

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")

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FINANCIAL YEAR ENDED ON DECEMBER 31, 2019

Dear Shareholders,

We have called the Shareholders' General Annual Ordinary Meeting this day in accordance with the provisions of the by-laws and with the provisions of the French Commercial Code to submit to your approval the annual accounts for the financial year closed on December 31, 2019, as well as the allocation of the result that we shall recommend to you after presenting to you the Company's activity during the said financial year.

The Auditor's Report on the annual accounts for the financial year closed on December 31, 2019, the Auditor's Special Report as well as his other reports, the Management Report of the Board of Directors and the related additional information, and in general, all the documents required by the applicable law and the regulations in force have been placed at your disposal at the registered office in accordance with the applicable terms and within the required time for you to consult.

After having read the Management report, the Auditor's reports shall be presented to you to complete your information.

We hereby remind you that you are invited to take decisions on the following items on the agenda:

- Management report of the Board of Directors;
- Report of the Board of Directors on extraordinary decisions;
- Report of the Board of Directors on consolidated accounts;
- Special report of the Board of Directors on the allocation of stock options;
- Reports of the Statutory Auditors;
- Special report of the Statutory Auditors on the regulated agreements referred to in article L.225-38 of the French Commercial Code;
- **Annual Ordinary General Meeting:**
 1. Approval of the accounts for the financial year closed on December 31, 2019;
 2. Approval of the accounts for the financial year closed on December 31, 2019 presented according to IFRS standards;
 3. Allocation of the result;
 4. Approval of the regulated agreements as referred to in article L.225-38 and *seq.* of the French Commercial Code;
 5. Discharge to Mr. Fredrik BRAG;
 6. Discharge to Mr. Oran MUDUROGLU;
 7. Discharge to Mr. Otello STAMPACCHIA;
 8. Discharge to Mr. Tim HAINES;

9. Discharge to Mr. Kapil DINGHRA;
10. Renewal of the term of office of Mr. Fredrik BRAG as Director;
11. Renewal of the term of office of Mr. Oran MUDUROGLU as Director;
12. Renewal of the term of office of Mr. Kapil DINGHRA as Director;
13. Appointment of a new director;
14. Setting of the Directors' remuneration for 2020 (article L.225-45 of the French Commercial Code);
15. Authorization to be granted to the Board of Directors to purchase shares of the Company within the context of the provisions of article L.225-209 of the French Commercial Code;

- **Extraordinary General Meeting:**

16. Authorization to reduce the share capital by cancellation of treasury shares in accordance with the provisions of Article L.225-209 of the French Commercial Code;
17. Authorization to be given to the Board of Directors to increase the share capital by issuance of shares or securities that are equity securities giving access to other shares or entitling the allocation of debt securities and/or securities granting access to the share capital of the Company, with preferential right;
18. Authorization to be given to the Board of Directors to increase the share capital of the Company by issuance of shares or securities that are equity securities giving access to other shares or entitling the allocation of debt securities and/or securities granting access to the share capital of the Company without preferential right in the context of a public offering;
19. Authorization to be given to the Board of Directors for the issuance of shares and securities that are equity securities giving access to other shares or entitling the allocation of debt securities and/or securities granting access to the share capital of the Company without preferential right in the context of offering referred to in Article L.411-2, 1° of the French financial and monetary Code;
20. Authorization to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights;
21. Setting of an aggregate upper limit for capital increases delegated under the previous resolutions;
22. Authorization to be given to the Board of Directors in order to grant to the beneficiaries it shall identify, in compliance with applicable laws and regulations, existing shares or shares to be issued up to a maximum of 10% of the share capital of the company pursuant to articles L.225-197-1 and *seq.* of the French Commercial Code;
23. Authorization to be given to the Board of Directors in order to grant stock options pursuant to articles L.225-177 and *seq.* of the French Commercial Code;
24. Authorization to the Board in order to decide a capital increase reserved for employees of the Company;
25. Cancellation of the authorizations granted to the Board of Directors by the General Shareholders' Meeting dated June 26, 2019;
26. Authorization to be given to the Board of Directors for the issuance of reserved shares of the Company and securities giving access to capital of the Company;
27. Cancellation of the shareholder's preferential subscription right in relation to the previous authorization in favor of named persons;
28. Power for formalities.

I. MANAGEMENT REPORT

The duration of the financial year ended December 31, 2019 was 12 months.

You will hear the reading of the reports prepared by Company's Auditor pursuant to his duties.

All documents required by law have been communicated or made available to you in accordance with the conditions and in the time limits provided for by the legal, regulatory and statutory provisions.

The rules of presentation and the accounting valuation methods comply with the regulations in force.

1. SITUATION AND COMPANY'S ACTIVITY

A. Situation of the Company during the financial closed on December 31, 2019

During the 2019 financial year, the Company's turnover amounted to EUR 8,356,807.

During said year, the Company continued to market its solutions and services to pharmaceutical groups and biotechnologies companies in oncology clinical trials, as well as healthcare institutions such as hospitals, cancer centers and clinics for clinical routine.

During the 2019 financial year, the Company comprised an average of 76 employees, composed of 34 women and 42 men on average.

Please note that:

- The turnover for the year amounted to EUR 8,356,807 compared to EUR 6,340,322 for the previous year;
- The revenues from operations amounted to EUR 8,771,571 compared to EUR 6,825,445 for the previous year;
- The operating costs for the year amounted to EUR 18,284,477 compared to EUR 23,641,139 for the previous year;
- The operating income amounted to EUR (9,512,906) compared to EUR (16,815,694) for the previous year;
- The financial income amounted to EUR 75,288 compared to EUR 45,928 for the previous year;
- The exceptional items amounted to EUR 39,719 compared to EUR (885,659) for the previous year;
- The net income for the year amounted to EUR (7,988,450) compared to EUR (16,063,457) for the previous year.

