

MEDIAN TECHNOLOGIES
A French *Société anonyme* with a share capital of EUR 606,371.25
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 JUNE 26, 2019**

**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 2018.

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 2018 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 subsidiaries:

MEDIAN TECHNOLOGIES Inc;

MEDIAN TECHNOLOGIES HONG-KONG LIMITED;

MEDIAN MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD. In 2018, this company was not active and the Group did not pay the corresponding capital. As a result, this company has not been consolidated, and the issued shares were set off with the corresponding debt.

2. Review of the consolidated accounts

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

ASSETS (in thousands of euros)	Notes	12/31/2018	12/31/2017
Intangible assets	3	93	236
Tangible assets	4	556	500
Non-current financial assets	5	176	173
Total non-current assets		825	909
Inventories	6	-	-
Customers	7	2,051	1,814
Current financial assets	8	113	206
Other current assets	9	2,421	2,924
Cash and cash equivalents	10	12,739	28,290
Total current assets		17,323	33,234
TOTAL ASSETS		18,148	34,144

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

Liabilities (in thousands of euros)	Notes	12/31/2018	12/31/2017
Share capital	12	606	599
Share premiums	12	53,326	53,145
Consolidated reserves		(29,494)	(11,526)
Unrealized foreign exchange differences		(61)	(75)
Net result		(15,284)	(17,206)
Total shareholders' equity		9,094	24,937
<i>Of which the group share</i>		9,094	24,937
Long and medium-term borrowings		-	-
Employee benefits liabilities	13	453	432
Deferred tax liabilities	16	312	347
Total non-current liabilities		765	779
Short-term financial debts	15	3	4
Trade and other payables	17	3,423	4,755
Liabilities on contracts	18	4,732	3,627
Current provisions	14	131	43
Total current liabilities		8,289	8,428
TOTAL LIABILITIES		18,148	34,144

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	Notes	12/31/2018 (12 months)	12/31/2017 (12 months)
Revenue	19	6,340	7,686
Other income		194	2
Revenue from ordinary activities		6,534	7,689
Purchases consumed		(131)	(154)
External costs	22	(9,895)	(9,169)
Taxes		(255)	(259)
Staff costs	20	(10,430)	(14,869)
Allowances net of amortization, depreciation and provisions		(719)	(316)
Other operating expenses		(497)	(3)
Other operating income		-	-
Operating result		(15,393)	(17,081)
Cost of net financial debt		(6)	(6)
Other financial charges		(11)	(230)
Other investment income		86	119
Net financial result	24	70	(117)
Income tax (expense)	25	39	(8)
Net result		(15,284)	(17,206)
Net result, group share		(15,284)	(17,206)
Net result, non-controlling interests' share		-	-
Net result , Group share of basic and diluted earnings per share	26	(1.27)	(1.44)

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 2018, the Company continued to develop its software solutions:

- ✓ iSee® (iCRO) for image analysis and management in clinical trials. The main actions related to initial developments for the implementation of a new generation viewer supporting multimodal images, and the corresponding software platform, as well as the development of new software functionalities to support new imaging criteria for clinical trials;
- ✓ iBiopsy®: The main actions related to the development of a Big data digital platform that allows massive computation of images from several sources (CT, MRI) using supervised and unsupervised learning artificial intelligence techniques developed by Median scientists. Other actions involved initiating the development of an analytical validation framework to assess the robustness of the calculations. A new generation web application has also been developed for the manipulation of medical images and the analytical display and processing of data.

In terms of R&D in these two sectors of activity, Median Technologies combines clinical, IT and artificial intelligence technologies with medical imaging to revolutionize the way drugs and therapies are developed and delivered.

6. Future prospects

iCRO Business unit

Median aims to become a major player in China thanks to its new local presence since, to date, biopharmaceutical companies have few or no established partnerships with local or international iCROs that could be competitors of Median. The Company therefore expects further growth in the coming years, and aims to generate recurring revenue through its existing and new customers.

iBiopsy® Business unit

At the beginning of 2019, the company increased its workforce with the arrival of Dr. Nozha Boujemaa as Chief Science and Innovation Officer. Nozha Boujemaa oversees Median's scientific vision and all innovation and development strategies for iBiopsy®, its image-based phenotyping platform. As part of her duties, Mrs. Nozah Boujemaa is also in charge of Median's partnership with academic and industrial stakeholders and representatives for iBiopsy®. Mrs. Boujemaa is a member of the Company's Executive Management Committee.

II. PRESENTATION OF THE ACTIVITY OF THE COMPANY'S SUBSIDIARIES - MEDIAN TECHNOLOGIES INC., MEDIAN TECHNOLOGIES HONG KONG LIMITED AND MEDIAN MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD

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 2 employees as of 31 December 2018.

During the financial year, the turnover of the US Subsidiary amounted to USD 5,230,248 (i.e. EUR 4,385,077). 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, the Hong Kongese subsidiary of the Company (hereinafter the "**HK Subsidiary**").

The HK Subsidiary currently has no employees and generated no turnover during this financial year.

3. The Company also owns the entire share capital and voting right of MEDIAN MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD, the Chinese subsidiary of the Company (**hereinafter the "CN Subsidiary"**) which was created in the first half of 2018.

The CN Subsidiary has no employees to date and no activity.

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The Board of Directors