SWAP	L	10.000	EUR	16/12/14	17/09/18	0.2	Euribor 1M	-8
16/12/14	SWAP	B	8.500	EUR	16/12/14	16/09/19	1.2	0.1250%	-13
16/12/14	SWAP	L	8.500	EUR	16/12/14	16/09/19	1.2	Euribor 1M	-37
<b>Total</b>			<b>35.459</b>						<b>-322</b>

B: borrower

L: variable rate lender

#### 30 June 17

##### *A cash flow hedges – financing of project at variable rates swapped with fixed rates (in thousands euros)*

Processing date	Type	Direction	Nominal in progress (millions)	Currency	Start	Maturity	Time remaining (years)	Rate	Market value
25/02/11	SWAP	B	2.169	EUR	21/03/11	22/12/25	8.5	3.2900%	-335
25/02/11	SWAP	L	2.169	EUR	21/03/11	22/12/25	8.5	Euribor 3M	28
16/12/14	SWAP	B	10.000	EUR	16/12/14	18/09/17	0.2	0.0300%	-1
16/12/14	SWAP	L	10.000	EUR	16/12/14	18/09/17	0.2	Euribor 1M	-8

16/12/14	SWAP	B	15.000	EUR	16/12/14	17/09/18	1.2	0.0720%	-13
16/12/14	SWAP	L	15.000	EUR	16/12/14	17/09/18	1.2	Euribor 1M	-60
16/12/14	SWAP	B	10.000	EUR	16/12/14	17/09/18	1.2	0.0700%	-9
16/12/14	SWAP	L	10.000	EUR	16/12/14	17/09/18	1.2	Euribor 1M	-40
16/12/14	SWAP	B	8.500	EUR	16/12/14	16/09/19	2.2	0.1250%	-24
16/12/14	SWAP	L	8.500	EUR	16/12/14	16/09/19	2.2	Euribor 1M	-44
<b>Total</b>			<b>45.669</b>						<b>-505</b>

*B: borrower*

*L: variable rate*

*lender*

## **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.

## **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.

## **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.

## **Customers and other debtors**

Gross outstanding trade accounts receivable and other debtors with overdue payments is analysed below:

In thousands of euros	Non impaired assets due as at date of closing				Assets	Non impaired	Total
	0-6 months	6-12 months	beyond 1 year	total			
As of 30 June 2018	4,355	416	112	4,883	1,626	7,805	14,315
As of 30 June 2017	2,789	78	275	3,142	929	12,926	16,997

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.

### Guarantees

Group policy is to provide financial guarantees only to wholly-owned subsidiaries.

### 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 30 June 2018, the non-discounted contractual flows in outstanding financial debts by maturity date and by type were as follows:

*As at 30 June 2018*

<b>In thousands of euros</b>	<b>Total</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Over 5 years</b>
<i>Convertible bond issuances</i>	94,904					65,000	29,904
<i>Unitranche bond issuance</i>	2,278	2,278					
<i>Accrued interest on Unitranche bond issuance</i>	8,000	1,150	1,600	1,600	1,600	1,600	450
<i>Borrowings with credit establishments</i>	1,613	424	464	378	309	19	19
<i>Debt obligations in relation to acquisition of subsidiaries</i>	0						
<i>Debts obligations under finance leasing</i>	15,447	3,038	3,005	2,612	2,058	1,291	3,443
<i>Bank overdraft and cash current account</i>	47	47					
<i>FACTOR financial debt</i>	840	840					
<b>Outstanding debt obligations</b>	<b>123,132</b>	<b>7,777</b>	<b>5,068</b>	<b>4,590</b>	<b>3,967</b>	<b>67,910</b>	<b>33,817</b>
<i>Assets linked to financing</i>							
<i>Cash and cash equivalent</i>	29,436						
<b>Net debt</b>	<b>93,697</b>						

*As at 30 June 2017*

<b>In thousands of euros</b>	<b>Total</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Over 5 years</b>
<i>Convertible bond issuances</i>	94,354						94,354
<i>Unitranche bond issuance</i>	268	74					194
<i>Accrued interest on Unitranche bond issuance</i>	8,000		1,150	1,600	1,600	1,600	2,050
<i>Borrowings with credit establishments</i>	1,817	422	394	360	350	291	
<i>Debt obligations in relation to acquisition of</i>	1,700						1,700



<i>subsidiaries</i>								
<i>Debts obligations under finance leasing</i>	13,720	2,174	2,199	2,161	1,751	1,302	4,133	
<i>Bank overdraft and cash current account</i>	17	17						
<i>FACTOR financial debt</i>	1,793	1,793						
<b>Outstanding debt obligations</b>	<b>121,669</b>	<b>4,406</b>	<b>3,743</b>	<b>4,121</b>	<b>3,702</b>	<b>3,193</b>	<b>102,505</b>	
<i>Assets linked to financing</i>								
<i>Cash and cash equivalent</i>	41,627							
<b>Net debt</b>	<b>80,043</b>	<b>4,406</b>	<b>3,743</b>	<b>4,121</b>	<b>3,702</b>	<b>3,193</b>	<b>102,505</b>	

### **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 the Scope of Consolidation**

As indicated in Note 1, the Group acquired Duotech, Amplitude IDF and Neos during the financial year. The main characteristics of the acquired entities and the impact on the 2018 financial statements are as follows:

	<b>In thousands of €</b>
<i>Revenue</i>	-
<i>Operating profit/loss</i>	278
<i>Net profit/loss</i>	157
 <i>Fair value of assets and liabilities</i>	 900

The US subsidiary Amplitude Corp started its business during the first half of the financial year. The scope of consolidation is presented in Note 29

### **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 management of the Group.

Geographic areas are divided into two sub-groups, corresponding to the internal organization 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 exclusive sales network; 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.

Segment reporting is presented in accordance with IFRS 8.

### 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.

In thousands of euros	Fiscal year June 2018			Fiscal year June 2017		
	France	International	Total	France	International	Total
<b>Revenues</b>	<b>73,703</b>	<b>26,633</b>	<b>100,336</b>	<b>67,955</b>	<b>25,400</b>	<b>93,356</b>
<i>Current operating income</i>	2,400	-136	2,264	2,667	-2,650	17
<i>Financial income</i>	-5,402	-2,727	-8,129	-7,123	-1,386	-8,510
<i>Taxes</i>	-961	-263	-1,224	-2,021	-737	-2,758
<b>Net profit</b>	<b>-5,760</b>	<b>-3,832</b>	<b>-9,592</b>	<b>-7,108</b>	<b>-5,206</b>	<b>-12,314</b>
<i>- amortisation allowances</i>	9,815	2,330	12,145	8,660	2,249	10,909
<i>- other expenses without cash consideration</i>	1,600	-753	847	1,460	958	2,418
<b>Segment assets</b>	<b>248,399</b>	<b>25,971</b>	<b>274,370</b>	<b>226,315</b>	<b>44,646</b>	<b>270,961</b>
<i>- Goodwill</i>	80,794	14,875	95,670	77,616	14,875	92,491
<i>- intangible assets</i>	24,899	2,121	27,020	15,287	1,639	16,926
<i>- tangible fixed assets</i>	33,367	6,509	39,877	32,463	6,662	39,125
<b>Shareholders' equity</b>	<b>98,678</b>	<b>-3,996</b>	<b>94,682</b>	<b>103,058</b>	<b>78</b>	<b>103,136</b>
<i>Segment liabilities excluding borrowings</i>	51,402	4,832	56,234	39,594	6,058	45,652
<b>Debts obligations</b>	<b>123,454</b>		<b>123,454</b>	<b>122,173</b>		<b>122,173</b>
<b>Segment investments</b>						
<i>- intangible</i>	2,133	740	2,873	4,937	232	5,169
<i>- tangible</i>	4,609	2,229	6,838	20,511	2,203	22,714

### Breakdown of revenues by product range

Revenue breakdown proportionally by product range is as follows:

In %	30 June 18	30 June 17
<i>Hips</i>	29.90%	30.60%
<i>Knees</i>	57.08%	56.98%
<i>Foot &amp; Ankle</i>	6.82%	6.70%
<i>Others</i>	6.20%	5.72%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### NOTE 8. Revenues

Revenue breakdown by type and geographic area is as follows:

**By type:**

<b>In thousands of euros</b>	<b>30 June 18</b>	<b>in %</b>	<b>30 June 17</b>	<b>in %</b>
<i>Sales of goods</i>				
<i>Sales of finished products</i>	99,104	99%	93,356	100%
<i>Services provided</i>	1,232			
<b>Total</b>	<b>100,336</b>	<b>99%</b>	<b>93,356</b>	<b>100%</b>

**By geographic area;**

	<b>30 June 18</b>	<b>In %</b>	<b>30 June 17</b>	<b>In %</b>
<i>Revenue - France</i>	63,625	63%	58,144	62%
<i>Revenue – Distributor export</i>	10,077	10%	9,812	11%
<i>Revenue – Subsidiary export</i>	26,633	27%	25,400	27%
<b>TOTAL</b>	<b>100,336</b>	<b>100%</b>	<b>93,356</b>	<b>100%</b>

**NOTE 9. Other Purchases and External Expenses**

Other purchases and external expenses consist of the following:

<b>In thousands of euros</b>	<b>30 June 18</b>	<b>30 June 17</b>
<i>Non-stock purchases</i>	992	925
<i>Rents</i>	1,744	1,451
<i>Repair and maintenance</i>	1,218	891
<i>Insurance premiums</i>	578	520
<i>Studies and research</i>	1,699	3,019
<i>Temporary staff</i>	618	671
<i>Commissions paid to the salespersons</i>	15,857	14,986
<i>fees</i>	3,526	4,044
<i>Advertising</i>	1,344	1,375
<i>Transportation</i>	2,345	1,872
<i>Travel and subsistence</i>	2,704	3,202
<i>Banking fees and share purchase fees</i>	919	665
<i>Other purchase and external expenses</i>	1,692	620
<b>Total</b>	<b>35,235</b>	<b>34,242</b>

## NOTE 10. Personnel Expenses and Data

### Personnel expenses

In thousands of euros	30 June 18	30 June 17
<i>Salaries and wages</i>	18,516	16,669
<i>Social security and contributions</i>	6,459	5,440
<i>Cost of payment in shares</i>	1,221	1,179
<i>Contributions to post employment defined benefit plans</i>	-2	1
<i>Employee shares</i>	413	144
<b>Total</b>	<b>26,609</b>	<b>23,432</b>

Share-based payment costs relate to a free share allocation plan, the terms of which are set out in Note 21.

### Number of staff

In numbers	30 June 18	30 June 17
<i>Sales &amp; Marketing</i>	112	90
<i>General &amp; administrative</i>	177	151
<i>Production</i>	75	64
<i>R&amp;D</i>	64	63
<b>Total</b>	<b>428</b>	<b>368</b>

### Directors' compensation

Since 1<sup>st</sup> July 2017, the CEO has received the following compensation in respect of his duties over the financial year:

- Gross salary: €295,000
- Benefit in kind: €13,000
- Pension Plan Art. 83: €7,000
- Target bonus: €62,000

## NOTE 11. Provisions for Current Assets, Net of Reversals

In thousands of euros	30 June 18	30 June 17
<i>Amortisation of intangible assets</i>	2,518	2,354
<i>Amortisation of tangible fixed assets</i>	7,318	7,144
<i>Amortisation of leased materials</i>	2,310	1,356
<i>Provision for inventory, net of reversals</i>	90	1,282
<i>Provision for current assets, net of reversals</i>	740	486
<i>Provision for risk and expenses, net of reversals</i>	17	706
<b>Total</b>	<b>12,992</b>	<b>13,328</b>

## NOTE 12. Other Operating Income and Expenses

<i>In thousands of euros</i>	<b>30 June 18</b>	<b>30 June 17</b>
<b><i>Other operating income</i></b>		
<i>Research tax credit</i>	220	693
<i>Other</i>	333	984
<b>Total</b>	<b>553</b>	<b>1,677</b>
<b><i>Other operating expenses</i></b>		
<i>Licence fees paid</i>	3,913	4,413
<i>Tax and social security penalties</i>		
<i>Gift and donations</i>		
<i>Bad debt write offs</i>		
<i>Other</i>	256	38
<b>Total</b>	<b>4,169</b>	<b>4,451</b>

## NOTE 13. Non-Operating Income and Expenses

<i>In thousands of euros</i>	<b>30 June 18</b>	<b>30 June 17</b>
<b><i>Non-recurring operating income</i></b>		
<i>Reversal of provision for Promotion DM Tax</i>	1,107	
<i>Reversal of provision for commercial litigation</i>	1,151	
<i>Reversal of provision for minority litigation</i>		9,000
<i>Australia</i>		
<i>Others</i>	470	265
<b>Total</b>	<b>2,728</b>	<b>9,265</b>
<b><i>Non-recurring operating expenses</i></b>		
<i>Provision allocation Promotion DM tax</i>	2,647	2,599
<i>Exceptional expenses commercial litigation</i>	1,151	
<i>Exceptional expenses DM Promotion Tax</i>	1,107	
<i>Extraordinary expenses minority litigation</i>		7,053
<i>Australia</i>		
<i>Others</i>	326	676
<b>Total</b>	<b>5,231</b>	<b>10,328</b>

## NOTE 14. Financial Income and Expenses

Financial income essentially comprises the following elements:

- cost of borrowing: €6,501k
- recognition as income of the definitive change in the earn-out relating to the firm commitment to repurchase the Sofab subgroup for €1,200k, and
- exchange rate gains and losses, a deficit of €2,838k.

## NOTE 15. Income Tax Expense

- Details of income tax expense

In thousands of euros	30 June 18	30 June 17
<i>Current income taxes</i>	-1,096	-907
<i>Deferred income taxes</i>	-128	-1,851
<b>Total</b>	<b>-1,224</b>	<b>-2,758</b>

The deferred tax charge at 30 June 2017 is mainly impacted by the reduction in the tax rate to 28%, applicable in 2020 for the Group. The negative impact for the financial year 2016/2017 amounted to €1.9 million.

The deferred tax charge at 30 June 2018 was impacted by the reduction in the tax rate to 26.5% and 25%, the rates applicable in 2022 and 2023 for the Group. The negative impact on the 2017/2018 financial year was €0.4 million.

- Analysis of tax expense

In thousands of euros	30 June 18	30 June 17
<b>Profit before tax</b>	<b>-8,368</b>	<b>-9,556</b>
<i>Theoretical tax rate</i>	33.33%	33.33%
<b>Tax payable</b>	<b>2,789</b>	<b>3,185</b>
<i>Effect of the permanent differences</i>	-553	-573
<i>Tax credit</i>	132	320
<i>IFRS 2 charges</i>	-407	-391
<i>Current year deductions not taken</i>	-2,174	-2,020
<i>Prior year deductions not taken</i>	105	80
<i>CVAE reclassification</i>	-442	-277
<i>Tax base effect Brazil</i>	-185	-406
<i>Provisions for litigation not subject to tax</i>	-924	-877
<i>Lowering tax rate</i>		-1,876
<i>Changes in price adjustment of subsidiaries (not subject to tax)</i>	400	-
<i>Other</i>	35	76
<b>Effective tax expense</b>	<b>-1,224</b>	<b>-2,758</b>

## 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 17	Impact on reserves	Impact on profit	30 June 2018
<b>Deferred tax assets</b>				
<i>Organic</i>	16			16
<i>Expenses on share purchases</i>	33		32	65
<i>Employee shares</i>	40		52	92
<i>Retirement severance pay</i>	111		8	119
<i>Gain on asset disposal</i>	935		172	1,107
<i>Deductions taken</i>	8,406		-27	8,379
<i>Hedging instrument</i>	148	-58		90
<i>Margin on stocks</i>	2,099		-115	1,984
<i>Other</i>	-91	6	-77	-162
<i>Deferred tax assets / deferred tax liabilities (IDA/ADP offset)</i>	-1,612		46	-1,566
<b>Total</b>	<b>10,086</b>	<b>-52</b>	<b>91</b>	<b>10,125</b>
<b>Deferred tax liabilities</b>				
<i>Regulated provisions</i>				
<i>Fair value assets</i>	86			86
<i>Use of ancillaries</i>	1,181		-14	1,167
<i>Gain on assets disposal</i>	380		167	547
<i>Gain on assets disposal</i>	107		-12	95
<i>Equity instrument</i>	553		-24	529
<i>Finance leasing</i>	127		56	183
<i>Deferred tax assets / deferred tax liabilities (IDA/ADP offset)</i>	-1,612		46	-1,566
<b>Total</b>	<b>821</b>		<b>219</b>	<b>1,042</b>

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.

Deferred tax assets in relation to timing differences relate essentially to tangible assets.

Deferred tax assets were recognized to the extent that recovery was deemed likely, in accordance with IAS 12.

Tax losses are utilized 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. The capitalized losses mainly concern the tax consolidation group for €28 million out of a total of €30.6 million of tax loss carry forwards at 30 June 2018.

## NOTE 16. Intangible Assets

### Goodwill

As stated in Note 3.4 of this annex, goodwill is allocated to two cash-generating units.

As stated in Note 3.4, an impairment test was carried out on 30 June 2017, using the discounted cash flow method. The value test confirmed the carrying amount of the assets of the cash-generating units (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 totaled €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.

### **The goodwill recognised at 30 June 2014 in relation to this purchase will total €4,722,000. Amplitude Brazil**

On 12 February 2014, the Group acquired the Brazilian company Unimplant. The assets and inventory are valued at their fair value as at the date of acquisition. The purchase price and the price adjustments for 100% of this subsidiary amounted to €7,468,000.

Goodwill in relation to this purchase totaled €9,785,000.

### **Amplitude Suisse**

The Group acquired 100% of the Swiss Company for €456,000 in June 2015. Goodwill in relation to this acquisition totaled €369,000.

### **Sofab Group**

In December 2016, the Group acquired a 50% stake in SOFAB Orthopédie, a historical and strategic industrial subcontractor (see Note 1). The acquisition price for the 50% was € 1,670,000. There was a firm undertaking to purchase and sell the remaining 50%, which was satisfied during the financial year for a price adjustment of €500,000. Goodwill recognized in connection with this acquisition amounts to € 2,064,000.

### **Amplitude IDF**

During the first half of the year, the Group acquired 100% of Amplitude IDF; goodwill recognized in respect of this acquisition amounted to €1,698k.

During the second half of the year, the Group, through Amplitude IDF, completed the acquisition of Neos, which was absorbed by Amplitude IDF in May 2018. Goodwill recognized in respect of this acquisition amounts to €725k.

### **Duotech**

During the first half of the year, the Group acquired 100% of Duotech; goodwill recognized in respect of this acquisition amounted to €756k.



## Development expenses

Given the criteria outlined in Note 3.6, development costs totalling €1,732,000 as at 30 June 2018 were included in intangible assets. These expenses were included in intangible assets in progress and in development costs. These costs are amortized over 4 to 10 years. Treatment of these expenses as at 30 June 2018 was based on best estimates regarding completion of the projects as at the date of preparation of the financial statements.

## Other intangible assets

	30 June 2017	Purchases (net allocation)	(Disposal) / profit from disposal	Currency translation adjustments	Changes in perimeter and reclass	30 June 18
<b>In thousands of euros</b>						
<i>Concession and patents</i>	12,104	10,338		-16	-151	22,275
<i>Stock in trade</i>	557					557
<i>Development expenses</i>	1,363	117		-1		1,478
<i>Other intangibles assets</i>	8,043	488			1,979	10,510
<i>Intangible assets in progress</i>	6,291	2,058		-91	-2,174	6,084
<b>Gross values</b>	<b>28,358</b>	<b>13,001</b>		<b>-108</b>	<b>-346</b>	<b>40,904</b>
<i>Concessions, and patents</i>	7,774	1,180				8,954
<i>Stock in trade</i>	114					114
<i>Other intangibles assets and development cost</i>	3,545	1,284		-12		4,817
<b>Amortisation and depreciation</b>	<b>11,433</b>	<b>2,464</b>		<b>-12</b>		<b>13,885</b>
<b>NET VALUES</b>	<b>16,926</b>	<b>10,538</b>		<b>-96</b>	<b>-346</b>	<b>27,020</b>

The counterpart of patent acquisitions is the recognition of a debt on fixed assets for an amount of €10,128k. The amount of acquisitions is presented net in the cash flow statement, i.e. €2,873k.