The financial result includes a financial burden of EUR 35,157 corresponding to an additional provision for impairment of the shareholders current account between the Company and its US subsidiary, Median Technologies Inc, and another of 12,866 corresponding to an additional provision for impairment of the shareholders current account between the Company and its Hong Kong subsidiary, Median Technologies Hong Kong Limited.

The net income includes a research tax credit in the amount of EUR 1,409,448. This amount is relative to the 2019 calendar year.

On December 31, 2019, the Company had a cash flow of EUR 5,648,679 compared to EUR 12,481,232 for the previous year.

The wages and salaries amounted to EUR 6,291,584 compared to EUR 6,405,063 for the previous year.

Social contributions amounted to EUR 2,779,342 compared to EUR 2,908,512 for the previous year.

B. Analysis of the financial situation against liabilities

At the end of 2019, the financial liabilities of the Company amounted to EUR 2,470.

Taking into account the available cash amounting to € 5.6 million as of December 31, 2019, the expected receipt of the research tax credit of € 1.4 million in 2020 and the execution of a € 35 million finance contract with the European Investment Bank (EIB) (which first installment of € 15 million is scheduled to be disbursed during the first half of 2020), the company considers that it has sufficient cash resources to meet the cash requirements of its activity and investments for the 12 months following the balance sheet date. It should be noted that, within 15 months of the disbursement date of the first tranche, the Group will have to provide the European Investment Bank with proof that one or more capital increases have been carried out in favor of the company. In the event that the above condition is not met, several cases may arise:

- Capital Increases of less than € 10 million - The European Investment Bank may cancel the undisbursed portion of Tranche A and/or request early repayment of the outstanding loan together with accrued interest and any other amounts accrued or outstanding.
- Capital Increases between € 10 and € 15 million - The PIK interest rate applicable to Tranche A will be increased to 8% and interest will be due retroactively as if it had been 8% at the disbursement date until the capital increases reach the amount of € 15 million. (The rate currently applicable is 6%).

The Group is confident in its ability to increase its capital, in particular by raising funds on the markets. This type of operation has been successfully carried out in the past.

The Group therefore considers that it has sufficient cash available to meet the cash requirements of its activities and investments during the 12 months following the balance sheet date. Based on the elements mentioned above, the annual accounts as at December 31, 2019 can be prepared on a going concern basis for the next 12 months.

C. Analysis of the development and performance of the business

The Company's turnover amounted to € 8.4 million against € 6.3 million the previous financial year, i.e. an increase of more than 31.8%.

- ✓ The **iCRO** business unit generated 100% of the Company's revenues for financial year 2019. It kept developing in China with the implementation of a structure for the local management of the projects and the operations, allowing a significant increase in order intake over the year 2019. As of today, a significant part of the services performed in China has been carried out by the Company's teams, despite the strengthening of dedicated Chinese teams. The process consisting in making the subsidiary autonomous is expected to continue during the year 2020.
- ✓ The **iBiopsy**[®] business unit did not generate any revenue during the year as it is in the investment phase (Software, Clinical and Scientific) for new products and services. With the arrival of Doctor Nozha Boujemaa, PhD, Chief Science and Innovation Officer, Median has continued its R&D investments for its **iBiopsy**[®] phenomic imaging platform, by significantly strengthening the scientific team in the fields of Artificial Intelligence and Data Science to consolidate its leadership in phenomic imaging.

On December 31, 2019, the cash flow and cash equivalent of the Company amounted to EUR 5.6 million. The disbursement of the research tax credit for 2018, of an amount of EUR 1.6 million, occurred on July 2019.

2. FUTURE PROSPECTS

A € 35 million finance contract has been executed on December 18, 2019 with the European Investment Bank (EIB). This agreement will further accelerate the investment and recruitment program for **iBiopsy**[®] over the next few years. Disbursement of the first tranche of € 15 million is scheduled for the first half of 2020.

The **iCro** activity also intends to continue its growth in 2020, following the very large number of contracts signed and/or awarded in 2019.

3. PRESENTATION OF ACCOUNTS

A. Financial Accounts

The annual accounts for the year closed on December 31, 2019 and submitted to your approval have been prepared in accordance with the presentation rules and the valuation methods provided by the regulations in force.

The presentation rules and the valuation methods selected are identical to those used for the previous year.

B. IFRS Consolidated Accounts

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 on 2 July 2015, the Company has also prepared the consolidated accounts according to the IFRS standards.

4. RESEARCH AND DEVELOPMENT

In 2019, the Company continued to develop its software solutions:

iSee[®] (**iCRO**) for image analysis and management in clinical trials. The main actions related to the corresponding software platform as well as the development of new software functionalities to support new imaging criteria for clinical trials.

iBiopsy[®]: In 2019, the Company reoriented its R&D works with the aim of creating knowledge and know-how that can answer the technical uncertainties of our activity. The team was organized into different teams working in parallel on specific topics and in a coordinated way to integrate the different software modules into a single software platform.

- ✓ A team dedicated to working on the development of clinical partnerships, the acquisition of medical images and their review in order to meet quality control requirements,
- ✓ A team dedicated to the technological aspects related to the platform of our solution,
- ✓ And finally a team working on medical image processing and artificial intelligence algorithms.

5. ALLOCATION OF THE RESULT

We hereby suggest allocating the loss balance for the financial year in the amount of EUR 7,988,450 to the « carry forward » account which amounts to a loss of EUR 52,223,734.

