median
The Imaging Phenomics Company®

Annual Financial Report
December 31, 2018

Median Technologies SA

This is a free translation into English of the Annual Financial Report issued in French and it is provided solely for the convenience of English-speaking users.

CONTENTS

PRESENTATION OF THE GROUP

a. General Presentation

Our mission, our vision

Median Technologies specializes in the field of medical image analysis.

Our vision is to contribute to the emergence of predictive and precision medicine through the development and marketing of software products and innovative platforms for medical image analysis. Medical images are key to evaluate how a patient is responding to a current treatment. Today, thanks to the emergence of Artificial Intelligence and Big Data technologies, medical images make it possible to better understand and diagnose diseases, optimize treatments and ultimately deliver the right treatment to the right patient, at the right time—the very purpose of precision medicine.

In oncology, the therapeutic area on which Median is positioned, imaging is very important and is used throughout the entire continuum of health that goes from therapeutic innovation and development of new drugs to patient care in clinical routine. As a result, our company's positioning addresses imaging in clinical trials and patient care as well.

The work carried out by the Median Technologies teams is intended to contribute to the healing of cancer patients and the improvement of their quality of life. Our robust scientific expertise and our technological base, which is constantly being enriched and improved since the creation of the Company, make it possible to extract the most relevant clinical information from medical images and thus to assist the current revolutions in the fields of therapeutic innovation and clinical practice.

As a result, Median is today at the heart of medical image analysis and management for the development of new drugs in clinical trials, diagnostic support and patient care.

Our company was created in 2002 on the Sophia Antipolis technology park in the South of France where we still have our headquarters. The Sophia Antipolis site currently includes the majority of our teams, including all the Research and Development teams. In addition, our Company has a subsidiary in the United States, a second one in Hong Kong and another in Shanghai in the form of WFOE ("Wholly Foreign Owned Enterprise").

A multidisciplinary team

Our teams have scientific expertise in image processing, artificial intelligence technologies, machine learning, data science, cybersecurity, cloud computing and biostatistics. They are also specialized in the definition, development and marketing of medical software products in compliance with various regulations, and in the conduct of clinical projects, imaging services and the regulatory environment specific to this sector.

As individuals and as a team, we are driven by a strong corporate culture and four core values: leading innovation with purpose, committing to quality in all we do, supporting our customers in achieving their goals, and putting the patient first. Median's teams are keenly aware of the social responsibility inherent in healthcare industries, and it is a real motivation to continue pushing the boundaries of the unique and specific imaging technologies we develop.

Collaborations and structuring partnerships

After 16 years in the world of medical imaging, we know both players in the field—be the industrial, scientific or clinical—and Key Opinion Leaders.

Since the creation of Median, we have built our imaging expertise through an internal research program and through collaborations with international scientific institutes that specialize in image processing and medical physics. Some of these collaborations began almost at the same time as the company, including collaborations with research laboratories, international leaders such as Inria in France (National Research Institute dedicated to digital sciences), the University of Chicago, and the EPFL (Swiss Federal Institute of Technology of Lausanne) in Switzerland.

A number of these collaborations continue today and are instrumental in establishing the innovation roadmap in our company.

More recently, we have signed collaboration agreements with recognized health institutes to support our scientific work on the use of advanced technologies in Artificial Intelligence for medical imaging (in connection with the iBiopsy® imaging phenomics platform). Most of these collaborations were signed in 2017 and in the first half of 2018 (Memorial Sloan Kettering Cancer Center (MSKCC), NYC, USA and the university hospital of Nice (CHU, Nice, France).

At the end of 2018, our main iBiopsy® development program concerns liver cancer (HCC, hepatocellular carcinoma).

During 2017 and 2018, other programs on prostate cancer, lung cancer and non-alcoholic steatohepatitis (NASH) were presented at major scientific and medical conferences.

From a technological point of view, since 2016 we have been working with Microsoft on our cloud-based iBiopsy® platform (see below).

Addressing the entire value chain of medical imaging

Until 2011, Median had positioned itself solely in the patient care market, with its portfolio of applications for the radiological routine in oncology imaging, LMS (Lesion Management Solution).

In 2011, we expanded our medical image management solutions and services to oncology clinical trials, targeting biopharmaceutical companies involved in Phase I-III clinical trials in oncology through our iSee® product.

Whether in the patient care market, or in the clinical trials market, we have grown through a sales strategy that combines both the direct and the indirect models, relying on a partnership and collaborative approach for our commercial development. Median has thus partnered with OEMs (Original Equipment Manufacturers) and PACS (Picture Archiving and Communication Systems) manufacturers in the patient care market and with global CROs (Contract Research Organizations) in the clinical trials market (IQVIA (previously Quintiles) and Syneos (born from the merger between inVentiv Health and INC Research), among others).

Today, turnover generated by the company is related to our imaging CRO activity for oncology clinical trials solely.

In 2016, Median began to develop a disruptive imaging platform based on the extraction of phenotypes contained in medical images. The imaging phenotypes allow to identify the signatures of the diseases—their fingerprints, so to speak. This next-generation imaging platform named iBiopsy® (Acronym for Imaging BIOmarker Phenotyping System) capitalizes on the most innovative Artificial Intelligence and

Machine Learning technologies. iBiopsy® combines the most advanced technologies in medical image understanding and machine learning to extract powerful visual signatures, forming the basis for specific phenotyping of cancers and tumor microenvironments. These phenotypes extracted noninvasively from images obtained via various modalities (Scanner, MRI ...), allow to inform clinical decisions for the diagnosis and the selection of therapeutic strategies adapted to patients. These approaches are also a central tool for therapeutic innovation and the development of new, more targeted drugs in the context of clinical trials led by biopharmaceutical companies. iBiopsy® is an innovative platform for predictive and precision medicine, to the benefits of patients and healthcare systems as well.

Since 2017, the research and development effort relating to iBiopsy® has been growing.

In 2018, in a global context where the use of Artificial Intelligence, Cloud Computing and Big Data in the field of health, and more particularly in the field of medical imaging, becomes paramount, unavoidable event, Median was able to crystallize and structure its growth strategy clearly around iBiopsy®.

Financial life

Since 2011, Median has been listed on the Euronext Growth market (previously Alternext Paris), ISIN FR0011049824, Mnemo ALMDT. The stock market data as well as the shareholding as of December 31, 2018 are given on page 8 of this report.

In 2018, our company received financial awards, including the Forbes 2018 Future 40 Award and a specific award from Forbes France in the "Health - Life Sciences” category. Median is also present in the Deloitte Technology Fast 500™ EMEA ranking for 2017 and the Financial Times' 2018 FT 1000 ranking, which lists the 1,000 fastest growing European companies.

Median has also been labeled Pass French Tech Promotion 2018 and is a member of the BPI France Excellence Network.

b. History of the company

2002 - Median Technologies was founded in Sophia Antipolis, France. Up until 2007, Median enriched its technology, particularly by collaborating with technology institutes in medical imaging.

2007 - All developments achieved by the company are integrated into a portfolio of clinical applications, LMS (Lesion Management Solution). LMS applications are marketed in Europe and then in the U.S., after obtaining FDA authorizations (510K).

2011 - This is a pivotal year for Median Technologies. The company implements a new set of services dedicated to image management in oncology clinical trials. Solutions and services are based on the technological core of LMS applications.

2016 – The company initiates its R&D activities on imaging phenomics, integrating cutting edge Big Data and artificial intelligence technologies. The project is named iBiopsy®. Median inks a partnership with Microsoft France dealing with cloud aspects of the iBiopsy® platform.

The rebranding of the company carried out during 2016 leads to putting phenomic imaging front and center in the positioning of Median on its markets. In addition to changing its logo and completely overhauling its communication tools, Median Technologies chooses as its tagline, "The Imaging Phenomics Company®".

2016 sees the structuring of Median's US subsidiary, Median Technologies Inc. and recruitments to the company's executive committee.

2017 - Median expands through its US and Asian (Hong Kong) subsidiaries and continues to strengthen its executive team.

To meet the challenges of predictive and precision medicine, the company ramps up its R&D efforts on technology related aspects (AI) and scientific/clinical validation of its iBiopsy® research platform. Median inks its first clinical partnerships.

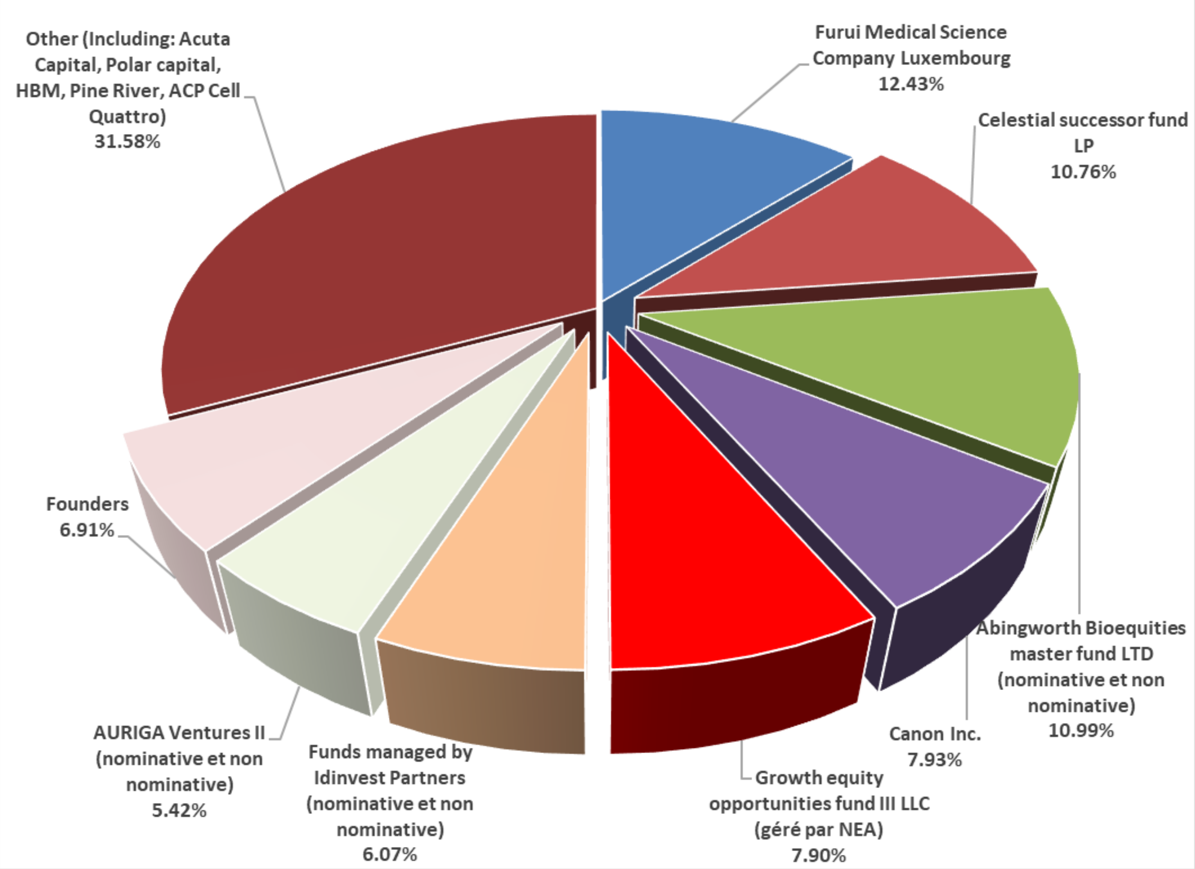
iBiopsy® will serve both the pharmaceutical market and the patient care market.

2018 - Median Technologies continues its deployment in China with the creation of a new subsidiary in Shanghai and the strengthening of its position for the imaging CRO activities for oncology trials. After a restructuring that affects teams in the US subsidiary and also the French part of the company with workforce reductions, Median reorganizes its activities around two business units: iCRO for imaging services in clinical trials, which is a mature commercial activity, and iBiopsy®, a platform around which Median now focuses its scientific and software development activities. Ibiopsy® is the foundation of innovation for the Company and presaged as its main vector of growth for the upcoming years.

c. Funds raised since the Company's stock exchange flotation

Date	Historical record	Number of shares	Share capital (in €)	Fund raising (in €)
	Share capital prior to listing	**4,349,482**	**217,474.10 €**	
Year 2011	- Capital increase in cash (Following this capital increase, the Company's shares were admitted on the NYSE Alternext in Paris according to the principles of a direct listing with a reference price of €8.05 per share); - Shares issued following the exercice of founder's share warrants; - Subscription of new shares in the company by Canon Inc. (15%); - The Company issued **1 B preference share**.	1,468,336	73,416.80 €	12,012,675.05 €
Year 2012	- Shares issued following the exercice of founder's share warrants; - Two Mutual Funds for Innovation managed by OTC Asset Management subscribed new shares.	84,500	4,225.00 €	821,200.00 €
Year 2013	- Six Mutual Funds for Innovation were signed totaling 132,132 new shares at €10.60 per share.	132,132	6,606.60 €	1,400,599.20 €
Year 2014	- Capital increase in cash and conversion of the two current accounts mentioned through the issue of 2,222,222 shares with attached equity warrants priced at €9 per share, of which €0.05 is nominal value and €8.95 share premium; - **E Preference shares** issued following the exercice of founder's share warrants.	2,226,642	111,332.10 €	20,018,562.00 €
Year 2015	- Capital increase via private placement with shareholders' preferential subscription rights waived for a total of €19,800,000, or 1,650,000 shares for a subscription price of €12.00 each, including a share premium of €11.95. The completion of the capital increase was recorded on July 15, 2015. - Shares issued following the exercice of founder's share warrants; - **E Preference shares** issued following the exercice of founder's share warrants; - Shares issued following the exercice of BSA.	1,754,325	87,716.25 €	20,667,943.50 €
Year 2016	- Capital increase in cash through the issue of 1,507,692 shares with attached equity warrants priced at €13 per share, of which €0.05 is nominal value and €12.95 share premium; - Shares issued following the exercice of founder's share warrants; - **E Preference shares** issued following the exercice of founder's share warrants; - Shares issued following the exercice of BSA.	1,635,363	81,768.15 €	20,629,364.39 €
Year 2017	- Shares issued following the exercice of free Shares; - Shares issued following the exercice of founder's share warrants; - E Preference shares issued following the exercice of founder's share warrants; - Shares issued following the exercice of BSA.	324,123	16,206.15 €	1,313,963.50 €
oct.-18	The Board of Directors of October 9th, 2018 recorded the issue of 152,522 new shares, following the exercise of 152,522 free Shares. These shares were issued at a €0.05 of nominal per share by taking on the special reserve.	152,522	7,626.10 €	- €
	Share capital as of December 31, 2018	**12,127,425**	**606,371.25 €**	

d. Shareholding as of December 31, 2018



e. Members of the Board of Directors

Fredrik Brag, Chairman of the Board of Directors,

Fredrik BRAG is Median's Chief Executive Officer and Chairman of the Board of Directors. He co-founded the company in 2002 and has contributed his many years of expertise in business development, fundraising and the IPO of technology companies. He previously served as Vice Chairman of HealthCenter/Focus Imaging, where he gained extensive experience in the field of specialized medical imaging and information and communication technologies. He is a graduate of the Stockholm School of Economics.

Tim HAINES - Director

Tim HAINES is a managing partner at Abingworth and has over 25 years of international management experience in public and private life sciences companies. Tim is a board member of several companies in the Abingworth portfolio including Astex, Fovea, Lombard Medical, Median Technologies, Pixium Vision, PowderMed, Proteon Therapeutics, Sientra and Stanmore Implants. Prior to joining Abingworth in 2005, he served as managing director of Astex, one of Abingworth's portfolio companies.

Tim was part of the Astex team for 5 years; his contribution has been key to establishing Astex as one of the leading biotechnology companies in the UK. Prior to joining Astex, Tim was managing director of two divisions of Datascope Corp., a listed medical technology company. Prior to Datascope, he held management positions in several companies in the United States and Europe, and was managing director of Thackray Inc. and Baxter UK. Tim holds a BSc from the University of Exeter and an MBA from INSEAD.