## NOTE 17. Tangible Fixed Assets

### Tangible fixed assets

	30 June 2017	Purchases (net allocation)	(Disposal)/ profit from disposal	Currency translation adjustments	Changes in perimeter and reclass	30 June 18
<b>In thousands of euros</b>						
<i>Land</i>	629	108				737
<i>Constructions</i>	8,747					8,747
<i>Technical fixtures and fittings</i>	60,038	9,430	4,122	-782	2,349	66,913
<i>Other tangible fixed assets</i>	5,778	2,874	20	-61	296	8,867
<i>Fixed assets in progress</i>	3,297	1,204		-3	-2,295	2,203
<b>Gross values</b>	<b>78,489</b>	<b>13,616</b>	<b>4,142</b>	<b>-846</b>	<b>351</b>	<b>87,468</b>
<i>Land</i>	52	17				68
<i>Constructions</i>	1,365	437				1,802
<i>Technical fixtures and</i>	34,413	8,626	1,449	-330	47	41,308

In thousands of euros	30 June 2017	Purchases (net allocation)	(Disposal)/ profit from disposal	Currency translation adjustments	Changes in perimeter and reclass	30 June 18
<i>fittings</i>						
<i>Other tangible fixed assets</i>	3,533	831	11	-28	90	4,414
<b>Amortisation and depreciation</b>	<b>39,364</b>	<b>9,911</b>	<b>1,460</b>	<b>-358</b>	<b>137</b>	<b>47,596</b>
<b>NET VALUES</b>	<b>39,125</b>	<b>3,705</b>	<b>2,682</b>	<b>-488</b>	<b>214</b>	<b>39,877</b>

“Changes in scope and other changes” relate to reclassification of fixed assets under construction over the previous period.

Acquisitions include new leasing contracts for €4,034k.

#### NOTE 18. Inventory

In thousands of euros	30 June 2018	30 June 2017
<i>Raw materials</i>	1,408	1,299
<i>In process stock</i>	19,963	17,532
<i>Intermediate and finished product stock</i>	31,069	29,141
<b>Gross values</b>	<b>52,439</b>	<b>47,972</b>
<i>Depreciation</i>	2,713	2,671
<b>Net stock and in-process</b>	<b>49,726</b>	<b>45,300</b>

#### NOTE 19. Receivables

##### Accounts receivables

In thousands of euros	30 June 2018	30 June 2017
<i>Gross value</i>	14,315	16,997
<i>Depreciation</i>	1,626	929
<b>Net value</b>	<b>12,689</b>	<b>16,068</b>

Accounts receivable due within one year.

##### Other current assets

In thousands of euros	30 June 2018	30 June 2017
<i>Tax liabilities (excluding tax on benefits)</i>	2,997	2,665
<i>Social security liabilities</i>	180	59
<i>Pre-payment</i>	1,016	1,045
<i>Advances payment and instalment</i>	293	166
<i>Other current assets</i>	343	1,203
<b>Total</b>	<b>4,829</b>	<b>5,136</b>

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.

Current tax receivables are mainly composed of research tax credits and competitiveness and employment tax credits.

#### NOTE 20. Cash and Cash Equivalents

In thousands of euros	30 June 2018	30 June 2017
<i>Marketable securities</i>	13,328	13,170
<i>Bank accounts and other cash assets</i>	16,107	28,458
<b>Total</b>	<b>29,436</b>	<b>41,627</b>

#### NOTE 21. Capital and Reserves

The share capital is €469,298.52, divided into 46,929,852 shares, each with a nominal value of one cent, all fully paid up.

In accordance with the terms of the Extraordinary Shareholders Meeting of 9 December 2015, the Board of Directors meeting of 27 July 2016 decided to allocate 1,407,897 free ordinary shares of the Company for the benefit of the 4 employees of the Company. The allocation is subject to presence and performance criteria (EBITDA, revenues), and the vesting period is 2 years. The share price as at the date of the meeting of 27 July 2016 was €3. This free share plan was closed on 23 July 2018 with the issue of 874,989 ordinary shares.

The expense recognized during the financial year amounted to €1.2 million, which was recognized as a personnel expense.

#### NOTE 22. 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 amortized cost.

##### Breakdown of debt by type

In thousands of euros	30 June 18		30 June 17	
	Non-current	Current	Non-current	Current
<i>Convertible bond issuances</i>				
<i>Unitranche bond issuance</i>	94,904		94,354	
<i>Accrued interest on Unitranche bond issuance</i>		2,278	268	
<i>Borrowing with credit establishment</i>	8,039	1,574	9,395	422
<i>Debt obligations in relation to acquisitions or subsidiaries</i>			1,700	
<i>Debts obligation under finance leasing</i>	12,409	3,038	11,546	2,174
<b>Total</b>	<b>115,354</b>	<b>6,890</b>	<b>117,262</b>	<b>2,596</b>

As at 30 June 2018, the fair value of rate hedging instruments totalled (€322,000) before deferred tax, or (€232,000) after deferred tax, included in the liability (derivative), with a corresponding booking to capital and reserves.

Financial debt related to the acquisition of subsidiaries concern the companies of the group SOFAB Orthopédie SAS in 2017, the final price of which amounted to €500,000.

## Covenant

The Group made undertakings under its Unitranche loan agreement to comply with the following financial ratios: the gearing ratio, which refers to net total debt divided by EBITDA. At 30 June 2018, this ratio, which is required by the Unitranche loan agreement, is complied with.

## NOTE 23. Bank Funding and Factoring

In thousands of euros	30 June 2018	30 June 2017
<i>FACTORING financial debts*</i>	840	1,793
<i>Daily cash advances</i>		
<i>Bank funding</i>	47	17
<b>Total</b>	<b>888</b>	<b>1,810</b>

\*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.

At 30 June 2017, the Factor debt amounted to €3,296,000, and the receivable amounted to €1,503,000, i.e. a net debt of €1,793,000, recorded under the item “Bank funding and Factor”.

At 30 June 2018, the Factor debt amounted to €1,329,000 and the receivable amounted to €489,000, i.e. a net debt of €840,000, recorded under the item "Bank loans and Factor".

On 25 June 2016, the factoring agreement was the subject of an amendment rendering it deconsolidating, given the quality of the customer portfolio. At 30 June 2017, the outstanding factored debt not reported as financial debt amounted to €5,274,000 compared to €7,562,000 at 30 June 2018. This amount is recorded less trade receivables.

## NOTE 24. 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 €35 million as at 30 June 2018 and €46 million as at 30 June 2017.

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 2018		30-June 2017	
	Assets	Liabilities	Assets	Liabilities
<i>Rate derivatives (fair value)</i>		322		505
<i>Non hedging derivatives</i>				
<b>Total</b>		<b>322</b>		<b>505</b>

#### NOTE 25. 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 €484,000 inclusive of social security contributions as at 30 June 2018.

The annual rate of salary increase used is 1.50% and the discount rate is 1.55%.

This amount is fully included in provisions for risk and expenses.

#### NOTE 26. Provisions for Risk and Expenses

##### Closing balance

In thousands of euros	30 June 2018	30 June 2017
<b>Provisions for non-current risks and expenses</b>	<b>15,950</b>	<b>14,370</b>
<i>Dispute, DM promotion tax</i>	15,466	13,925
<i>Dispute, buyback of amplitude shares in Australia</i>		
<i>Employees benefits</i>	484	445
<b>Provisions for current risks and expenses</b>	<b>178</b>	<b>1,749</b>
<i>Provisions for legal disputes</i>	30	1,608
<i>Other current provisions</i>	148	142
<b>Total</b>	<b>16,129</b>	<b>16,119</b>

##### Changes in financial year end

In thousands of euros	
<b>Value at 30 June 2016</b>	<b>21,474</b>
<i>Allocations</i>	3,798
<i>Write back used</i>	9,090
<i>Write back not used</i>	
<i>Changes in group structure</i>	-63
<b>Value at 30 2017</b>	<b>16,119</b>
<i>Allocations</i>	2,655
<i>Write back used</i>	2,645
<i>Write back not used</i>	
<i>Changes in group structure</i>	
<b>Value at 30 June 2018</b>	<b>16,129</b>

## **Provisions for risk**

Provisions are made during the financial 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 financial 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. In view of the court decision rendered in September 2017, the management has set aside a provision of €1.2 million as at 30 June 2017. The company disbursed €1.2 million during the financial year and thus put an end to this dispute..

### **Tax legal dispute over marketing of DM**

Since 7 November 2013, the group has been involved in a dispute with 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.

At 30 June 2018, this risk is covered by a provision for risk of €15,466k, including €1,541k at 30 June 2018 (€2,649k provision and €1,107k reversal), presented in the statement of profit and loss under the heading "Non-current operating expenses"; the Company makes 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 courts.

### **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 Rhône URSSAF decided in November 2015 to appeal the ruling.

The case pleaded in court on 14 June 2017 was set aside for deliberation until 13 September 2017.

By a judgment dated 15 December 2016, the second civil division of the Court of Cassation has (i) quashed and annulled, in all its provisions with the exception of those stating that there is no need to transmit the QPC, the ruling handed down on 8 September 2015 by the Grenoble Court of Appeal and (ii) referred the case to the Chambéry Court of Appeal. The Chambéry Court of Appeal, in a judgment dated 12 September 2017, upheld the judgment of the Valence TASS.

Amplitude SAS has appealed in cassation against this decision.

## NOTE 27. Accounts Payable and Other Creditors

In thousands of euros	30 June 18	30 June 17
<i>Suppliers of fixed assets</i>	10,833	80
<b>Total</b>	<b>10,833</b>	<b>80</b>

The change in payables on fixed assets is mainly due to the acquisition of new patents for €10.3 million.

In thousands of euros	30 June 18	30 June 17
<i>Trade creditors</i>	15,188	16,176
<i>Tax liabilities (excluding tax on benefits)</i>	1,990	1,912
<i>Social security liabilities</i>	5,514	4,378
<i>Fixed asset suppliers</i>	1,533	2,585
<i>Deferred revenue</i>	14	13
<i>Current accounts outside the group</i>	376	826
<i>Other current liabilities</i>	3,616	2,742
<b>Total</b>	<b>28,229</b>	<b>28,631</b>

For trade accounts payable, the Company has determined that amortized cost constitutes a reasonable estimation of their fair value.

## NOTE 28. Related Party Transactions

No transaction between the Group and related companies was carried out during the period.

## NOTE 29. Off-Balance Sheet Liabilities

### Financial commitments

The Amplitude Surgical Group made the following financial commitments:

- Transfer of key individual insurance (€5,000,000)
- Commitment to pay rents: €634,000.

In respect of a Unitranche debt of €95,000,000;

- Pledging of Share accounts,
- Pledging of bank accounts, and
- Pledging / transfer of key individual insurance.

Under the loans granted by BPI France: €400,000 warranty deduction

### Undertaking to purchase shares

As at 30 June 2018, the undertaking to purchase the additional shares of the Company SOFAB Orthopédie SAS had been satisfied. This transaction is detailed in Note 16.

## NOTE 30. Group Companies

Company and legal structure	SIREN (company registration number)	Registered office	Methods of consolidation applied	% control 30 June 2018	% control 30/06/2017
<i>Amplitude Surgical (ex Orthofin 1)</i>	533.149.688	<i>France</i>	<i>Parent company</i>	<i>Parent company</i>	<i>Parent company</i>
<i>Amplitude</i>	414.448.464	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude GMBH</i>	NA	<i>Germany</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Australia Pty</i>	NA	<i>Australia</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Brazil</i>	NA	<i>Brazil</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Suisse</i>	NA	<i>Switzerland</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Benelux</i>	NA	<i>Belgium</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Novastep</i>	752.292.797	<i>France</i>	<i>Full consolidation</i>	<b>69.0%</b>	<b>69.0%</b>
<i>Novastep Inc.</i>	NA	<i>United States</i>	<i>Full consolidation</i>	<b>85.0%</b>	<b>85.0%</b>
<i>Matsumoto Amplitude Inc.</i>	NA	<i>Japan</i>	<i>Full consolidation</i>	<b>80.0%</b>	<b>80.0%</b>
<i>Amplitude Afrique du Sud</i>	NA	<i>South Africa</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Roumanie</i>	NA	<i>Romania</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Sofab Orthopédie SAS</i>	822.921.383	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Firm Industrie</i>	523.415.073	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Poli-Tech</i>	448.895.474	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Poli-Alpes</i>	407.572.940	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Corp.</i>	NA	<i>United States</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>
<i>Amplitude Duotech</i>	488.772.763	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	/
<i>Amplitude IDF</i>	447.869.496	<i>France</i>	<i>Full consolidation</i>	<b>97.0%</b>	/
<i>SCI Les Tilleuls</i>	439.216.748	<i>France</i>	<i>Full consolidation</i>	<b>100.0%</b>	<b>100.0%</b>

Shareholdings in the companies Joint Research Ltd Ireland and Amplitude India Private Limited are not included within the consolidated accounts given their immaterial nature as at 30 June 2018.

## NOTE 31. Subsequent Events

As indicated in the annual activity report, significant post-closing events are:



- the first installation of an Anatomic® knee in the USA;
- the creation of a new subsidiary in the south of France;
- termination of the 2016-2017-2018 free share plan; and
- implementation of a new free share plan 2019-2020-2021;

#### NOTE 32. Contingent Liabilities

Since 15 June 2017, the company has been involved in a dispute with Zimmer Biomet France over alleged unfair competition. Since Amplitude is vigorously rejecting these allegations, no provision has been made in the financial statements as at 30 June 2018, with the exception of a number attorney fees incurred during the year.

#### NOTE 33. 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.

#### NOTE 34. Statutory Auditors' Fees

Amount in €	MAZARS SA	DELOITTE
	30 June 18	30 June 18
Audit Issuer	73,300	57,400
<b>Sub total (1)</b>	<b>73,300</b>	<b>57,400</b>
Other duties and services directly linked to the mission Issuer	11,200	1,200
<b>Sub total (2)</b>	<b>11,200</b>	<b>1,200</b>
<b>TOTAL</b>	<b>84,500</b>	<b>58,600</b>

## 6.2 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

*This report also includes information relating to the specific verification of information given in the group's management report.*

*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France*

To the general shareholders' meeting of AMPLITUDE SURGICAL,

## **Opinion**

In performance of the assignment entrusted to us by your shareholders' meetings, we have audited the attached consolidated financial statements of AMPLITUDE SURGICAL for the financial year ended 30 June 2018.

We hereby certify that the consolidated financial statements, in accordance with the IFRS standards as adopted by the European Union, give a true and fair view of the results of operations for the past financial year and of the financial position and assets and liabilities at the end of the financial year of all persons and entities included in the scope of consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

## **Basis of Opinion**

### ***Audit standards***

We have conducted our audit in accordance with professional standards applicable in France. We believe that the information we have gathered is sufficient and appropriate to form our opinion.

Our responsibilities under these standards are set out in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of this report.

### ***Independence***

We have carried out our audit mission in compliance with the independence rules applicable to us, over the period from 1 July 2017 to the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or by the code of ethics of the auditing profession.

## **Justification of assessments - Key audit points**

Pursuant to the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the financial year, as well as the responses that we have provided to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the preparation of our opinion expressed above. We do not express an opinion on individual items in these consolidated financial statements.

### ***Valuation of goodwill - impairment tests***

#### ***Risk identified***

As part of its creation and development, the Group carried out targeted external growth transactions, and therefore recognized several goodwill items. These goodwill items, which correspond in this case to the

difference between the price paid and the fair value of assets and liabilities at the acquisition date, have been allocated to two groups of cash-generating units (CGU), defined according to the Group's geographic location, i.e. the French market and international markets (see notes 3.4 and 16 to the consolidated financial statements).

At each financial year, the management ensures that the book value of these goodwill items, shown in the balance sheet for an amount of €95.7 million, is not higher than their recoverable amount and does not present any impairment risk.

The methods used to test for impairment and the details of the assumptions used are described in Note 3.4 to the consolidated financial statements. The recoverable amount was determined by reference to the value in use calculated on the basis of the discounted value of the expected cash flows of the groups of assets that made up the two CGUs.

The determination of the recoverable amount of the goodwill, which represents a particularly significant amount, requires significant judgment on the part of management, particularly with regard to the growth rate used for cash flow projections and the discount rate applied to them. We therefore considered the measurement of goodwill as a key point of the audit.

#### *Our response*

We have reviewed the Company's methodology for compliance with current accounting standards.

We have also carried out a critical review of the methods of implementing this methodology and verified in particular:

- the comprehensiveness of the elements composing the book value of the CGU groups and the consistency of the determination of this value with the way in which cash flow projections have been determined for value in use;
- the consistency of cash flow projections with the economic and financial environment and the reliability of the estimation process by examining the causes of differences between forecasts and actuals;
- the consistency of these cash flow projections with management's latest estimates, as presented to the Board of Directors as part of the budget process;
- the consistency of the growth rate used for projected flows with market analyses and the consensus of the main players;
- the calculation of the discount rate applied to the estimated cash flows of the business by verifying that the various discount parameters composing the weighted average cost of capital of the groups of CGUs made it possible to approximate the reference rate for these groups of CGUs. As a result, we have relied on our valuation experts; and
- the calculation and appropriateness of the sensitivity test on value in use, carried out by management to change in the main assumptions used.

## ***Valuation of work-in-progress and finished goods inventories***

### *Risk identified*

The Group's inventories are shown in the consolidated balance sheet at 30 June 2018 for a gross amount of €52.4 million, with an impairment charge of €2.8 million. They consist mainly of outstanding amounts and intermediate and finished products, valued at cost of production and depreciated based on historical sales (see Notes 3.9 and 18 to the consolidated financial statements).

Due to the nature of the business, the Group provides hospitals and clinics with surgical prostheses of different sizes (this is a regulatory obligation) that can lead to long rotation cycles for atypical sizes. In addition, the spare parts of the installation instruments (ancillaries) are stored so that the Group can be able to handle their replacement.

The company's depreciation rules are based on rotation criteria and whether or not the finished implants can be re-sterilized. The assessment of the depreciation percentage based on the number of months of sales in inventory requires the company's judgment in a context of rapid sales growth, both in France and in new territories.

There is therefore a risk that the net realizable value of certain references, corresponding to the sales price expected by the Group, may be lower than their manufacturing cost and therefore a risk of overvaluation of stocks of intermediate and finished products.

The assessment of whether finished implants can be re-sterilized or not may evolve, particularly in response to changes in quality standards.

We considered this subject as a key point of the audit because any provisions arising from it are, by essence, dependent on assumptions, estimates or assessments made by the Group's management.

### *Our response*

Our work consisted in assessing the data and assumptions used by management to determine the net realizable value and thus identify the items that should be recorded at this value.

We have:

- reviewed the internal control procedures in place to identify slow-moving or time-limited items;
- tested the effectiveness of key controls over these procedures;
- approached the calculation of depreciation through a double assumption concerning the re-sterilisable or non-sterilisable nature of the implants (Assumption 1: 100% of the implants are re-sterilisable; Assumption 2: 100% of the implants are non-sterilisable);
- identified, based on a computer request, slow-moving items and verified their correct valuation at net realizable value when this is less than their weighted average unit cost of purchase or production cost.

## **Verification of the Group information provided in the management report**

In accordance with the professional standards applicable in France, we have also performed the specific verification required by law of information relating to the Group, as provided for in the Board of Directors' management report.

We have no observation to report on their truthfulness and consistency with the consolidated financial statements.

## **Information resulting from other legal and regulatory obligations**

### ***Appointment of the statutory auditors***

We have been appointed statutory auditors of AMPLITUDE SURGICAL by the General Meeting of 21 December 2011 for MAZARS and 9 December 2015 for DELOITTE & ASSOCIES.

As of 30 June 2018, MAZARS was in the 7<sup>th</sup> year of its continuous engagement and DELOITTE & ASSOCIES in the 3<sup>rd</sup> year, including 4 and 3 years respectively since the company's shares were admitted to trading on a regulated market.

## **Responsibilities of the Management and persons representing corporate governance with respect to the consolidated financial statements**

It is the responsibility of the Management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted by the European Union, and to put in place such internal control as it deems necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing in these financial statements, if applicable, the necessary information relating to the going concern and for applying the going concern accounting policy, unless it is planned to liquidate the Company or cease operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit with respect to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

## **Statutory auditors' responsibilities relating to the audit of the consolidated financial statements**

### ***Audit objective and approach***

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from any material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards will always detect any material misstatement. Abnormalities can be fraudulent or error-related and are considered material when they can reasonably be expected to influence, either individually or cumulatively, the economic decisions that account users make based on them.

As specified by article L. 823-10-1 of the French Commercial Code, our audit mission is not to guarantee the viability or quality of your company's management.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgment throughout the audit. Furthermore:

- it identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that it considers sufficient and appropriate to base its opinion upon. The risk of

undetected material misstatement arising from fraud is greater than the risk of undetected material misstatement resulting from an error, as fraud may involve collusion, forgery, willful omission, misrepresentation or circumvention of internal control;

- it takes into consideration the internal control procedures that are relevant to the audit in order to define audit procedures that are appropriate in the circumstances, and not to express an opinion on the effectiveness of internal control;
- it assesses the appropriateness of the accounting practices used and the reasonableness of the accounting estimates made by the Management, as well as the information provided in the consolidated financial statements;
- it assesses the appropriateness of Management's application of the going concern accounting policy and, depending on the information collected, whether or not there is significant uncertainty related to events or circumstances that could affect the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, although it should be kept in mind that future circumstances or events could affect the continuity of operations. If it concludes that there is significant uncertainty, it draws the attention of the readers of its report to the information provided in the consolidated financial statements about such uncertainty or, if such information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;
- it assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view;
- with regard to the financial information of the persons or entities included in the consolidation scope, it collects information that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and conduct of the audit of the consolidated financial statements and the opinion expressed thereon.