In accordance with the provisions of Article 243 *bis* of the French Tax Code, please be reminded that no dividends were distributed for the past three previous years.

6. OTHER INFORMATION

A. Major developments since the end of the financial year

Anticipating the confinement measures taken by the French Government on March 17, 2020 in the context of the COVID-19 health crisis, Median Technologies Group asked all its employees to be on teleworking as of Monday March 16, in the morning in France.

As a result, all the employees of Median and its various companies around the world have been teleworking since that date, with teams in the United States and in China routinely teleworking.

The Group is ready to face the challenges that the Covid-19 involved and will involve:

- For many years, Median Technologies has been operating through robust cloud-based infrastructures that are used on a daily basis to deliver imaging services (iCRO) to its customers and partners around the world. Median Technologies' business continuity plan is in place and has been operating without interruption since March 16, 2020. The Group keeps performing its services and imaging operations as usual.
- For Median's iCRO activity, the project managers, investigative site managers, image managers, quality team and account managers remain operational and available as they are under normal conditions.
- Research and development activities related to the iBiopsy® Business Unit keep being carried out on a normal basis thanks to the development infrastructures set up many months ago and used on a daily basis under normal circumstances.
- Finally, all the support teams (IT, administration, human resources, financial services, communication and marketing, legal department) keep providing the best possible service to the group's two business units.

As planned at the end of 2019, the Group has requested the disbursement of the first tranche of its loan concluded at the end of 2019 with the European Investment Bank (EIB). The amount of this first tranche is EUR 15 million out of the total loan of EUR 35 million.

At the same time, all the measures implemented by the French government during this period are being reviewed by the Group's financial services in order to ensure the continuity of the Group under the best possible conditions.

As of today, Median group cannot prematurely assess the financial impact this crisis may have on its activities. However, given the situation, the group is nevertheless reviewing its revenue objectives slightly downwards for year 2020, but nevertheless intends to continue the growth it started almost 2 years ago now.

The group has already implemented a much stricter hiring policy in order to adapt as best as possible to the evolution of the crisis over the coming months and to face its expected turnover increase.

Having regards to future order intake, the group also remains cautious, even if the figures obtained for the first quarter of 2020 remain in line with those set at the end of last year.

Furthermore, the Board of Directors dated January 16, 2020, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 60,000 stock options STOCK OPTIONS 2020-M to Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the Company. Mr. Oran MUDUROGLU, in his capacity as an executive officer, is required to keep 15,000 shares resulting from the exercise of the stock options STOCK OPTIONS 2020-M in registered form (i.e. 25% of the allocated stock options STOCK OPTIONS 2020-M) until the termination of his office.

The Board of Directors dated January 16, 2020, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 30,000 stock options STOCK OPTIONS 2020-Z to Mr. Robin ZHANG, employee of the Chinese subsidiary of the Company, **MEDIAN MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD.**

The Board of Directors dated March 12, 2020, according to resolution 18 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 60,000 free shares AGA 2020-1 to Mr. Bernard REYMANN and 30,000 free shares AGA 2020-1 to Mr. Nicolas DANO, employees of the Company.

B. Activity of the Company subsidiaries

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 6 employees as of December 31, 2019.

During the financial year, the turnover of the US Subsidiary amounted to USD 1,043,978 (i.e. EUR K 933). 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 2019 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 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**").

The CN Subsidiary comprised 14 employees as of December 31, 2019.

During the financial year, the turnover of the CN Subsidiary amounted to RMB 8,870,926 (i.e. EUR K 1,146). This corresponds to invoicing of services performed for Median technologies SA in the amount of RMB 1,800,678 (EUR K 233). The remaining turnover corresponds to contracts signed since the 2nd quarter of 2019 directly with the Group's Chinese customers.

C. Equity investments made during the financial year

NONE.

D. Transfer of shares and cross shareholdings

NONE.

E. Existence of a plan of stock-option and of other securities issued – Participation of employees:

1. The Board of Directors dated June 27, 2019, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 94,516 stock options STOCK OPTIONS 2019-A to the following beneficiaries:

BENEFICIARIES	STOCK OPTIONS 2019-A
Fredrik BRAG	84,516
Bernard REYMANN	10,000

The Board of Directors dated June 27, 2019, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 257,500 stock options STOCK OPTIONS 2019-B to the following beneficiaries:

BENEFICIARIES	STOCK OPTIONS 2019-B
Sophie CAMPAGNO	20,000
Nicolas DANO	30,000
Sebastien GROSSET	9,000
Jean OLIVIER	9,000
Emmanuelle LEYGUES	6,000
Bernard REYMANN	32,500
Yan LIU	35,000
Anne-Sophie AUROUX	6,000
Oran MUDUROGLU	50,000
Nozha BOUJEEMA	60,000

The Board of Directors dated June 27, 2019, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 33,000 stock options STOCK OPTIONS 2019-C to the following beneficiary:

BENEFICIARY	STOCK OPTIONS 2019-C
Robin ZHANG	33,000

2. Pursuant to the provisions of Article L.225-102 of the French Commercial Code, we report the status of employee participation in the share capital on the last day of the financial year: Fredrik BRAG (Chief Executive Officer), Bernard REYMANN, Nicolas DANO and Fabrice LAMY held a total of 5.20% of the share capital as of December 31, 2019.

3. A summary of the issuances and allocations of the various securities can be found in the annex to the annual accounts prepared by the company for the fiscal year ended December 31, 2019.

