

MEDIAN TECHNOLOGIES
A French *Société anonyme* with a share capital of EUR 598,745.15
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 28 MAY 2018**

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
ON THE CONSOLIDATED ACCOUNTS PRESENTED
ACCORDING TO IFRS STANDARDS**

Dear Shareholders,

We have called the Shareholders’ General Annual Meeting to inform you on the proposed transactions.

This report completes the Management reports on ordinary and extraordinary resolutions of the fiscal year ended on 31 December 2017.

Indeed, we remind you that, despite the fact there is no legal obligation to do so, pursuant to the terms and conditions of the Subscription Agreements entered into by the Company on 19 August 2014 and 2 July 2015, the Company has also prepared the consolidated accounts according to the IFRS standards.

I. PRESENTATION OF CONSOLIDATED ACCOUNTS OF THE MEDIAN GROUP

1. Presentation of the consolidated accounts

The consolidated accounts for the year closed on 31 December 2017 and submitted to your approval have been prepared in accordance with the presentation rules and the valuation methods provided by the regulations in force for IFRS consolidated accounts and comprised the Company and its US subsidiary, MEDIAN TECHNOLOGIES Inc and Median Technologies Hong-Kong Limited.

2. Review of the consolidated accounts

The assets side of the balance sheets shows the following accounting items:

ASSETS (in thousands of euros)	12/31/2017	12/31/2016
Intangible assets	236	278
Tangible assets	500	361
Non-current financial assets	173	144
Total non-current assets	909	783
Inventories	-	3
Trade and other receivables	2,845	2,371
Current financial assets	206	123
Other current assets	1,893	1,498
Cash and cash equivalents	28,290	41,776
Total current assets	33,234	45,770
TOTAL ASSETS	34,144	46,554

The liabilities side of the balance sheets shows the following accounting items:

PASSIF (en milliers d'euros)	31/12/2017	31/12/2016
Capital	599	583
Primes liées au capital	53 145	51 839
Réserves consolidées	(11 526)	(4 474)
Ecart de Conversion	(75)	(100)
Résultat net	(17 206)	(9 111)
Total des Capitaux Propres	24 937	38 736
	<i>Dont part du Groupe</i>	<i>24 937</i>
		<i>38 736</i>
Dettes financières à long et moyen terme	-	-
Engagement envers le personnel	432	467
Passif d'impôts différés	347	351
Autres dettes non courantes	1 069	1 126
Total des Passifs non courants	1 848	1 944
Dettes financières à court terme	4	459
Dettes fournisseurs et autres dettes courantes	7 313	5 415
Provisions courantes	43	-
Total des Passifs courants	7 359	5 874
TOTAL DES PASSIFS	34 144	46 554

The consolidated financial statement is commented in the notes to the Financial Statements.

3. Review of the financial result of the consolidated accounts

Consolidated income statement	12/31/2017 (12 months)	12/31/2016 (12 months)
Revenue	7,686	6,353
Other income	2	15
Revenue from ordinary activities	7,688	6,369
Purchases consumed	(154)	(109)
External costs	(9,169)	(6,134)
Taxes	(259)	(240)
Staff costs	(14,869)	(8,744)
Allowances net of amortization, depreciation and provisions	(316)	(390)
Other operating expenses	(3)	(10)
Other operating income	-	2
Operating result	(17,081)	(9,256)
Cost of net financial debt	(6)	(17)
Other financial charges	(230)	(87)
Other investment income	119	172
Net financial result	(117)	68
Income tax (expense)	(8)	76
Net result	(17,206)	(9,111)
Net result, group share	(17,206)	(9,111)
Net result, non-controlling interests' share	-	-
Net result , Group share of basic and diluted earnings per share	(1.44)	(0.78)

The result of consolidated accounts is commented in the notes to the Financial Statements.

4. Major developments since the end of the financial year

No major events have occurred since the end of the financial year.

5. Research and Development

In 2017, the Company continued to develop its IT solutions. Median has strengthened its R&D activities for its three product lines:

- ✓ iBiopsy®, its Phenomics imaging platform, which is at the heart of the company's strategy for the years to come,
- ✓ iSee® for image analysis and management in clinical trials and,
- ✓ MediScan® for medical analysis in the routine radiological care.

In terms of R&D for these three lines of business, Median Technologies intends to combine medicine, cloud computing and artificial intelligence with medical imaging technology to revolutionize the way medicine is developed and delivered.

6. Future prospects

The Company's order book amounting to almost EUR 22,5M shows that the Company's turnover should continue to increase very significantly in the coming years, especially in the field of clinical trials for which pharmaceutical companies entrust to us their imaging component.

In addition, the Company will continue to market its solutions to institutions such as hospitals, anti-cancer health centers and clinics of Western European countries where we already have references as well as in China following the addition of the Furui Group as an equity partner.

II. PRESENTATION OF THE ACTIVITY OF THE COMPANY'S SUBSIDIARIES - MEDIAN TECHNOLOGIES INC. AND MEDIAN TECHNOLOGIES HONG KONG LIMITED

1. The Company owns the entire share capital and voting right of MEDIAN TECHNOLOGIES Inc., the US subsidiary of the Company (hereinafter the “**US Subsidiary**”).

The US Subsidiary comprised 30 employees as of 31 December 2017.

During the financial year the turnover of the US Subsidiary amounted to USD 6,789,478 (i.e. EUR 6,010,086). Similarly, to the previous financial year, MEDIAN Technologies Inc.'s turnover is due to the introduction in 2014 of a "cost-plus" contract between the parent company and its subsidiary. Thus, the total turnover in 2017 corresponds to the invoicing of costs to the Company.

2. The Company also owns the entire share capital and voting right of MEDIAN TECHNOLOGIES Hong Kong Limited, the Hong Kongese subsidiary of the Company (hereinafter the “**HK Subsidiary**”).

The HK Subsidiary currently has no employees.

The opening of this Hong Kongese subsidiary should allow us to directly apprehend the Asian markets and supervise all operations carried out in the region for clinical trials but also to develop new opportunities in the field of patient care.

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The Board of Directors