Oran Muduroglu - Director

With more than 20 years of experience in the medical industry sector, **Oran Muduroglu** is a recognized personality in health technologies and more specifically in medical imaging management systems. Oran recently joined Verily as Business Leader of the Company's Healthcare Platforms business. Prior to joining Verily, Oran was CEO of Medicalis, which he founded in 2010 and which was acquired in 2017 by Siemens. He previously served as CEO of Philips Medical Health Informatics, and he co-founded Stentor in 1988, where he was CEO until it was acquired by Philips in 2005. In the 1980s, he was Vice President of Sales and Marketing at Cemax, a start-up in the field of Advanced Medical Image Management and Visualization and Senior Product Manager at Toshiba Medical. Oran Muduroglu has a degree in Engineering Science from King's College London.

Otello Stampacchia - Director

With a PhD in Molecular Biology from the University of Geneva (Switzerland) and a PhD in Biotechnology, **Otello Stampacchia** contributed to the start-up of Index Securities' (now Index Ventures) health investment activities. He later joined the Corporate Finance and M&A team at Goldman Sachs (London and NY offices) and was portfolio manager of Lombard Odier Immunology Fund, a $3 billion investment fund targeting public and private health care companies around the world. Otello was later head of direct investment in life sciences at AlpInvest Partners, one of the largest private equity managers in the world, where he also contributed to the Due Diligence of fund-of-funds investments in health. Otello has been associated with Omega Funds since 2004.

Kapil Dhingra - Director

Kapil Dhingra leads KAPital Consulting, a health consulting company he founded. Dr. Dhingra is also a member of the board of several life sciences companies, including Advanced Accelerator Applications, Exosome Diagnostics Inc., Autolus, and Five Prime, Inc. In the past, he has served on the board of directors of companies such as Biovex, Micromet, Algeta and YM Biosciences which were subsequently acquired by major pharmaceutical companies. Before joining Advanced Accelerator Applications, Dr. Dhingra worked for over 25 years in the field of research and development in oncology, including 9 years at Hoffman-La Roche where he held several positions including Vice-President, Director of Strategy for Oncology and Director of Clinical Development in Oncology**.** Prior to joining Hoffman-La Roche, he was Senior Clinical Research Physician at Eli Lilly. Before starting his career in the industry, Dr. Dhingra, in addition to being a physician, worked at MD Anderson Cancer Center (Texas) where he spent 8 years pursuing a career in clinical and translational research, specializing in internal medicine and medical oncology. Dr. Dhingra holds a MB, BS degree (equivalent to a US MD degree) from the All India Institute of Medical Sciences in New Delhi, India, followed by an internship in internal medicine at Lincoln Medical and Mental Health Center, New York City, New York and New York Medical College, Valhalla, New York. He has been Chief of Clinical Hematology/Oncology at Emory University School of Medicine, Atlanta, Georgia.

f. History of the option plans for share subscription

1. Summary Table

Date of the General Meeting	Number of authorised securities	Grant date of securities	Number of securities allocated	Exercise limit date	Number of securities valid not exercised 12/31/2017	Number of securities granted in 2018	Number of securities cancelled non subscribed on 2018	Number of securities exercised	Number of securities valid not exercised as of June 30, 2018	Number of corresponding shares	Exercise price per share	Potential increase in capital (nominal)
3/10/2009	186,256	5/20/2010	170,000	3/9/2019	30,000	-	-	-	30,000	6,000	6.50	300.00
12/7/2009	1,061,309	12/7/2009	1,061,309	12/6/2019	402,582	-	-	-	402,582	80,516	4.20	4,025.80
4/1/2011	100,000	4/1/2011	99,950	3/31/2021	46,450	-	-	-	46,450	9,290	6.50	464.50
BSPCE	**1,347,565**		**1,331,259**		**479,032**	**-**	**-**	**-**	**479,032**	**95,806**		**4,790.30**
4/1/2011	100,000	4/1/2011	5,000	-	-	-	-	-	-	-	-	-
		12/15/2011	60,000	-	-	-	-	-	-	-	-	-
		7/5/2012	34,000	7/4/2019	14,000	-	-	-	14,000	14,000	10.00	700.00
4/5/2012	200,000	7/5/2012	5,970	7/4/2019	3,970	-	-	-	3,970	3,970	10.00	198.50
		10/3/2013	10,000	10/2/2020	10,000	-	-	-	10,000	10,000	10.60	500.00
6/22/2017	300,000	6/26/2017	22,500	6/25/2024	22,500	-	22,500	-	-	-	13.00	-
		12/13/2017	34,500	12/12/2024	34,500	-	5,000	-	29,500	29,500	13.00	1,475.00
Stock Options	**600,000**		**171,970**		**84,970**	**-**	**27,500**	**-**	**57,470**	**57,470**		**2,873.50**
3/10/2009	24,609	3/10/2009	24,609	3/10/2019	-	-	-	-	-	-	6.50	-
6/6/2013	60,000	6/6/2013	60,000	12/31/2020	60,000	-	-	-	60,000	60,000	8.04	3,000.00
6/6/2013	20,000	6/6/2013	20,000	12/31/2020	20,000	-	-	-	20,000	20,000	8.04	1,000.00
9/29/2014	2,222,222	9/30/2014	2,222,222	9/29/2021	1,888,890	-	-	-	1,888,890	944,445	9.00	47,222.25
5/28/2018	130,000	5/30/2018	120,000	5/30/2025	-	120,000	-	-	120,000	120,000	9.50	6,000.00
Warrants	**2,456,831**		**2,446,831**		**1,968,890**	**120,000**	**-**	**-**	**2,088,890**	**1,144,445**		**57,222.25**
6/16/2016	162,523	7/22/2016	162,523	N/D	-	-	-	-	-	-	-	-
6/16/2016	162,522	7/22/2016	162,522	N/D	152,522	-	-	-	152,522	152,522	-	7,626.10
6/16/2016	186,873	10/6/2016	186,873	N/D	186,873	-	93,479	-	93,394	93,394	-	4,669.70
6/16/2016	186,872	10/6/2016	186,872	N/D	186,872	-	93,479	-	93,393	93,393	-	4,669.65
Free Shares	**698,790**		**698,790**		**526,267**	**-**	**186,958**	**-**	**339,309**	**339,309**		**16,965.45**
Total	**5,103,186**		**4,648,850**		**3,059,159**	**120,000**	**214,458**	**-**	**2,964,701**	**1,637,030**		**81,851.50**

N/D : Non Determinable

2. History of share subscription warrants and Free share awards

Free shares awards

Free Shares	History	Allocation Date	Acquisition Period	Variable retention Period
" AGA-2016A"	The Board of Directors of July 22, 2016 decided to award 162,523 free shares ("the AGA 2016 A"): the acquisition period will be of a duration of one year at the date of awarding the free shares, and the retention period will be one year following the end of the acquisition period.	**July-16**	**July-17**	**July-18**
" AGA-2016B"	The Board of Directors of July 22, 2016 decided to award 162,522 free shares ("the AGA 2016 B"): the acquisition period will be of a duration of two year at the date of awarding the free shares, and the retention period will be one year following the end of the acquisition period. 10,000 free shares were cancelled on the first half-year 2017.	**July-16**	**July-18**	**July-19**
" AGA-2016C"	The Board of Directors of October 06, 2016 and that of November 04, 2016 decided to award 186,873 free shares (the "AGA 2016 C"). <u>Acquisition Period</u>: Acquisition is definitive if the following conditions are fulfilled cumulatively (the "Cumulative Conditions"): (i) At the end of an acquisition period having a duration of one (1) year following the date of awarding, and (ii) If the acquisition conditions below are fulfilled: (a) if the Beneficiary continues to have the capacity of company representative or employee of either the Company or the US Subsidiary, depending on the case, up until the last day of the acquisition period, and (b) the occurrence of at least one of the three events below before December 31, 2026: the Company shares become listed on a regulated market in the United States and/or in France, or a firm and irrevocable acquisition offer involving at least 51% of the Company's capital is made, or the beneficiary receives a firm and irrevocable offer for 100% of the securities that it holds, including the AGA 2016 C. <u>Variable retention period</u>: At the end of the acquisition period and if the acquisition conditions specified above are fulfilled, the Beneficiary will be the holder of the AGA 2016 C. However, he is obliged to keep	**October-16**	**Cumulative Conditions**	**Under the specified Plan**
" AGA-2016D"	The Board of Directors of October 06, 2016 and that of November 04, 2016 decided to award 186,872 free shares (the "AGA 2016 D"). <u>Acquisition Period</u>: Acquisition of the AGA 2016 D will be definitive if the following conditions are fulfilled cumulatively (the "Cumulative Conditions"): (i) At the end of an acquisition period having a duration of two (2) years following the allocation date, and (ii) If the acquisition conditions below are fulfilled: (a) if the Beneficiary continues to have the capacity of company representative or employee of either the Company or the US Subsidiary, depending on the case, up until the last day of the acquisition period, and (b) the occurrence of at least one of the three events below before December 31, 2026: the Company shares become listed on a regulated market in the United States and/or in France, or a firm and irrevocable acquisition offer involving at least 51% of the Company's capital is made, or the beneficiary receives a firm and irrevocable offer for 100% of the securities he holds, including the AGA 2016 D. There are no retention periods for the AGA 2016 D.	**October-16**	**Cumulative Conditions**	**No**

AGA 2016C and 2016D were cancelled on year 2018.

Share subscription warrant

Warrants	Historical record	Subscription Date	Expiry Date
"2009 A Warrant"	NVF Equity Limited signed a share warrant, for an amount of €16k, released in full by offsetting debt in 2009. The warrant is exercisable at any time after completion of the issue for a 10-year period ending March 10, 2019. The warrant entitles acquisition of 24,609 ordinary shares at an exercise price of €6.50.	**March-09**	**Exercise in January 2017**
"2013 warrants"	The General Meeting on June 6, 2013 decided to issue 80,000 securities giving access to capital having the characteristics of equity warrants (2013 warrants). Each 2013 warrant was subscribed at a price of €0.80. The funds for this subscription were released in the second half of 2013. The unit price of exercising the 2013 warrants is the average price during the 40 trading days preceding the June 6, 2013 General Meeting, or €8.04 per share. The life term of these warrants expires December 31, 2020.	**June-13**	**December-20**
"2014 warrants"	The General Meeting of September 29, 2014 decided that the issue of 2,222,222 warrants would result in a capital increase of up to €56k by the issue of 1,111,111 ordinary Company shares, with a nominal value of €0.05 each at the rate of two warrants exercised for one new share. The exercise price per share is €9 issue premium included. In July 2015, 111,110 warrants were exercised and resulted in 55,555 shares being issued. The Board of Directors of October 1st, 2015 recorded the increase of capital for a total of €2,777.75. In November 2017, 222,222 warrants were exercised and resulted in 111,111 shares being issued. The Board of Directors of December 13rd, 2017 recorded the increase of capital for a total of €5,555.55. **It remains 1,888,890 warrants. The life term of these warrants expires September 2021.**	**September-14**	**September-21**
"2018 warrants"	The General Meeting on May 28 , 2018 decided to issue 130,000 securities giving access to capital having the characteristics of equity warrants (2018 warrants). 120,000 2018 warrant was subscribed at a price of €1.51. The funds for this subscription were released in June 2018. The unit price of exercising the 2013 warrants is 110% of the average price during the 20 trading days preceding the issuing date of the warrants, or €9.5 per share. The life term of these warrants expires May 28, 2025.	**May-18**	**May-25**

MANAGEMENT REPORT, CORPORATE GOVERNANCE REPORT AND REPORT ON OTHER RESOLUTIONS

a. Management Report

NOTE 1 COMPANY ACTIVITIES

1. **On the one hand, in 2018, the company's revenues were generated by the iCRO business unit.**

Median has decided to focus a large part of its iCRO business on the Chinese market, a booming market, and has streamlined some less profitable activities, particularly in the US. To achieve these goals, Median Technologies has substantially restructured its subsidiary Median Technologies Inc. in the United States.

The restructuring of the Company took place throughout the year with the introduction of a redundancy plan for collective economic reasons in France, which was the subject of consultation with the staff delegation. This reorganization resulted in eight positions begin eliminated (rather than internally re-classified).

The Company also decided to reduce its level of expenses related to the external services connected to its production tools for the iCRO business unit, which led to the termination of certain contracts with major suppliers, contracts that had been mainly entered into in 2017 and 2018.

The ultimate goal of this reorganization is to enable the Company's costs to be reduced in the long term, resulting in improved margins and an in-house refocusing of all of the Company's businesses on more buoyant markets.

The Group aims to conquer new market shares in regions with high growth potential, particularly China. The Company aims to achieve profitability by 2019 for the entire iCRO business.

As of December 31, 2018, the Company's order backlog amounted to €23.7 million, up 10.8% compared to June 30, 2018. In the second half of 2018, Median entered into several contracts with leading Chinese pharmaceutical companies, including major contracts for Phase III clinical trials.

Our strategic Chinese shareholder, Furui Medical Science Company, holds 12.43% of the Company's share capital and has been a key player in supporting the Company's growth in the Chinese market. Median has achieved a strong market penetration founded on the high quality of its services. At the end of 2018, 39.2% of the backlog was for Chinese projects, compared to 5.4% in 2017.

As we close 2018, the iCRO business is now not only stable, but is expected to grow significantly thanks to the conversion of its ever growing order backlog and its positioning on the Chinese market.

In order to best support its growth in the Chinese market for the coming years, the Company has created during the financial year 2018 a new wholly-owned subsidiary, Median Medical Technology (Shanghai) Co., Ltd. The company's operational activity should begin in the second quarter of 2019, in order to respond more effectively to the demand of its new customers in this territory.

2. On the other hand Median Technologies has redeployed all of its scientific and development activities into its iBiopsy® business unit.

As of December 31, 2018, this activity grouped more than 40% of the total workforce of the company.

In 2018, Median focused its activities on its next-generation iBiopsy® medical imaging platform, based on state-of-the-art technologies in image processing, artificial intelligence and machine learning. iBiopsy® aims to improve the diagnosis of patients, the customization of treatments and accelerate the development of new generation therapies including immuno-oncology.

With unprecedented growth in health data volumes, iBiopsy®'s capabilities will enable healthcare providers and biopharmaceutical companies to extract information from multi-core data to develop precision and predictive medicine—the medicine of the future.

3. Position of the Company for the year ended December 31, 2018

During FY2018 the Company's revenues amounted to €6,340 K.

During this financial year, the Company continued to market its solutions and services to pharmaceutical companies and biotechnology companies in clinical trials in oncology, as well as to health institutions such as hospitals, anti-cancer centers and hospitals and clinics for clinical routine.

During FY2018, the Company had an average staff of 83 employees composed of 37 women and 46 men on average.

Note that:

- ✓ Revenues for the financial year came to €6,340 K compared to €7,686 K for the previous financial year;
- ✓ Operating income was €6,825 K compared to €7,951 K for the previous financial year;
- ✓ Operating expenses were €23,641 K compared to €24,248 K for the previous financial year;
- ✓ Operating income was (€16,816 K) compared to (€16,296 K) for the previous financial year;
- ✓ Financial incomes were €46 K compared to (€113 K) for the previous financial year;
- ✓ The extraordinary result came to (€886 K) compared to (€19 K) for the previous financial year;
- ✓ The net income for the year amounted to (€16,063 K) compared to (€15,089 K) for the previous financial year.

The financial result includes a financial expense of €31 K corresponding to a provision for the impairment of the current account held by the Company in its US subsidiary, Median Technologies Inc, and another €23 K corresponding to a provision for the impairment of the current account the Company holds in its Hong Kong subsidiary, Median Technologies Hong Kong Limited.

The net income includes a research tax credit of €1,592 K. This amount is related to the 2018 calendar year.

Wages and salaries amounted to €6,405 K compared to €6,469 K for the previous financial year. Social security contributions and social charges amounted to €2,909 K compared to €3,006 K for the previous financial year.

As of December 31, 2018, the Company had €12,481 in available cash compared to €27,859 K for the previous financial year. At the end of 2018, the Company's financial debts amounted to €3 K.