F. Information concerning the Auditors

We remind you that PRICEWATERHOUSECOOPERS AUDIT, a simplified joint-stock company with a capital of € 2,510,460, with a registered office located at 63 rue de Villiers, 92200 Neuilly-Sur-Seine, registered at the Nanterre RCS under number B 672 006 483, an audit firm duly registered with the PCAOB is the Company's Principal Statutory Auditor until the end of the Shareholders' Meeting convened to deliberate in 2021 on the accounts of the financial year to close on 31 December 2020.

G. Social and environmental consequences of the Company's activity

The Company's activity does not have any impact on the environment.

For the fiscal year ending on December 31, 2019, the average number of employees is 76. As of December 31, 2019, the Company comprised 85 employees.

H. Expenses nondeductible from taxes under Article 39-4 of the French General Tax Code

Pursuant to Article 223 *quater* of the French General Tax Code, we inform you that during the year closed on December 31, 2019, expenses nondeductible from corporate tax as provided for in Article 39-4 of the French General Tax code were incurred in the amount of EUR 41,387, the theoretical impact of which on corporate tax at the rate of 28 % shall be EUR 11,588.

I. Regulated Agreements

We inform you that during the past financial year, one new agreement regulated under articles L.225-38 *et seq.* of the French Commercial Code was entered into by the Company and will be regularized under the procedure provided for in article L.225-42 of the French Commercial Code.

- **Contract entered into by and between the Company and INNOVA LAW, LLC.:**
 - o Concerned director: Mr. Fredrik BRAG, Chief Executive Officer and Director.
 - o Purpose: On December 11, 2019, the Company entered into a new contract with INNOVA LAW, LLC., a company in which Mr. Johan BRAG, Mr. Fredrik BRAG's brother (Chief Executive Officer and Director of the Company), serves as president.
 - o Terms and conditions: Under this agreement, INNOVA LAW, LLC. has undertaken to provide particular consulting services, on the Company's specific demand, with regards to: intellectual property strategy and related proceedings, data science strategy and development, clinical science strategy and development to the Company for a fee that has to be submitted in a fee quote proposal beforehand and approved by the Company for every specific mission INNOVA LAW, LLC. has been entrusted with.

This contract has been noted and authorized by the Board of Directors. This contract will allow the Company to benefit from the expertise of INNOVA LAW, LLC. which will be able to advise the Company in its strategy and business development, as well as in the development of inventions and partnerships and intellectual property strategy.

It is recalled that the following agreement, as referred to in Articles L.225-38 and *seq.* of the French Commercial Code, were pursued unchanged during the financial year ending on 31 December 2019:

- **Stock options granted to a director of the Company:**
 - o Concerned Board Member: Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the Company;

- Purpose: Mr. Oran MUDUROGLU was awarded a number of stock options under a contract with the US subsidiary of the Company, Median Technologies, Inc.;
- Terms and conditions: According to the contract, Mr. Oran MUDUROGLU has the right to exercise the stock options under certain conditions to obtain shares of the company Median Technologies, Inc. (US). The Company, wishing to maintain the right to exchange, in the form of capital remuneration, shares Mr. Oran MUDUROGLU would hold in Median Technologies, Inc. (US) in case of exercise of his stock options, signed with Mr. Oran MUDUROGLU a contribution agreement whereby, in consideration for the contribution of its shares in Median Technologies, Inc., Mr. Oran MUDUROGLU would receive a total of 25,108 new ordinary shares of the Company.

You will be asked to vote on the regulated agreements passed during the year closed on December 31, 2019 on the basis of the Auditor's special report in accordance with Article L.225-38 of the French Commercial Code.

J. Balance of trade payables at close of financial year

Pursuant to Article D.441-4 and L.441-6-1 of the French Commercial Code, we have supplied in the annex a breakdown of the trade payables and trade receivables (Annex I).

K. Table of the Company's financial result for the last five last financial years

Attached to this report is the table of the Company's financial results for the last five financial years. (Annex II).

L. Capital ownership (art. L.233-13 of the French Commercial Code)

The information received by the Company pursuant to Articles L.233-7 and L.233-12 is attached to this report (Annex III).

M. Share buy-back Program

We inform you that during the year closed on December 31, 2019, the number of shares bought and sold pursuant to Article L.225-209 of the French Commercial Code was respectively of 129,054 shares and 156,230 shares.

The average purchase and sales amounted respectively to EUR 1.68 and EUR 2.14.

These transactions have not given rise to any trading costs.

The number of shares registered in the name of the Company at the close of the year was 22,458 securities.

Their value at the end of the year, valued at purchase price, was EUR 41,112, i.e. a unit price of EUR 1.83.

Their nominal value was EUR 0.05.

They represent 0.19 % of the share capital.

The traded value of the share as of December 31, 2019 amounted to EUR 1.97. No impairment provision has been recorded in the accounts.

N. Annual report on the liquidity agreement

Under the liquidity contract granted by the Company to Aurel BGC, as of December 31, 2019, the following resources were in the liquidity account:

EUR 141,003
22,458 Shares

O. Information on geographical regions and operational sub-sectors sensitive to communication of results to the market

Turnover France	€K 999
Turnover USA/Canada	€K 2,693
Turnover UK	€K 661
Turnover China	€K 3,337
Turnover for other territories	€K 667
Total of the turnover	€K 8,357

P. Specific Risk Factors

1. Specific risks linked to the activity of the Company

1.1. Competition Risks

The market for clinical applications and clinical services taking advantage of the medical imaging is competitive.

The Company cannot guarantee that emerging technologies may be developed by competitors with greater financial and industrial resources.

This could have a material adverse effect on the Company's business, financial situation, earnings, growth and prospects.

