

**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”)**

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**SHAREHOLDERS’ ANNUAL ORDINARY AND EXTRAORDINARY  
GENERAL MEETING DATED JUNE 19, 2020**

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

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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 December 31, 2019.

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 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 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.

## 2. Review of the consolidated accounts

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

<b>ASSETS (in thousands of euros)</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
Intangible assets	21	93
Tangible assets	1 502	556
Non-current financial assets	207	176
<b>Total non-current assets</b>	<b>1 730</b>	<b>825</b>
Inventories	-	-
Customers	3 937	2 050
Current financial assets	141	113
Other current assets	2 699	2 421
Cash and cash equivalents	7 615	12 739
<b>Total current assets</b>	<b>14 391</b>	<b>17 323</b>
<b>TOTAL ASSETS</b>	<b>16 121</b>	<b>18 148</b>

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

<b>Liabilities (in thousands of euros)</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
Share capital	606	606
Share premiums	53 326	53 326
Consolidated reserves	(44 603)	(29 494)
Unrealized foreign exchange differences	(64)	(61)
Net result	(7 984)	(15 284)
<b>Total shareholders' equity</b>	<b>1 282</b>	<b>9 094</b>
	<i><b>Of which the group share</b></i>	<i><b>1 282</b></i>
		<i><b>9 094</b></i>
Long and medium-term borrowings	844	-
Employee benefits liabilities	362	453
Deferred tax liabilities	341	312
<b>Total non-current liabilities</b>	<b>1 547</b>	<b>764</b>
Short-term financial debts	253	3
Trade and other payables	4 777	3 423
Liabilities on contracts	8 262	4 732
Current provisions	-	131
<b>Total current liabilities</b>	<b>13 293</b>	<b>8 288</b>
<b>TOTAL LIABILITIES</b>	<b>16 121</b>	<b>18 148</b>

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	12/31/2019 (12 months)	12/31/2018 (12 months)
Revenue	8 951	6 340
Other income	80	194
<b>Revenue from ordinary activities</b>	<b>9 032</b>	<b>6 534</b>
Purchases consumed	(103)	(131)
External costs	(7 436)	(9 895)
Taxes	(329)	(255)
Staff costs	(8 551)	(10 430)
Allowances net of amortization, depreciation and provisions	(528)	(719)
Other operating expenses	(53)	(497)
Other operating income	4	-
<b>Operating result</b>	<b>(7 963)</b>	<b>(15 393)</b>
Cost of net financial debt	(25)	(6)
Other financial charges	(21)	(11)
Other investment income	42	86
<b>Net financial result</b>	<b>(4)</b>	<b>70</b>
Income tax (expense)	(17)	39
<b>Net result</b>	<b>(7 984)</b>	<b>(15 284)</b>
Net result, group share	(7 984)	(15 284)
Net result, non-controlling interests' share	-	-
<b>Net result , Group share of basic and diluted earnings per share</b>	<b>(0.66)</b>	<b>(1.27)</b>

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

### 4. 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 nominal 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.

## **5. 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.

## 6. 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.

## II. PRESENTATION OF THE ACTIVITY OF THE COMPANY'S 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 2<sup>nd</sup> quarter of 2019 directly with the Group's Chinese customers.

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**The Board of Directors**