NOTE 2 FUTURE PROSPECTS

1. iCRO Business unit

Median intends to become a major player in China thanks to its new local presence because, to date, biopharmaceutical companies have no or very few partnerships already established with local or international iCROs that could compete against Median. The Company therefore expects continued growth over the next few years and generates recurring revenue through existing customers and new customers.

2. iBiopsy Business Unit

In early 2019, the company strengthened its workforce with the arrival of Dr. Nozha Boujemaa as Chief Science and Innovation Officer. Nozha Boujemaa oversees Median's scientific vision as well as all innovation and development strategies for the iBiopsy phenomics imaging platform. As part of her duties, Ms. Boujemaa is also in charge of Median's partnership policy with the actors and representatives of academic and industrial circles for iBiopsy®. Ms. Boujemaa is a member of the executive management committee of the company.

NOTE 3 PRESENTATION OF FINANCIAL STATEMENTS

1. Corporate financial statements

The financial statements for the financial year ended Monday, December 31, 2018 that we are submitting for approval have been drawn up in accordance with the rules of presentation and valuation methods specified by current regulations. The presentation rules and the valuation methods used are identical to those for the previous financial year.

2. The Consolidated Financial Statements (IFRS standards)

We remind you that even if there is no legal obligation, following the commitments made in terms of the Subscription Agreements entered into by the Company on August 19, 2014 and July 2, 2015, the Company also prepared the consolidated financial statements in accordance with IFRS standards.

NOTE 4 RESEARCH AND DEVELOPMENT

In 2018 the Company continued development of its software solutions.

- ✓ iSee® (iCRO) for image analysis and management in clinical trials. The main works concerned the 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 works concerned the development of a Big Data digital platform which makes it possible to perform mass computation of images obtained from several modalities (CT, MRI) using artificial intelligence techniques in supervised and unsupervised learning developed by Median's scientists. Other works consisted of initiating the development of an analytical validation framework to evaluate the robustness of calculations. A next-generation web application for the manipulation of medical images as well as the display and processing of data was also developed.

In terms of R&D in these two areas of business, Median Technologies combines clinical, computer and artificial intelligence technologies with medical imaging to revolutionize the way medicines and therapies are developed and delivered.

NOTE 5 ALLOCATION OF INCOME

It is proposed to allocate the financial year loss in the amount of €16,063 K to the "loss carried forward", which would then reach a negative amount of €44,235 K.

In accordance with the provisions of Article 243 bis of the [French] General Tax Code, we remind you that no dividend was distributed for the previous three financial years.

NOTE 6 OTHER INFORMATION

1. Significant events taking place since the end of the financial year

No significant event has occurred since the end of the financial year.

2. Activity of the Company's Subsidiaries - Median Technologies Inc. and Median Technologies Hong-Kong Ltd.

The Company holds all the capital and voting rights of Median Technologies Inc., the US subsidiary of the Company (hereinafter the "US Subsidiary").

The US Subsidiary had 2 employees as of December 31, 2018.

During FY2018 the subsidiary's revenues were $5,230 K (€4,426 K). The revenues of Median Technologies Inc, as in the previous financial year, came from a 2014 cost-plus contract between the parent company and its subsidiary (the latter was amended during the financial year). Therefore, all of the revenues for 2018 correspond to the re-invoicing of costs to the Company.

The Company holds all the capital and voting rights of Median Technologies Hong Kong Limited, the Hong Kong subsidiary of the Company (hereinafter the "HK Subsidiary"). The HK Subsidiary has no employees to date and has not achieved sales over the year.

3. Equity investments during the financial year

The company proceeded to create its subsidiary, Median Medical Technology (Shanghai) Co., Ltd. in 2018. The company's activity should begin in the second quarter of 2019, in order to respond more effectively to the demand of its new customers in this territory. We expect sustained growth in line with the Chinese market, which is currently experiencing extremely strong growth due to the fact that Chinese pharmaceutical companies have been able to raise significant funds for clinical trials through successful IPOs.

4. Transfer of shares and cross-shareholding

NONE

5. Existence of a stock option plan and various transferable securities issued - Employee profit sharing

a) At its meeting on July 22, 2016, the Board of Directors, in accordance with the 24th resolution of the Extraordinary General Meeting of June 16, 2016 decided to award 162,522 AGA 2016 B free shares to the following beneficiaries as follows:

Beneficiaries	AGA 2016 B
Fredrik BRAG	122,522
Arnaud BUTZBACH	10,000
Bernard REYMANN	30,000
Total	**162,522**

The Board of Directors meeting of October 9, 2018 noted the definitive acquisition of 152,522 AGA 2016 B free shares by M. Fredrik Brag and Bernard Reymann, who have kept their respective positions as corporate officers and employees of the Company as of July 22, 2018.

b) In accordance with the provisions of Article L.225-102 of the [French] Commercial Code, below is the status of employee profit sharing in the share capital on the last day of the company's 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, 2018.

c) The summary of the issues and allocations of the various securities is set out in the notes to the annual financial statements prepared by the Company for the year ended December 31, 2018.

6. Information on the External Auditors

The Statutory Auditor is PRICEWATERHOUSECOOPERS AUDIT, a *société par actions simplifiée* (simplified joint-stock company) with a capital of €2,510,460, headquartered at 63 rue de Villiers, 92200 Neuilly-Sur-Seine, registered with the Nanterre RCS under number B 672. 006 483, duly registered with the PCAOB for a six-year term until the end of the Annual General Meeting called in 2021 to approve the financial statements for the year ending December 31, 2020.

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

The Company's activity does not shows any environmental impact. The average staff of the Company for the financial year ended Monday, December 31, 2018 was 83 employees. At December 31, 2018, the Company had 76 employees.

8. Non-deductible tax expenses under Article 39-4 of the [French] General Tax Code

In accordance with the provisions of Article 223 *quater* of the [French] General Tax Code, we note that during the financial year ended Sunday, December 31, 2018, there were €47 K in non-deductible corporate tax expenses referred to in Article 39-4 of the [French] General Tax Code, with a theoretical corporate tax impact of €15.7 K (33⅓%) .

9. Regulatory Agreements

It is noted that the following agreements of the nature of those specified in Articles L.225-38 and following of the [French] Commercial Code, continued during the financial year ended Sunday, December 31, 2018, without amendment:

- ✓ **Stock options awarded to a Company director**

Executive concerned: Mr. Oran Muduroglu, Company Director.

Nature and purpose: Mr. Oran Muduroglu was awarded a certain number of stock options in accordance with a contract entered into with the Company's subsidiary, Median Technologies Inc.

Terms and Conditions: In accordance with this contract, Mr. Oran Muduroglu has the right to exercise his stock options under certain terms and conditions so as to obtain shares in Median Inc. (USA). Desirous of reserving the possibility of exchanging, in the form of compensation for contributions, the shares that Mr. Oran Muduroglu would hold in Median Inc. (U.S.) in the event that he exercised his stock options, the Company signed a contribution agreement with Mr. Oran Muduroglu, the terms of which stipulate that, as compensation for the contribution of his shares of Median Technologies Inc., Mr. Oran Muduroglu would be awarded a total of the Company's 25,108 new ordinary shares.

A ruling is requested on the regulatory agreements taking place during the financial year ended Sunday, December 31, 2018, in view of the special report of the External Auditors drawn up in accordance with Article L.225-38 of the [French] Commercial Code.

In accordance with the provisions of the last paragraph of Article L.225-102-1, we note that the agreements entered into, directly or through an intermediary or intervening person between an executive or a major shareholder of the corporation and a company in which the Company owns either directly or indirectly more than half the capital during the financial year ended Sunday, December 31, 2018 were the following:

NONE

10. Information on the payment terms of suppliers and customers at the end of the financial year

	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				
	1 to 30 days	31 to 61 days	61 to 90 days	More than 91 days	Total	1 to 30 days	31 to 61 days	61 to 90 days	More than 91 days	Total
Tranches of late payment										
Number of invoices concerned					25					51
Total amount of invoices concerned	81,247	3,641	7,333	5,643	97,864	431,597	206,590	330,501	130,625	1,099,313
Percentage of total amount of purchases in the financial year	0.63%	0.03%	0.06%	0.04%	0.76%					
Percentage of the turnover in the financial year						7%	3%	5%	2%	17%
Invoices excluded relating to disputed liabilities and receivables or unrecorded										
Number of invoices excluded					0			27		
Total amount of invoices excluded					0			643,208		
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				

11. Table of financial results of the Company during the last five financial years

Financial results for the last five years (In thousands of euros)	Period / Duration	12/31/2018 12 months	12/31/2017 12 months	12/31/2016 12 months	12/31/2015 12 months	12/31/2014 12 months
I- Financial position at the end of the Year						
a) Share Capital		606	599	583	501	413
b) Number of shares outstanding *		12,127,425	11,974,903	11,650,780	10,016,117	8,261,092
		0	0	0	0	0
II- Operating Global results		**0**	**0**	**0**	**0**	**0**
a) Turnover (excluding tax and duties)		6,340	7,686	6,353	3 885	1,518
b) Profit before tax, before amortization and depreciation		-17,069	-16,226	-8,266	-6,003	-5,367
c) Corporate income tax (tax credit)		-1,592	-1,340	-1,064	-859	-978
d) Profit after tax, before amortization and depreciation		-15,477	-14,886	-7,202	-5,145	-4,390
e) Profit after tax, amortization and depreciation		-16,063	-15,089	-7,746	-5,337	-4,844
f) Amounts of dividends distributed		-	-	-	-	-
g) Employee participation		-	-	-	-	-
		0	0	0	0	0
III- Operating results (earnings per a share)		**0**	**0**	**0**	**0**	**0**
*a) Profit after tax, before amortization and depreciation**		*-1.28 €*	*-1.24 €*	*-0.62 €*	*-0.51 €*	*-0.53 €*
*b) Profit after tax, amortization and depreciation**		*-1.32 €*	*-1.26 €*	*-0.66 €*	*-0.53 €*	*-0.59 €*
*c) Dividends paid per share **		-	-	-	-	-
		0	0	0	0	0
IV- Staff		**0**	**0**	**0**	**0**	**0**
a) Number of employees (average)*		83	84	74	54	44
b) Amounts of the wages (total payroll)		6,405	6,469	4,595	3,772	2,807
c) Amounts of employee related benefits		2,909	3,006	2,123	1,705	1,336

Amounts not presented in thousands of Euros

12. Transactions involving executive securities

Transactions concerning executive securities occurring during the financial year ended Monday, December 31, 2018 were as follows:

Acquisition of 152,522 AGA 2016 B free shares

At its meeting on July 22, 2016, the Board of Directors, in accordance with the 24th resolution of the Extraordinary General Meeting of June 16, 2016 decided to award 162,522 AGA 2016 B free shares, including 152,522 shares to the following beneficiaries as follows:

Beneficiaries	AGA 2016 B
Fredrik BRAG	122 522
Bernard REYMANN	30 000
Total	**152 522**
	Acquisition

The Board of Directors meeting of October 9, 2018 noted the definitive acquisition of 152,522 AGA 2016 B free shares by M. Fredrik Brag and Bernard Reymann, who have kept their respective positions as corporate officers and employees of the Company as of July 22, 2018. The beneficiaries are required to keep the awarded shares for a retention period of not less than two (2) years, this period beginning to run from the definitive award of the shares.

Mr. Fredrik Brag, in his capacity as an officer, is required to keep 6,126 AGA 2016 B free shares (i.e., 5% of the shares awarded) in registered form until the termination of his duties.

13. Holding of share capital (Article L.233-13 of the [French] Commercial Code)

The information received by the Company in application of Articles L.233-7 and L.233-12 is as follows:

PRIVATE INDIVIDUALS AND LEGAL ENTITIES HOLDING CAPITAL BY THRESHOLD (ARTICLE L 233-13)	12/31/2018	12/31/2017
Private persons		
None	None	None
Legal entities		
Furui Medical Company	12.43%, more than one-tenth	12.59%, more than one-tenth
Celestial succesor Fund L.P.	10.76%, more than one-tenth	10.90%, more than one-tenth
Abingworth bioventures VI L.P.	8.25%, more than one-twentieth	8.35%, more than one-twentieth
Canon Inc.	7.93%, more than one-twentieth	8.03%, more than one-twentieth
Growth Equity Opportunity Fund III LLC (NEA)	7.90%, more than one-twentieth	8.00%, more than one-twentieth
FCPR Auriga Ventures II	5.42%, more than one-twentieth	5.49%, more than one-twentieth

14. Share buyback program

During the financial year ended December 31, 2018 the number of shares bought and sold by application of Articles L.225-208 and L.225-209 of the [French] Commercial Code were respectively 68,164 shares and 39,511 shares.

The average price of purchases and sales came respectively to €4.48 and €4.90.

These transactions did not give rise to brokerage fees. The number of shares listed in the Company's name at the close of the financial year was 49,634 shares. Their value at the close of the financial year, valued at the purchase price, was €157 K. Their nominal value was €3.16. They represent 0.41 % of the share capital.

The share price as of December 31, 2018 was €0.99. A provision for impairment of securities was recognized for an amount of €77 K.

15. Annual balance sheet of the liquidity contract

Under the liquidity contract granted to Aurel BGC by the Company on Monday, December 31, 2018, the following means would appear in the liquidity contract:

- ✓ €93.8 K
- ✓ 49,634 shares.

16. Information on sensitive geographical areas and operating sub-sectors in the disclosure of the income to the market

Revenue split by geographic areas	12/31/2018	12/31/2017	Variation
Revenue France	518	184	333
Revenue USA/Canada	3,184	2,583	601
Revenue UK	1,240	3,549	(2,309)
Revenue other areas	1,399	1,370	29
Total	**6,340**	**7,686**	**(1,346)**

17. Specific Risk Factors

a) Specific risks linked to the activity

✓ *Competition risks*

The market for clinical applications and clinical services involved in medical images is competitive. The Company cannot ensure whether emerging technologies may be developed by competitors having greater financial and industrial resources.

This could have a material adverse effect on the Company, its activity, its financial situation, its income, its development and its prospects.

✓ *Risks of commercial failure*

The more or less rapid acceptance by the market of 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 unfavorable effect on the Company's activity, its prospects, its financial situation, its income and its development.

✓ *Risks related to the necessity of keeping, attracting and retaining key personnel*

The Company's success depends largely on the work and expertise of management members and key scientific personnel, and the loss of their skills and expertise could adversely affect the Company's ability to achieve its objectives. The Company's ability to attract and retain these key individuals could globally prevent it from achieving its objectives and have a material adverse effect on its activity, its income, its financial situation and its prospects.

✓ *Client Risks*

The Company does not consider itself as dependent on any laboratory in particular. By expanding its listing among large pharmaceutical laboratories, it furthermore affords itself the means to be less dependent on a restricted number of laboratories. At this time the Company is listed with the majority of the largest laboratories in the world.

✓ *Supplier Risks*

The Company has few purchases. None of the Company's suppliers has a prominent place, and all of them are easily ad rapidly replaceable.

b) Legal and Regulatory Risks

✓ *Intellectual property risks*

It is important for the Company's activity that it be in a position to obtain and maintain the intellectual property rights that it possesses and have them respected. However, intellectual property rights might offer only limited protection and not prevent illicit use of the technologies belonging to Median Technologies.

✓ *Risks linked to an increasingly strict regulatory environment*

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

Any infraction of compliance obligations may bring about sanctions that are likely to significantly increase the costs borne by the Company, delay the development and marketing of products and services and have a material adverse effect on its activity, its income, its financial situation and its prospects.

The company successfully underwent its first FDA audit in early 2017.

✓ *Risks linked to incurring its liability due to the software application*

The Company specifies well in its documentation that its applications are not diagnostic tools in themselves but that they are intended to help practitioners make their diagnosis. Nevertheless, we cannot exclude the fact that the Company's liability might be sought by one or another of its application's users.

b. Corporate Governance Report

1. How the general management is conducted

In accordance with Article L.225-37-4 of the French Commercial Code, we inform 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 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.

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

2. Information on company representatives

In accordance with the provisions of Article L 225-37-4 of the French Commercial Code, attached hereinafter is the list of the appointments and directorships exercised in other companies by each of the Company's executive officers.