1.2. Risk of commercial failure

For the market to accept more or less quickly the solutions and services offered by the Company will depend on various factors.

Poor market penetration resulting from one of these factors could have an adverse effect on the Company's business, prospects, financial situation, results of operations and development.

1.3. Risks related to the need to keep, attract and retain key personnel

The success of the Company, including its Chinese subsidiary, depends largely on the work and expertise of the members of management and key scientific personnel and the loss of skills could impair the ability of the Company to achieve its objectives.

The inability of the Company to attract and retain key personnel could prevent it from globally achieving its objectives and have a material adverse effect on its business, results, financial situation and prospects.

1.4. Risks related to Customers

The Company does not consider itself dependent on a particular laboratory. By expanding its listings with major pharmaceutical companies, the Company will be less dependent on a limited number of laboratories. As of today, the Company is referenced in most of the world's largest laboratories.

1.5. Risks related to Supplier

The Company does not purchase much. None of the Company's suppliers has a prominent position, and all are quickly and easily replaceable.

2. Legal and regulatory risks

2.1. Intellectual Property Risks

It is important for the success of the Company's business that it obtains, maintains and enforces the intellectual property rights it owns.

However, intellectual property rights may offer only limited protection and do not prevent unauthorized use of technology owned by Median Technologies.

2.2. Risks related to a more restrictive regulatory environment

As a medical device, applications marketed by the Company are subject to strict regulations in the United States through the Food and Drug Administration (FDA) and in many other countries.

Any breach of compliance obligations may result in sanctions that may significantly increase the costs incurred by the Company, delay the development and commercialization of its products and services and thus have a material adverse effect on its business, results, financial situation and prospects.

The Company successfully passed its first FDA audit in early 2017. In 2019, the quality of services was validated by the success of 12 customer audits and an FDA (Food and Drug Administration) audit on a major phase III of a Top 3 pharmaceutical company.

2.3. Risks related to software application liability

The Company underlines in its documentation that its software applications are not diagnostic tools as such and are intended to help practitioners to prepare their diagnosis.

Nevertheless, one can not exclude that some user of the applications may seek the liability of the Company.

II. CORPORATE GOVERNANCE REPORT

A. Office of Chief Executive Officer

In accordance with Article L.225-37-4 of the French Commercial Code, we recall you that your Board of Directors has, by decision dated April 10, 2019, decide to opt for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer.

The Board also decided to appoint Mr. Oran MUDUROGLU as Chairman of the Board of Directors and Mr. Fredrik BRAG as Chief Executive Officer.

In accordance with article 15 of the bylaws, this decision will last until the Board of Directors decides otherwise, ruling under the same conditions. However, the Board of Directors will also have to make a decision concerning the terms and conditions for the exercise of the Company's management when appointing or renewing its Chairman.

These modalities have not changed.

Unless the method of exercising the Company's management is modified, this information will not be included in subsequent corporate governance reports.

B. Information concerning directors

Pursuant to the provisions of Article L. 225-37-4 of the French Commercial Code, you will find below the list of the duties and positions held by each of the directors of the Company in other companies (Annex V).

Mr. Fredrik BRAG, CEO of the Company has received for the financial year 2019 a gross compensation amounting to EUR 400,000, excluding performance bonus.

The Board of Directors, on the recommendation of the Remuneration Committee decided that Mr. Fredrik BRAG would receive EUR 240,000 as variable compensation based on the qualitative assessment of his performance for the year 2019, which shall be paid in 2020. It is recalled that Mr. Fredrik BRAG received EUR 80,000 for the variable target-based compensation for the 2018 fiscal year.

Mr. Fredrik BRAG is covered by the GSC (social guarantee for company managers), the annual cost of which was EUR 17,757 in 2019.

A company car was also awarded to Mr. BRAG since the second semester of the 2018 fiscal year.

Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the company, has received for the financial year 2019 a gross compensation amounting to EUR 8,667.

Mr. Oran MUDUROGLU and Mr. Kapil DHINGRA, Directors of the Company, have received in 2019 for the year 2018 attendance fees in the amount of EUR 50,000 each. It is noted that pursuant to payment of these attendance fees, the Company consequently has paid charges relating to these fees amounting in total to EUR 14,679.

C. Agreements between a subsidiary and one of the Company's Director or major shareholder

During the 2019 financial year, the following agreements were entered into by a subsidiary of the Company:

- **Consulting contract entered into on January, 2019, by Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the Company, and the US subsidiary of the Company, Median Technologies, Inc.:**
 - o Concerned Board Member: Oran MUDUROGLU, Chairman of the Board of Directors of the Company;
 - o Purpose: Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the Company, as a recognized expert in health technologies and more specifically medical image management systems provides Median Technologies, Inc. (US subsidiary of the Company) with consulting services;
 - o Terms and conditions: Mr. Oran MUDUROGLU provides both clinical and commercial consulting services to support the strategy of commercial development with clients and prospects;
 - o Duration: Fixed-term contract that ended on December 31, 2019, given that a similar contract has been entered into for the current year.

- **Consulting contract entered into on June 1st, 2018, by KAPITAL Consulting LLC, whose general manager and main shareholder is Mr. Kapil DINGHRA, Director of the Company, and the US subsidiary of the Company, Median Technologies Inc.:**
 - o Concerned Board Member: Kapil DINGHRA, Director of the Company;
 - o Purpose: Mr. Kapil DINGHRA, Director of the Company, provides Median group companies with consultant services;
 - o Duration: The Board of Directors acknowledged that this contract expired on May 31, 2019. However, a similar contract has been entered into for the current year.

