

MEDIAN TECHNOLOGIES
A French *Société anonyme* with a share capital of EUR 583,794.45
Registered office : Les 2 Arcs, 1800 Route des Crêtes 06560 Valbonne
RCS Grasse N° 443 676 309
(Hereinafter the “Company”)

**SHAREHOLDERS’ ANNUAL ORDINARY AND EXTRAORDINARY
GENERAL MEETING DATED 22 JUNE 2017**

**REPORT OF THE BOARD OF DIRECTORS
ON THE FREE ALLOCATION OF SHARES**

Dear Shareholders,

In accordance with Article L. 225-197-4 of the French Commercial Code, we have prepared this report to inform you on the allocations of free shares carried out pursuant to Articles L.225-197-1 to L.225-197-3 of the French Commercial Code.

I Allocations of free shares

A) Extraordinary General Meeting of 16 June 2016

The Extraordinary General Meeting of 16 June 2016 pursuant to its Resolution N°24, authorized the Board of Directors, for a period of 38 months, its authority to, in one or more times, allocate existing free shares of the Company or free shares to be issued by the Company to the beneficiaries as referred to in Articles L 225-197-1 and 225-197-2 of the French Commercial Code.

The total number of free shares granted under this resolution may not exceed **10% of the share capital** at the date of their allocation by the Board of Directors.

The Shareholders’ General Meeting decided that the allocation of such shares to the beneficiaries thereof will be final after a minimum vesting period of one (1) year, except in the event of the beneficiary's invalidity.

The Shareholders’ General Meeting decided that the Board of Directors will determine the length of the period during which the beneficiaries shall have the obligation to hold the free shares so that the total duration of the vesting period and the holding period shall not be less than two (2) years, such period commencing upon the final allocation of shares, except in the event of the beneficiary's invalidity.

The Shareholders’ General Meeting hereby granted all powers to the Board of Directors and notably powers to:

- Determine the identity of the beneficiaries, or the category or categories of beneficiaries of the allocation of shares and the number of shares allocated to each of them;
- Determine the length of the vesting and holding period;

- Set the terms and conditions and, where applicable, the criteria pursuant to which the shares shall be allocated;
- Provide for the possibility to provisionally suspend the allocation rights as provided for by law and applicable regulations;
- Duly record the final allotment dates and the dates from which the shares will be freely transferable, pursuant to this resolution and subject to legal restrictions;
- Enter the free shares in a registered account in the shareholder's name, mentioning, where appropriate, that they are locked up and the term of the lock-up period, and release the shares in any circumstances under which this resolution or the applicable regulation may allow such releasing;
- Provide for the right to, if it deems necessary, adjust the number of free shares required in order to safeguard the rights of beneficiaries under the conditions it shall determine;
- In the case of an issuance of new shares, charge any amounts required to pay up said shares against reserves, profits, or share premium of its choice, the amounts needed to fully pay-up such shares, duly record the completion of the capital increase thereunder, and make the necessary amendments to the bylaws, and
- In general perform any and all required acts and formalities and take all the necessary steps and measures in accordance with all enforceable laws and regulations.

B) Board of Directors Meeting of 22 July 2016

On 22 July 2016, the Board of Directors, after having recalled that given the Company wishes to implement a motivation and loyalty policy, it is the appropriate time to proceed to such allocation, proceeded to such allocation using the authorization conferred to it by the 24th resolution of the Shareholders' General Meeting dated 16 June 2016, and allocated 325,045 free shares (the "AGA 2016") pursuant to the main conditions below:

- i. Total number of free shares: 325,045 free shares (the "AGA 2016") to be issued.
- ii. Length of the vesting and holding periods: the vesting and holding would be arranged as follows:
 - For 162,523 free shares (the "AGA 2016 A"): the vesting period would be set at one (1) year starting from the allocation date and the holding period would be set at one (1) year starting from the end of the vesting period.
 - For 162,522 free shares (the "AGA 2016 B"): the vesting period would be set at two (2) years starting from the allocation date and the holding period would be set at one (1) year starting from the end of the vesting period.
- iii. Others conditions
 - o The requirement to remain manager or employee of the company or the US Subsidiary, as applicable, to the last day of the vesting period,
- iv. Value

On 22 July 2016, day of allocation of the free shares, the MEDIAN TECHNOLOGIES shares were valued at EUR 8.99 on the Alternext market.