Exercised by / Companies	Duties and/or functions
Monsieur Fredrik BRAG	
Median Technologies SA	Chairman of the Board of Director
Median Technologies Inc.	Managing Director
Median Technologies Hong-Kong Ltd.	Director
Median Medical Technology (Shanghai) Co., LTD	Director
Monsieur Otello STAMPACCHIA	
MEDIAN Technologies SA	Director
Replimune LTD	Director
Gossamer Bio Inc.	Director
Kronos Bio Inc.	Director
Morphic Therapeutic	Director
Essa Pharma Inc.	Director
Monsieur Kapil DINGHRA	
Median Technologies SA	Director
Five Prime Inc.	Director
Replimune Inc.	Director
Autolus	Director

Exercised by / Companies	Duties and/or functions
Monsieur Oran MUDUROGLU	
MEDIAN Technologies SA	Director
Verily	Managing Director
Helus	Managing Director
Monsieur Tim HAINES	
Median Technologies SA	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
Chroma Therapeutics Limited	Director
Aimim Limited	Director
GammaDelta Therapeutics Limited	Director
VirionHealth Limited	Director
Sientra Inc.	Director
Proteon Therapeutics Inc.	Director

<u>Executive compensation</u>

- ✓ **<u>Fredrik Brag</u>**

For FY2018, Mr. Fredrik Brag, Chief Executive Officer of the Company, received a gross compensation of €400 K, not including a performance bonus.

The amount of the performance bonus for the FY2018 decided on by the Board of Directors on the recommendation of the Remuneration Committee was €80 K and will be paid during the 2019 financial year. It is noted that during FY2018, Mr. Fredrik Brag received €240 K as a performance bonus for FY2017.

Mr. Fredrik Brag received €17 K, representing a total annual cost of GSC (*Garantie Sociale des Chefs d'entreprise* = Social Protection for Corporate Executives), for 2018.

Mr. Brag also has a company car since the second half of 2018.

- ✓ **<u>Jeanne Hecht</u>**

Ms. Jeanne Hecht, Director and Chief Operating Officer until May 30, 2018, was also an employee of the subsidiary Median Technologies Inc. Since November 7, 2016 Ms. Jeanne Hecht was Chief Operating Officer under her employment contract. Ms. Jeanne Hecht's salary under her employment contract was €491 K for the financial year ended December 31, 2018.

✓ **Oran Mudurough and Kapil Dhingra**

Messrs. Oran Muduroglu and Kapil Dhingra, Company Directors, received in 2018 for FY2017, attendance fees in the amount of €50 K each. We advise that for the payment of such attendance fees, the Company has satisfied itself of the various charges amounting to a total of €15 K.

3. Agreements entered into by a significant officer or shareholder of the Company with a subsidiary

During the 2018 financial year, the following agreements were entered into by a subsidiary of the Company:

- **Consulting contract entered into on January 1st, 2018, by Mr. Oran MUDUROGLU, Director of the Company (now Chairman of the Board of Directors), and the US subsidiary of the Company, Median Technologies Inc.:**
    - Concerned Board Member: Oran MUDUROGLU, Director of the Company;
    - Purpose: Mr. Oran MUDUROGLU, Director 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;
    - Terms and conditions: Mr. Oran MUDUROGLU provides both clinical and commercial consulting services to support the strategy of commercial development with clients and prospects;
    - Duration: Fixed-term contract that ended on December 31, 2018.

- **Consulting contract entered into on June 1, 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.:**
    - Concerned Board Member: Kapil DINGHRA, Director of the Company;
    - Purpose: Mr. Kapil DINGHRA, Director of the Company, provides Median group companies with consultant services;
    - Duration: Fixed-term contract ending on May 31, 2019.

It is recalled that an agreement was pursued unchanged during the financial year ending on 31 December 2018 without modification (Page 17 - Stock options granted to a director of the Company).

4. Table of delegations for a capital increase

DATE OF THE MEETING / PURPOSE	MAXIMUM AMOUNT	DURATION	STATUS
General Meeting dated 28/05/2018– Resolution 15 *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*	€ 500 K	18 months	Not used
General Meeting dated 28/05/2018– Resolution 16 *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*	€ 500 K	18 months	Not used
General Meeting dated 28/05/2018– Resolution 17 *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*	Statutory Limit under article L 225-136 3°) of the French Commercial Code	18 months	Not used
General Meeting dated 28/05/2018– Resolution 18 *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*	-15% of the initial issue -General aggregate upper limit of EUR 1.000,000	18 months	Not used
General Meeting dated 28/05/2018– Resolution 19 *Authorization to be given to the Board of Directors for the issuance of securities providing access to the share capital, having the characteristics of share warrants ("BSA 2018" warrants) with cancellation of the shareholder's preferential subscription right in favor of named persons*	130.000 securities providing access to the share capital	18 months	Used by the Board of Directors on 30 May 2018 for the issue of 120,000 BSA 2018 in favour of the named persons
General Meeting dated 28/05/2018– Resolution 21 *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*	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.	38 months	Not used
General Meeting dated 28/05/2018– Resolution 22 *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*	500.000 new shares	38 months	Not used

c. Other resolutions Report

NOTE 1 DIRECTORS' TERM OF OFFICE

We propose you to give full and unreserved discharge to all directors, namely:

- ✓ Mr. Fredrik Brag;
- ✓ Mr. Oran Muduroglu;
- ✓ Mr. Otello Stampacchia;
- ✓ Mr. Tim Haines;
- ✓ Mr. Kapil Dhingra.

for the performance of their directorship for the year ended December 31, 2018.

NOTE 2 FIXATION OF ATTENDANCE FEES

It is proposed to set the maximum total amount for attendance fees at €150 K to be divided among the Directors for the 2019 financial year and to grant all powers to the Board of Directors to decide on the conditions for distributing the attendance fees among the Directors.

NOTE 3 APPROVAL FOR THE BOARD OF DIRECTORS TO PURCHASE COMPANY SHARES PURSUANT TO THE PROVISIONS OF ARTICLE L.225-209 OF THE [FRENCH] COMMERCIAL CODE

We propose that you approve the acquisition of a number of shares of the Company representing up to 10% of the share capital on the date of the General Meeting. It is specified that the number of shares taken into account in calculating this limit of 10% would correspond to the number of shares purchased in connection with a liquidity contract, deducting the number of shares resold during the approval period. The acquisition of these shares could be carried out by any means and particularly on the over-the-counter market, including by acquisition or sale of blocks of shares or the use of financial derivatives or option instruments and at the times the Board of Directors would select, and that the shares possibly acquired could be sold or transferred by any means in accordance with current legal provisions.

The maximum unit purchase price of the shares will have to be greater than fifteen Euros (€15), subject to adjustments intended to take into account the impact of transactions involving the Company's capital, particularly the modification of the share nominal value, a capital increase by incorporation of reserves, awarding of free shares, division or consolidating of securities, distribution of reserves or any other assets, amortization of capital or any other transaction involving company equity. Consequently, the maximum amount that the Company would be likely to pay, on the assumption of purchase at the maximum price of €15, would come to about €18.2 million, based on the capital on April 10, 2019.

This authorization for carrying out transactions regarding the Company's own shares would be conferred for purposes in particular of:

- ✓ Allow the purchase of shares under a liquidity agreement complying with the AMAFI Charter of ethics dated 8 March 2011 recognized by the decision of the AMF on 2 July 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 propose that you grant us such authorization for a period of eighteen (18) months following the date of the General Meeting. This authorization would, at the date of the General Meeting, end the effect of any previous authorization having the same purpose.

Furthermore, we propose that you authorize the decrease in share capital in liaison with the above-mentioned transaction.

INDIVIDUAL ANNUAL ACCOUNTS

a. Balance Sheet at December 31, 2018

ASSETS (in thousands of euros)	Notes	12/31/2018	12/31/2017
Intangible assets	2	93	236
Property, plant and equipment	3	482	427
Financial assets	4	433	550
Total non-current assets		**1,008**	**1,212**
Inventories	5	-	-
Advances and supplier prepayments		30	69
Trade receivables	6	2,067	1,944
Other receivables	6	2,076	2,332
Cash and cash equivalents	7	12,481	27,859
Total current assets		**16,654**	**32,203**
Miscellaneous assets	8	**437**	**545**
TOTAL ASSETS		**18,098**	**33,961**

LIABILITIES / SHAREHOLDERS' EQUITY (in thousands of euros)	Notes	12/31/2018	12/31/2017
Share capital and share premium		53,933	53,743
Reserves		-	8
Retained losses		(28,172)	(13,083)
Net loss for the period	21	(16,063)	(15,089)
Total shareholders' equity	9	**9,697**	**25,580**
Other equity		**-**	**-**
Provision for risks and charges	10	**588**	**697**
Others		3	4
Financial liabilities	11	**3**	**4**
Advance payments received on orders	12	4,634	3,506
Trade payables	12	944	1,648
Taxes and social liabilities	12	1,911	2,282
Other debts	12	290	189
Other liabilities		**7,780**	**7,624**
Deferred income	13	**30**	**56**
TOTAL LIABILITIES / SHAREHOLDERS' EQUITY		**18,098**	**33,961**

b. Income Statement at December 31, 2018

INCOME STATEMENT (in thousands of euros)	Notes	12/31/2018 (12 months)	12/31/2017 (12 months)
Services	14	6,340	7,686
Other income	15	485	265
Operating income		**6,825**	**7,951**
Purchases net of change in inventories		9	40
Other purchased goods and services	16	12,842	13,932
Duties and taxes		271	259
Payroll expenses		9,314	9,475
Depreciation, amortization and provision charges		620	272
Other expenses		586	270
Operating expenses		**23,641**	**24,248**
OPERATING PROFIT (LOSS)		**(16,816)**	**(16,296)**
Financial income (expense)	18	**46**	**(113)**
Current profit (loss) before tax		**(16,770)**	**(16,410)**
Exceptional income (expense)	19	**(886)**	**(19)**
Income tax	20	**1,592**	**1,340**
NET PROFIT (LOSS)	21	**(16,063)**	**(15,089)**
Services for clinical pharmaceutical trials		6,167	7,612
Services for iBiopsy		63	-
Services for X-ray and other tests		110	75

c. Cash Flow at December 31, 2018

STATEMENT OF CASH FLOWS (in thousands of euros)	Notes	12/31/2018 (12 months)	12/31/2017 (12 months)
Net profit (loss) *		**(16 063)**	**(15 089)**
Allowances net of amortization and depreciation	2,3,4	587	309
Change in operating working capital		20	651
Other items		14	-
Net cash flow from operating activities		**(15 442)**	**(14 129)**
Acquisitions	2,3,4	(117)	(505)
Change in non operating working capital		-	-
Other items		-	-
Net cash flow from investing activities		**(117)**	**(505)**
Issue of loans		-	-
Repayment of loans	11	-	(3)
OSEO advances repayable		-	(456)
Shareholders' current accounts		-	-
Share capital increase	9	181	1 322
Share capital increase (expenses)		-	(8)
Dividend paid		-	-
Other items		-	-
Net cash flow from financing activities		**181**	**855**
NET CHANGE IN CASH AND CASH EQUIVALENTS	7	**(15 378)**	**(13 779)**
Cash and cash equivalents at start of period	7	**27 859**	**41 639**
Cash and cash equivalents at end of period	7	**12 481**	**27 859**
** Of which research tax credit:*	20	*1 592*	*1 340*

d. Notes Regarding Individual Annual Accounts

Median Technologies SA is a corporation under French law, subject to all of the texts regulating commercial companies in France, and in particular the provisions of the [French] Commercial Code. It has its head office at 1800, route des crêtes in Valbonne and is listed on the Paris Stock Exchange on Euronext Growth (formerly Alternext).

The balance sheet total for the financial year ended December 31, 2018 came to €18,098K. The income statement for the financial year shows a loss off €16,063K.

The financial year has a length of 12 months. extending from January 1, 2018 through December 31, 2018.

NOTE 1 ACCOUNTING PRINCIPLES, RULES AND METHODS

The annual financial statements at December 31, 2018, have been prepared in accordance with the requirements of the French Commercial Code and the general chart of accounts (ANC regulation 2014-03 and 2016-07 on the general chart of accounts). General accounting conventions have been applied in compliance with the principle of prudence, in accordance with basic assumptions: continuity of operation, permanence of accounting methods from one financial year to another and independence of the financial years, in accordance with the general rules for preparing and submitting annual financial statements.

Continuity of exploitation:

Given the consolidated available cash position of €12.5 million as of December 31, 2018 and the expected €1.6 million of the research tax credit, the Company considers that it has sufficient cash to face cash requirements related to its business and investments during the 12 months after the closing date. The Company is currently in talks to set up external financing resources to meet its cash requirements beyond the next 12 months and, in particular, to finance the continuation of the research and development effort within the iBiopsy business unit. The Company is confident about the possibility of obtaining this financing.

The aforementioned items enable the consolidated financial statements to be prepared as of December 31, 2018 according to the Group's going concern principle for the next 12 months.

1 – INTANGIBLE ASSETS

Intangible assets are valued at their acquisition cost, less rebates and discount or reductions, or at production cost. A depreciation is recognized when the present value of an asset is less than its net accounting value.

Development costs

Upon the decision of management, these expenses for software design have not been accounted for in the balance sheet assets.

Amortization

Intangible Assets	BASIS	DURATION
Patents, licences, brandts	Straight-line	1-5 years

2 – TANIGBLE ASSETS

Tangible assets are valued at their acquisition cost, less settlement rebates and discounts and reductions, or at production cost.

A depreciation is recognized when the present value of an asset is less than its net accounting value.

Depreciation

Tangible Assets	BASIS	DURATION
Developments on land not owned	Straight-line	10 years
Vehicles	Straight-line	5 years
Office equipment	Straight-line	1-5 years
Office furniture	Straight-line	8-10 years

3 – INVENTORY

Computer equipment inventories are initially recognized at purchase cost before cost. The purchase cost is composed of the purchase price and carrying charges for the purchase.

4 – CLAIMS

Claims are valued at the nominal value. A depreciation provision is applied when the inventory value is less than the net accounting value.

5 – CONVERSION OF DEBTS AND RECEIVABLES INTO FOREIGN CURRENCIES

The conversion of debts, receivables and cash in foreign currencies is carried out as follows:

- ✓ Conversion of all debts, receivables and cash in foreign currencies at the rates in effect at the closing (Bank of France);
- ✓ Listing of discrepancies with respect to the original securities in the adjustment financial statements, whether asset or liability (differences in foreign exchange transactions);
- ✓ Establishment of a provision for foreign exchange risk for latent losses after taking into account any possible neutralization of transactions that are the subject of a foreign exchange cover.

6 – RETIREMENT COMMITMENTS

The provision for retirement bonuses is based on the provisions specified in the collective bargaining agreement, namely the Syntec agreement. Calculation of retirement commitments is based on the method for projected credit units.

Estimated future obligations have been determined on the basis of the discount rate applicable to first-rate corporate bonds denominated in the currency of payment of future benefits and for which the duration is close to the average estimated duration of the retirement involved. The calculation takes into account mortality, staff turnover, projected future salaries and social contributions applicable to retirement benefits.

7 – REVENUE RECOGNITION

Revenues related to services offered and carried out at pharmaceutical companies are accounted for as performance and progress of the works take place.

NOTE 2 INTANGIBLE ASSETS

ASSET (in thousands of euros)	12/31/2017	Acquisitions	Transfer accounts	Sales / Disposals	12/31/2018
R&D software	788	24	-	-	811
Software excluding R&D	284	12	-	-	296
Licences	33	-	-	-	33
Big Data Software	14	-	(62)	-	(49)
Intangible assets under construction	62	-	-	-	62
Total	**1181**	**35**	**(62)**	**-**	**1,154**

AMORTIZATION (in thousands of euros)	12/31/2017	Provision	Transfer accounts	Recoveries	12/31/2018
R&D software	(748)	(30)	-	-	(778)
Software excluding R&D	(158)	(81)	-	-	(239)
Licences	(26)	(5)	-	-	(31)
Big Data Software	(14)	-	-	-	(14)
Total	**(946)**	**(116)**	**-**	**-**	**(1,061)**

The amount of the intangible assets was €93 K as of December 31, 2018.