It is recalled that the following agreement were pursued unchanged during the financial year ending on December 31, 2019:

- **Stock options granted to a director of the Company:**
 - o Concerned Board Member: Mr. Oran MUDUROGLU, Chairman of the Board of Directors of the Company;
 - o Purpose: Mr. Oran MUDUROGLU was awarded a number of stock options under a contract with the US subsidiary of the Company, MEDIAN Technologies, Inc.;
 - o Terms and conditions: According to the contract, Mr. Oran MUDUROGLU has the right to exercise the stock options under certain conditions to obtain shares of the company Median Technologies, Inc. (US). The Company, wishing to maintain the right to exchange, in the form of capital remuneration, shares Mr. Oran MUDUROGLU would hold in Median Technologies, Inc. (US) in case of exercise of his stock options, signed with Mr. Oran MUDUROGLU a contribution agreement whereby, in consideration for the contribution of its shares in Median Technologies, Inc., Mr. Oran MUDUROGLU would receive a total of 25,108 new ordinary shares of the Company.

D. Table of the Authorizations pertaining to capital increases

Attached to this report is the table of the Authorizations granted in the context of capital increases. (Annex VI).

E. Transactions on securities owned by Directors

Pursuant to Article 223-2 of General Regulations of the Autorité des Marchés Financiers (AMF), the summary list of transactions on securities performed by Directors during the financial year closed on December 31, 2019 is attached to this report in Annex IV.

III. REPORT ON OTHER RESOLUTIONS

A. Directors term of offices

We recommend you to give full discharge without reservation to all Directors, namely:

- Mr. Oran MUDUROGLU, Chairman of the Board,
- Mr. Fredrik BRAG, Director,
- Mr. Otello STAMPACCHIA, Director,
- Mr. Tim HAINES, Director,
- Mr. Kapil DINGHRA, Director.

for the performance of their duties during the financial year ended on December 31, 2019.

In addition, we inform you that the terms of office of:

- Mr. Oran MUDUROGLU,
- Mr. Fredrik BRAG,
- Mr. Kapil DINGHRA,

will expire at this General Meeting.

Thus, the Board of Directors proposes to the Shareholders' Meeting the renewal of their term of offices as Directors of the Company for a period of 3 years, i.e. until the Shareholders' Meeting to be convened in 2023 to approve the fiscal year ending on December 31, 2022. Mr. Oran MUDUROGLU, Mr. Fredrik BRAG and Mr. Kapil DINGHRA have indicated that they would accept the renewal of their term of offices and were not subject to any measure or inability to prohibit them from doing so.

It is also indicated that Mr. Otello STAMPACCHIA resigned as Director of the Company pursuant to a letter dated November 13, 2019 that took effect on January 16, 2020 and that the Board of Directors acknowledged this resignation.

We propose that you appoint as Director, according to article 11 of the bylaws, for a period of 3 years, i.e. until the Shareholders' Meeting to be convened in 2023 to approve the fiscal year ending on December 31, 2022, the following applicant who has indicated that he would accept the office of Director and was not subject to any measure or inability to prohibit him from doing so: Mr. Oern STUGE, Norwegian citizen born on November 16, 1954 in Oslo, Norway, living at 76 impasse de Coulet, 1162 Saint-Prex (SWITZERLAND).

Mr. Oern STUGE holds a director position in the following companies:

COMPANY	OFFICE AND/OR DUTY
Offices and duties exercised by Mr. Oern STUGE	
Mainstay Medical Ltd.	Chairman of the Board of Directors
Pulmonx Inc.	Director
GI Dynamcis Inc.	Director
Lumenis Inc.	Director
Phagenesis Ltd.	Chairman of the Board of Directors

Summit Medical Ltd.	Chairman of the Board of Directors
Balt SAS	Vice-Chairman of the Board of Directors
Echosens SA	Observer of the Board of Directors

B. Setting of the Directors' remuneration for 2020 (article L.225-45 of the French Commercial Code)

We propose to set at EUR 150.000 the aggregate amount of directors' remuneration to be divided among the Directors for the year 2020, and to give all powers to the Board of Directors for the purpose of deciding the terms of allocation of this aggregate amount among the Directors.

C. Authorization to the Board of Directors for the purchase of shares of the Company under the provisions of article L.225-209 of the French Commercial Code

We propose that you authorize us to purchase a number of shares representing up to 10% of the share capital at the date of the General Meeting.

Please note that the number of shares used to calculate the 10% limit would correspond to the number of shares purchased under a liquidity contract, less the number of shares sold during the term of the authorization.

These shares may be acquired by any means, including exchange or over the counter transactions, including by acquisition or sale of blocks of shares or by the use of derivative or optional financial instruments and at the times deemed appropriate by the Board, and that eventually acquired shares may be sold or transferred by any means in accordance with the legal provisions in force.

The maximum unit purchase price of the shares shall not exceed EUR fifteen (15), subject to adjustments to take into account the impact of transactions on the capital of the Company, including changes in the par value of the shares, capital increase by incorporation of reserves, allocation of free shares, stock split or reverse stock split, distribution of reserves or any other assets, amortization of capital, or any other operation on equity.

Therefore, the maximum amount that the Company will be liable to pay, in the event of a maximum purchase price of EUR 15, would amount to EUR 18,191,137.50 on the basis of the capital on April 9, 2020.