### ***Report to the Audit Committee***

We submit a report to the Audit Committee, which includes the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also bring to its attention, where appropriate, any material weaknesses in internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the audit committee are the risks of material misstatement that we believe to have been the most significant for the audit of the consolidated financial statements for the year and which are therefore the key points of the audit. These points are described in this report.

We also provide the audit committee with the declaration required by Article 6 of (EU) Regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics of the auditing profession. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Signed in Villeurbanne and Lyon on 30 October 2018

The Statutory Auditors

**MAZARS**

**DELOITTE & ASSOCIÉS**

Pierre BELUZE

Dominique VALETTE

**CHAPTER 7**  
**FINANCIAL STATEMENTS**

**7.1 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

7.1.1 Balance sheet

SIRET No.: 533149688000020

\*Presentation mission – please see report of Chartered Accountant

Assets		Financial year at 30/06/2018			Previous period		
		Gross Amount	Depr. or Allow.	Net amount	at : 30/06/2017		
Uncalled subscribed capital							
Fixed assets	Intangible fixed assets	Start-up costs Research and development costs Franchises, patents and similar assets Goodwill (1) Other intangible fixed assets Intangible assets in progress Advance payments on intangible fixed assets					
		TOTAL					
		Land Buildings Industrial fixtures and equipment Other tangible fixed assets Tangible fixed assets in progress Advance payments on tangible fixed assets					
	TOTAL						
	Financial fixed assets	Tangible fixed assets	Investments measured using the equity method Other investments	93,594,738		93,594,738	93,594,738
			Loans to group and related companies Investments held in portfolio for the long term Other investments	18,819,049		18,819,049	18,174,122
		Financial fixed assets	Loans Other financial assets				
			TOTAL	<b>112,413,788</b>		<b>112,413,788</b>	<b>111,768,861</b>
	<b>Total fixed assets</b>		<b>112,413,788</b>		<b>112,413,788</b>	<b>111,768,861</b>	



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				
	Debt	Trade accounts receivable Other receivables Unpaid called capital	84,270,696		84,270,696	72,125,376
		TOTAL	<b>84,270,696</b>		<b>84,270,696</b>	<b>72,125,376</b>
	Receivables	Marketable securities (of which own shares:)	13,279,888	49,372	13,230,516	13,338,769
		Cash instruments Available funds	2,984,885		2,984,885	16,414,950
		TOTAL	<b>16,264,774</b>	<b>49,372</b>	<b>16,215,401</b>	<b>29,753,719</b>
		Prepaid expenses	48,523		48,523	53,142
		<b>Total current assets</b>	<b>100,583,994</b>	<b>49,372</b>	<b>100,534,621</b>	<b>101,932,238</b>
	Deferred charges Premiums on redemption of borrowings Exchange rate differences assets	1,389,470		1,389,470	1,704,067	
	<b>TOTAL ASSETS</b>	<b>214,387,252</b>	<b>49,372</b>	<b>214,337,880</b>	<b>215,405,167</b>	
	References:	(1) Of which lease rights (2) Of which portion at less than 1 year (gross) of financial assets (3) Of which receivables at over 1 year				
	Title retention clause receivable	Fixed assets	Inventories	Accounts		

Liabilities		At 30/06/2018	Previous financial year
Shareholder's funds	Share capital (of which paid up :	469,298	469,298
	Share premiums (mergers, contributions)		144,542,186
	Revaluation variance		
	Equity reserve		
	Reserves		46,929
	Legal reserve		
	Statutory reserves		
	Tax regulated reserves		
	Other reserves		
	Profit and loss account brought forward		-29,474,927
	Previous results not yet allotted		
	Result for the financial year (profit or loss)		-4,896,946
	Net worth before allocation		<b>110,686,540</b>
	Investment grants		
Special provision for tax purposes			
<b>Total</b>		<b>110,686,540</b>	<b>115,583,487</b>
Other funds	Subordinated equity Advances subject to covenants		
	<b>Total</b>		
Provisions	Provisions for risks Provisions for future costs		106,437
	<b>Total</b>	<b>106,437</b>	<b>89,016</b>
Liabilities	Financial liabilities		
	Convertible debenture loans		
	Other debenture loans		
	Borrowing from credit institution	337	1,683
	Other borrowings	98,571,744	96,325,780
	<b>Total</b>	<b>98,572,081</b>	<b>96,327,464</b>
	Advances received on orders		
	Trade accounts payable and related liabilities	598,446	394,430
	Taxes and social debts	4,371,747	3,008,173
	Liabilities related to fixed assets		
Other debts	2,626	2,595	
Cash instruments			
<b>Total</b>	<b>4,972,821</b>	<b>3,405,199</b>	
Income recorded in advance			
<b>Total liabilities and income recorded in advance</b>		<b>103,544,902</b>	<b>99,732,663</b>
Exchange rate differences liabilities			
<b>TOTAL LIABILITIES</b>		<b>214,337,880</b>	<b>215,405,167</b>
Leasing for buildings Leasing for other equipment Non expired discounted notes receivable			

	Deferred debt and income, except (1) at more than one year at less than one year	96,481,564 7,063,338	96,057,633 3,675,030
	References: (2) of which current bank assistance and bank credit balances (3) of which equity loans		

### 7.1.2 Income statement

#### AMPLITUDE SURGICAL

Periods            01/07/2016    30/06/2017    Length            12 months  
                         01/07/2017    30/06/2018                            12 months

\*Presentation mission – please see report of Chartered Accountant

		France	Export	Total	Previous period	
Operating income (1)	Sales of purchased goods	2,200,842		2,200,842	2,220,617	
	Sales of manufactured goods					
	Sales of services					
	Net sales	<b>2,200,842</b>		<b>2,200,842</b>	<b>2,220,617</b>	
	Changes in stock of manufactured goods and work in progress				36,539	271,127
	Production of fixed assets capitalised				68,132	10,900
	Partial profits on long term contracts					
	Trading incentive grants					
	Write back of depreciation, provisions and transferred charges					
	Other income					
Total				<b>2,305,515</b>	<b>2,502,646</b>	
Operating expenses (2)	Goods Purchases					
	Change in inventory					
	Raw materials and other supplies		Purchases			
	Change in inventory					
	Other purchases and expenses (3)				1,121,625	1,122,707
	Taxes				63,665	18,499
	Wages and salaries				1,202,492	1,051,715
	Social security charges				868,021	669,451
	Depreciation • on fixed assets				314,597	1,575,341
	Provisions and • on current assets					
Provisions • for risks and future costs				17,420	23,492	
Other expenses				9,781	19,232	
Total				<b>3,597,605</b>	<b>4,480,440</b>	
Operating result A				<b>-1,292,090</b>	<b>-</b> <b>1,977,794</b>	
Joint oper.	Profit attributed or loss transferred		B			
	Loss attributed or profit transferred		C			
Financial income	From shares in group companies (4)			649,416	556,182	
	From other investments (4)			644,926	628,340	
	Interests and similar incomes (4)			1,083		
	Write back of provisions and transferred charges				7,999	
	Exchange gain				10,683	

	Net profit on disposals of current financial investments		36,419	53,631
		Total	<b>1,331,845</b>	<b>1,256,837</b>
Financial expenses	Increase of provisions against financial assets		42,926	6,445
	Interests payable and similar charges (5)		5,284,561	5,122,561
	Exchange loss			19,296
	Net losses on disposals of current financial investments		101,745	65,537
		Total	<b>5,429,233</b>	<b>5,213,841</b>
	Net financial result	D	<b>- 4,097,388</b>	<b>-3,957,003</b>
	<b>RESULT OF ORDINARY OPERATIONS BEFORE CORPORATE TAX ON PROFIT (±A+B-C±D)</b>	E	<b>- 5,389,478</b>	<b>-5,934,798</b>
Exceptional income	On operating items			
	On capital items			
	Write back of provisions and transferred charges			9,000,000
		Total		<b>9,000,000</b>
Exceptional expenses	On operating items			7,121,423
	On capital items			101,451
	Depreciation and provisions			
		Total		<b>7,222,874</b>
	Net exceptional result	F		<b>1,777,125</b>
	Employees' profit sharing plan	G		
	Corporate tax on profit	H	- 492,532	-850,269
	<b>PROFIT OR LOSS ( ± E ± F - G -H )</b>		<b>- 4,896,946</b>	<b>-3,307,403</b>
Notes				
(1) Of which	operating income from prior financial years after-tax effect of error corrections		68,127	10,895
(2) Of which	operating expenses from prior financial years after-tax effect of error corrections			
(3) Including	equipment leasing fees real estate leasing fees			
(4) Of which	products concerning related entities			
(5) Of which	interest concerning related entities			

### 7.1.3 Annexes

#### 7.1.3.1 Highlights

#### Significant events during the financial year

The major highlights occurring during the course of the financial year were as follows:

#### Allotment of free shares

Continuation of the allotment plan of 1,407,897 free ordinary shares of the Company, subject to presence and performance criteria, within a maximum term of 2 years ending in July 2018 to four employees of the Company (see Note at section 4.10)

## **Post-closing events**

No event likely to have a significant influence on the financial situation occurred since the date of closing.

## **Accounting principles, rules and policies**

The financial statements for the financial year ended 30 June 2018 have been prepared in accordance with the rules of the French Authority of Accounting Standards (Autorité des Normes Comptables) No. 2016-07 of 4 November 2016, as complemented at the date of issuance of such financial statements.

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 financial year,
- independence of financial years,
- 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 amortized 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.

#### *Change in accounting methods*

As from 1 July 2017, Amplitude Surgical has thus implemented Regulation 2015-05 of the French Accounting Standards Authority (ANC) on forward financial instruments and hedging transactions. Its implementation had no impact on the company's initial shareholders' equity.

#### 7.1.3.2 Information relating to the balance sheet

##### *i. Assets*

#### **Intangible assets - Principal changes**

<b>In thousands of euros</b>	<b>30 June 2017</b>	<b>Purchases / (net allocations)</b>	<b>(Disposals)/profit from disposals/transfers</b>	<b>30 June 2018</b>
Concessions and patents				
Stock in trade				
Development expenses				
Other intangible assets				
Intangible assets in progress		<b><i>Nil</i></b>		
<b>Gross values</b>				
Concessions and patents				
Stock in trade				
Other intangible assets and development costs				
<b>Amortisation and depreciation</b>				
<b>NET VALUES</b>				

#### **Set-up costs**

These costs include:

- Nil.

## Research and development costs

These costs include:

- Nil

## Goodwill – Merger costs

In euros

### Detail of the technical merger cost on Amplitude SAS shares

Absorbed Company	Merger costs
	Profit
AEM Médical	19,474,878
Amplitude Group	14,679,080
OrthoFin II	8,518,356
OrthoManagement	1,069
<b>Merger cost (<i>Mali de Fusion</i>) from Absorbed Company</b>	
Amplitude cadre	949,877
Financière Prothée	182,435
Amplitude Finance	41,652,851
<b>TOTAL</b>	<b>85,458,545</b>

These 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.

These technical losses from simplified mergers at the benefit of Amplitude Surgical were allocated, at 1 July 2016, to the Amplitude SAS equity securities for an amount of €85.5 million.

## Depreciation

Fixed asset type	Method	Duration
Company formation costs	<b><i>Nil</i></b>	
Start-up costs		
Capital increase costs		
Research and development costs		
Tenancy rights		
Stock in trade		
Software		

### Tangible fixed assets. Main changes

The main investments undertaken during the course of the financial year were:

Fixed asset type	Totals	
	Direct investments	Lease finance.
Transport equipment		
Office materials		
Total		0

Tangible fixed assets. Depreciation

Fixed asset type	Method	Duration
Construction		
Materials and tools		
Fixtures and fittings		
Transport of materials		
Office materials		
Office furniture		

### 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	793,249	100%	8,035,265	79,152,938	- 1,768,521	0
Merger cost of Amplitude SAS	85,458,545					
SCI Les Tilleuls	129,221	99%	100,928	872,337	107,475	106,773 (1)

(1) SCI Les Tilleuls profit transferred to Amplitude SAS.

### Equity securities

The value test carried out (cf. paragraph 1.3 of section "Equity securities" of these notes) confirmed the amount booked to investments and, as at 30 June 2018, no provision was necessary.

### Other financial assets

Under the Group's financial restructuring program, an intra-group loan totalling €16,405,110 was made between OrthoFin II, absorbed by Amplitude Surgical, and Amplitude SAS. At 30 June 2018, the loan plus capitalized interest totals €18,306,410.

This loan plus compound interest will be repaid by the borrower on the 8th anniversary of the date it was made (16th September 2014).



Provisioned accrued interest at 30 June 2018 amounts to €512,579.

**Discounted notes not yet due**

Nil

**Receivables assigned under guarantee (Daily)**

Nil

**Current assets - categorized by due date**

	RECEIVABLES	Gross amount	Short term	Long term	
<b>INTANGIBLE ASSETS</b>	Receivables from equity interests				
	Loans				
	Other financial assets	18,819,050		18,819,050	
<b>WORKING CAPITAL</b>	Doubtful or disputed trade receivables				
	Other customer receivables				
	Receivables for securities loaned or given in guarantee				
	Staff and related receivables	3,500	3,500		
	Social security and other social organizations	522	522		
	State and other public organizations	Tax on profits	3,704,173	3,185,437	
		Value Added Tax	92,993	57,773	
		Other taxes, duties and similar payments			
		Miscellaneous	2,085	25,639	
	Group and associates	80,368,379	80,368,379		
Sundry debtors	99,044	99,044			
Pre-paid charges	53,143	48,524			
<b>Total</b>	<b>103,138,270</b>	<b>84,319,220</b>	<b>18,819,050</b>		

**Accrued income**

Interest on Amplitude loan:	€512,579
Interest on current accounts of associate companies:	€541,282
State – CVAE tax reimbursement:	€2,084
	<u>€1,055,946</u>

## Investment securities

The "Amplitude Surgical SAS" Investment Securities are recorded at their historical cost in a value of €263,568. The liquidating value of 75,320 Investment Securities held on 30 June 2018 at the price of €3.13 is €235,751. This valuation represents a latent loss included in the financial provision for €27,816.

Under the Natixis/Oddo liquidity contract, the cash position amounts to €89,951.89.

The NATIXIS SICAV are recorded at historical cost of €12,926,369. Asset value at 30 June 2018 amounts to €12,904,813. Hence, an unrealized loss provisioned for €21,556.

## Issuance expenses

As stated in the introductory note (1.3), issuance costs will be amortized until 16 September 2023 for the outstanding amount of the first loan and until 13 November 2022 for the second loan of €65 million.

Balance to be amortized at 30.06.2017	€1,704,068
Amount amortized as at 30.06.2018	- €314,597
Balance to be amortized at 30.06.2018	€1,389,471

## Management of the interest rate risk

The Group enters into "swap"-type interest rate hedging instruments. The purpose is to protect the Amplitude Surgical Group from rising interest rates to which it is exposed for its financing.

For derivatives that are not classified as hedging instruments, subsequent changes in fair value are recognized in financial income.

At 30 June 2018, the financing of fixed-rate variable-rate swap projects was as follows:

30 June 2018

*Cash flow hedges – financing of projects at variable rates swapped with fixed rates (in thousands euros)*

Date processed	Type	Direction	Nominal in progress (millions)	Currency	Start	Maturity	Time remaining (years)	Rate	Market value
16/12/14	SWAP	B	15,000	EUR	16/12/14	17/09/18	0.2	0.0720%	-2
16/12/14	SWAP	L	15,000	EUR	16/12/14	17/09/18	0.2	Euribor 1M	-12
16/12/14	SWAP	B	10,000	EUR	16/12/14	17/09/18	0.2	0.0700%	-2
16/12/14	SWAP	L	10,000	EUR	16/12/14	17/09/18	0.2	Euribor 1M	-8
16/12/14	SWAP	B	8,500	EUR	16/12/14	16/09/19	1.2	0.1250%	-13
16/12/14	SWAP	L	8,500	EUR	16/12/14	16/09/19	1.2	Euribor 1M	-37
<b>TOTAL</b>			<b>33,500</b>						<b>-74</b>

ii. *Liabilities*

**Consolidated statement of changes in shareholders' equity**

In euros	N-1	+	-	N
Capital	469,298	0	0	469,298
Statutory reserve	46,930	0		46,930
Issuance premiums	144,542,186	0	0	144,542,186
Carried forward	-26,167,523,		-3,307,404	-29,474,927
Profit	-3,307,404	3,307,404	-4,896,946	-4,896,946
Regulated provisions	0		0	0
Other				
Total	<b>115,583,487</b>	<b>3,307,404</b>	<b>-8,204,350</b>	<b>110,686,541</b>

**Capital**

Capital is made up of 46,929,852 shares, each with a nominal value of 0.01 euro.

During the financial year the changes were as follows: no changes during the financial year.

	Capital		Issuance premium in euros
	Number of shares	Capital in euros	
Opening balance	46,929,852	469,299	144,542,187
Movement in financial year	0	0	0
Closing balance	46,929,852	469,299	144,542,187

**Tax-based valuations**

Negative impacts on profit and shareholders' equity during the financial year

- Taxable Profit for the financial year	+	5,360,811
- Tax on profits at 33% <sup>(1)</sup>	+	<u>0</u>
- Profit before tax	=	- 5,360,811
- Changes in regulated provisions		0

– Profit before tax-based valuations

-5,360,811

<sup>(1)</sup> Statutory tax rate applicable at end of year

### Provisions for risk and expenses

#### Summary of provisions for risks and charges

In euros	Amount at the beginning of the financial year	Charges for the year	Used reversals	Unused reversals	Reversals through equity	Amount at the end of the financial year
Pension provisions	47,404	10,754				58,158
Tax provisions	41,612	6,667				48,279
Provision for foreign exchange risk						0
Provision for Austofix risk						0
<b>Total</b>	<b>89,016</b>	<b>17,421</b>				<b>106,437</b>

#### 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 €58,158 inclusive of social security contributions.

The discount rate used is 1.65%.

The rate of wage growth is 1.50% per year.

The mortality and turnover tables are based on INSEE statistics. This amount is fully included in provisions for risk and expenses.

**Debts - Categorized 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	337	337		
- Originally more than 1 year				
Miscellaneous borrowings and financial liabilities	98,571,745	2,090,181	65,000,000	31,481,564
Trade accounts payable	598,447	598,447		
Staff costs	319,034	319,034		
Social security and other agencies	810,788	810,788		
Tax on profits	3,211,641	3,211,641		
VAT	24,694	24,694		
Guaranteed bonds				
Other taxes and levies	5,591	5,591		
Amounts due on fixed assets				
Group and related companies				
Other debts	2,627	2,627		
Amounts due on borrowed or rep. (sic) securities Guarantor				
Deferred revenue				
<b>TOTAL</b>	<b>103,544,904</b>	<b>7,063,340</b>	<b>65,000,000</b>	<b>31,481,564</b>

*Bond loan of 9 September 2014*

On 9 September 2014, within the context of its debt re-negotiation, OrthoFin II, which merged with Amplitude Surgical on 26 June 2015, issued 6,500 non-convertible 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 the entire 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.

#### *Bond loan of 30 November 2016*

- At 30 November 2016, in connection with the refinancing transaction, Amplitude Surgical entered into the new bond loan for €65 million by issuance of 65 million non-convertible bonds of €1 each, bearing interest at 5% and maturing on 30.11.2022. The initial loan, described in paragraph 2.2.7.1, has been partly redeemed for €35 million. The issuance costs of the initial loan, i.e., €2,704,000, had been spread over 7 years. Further to the transaction, €1,231,000 concerning the initial portion of the loan that has been redeemed by anticipation have been recorded as a loss over the financial year ended 30 June 2017. This loan has been extended until 16 September 2023.
- Following this operation, the issue costs of the new loan, i.e. €1,265k, are spread over its life, i.e. until November 2022.

#### *Banking covenants*

***The Group has undertaken in respect of the Unitranche debt to comply with the leverage ratio, which refers to the ratio equal to the total net debt divided by EBITDA. As at 30 June 2018, this ratio required by the Unitranche loan agreement was satisfied. 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.

#### **Expenses payable (in Euros)**

Captions	Total
ACCRUED HOLIDAY	
Holiday provisions	78,689
Provisions for Company expenses	33,049
Tax provisions	
ACCRUED INTEREST	
Borrowings and similar debt	
Group share of debt	

Captions	Total
Non-group share of debt	
Amounts owing to partner companies	
Suppliers	
Associates and related parties	
Banks	337
Current bank funding	
<b>OTHER EXPENSES</b>	
Accrued expenses	290,068
Discounts and rebates to be granted, credit notes to be issued	2,627
Employee profit-sharing scheme	20,000
Employees	204,387
Social security contributions <sup>(1)</sup>	629,972
Other tax expenses	1,308
Miscellaneous	
<b>TOTAL</b>	<b>1,260,437</b>

<sup>(1)</sup> Including a provision for employers' social contributions of 20% of the amount of the allotment of free shares, i.e., €544,395.

The calculation has been carried out at 30 June 2018, i.e. €3.13.