NOTE 3 TANGIBLE ASSETS

ASSET (in thousands of euros)	12/31/2017	Acquisitions	Transfer accounts	Sales / Disposals	12/31/2018
Developments on land not owned	94	-	-	-	94
Office equipment	44	3	-	-	47
Transport equipment	14	-	-	-	14
Computer equipment R&D	238	3	34	-	276
Computer equipment excluding R&D	723	233	-	13	943
Office furniture	65	-	-	-	65
Tangible assets under construction	-	-	-	-	-
Total	**1,178**	**241**	**34**	**13**	**1,438**

AMORTIZATION (in thousands of euros)	12/31/2017	Dotations	Virements Poste à Poste	Reprises	12/31/2018
Developments on land not owned	(60)	(7)	-	-	(67)
Office equipment	(17)	(4)	-	-	(21)
Transport equipment	(14)	-	-	-	(14)
Computer equipment R&D	(193)	(27)	-	-	(219)
Computer equipment excluding R&D	(428)	(163)	-	-	(591)
Office furniture	(39)	(4)	-	-	(44)
Total	**(751)**	**(204)**	**-**	**-**	**(955)**

The amount of the tangible assets was €482 K as of December 31, 2018. The equipment purchased during the period mainly concerns computer equipment made available to the company's employees.

NOTE 4 FINANCIAL ASSETS

1 - FIXED ASSETS AND PROVISIONS

FIXED ASSETS (In thousands of euros)	12/31/2018	12/31/2017	Variation
Shareholdings	93	10	83
Other fixed securities	157	224	(67)
Loans	112	86	25
Other financial assets	158	274	(116)
Total	**520**	**595**	**(74)**

DEPRECIATION (in thousands of euros)	12/31/2018	12/31/2017	Variation
Shareholdings	(10)	(10)	-
Other shares	(77)	(35)	(43)
Total	**(87)**	**(44)**	**(43)**

The changes for the period involved in the accounting positions linked to the liquidity contract of Monday, December 31, 2018 are as follows:

- ✓ 49,634 treasury shares acquired for €157 K (FIFO basis) valued according to the Stock Market price of December 31, 2018 at €79 K. A provision for €77 K has been recorded in the accounts.
- ✓ The mobilized and unavailable cash amounts to €93 K. The initial liquidity contract amounted to €250 K. An additional €150 K was added in December 2017.

2 – SUBSIDIARY SECURITIES AND INVESTMENT

Companies (+50% subsidiaries) (In thousands)	Equity as at December 31, 2018	% Capital held	book value of shares held	Net revenue for the period	Net result for the period	Dividends received during the period
MEDIAN Technologies Inc. Dollars US	$5,259	100%	$10	$5,230	$69	0
MEDIAN Technologies Hk. Dollars HK	-HK$328	100%	HK$10	HK$0	-HK$160	0
MEDIAN Medical Technology Shanghai Co. Ltd	$100	100%	$100			0

Median Medical Technology (Shanghai) Co., Ltd. was established in FY2018, to enable the future deployment of the company's operations in China. The company intends to focus its efforts on this region of the world in which the company’s development is now essential.

3 – RELATED COMPANIES

(in thousands of euros)	Related companies	Undertakings in which the Company has a participating interest
Financial holdings	10	-
Provision for equity interest	(10)	-
Other receivables : current account € - Median Technologies Inc.	3,671	-
Other receivables : current account $ - Median Technologies Inc.	689	-
Other receivables : current account Hk - Median Technologies Hong-Kong	38	-
Provision on the current account	(4,398)	-
Trade payables	117	-
Trade receivables	16	-

We note that the current accounts and subsidiary investments are the subject of an impairment provision for 100%.

NOTE 5 INVENTORIES

There is no more inventory in the accounts as of December 31, 2018.

NOTE 6 ACCOUNTS RECEIVABLES AND OTHER CLAIMS

1 – CLASSIFICATION BY DUE DATE

Trade receivables (In thousands of euros)	**12/31/2018**	**Within one year**	**Within more than one year**
Trade and other receivables	2,333	2,333	-
Employee-related receivables	4	4	-
Social organisations	65	65	-
State institutions	1,825	1,825	-
Group companies and shareholders	4,398	-	4,398
Sundry debtors	178	178	-
Gross Total	**8,803**	**4,406**	**4,398**
Trade and other receivables (Provisions)	**(268)**		
Group companies and shareholders (Provision)	(4,398)		
Total	**4,137**		

2 – GOVERNMENT RECEIVABLES

These amount to €1,825 K and include:

- ✓ Tax research credit for 2018 amounting to €1,592 K.
- ✓ A VAT reimbursement request amounting to €70 K.

The tax credits are subject to a demand for immediate repayment under the mechanism for European small and medium-sized enterprises.

3 – ACCRUED INCOME

Accrued revenue (In thousands of euros)	12/31/2018	12/31/2017	Variation
Customers, invoices to raise	64	90	(27)
Social organisations	61	105	(44)
Rebates and dicounts to obtain	53	0	53
Accrued interest	7	10	(4)
Other	8	8	(0)
Total	**192**	**214**	**(22)**

4 – CONVERSION DIFFERENCES

Active conversion differences amounted to €5 K mainly related to trade accounts receivable.

NOTE 7 CASH

These concern six bank current accounts in the amount of €12,475 K. Interest receivable amounts to €7 K.

Cash and Cash equivalents (In thousands of euros)	12/31/2018	12/31/2017	Variation
Accrued interest receivable	7	10	(4)
Short term deposits	-	-	-
Liquid assets	12,475	27,848	(15,374)
Total	**12,481**	**27,859**	**(15,377)**

The bank accounts denominated in foreign currency are converted into euros at the closing Bank of France rate at year end.

NOTE 8 MISCELLANEOUS ASSETS

Adjustment accounts (In thousands of euros)	12/31/2018	12/31/2017	Variation
Accruals and prepaid expenses	437	545	(109)
Total	**437**	**545**	**(109)**

Prepaid expenses came to €437 K as of December 31, 2018 and mainly involve operating expenses. The amount on December 31, 2017 came to €545 K.

NOTE 9 EQUITY

1 – TABLE OF CHANGES IN EQUITY

The Company's capital was composed of 12,127,425 shares divided into 12,104,224 ordinary shares with a nominal value of €0.05 and 23,200 class E preferred shares having a €0.05 value and 1 share of class B preferred stock having a €0.05 value. The category E preferred shares are shares that have no voting rights but benefit from the same financial rights as the ordinary shares.

The class B preferred share is reserved for an industrial investor shareholder and gives the latter the right to be represented at any time by a director on the Company's board of directors. It will automatically be converted into an ordinary share if certain statutory clauses are fulfilled.

Equity (in thousands of euros)	**12/31/2017**	**Acquisitions**	**Sales / Disposals**	**12/31/2018**
Share Capital	599	8	-	606
Share Premium, reserves	53,065	1	-	53,065
BSA 2009	16	-	-	16
BSA 2013	64	-	-	64
BSA 2018	-	181		181
Other reserves	8	(8)	-	-
Retained earnings	(13,083)	(15,089)	-	(28,172)
Result	(15,089)	(16,063)	(15,089)	(16,063)
Total	**25,580**	**(30,971)**	**(15,089)**	**9,698**

2 – FINANCIAL YEAR FLUCTUATIONS

The following changes occurred during the financial year (in €):

Capital	**Number of Shares**	**Capital**	**Share premiums**
Total at December 31, 2017	**11,974,903**	**598,745**	**53,064,591**
Increase in capital (exercise of Free Shares)	152,522	7,626	500
Total at December 31, 2018	**12,127,425**	**606,371**	**53,065,091**

The Company issued 152,522 new shares following the exercise of 152,522 free shares. These shares were created by paying the par value of €0.05 per share by deduction from the special reserve for an amount of €7,626. The Board of Directors meeting of October 9, 2018 recorded the completion of the capital increase.

<u>New financial instruments during 2018</u>

The Extraordinary General Meeting of May 28, 2018, authorized the Board of Directors to proceed, on one or more occasions, in the proportions and at the times that it will deem convenient, to issue a maximum number of 130,000 shares giving access to the capital having the characteristics of share warrants (hereinafter the “**2018 warrants**").

The terms and conditions of the issue having been adopted by the Board of Directors on May 30, 2018 are as follows:

- Subscription price: €1.51, this price having been fixed according to the methods determined by the Extraordinary General Meeting of May 28, 2018.
- The shareholders' preferential subscription right to the 130,000 2018 warrants to be issued has been canceled in favor of:
  - ✓ Mr Oran Muduroglu for 60,000
  - ✓ Mr. Kapil Dhingra for 60,000
  - ✓ Mr Rohit Loomba for 10,000

  Note that only Oran Muduroglu and Kapil Dhingra ultimately subscribed for these 2018 warrants.

  Holders of 2018 warrants will be entitled to subscribe on the basis of one share at five eurocents (€0.05) each of nominal value to be issued by the Company, for a 2018 warrant exercised, in respect of a capital increase, at the subscription price of €9.50 per share, it being specified that this price was set according to the methods determined by the Extraordinary General Meeting of 28 May 2018.

- The term of validity of the 2018 warrants is seven years, i.e., until May 30, 2025.

NOTE 10 PROVISIONS

1 – TABLE OF CONTINGENCY AND LOSS PROVISIONS

Provisions of Risks and Charges (In thousands of euros)	**12/31/2017**	**Provision**	**Used reversals**	**Unused reversals**	**12/31/2018**
Provision for risks (a)	43	17	-	-	60
Provision for exchange rate (b)	24	5	(24)	-	5
Provision for charges (c)	432	21	-	-	453
Provision for tax (d)	198	-	(198)	-	-
Others provision for risks(e)	-	71	-	-	71
Total	**697**	**43**	**(222)**	**-**	**588**

a) A provision for risk was established during the year following a dispute.
b) A provision for foreign exchange loss of €5 K was recorded in inter-company accounts with the subsidiary Median Technologies Inc.
c) A provision for retirement benefits was recorded as of December 31, 2018.
d) A provision for taxes in the amount of €198 K was established following the award of free shares to company employees. This provision relating to the specific employer contribution to be paid was reversed over the year.
e) A provision for charges relating to the sums granted to the dismissed economic employees as part of their career change training.

2 – CONTINGENCY PROVISIONS: COMMITMENTS MADE REGARDING RETIREMENT

Provisions of Risks and Charges (In thousands of euros)	Provided	Not provided	Total
At December 31, 2018	453	-	453

The provision for retirement bonus is based on the requirements of the applicable collective bargaining agreement, namely the Syntec agreement.

The following assumptions have been made in determining this commitment:

Employee benefits (Actuarial assumptions)	12/31/2018	12/31/2017
Discount rate	1.60%	1.30%
Salary increase rate	2.50%	2.50%
Inflation rate	2.00%	2.00%
Social security costs	46%	46%
Mortality table	INSEE TH-TF 2008-2010	INSEE TH-TF 2008-2010
Retirement ages	Between 62 and 67 years	Between 62 and 67 years
Basis of retirement	Voluntary retirement	Voluntary retirement
Turnover (average staff by age band)	See Table 1	See Table 1

Retirement benefits (table 1)	12/31/2018	12/31/2017
Less than 25 years	16.00%	16.00%
25-29 years	9.00%	9.00%
30 -34 years	5.00%	5.00%
35-39 years	4.00%	4.00%
40-44 years	3.00%	3.00%
45-49 years	2.25%	2.25%
50-54 years	1.00%	1.00%
55 years and above	0.00%	0.00%

The year before the commitment amounted to €432 K.

NOTE 11 FINANCIAL LIABILITIES

Financial liabilities (In thousands of euros)	12/31/2017	Increase	Reduction/ Rebate	12/31/2018
Financial liabilities	4	3	(4)	3
Total	**4**	**3**	**(4)**	**3**

Less than one year	3
Between 1 and 5 years	-
More than 5 years	-

NOTE 12 OTHER LIABILITIES

1 – STATEMENT OF LIABILITIES

Other payables (In thousands of euros)	12/31/2018	Within one year	Within more than one year
Trade and other Payables	925	925	-
Employee-related liabilities	934	934	-
Social organisations	966	966	-
State institutions	12	12	-
Debts on fixed assets and other Payables	103	103	
Other liabilities	187	187	-
Total	**3,126**	**3,126**	**-**

2 – ACCRUED EXPENSES

Accrued liabilities (In thousands of euros)	12/31/2018	12/31/2017	Variation
Suppliers and other payables	529	433	96
Accrued interest payable	3	4	(0)
Social organisations	1,506	1,472	33
State institutions	12	15	(3)
Others	150	100	50
Total	**2,200**	**2,024**	**176**

The increase in social debts and with social organizations mainly corresponds to the increase in provisions relating to bonuses and commissions.

This increase is also due to the increase in the provision for paid holidays.

3 – ADVANCES AND DOWNPAYMENTS RECEIVED ON ORDERS

Prepayments and deposits amounted to €4,634 K at December 31, 2018 and correspond to initial payments made by customers when a contract is signed. Such advance payments are to be reimbursed in the event that the contract ends (end of clinical trial, cancellation). As of December 31, 2018, an amount of €1,015 K involves terminated contracts, for which repayment has not yet been made.

Other payables (In thousands of euros)	12/31/2018	12/31/2017	Within more than one year
Advance Payments	4,634	3,506	1,129
Total	**4,634**	**3,506**	**1,129**

4 – UNREALIZED FOREIGN EXCHANGE GAINS

An unrealized foreign exchange gain was recognized in the amount of €19 K. It involves accounts payable in a foreign currency. This foreign currency debt is valued according to the Bank of France rate at the end of the month on the date of the account statements.

NOTE 13 MISCELLANEOUS LIABILITIES

Prepaid income amounted to €30 K for software maintenance services recognized during the year, but which will be applied during periods following December 31, 2018.

Other liabilities (In thousands of euros)	12/31/2018	12/31/2017	Variation
Deferred income	30	56	(26)
Total	**30**	**56**	**(26)**

Less than one year	26
Between 1 and 5 years	4
More than 5 years	0

NOTE 14 REVENUES

Turnover (In thousands of euros)	12/31/2018	12/31/2017	Variation
Services provided	6,332	7,678	(1,346)
Licence sales	7	7	-
Sale of goods	1	1	1
Total	**6,340**	**7,686**	**(1,346)**

Revenues from services provided to the pharmaceutical industry are recognized as and when services are performed.

Turnover (In thousands of euros)	12/31/2018	12/31/2017	Variation
Turnover France	518	184	333
Turnover USA/CANADA	3,184	2,583	601
Turnover UK	1,240	3,549	(2,309)
Turnover other export	1,399	1,370	29
Total	**6,340**	**7,686**	**(1,346)**

NOTE 15 OTHER INCOME

They mainly correspond to the following operating revenues:

- ✓ €163 K in foreign exchange gains for the year;
- ✓ €65 K for personnel costs (benefits in kind, repayments of social contributions and re-invoicing of training costs).
- ✓ €28 K in re-invoicing of external expenses to Median Technologies Inc.;
- ✓ €198 K corresponding to provisions reversals.

NOTE 16 OTHER PURCHASES AND EXTERNAL EXPENSES

Other purchases and external expenses amounted to €12,842 K at December 31, 2018 compared with €13,932 K at December 31, 2017.

The difference in charges of €1,090 K essentially reflects:

- ✓ The decrease in services invoiced by the subsidiary Median Technologies Inc. for €1,646 K;
- ✓ The decrease in all fees (accounting, legal, recruitment) by nearly €341 K;
- ✓ the increase in recourse to subcontracting in pharmaceutical projects in the amount of €349 K related to the growth of the business and the implementation of a CTMS;
- ✓ The increase in expenses related to studies and research in the amount of €225 K.
- ✓ The increase in the use of temporary staff in France and Asia for an amount of €211 K;
- ✓ The increase in travel and travel expenses, hospitality, for about €102 K.

NOTE 17 R&D COSTS

R&D gross costs eligible for a research tax credit amounted to €5,307 K compared with a total of €23,641 K of operating expenses for the period.