This authorization to repurchase own shares of the Company would be granted to, in particular:

- allow the purchase of shares under a liquidity agreement complying with the AMAFI Charter of ethics dated March 8, 2011 recognized by the decision of the AMF on July 2, 2018;
- implement any plan of options to purchase shares of the Company under the provisions of articles L.225-177 and *seq.* of the French Commercial Code or any allocation of free shares under the provisions of articles L.225-197-1 and *seq.* of the French Commercial Code;
- cancel such in particular in order to optimize earnings per share through a reduction of share capital;
- implement any market practice that may be approved by the French Authority of Financial Market and, more generally, to perform any operation that complies with regulations in force.

We hereby propose to grant this authorization for a period of eighteen (18) months from the date of the General Meeting.

This authorization would cancel from the date of the General Meeting any previous authorizations with the same purpose.

Furthermore, we propose to authorize the reduction of the share capital in connection with the above transaction.

* * *

The Board of Directors

Annexes:

Annex I	Breakdown of the trade payables and receivables
Annex II	Statement of the results of the last 5 years.
Annex III	Persons or entities holding the capital directly or indirectly by threshold (Article L233-13)
Annex IV	Transactions on Directors' Securities.
Annex V	List of corporate officers.
Annex VI	Table of authorizations pertaining to capital increase.

ANNEX I

BREAKDOWN OF THE TRADE PAYBLES AND TRADE RECEIVABLES

	Article D.441.I.-1° : Received invoices unpaid at the reporting date and overdue						Article D.441.I.-2° : Issued invoices unpaid at the reporting date and overdue					
	0 days	1 to 30 days	31 to 61 days	61 to 90 days	More than 91 days	Total	0 days	1 to 30 days	31 to 61 days	61 to 90 days	More than 91 days	Total
(A) Tranches of late payment												
Number of invoices concerned	X					32	X					51
Total amount of invoices concerned	0	238 508	62 363	10 468	15 039	326 378	0	400 338	507 156	171 060	48 063	1 126 618
Percentage of total amount of purchases in the financial year	0	2,76%	0,72%	0,12%	0,17%	3,77%	X					
Percentage of the turnover in the financial year	X						0%	5%	6%	2%	1%	13%
(B) Invoices excluded relating to disputed liabilities and receivables or unrecorded												
Number of invoices excluded	0						27					
Total amount of invoices excluded	0						654 953					
(C) The reference terms of payment used (article L.441-6 or article L.443-1 of the Commercial Code)												
Terms of payment used to calculate the payment delays	Contractual deadlines : 30 days						Contractual deadlines : 30 days					

ANNEX II**TABLE OF COMPANY'S FINANCIAL RESULTS FOR THE FIVE LAST FINANCIAL YEARS**

FY Duration of the FY	31/12/2019 12 months	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
I- Financial position at the end of the financial year					
a) Share capital	606 371 €	606 371 €	598 745 €	582 539 €	500 806 €
b) Number of shares	12 127 425	12 127 425	11 974 903	11 650 780	10 016 117
II- Overall result from operations carried out					
a) Revenue net of tax	8 356 807 €	6 340 322 €	7 686 026 €	6 353 458 €	3 885 379 €
b) Profit before taxes, amortization and provisions	-9 348 110 €	- 17 068 894 €	- 16 226 337 €	- 8 266 452 €	- 6 003 487 €
c) Income tax (Tax credit)	1 409 448 €	1 591 969 €	1 340 302 €	1 064 007 €	858 503 €
d) Profit after taxes, before amortization and provisions	-7 939 450 €	- 15 476 926 €	- 14 886 035 €	- 7 202 445 €	- 5 144 984 €
e) Profit after taxes, amortization and provisions	- 7 988 450 €	- 16 063 457 €	-15 088 837 €	- 7 746 399 €	-5 336 589 €
f) Amount of distributed profits	0 €	0 €	0 €	0 €	0 €
g) Employee profit-sharing	0 €	0 €	0 €	0 €	0 €
III- Result of operations reduced to a single share					
a) Profit after taxes, before amortization and provisions	-0,65 €	-1,28 €	-1,24 €	- 0,62 €	-0,51 €
b) Profit after taxes, amortization and provisions	-0,66 €	-1,41 €	-1,26 €	- 0,66 €	-0,53 €
c) Dividend paid on each share	0 €	0 €	0 €	0 €	0 €
IV- Personnel					
a) Number of employees (average)	76	83	84	74	54
b) Payroll	6 291 584 €	6 405 063 €	6 469 077 €	4 594 654 €	3 772 252 €
c) Sums paid in company benefits	2 779 342 €	2 908 512 €	3 005 724 €	2 122 953 €	1 705 454 €

ANNEX III

PRIVATE INDIVIDUALS AND LEGAL ENTITIES HOLDING CAPITAL BY THRESHOLD (ARTICLE L.233-13)

	<i>Year N-1</i>	<i>Year N</i>
<i>Private persons</i>		
None	None	None
<i>Legal Entities</i>		
Furui Medical Company	12.43%, more than one-tenth	12.43%, more than one-tenth
Celestial successor fund LP	10.76%, more than one-tenth	10.76%, more than one-tenth
Abingworth bioventures VI LP	9.16%, more than one-tenth	9.16%, more than one-tenth
Canon Inc.	7.93% more than one-twentieth	7.93% more than one-twentieth
Growth Equity Opportunity Fund III LLC (NEA)	7.90% more than one-twentieth	7.90% more than one-twentieth
FCPR Auriga Ventures II	5.42% more than one-twentieth	5.42% more than one-twentieth

ANNEX IV

TRANSACTIONS ON DIRECTORS' SECURITIES DURING FINANCIAL YEAR 2019

Allocation of 94,516 stock options STOCK OPTIONS 2019-A

The Board of Directors dated June 27, 2019, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 94,516 stock options STOCK OPTIONS 2019-A to the following beneficiaries:

BENEFICIARIES	STOCK OPTIONS 2019-A
Fredrik BRAG	84,516
Bernard REYMANN	10,000

Mr. Fredrik BRAG, in his capacity as an executive officer, is required to keep 21,129 shares resulting from the exercise of the stock options STOCK OPTIONS 2019-A in registered form (i.e. 25% of the allocated stock options STOCK OPTIONS 2019-A) until the termination of his office.