#### 7.1.3.3 Information relating to the income statement

##### *i. Analysis of revenues*

In euros

	France	Export and European Union sales	Total
Sales of Goods			
Sales of finished			
- Goods			
- Services	2,200,842		2,200,842
Net revenues	2,200,842		2,200,842

##### *ii. Charge transfers*

- Benefits in kind:	€36,365
- Miscellaneous:	€175

iii. *Competitiveness and Employment Tax Credit (CICE)*

Absence of CICE due to non-eligible compensation.

**Financial income (in euros)**

Dividend income	0
SCI Les Tilleuls income	106,774
Interest on Amplitude & Tilleuls current account	542,642
Interest on Intra-group loan	644,927
Proceeds from VMP disposal	36,419
Reversal provision depreciation	1,083
Forex gains	0
<b>Total financial income</b>	<b>1,331,845</b>
Interest on €65,000,000 bond	5,116,620
Other bank interest	163,706
Interest on current account	42,926
Charges on VMP disposal	101,745
Other finance charges	4,236
Forex losses	0
<b>Total finance charges</b>	<b>5,429,233</b>
<b>Financial income</b>	<b>-4,097,388</b>



7.1.3.4 Other information

i. *Parent company details*

As of 1 July 2011: SA Amplitude Surgical, 11 cours Jacques Offenbach, 26000 Valence.

SIREN number : 533149688

The Group is made up as follows:

<b>Company</b>	<b>Registered office</b>	<b>% control</b>
Amplitude Surgical	France	Parent company
Amplitude	France	<b>100%</b>
Amplitude GMBH	Germany	<b>100%</b>
Amplitude Australia Pty	Australia	<b>100%</b>
Amplitude Brazil	Brazil	<b>100%</b>
Amplitude Suisse	Switzerland	<b>100%</b>
Amplitude Benelux	Belgium	<b>100%</b>
Novastep SAS	France	<b>69%</b>
Novastep INC	USA	<b>85%</b>
Amplitude India	India	<b>100%</b>
Amplitude Orthopedics Corp	USA	<b>100%</b>
Matsumoto Amplitude Inc.	Japan	<b>80%</b>
Joint Research LTD	Ireland	<b>100%</b>
Amplitude South Africa	South Africa	<b>100%</b>
SCI Les Tilleuls	France	<b>100%</b>
Sofab Orthopédie	France	<b>100%</b>
Amplitude Ortho SRL	Romania	<b>100%</b>

Amplitude Ile de France	France	<b>100%</b>
Duotech	France	<b>100%</b>

ii. *Analysis of staff numbers as at 30 June 2018*

	Salaried sales staff	Available staff
Managers	4	
Expert agents and technicians	-	
Employees	-	
Labourers	-	
<b>Total</b>	<b>4</b>	

iii. *Director's compensation*

Compensation of Olivier Jallabert with effect from 25 June 2015.

Compensation of the Company's authorized representatives are not included in this note since this information would permit individual compensation to be identified.

iv. *Loans made to senior executives*

There were no loans made to the company's senior executives during the year.

v. *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 recognized in relation to this arrangement for 2017/2018 totalled €492,000.

vi. *Deficits carried forward*

There were no carried forward deficits from any of the Group companies.

vii. *Deferred tax items*

Details of pending items giving tax relief: Nil.

viii. *Commitments already highlighted*

Note No.	Headings
2.1.11	- Discounted notes not yet due
2.1.12	- Receivables assigned - Dailly Act
2.2.5	- Adjustment
Nil	- Finance lease

ix. *Free share plan*

- In accordance with the terms of the Extraordinary Shareholders Meeting of 9 December 2015, the Board of Directors meeting of 27 July 2016 decided to allocate 1,407,897 free shares to the 4 employees of the company.
- The allocation is subject to presence and performance criteria (EBITDA, Revenues)
- The vesting period is 2 years and closes in July 2018.
- The share price as at the date of the meeting of the Board of Directors of 27.07.2016 was €3. It was of €3.13 at 30.06.2018.
- Depending on the performance indicators, the number of shares to be issued after the 2 years was determined by the Board of Directors' meeting of 24 July 2018 for a total amount of 874,989 shares.
- The provision has been recorded by the company in respect of the social security contributions for this allocation.

**7.2 REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

*This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

*This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards.*

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To the general shareholders' meeting of AMPLITUDE SURGICAL,

**Opinion**

In performance of the assignment entrusted to us by your shareholders' meetings, we have audited the attached annual financial statements of AMPLITUDE SURGICAL for the financial year ended 30 June 2018.

We hereby certify that the annual financial statements, in accordance with the IFRS standards as adopted in the European Union, give a true and fair view of the results of operations for the past financial year and of

the financial position and assets and liabilities, at the end of such financial year, of the group comprising the persons and entities that are part of the consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

## **Basis of Opinion**

### ***Audit standards***

We have conducted our audit in accordance with professional standards applicable in France. We believe that the information we have gathered is sufficient and appropriate to form our opinion.

Our responsibilities under these standards are set out in the "*Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements*" section of this report.

### ***Independence***

We have carried out our audit mission in compliance with the independence rules applicable to us, over the period from 1 July 2017 to the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or by the code of ethics of the auditing profession.

### **Justification of assessments - Key audit points**

Pursuant to the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the financial year, as well as the responses that we have provided to these risks.

These assessments were made in the context of the audit of the annual financial statements taken as a whole and the preparation of our opinion expressed above. We do not express an opinion on individual items in these annual financial statements.

### ***Valuation of the equity securities of AMPLITUDE SAS***

#### ***Risk identified***

The equity securities, set out in the balance sheet of 30 June 2018 for a net amount of €93.6 million, including €93.5 million of Amplitude SAS shares as presented in Note 2.1.8 to the annual financial statements, represent one of the largest items of the balance sheet. Equity securities are depreciated on the basis of their value in use.

The value in use is assessed on the basis of a multi-criteria approach incorporating the following valuation methods: discounting method for projected free cash flow, market multiples of comparable companies and comparable transaction methods (see Notes 1.3 and 2.1.9 to the consolidated financial statements)

Estimating the value in use of these securities requires Management's judgment in selecting the items to be considered. In this context, we have considered that the correct valuation of equity securities was a key point of the audit.

### *Our response*

In order to assess the reasonableness of the estimate of the value in use of the equity securities of AMPLITUDE SAS, our work consisted mainly in verifying that the estimate of this value determined by the Management was based on an appropriate justification of the valuation method and the numerical elements used.

We have:

- obtained the cash flow and operating forecasts of AMPLITUDE SAS's activity prepared by the Management and approved by the Board of Directors, and assessed their consistency with forecast data from the latest strategic plans;
- verified that the assumptions used were consistent with the economic environment at the balance sheet and financial statements preparation date;
- compared the forecasts used for previous periods with the corresponding achievements in order to assess the achievement of past objectives.
- verified the appropriateness of the information provided in the notes to the financial statements.

### **Audit of the management report and other documents sent to shareholders**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

### ***Information provided in the management report and in other documents addressed to shareholders on the financial condition and annual financial statements***

We have nothing to report on the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents sent to shareholders on the financial position and the financial statements.

### ***Corporate Governance Report***

We certify that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

With regard to the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to the Company's directors, as well as on the commitments made in their favour, we have verified their consistency with the financial statements or with the data used to draw up these financial statements and, where applicable, with the information collected by your company from companies controlling or controlled by your company. On the basis of this work, we certify the accuracy and fairness of this information.

### ***Other information***

In accordance with the law, we have verified that the various disclosures relating to the identity of shareholders and holders of voting rights have been disclosed to you in the management report.

## **Information resulting from other legal and regulatory obligations**

### ***Appointment of the statutory auditors***

We have been appointed statutory auditors of AMPLITUDE SURGICAL by the General Meeting of 21 December 2011 for MAZARS and 14 December 2015 for DELOITTE & ASSOCIES.

As of 30 June 2018, MAZARS was in the 7th year of its continuous engagement and DELOITTE & ASSOCIES in the 3rd year, including 4 and 3 years respectively since the company's shares were admitted to trading on a regulated market.

### **Responsibilities of the Management and persons representing corporate governance with respect to the annual financial statements**

It is the responsibility of the Management to prepare annual financial statements that present a true and fair view in accordance with the French accounting standards, and to put in place such internal control as it deems necessary for the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the annual financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing in these financial statements, if applicable, the necessary information relating to the going concern and for applying the going concern accounting policy, unless it is planned to liquidate the Company or cease operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, internal audit with respect to the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

### **Statutory auditors' responsibilities relating to the audit of the annual financial statements**

#### ***Audit objective and approach***

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free from any material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards will always detect any material misstatement. Abnormalities can be fraudulent or error-related and are considered material when they can reasonably be expected to influence, either individually or cumulatively, the economic decisions that account users make based on them.

As specified by article L. 823-10-1 of the French Commercial Code, our audit mission is not to guarantee the viability or quality of your company's management.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgment throughout the audit. Furthermore:

- he identifies and assesses the risks of material misstatement in the annual financial statements, whether due to fraud or error, defines and implements audit procedures to address these risks, and collects information that it considers sufficient and appropriate to base its opinion upon. The risk of undetected material misstatement arising from fraud is greater than the risk of undetected material

misstatement resulting from an error, as fraud may involve collusion, forgery, wilful omission, misrepresentation or circumvention of internal control;

- he takes into consideration the internal control procedures that are relevant to the audit in order to define audit procedures that are appropriate in the circumstances, and not to express an opinion on the effectiveness of internal control;
- he assesses the appropriateness of the accounting practices used and the reasonableness of the accounting estimates made by the Management, as well as the information provided in the annual financial statements;
- he assesses the appropriateness of Management's application of the going concern accounting policy and, depending on the information collected, whether or not there is significant uncertainty related to events or circumstances that could affect the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, although it should be kept in mind that future circumstances or events could affect the continuity of operations. If it concludes that there is significant uncertainty, it draws the attention of the readers of its report to the information provided in the annual financial statements about such uncertainty or, if such information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;
- he assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events in such a way as to give a true and fair view.

#### *Report to the Audit Committee*

We submit a report to the Audit Committee, which includes the scope of the audit work and the work programme implemented, as well as the conclusions resulting from our work. We also bring to its attention, where appropriate, any material weaknesses in internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the audit committee are the risks of material misstatement that we believe to have been the most significant for the audit of the annual financial statements for the year and which are therefore the key points of the audit. These points are described in this report.

We also provide the audit committee with the declaration required by Article 6 of (EU) Regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics of the auditing profession. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Signed in Villeurbanne and Lyon on 30 October 2018

The Statutory Auditors

**MAZARS**

**DELOITTE & ASSOCIÉS**

Pierre BELUZE

Dominique VALETTE



**CHAPTER 8**  
**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 20 DECEMBER 2018**

**8.1 MANAGEMENT REPORT**

The management report for the financial year ended 30 June 2018 included the following information from Chapters 1 to 9 of this Registration Document.

**8.2 TEXT OF THE DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 20 DECEMBER 2018**

8.2.1 Text of the draft resolutions

**I. Resolutions submitted to the Ordinary Shareholders' Meeting**

**FIRST RESOLUTION**

*(Approval of the annual financial statements for the financial year ended 30 June 2018)*

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 30 June 2018,

Approved the annual financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended 30 June 2018, 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 €4,896,946.67.

For the financial year ending 30 June 2018, the Company did not incur any expenses referred under Article 223 quinquies of the French General Tax Code.

**SECOND RESOLUTION**

*(Approval of the consolidated financial statements for the financial year ended 30 June 2018)*

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 30 June 2018,

Approved the consolidated financial statements, *i.e.*, the balance sheet, the income statement and the notes thereto, for the financial year ended 30 June 2018, 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 €9,592,000.

**THIRD RESOLUTION**

*(Allocation of profit for the financial year ended 30 June 2018)*

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 30 June 2018, which amounted a loss of €4,896,946.67 as follows:

Origin of the amounts to be allocated:

Profits from the financial year 2018 (loss) .....	€4,896,946.67
Previous carry forward at 30 June 2018 (debtor) .....	€29,474,927.50
<b>Total</b> .....	<b>€34,371,874.17</b>

Allocation:

The totality to the carry forward account (loss)- .....	€34,371,874.17
<b>Total</b> .....	<b>€34,371,874.17</b>

The Shareholders' Meeting decides that no dividend will be distributed for the financial year ended 30 June 2018 and takes note that no dividend has been paid in respect of the last three years.

**FOURTH 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,

Observed that no related party agreements have been entered into during the financial year ended 30 June 2018 and acknowledged the information relating to the agreement entered into and the commitment undertaken during the previous financial year and continued during the financial year ended 30 June 2018 and which are mentioned in the auditor's special report on related-party transactions governed by Articles L. 225-38 and seq. of the French Commercial Code.

## **FIFTH RESOLUTION**

*(Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and the Chief Executive Officer for financial year 2018/2019)*

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed Chapter 3 of the Company's *document de référence* for the financial year ended 30 June 2018, which constitutes the corporate governance report in accordance with Articles L. 225-37 and L. 225-37-2 of the French Commercial Code, and more particularly Section 3.2.3 "Compensation policy applicable to executive corporate officers for the 2018/2019 financial year subject to shareholder approval (Article L. 225-37-2 of the French Commercial Code)",

Approved the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and the Chief Executive Officer for its term of office of the financial year 2018/2019, as detailed in the said *document de référence*.

## **SIXTH RESOLUTION**

*(Approval of the fixed, variable and exceptional elements of the total compensation and benefits of any kind due or granted to Mr Olivier Jallabert, Chairman and Chief Executive Officer for financial year 2017/2018)*

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed Chapter 3 of the Company's *document de référence* for the financial year ended 30 June 2018, which constitutes the corporate governance report in accordance with Articles L. 225-37 and L. 225-37-2 of the French Commercial Code, and more particularly Section 3.2.4 "Fixed, variable and exceptional elements of the total compensation and benefits of any kind due or granted to the Chairman and the Chief Executive Officer for the 2017/2018 financial year and submitted for shareholder approval (Article L. 225-100 of the French Commercial Code),

Approved the fixed, variable and exceptional elements of the total compensation and benefits of any kind due or granted for the financial year ended 30 June 2018 to Olivier Jallabert, Chairman and Chief Executive Officer, as presented in Section 3 of the Company's *document de référence* for the financial year ended 30 June 2018 in Section 3.2.4 "Fixed, variable and exceptional elements of the total compensation and benefits of any kind due or granted to the Chairman and Chief Executive Officer for the 2017/2018 financial year and subject to shareholders approval (Article L. 225-100 of the French Commercial Code)".

## **SEVENTH RESOLUTION**

*(Approval of the commitment referred to in Article L. 225-42-1 of the French Commercial Code relating to the termination indemnity of Mr Olivier Jallabert, in his capacity of Chairman and Chief Executive Officer)*

The Shareholders' Meeting, deciding under the quorum and majority conditions required for ordinary shareholders' meetings,

After having reviewed the report of the Board of Directors and the special report of the statutory auditors with respect to the commitments referred to in Article L. 225-42-1 of the French Commercial Code, deciding on this special report:

1. acknowledged the decision of the Board of Directors of 16 October 2018 to renew the term of office of Olivier Jallabert as Chairman and Chief Executive Officer, in the event that his term of office as Director is renewed by this Shareholders' Meeting;
2. acknowledged the decision of the Board of Directors of 16 October 2018 to approve the party-related commitment referred to in Article L. 225-42-1 of the French Commercial Code, made by the Company to Olivier Jallabert upon the renewal of the term of office of Chairman and Chief Executive Officer of Olivier Jallabert; and
3. approved, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the commitment made by the Company to Olivier Jallabert, Chairman and Chief Executive Officer, corresponding to a severance payment.

#### **EIGHTH RESOLUTION**

*(Approval of the party-related agreements establishing the basic pension plan (known as "Article 83") and the additional pension plan with contributions of Mr Olivier Jallabert, in his capacity as Chairman and Chief Executive Officer)*

The Shareholders' Meeting, deciding under the quorum and majority conditions required for ordinary shareholders' meetings,

After having reviewed the report of the Board of Directors and the special report of the statutory auditors on party-related agreements and commitments referred to in Articles L. 225-38 et seq. of the French Commercial Code:

1. acknowledged the decision of the Board of Directors of 16 October 2018 to renew the term of office of Olivier Jallabert as Chairman and Chief Executive Officer, in the event that his term of office as Director is renewed by this Shareholders' Meeting;
2. acknowledged the decision of the Board of Directors of 16 October to approve, in accordance with the provisions of Article L. 225-38 of the French Commercial Code, the party-related agreements relating to basic ("Article 83") and supplementary pension plans for the benefit of Olivier Jallabert on the occasion of the renewal of the term of office of Chairman and Chief Executive Officer of Olivier Jallabert; and
3. approved, in accordance with the provisions of Article L. 225-38 of the French Commercial Code, the commitments made by the Company to Olivier Jallabert, Chairman and Chief Executive Officer, corresponding to the basic ("Article 83") and additional pension plans.

#### **NINTH RESOLUTION**

*(Renewal of the term of office of Mr Olivier Jallabert as a director)*

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors, in accordance with Article L. 225-18 of the French Commercial Code:

1. acknowledged the end of Olivier Jallabert's term of office as director at the end of this Shareholders' Meeting; and
2. decided to renew, with effect from the end of this Shareholders' Meeting, the term of office of Olivier Jallabert as a director for a period of four years, which will expire at the end of the ordinary shareholders' meeting called to approve the financial statements for the financial year ending 30 June 2022.

Mr Oliver Jallabert has had indicated in advance that he would accept the renewal of his term of office and that he does not hold any office and is not subject to any measure likely to prevent him from exercising it.

#### **TENTH RESOLUTION**

##### ***(Renewal of the term of office of Apax Partners as a director)***

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors, in accordance with Article L. 225-18 of the French Commercial Code:

1. acknowledged the end of Apax Partners' term of office as director at the end of this Shareholders' Meeting; and
2. decided to renew, with effect from the end of this Shareholders' Meeting, the term of office of Apax Partner as a director for a period of four years, which will expire at the end of the ordinary shareholders' meeting called to approve the financial statements for the financial year ending 30 June 2022.

Apax Partners, represented by Mrs. Annick Bitoun, has had indicated in advance that he would accept the renewal of his term of office and that he does not hold any office and is not subject to any measure likely to prevent him from exercising it.

#### **ELEVENTH RESOLUTION**

##### ***(Renewal of the term of office of Mr Bertrand Pivin as a director)***

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors, in accordance with Article L. 225-18 of the French Commercial Code:

1. acknowledged the end of Mr Bertrand Pivin's term of office as director at the end of this Shareholders' Meeting; and
2. decided to renew, with effect from the end of this Shareholders' Meeting, the term of office of Mr Bertrand Pivin as a director for a period of four years, which will expire at the end of the ordinary shareholders' meeting called to approve the financial statements for the financial year ending 30 June 2022.

Mr Bertrand Pivin has had indicated in advance that he would accept the renewal of his term of office and that he does not hold any office and is not subject to any measure likely to prevent him from exercising it.

## **TWELFTH RESOLUTION**

### ***(Renewal of the term of office of Mr Daniel Caille as a director)***

The Shareholders' Meeting, deciding under the quorum and majority requirements for ordinary shareholders' meetings,

Having reviewed the report of the Board of Directors, in accordance with Article L. 225-18 of the French Commercial Code:

1. acknowledged the end of Mr Daniel Caille term of office as director at the end of this Shareholders' Meeting; and
2. decided to renew, with effect from the end of this Shareholders' Meeting, the term of office of Mr Daniel Caille as a director for a period of four years, which will expire at the end of the ordinary shareholders' meeting called to approve the financial statements for the financial year ending 30 June 2022.

Mr Daniel Caille has had indicated in advance that he would accept the renewal of his term of office and that he does not hold any office and is not subject to any measure likely to prevent him from exercising it.

## **THIRTEENTH 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 sub-delegate such authorization, in accordance with the provisions of Article L.225-209 of the French Commercial Code, of Articles 241-1 to 241-7 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 within the framework of a liquidity agreement and in accordance with a market ethics charter acknowledged by the AMF, pursuant to market practice accepted 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;
- cancelling 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; and
- any other action that is or will become permitted by French law or the AMF or any purpose that may comply with the applicable regulations.

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; and
- the shares owned by the Company shall not represent at any time more than 10% of its share capital.

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 eighth resolution of the ordinary shareholders' meeting of the Company of 24 November 2018.

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**

### **FOURTEENTH 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, with the option to delegate such powers to any person so authorized in accordance with the legislative and regulatory provisions, 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 accordance with the legislative and regulatory provisions, in order to:

- reduce the share capital by cancellation of 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.