NOTE 18 FINANCIAL INCOME

Financial expenses of €142 K were mainly justified by:

- ✓ A provision for equity securities and current accounts of subsidiaries amounting to €54 K;
- ✓ A provision relating to treasury shares for €77 K;
- ✓ Foreign exchange losses in the amount of €6 K.

Financial income of €188 K mainly comprised:

- ✓ €73 K in foreign exchange gains;
- ✓ Interest of €34 K stemming from compensation from the bank current account (Maxi-cash),
- ✓ The Company entered into a cash agreement called "Intercompany Treasury Agreement" with the company Median Technologies Inc. taking effect on the date of January 1, 2016. This cash advance is compensated at the minimum rate of 0.5% and is calculated using the Euribor 3 month-rate. A revenue of €22 K was recorded in the financial statements for the year.

NOTE 19 EXTRAORDINARY INCOME

The exceptional expense was a loss of €886 K and it is made up principally of:

- ✓ An favorable variance involving the liquidity contract in the amount of €179 K.
- ✓ An indemnity paid to a supplier for termination of the contract for €488 K;
- ✓ Payments to *Pôle emploi* following the redundancy procedure initiated for €128 K.

NOTE 20 CORPORATE INCOME TAX

1 - NUMBER OF CLAIMS AND DEFERRED TAX LIABILITIES

Reduction of the future tax liability is based on deficits carried over at Monday, December 31, 2018:

- ✓ €96,488 K, which is a reduction in potential tax of €27,017 K (at the rate of 33 1/3%).

2 - RESEARCH TAX CREDIT

The tax profit entered the account at December 31, 2018 came to €1,592 K.

3 - COMPETITIVENESS AND EMPLOYMENT TAX CREDIT (CICE)

The CICE tax credit amounted to €47 K, entered the financial statements at the end of the financial year.

In the income statement it has been treated as a reduction in personnel expenses (social charges).

NOTE 21 NET INCOME

As of December 31, 2018, the net result for the year was a loss of €16,063 K, which is a net result per share of -€1.33. Securities issued provided access to 1.265.221 ordinary shares issued on December 31, 2018 (see page 13). In the event of issue of all of these ordinary shares giving the right to transferable securities giving access to the share capital issued at December 31, 2018, earnings unit would be -€1.20.

NOTE 22 AVERAGE STAFF

Average Employees	12/31/2018	12/31/2017	Variation (nb)	Variation (%)
Executives	78	78	0	0%
Employees	5	6	(1)	-17%
Total	**83**	**84**	**(1)**	**-1%**

NOTE 23 ADMINISTRATIVE AND MANAGEMENT BODIES

Remuneration of senior directors (In thousands of euros)	12/31/2018	12/31/2017	Variation
Wages and salaries (including social security contributions)	888	725	162
Wages and salaries to be paid (including social security contributions)	236	323	(86)
Pension obligations	-	-	-
Director's Attendance fees	150	100	50
Total	**1,274**	**1,148**	**126**

NOTE 24 COMMITMENTS

SOFTWARE OPERATING LICENSES AND PATENTS

Under licensing agreements with the University of Chicago, the Company has the following liabilities not yet recognized at Monday, December 31, 2018:

Royalties equal to 1% of the revenue to be generated by the Company on the CAD-Lung software after Monday, December 31, 2018. Note that the agreement stipulates that the Company must in all cases pay the University of Chicago minimum royalties of $15 K every calendar year (provision recorded in the balance sheet as of December 31, 2018).

$45 K when the Company obtains authorization for sale of the CAD-Colon software either in the U.S., Japan or Europe and $30 K when cumulative CAD-Colon software revenues exceed $1.0m; It should be noted, however, that early in 2009 the Company decided to discontinue sales of the CAD-Colon software.

Royalties equal to 1.5% to 2% of the revenue to be generated by the Company on the CAD-Colon software after Monday, December 31, 2018. Note that the agreement stipulates that the Company must in all cases pay the University of Chicago minimum royalties of $15 K every calendar year. It should be noted that as the Company, in agreement with the University of Chicago, has decided to discontinue sales of the CAD-Colon software, the undertaking will be without effect unless the Company subsequently resumes sales of the software.

CONSOLIDATED FINANCIAL STATEMENTS

a. Statement of Consolidated Financial Position

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**

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**
Of which the group share		***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**

b. Statement of Consolidated Net Results

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)**

c. Statement of Other Items of the Consolidated Total Result (OCI)

OTHER COMPREHENSIVE INCOME (In thousands of euros)	Notes	12/31/2018 (12 months)	12/31/2017 (12 months)
NET RESULT		(15,284)	**(17,206)**
Unrealized foreign exchange differences		14	25
Total items that may be reclassified		**14**	**25**
Actuarial gains and losses on defined benefits plans		33	(27)
Deferred taxes on actuarial gains and losses		(8)	7
Total items that will not be reclassified		**25**	**(19)**
OVERALL RESULT		**(15,246)**	**(17,200)**

d. Statement of Changes in Consolidated Equity

Group shareholders Equity (in thousands of euros)	Note	Share capital	Share premiums			Consolidated reserves				Translation reserves -Other comprehensive income	Consolidated result	Total
			Share issue premium	Equity warrants	Total share premiums	Treasury stock	Consolidated reserves	Other comprehensive income	Total consolidated reserves			
01/01/2017		**583**	**51,759**	**80**	**51,839**	**-90**	**-4,312**	**-73**	**-4,474**	**-100**	**-9,111**	**38,736**
Appropriation of the result prior period					0		-9,111		-9,111		9,111	0
Capital increase	12	16	1,306		1,306				0			1,322
Attribution of equity warrants					0				0			0
Change in unrealized foreign exchange differences					0				0	25		25
Variation in actuarial differences net of deferred taxes					0			-19	-19			-19
Result for current period					0				0		-17,206	-17,206
Share-based payments					0		2,154		2,154			2,154
Treasury shares					0	-67			-67			-67
Other reserves					0		-8		-8			-8
Set off the accumulated losses to the "share premium"					0		0		0			0
12/31/2017		**599**	**53,064**	**80**	**53,145**	**-157**	**-11,277**	**-92**	**-11,525**	**-75**	**-17,206**	**24,937**
Appropriation of the result prior period					0		-17,206		-17,206		17,206	0
Capital increase	12	8	0	182	182				0			189
Attribution of equity warrants					0				0			0
Change in unrealized foreign exchange differences					0				0	14		14
Variation in actuarial differences net of deferred taxes					0			25	25			25
Result for current period					0				0		-15,284	-15,284
Share-based payments					0		-675		-675			-675
Treasury shares					0	-112			-112			-112
Other reserves					0		0		0			0
Set off the accumulated losses to the "share premium"					0				0			0
					0		0		0			0
12/31/2018		**606**	**53,064**	**262**	**53,326**	**-269**	**-29,158**	**-67**	**-29,494**	**-61**	**-15,284**	**9,094**

e. Consolidated Cash Flow Table

Consolidated Statement of Cash Flows (In thousands of euros)	Notes	12/31/2018 (12 months)	12/31/2017 (12 months)
CONSOLIDATED NET RESULT	*25*	**(15,284)**	**(17,206)**
Allowances net of amortization, depreciation and provisions		719	316
Share based payment	*21*	(675)	2154
Gains and losses on disposals		3	4
Cost of net financial debt		0	0
Tax charge for the period , including deferred tax	*24*	(44)	8
OPERATING CASH FLOW		**(15,281)**	**(14,724)**
Changes in operating working capital requirement		**(362)**	**879**
Net cash flow from operating activities		**(15,645)**	**(13,846)**
Outflows on acquisitions of intangible assets		-	(78)
Outflows on acquisitions of tangible assets		(255)	(313)
Inflows on disposal of tangible and intangible assets		-	2
Outflows on acquisitions of financial assets		(152)	(114)
Inflows on disposal of financial assets		310	-
Net cash flow from investing activities		**(98)**	**(503)**
Capital increase or contributions	*12*	189	1,322
Contribution to the current account		-	-
Repayment of loans	*15*	-	(456)
Net cash flow from financing activities		**189**	**866**
Net change in cash and cash equivalents	*10*	**(15,553)**	**(13,483)**
Cash and cash equivalents at start of the period	*10*	**28,290**	**41,773**
Cash and cash equivalents at end of the period	*10*	**12,739**	**28,290**

f. Notes annexed to the financial statements drawn up in accordance with IFRS standards

NOTE 1 OVERVIEW OF ACTIVITY AND MAJOR EVENTS

1 – L'INFORMATION ABOUT THE COMPANY AND ITS ACTIVITY

MEDIAN Technologies ("the Company") is a corporation with a board of directors founded in 2002 and domiciled in France. The Company's registered office is located in Les Deux Arcs - 1800 route des Crêtes – 06560 Valbonne.

The main fields of activity of the Company and its subsidiaries (together referred to as "the Group") are the publishing of software and furnishing of services in the area of medical imaging for oncology. The Group develops and markets software solutions and offers services optimizing the use of medical images for diagnosis and follow-up of patients suffering from cancer.

The Company has been listed on the Euronext Growth market in Paris since 2011 (formerly Alternext).

2 – MAIN EVENTS OF THE FISCAL YEAR

Median has decided to focus most of its iCRO business on the Chinese market, a booming market, and has shut down some unprofitable activities. To achieve its goals, Median Technologies has substantially restructured its subsidiary Median Technologies Inc. in the United States. Several departures occurred over the period including that of Jeanne Hecht, Group Chief Operating Officer.

The restructuring of the Company continued throughout the year with the introduction of a redundancy plan for collective economic reasons in France, which was the subject of consultation with the staff delegation. This reorganization resulted in eight positions begin eliminated (rather than internally re-classified).

The total cost of this restructuring amounted to € 1,114 K.

The group has also decided to redevelop its production tools directly in-house and for this has broken some major contracts signed in previous years.

The ultimate objective of this restructuring is to enable a considerable reduction in costs, an improvement in margins and an internal refocusing of all Group activities towards a market more in line with the potential of the company and the Group. Median aims for profitability from 2019 for all of this activity.

Median proceeded to create its subsidiary, Median Medical Technology (Shanghai) Co., Ltd. in 2018. The company's activity should begin in the second quarter of 2019, in order to respond more effectively to the demand of its new customers in this territory. We expect sustained growth in line with the Chinese market, which is currently experiencing extremely strong growth due to the fact that Chinese pharmaceutical companies have been able to raise significant funds for clinical trials through successful IPOs.

Median intends to become a major player in China as there are no partnerships already established with competing local or international iCROs. The Company therefore expects continued growth over the next few years and to generate recurring revenue through existing customers.

On the other hand Median Technologies has redeployed all of its scientific and development activities into its iBiopsy® business unit.

As of December 31, 2018, this activity grouped more than 40% of the total workforce of the company.

In 2018, Median focused its activities on its next-generation iBiopsy® medical imaging platform, based on state-of-the-art technologies in image processing, cloud computing, and artificial intelligence. iBiopsy® aims to improve the diagnosis of patients, the customization of treatments and accelerate the development of new generation therapies. With unprecedented growth in health data volumes, iBiopsy® functionalities (image processing, data analysis, and machine learning) will enable healthcare providers to extract from multi-core data, information that will allow them reduce the costs of care and develop personalized medicine and predictive medicine.

The Extraordinary General Meeting of May 28, 2018, authorized the Board of Directors to proceed, on one or more occasions, in the proportions and at the times that it will deem convenient, to issue a maximum number of 130,000 shares giving access to the capital having the characteristics of share warrants (hereinafter the “2018 warrants"). The terms and conditions of the issue that were adopted by the Board of Directors on May 30, 2018 are presented in Note **12**.

NOTE 2 ACCOUNTING PRINCIPLES, VALUATION METHODS, IFRS OPTIONS USED

1 – PRINCIPLES USED IN PREPARING THE FINANCIAL STATEMENTS

The Group's consolidated financial statements for the financial year ended Monday, December 31, 2018 were drawn up voluntarily in accordance with international accounting standards (IAS/IFRS) applicable on that date as approved by the European Union for all of the periods submitted.

The IFRS referential adopted by the European Union on Monday, December 31, 2018 is available under the heading, IAS/FRS Interpretations and Standards on the following site:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The Group's accounting principles and methods are described hereinafter.

The Group's consolidated financial statements were drawn up based on the historic cost principle, with the exception of certain categories of assets and liabilities, which are valued at their fair value. The categories concerned are mentioned in the following notes.

Principles, standards, amendments and interpretations of mandatory application at January 1, 2018

- IFRS 15 - Income from ordinary activities drawn from contracts entered into with customers;
- Clarification IFRS 15 - Income from ordinary activities drawn from contracts entered into with customers;
- IFRS 9 - Financial instruments;
- Annual Improvements to IFRS - Cycle (2014-2016) for the Amendments to IAS 28 and IFRS 1;
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions;
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Considerations.

The impacts of adopting IFRS 15 and IFRS 9 as of January 1, 2018 are described in notes 2.2.1 and 2.2.2 respectively. The adoption of the other new mandatory standards/amendments/interpretations listed above had no impact on the Group's financial statements.

Principles, standards, amendments and interpretations published by the IASB applicable in advance at January 1, 2018 in the European Union (subject to their approval)

The Group has not applied these standards, amendments and interpretations in advance to the consolidated financial statements at Monday, December 31, 2018.

- IFRS 16 - Leasing agreements;
- Amendments to IFRS 9 - Prepayment features with negative compensation;
- Interpretation of IFRIC 23 - Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- Annual Improvement of IFRS - (2015-2017 Cycle);
- Amendments to IAS 1 and IAS 8 - Definition of ‘Material’.

Principles, standards, amendments and interpretations published by the IASB not yet applicable at January 1, 2018 in the European Union

In 2018, the principles and standards published but not yet required to be applied and not yet approved by the European Union are:

- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Modification of references to the conceptual framework in the standards;
- Amendments to IFRS 3 - Definition of a Business.

The impact on the consolidated financial statements of these standards, amendments and interpretations published by the IASB and not yet adopted by the European Union or applicable in advance within the European Union is being assessed by Management.

IFRS 15: " Income from ordinary activities drawn from contracts entered into with customers"

Regarding IFRS 15, the European Union adopted the standard on September 22, 2016. This standard replaces, for financial years beginning on or after January 1, 2018, IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Group has applied IFRS 15 as from January 1, 2018 using the simplified retrospective method.

The majority of Median Technologies' revenue is derived from service contracts in the "Clinical Trials" activity, namely the sale of imaging services for oncology clinical trials using dedicated software.

With regard to the services provided in this activity, the analysis of the contracts concluded with the customers shows that, in general, these services constitute a single obligation of best efforts.

Revenue from these contracts and related expenses are recognized as and when these services are provided, with the Group being entitled to reimbursement of expenses incurred, plus a reasonable margin, on the date of a possible breach of contract by the customer.

Other Group revenues come from sales of software user licenses and related maintenance contracts (known as "Clinical Routine"). This activity is not currently very significant.

Consequently, income recognition principles that were applied until December 31, 2017, do not differ from those that the Group now applies in accordance with IFRS 15.

The adoption of IFRS 15 did not have a significant impact on the Group's revenue recognition method.

IFRS 9: "Financial instruments"

On July 24, 2014, the IASB finalized its project to replace IAS 39 on financial instruments by issuing the full version of IFRS 9. The latter introduces significant changes compared to the current IAS 39 standard:

- The provisions relating to the classification and valuation of financial assets will be now depend on the joint analysis of the management model of each portfolio of assets and the contractual characteristics of financial assets;

- The impairment model, for its part, has abandoned the current approach based on proven in favor of an approach focused on expected losses;

- Finally, the cover section includes many significant advances in favor of a reconciliation between accounting and the risk management policy of the company.

In this context, the Group adopted IFRS 9 as of January 1, 2018 using the retrospective adoption method.

The Group has not identified a material impact resulting from the application of this new IFRS 9 standard.

- **Classification and valuation of financial assets and financial liabilities**

The main categories of the Group's financial assets as of December 31, 2018 relate to cash mobilized under the liquidity contract, deposits and guarantees as well as loans.