Allocation of 82,500 stock options STOCK OPTIONS 2019-B

The Board of Directors dated June 27, 2019, according to resolution 19 of the Shareholders' General Meeting dated June 26, 2019, decided to allocate 257,500 stock options STOCK OPTIONS 2019-B, including 82,500 stock options to the following beneficiaries:

BENEFICIARIES	STOCK OPTIONS 2019-B
Oran MUDUROGLU	50,000
Bernard REYMANN	32,500

Mr. Oran MUDUROGLU, in his capacity as an executive officer, is required to keep 12,500 shares resulting from the exercise of the stock options STOCK OPTIONS 2019-B in registered form (i.e. 25% of the allocated stock options STOCK OPTIONS 2019-B) until the termination of his office.

ANNEX V

LIST OF CORPORATE OFFICERS

OFFICES AND DUTIES EXERCISED BY EACH CORPORATE OFFICERS DURING THE FISCAL YEAR 2019

COMPANY	OFFICES / DUTIES
Offices and duties exercised by Mr. Fredrik BRAG	
MEDIAN TECHNOLOGIES SA	Chief Executive Officer Director
MEDIAN TECHNOLOGIES, INC.	Chairman of the Board of Directors and Chief Executive Officer
MEDIAN TECHNOLOGIES HONG-KONG LIMITED	Director
MEDIAN MEDICAL TECHNOLOGIES (SHANGHAI) CO., LTD. LIMITED	Director
Offices and duties exercised Mr. Oran MUDUROGLU	
MEDIAN TECHNOLOGIES SA	Chairman of the Board of Directors
HELUS	Chief Executive Officer Director
Offices and duties exercised Mr. Otello STAMPACCHIA	
MEDIAN TECHNOLOGIES SA	Director
REPLIMUNE, LTD.	Director
NOVATION BIO, INC.	Director
CHRONOS BIO, INC.	Director
MORPHIC THERAPEUTIC	Director
Offices and duties exercised Mr. Tim HAINES	
MEDIAN TECHNOLOGIES SA	Director
CHROMA THERAPEUTICS LIMITED FROM	Director
AIMIM LIMITED	Director
ABINGWORTH LLP	Director
ABINGWORTH BIOVENTURES V GP LIMITED	Director
ABINGWORTH BIOVENTURES GP LIMITED	Director
ABINGWORTH CCD GP LIMITED	Director
ABINGWORTH SECOND PARTNER LIMITED	Director
GAMMADELTA THERAPEUTICS LIMITED	Director
ADAPTATE THERAPEUTICS	Director
Offices and duties exercised Mr. Kapil DINGHRA	
MEDIAN TECHNOLOGIES SA	Director
FIVE PRIME, INC.	Director
REPLIMUNE, INC.	Director
AUTOLUS	Director

ANNEX VI**TABLE OF AUTHORIZATIONS PERTAINING
TO CAPITAL INCREASE**

DATE OF THE MEETING / PURPOSE	MAXIMUM AMOUNT	DURATION	STATUS
General Meeting dated 26/06/2019 – Resolution 13 <i>Authorization to be given to the Board of Directors to increase the share capital by issuance of shares or securities that are equity securities giving access to other shares or entitling the allocation of debt securities and/or securities granting access to the share capital of the Company with preferential right</i>	EUR 500,000	18 months	Unused
General Meeting dated 26/06/2019 – Resolution 14 <i>Authorization to the Board of Directors to proceed with a capital increase by issuing shares, securities convertible into shares of the Company without preferential subscription rights in the context of a public offering</i>	EUR 500,000	18 months	Unused
General Meeting dated 26/06/2019 – Resolution 15 <i>Authorization conferred to the Board to issue shares of the Company and securities giving access to shares of the Company, without preferential subscription rights of shareholders in the context of offers described in Section II of Article L.411-2 of the French Monetary and Financial Code</i>	Statutory Limit under article L.225-136, 3°) of the French Commercial Code	18 months	Unused

DATE OF THE MEETING / PURPOSE	MAXIMUM AMOUNT	DURATION	STATUS
<p>General Meeting dated 26/06/2019 – Resolution 16 <i>Authorization to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights</i></p>	<p>- 15% of the initial issuance</p>	<p>18 months</p>	<p>Unused</p>
<p>General Meeting dated 26/06/2019 – Resolution 18 <i>Authorization to the Board of Directors to grant to the beneficiaries it shall identify, in compliance with applicable laws and regulations, existing shares or shares to be issued up to a maximum of 10% of the share capital pursuant to Articles L.225-197-1 and seq. of the French Commercial Code</i></p>	<p>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</p>	<p>38 months</p>	<p>- Partial use by the Board of Directors on 12/03/2020 for 90,000 free shares</p>
<p>General Meeting dated 26/06/2019 – Resolution 19 <i>Authorization to be given to the Board of Directors in order to grant stock options pursuant to articles L.225-177 and seq. of the French Commercial Code</i></p>	<p>500.000 new shares</p>	<p>38 months</p>	<p>- Partial use by the Board of Directors on 27/06/2019 for 385,016 stock options</p> <p>- Partial use by the Board of Directors on 16/01/2020 for 90,000 stock options</p>