### **FIFTEENTH RESOLUTION**

*(Delegation of authority to be granted to the Board of Directors in order to decide upon the issuance, with upholding of the shareholders' preferential subscription right, of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued)*

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, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of article L. 225-129 and seq. of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-132, L. 225-133 and L. 225-134, and the provisions of Article L. 228-91 and seq. of the French Commercial Code:



1. Delegated its authority to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, to decide the issuance, in one or several occurrences, to the extent and at the times that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, which may be subscribed in cash, including by offsetting due and payable receivables, or partly in cash and partly by capitalization of reserves, profits or issuance premiums;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately or in the future, pursuant to this resolution shall be € 600,000, it being specified that:
  - the global maximum nominal amount of the share capital increases that may be carried out pursuant to this delegation, as well as under the sixteenth to twenty-second resolutions submitted to this Shareholders' Meeting, may not exceed this global amount of € 600,000; and
  - this global cap may be complemented, as the case may be, by the nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
4. Decided that the nominal amount of debt securities that may be issued pursuant to this delegation may not exceed € 300,000,000 or the equivalent value in euros as at the date of issuance, it being specified that:
  - the amount of all the debt securities, the issuance of which may be carried out pursuant to this resolution as well as under the sixteenth to twenty-second resolutions submitted to this Shareholders' Meeting may not exceed this global amount of € 300,000,000;
  - this cap does not apply to debt securities the issuance of which may be decided or authorized by the Board of Directors pursuant to article L. 228-40 of the French Commercial Code nor to the other debt securities referred to under articles L. 228-92 last paragraph, L. 228-93 last paragraph and L. 228-94 last paragraph of the French Commercial Code;
  - this cap shall be increased, if necessary, by any redemption premium in excess of the par value;
5. Decided that, in accordance with the legal and regulatory provisions and the conditions set by the Board of Directors, the shareholders shall have, in proportion to the number of shares they own, a preferential subscription right on an irreducible basis in respect of the ordinary shares, of the securities that are equity securities giving access to other equity securities of the Company or giving right to the allocation of debt securities as well as of the securities giving access to equity securities to be issued, issued pursuant to this delegation of authority. The Board of Directors may establish a preferential subscription right on a reducible basis to the benefit of the shareholders, which shall be exercised in proportion to their rights and, in any case, to the extent of their applications.

If the subscriptions on an irreducible basis and, as the case may be, on a reducible basis, do not result in the full subscription of an issuance of shares, of securities that are equity securities giving access to

other equity securities or giving right to the allocation of debt securities, as well as of securities giving access to equity securities to be issued of the Company, decided pursuant to this delegation of authority, the Board of Directors may use, in the order that it deems appropriate, one or several of the options provided by article L. 225-134 of the French Commercial Code, i.e.:

- limit, as the case may be, the issuance to the amount subscribed, subject to the reaching by the said issuance of at least three-fourths of the issuance initially decided;
- freely distribute all or part of the unsubscribed securities among any persons at its discretion; or
- offer to the public all or part of the unsubscribed shares;

6. Acknowledged that this delegation of authority automatically implies cancellation by the shareholders, to the benefit of the holders of securities conferring access to the share capital of the Company, of their preferential subscription right in respect of the ordinary shares of the Company that such securities may be entitled to;

7. Decided that the issuances of share subscription warrants (*bons de souscription d'actions*) of the Company may be carried out either by subscription in cash under the terms set forth above, or by allocation free of charge to the owners of the existing shares;

In case of allocation free of charge of individual subscription warrants (*bons autonomes de souscription*), the Board of Directors will have the option to decide that the fractional allocation rights are not tradable, and that the relevant securities will be sold;

8. Decided that the Board of Directors will have full powers, with the option to sub-delegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, to perform this delegation of authority, *inter alia* for the purposes of:

- deciding the issuance of the securities and determining the terms and conditions of any issuance, including the amount, the dates, the issuance price, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will give right to equity securities of the Company;
- determining the nature, the number and the characteristics of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company, attached to the shares or securities giving access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term (fixed or open-ended), whether they are subordinated or not (and, where applicable, their subordination ranking), their remuneration, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company); modifying, during the term of the relevant securities, the characteristics described above, in accordance with applicable formalities;
- determining the terms under which the Company will have the option, as the case may be, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legislative and regulatory provisions;
- provide for the ability to potentially suspend the exercise of the rights attached to these securities in accordance with legislative and regulatory provisions;

- determining and implementing any adjustments aiming at taking into account the impact of transactions on the share capital of the Company, and determining any other modalities allowing to maintain, as the case may be, the rights of the holders of securities or other rights giving access to the share capital;
  - at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
  - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances;
9. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting.
10. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations

#### **SIXTEENTH RESOLUTION**

*(Delegation of authority to be granted to the Board of Directors in order to decide upon the issuance, with cancellation of the shareholders' preferential subscription right, by way of a public offering, of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued)*

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, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of Article L. 225-129 and seq. of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-135 and L. 225-136, the provisions of Article L. 225-148 of the French Commercial Code, and the provisions of Articles L. 228-91 and seq. of the French Commercial Code:

1. Delegated its authority to the Board of Directors, with the option to sub-delegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to decide the issuance, by way of public offering as defined at Articles L.411-1 and seq. of the French Monetary and Financial Code, including by way of an offer including a public offering, in one or several stages, to the extent and at the times that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, which may be subscribed in cash, including by offsetting due and payable receivables;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately and/or in the future, pursuant to this resolution shall be € 250,000, it being specified that:
  - the nominal amount of the share capital increases that may be carried out pursuant to this delegation shall be deducted from the global nominal cap of € 600,000 determined by the fifteenth resolution above;
  - the nominal amount of the share capital increases that may be carried out pursuant to this delegation and to the seventeenth, twentieth and twenty-first resolutions shall be deducted from this cap of € 250,000;
  - this global cap may be complemented, as the case may be, by the nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
4. Decided that the nominal amount of debt securities that may be issued pursuant to this delegation may not exceed € 150,000,000 or the equivalent value in euros as at the date of issuance, it being specified that:
  - this cap shall be increased, if necessary, by any redemption premium in excess of the par value;
  - this cap does not apply to debt securities the issuance of which may be decided or authorized by the Board of Directors pursuant to Article L.228-40 of the French Commercial Code nor to the other debt securities referred to under Articles L.228-92 last paragraph, L.228-93 last paragraph and L.228-94 last paragraph of the French Commercial Code; and
  - this amount shall be deducted from the global cap of € 300,000,000 for the issuance of debt securities determined by the fifteenth resolution above;

5. Decided to cancel the preferential subscription right of the shareholders in respect of the securities which may be issued pursuant to this delegation, and that the Board of Directors shall nevertheless be left with the option to establish, to the benefit of the shareholders, a right of priority on an irreducible basis and/or on a reducible basis which does not entitle to the creation of tradable rights, pursuant to the provisions of Article L. 225-135 of the French Commercial Code;
6. Acknowledged that this delegation of powers implies a cancellation by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
7. Decided that, without prejudice to the terms of the nineteenth resolution below:
  - the issuance price of the new shares issued shall be determined in accordance with the applicable legal and regulatory provisions on the date of issuance (at the date of this meeting, the average weighted trading price of the Company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the determination of such price, reduced, as the case may be, by a maximum discount of 5%);
  - the issuance price of the securities giving access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the issuance price determined in the paragraph above;
8. Decided that, if subscriptions of shareholders and of the public do not result in the full subscription of an issuance of shares or securities giving access to the share capital as defined above, the Board of Directors may use, in the order that it deems appropriate, one or more of the following options:
  - limit, where appropriate, the issuance to the amount subscribed, subject to said issuance reaching at least three-fourths of the issuance initially decided;
  - freely allot all or part of the unsubscribed securities among any persons at its discretion; or
  - offer to the public all or part of the unsubscribed shares;
9. Decided that the Board of Directors may use this delegation in consideration of the shares brought to a public exchange offer initiated by the Company on its own shares or the shares of another company, within the limits and under the conditions set forth under Article L.225-148 of the French Commercial Code;
10. Decided that the Board of Directors shall have full powers, with the option to delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to perform this delegation of authority, inter alia for the purposes of:
  - deciding the issuance of the securities and determining the terms and conditions of any issuance, including the amount, the dates, the issuance price, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will give right to equity securities of the Company;
  - determining the nature, the number and the characteristics of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company, attached to the shares or securities giving access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt

securities, their term (fixed or open-ended), whether they are subordinated or not (and, where applicable, their subordination ranking), their remuneration, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company); modifying, during the term of the relevant securities, the characteristics described above, in accordance with applicable formalities;

- determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal and regulatory provisions;
  - provide for the ability to potentially suspend the exercise of the rights attached to these securities in accordance with legislative and regulatory provisions;
  - determining and implementing any adjustments aiming at taking into account the impact of transactions on the share capital of the Company, and determining any other modalities allowing to maintain, as the case may be, the rights of the holders of securities or other rights giving access to the share capital;
  - in case of issuance of securities in consideration of securities brought to a public exchange offer, determining the exchange ratio and, if applicable, the amount of the cash adjustment (*soulte*) to be paid, it being specified that the price determination modalities set for under paragraph 7 of this resolution shall not apply, acknowledging the number of shares contributed to the exchange, and determining the issuance modalities;
  - at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
  - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances;
11. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
12. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

## **SEVENTEENTH RESOLUTION**

*(Delegation of authority to be granted to the Board of Directors in order to decide upon the issuance, with cancellation of the shareholders' preferential subscription right, by way of an offering as defined in Article L. 411-2 II of the French Monetary and Financial Code, of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued)*

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, having acknowledged that the share capital has been fully paid-up, and deciding in accordance with the provisions of Article L. 225-129 and seq. of the French Commercial Code, in particular Articles L. 225-129-2, L. 225-135, L. 225-136 and the provisions of Articles L. 228-91 and seq. of the French Commercial Code:

1. Delegated its authority to the Board of Directors, with the option to delegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to decide upon the issuance, by way of an offering as defined in Article L.411-2 II. of the French Monetary and Financial Code (meaning an offering exclusively to the benefit of (i) persons providing investment services consisting in portfolio management for third parties or (ii) qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf), in one or several occurrences, to the extent and at the time that it deems appropriate, both in France and abroad, in euros, foreign currencies or units determined by reference to several currencies, of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, which may be subscribed in cash, including by offsetting due and payable receivables;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out, immediately and/or in the future, pursuant to this resolution shall be € 250,000, it being specified that:
  - issuances of equity securities carried out under this delegation by an offer as defined in Article L.411-2 II of the French Monetary and Financial Code may not exceed the caps set forth by applicable laws as of the date of the issuance (for illustration purposes, at the date of this Shareholders' Meeting, issuances of equity securities by way of an offering as described in Article L.411-2 II of the French Monetary and Financial Code are limited to 20% of the share capital of the Company per year, with such share capital being considered on the date of the decision of the Board of Directors to use such delegation);
  - the nominal amount of the share capital increases that may be carried out pursuant to this delegation shall be deducted from the maximum nominal limit of € 250,000 determined by the sixteenth resolution above and from the global nominal limit of € 600,000 determined by the fifteenth resolution above;
  - this global cap may be complemented, as the case may be, by the nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other

rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;

4. Decided that the nominal amount of debt securities that may be issued pursuant to this delegation may not exceed € 150,000,000 or the equivalent value in euros as at the date of issuance, it being specified that:
  - this cap shall be increased, if necessary, by any redemption premium in excess of the par value;
  - this cap does not apply to debt securities the issuance of which may be decided or authorized by the Board of Directors pursuant to Article L. 228-40 of the French Commercial Code nor to the other debt securities referred to under Articles L. 228-92 last paragraph, L.228-93 last paragraph and L. 228-94 last paragraph of the French Commercial Code; and
  - this amount shall be deducted from the global limit of € 300,000,000 for the issuance of debt securities determined by the fifteenth resolution above;
5. Decided to cancel the shareholders' preferential subscription right to the securities that may be issued in application of this delegation;
6. Acknowledged that this delegation of powers implies a cancellation by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
7. Decided that, without prejudice to the terms of the fourteenth resolution below:
  - the issuance price of the new shares issued shall be determined in accordance with the applicable legal and regulatory provisions on the date of issuance (at the date of this meeting, the average weighted trading price of the Company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the determination of such price, reduced, as the case may be, by a maximum discount of 5%);
  - the issuance price of the securities giving access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the issuance price determined in the paragraph above;
8. Decided that the Board of Directors shall have full powers, with the option to sub-delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, to perform this delegation of authority, *inter alia*, for the purposes of:
  - deciding the issuance of the securities and determining the terms and conditions of any issuance, including the amount, the dates, the issuance price, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable), the terms under which the securities issued pursuant to this delegation will give right to equity securities of the Company;
  - determining the nature, the number and the characteristics of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company, attached to the shares or securities giving access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term (fixed or open-ended), whether they are subordinated or not (and, where applicable, their subordination ranking), their remuneration, the compulsory or optional events



of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) and of redemption (including redemption by delivery of assets of the Company); modifying, during the term of the relevant securities, the characteristics described above, in accordance with applicable formalities;

- determining the terms under which the Company will have the option, where applicable, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legal and regulatory provisions;
- providing for the ability to potentially suspend the exercise of the rights attached to these securities in accordance with legislative and regulatory provisions;
- determining and implementing any adjustments aiming at taking into account the impact of transactions on the share capital of the Company, and determining any other modalities allowing to maintain, as the case may be, the rights of the holders of securities or other rights giving access to the share capital;
- at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
- taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances;

9. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
10. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

#### **EIGHTEENTH RESOLUTION**

*(Delegation of authority to be granted to the Board of Directors to increase the amount of issuances, with upholding or cancellation of the shareholders' preferential subscription right, pursuant to the fifteenth, sixteenth and seventeenth resolutions)*

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, and deciding in accordance with Article L.225-135-1 of the French Commercial Code:

1. Delegated to the Board of Directors the authority, with the option to sub-delegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, to decide to increase the number of shares, of equity securities or of other securities to be issued in the context of any issuance undertaken pursuant to the fifteenth, sixteenth and seventeenth resolutions above, at the same price as that applied to the initial issuance, within a time period and subject to the limitations

set forth by the applicable regulations at the date of the issuance (at the date of this Shareholders' Meeting, for a period of 30 days as from the closing of the subscription period and within a limit of 15% of the initial issuance);

2. Decided that the nominal amount of the issuances decided in application of this delegation shall be deducted from the cap applicable to the initial issuance and from the global nominal limit of € 600,000 set by the fifteenth resolution of this Shareholders' Meeting;
3. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
4. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of this delegation.

### **NINETEENTH RESOLUTION**

*(Authorization to be granted to the Board of Directors to determine the price of issuances of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, by way of public offering as defined in Article L. 411-2 II of the French Monetary and Financial Code, with cancellation of the shareholders' preferential subscription right, within the limit of 10% of share capital per year)*

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, and deciding in accordance with Article L.225-136 of the French Commercial Code:

1. Authorized the Board of Directors, with the option to sub-delegate such authorization to any duly empowered person in accordance with the legislative and regulatory provisions, in respect of issuance of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company, issued under the sixteenth and seventeenth resolutions of this Shareholders' Meeting, to derogate to the conditions relating to the determination of the price set forth in the abovementioned sixteenth and seventeenth resolutions, in accordance with the provisions of Article L. 225-136 1° §2 of the French Commercial Code, and set such price in accordance with the following conditions:
  - the issuance price for shares will be at least equal to the weighted average price of the Company's shares on the regulated market of Euronext in Paris on the last trading day preceding the issuance, less, as the case may be, a discount of up to 5%;
  - for securities conferring access to the share capital of the Company, the issuance price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above;
2. Decided that the maximum nominal amount of any share capital increase resulting from the implementation of this authorization may not exceed 10% of the share capital per year (such share capital to be considered on the day of the decision by the Board of Directors determining the price for the issuance) it being specified that this cap shall be deducted from the amount of the applicable

limit determined in the sixteenth or the seventeenth resolution, as the case may be, and from the global nominal cap of € 600,000 set by the fifteenth resolution of this Shareholders' Meeting;

3. Decided that the Board of Directors shall have full powers, with the option to sub-delegate such powers to any duly empowered person in accordance with legislative and regulatory provisions, to implement this delegation of authority, *inter alia* for the purposes of entering into any agreements in such respect, in particular in view of the proper performance of any issuance, to acknowledge the completion thereof and amend the by-laws accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorizations for the completion and proper performance of any issuance;
4. Decided that this authorization be granted for a term of 26 months, as from the date of this Shareholders' Meeting;
5. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

### **TWENTIETH RESOLUTION**

*(Delegation of authority to be granted to the Board of Directors in order to decide upon the issuance, with cancellation of the shareholders' preferential subscription right to the benefit of natural or legal persons, including industrial or commercial companies, or French or foreign investment funds, which regularly invest in the field of the medical, biotechnological, pharmaceutical technologies sectors or to French or foreign investment service providers, or any foreign institution with an equivalent status, capable of guaranteeing the completion of such an operation and, in this context, to subscribe to the securities issued, of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued)*

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 special report of the Statutory Auditors, in accordance with Articles L. 225-129 et seq. of the French Commercial Code, in particular L. 225-138, and to the provisions of Articles L. 228-91 et seq. of the French Commercial Code:

1. Delegated to the Board of Directors its competence, with the power to sub-delegate to any empowered person in accordance with the legal and regulatory provisions, on one or several occurrences, to the extent and at the times that deems appropriate, both in France and abroad, to decide the issuance of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company or of a company of which the Company holds, directly or indirectly, at least 50% of the share capital, which may be subscribed in cash, including by offsetting due and payable receivables, for the benefit of the persons referred to in paragraph 5 below;
2. Decided that this delegation of authority expressly excludes any issuance of preferred shares and of securities conferring access by any means, immediately or in the future, to preferred shares;
3. Decided that the maximum nominal amount of the share capital increases to be carried out immediately and/or in the future pursuant to this resolution shall be € 250,000, it being specified that:
  - such maximum amount shall be set off against the maximum nominal amount of € 250,000 provided for in the sixteenth resolution and the global nominal cap of € 600,000 set at the fifteenth resolution of the present general meeting;
  - this global cap may be complemented, as the case may be, by the nominal amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
4. Decided the nominal amount of debt securities that may be issued pursuant to this delegation may not exceed € 150,000,000, or the equivalent in euros of this amount on the date of issuance, it being specified that:
  - this cap shall be increased, if necessary, by any redemption premium in excess of the par value;
  - this cap does not apply to debt securities the issuance of which may be decided or authorized by the Board of Directors pursuant to Article L. 228-40 of the French Commercial Code nor to the other debt securities referred to under articles L. 228-92 last paragraph, L. 228-93 last paragraph and L. 228-94 last paragraph of the French Commercial Code; and
  - this amount shall be deducted from the global limit of € 300,000,000 for the issuance of debt securities determined by the fifteenth resolution above;
5. Decided to cancel preferential subscription right of the shareholders to subscribe to the securities referred to in this resolution and to reserve the right to subscribe to the securities referred to in this resolution to natural or legal persons, including industrial or commercial companies, or French or foreign investment funds, which regularly invest in the medical, biotechnological or pharmaceutical technologies sectors or to French or foreign investment service providers, or any foreign institutions with an equivalent status, capable of guaranteeing the completion of such an operation and, in this context, to subscribe to the securities issued.

The Board of Directors shall determine the list of beneficiaries within the above-mentioned category of beneficiaries for which the preferential subscription right has been withdrawn and determine the number of securities to be issued for the benefit of each beneficiary;

6. Acknowledged that this delegation of powers implies a cancellation by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
7. Decided that :
  - (i) the issue price of the shares issued pursuant to this delegation will be at least equal to the volume weighted average (in the central order book and excluding the off-market blocks) of the share price of the Company on the Euronext Paris regulated market over the 20 trading days preceding the fixing of the issue price, which may be adjusted if necessary to take account of differences in the dividend entitlement date and may be reduced by a maximum discount of 20%;
  - (ii) the issuance price of the securities giving access to the share capital of the Company shall be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the issuance price determined in the paragraph above;
8. Decided that the Board of Directors will have full powers, with the option to sub-delegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, to perform this delegation of authority, *inter alia* for the purposes of:
  - deciding the issuance of the securities and determining the terms and conditions of any issuance, including the amount, the dates, the issuance price, the way they shall be paid-up, their dividend entitlement date (with a retroactive dividend entitlement date, where applicable) the term under which the securities issued pursuant to this delegation will give right to equity securities of the Company;
  - determining the nature, the number and the characteristics of the securities to be issued (including, where applicable, rights to conversion, exchange, redemption, including through the delivery of assets of the Company, attached to the shares or securities giving access to the share capital to be issued) and, if the securities to be issued consist in or are associated with debt securities, their term (fixed or open-ended), whether they are subordinated or not (and, where applicable, their subordination ranking), their remuneration, the compulsory or optional events of suspension or non-payment of interest, the ability to reduce or increase the nominal amount of the securities and other terms of issuance (including the fact of granting guarantees or security thereon) of redemption (including redemption by delivery of assets of the Company); modifying, during the term of the relevant securities, the characteristics described above, in accordance with applicable formalities;
  - determining the terms under which the Company will have the option, as the case may be, to purchase or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the purpose of canceling such securities or not, taking into account the applicable legislative and regulatory provisions;
  - providing for the ability to potentially suspend the exercise of the rights attached to these securities in accordance with legislative and regulatory provisions;

- determining and implementing any adjustments aiming at taking into account the impact of transactions on the share capital of the Company, and determining any other modalities allowing to maintain, as the case may be, the rights of the holders of securities or other rights giving access to the share capital;
  - at its sole option, charging the expenses of the share capital increase against the amount of the relevant premiums and deducting from such amount the necessary amounts for the legal reserve; and
  - taking all appropriate actions and entering into any agreements in view of the performance of this delegation of powers, in particular in view of the proper performance of the contemplated issuances, acknowledging their completion and amend the by-laws accordingly, and carrying out any appropriate formalities and declarations for the issuance, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of the rights attached thereto, and applying for any necessary authorizations for the completion and proper performance of these issuances;
9. Decided that this delegation is given for a period of 18 months from the date of this Shareholders' Meeting.