These financial assets are measured at their fair value via the income statement,

As of December 31, 2018, these financial assets did not generate any income in the Group's consolidated financial statements.

Regarding financial liabilities, the Group does not have significant financial debts (€4 K as of 31/12/2017 and €3 K as of 31/12/2018).

- **Impairment of financial assets**

IFRS 9 introduces an impairment model for financial assets that is based on expected losses, whereas IAS 39 was based on a proven loss model (recognition of impairment only following the occurrence of a credit event: late payment, significant deterioration in credit quality, etc.).

For non-current financial assets, impairment has been assessed individually, taking into account the risk profile of the counterparty and the existing guarantees. No impairment is recorded on non-current financial assets.

For trade receivables, the Group uses the simplified method set out in IFRS 9, which consists in recognizing all expected losses from the outset, based on an assessment in turn based on the statistical observation of losses. This model did not lead to identifying significant differences compared to the model previously applied by the Group (an impairment of trade receivables was then recorded when there was an objective indicator of the Group's inability to recover the full amounts due in the conditions originally provided for in the transaction).

- **Hedge accounting**

The Group does not have any hedging instruments and therefore does not apply hedge accounting.

IFRS 16: "Leasing Agreement"

The Group is required to adopt IFRS 16 "Leases" as of January 1, 2019. It has estimated, as described below, the impact of the first application of this standard on its consolidated financial statements.

IFRS 16 introduces for the lessee a single model for recognizing the leases in the balance sheet. The lessee recognizes a "right of use" asset that represents its right to use the underlying asset, and a lease liability for its obligation to pay rent. The standard provides for exemptions for short-term contracts or for contracts on low-value assets.

IFRS 16 replaces existing standards for leases, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC -27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

Leases to which the Group is a party as tenant

The Group will record new assets and liabilities related to its operating leases on rental leases and vehicle and computer equipment rentals. The nature of the expenses related to these leases is likely to change since the Group will henceforth recognize an impairment on "right of use" asset and financial expenses related to its rent debt.

Until now, the Group has accounted for the costs of operating leases on a straight-line basis over the entire term of the lease, and recognized assets and liabilities only to the extent that there was a gap between the effective payment of rent and the posting of the corresponding expense.

On the basis of currently available information, the Group expects to recognize between 1m and € 1,2m in lease liabilities as of January 1, 2019.

Transition and rental period

The Group plans to apply the standard from January 1, 2019, using the modified retrospective method.

The Group plans to apply the simplification measure which allows the previous definition of a lease to be used during the transition. As a result, it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases as defined in IAS 17 and IFRIC 4.

The term of the lease will be the non-cancellable period supplemented, where applicable, by the renewal options, the use of which by the Group is reasonably certain; in particular, the Group will apply the recommendation of the French Accounting Standards Authority to real estate leases in France, using the longest duration, i.e., 9 years for 3/6/9 leases, as the maximum. The rental obligation as of January 1, 2019 will be calculated using IFRS 16 by applying the discount rates in effect at that date.

2 – USE OF JUSDEMENTS AND ESTIMATES

So as to prepare the financial statements in accordance with the IFRS, estimates, judgments and assumptions have been made by the Group. They could affect the amounts submitted for asset and liability items, the liabilities possible on the date the financial statements were drawn up and the amounts shown for financial year income and expenses.

These estimates are based on the assumption of operating continuity and are established up based on the information available at the time they are drawn up. They are valued continuously based on past experience as well as various other factors judged reasonable that constitute the basis of assessments of the accounting value of asset and liability items. The estimates may be reviewed if the circumstance on which they were based change or as a result of new information. The actual results could differ significantly from these estimates depending on the assumptions or different conditions.

The estimates and assumptions that greatly risk leading to a significant adjustment in the book value of the assets and liabilities during the following period are analyzed hereinafter.

(a) Share-based payments

The Group awards options (warrants, tax privileged start-up stock options, etc.) making it possible to acquire the Company's shares and other capital instruments as well as free shares to members of the Group's management and employees. Determination of the fair value of share based payments is based on a binomial model of option valuation that takes into account assumptions involving complex and subjective variables. These variables include in particular the fair value of the Company's securities, expected volatility of the share price over the life cycle of the instrument as well as the present and future behavior of the holders of these instruments.

(b) Accounting for corporate income tax

The Group is subject to income tax in France and in other countries in connection with its international activities. Tax laws are often complex and subject to different interpretations by taxpayers and the competent tax authorities. The Group must make judgments and interpretations concerning application of these laws when determining provisions for taxes payable.

The assets for deferred taxes corresponding mainly to the deficits that might be carried forward are recognized only to the extent that it is probable that a future taxable profit will be available. The Group must appeal to its judgment so as to determine the probability of the existence of a future taxable profit. Such analysis applies jurisdiction by jurisdiction.

3 – SCCOPE AND METHODS

The consolidated financial statements include the financial statements of the Company and its subsidiary, over which the Company directly exercises a control.

The Group controls a subsidiary when it is exposed to or has a right to variable earnings due to its links with the entity and it has the capacity to influence its earnings due to the power that it holds over it. The financial statements of the subsidiaries are included in the consolidated financial statements starting on the date on which the control is obtained until the date on which such control ends.

The consolidation scope is as follows:

Name	Country	Registered office	Siret No (business identification number)	Consolidation method	% held
Median Technologies SA (parent)	**France**	**France**	**44367630900042**	**Parent**	**Parent**
Median Technologies Inc. (subsidiary)	United States	United States		Full consolidation	100%
MedianTechnologies Hong-Kong Ltd. (subsidiary)	Hong-Kong	Hong-Kong		Full consolidation	100%

The subsidiaries "Median Technologies Inc." and "Median Technologies Hong Kong Ltd" are fully controlled and consolidated. Transactions within the group, balances and latent profits on operations between companies of the Group are eliminated. These subsidiaries' accounting methods are brought in line with those of the Group.

The Group has neither minority interests nor investments in an entity necessitating accounting by the equity method. To the extent that the subsidiaries have been founded by the Group, no goodwill has been entered into the financial statements since these companies were founded.

The Median Group has created a company in China to grow its business in this country. At present, this entity has no activity and the Group has not paid the corresponding capital. As a result, this entity has not been the subject of a consolidation, the securities recognized as share capital have been eliminated with the corresponding debt.

4 – FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The items included in the financial statements of each of the Group's entities are valued using the currency of the principal economic environment in which the entity carries out its activities ("the functional currency"). The consolidated financial statement are shown in Euros, the Group's functional currency and the Group's reporting currency.

5 – CONVERSION OF FOREIGN CURRENCY TRANSACTIONS

(a) Transactions and balances

Transactions shown in foreign currencies are converted into the functional currency using the exchange rate in effect on the transaction dates. Foreign exchange profits and losses resulting from the outcome of these transactions, like those resulting from conversion to the rates in effect on the closing date, and monetary assets and liabilities shown in foreign currencies, are entered into the financial statements in the results on the lines "Financial Income" or "Financial Expenses".

(b) Group Companies – Activity abroad

The financial statements of all of the Group's entities, none of which carries out its activities in an economy having hyperinflation, whose functional currency is different from the reporting currency are converted into the reporting currency according to the following terms and conditions:

- Asset and liability items are converted to the closing price on the date of each balance sheet;

- Income and expenses for each entry of the income statement are converted at the average exchange rate; and
- all resulting conversion discrepancies are entered into the financial statements as a separate component of equity in "Conversion reserves" in the "Consolidated reserves", which makes it possible to keep conversion of the share capital and reserves at the historical rate.

When an activity abroad is transferred in full or in part, and there is a notable loss of control or influence or joint control, the accrued amount of the related foreign exchange differences must be reclassified in the results as a transfer result. If the group transfers a part of its equity interest in a subsidiary while retaining control, a proportional share of the accrued amount of exchange rate discrepancies is reallocated to the equity interests not giving control. When the Group transfers only a part of its equity interest in an associated company or a joint venture, while retaining notable influence or joint control, the corresponding proportional share of the accrued amount of foreign exchange discrepancies is reclassified in the results.

(c) Net investment

Receivables held with consolidated foreign subsidiaries for which regulations are not predictable, are considered as net investments in foreign currencies. As such, and in accordance with the IAS21 standard, the latent foreign exchange gains and losses on such receivables in functional foreign currencies converted into Euros for the consolidation have been recorded in "Other Items" in the total results (OCI) and in "Conversion Reserves". When the net investment is sold, the amount of the differences entered into the financial statements in "Conversion Reserves" so relating is reclassified in the results at the level of the sales income.

6 – DISTINCTION BETWEEN CURRENT AND NON-CURRENT

The Group applies balance sheet reporting distinguishing the current and non-current parts of the assets and liabilities. The distinction between current and non-current items has been made according to the following rules:

- ✓ assets and liabilities constituting the working capital requirements within the normal cycle of activity are classified as "current".
- ✓ assets and liabilities outside a normal operating cycle are reported in "current" on the one hand and in "non-current" on the other hand, according to whether their due date is greater or less than one year.

7 – INTANGIBLE ASSETS

Intangible asset are initially entered into the financial statements at their historical acquisition cost or production cost by the company and are amortized by the straight-line method generally over a period of 1 to 5 years.

A depreciation is recognized when the present value of an asset is less than its net accounting value.

R&D Costs

According to the IAS 38 standard - Intangible Assets, development costs are entered into the accounts as intangible assets solely if all of the following criteria are met:

(a) technical feasibility necessary for accomplishment of the development project,

(b) intention of the company to complete the project and put it into service,

(c) capability of putting the intangible asset into service,

(d) demonstration of the probability of future economic advantages attached to the asset,

(e) availability of technical, financial and other resources to complete the project, and

(f) reliable valuation of the development expenses.

In the Group's consolidated financial statements, research costs are currently in practice accounted for as expenses, as the criteria of capitalization of development expenses are not fulfilled.

8 – TANGIBLE ASSETS

Tangible fixed assets are recorded at historical cost.

The different components of a tangible asset are entered into the financial statements separately when their estimated life cycle and therefore their term of depreciation are significantly different.

Amortizations for depreciation are calculated according to the straight line method, according to the estimated periods of use of the assets and taking into account any applicable residual values:

Tangible Assets	BASIS	DURATION
Developments on land not owned	Straight-line	10 years
Vehicles	Straight-line	5 years
Office equipment	Straight-line	1-5 years
Office furniture	Straight-line	8-10 years

Residual values, durations of use and methods for amortizing assets are reviewed and modified if necessary, at each year end. Such changes are treated as changes in estimate.

9 – RECOVERABLE VALUE OF NON-CURRENT ASSETS

Assets having an indeterminate duration of use are not amortized and are subject to an annual depreciation test. Assets amortized are subject to a depreciation test each time an internal or external index exists showing that an asset could have lost its value.

The depreciation test consists of comparing the net book value of the asset tested to its recoverable value. The test is carried out at the level of the Cash Generating Unit, which is the smallest group of assets that includes the asset and for which continued use generates cash entries largely independent of those generated by other assets or groups of assets.

A loss in value is recognized at the level of the excess book value in comparison with the asset's recoverable value. The recoverable value of an asset corresponds to the fair value minus sale costs or its use value, if the latter is greater.

The fair value minus exit costs is the amount that can be obtained from the sale of the asset when a transaction under conditions of normal competition between well informed and consenting parties, lessens the exit costs.

Use value is the discounted value of the estimated future cash flows expected for the continued use of an asset and its exit at the end of its useful life. Use value is determined based on estimated cash flows according to plans or budgets drawn up over five years in general, with the flows being then extrapolated for application of a growth rate that is constant or decreasing and discounted by using long-term market rates after taxes that reflect the market estimates of the time value of money and the specific risks of the assets. The end value is determined based on infinitely discounting the last cash flow of the test,

As of December 31, 2018, no non-current asset shows an internal or external loss of value.

10 – INVENTORY

Materials and merchandise are valued according to the FIFO rule and, by default, at the last purchase cost. Inventories are given their net sale value if the latter is less than their cost. The net sale value represents the sale price estimated under normal activity conditions, after deducting sale expenses.

11 – ACCOUNTS RECEIVABLES AND DEPRECIATION

Accounts receivables correspond to the amounts to be paid by customers for products sold and services rendered in the normal context of the Group's activity.

The Group uses the simplified model recommended by IFRS 9 for the impairment of trade receivables. Expected loss rates on trade receivables are calculated over their useful lives from initial recognition and are based on historical information. In addition, receivables in dispute or maturing in more than one year are depreciated at 100%.

12 – FINANCIAL ASSETS

Financial assets - method applicable from 1 January 2018

a) **Accounting and initial valuation**

A financial asset (except in the case of a trade receivable without significant financing component) is initially measured at fair value plus for an item that is not at fair value by the income statement, transaction costs directly related to its acquisition or issue. A trade receivable without a significant financing component is initially valued at the transaction price.

On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income—debt instrument, at fair value through other comprehensive income—equity security, or at fair value through the income statement.

b) **Classification and subsequent valuation**

The subsequent valuation of the gains and losses on financial assets is as follows:

Financial assets at fair value through profit or loss	These assets are measured subsequently at fair value. Profits or losses nets, including interest and dividends received, are recorded in net result.
Financial assets at amortised cost	These assets are measured subsequently at amortised cost using the effective interest rate method.The amortised cost is reduced by impairment losses. Incomes from interest, foreign exchange gains and losses and depreciation are recorded in net result. Profts and losses relating to the derecognition are recorded in net result.
Debt instrument at fair value through other comprehensive income	These assets are measured subsequently at fair value. Incomes from interest calculated at the effective interest rate, foreign exchange gains and losses and depreciation are recorded in net result. Others profits and losses nets are recorded in other comprehensive income. Upon derecognition, these profits and losses are reclassified in net result.
Equity instruments at fair value through other comprehensive income	These assets are measured subsequently at fair value.Dividends are recorded as revenue in the result, unless the dividend clearly represents the recovery of part of the cost of the investment. Others profits and losses nets are recorded in other comprehensive income and reclassified in net result.

Financial assets—method applicable before January 1, 2018

The Group classified its financial assets into the following categories:

- ✓ assets held until maturity,
- ✓ financial assets at their fair value according to the income statement,
- ✓ loans and claims,
- ✓ assets available for sale.

With the exception of assets valued at their fair value according to results, all financial assets are initially entered into the financial statements at the cost that corresponds to the fair value of the price paid plus acquisition costs.

All standardized purchases and sales of financial assets are recognized at the settlement date.

Assets held until maturity,

Investments held until maturity are financial assets that the Group has the intention and capacity of holding until such maturity. After the initial accounting, these assets are valued at their amortized cost, according to the effective interest rate method, deducting any possible amount of losses in value.

Financial assets at their fair value according to the income statement,

They represent assets held for transactional purposes, that is, assets acquired by the company with the intention of short-term sale. They are valued at their fair value, and any changes in fair value are accounted for in the results. Certain assets may also be the subject of a voluntary classification in this category.

Loans and claims

Non-current financial assets include advances and margin deposits given to third parties. Advances and margin deposits are non-derivative financial assets with determined payments or payments to be determined and are not listed on an active market. Such assets are recognized at the amortized cost using the effective interest rate method. Gains and losses are accounted for in the results when loans and claims removed from the financial statements or depreciated.

Assets available for sale.

They represent all the other financial assets. They are valued at their fair value, and any changes in fair value are recognized in equity until the asset sold, received or removed in another manner or until it is demonstrated that the asset has lost its value in a prolonged and significant manner. In such cases, the profit or loss, recorded up until then in equity, is transferred into the results.

Assets available for sale are subject to depreciation when indicators or loss of value exist.

When the asset available for sale is an equity instrument, depreciation is definitive. Later positive fluctuations in fair value are entered into the financial statements directly in equity.

When the asset available for sale is a debt instrument, any later appreciation is entered into the results based on any depreciation previously reported in the results.

Purchases and sales of financial assets are recognized at the transaction date.

13 – CASH AND CASH EQUIVALENTS

The heading "Cash and cash equivalents" includes liquid assets, bank sight deposits and other very liquid short-term investments having initial maturities that are less than or equal to three months and that are subject to the risk of significant fluctuation in value.