C) Board of Directors Meeting of 6 October 2016 (Correction made during the Board of Directors of 4 November 2016)

In addition of the allocation of 325,045 free shares on 22 July 2016, the Board of Directors proceeded to allocation of free shares on 6 October 2016, using the authorization conferred to it by the 24th resolution of the Shareholders' General Meeting dated 16 June 2016, and allocated 373,745 free shares (the "AGA 2016") pursuant to the main conditions below:

1. **Total number of free shares:** 373,745 free shares (the "AGA 2016") to be issued.
2. **Length of the vesting and holding periods:** the vesting and holding were arranged as follows:

2.1.Regarding the 186,873 free shares (the "AGA 2016 C"):

- Vesting period: The allocation of the AGA 2016 C becomes definitive if the following conditions are all satisfied (the "Cumulative Conditions"):

(i) at the end of a one (1) year vesting period, and

(ii) if all the allocation conditions listed below are satisfied:

a. the beneficiary remains manager or employee of the Company or the US Subsidiary as the case may be at until the last day of the vesting period, and

b. one of the three following events occurs before 31 December 2026:

- the shares of the Company have been admitted on a regulated market in the United States and/or in France, or

- the Company has received an acquisition offer for at least 51% of the share capital which is binding and irrevocable, or

- the Beneficiary has received an acquisition offer of all of his shares including the AGA 2016 C which is binding and irrevocable.

- Flexible holding period: At the end of the vesting period and if the allocation conditions listed above are satisfied, the Beneficiary becomes owner the AGA 2016 C. However, he must hold these Free Shares during a flexible period of time which was set by the Board of Directors of the Company on 6 October 2016 as follows:

(i) the cumulated duration of the vesting period and of the holding period must be of two (2) years,

(ii) if one of the events listed under section b) occurs before the end of the vesting period of one (1) year, the holding period will be of a one (1) year duration starting from the end of the one (1) year vesting period (i.e. from 6 October 2017),

(iii) if one of the events listed under section b) occurs after the end of the vesting period of one (1) year, but before the end of the holding period of a one (1) year (i.e. before 6 October 2018), the duration of the holding period will be equal to the difference before the occurrence date of the event and the end of the holding period of one (1) year (i.e. 6 October 2018),

(iv) if one of the events listed under section b) occurs after the end of the vesting period of one (1) year and after the end of the holding period of one (1) year (i.e. after 6 October 2018), there will be no holding period.

2.2.Regarding the 186.872 free shares (the “AGA 2016 D”):

-Vesting period: The allocation of the AGA 2016 C becomes definitive if the following conditions are all satisfied (the “**Cumulative Conditions**”):

(iii)at the end of a one (1) year vesting period, and

(iv)if all the allocation conditions listed below are satisfied:

a. the beneficiary remains manager or employee of the Company or the US

Subsidiary as the case may be at until the last day of the vesting period, and

b.one of the three following events occurs before 31 December 2026:

- the shares of the Company have been admitted on a regulated market in the United States and/or in France, or

- the Company has received an acquisition offer for at least 51% of the share capital which is binding and irrevocable, or

- the Beneficiary has received an acquisition offer of all of his shares including the AGA 2016 C which is binding and irrevocable.

- Holding period: there will be no holding period.

3. Others conditions

- Requirement to remain manager or employee of the company or the US Subsidiary, as applicable, to the last day of the vesting period.
- Requirement to meet the Cumulative Conditions and the allocation conditions.

4. Value

On 6 October 2016, day of allocation of the free shares by the Board, the MEDIAN TECHNOLOGIES shares’ value was EUR 8.48 on the Alternext market.

II Allocations of free shares to corporate officers

The table below shows the number and value of free shares allocated to the corporate officers of the MEDIAN group during the year:

BENEFICIARY	AGA 2016A	AGA 2016 B	TOTAL	VALUE
Fredrik BRAG	122,523	122,522	245,045	2,202,954.55€

Pursuant to Articles L. 225-197-1-II of the French Commercial Code, the Board of Directors has set the number of free shares that Mr. Frederik BRAG is required to hold under the registered form until the termination of his duties.

BENEFICIARY	NUMBER OF AGA 2016 A to be conserved	NUMBER OF AGA 2016 B to be conserved
Frederik BRAG	6,126 (5%)	6,126 (5%)

III Allocations of free shares to the first ten beneficiary employees

The table below shows the number and value of free shares allocated to the ten employees of the MEDIAN group who benefited the most from this year's allocations:

BENEFICIARIES	AGA 2016A	AGA 2016 B	TOTAL	VALUE
Bernard REYMANN	30,000	30,000	60,000	539,400€
Arnaud BUTZBAG	10,000	10,000	20,000	179,800€
TOTAL	40,000	40,000	80,000	719,200€

BENEFICIAIRES	AGA 2016 C	AGA 2016 D	TOTAL	VALUE
Jeanne HECHT	93,479	93,479	186,958	1,585,403.84€
Nick CAMPBELL	62,184	62,184	124,368	1,054,640.64€
James GOLANDO	31,210	31,209	62,419	529,313.12€
TOTAL	186,873	186,872	373,745	3.169.357,60€

The Board of Directors