#### **TWENTY-FIRST RESOLUTION**

***(Delegation of powers to be granted to the Board of Directors to decide to issue ordinary shares or securities giving access to the share capital of the Company within the limit of 10% of the share capital, with cancellation of the shareholders' preferential subscription rights, in consideration for contributions in kind granted to the Company)***

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 and deciding in accordance with the provisions of Articles L. 225-129 and seq. and L. 225-147 §6 of the French Commercial Code, L. 228-91 and L. 228-92 of the French Commercial Code:

1. Delegated its authority to the Board of Directors, when the provisions of Article L.225-148 of the French Commercial Code are not applicable, with the option to sub-delegate such powers to any duly empowered person in accordance with legal and regulatory provisions, to decide, based on the report of the valuing auditor(s) (*commissaire(s) aux apports*) referred to in §2 of Article L.225-147 of the French Commercial Code, upon the issuance of ordinary shares and/or securities giving access, immediately or in the future, to equity securities of the Company as a consideration for the contributions in kind granted to the Company and consisting of equity securities or securities giving access to the share capital;
2. Decided that the limit of the nominal amount of the share capital increase(s) that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 10% of the share capital of the Company considered as at the date of the decision of the Board of Directors, it being specified that:
  - this cap shall be deducted from the maximum nominal cap of € 250,000 set by the sixteenth resolution and from the global nominal cap of € 600,000 set by the fifteenth resolution of this Shareholders' Meeting;
  - this cap does not include the nominal amount of the shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the

Company, in accordance with the legal and regulatory provisions and with any applicable contractual provisions providing for other cases of adjustment;

3. Decided to cancel, as necessary, the preferential subscription right of the shareholders in respect of these ordinary shares or securities at the benefit of the holders of equity securities or securities, subjects of the contribution in kind, and acknowledged that this delegation implies a *ca* by the shareholders of their preferential subscription right for the equity securities of the Company to which the securities that may be issued pursuant to this delegation may give right;
4. 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 the legislative and regulatory provisions, to perform this delegation of authority, *inter alia* for the purposes of:
  - deciding, on the basis of the report of the valuing auditor(s) (*commissaire(s) aux apports*) referred to in §2 of Article L. 225-147 of the French Commercial Code, on the valuation of the contributions in kind and, as the case may be, the granting of special benefits and their valuation;
  - determining the number of shares to be issued in consideration of the contributions as well as the dividend entitlement date of the shares to be issued;
  - deducting, if applicable and if it deems appropriate, from the relevant premiums, the expenses, costs and fees resulting from the issuances and charge against such amounts the amounts necessary to increase the legal reserve to one tenth of the new share capital;
  - acknowledging the final completion of the share capital increases carried out pursuant to this delegation of powers, amending the by-laws accordingly, carrying out any formalities and declarations and applying for any necessary authorizations for the completion of such contributions;
5. Decided that this delegation of powers is granted for a term of 26 months as from the date of this Shareholders' Meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

## **TWENTY-SECOND RESOLUTION**

***(Authorization to be granted to the Board of Directors to increase the share capital through the issuance of equity securities or securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued, with cancellation of the shareholders' preferential subscription right to the benefit of members of a company savings plan)***

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 and deciding in accordance with, on the one hand, the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and, on the other hand, the provisions of Articles L. 3332-1 and seq. of the French Labour Code:

1. Authorized the Board of Directors to increase, with the option to sub-delegate such authorization to any duly empowered person in accordance with legislative and regulatory provisions, in one or

several occurrences, at its sole option, at the times and under the terms that it shall determine, the share capital of the Company by the issuance of (i) ordinary shares, or (ii) securities that are equity securities giving access, immediately or in the future, to other equity securities of the Company or giving right, immediately or in the future, to the allocation of debt securities, or (iii) securities giving access, immediately or in the future, to equity securities to be issued of the Company, reserved for members of one or several company savings plan(s) (*plan d'épargne entreprise*) or group savings plan(s) (*plan d'épargne de groupe*) established by the Company and the French or foreign companies that are linked to the Company within the meaning of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code;

2. Decided to cancel the shareholders' preferential subscription rights in respect of securities to be issued pursuant to this authorization for the benefit of the beneficiaries referred to in the first paragraph above;
3. Acknowledged that this delegation of powers implies a cancellation by the shareholders of their preferential right to subscribe for the equity securities of the Company to which the securities that may be issued pursuant to this delegation give right;
4. Decided that the issuance price(s) of the new shares or of the securities giving access to the share capital shall be determined in accordance with the provisions of Articles L.3332-19 and seq. of the French Labor Code and decided that the maximum discount shall amount to 20% of the average of the first trading prices during the 20 trading days preceding the date of the Board of Directors decision determining the opening date of the subscription period. However, the Shareholders' Meetings expressly authorized the Board of Directors to reduce the discount or to grant no discount, in particular in order to take into account the regulations applicable in the countries where the offer will be implemented;
5. Decided that the maximum nominal amount of the share capital increase(s) which may be carried out pursuant to this authorization may not exceed 2% of the share capital of the Company considered as at the date of the decision of use of this authorization by the Board of Directors, it being specified that:
  - the maximum nominal amount of any share capital increase(s) that may be carried out pursuant to this authorization shall be deducted from the global cap of € 600,000 set by the fifteenth resolution of this Shareholders' Meeting or by any resolution of a same nature that would be substituted to this resolution; and
  - these amounts do not include the nominal amount of the additional ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights giving access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
6. Decided, pursuant to the provisions of Article L. 3332-21 of the French Labor Code, that the Board of Directors may decide on the allocation to the beneficiaries referred to in the first paragraph above, free of charge, of shares to be issued or existing, or of other securities giving access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (*abondement*) that may be paid pursuant to the regulations of the employee savings plan of the Company or of the Group and/or (ii) if applicable, the discount;
7. Decided that, should the beneficiaries referred to in the first paragraph above not subscribe to the share capital increase in full within the allocated time period, such share capital increase would only be completed for the amount of subscribed shares and that unsubscribed shares may be offered again to such beneficiaries in the context of a subsequent share capital increase;



8. Granted full powers to the Board of Directors, with the option to delegate or sub delegate such powers, in accordance with the legislative and regulatory provisions, to carry out this authorization, and in particular, for the purposes of:
  - determining the eligibility criteria for companies whose employees may benefit from the share capital increases carried out pursuant to this authorization, establishing the list of such companies;
  - determining the terms and conditions of the transactions, the characteristics of the shares, and if applicable, of the other securities, determining the subscription price calculated in accordance with the method defined in this resolution, determine the dates of opening and of closing of the subscription and the dividend entitlement dates and determining the dates and terms and conditions of payment of the subscribed shares;
  - taking any necessary action for the admission to trading of the issued shares in any place where it shall deem appropriate;
  - deducting from the "issuance premiums" account the amount of the expenses relating to these share capital increases and charging, if it deems fit, on this account the necessary amounts to increase the legal reserve to one tenth of the new share capital after each issuance, amending the by-laws accordingly and, in general, carrying out directly or indirectly, any transactions and formalities related to the share capital increases carried out pursuant to this authorization;
9. Decided that the authorization granted to the Board of Directors pursuant to this resolution shall be effective for a term of 26 months, as from the date of this Shareholders' Meeting;
10. Decided that this authorization shall cancel and supersede any previous authorizations having the same purpose, as regards the unused portion of these authorizations.

### **TWENTY-THIRD 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 sub-delegate to any duly empowered person in accordance with the legal and regulatory provisions, in one or several occurrences, the allocation of free existing and/or newly-issued shares of the Company 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 fixed in the fifteenth resolution of this Shareholders' Meeting; and
  - (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 two years and that the beneficiaries will be required to retain such shares for an additional minimum period of two 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 four 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 a cancellation 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 from 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.

#### **TWENTY-FOURTH RESOLUTION**

***(Delegation of authority to be granted to the Board of Directors to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized)***

The Shareholders' Meeting, deciding under the quorum and majority requirements for extraordinary shareholders' meetings,

Having reviewed the report of the Board of Directors and deciding in accordance with the provisions of Articles L. 225-129 and seq. and L. 225-130 of the French Commercial Code,

1. Delegated to the Board of Directors, with the option to sub-delegate such powers to any duly empowered person in accordance with the legal and regulatory provisions, the authority to decide make one or several increases to the share capital, in proportion to and at such times as it deems appropriate by successive or simultaneous incorporation of reserves, profits, issuance, contribution or merger premiums, or any other item that may be capitalized, in the form of an allocation of free shares and/or an increase in the nominal value of existing shares;
2. Decided that the nominal amount of the share capital increase that may be carried out pursuant to this delegation may not exceed € 250,000 it being specified that:
  - this cap may be complemented, as the case may be, by the additional amount of the ordinary shares to be issued in order to maintain the rights of the holders of securities or other rights conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment;
  - the nominal amount of the share capital increases which may be carried out pursuant to this resolution will not be deducted from the global cap determined by the fifteenth resolution of this Shareholders' Meeting;
3. Decided that in the event of a share capital increase in the form of an allocation of free shares and in accordance with the provisions of Article L. 225-130 of the French Commercial Code, the Board of Directors may decide that the allocation rights on fractional shares will not be tradable and that the corresponding shares will be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with legal and regulatory requirements;
4. Decided that the Board of Directors shall have full powers, with the option to sub-delegate such powers to any duly empowered person in accordance with the legislative and regulatory provisions, to implement this delegation of authority, *inter alia* for the purposes of:

- determining the amount and nature of the amounts to be capitalized;
  - determining the number of new shares to be issued and/or the nominal amount by which the amount of existing shares shall be increased, the date, including a retroactive date, as of which the new shares shall be entitled to dividend rights or the effective date of the increase in the nominal value of the shares;
  - acknowledging the completion of each share capital increase and in general, taking any action and carrying out any required formalities for the proper performance of each share capital increase and amending the by-laws accordingly;
5. Decided that this delegation of authority be granted for a period of 26 months, as from the date of this Shareholders' Meeting;
6. Decided that this delegation of powers shall cancel and supersede any previous delegation of powers having the same purpose, as regards the unused portion of these delegations.

#### **TWENTY-FIFTH RESOLUTION**

*(Update of the articles of association to take into account provisions that have become redundant and editorial amendment - corresponding amendment to Articles 18, 19, 29, 32 and 41 of the Articles of Association)*

The Shareholders' Meeting, deciding under the quorum and majority conditions required for extraordinary shareholders' meetings,

After having reviewed the report of the Board of Directors and the draft amended articles of association,

Decided to update the Company's articles of association to take into account the provisions of the articles of association that have become redundant and to make editorial amendments to the articles of association for better readability;

Decided to amend articles 18, 19, 29, 32 and 41 of the Company's articles of association accordingly.

#### **TWENTY-SIXTH 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.

8.2.2 Report of the Board of Directors to the Ordinary and Extraordinary Shareholders' Meeting of 20 December 2018

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 20 December 2018 at 9 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 2018 are described in the *document de référence* of the Company for the year ended 30 June 2018.

## 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 2018, as approved by the Board of Directors for shareholders' approval.

The annual financial statements show a loss of EUR 4,896,946.67.

The consolidated financial statements show a loss of EUR 9,592,000.

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 30 June 2018 for shareholders' approval:

#### Origin of the amounts to be allocated:

Profits from the financial year 2018 (loss) .....	- EUR 4,896,946.67
Previous carry forward at 30 June 2018 (loss) .....	- EUR 29,474,927.50
	_____
<b>Total .....</b>	<b>- EUR 34,371,874.17</b>

#### Allocation of loss:

The totality to the carry forward account (loss) .....	- EUR 34,371,874.17
	_____
<b>Total .....</b>	<b>- EUR 34,371,874.17</b>

The "carry forward" (loss) account would therefore amount to – EUR 34,371,874.17.

As a consequence, no dividend would be distributed for the financial year ended 30 June 2018.

No dividend has been paid in the last three years.

### 2.3 Regulated agreements (fourth resolution)

The fourth resolution relates 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 authorized by the Board of Directors prior to their execution during the financial year ended 30 June 2018.

No new regulated agreements were entered into during the course of the financial year ended 30 June 2018.

Moreover, the shareholders are called to acknowledge the regulated agreement entered into during the previous financial years and which continue during the financial year ended 30 June 2018. These regulated

agreements are further detailed in the *document de référence* of the Company for the financial year ended 30 June 2018 and in the special report of the auditors.

The following agreements are concerned:

- retirement agreement named « *article 83* » and the supplementary contribution retirement plan with contribution pension of Olivier Jallabert ;
- intragroup loan agreement;
- a services agreement entered into between OrthoFin II and Amplitude Surgical ;
- a cash management agreement dated on 31 October 2011 ;
- a tax consolidation agreement ; and
- agreements related to the differed compensation of Olivier Jallabert.

2.4. Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer for financial year 2018/2019 (fifth resolution)

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, breakdown and allocation of the fixed, variable and exceptional elements of the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer for the 2017/2018 financial year are described in paragraph 3.2.3 “*Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017*” of the Company's registration document for the year ended 30 June 2018.

This paragraph details the principles of the compensation policy as well as the principles and criteria for the determination, distribution and allocation of the various elements of Olivier Jallabert's compensation in his capacity as Chairman and Chief Executive Officer.

We invite you to approve these principles and criteria for the determination, allocation and allocation of the fixed, variable and exceptional elements constituting the total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer.

2.5 Approval of the fixed, variable and exceptional elements of the total compensation and benefits of any kind due or granted to Mr Olivier Jallabert, Chairman and Chief Executive Officer for financial year 2017/2018 (sixth resolution)

In accordance with Article L. 225-100 of the French Commercial Code, amended by the provisions of Act No. 2016-1691 of 19 December 2016, known as the "Sapin II" Act, the sixth resolution submits for the approval of the Company's shareholders the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind due or granted to Olivier Jallabert, Chairman and Chief Executive Officer, for the financial year ended 30 June 2018.

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 compensation elements are detailed in the Company's *document de référence* for the financial year ended 30 June 2018, in section 3.2.4 "*Fixed, variable and exceptional items comprising the total compensation and benefits of any kind due or granted to the Chairman and Chief Executive Officer for the 2017/2018 financial year and subject to shareholder approval (Article L. 225-100 of the French Commercial Code)*" and are listed below:

<b>Olivier Jallabert (Chairman and Chief Executive Officer)</b>		
<b>Compensation items due or granted in respect of the financial year ended 30 June 2018</b>	<b>Amount or accounting valuation submitted to a vote</b>	<b>Description</b>
Fixed annual compensation	€295,000	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, then on 17 October 2017 fixed his fixed gross annual compensation as (i) €290,000 from 1 July 2017 to 31 December 2017 and (ii) €300,000 as from 1 January 2018.
Variable annual compensation	€119,240	See paragraph 3.2.3 (“ <i>Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017</i> ”) of the Registration Document.
Deferred variable compensation	Not applicable	Not applicable
Multiannual variable compensation	Not applicable	Not applicable
Share subscription or purchase options	Not applicable	Not applicable
Free share allotment	-	See paragraph 3.7.4 (“ <i>Allotment of free shares</i> ”) of the Registration Document.
Other long term compensation items	Not applicable	Not applicable
Profit-sharing	€18,975	The amount of the profit-sharing paid to Olivier Jallabert for the financial year ended 30 June 2018 amounts to €18,795 pursuant to a profit-sharing agreement of the Company dated 22 July 2017.
Directors’ fees	No payment	No payment
Valuation of benefits of any kind	€12,712	See paragraph 3.2.3 (“ <i>Compensation and benefits of any form awarded to corporate executive directors for the financial years ended 30 June 2018 and 30 June 2017</i> ”) of the Registration Document.
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

		<p>€740,000) subject to performance conditions (criteria based on the level of turnover and EBITDA of the Amplitude Group).</p> <p>On 16 October 2018, the Company's Board of Directors decided to renew Olivier Jallabert's term of office as Chairman and Chief Executive Officer early, subject to the approval by the General Meeting of 20 December 2018 of his term of office as Director. At the time of this renewal, the Board also approved the commitment made to Olivier Jallabert.</p> <p>See paragraph 3.3 (“<i>Related party transaction</i>”) of the Registration Document.</p>
Non-competition indemnity	Not applicable	Not applicable
Additional retirement scheme	No payment	<p>Olivier Jallabert benefits from an additional contribution-based retirement scheme limited to the annual social security threshold multiplied by eight (approximately €26,152 per annum).</p> <p>See paragraph 3.3 (“<i>Related party transaction</i>”) of the Registration Document.</p>

We invite you to approve the elements of the compensation due or granted for the financial year ended 30 June 2018 to Olivier Jallabert, in his capacity as Chairman and Chief Executive Officer.

2.6 Approval of the commitment referred to in Article L. 225-42-1 of the French Commercial Code relating to the termination indemnity of Mr Olivier Jallabert, in his capacity as Chairman and Chief Executive Officer (seventh resolution)

On 16 October 2018, the Board of Directors decided to renew the term of office of Olivier Jallabert as Chief Executive Officer at the end of the annual shareholders' meeting called to approve the financial statements for the financial year ending June 30, 2018, subject to the approval by the shareholders of the renewal of his term as director (ninth resolution).

Subject to the renewal of Mr Olivier Jallabert as a director, you are asked to approve, in accordance with Article L. 225-42-1 of the French Commercial Code, the following commitments made to him:

- in the event of termination of his corporate office, Olivier Jallabert will receive a gross termination indemnity corresponding to 24 months of a monthly reference compensation (currently the sum of 740,000 euros).

The monthly reference compensation is defined as the gross annual fixed compensation plus the average gross amount of the last two variable bonuses received, excluding any exceptional bonuses, divided by 12 months. The termination indemnity is only applicable in the event of a forced departure linked to a change of control or strategy. The termination indemnity is not applicable in the event of dismissal for serious or gross misconduct, or in the event of departure or retirement.

Mr Olivier Jallabert's termination indemnities will be subject to the following performance conditions, pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code:

- the payment of half of the indemnity would depend on the turnover of the Amplitude Surgical group. This payment would be due at 100% if the level of revenue, calculated on the basis of the consolidated audited financial statements of the Amplitude Surgical group for the last two financial years preceding the date of termination of the terms of office



(reference financial years), reaches at least 100% on average of the budgeted values for these two years;

- the payment of half of the indemnity would depend on the level of EBITDA of the Amplitude Surgical Group. This payment would be due at 100% if the level of EBITDA, calculated on the basis of the consolidated audited financial statements of the Amplitude Surgical Group for the last two financial years preceding the date of termination of the terms of office (reference financial years), reaches at least 100% on average of the performance budgeted for these two years.

This commitment is motivated by the need for the Company to be competitive on the French market in terms of the compensation paid to its corporate officers and for the Company to be in line with market practices in this area.

We invite you to approve this resolution.

2.7 Approval of the regulated agreements establishing the basic pension plan (known as "Article 83") and the additional pension plan with contributions of Mr Olivier Jallabert, in his capacity as Chairman and Chief Executive Officer (eighth resolution)

On 16 October 2018, the Board of Directors decided to renew the term of office of Olivier Jallabert as Chairman and Chief Executive Officer at the end of the annual shareholders' meeting called to approve the financial statements for the year ended June 30, 2018, subject to the approval by the shareholders of the renewal of his term of office as director (ninth resolution).

Subject to the renewal of Mr Olivier Jallabert as director, you are asked to approve, in accordance with Article L. 225-38 of the French Commercial Code, the agreements establishing the basic pension scheme ("Article 83") and the additional pension scheme with contributions for a maximum amount equal to eight times the social security ceiling (i.e. approximately 26,488 euros per year).

These agreements are motivated by the need for the Company to offer Mr Olivier Jallabert, in his capacity as Chairman and Chief Executive Officer, an attractive compensation that is in line with market practices.

We invite you to approve this resolution.

2.8 Renewal of the terms of office of the directors of Olivier Jallabert, Bertrand Pivin, Daniel Caille and Apax Partners (ninth to twelfth resolutions)

The terms of office as directors of Olivier Jallabert, Apax Partners, represented by Annick Bitoun, Bertrand Pivin and Daniel Caille will expire at the end of the shareholders' meeting to be held on 20 December 2018.

Consequently, the ninth to twelfth resolutions submit for shareholder approval the renewal of the terms of office of Olivier Jallabert, Apax Partners, represented by Annick Bitoun, Bertrand Pivin and Daniel Caille, in their capacity as directors.

These renewals would be for a period of four years, i.e. until the ordinary shareholders' meeting called to approve the financial statements for the financial year ending 30 June 2022.

Details of the functions of Olivier Jallabert, Apax Partners, represented by Annick Bitoun, Bertrand Pivin and Daniel Caille are provided in Section 3.1.1 of this Registration Document.

If these renewals are approved, the Board of Directors will have 1 female member out of a total of 4 members and will thus be in compliance with the provisions of Article L. 225-18-1 of the French Commercial Code.

We invite you to approve these resolutions.

2.9 Authorization to be granted to the Board of Directors to carry out transactions in the Company's shares (thirteenth resolution)

The Company's ordinary and extraordinary shareholders' meeting of 24 November 2017 authorized the Board of Directors to carry out transactions in the Company's shares for a period of 18 months from the date of this meeting.

This authorization was implemented by the Board of Directors under the conditions described in the *document de référence* for the financial year ended 30 June 2018. Under this authorization, 678,302 shares were purchased during the financial year ended 30 June 2018 at an average price of 4.02 euros and for a total cost of 2,728,556 euros, representing approximately 1.42 % of the Company's share capital.

This authorization expires in 2019.

Consequently, the thirteenth resolution proposes to the shareholders' meeting to authorize the Board of Directors to repurchase the Company's shares within the limits set by the shareholders.

In particular, the authorization could be used for the purposes of (i) ensuring liquidity, (ii) fulfilling obligations related to stock option grants, bonus share grants or other grants, allocations or sales of shares to employees or corporate officers of the Company or an associated company and performing any hedging transactions relating to these transactions, (iii) to ensure the coverage of the Company's commitments in respect of rights with cash settlement relating to the positive evolution of the Company's share price granted to employees and corporate officers of the Company or an associated company, (iv) the delivery of Company shares in connection with external growth transactions, (v) the delivery of Company shares upon the exercise of rights attached to securities giving access by any means, immediately or in the future, to Company shares, (vi) the cancellation of all or part of the shares thus bought back, or (vii) to implement any other practice that may be accepted or recognized by law or by the French Financial Markets Authority - *Autorité des marchés financiers* – (the "AMF") or any other objective that complies with the regulations in force.

The authorization that may be granted to the Board of Directors includes limitations relating to the maximum buyback price (10), the maximum amount allocated to the implementation of the buyback program (40 million), the volume of shares that may be bought back (10% of the Company's share capital at the date of completion of the purchases) or used in connection with an external growth operation (5% of the Company's share capital).

This authorization would be granted for a period of 18 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We invite you to approve this resolution.

**3. Resolutions to be submitted to the Extraordinary Shareholders' Meeting**

3.1. Authorization to be granted to the Board of Directors to reduce the share capital by cancelling shares (fourteenth resolution)

We suggest that you authorize 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 buyback plans authorized by the shareholders' meeting of the Company providing for this objective.

The share capital decreases that the Board of Directors may carry out under this authorization would be limited to 10% of the Company's share capital as of the date of the cancellation per period of 24 months.

This authorization would be granted for a term of 18 months.

We suggest that you approve this resolution.

3.2. Financial authorizations (fifteenth to twenty-third resolutions)

The shareholders' meeting regularly granted to the Board of Directors the authority or the powers necessary to proceed with the issuance of ordinary shares and/or securities, with upholding or cancellation of shareholders' preferential subscription right, in order to meet the financing needs of the group Amplitude Surgical.

As such, the shareholders' meeting of 24 November 2017 granted the Board of Directors with the delegations of authority and authorizations as described in the table provided at Schedule 1 attached to this report. These authorizations have been used within the condition specified in the said table.

These delegations of authority and authorizations have been granted for terms that will expire at the end of 2019. Thus, the Company may not have the necessary delegations and authorizations in the event where the Company should decide to proceed with issuances of ordinary shares and/or securities.

Consequently, it is proposed to the shareholders of the Company to grant the Board of Directors new delegations of authority and authorizations in order to ensure the Company the flexibility to proceed with issuances of ordinary shares and/or securities according to the market and to the growth of the Amplitude Surgical Group, and, as the case may be, to rapidly gather the financial means necessary to the implementation of the growth strategy of the Amplitude Surgical Group, as described in the *Document de référence* for the year ended 30 June 2018.

In the event of an issuance of ordinary shares and/or securities, the Company intends to give priority to transactions upholding the shareholders' preferential subscription right. Nevertheless, particular circumstances may justify the cancellation of the preferential subscription right of shareholders, in accordance with their interests. Accordingly, the Company may seize the opportunities offered by the financial markets, especially considering the markets' current situation. The Company may also involve employees of the Amplitude Surgical 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 issuance of securities underlying the securities issued by the Company or the Amplitude Surgical Group's subsidiaries. The cancellation of the preferential subscription right would also allow the realization of public exchange or acquisitions offers paid entirely in securities. Finally, the issuance 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 capitalization of reserves or premium and allotment of free shares) would be of EUR 600,000, i.e., 60 million shares, representing 125.5% of the share capital and voting rights of the Company.

In addition, the maximum amount of all the share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to the employees and allotment of free shares) would be of EUR 250,000, i.e., 25 million shares, representing 52.3% of the share capital and voting rights of the Company.

Thus, the draft resolutions being put to the vote of the shareholders' are relative to:

### 3.2.1. Issuance of securities with upholding of the shareholders' preferential subscription right (fifteenth resolution)

The fifteenth resolution aims at granting to the Board of Directors a delegation of authority to carry out a share capital increase with the upholding of the shareholders' preferential subscription right.

The issuance would be reserved to the Company's shareholders which would receive a preferential subscription right that would be tradable on the market. These transactions would therefore have a limited dilutive impact for the existing shareholders which may decide to participate in the transaction or to sell their rights on the market.

The transactions would comprise the issuance of ordinary shares, or of securities that are equity securities giving right, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, or of securities giving access, immediately or in the future, to equity securities to be issued. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place, *inter alia*, by the conversion or exchange of a security or by the presentation of a warrant (*bon*). These issuances may be used to finance external growth transactions.

Share capital increases carried out under this delegation would not exceed a maximum nominal amount of EUR 600,000 (i.e., 60 million shares with a nominal value of EUR 0.01). The nominal amount of the share

capital increases that may be carried out pursuant to this delegation as well as under the sixteenth to twenty-second resolutions, may not exceed this global amount of EUR 600,000.

The issuance of debt securities would be limited to a maximum nominal amount of EUR 300 million. The amount of all the debt securities, the issuance of which may be carried out pursuant to this delegation as well as under the sixteenth to twenty-second resolutions may not exceed this global amount of EUR 300 million.

The subscription price of shares and/or securities which may be issued in application of this delegation would be set by the Board of Directors, in accordance with the legal and regulatory provisions.

This delegation of authority would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

### 3.2.2. Issuance of securities with cancellation of the shareholders' preferential subscription right by way of a public offering (sixteenth resolution)

The eleventh resolution aims at granting a delegation of authority to the Board of Directors in order to carry out a share capital increase with the cancellation of the shareholders' preferential subscription right, by way of public offering, including by way of an offer comprising a public offering.

The issuances would be open to the public and would have a dilutive impact for the existing shareholders that would be treated as other investors. The Board of Directors would however be able to grant a priority right (which would not be tradable) to the existing shareholders.

This delegation could also be used in order to compensate the securities brought to a public exchange offering on the securities of the Company or the securities of another company listed on a regulated market. In this context, the Board of Directors would have the power to determine the exchange ratios and, if required, the amount of the cash bonus (*soulte en espèces*) to be paid.

The transactions would comprise the issuance of ordinary shares, or of securities that are equity securities giving right, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, or of securities giving access, immediately or in the future, to equity securities to be issued. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place, inter alia, by the conversion or exchange of a security or by the presentation of a warrant (*bon*).

Share capital increases carried out under this delegation would not exceed a maximum nominal amount of EUR 250,000 (i.e., 25 million shares with a nominal value of EUR 0.01).

In addition, the maximum amount of all the authorized share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to employees and allotment of free shares) may not exceed this amount of EUR 250,000.

The issuance of debt securities would be limited to a maximum nominal amount of EUR 150 million.

These caps would be deducted respectively from the overall cap of EUR 600,000 set forth in the fifteenth resolution described in the preceding paragraph.

The issuance price of the new shares issued in application of this delegation of authority would be at least equal to the minimum stipulated by the applicable regulatory provisions as of the issue date (i.e. at the date hereof, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by a maximum discount of 5%).

In addition, the issuance price of the securities giving access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation of authority would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

### 3.2.3. Issuance of securities with cancellation of the shareholders' preferential subscription right by way of private placement (seventeenth resolution)

The seventeenth resolution aims at granting to the Board of Directors, by a distinct vote by the shareholders in accordance with the guidelines of the AMF, a delegation of authority to carry out a share capital increase with the cancellation of shareholders' preferential subscription right, by way of an offering as defined in Article L.411-2 II of the French monetary and financial Code.

The transactions would thus be carried out by way of private placements with persons providing investment services consisting in portfolio management for third parties, qualified investors or a limited group of investors, to the extent that such investors are acting on their own behalf, in accordance with the provisions of Article L.411-2 II of the French monetary and financial Code. These transactions would have a dilutive impact for the existing shareholders that may not be able to participate in the issuance.

The transactions would comprise the issuance of ordinary shares, or of securities that are equity securities giving right, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, or of securities giving access, immediately or in the future, to equity securities to be issued. The securities could be in the form of equity or debt securities. Access to the share capital of the Company would take place, *inter alia*, by the conversion or exchange of a security or by the presentation of a warrant (*bon*).

Share capital increases carried out under this delegation would not exceed a maximum nominal amount of EUR 250,000 (i.e., 25 million shares with a nominal value of EUR 0.01). This limit would be deducted from the limits set forth in the fifteenth and sixteenth resolutions, described above.

The issuance of debt securities would be limited to a maximum nominal amount of EUR 150 million. This limit would be deducted from the limit set forth in the fifteenth resolution described above.

In addition, the issuance of equity or debt securities carried out by way of private placement could not exceed the limits stipulated by the law applicable on the issue date. As of the date of this report, issuances of equity securities carried out by way of an offer as defined in Article L.411-2 II of the French monetary and financial Code are limited to 20 % of the share capital of the Company per year.

The issuance price of the new shares issued pursuant to this delegation of authority would be at least equal to the minimum stipulated by the regulatory provisions applicable as of the issue date (at the date hereof, the average weighted share price of the company's shares over the last three trading days on the regulated market of Euronext in Paris prior to the date of determination of such price, reduced, as the case may be, by a maximum discount of 5%).

In addition, the issuance price of the securities giving access to the share capital of the Company issued in application of this delegation of authority would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issuance of such securities, to the above-mentioned issuance price.

This delegation of authority would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

### 3.2.4. Increase of the amount of initial issuances (eighteenth resolution)

The eighteenth resolution aims to grant a delegation of authority to the Board of Directors to increase the amount of the initial issuances decided pursuant to the fifteenth, sixteenth and seventeenth resolutions above, carried out with the upholding or cancellation of shareholders' preferential subscription right.

This delegation of authority is intended to allow the Company to accommodate potential oversubscriptions in the event of the issue of securities reserved to shareholders or realized by way of a public offering or an offering as defined in Article L.411-2 II of the French monetary and financial Code.

The transactions carried out in the context of this delegation could not exceed 15% of the initial issuance, this limit would be deducted from the limit applicable to the initial issuance and the cap set by the fifteenth resolution.

The subscription price for shares or securities issued pursuant to this delegation would correspond to the initial issuance price, decided pursuant to the fifteenth, sixteenth and seventeenth resolutions described above.

The Board of Directors could use this delegation of authority within the time limits stipulated by the law, or, as of the date of this report, for a period of 30 days from the end of the subscription period.

This delegation of authority would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

#### 3.2.5. Determination of the price of issuances with cancellation of the shareholders' preferential subscription right (nineteenth resolution)

The nineteenth resolution aims to grant an authorization to the Board of Directors to derogate to the conditions relating to the determination of the price set forth in the sixteenth and seventeenth resolutions relating to the issuances realized by way of a public offering or of an offering as defined in Article L.411-2 II of the French monetary and financial Code, with cancellation of shareholders' preferential subscription right.

Therefore, the shares' issuance price would be at least equal to the weighted average price of the Company's shares on the regulated market of Euronext in Paris on the last trading day preceding the date of issuance, less, as the case may be, a discount of up to 5%. For securities giving access to the share capital of the Company, the issuance price shall be determined so that the amount received immediately by the Company increased by, as the case may be, any amount which may be received subsequently by the Company, for each Company share issued as a result of the issuance of these securities, be at least equal to the amount referred to above.

The Board of Directors could use this means within the limit of 10% of the share capital per year.

The limit specific to this authorization would be deducted from the limit applicable to the initial issuance and from the cap set forth in the fifteenth resolution.

This delegation of authority would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

#### 3.2.6 Issuance of securities with cancellation of the shareholders' preferential subscription right to the benefit of category of persons (twentieth resolution)

The twentieth resolution aims to grant to the Board of Directors a delegation of authority in order to decide upon the issuance, with cancellation of the shareholders' preferential subscription right to the benefit of natural or legal persons, including industrial or commercial companies, or French or foreign investment funds, which regularly invest in the field of in the medical technology, biotechnological, pharmaceutical technologies sectors or other life science technology sector or technological sector or to French or foreign investment service providers, or any foreign institution with an equivalent status, likely to carry out capable of guaranteeing the completion of such an operation and, in this context, to subscribe to the securities issued, of ordinary shares or of securities that are equity securities giving access to other equity securities or giving right to the allocation of debt securities, or of securities giving access to equity securities to be issued.

This authorization aims therefore to provide the Company with the means to quickly raise funds with investors specialized in the medical field and to provide the Company with more flexibility in order to allow the Company to further its development.

This authorization would consist of the issuance of ordinary shares, securities that are equity securities giving access, immediately or in the future, to other equity securities, or giving right, immediately or in the future, to the allocation of debt securities, and/or securities giving access, immediately or in the future, to equity securities to be issued.

Share capital increases carried out under this delegation would not exceed a maximum nominal amount of EUR 250,000 (i.e., 25 million shares with a nominal value of EUR 0.01). In addition, the maximum amount of all the authorized share capital increases with cancellation of the shareholders' preferential subscription right (excluding share capital increases reserved to employees and allotment of free shares) may not exceed this amount of EUR 250,000.

The issuance of debt securities would be limited to a maximum nominal amount of EUR 150 million.

These caps would be deducted respectively from the caps set forth in the fifteenth and sixteenth resolutions described in the preceding paragraphs.

The issuance price of the new shares issued would be at least equal to the volume weighted average (in the central market order book and off-market applications for blocks) share price of the Company over the last twentytrading days on the regulated market of Euronext in Paris prior to the date of determination of such price, this average being corrected, as the case may be, to allow for any variance with the date from which attendant rights come into effect and with the possible application of a discount of 20%.

In addition, the issuance price of the securities giving access to the share capital of the Company would be determined so that the amount immediately received by the Company, plus, as the case may be, any amount that may be received by the Company in the future, be at least equal, for each share issued as a result of the issue of such securities, to the issue price determined in the paragraph above.

This delegation of authority would be granted for a term of 18 months.

We suggest that you approve this resolution.

#### 3.2.7. Issuance of securities in consideration for contributions in kind with cancellation of the shareholders' preferential subscription right (twenty-first resolution)

The twenty-first resolution aims to grant a delegation of powers to the Board of Directors to decide upon an increase of the share capital through the issuance of ordinary shares and securities giving access to the share capital, immediately or in the future, of the Company in consideration for contributions in kind granted to the Company and consisting of equity securities or securities conferring access to the share capital.

The issuances carried out in the context of this delegation of powers could not exceed 10% of the share capital, appraised as of the date of the decision of the Board of Directors. This limit would be deducted from the cap set forth in the fifteenth resolution and the cap set forth in the sixteenth resolution.

The Board of Directors would have the power necessary to decide, upon the report of the valuing auditor(s) (*commissaire(s) aux apports*), on the valuation of the contributions in kind and the granting of special benefits as well as their valuation.

This delegation of powers would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

#### 3.2.8. Share capital increases reserved to employees (twenty-second resolution)

The twenty-second resolution aims to grant an authorization to the Board of Directors to increase the share capital of the Company, with cancellation of the preferential subscription right, reserved for employees of the Amplitude Surgical Group who are members of a company savings plan (*plan d'épargne d'entreprise*) or group savings plan (*plan d'épargne groupe*) established by the Company and the French or foreign

companies that are linked to the Company within the meaning of Article L.225-180 of the French Commercial Code and of Article L.3344-1 of the French Labor Code.

The issuances would comprise the issuance of ordinary shares, or of securities that are equity securities giving access, immediately or in the future, to other equity securities or giving right, immediately or in the future, to the allotment of debt securities, or of securities giving access, immediately or in the future, to equity securities to be issued.

This authorization would be limited to 3% of the share capital of the Company. This cap would be deducted from the cap set forth in the fifteenth resolution.

The subscription price(s) would be determined by the Board of Directors pursuant to Articles L.3332-19 and seq. of the French Labor Code. As a result, concerning the securities that are already traded on a regulated market, the subscription price could not be greater than the average share price for the twenty trading days prior to the date of the decision setting the subscription period opening date. In addition, the subscription price could not be inferior to more than 20% of this average.

In addition, pursuant to the provisions of Article L.3332-21 of the French Labor Code, the Board of Directors may decide on the allotment of shares to be issued or existing, or of other securities giving access to the share capital of the Company, issued or to be issued, in respect of (i) the contribution (*abondement*) that may be paid pursuant to the regulations of the employee savings plans of the Company or of the Group and/or (ii) if applicable, the discount (*décote*).

This authorization would be granted for a term of 26 months and would supersede the prior authorization granted to the Board of Directors in respect of the unused portion thereof.

We suggest that you approve this resolution.

### 3.2.9 Allocation of performance shares (twenty-third resolution)

In accordance with the provisions of Articles L.225-129 and seq. and L.229-197-1 and seq. of the French Commercial Code, the eighteenth resolution relates to the authorization to be granted to the Board of Directors to allocate free existing and/or newly-issued shares of the Company, in one or several occurrences, to the salaried personnel members 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.

The granting of this authorization would enable the Board of Directors to set up performance shares allocation plans to the benefit of the management and the employees of Amplitude Surgical group both in France and abroad, subjected to collective attendance and performance criteria determined in connection with the strategy.

The Board of Directors may therefore pursue its policy which aims at associating its employees to its results and its development and to ensure the international competitiveness of their compensation.

The main terms of the authorization submitted to the approval of the Shareholders' meeting are the following:

#### **Limits of allocation**

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 overall limit of EUR 600,000 fixed by the fifteenth resolution of the shareholders' meeting.

This limit of 3% of the Company's share capital shall include, when applicable, the performance shares that would be allocated to the Company's management.

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 for a period of three years.

The total amount of shares freely allotted shall not exceed 10% of the share capital at the date of the Board of Directors' decision to allocate them.



On 27 July, 2016, the Board of Directors has carried out a free allocation of 1,407,897 performance shares, representing 2.91% of the share capital of the Company and on 27 July, 2018, the Board of Directors has carried out a free allocation of 879,989 performance shares, representing 1,86% of the share capital of the Company.

#### **Allocation conditions**

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 of Directors 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 condition of eligibility, of allocation level and assessment of performance are determined in a rigorous way by the Board of Directors in accordance with the Amplitude Surgical group's operating performance.

#### **Vesting and retaining period**

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 as of 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.

#### **Duration of the authorisation**

This authorization would be granted for a term of 38 months.

We suggest that you approve this resolution.

#### **3.2.10. Incorporation of premiums, reserves, profits or other items (twenty-fourth resolution)**

The twenty-fourth resolution aims to grant a delegation of authority to the Board of Directors to decide to increase the share capital by incorporation of premiums, reserves, profits or other items that may be capitalized.

Share capital increases carried out under this delegation would not exceed the maximum nominal amount of EUR 250,000 (i.e., 25 million shares with a nominal value of EUR 0.01).

The Board of Directors would have the power to determine the amount and nature of sums to be capitalized, determine the number of new shares to be issued and/or the amount by which the existing nominal value of the shares of the Company will be increased.

This delegation of authority would be granted for a term of 26 months.

We suggest that you approve this resolution.

#### **3.3 Update of the articles of association to take into account provisions that have become redundant and editorial amendment - consequential amendment of articles 18, 19, 29, 32 and 41 of the articles of association (twenty-fifth resolution)**

The twenty-fifth resolution concerns the update of the Articles of Association submitted for your approval. This update of the Articles of Association is aimed at taking into account provisions that have become redundant and includes editorial amendments, as set out in the draft amended Articles of Association in Schedule 1.

We suggest that you approve this resolution.

#### **3.4 Powers to effect legal formalities (twenty-sixth resolution)**

The twenty-sixth 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 suggest that you approve this resolution.

## **CHAPTER 9**

### **PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT**

#### **9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT**

Oliver Jallabert, Chairman and Chief Executive Officer of the Company

##### 9.1.1 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 included in this Registration Document in accordance with the table of equivalence set forth in Chapter 10, 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.*

Signed in Valence

On 30 October 2018

Olivier Jallabert

Chairman and Chief Executive Officer

##### 9.1.2 Person responsible for Financial Information

Mr Philippe Garcia

Deputy Chairman - Finance

Address: 11, Cours Jacques Offenbach, Valence (26000)

Telephone: +33 4 75 41 87 41

[finances@amplitude-surgical.com](mailto:finances@amplitude-surgical.com)

[www.amplitude-surgical.com](http://www.amplitude-surgical.com)

## **9.2 STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS**

### 9.2.1 Acting Statutory Auditors

#### **Mazars SAS**

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* of Lyon

Mandate renewed by the shareholders' meeting of 14 December 2016 for a term of six financial years, expiring after the shareholders' meeting approving the financial statements for the financial year ending 30 June 2022.

#### **Deloitte & Associés**

185, Avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, registered in the Nanterre Trade and Companies Register as number 572 028 041

Represented by Mr Dominique Valette.  
Member of the *Compagnie régionale des Commissaires aux Comptes de Lyon*

Appointment at the shareholder's meeting of 24 November 2017, for a term of 6 financial years, expiring after the shareholder's meeting to approve the financial statements for the business year ending 30 June 2023.

### 9.2.2 Alternate statutory auditors

#### **Emmanuel Charnavel**

Residing at 54 rue de la République, 69002 Lyon

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

Appointed by the shareholders' meeting of 14 December 2016 for a term of six financial years, expiring after the shareholders' meeting approving the financial statements for the financial year ending 30 June 2022.

### 9.2.3 Table of fees of statutory auditors

Please see Note 34 of the consolidated annual accounts of the Group at 30 June 2018, Section 6.1 "*Consolidated financial statements at 30 June 2018*" of this Registration Document.

## **9.3 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 free of charge from the Company (11, Cours Jacques Offenbach, Valence (26000)), as well as on the Company's websites ([www.amplitude-surgical.com](http://www.amplitude-surgical.com)) and that of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

**CHAPTER 10**  
**TABLE OF EQUIVALENCE**

**10.1 TABLE OF EQUIVALENCE WITH REGULATION (EC) 809/2004**

The following equivalence table allows identifying in the Registration Document, the information required by Annex I of Regulation (EC) 809/2004 of the European Commission dated 29 April 2004.

<b>REGULATION (EC) 809/2004 OF THE EUROPEAN COMMISSION OF 29 APRIL 2004 – ANNEX I</b>		<b>REGISTRATION DOCUMENT</b>	
<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
1.	RESPONSIBLE PERSONS	9.1	371
1.1.	Persons responsible for information contained in the Registration Document	9.1.2	371
1.2.	Declaration of persons responsible for the Registration Document	9.1.1	371
2.	INDEPENDENT AUDITORS	9.2	372
2.1.	Name and address of independent auditors of the issuer's financial statements	9.2.1; 9.2.2	372
2.2.	Independent auditors who have resigned, been discounted or not reappointed during the period covered	9.2.1; 9.2.2	372
3.	SELECTED FINANCIAL INFORMATION	1.1	12 to 15
3.1.	Selected historic financial information	1.1	12 to 15
3.2.	Selected financial information for interim periods	Not applicable	-
4.	RISK FACTORS	2	90 to 129
5.	INFORMATION CONCERNING THE ISSUER	1.2; 1.6	15 to 16; 70 to 71
5.1.	History and evolution of the company	1.2	15 to 16
5.1.1	Legal name and commercial name	1.2.1	15
5.1.2	Place and number of registration	1.2.2	15
5.1.3	Date of constitution and lifetime	1.2.3	15

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
5.1.4	Registered office, legal status, legislation, country of origin, address and telephone number of head office	1.2.4	15
5.1.5	Major events in developing activities	1.2.5	15 to 16
5.2.	Investments	1.6	70 to 71
5.2.1	Investments made	1.6.1	70
5.2.2	Investments in progress	1.6.2	71
5.2.3	Future investments	1.6.3	71
6.	OVERVIEW OF ACTIVITIES	1.3	16 to 57
6.1.	Main activities	1.3.3	25 to 44
6.1.1	Nature of transactions and main activities	1.3.2; 1.3.3; 1.3.4	17 to 25; 25 to 44; 44 to 574
6.1.2	New products and/or services	1.3.3	25 to 44
6.2.	Main markets	1.3.2	17 to 25
6.3.	Exceptional events influencing information provided under points 6.1 and 6.2	1.3; 5	16 to 57; 225 to 257
6.4.	Degree of dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	1.8	82 to 87
6.5.	Elements on which all declarations of the issuer concerning its competitive position are based	General remarks	2
7.	ORGANISATION CHART	1.4.1	58 to 59
7.1.	Description of the Group and place occupied by the issuer	1.4.1	58 to 59
7.2.	List of major subsidiaries of the issuer	1.4.2	59 to 64
8.	REAL ESTATE, PLANT AND EQUIPMENT	1.5; 4.3	68 to 70; 218 to 221

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
8.1.	Existing or planned major tangible fixed assets	1.5	68 to 70
8.2.	Environmental questions that could influence the use made by the issuer of its tangible fixed assets	4.3	218 to 221
9.	<b>EXAMINATION OF THE FINANCIAL SITUATION AND RESULT</b>	5.1	225 to 244
9.1.	Financial situation of the issuer, evolution of financial situation and result of transactions performed during each financial year and interim period for which historic financial information is required	5.1	225 to 244
9.2.	Operating result	5.1	225 to 244
9.2.1	Major factors significantly influencing operating revenue	5.1	225 to 244
9.2.2	Major changes in revenues	5.1	225 to 244
9.2.3	Government, economic, budgetary, monetary or political strategy or factor	5.1	225 to 244
10.	<b>CASH AND CAPITAL</b>	5.2	245 to 255
10.1	Information on issuer's capital	5.2	245 to 255
10.2.	Source and amount of issuer's cash flow and description of cash flow	5.2	245 to 255
10.3.	Information on loan conditions and finance structure of the issuer	5.2	245 to 255
10.4.	Information on any restriction on use of capital which significantly influences or which could significantly influence, directly or indirectly, the issuer's transactions	5.2	245 to 255
10.5.	Information on anticipated sources of finance necessary to honour commitments referred to in points 5.2.3 and 8.1	1.6; 5.1; 5.2	70 to 71; 225 to 244; 245 to 255
11.	<b>RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES</b>	1.8	82 to 87

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
12.	INFORMATION ON TRENDS	1.3; 5.3	16 to 57; 256 to 257
12.1.	Main trends affecting production, sales and stocks, costs and sales price since the end of the last financial year up to the date of the registration document	1.3; 5.3	16 to 57; 256 to 257
12.2.	Known trends, uncertainties or demand or undertaking or event which is reasonably likely to have a significant influence on the issuer's prospects, at least for the current financial year	5.3	256 to 257
13.	PROFIT FORECASTS OR ESTIMATES	5.3.1	256 to 257
13.1.	Declaration on the main hypotheses on which the issuer based its forecast or estimate	5.3.1	256 to 257
13.2.	Report prepared by accountants or independent auditors	Non applicable	
13.3.	Profit forecast or estimate prepared on a comparable basis with historic financial information	5.3.1	256 to 257
13.4.	Declaration indicating whether the profit forecast is or is not valid at the date of the registration document, and if applicable, explaining why it no longer is	5.3.1	256 to 257
14.	ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES AND EXECUTIVE OFFICERS	3.1	130 to 149
14.1.	Information concerning members of administration, management or supervisory bodies	3.1.1	130 to 142
14.2.	Conflicts of interest in administration, management and supervisory bodies and executive officers	3.1.1.2	142
15.	COMPENSATION AND BENEFITS	3.2	149 to 160
15.1.	Amount of compensation paid and benefits in kind granted by the issuer and its subsidiaries	3.2.3 : 3.2.4	154 to 158
15.2.	Total amount provisioned or recorded elsewhere by the issuer or its subsidiaries for payment of allowances, retirement pensions or other benefits	3.2.3 : 3.2.4	154 to 158



<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
16.	FUNCTIONING OF ADMINISTRATION AND MANAGEMENT BODIES	3.1	130 to 142
16.1.	Date of expiry of current mandate and period during which the person has been in office	3.1.1	130 to 142
16.2.	Information on service contracts binding members of administration, management or supervisory bodies to the issuer or any of its subsidiaries and providing for the granting of benefits or appropriate negative declarations	3.1.1	130 to 142
16.3.	Information on the audit committee and compensation committee of the issuer	3.1.2.3	145 to 150
16.4.	Declaration indicating whether the issuer complies, or otherwise, with the corporate governance regime in force in the country of origin	3.1	130 to 142
17.	EMPLOYEES	4.1; 4.4	205 to 215; 221 to 224
17.1	Number of employees at the end of the period covered by the historic financial information or average number during each financial year of this period and distribution of employees according to main type of activity and by site	4.1; 4.4	205 to 215; 221 to 224
17.2.	Profit sharing and stock options	3.2.3; 3.6.1	154 to 158; 187 to 190
17.3.	Agreement providing for employees' profit sharing in the issuer's capital	4.1.2.9	213 to 214
18.	MAIN SHAREHOLDERS	3.6	187 to 191
18.1.	Name of any person not a member of an administration, management or supervisory body holding, directly or indirectly, a percentage of share capital or voting rights in the issuer which must be notified under the applicable national legislation and the amount of the equity interest held, or in default, an appropriate negative declaration	3.6.1	187 to 190
18.2.	Differential voting rights, or appropriate negative declaration	3.6.1	187 to 190

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
18.3.	Holding control, direct or indirect, of the issuer	3.6.1	187 to 190
18.4.	Agreement, known to the issuer, of which implementation could, on a subsequent date, result in a change of control	3.6.1	160 to 167
19.	TRANSACTIONS WITH RELATED PARTIES	3.3	160 to 167
20.	FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL SITUATION AND RESULTS OF THE ISSUER	6; 7	258 to 303; 304 to 328
20.1.	Historic financial results	6; 7	258 to 303; 304 to 328
20.2.	Pro-forma financial information	Not applicable	-
20.3.	Financial statements	6.1; 7.1	258 to 297; 304 to 323
20.4.	Auditing of annual historic financial information	6.2; 7.2	297 to 303; 323 to 323
20.4. 1	Declaration certifying that historic financial information has been audited	6.2; 7.2	297 to 303; 323 to 323
20.4. 2	Other information audited by independent auditors	4.4	221 to 224
20.4. 3	Information not drawn from the audited financial statements	Not applicable	-
20.5.	Date of latest financial information	6; 7	258 to 303; 304 to 328
20.6	Interim and other financial information	Non applicable	-
20.6. 1.	Quarterly or half yearly financial information	Non applicable	-
20.6. 2.	Interim financial information covering the first six months of the new financial year	Non applicable	-
20.7	Dividend distribution policy	3.6.2	190 to 191

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
20.7. 1.	Amount of dividend per share	3.6.2	190 to 191
20.8.	Judicial and arbitration proceedings	2.1.3.4; 6.1 (note 26 of the annex)	110 to 113; 258 to 297
20.9.	Significant change in the financial or commercial situation	5.4	257
21.	SUPPLEMENTARY INFORMATION	3.5; 3.7	171 to 187; 191 to 203
21.1.	Registered share capital	3.7	191 to 203
21.1. 1.	Amount of subscribed capital	3.7.1	191 to 194
21.1. 2.	Shares not representing capital	3.7.2	194
21.1. 3.	Shares held by the issuer itself or in its name, or by its subsidiaries	3.7.3	194 to 198
21.1. 4.	Convertible, exchangeable securities or securities backed by subscription warrants	3.7.5	203
21.1. 5.	Right of acquisition and/or bonds attached to capital subscribed	3.7.6	203
21.1. 6	Capital of any member of the group the subject of an option or conditional or unconditional agreement providing for options	3.7.7; 1.4.3	203; 64 to 68
21.1. 7	Share capital history	3.7.8	203
21.2.	Constituting deed and articles of association	3.5	171 to 187
21.2. 1	Corporate object	3.5.1	171
21.2. 2	Members of the administration, management and supervisory bodies	3.5.2	171 to 187
21.2.	Rights, privileges and restrictions attached to each category of	3.5.2.3	182 to 183

<b>No</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
3	existing shares		
21.2. 4	Amendment of shareholder's rights	3.5.2.4	183
21.2. 5	Shareholder's meetings	3.5.2.5	183 to 186
21.2. 6	Filing of constituting deed, articles of association, charter or regulation of the issuer that could delay, defer or impede a change of control	3.5.2.6	186
21.2. 7	Provisions of the constituting deed, articles of association, a charter or regulations establishing a threshold above which any equity interest must be disclosed	3.5.2.7	186
21.2. 8	Conditions imposed by the constituting deed and articles of association, a charter or a regulation governing changes in capital	3.5.2.9	187
22.	KEY CONTRACTS	1.9; 3.8	87 to 89; 204
23.	INFORMATION ORIGINATING FROM THIRD PARTIES, DECLARATIONS BY EXPERTS AND DECLARATIONS OF INTEREST	Not applicable	
23.1	Declaration or report attributed to a person acting as an expert	Not applicable	
23.2	Information originating from a third party	Not applicable	
24.	DOCUMENTS ACCESSIBLE TO THE PUBLIC	9.3	372
25.	INFORMATION ON EQUITY INTERESTS	1.4	58 to 68

## 10.2 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	ITEM	PARAGRAPH(S)	PAGE(S)
1.	Annual financial statements	7.1	304 to 323
2.	Consolidated financial statements	6.1	258 to 297
3.	Management report (see paragraph 10.3)		
4.	Declaration by natural persons assuming responsibility for the annual financial report	9.1	372
5.	Report of the Statutory Auditors on the annual financial statements	7.2	323 to 328
6.	Report of the Statutory Auditors on the consolidated financial statements	6.2	297 to 303
7.	Fees of the Statutory Auditors	9.2.3	372

## 10.3 TABLES OF EQUIVALENCE WITH THE MANAGEMENT REPORT (INCLUDING THE REPORT ON CORPORATE GOVERNANCE)

In this Registration Document the table of equivalence below identifies the information constituting the management report.

MANAGEMENT REPORT		REGISTRATION DOCUMENT	
No	ITEM	PARAGRAPH(S)	PAGE(S)
1.	Business and financial position	1.2; 1.3; 5.1; 5.2	15 to 16; 16 to 57; 225 to 244; 245 to 255
2.	Recent events, trends and prospects	5.1, 5.2, 5.3, 5.4, 6.1 (note 31), 7.1 (note 7.1.3.1)	225 to 244; 245 to 255; 256 to 257; 257; 258 to 297; 304 to 323

3.	Research and development	1.8	82 to 87
4.	Description of main risks and uncertainties	2	90 to 129
5.	Internal control and risk management procedures	2.3	128 to 129
6.	Use of financial instruments	2; 6.1 (note 3.15); 7.1 (7.1.3.2)	90 to 129; 258 to 297; 304 to 323
7.	Corporate and environmental responsibility	4	205 to 224
8.	Subsidiaries and equity interests	1.4; 6.1; 7.1	58 to 68; 258 to 297; 304 to 323
9.	Dividends distributed over the last three financial years	3.6.2	190 to 191
10.	Other information (payment deadlines, etc.)	6.1; 7.1 (note 7.1.3.2)	258 to 297; 304 to 323
ANNEXES			
11.	Summary table of currently valid delegated powers	3.7.1	191 to 194
12.	Table of Company results for the last five financial years	5.1.4	242 to 243
13.	Report of the Chairman of the Board of Directors	3	130 to 204
	Choice of the terms and conditions for the exercise of the Executive Management	3.1.1.1	130 to 142
	Composition of the Board of Directors, conditions for the preparation and organization of the work of the Board of Directors	3.1	130 to 149
	List of mandates and duties exercised in any company by each representative during the financial year	3.1	130 to 149
	Compensation of corporate officers	3.2	149 to 160
	Undertakings made in respect of corporate officers	3.2	149 to 160
	Summary of transactions in 2016/2017 in the Company's securities by corporate officers and their close relations	3.6.1.1	187 to 190
	Description of the diversity policy applied to members of the Board of Directors	3.1	130 to 149

Description of the objectives, implementation methods and results obtained during the financial year	3.1	130 to 149
Provisions of the Afep-Medef Code excluded and reasons for their exclusion	3.4	167 to 170
Specific procedures for shareholder participation in the Shareholders' Meeting	3.5.2.5	183 to 186
Factors likely to have an impact in the event of a takeover bid or exchange offer	3	130 to 204
Information concerning the share capital (capital structure, restrictions of the articles of association and employee share ownership)	3.5 to 3.7	171 to 203

#### **10.4 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.

<b>CORPORATE AND ENVIRONMENTAL RESPONSABILITY</b>		<b>REGISTRATION DOCUMENT</b>	
<b>No.</b>	<b>ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
1.	Corporate information	4.1	205 to 215
	a) Employment		
	Total workforce and distribution of employees	4.1.2.2	207 to 209
	Recruitment and dismissals	4.1.2.3	209 to 210
	Compensation and progression	4.1.2.4	210 to 211
	b) Organisation of work		
	Organisation of working time	4.1.2.5	211
	Absenteeism	4.1.2.9	219 to 221
	c) Corporate relations		
	Social dialogue organisation	4.1.2.9	213 to 215

**CORPORATE AND ENVIRONMENTAL RESPONSABILITY REGISTRATION DOCUMENT**

<b>No. ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
Inventory of collective agreements	4.1.2.9	213 to 215
d) Health and safety		
Health and safety in the workplace	4.1.2.6	211 to 212
Inventory of agreements signed	4.1.2.9	213 to 215
Occupational accidents and illness	4.1.2.6	211 to 212
e) Training		
Policies deployed	4.1.2.8	212 to 2013
Total number of hours of training	4.1.2.8	212 to 2013
f) Equality of treatment		
Measures adopted to promote male/female equality	4.1.2.7	212
Measures adopted for job creation of employment and employment of the disabled	4.1.2.9	213 to 215
Policy on combating discrimination	4.1.2.9	213 to 215
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	4.1.2.1	207
Elimination of employment and professional discrimination	4.1.2.1	207
Elimination of forced or mandatory labour	4.1.2.1	207
Effective abolition of child labour	4.1.2.1	207
2. Environmental information	4.3	218 to 221
a) General environmental policy		
Organisation of the company	4.3.2	218
Training and information of employees	4.1.2.8	212 to 2013
Resources allocated to preventing environmental risks and	4.3.3	218



**CORPORATE AND ENVIRONMENTAL RESPONSABILITY REGISTRATION DOCUMENT**

<b>No. ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
pollution		
Amount of provisions and guarantees for environmental risks	4.1.1.2	205
<b>b) Pollution and waste management</b>		
Measures for prevention, reduction or repair of scrapped items	4.3.4	218 to 219
Measures for prevention, recycling and elimination of waste	4.3.4	218 to 219
Consideration of noise and other forms of pollutions specific to an activity	4.1.1.2	205
<b>c) Sustainable use of resources</b>		
Consumption of water and water supply	4.3.6.2	220
Consumption of raw materials and measures adopted to improve efficacious use thereof	4.3.8	220
Energy consumption, measures adopted to improve energy efficiency and use of renewable sources	4.3.6.1	219
Use of land	4.1.1.2	205
<b>d) Climate change</b>		
Emission of greenhouse gases	4.3.7	220
Adaptation to consequences of climate change	4.3.11	221
<b>e) Protection of biodiversity</b>		
Measures adopted to preserve or develop biodiversity	4.3.10	221
<b>3. Information on corporate commitments to sustainable development</b>	<b>4.2</b>	<b>215 to 218</b>
<b>a) Territorial, economic and social impact of the Company's activity</b>		
On employment and regional development	4.2.1	215
On neighbouring or local populations	4.2.1	222151

**CORPORATE AND ENVIRONMENTAL RESPONSABILITY REGISTRATION DOCUMENT**

<b>No. ITEM</b>	<b>PARAGRAPH(S)</b>	<b>PAGE(S)</b>
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	4.2.5	217
Partnership or sponsorship initiatives	4.2.2	215 to 216
c) Sub-contracting and suppliers		
Consideration in the purchasing policy of social and environmental challenges	4.2.6	217
Extent of sub-contracting and responsibility of suppliers and sub-contractors for social and environmental aspects	4.2.1; 4.2.3; 4.2.6	215; 216; 217
d) Fair practices		
Actions taken to prevent corruption	4.2.7	217
Measures adopted for the health and safety of consumers	4.2.8	217
c) Other initiatives in favour of human rights	4.2.9	218

## ANNEX IDEFINITIONS

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 1.3.3.3 “*Related services*” in this Registration Document.

**ANATOMIC®** means the total knee prosthesis manufactured by the Group and described in Section 1.3.3.2 “*A complete product*” 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 5.1.1.2 “*Significant accounting principles*” in this Registration Document.

**CIR** means *crédit impôt recherche* (the French Research Tax Credit), as defined in Section ii, “*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 1.3.3.8 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 1.3.3.3 "*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 1.3.4.5 "*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 Section 1.4.1 in this Registration Document

**Group Company** means the Company or any other company or entity i.e. 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 1.3.3.3 "*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 5.2.2.2i “*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 2.1.3.1 *“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.