For purposes of the cash flow table, net cash includes cash and cash equivalents as defined above, net of current bank lending. In the balance sheet, bank overdrafts appear in Current Financial Liabilities.

14 – EQUITY

The equity classification depends on a specific analysis of the characteristics of each instrument issued. Common shares and preferred shares have therefore been able to be classified as equity instruments. Accessory costs that may be directly attributed to the issuance of shares or options for shares are entered into the financial statements by deducting from equity, net of taxes.

15 – SHARE-BASED PAYMENT

The Group has set up a certain number of share based compensation plans for instances in which the Group receives services in return from its employees. The fair value of the services rendered by employees in exchange for granting of options and free shares is entered into the financial statements as charges, in accordance with the IFRS 2 standard. The total amount to be entered into the financial statements as charges corresponds to the fair value of the instruments granted.

The conditions for acquisition of any rights which are not market conditions or which are service conditions are included in the assumptions concerning the number of instruments likely to become exercisable. The total expense is recognized over the acquisition period of the rights, which is the period during which all acquisition conditions of the specified rights must be satisfied. At the end of each financial year, the entity reexamines the number of instruments likely to become exercisable. If necessary, it recognizes in the income statement the impact of the review of its estimates, making a corresponding adjustment in equity ("Share based payment"). When the instruments are exercised, the Company issues new shares. The amounts received when the options are exercised are credited to the entries "Capital Stock" (nominal value) and "Issue Premium", net of transaction costs that may be directly attributed.

16 – PROVISIONS

Provisions are entered into the financial statements when the Group has a current obligation (legal or implicit) resulting from a past event, and it is probable that an outlay of resources representing economic advantages will be necessary to fulfill the obligation and that the amount of the obligation may be estimated reliably.

The estimate of the amount appearing in provisions corresponds to the outflow of resources that it is probably that the Group must bear so as to fulfill its obligation.

If the effect of the time value of money is significant, the provisions are discounted based on a rate before taxes that reflects any applicable risks specific to the liability.

Provisions corresponding to contingencies and loss are identified specifically.

17 – SOCIAL COMMITMENTS

The pension plans, benefits matched and other company benefits that are analyzed as defined benefit plans (plan in which the Group commits to guaranteeing an amount or level of defined benefit) are entered into the financial statements on the balance sheet based on an actuarial valuation of the commitments on the closing date.

Calculation of the retirement commitments is made based on the method of projected credit units, taking into account the applicable social charges.

The discounted value of the obligation has been determined by discounting the estimated future cash withdrawals based on an interest rate of first class company bonds indicated in the currency of the benefit payment and whose duration is close to the average estimate for duration of the retirement obligation concerned. The calculations also include mortality assumptions, personnel turnover and the projections for future salaries.

Any actuarial discrepancies are observed in their entirety in "Other items of overall results" directly by equity.

Contributions paid for the plans that are analyzed as defined contribution plans, that is, when the Group does not have any other obligation than payment of the contributions, are entered into the financial statements as financial year expenses.

18 – TRADE NOTES AND ACCOUNTS PAYABLE

Trade notes and accounts payable correspond to payment commitments for products or services that have been contracted with suppliers in connection with the Group's normal activity.

Accounts payable are initially entered into the financial statements at their fair value and later revalued at their amortized cost using the effective interest rate method.

19 – FINANCIAL LIABILITIES

Financial liabilities are classified in two categories and include:

- ✓ financial liabilities accounted for at their amortized cost and,
- ✓ financial liabilities accounted for at their fair value according to the income statement.

a) Financial liabilities accounted for at their amortized cost

Loans and other financial liabilities such as conditioned advances and down payments received, are generally entered into the financial statements at the amortized cost calculated using the effective interest rate.

Financial liabilities entered into the financial statements at their amortized costs are initially recorded at the fair value of the amount received minus transaction costs directly applicable. Following their initial recognition, loans bearing interest are valued at their amortized cost, using the effective interest rate method.

A fraction of less than one year of financial liabilities is presented in current liabilities.

b) Financial liabilities at their fair value in the income statement

They represent the assets held for transactional purposes, that is, liabilities for which the intention is to settle them in the short-term. They are valued at their fair value, and any changes in fair value are recognized in the income statement.

20 – TAXES PAYABLE AND DEFERRED

Assets and liabilities for taxes payable for the financial year and prior financial years are valued at the amount that we expect to recover or pay to the tax authorities. Tax rates and financial regulations used to determine these amounts are those that have been adopted or virtually adopted on the closing date.

Deferred taxes are entered into the financial statements, using the balance sheet method and variable carrying forward, for all the temporary differences existing on the closing date between the tax base of the assets and liabilities and their book value in the balance sheet as well as any deficits that may be carried forward.

Deferred tax assets are listed in the balance sheet to the extent that it is probable that a taxable profit will be available, from which these deductible temporary differences, losses carried forward before taxes and tax credits not used may be deducted during later years.

Deferred tax assets and liabilities are not discounted.

21 – REVENUES

Revenue from recurring activity contracts with Median Technologies customers is mostly derived from service contracts in the "Clinical Trials" activity, namely the sale of imaging services for oncology clinical trials using dedicated software.

Revenue from these contracts and related expenses are recognized as and when these services are provided, with the Group being entitled to reimbursement of expenses incurred, plus a reasonable margin, on the date of a possible breach of contract by the customer.

22- RESEARCH TAX CREDIT

Research tax credits are granted to companies by the French State so as to provide an incentive for carrying out technical and scientific research. Companies that justify expenses fulfilling the criteria required (research expenses located in France or, since January 1st, 2005, within the European Community or in another State that is part of the agreement concerning the European Economic Space and has entered into a tax agreement with France containing an administrative assistance clause) benefit from a tax credit that may be used for payment of income tax due for the financial year when the expenses occurred and during the three following financial years or, if applicable, may be reimbursed for its excess portion.

In accordance with the IFRS standards, research tax credits are matched to the subsidies. Within the Group, expenses eligible for research tax credits are very largely generated by personnel costs. The Group has therefore opted for the research tax credit as a means of reducing personnel costs.

23 – LEASING

Simple leasing contracts are recognized as expenses, using the straight-line method over the contract term, up until expiration of the contract.

24 – SECTOR BASED INFORMATION

The Group's revenues are mainly achieved in France and through export. Research and development costs, production costs, regulatory expenses and the essential marketing and administrative costs are borne in France. At this stage, these costs are not subject to strict division by geographic area where the Group's products are marketed.

The Group's activity that is today concentrated solely in pharmacy activity leads the Group's management to follow the operations in a global and unified manner. The main operational decision maker verifies the results and operating plans and decides on allocation of resources at the group scale.

The Group has therefore identified a single operating sector meeting the criteria of the IFRS 8 standard.

This presentation could be modified in the future according to development of the Group's activities and operating criteria.

25 – INCOME PER SHARE

The base income unit is calculated by dividing the income to be allocated to holders of the company's share by the weighted average number of ordinary shares outstanding during the period.

The diluted income unit is determined by adjusting the income to be allocated to the holders of ordinary shares and the weighted average number of ordinary shares outstanding according to the effect of any potential diluting of ordinary shares. In the Group's case, this involves warrants, free shares, founders share warrants and other stock options issued.

NOTE 3 INTANGIBLE ASSETS

Intangible Assets (In thousands of euuros)	Gross Value	Depreciation and amortization	Net value	Gross Value	Depreciation and amortization	Net value
	12/31/2018			12/31/2017		
Patents, licenses, brands	1,154	(1,061)	93	1,119	(946)	173
Other intangible assets	-	-	-	67	(5)	62
Total	**1,154**	**(1,061)**	**93**	**1,186**	**(951)**	**236**

Intangible assets are composed mainly of software licenses acquired. Balance changes over the period are analyzed as follows:

Intangible Assets (In thousands of euros)	Gross Value	Depreciation and amortization	Net value	Gross Value	Depreciation and amortization	Net value
	12/31/2018			12/31/2017		
Opening Balance	**1,186**	**(950)**	**236**	**1,109**	**(831)**	**278**
Additions	-	-	-	78	-	78
Terminated, discarded	(27)	-	(27)	-	-	-
Changes in depreciation and amortization	-	(116)	(116)	-	(120)	(120)
Effects of exchange fluctuations	(5)	5	-	(1)	1	-
Closing balance	**1,154**	**(1,061)**	**93**	**1,186**	**(949)**	**236**

NOTE 4 TANGIBLE ASSETS

Tangible Assets (In thousands of euros)	Gross Value	Depreciation and amortization	Net value	Gross Value	Depreciation and amortization	Net value
	12/31/2018			12/31/2017		
Construction, planning	94	(67)	27	94	(60)	33
Tangible assets under construction	1,494	(966)	528	1,200	(733)	467
Total	**1,588**	**(1,033)**	**556**	**1,294**	**(793)**	**500**

Balance changes over the period are analyzed as follows:

Tangible Assets (In thousands of euros)	Gross Value	Depreciation and amortization	Net value	Gross Value	Depreciation and amortization	Net value
	12/31/2018			12/31/2017		
Opening Balance	**1,294**	**(793)**	**500**	**1,006**	**(644)**	**361**
Additions	347	-	347	313	-	313
Terminated, discarded	(58)	-	(58)	(14)	-	(14)
Changes in depreciation and amortization	-	(238)	(238)	-	(155)	(155)
Effects of exchange fluctuations	5	(3)	2	(11)	6	(6)
Closing balance	**1,588**	**(1,033)**	**556**	**1,294**	**(793)**	**500**

The acquisitions for the financial year correspond mainly to the acquisition of computer hardware.

NOTE 5 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets (In thousands of euros)	12/31/2018	12/31/2017	Variation
Guarantees and deposits	64	87	(23)
Loans	112	86	26
Total	**176**	**173**	**3**

Non-current financial assets have a maturity of over 5 years.

NOTE 6 INVENTORIES

There is no more merchandise inventory in the accounts as of December 31, 2018.

NOTE 7 CUSTOMER RECEIVABLE AND OTHER CLAIMS

Customer receivables and other claims are analyzed as follows:

Trade receivables (In thousands of euros)	12/31/2018	12/31/2017	Variation
Customers	2,319	1,814	505
Depreciation	(268)	-	(268)
Total	**2,051**	**1,814**	**237**

The fair value of customer receivables and other claims is equivalent to the book value, taking into account their due date of less than one year.

The increase in trade receivables as at December 31, 2018 is due to:

- payments periods granted to customers that are generally longer;
- numerous contracts signed in the second half of the year for which large down payments have not yet been collected;
- receivables considered irrecoverable over the year for an amount of €268 K.

The breakdown of the customer balance in Euros, by currency, at December 31, 2018 is as follows:

Trade receivables by currency (In thousands of euros)	12/31/2018	12/31/2017	Variation
Euros	667	905	(238)
USD	1,652	909	743
Total	**2,319**	**1,814**	**505**

The schedule for customer receivables at December 31 2018 is as follows:

Trade receivables (In thousands of euros)	Total	Not yet due	1 to 30 days	30 to 60 days	60 to 90 days
Customers	**2,319**	601	482	229	1,007

NOTE 8 CURRENT FINANCIAL ASSETS

Current financial assets are analyzed as follows:

Current financial assets (In thousands of euros)	12/31/2018	12/31/2017	Variation
Cash mobilized as part of the liquidity contract	94	206	(112)
Guarantees and deposits	19	-	19
Total	**113**	**206**	**(93)**

In May 2011, the Group set up a liquidity contract with an approved manager at the time it was listed on the stock market, and it has a maximum amount of €250 K. This contract makes regulation of the stock market price possible. This cash mobilized is immediately available in the event of termination of the service provider's contract. This cash has a due date of 1 year at the most. In December 2017, an additional contribution of €150 K was made, bringing the total amount provided under the liquidity contract to €400 K.

NOTE 9 OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

Other current assets (In thousands of euros)	12/31/2018	12/31/2017	Variation
Research tax credit	1,592	1,340	252
Prepaid expenses	437	553	(116)
Other assets	392	1,031	(639)
Total	**2,421**	**2,924**	**(503)**

The research tax credit receivable entered into the financial statements at December 31, 2018 corresponds to the research tax income for FY2018 year expenses.

The receivable recognized at December 31, 2017 corresponds to the research tax income pertaining to the 2017 financial year expenses and was received in September 2018.

The Company has benefited from the research tax credit since its founding, and this receivable is subject to reimbursement by the tax authorities during the subsequent period.

The decrease in other receivables is mainly due to lower tax and social security receivables.

NOTE 10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at year end are broken down as follows:

Cash and cash equivalents (In thousands of euros)	12/31/2018	12/31/2017	Variation
Short term deposits	-	-	-
Liquid assets	12,739	28,290	(15,551)
Total	**12,739**	**28,290**	**(15,551)**

The breakdown of the cash balance in Euros, by currency, at December 31, 2018 is as follows:

Cash and cash equivalents (In thousands of euros)	12/31/2018	12/31/2017
Euros	12,105	27,595
USD	604	635
GBP	24	59
HKD	5	-
Total	**12,739**	**28,289**

The reconciling carried out between the amount of cash and cash equivalents appearing on the balance sheet and the amount of net cash appearing in the cash flow table is follows:

Net Cash and Cash flow (In thousands of euros)	12/31/2018	12/31/2017	Variation
Cash and cash equivalents	12,739	28,290	(15,551)
Bank overdrafts	-	-	-
Total	**12,739**	**28,290**	**(15,551)**

NOTE 11 FINANCIAL INSTRUMENTS BY EQUITY

Class of financial assets by category (In thousands of euros)	Stated at fair value	Loans and receivables	12/31/2018
Non-current financial assets	-	176	176
Trade and other receivables	-	2,051	2,051
Current financial assets	-	113	113
Other current assets (excluding prepaid expenses)	-	1,984	1,984
Cash and cash equivalents	12,739	-	12,739
Total	**12,739**	**4,324**	**17,063**

Class of financial assets by category (In thousands of euros)	Stated at fair value	Loans and receivables	12/31/2017
Non-current financial assets	-	173	173
Trade and other receivables	-	1,814	1,814
Current financial assets	-	206	206
Other current assets (excluding prepaid expenses)	-	2,371	2,371
Cash and cash equivalents	28,290	-	28,290
Total	**28,290**	**4,564**	**32,854**

Class of financial liabilities by category (In thousands of euros)	Stated at fair value	Liabilities at amortized cost	12/31/2018
Long and medium-term borrowings	-	-	-
Short-term financial debts	-	3	3
Trade payables and other liabilities	-	3,423	3,423
Liabilities on contracts		4,702	4,702
Total	**-**	**8,128**	**8,128**

Class of financial liabilities by category (In thousands of euros)	Stated at fair value	Liabilities at amortized cost	12/31/2017
Long and medium-term borrowings	-	-	-
Short-term financial debts	-	4	4
Trade payables and other liabilities	-	4,755	4,755
Liabilities on contracts		3,571	3,571
Total	**-**	**8,330**	**8,330**

NOTE 12 EQUITY

1 – CAPITAL AND SHARE PREMIUMS

As of December 31, 2018, the Company's capital consisted of 12,127,425 shares divided between:

- ✓ 12,104,224 common shares with a nominal value of € 0.05;
- ✓ 23,200 class E preferred shares with a value of €0.05 and;
- ✓ 1 class B preferred share with a value of €0.05.

The category E preferred shares are shares that have no voting rights but benefit from the same financial rights as the ordinary shares.

The class B preferred share is reserved for an industrial investor shareholder and gives the latter the right to be represented at any time by a director on the Company's board of directors. It will automatically be converted into an ordinary share if certain statutory clauses are fulfilled. The following changes occurred during the FY2017 and FY2018 years:

Capital (In thousands of euros)	**Capital**	**Share premiums**	**Total**	***Number of shares***
Total at December 31, 2016	**582,539**	**51,758,708**	**52,341,247**	***11,650,780***
Increase in capital (exercise of Warrant)	1,230	158,728	159,958	*24,609*
Increase in capital (exercise of BSPCE) Q1/2017	25	3,225	3,250	*500*
Increase in capital (exercise of BSPCE) Q2/2017	300	38,700	39,000	*6,000*
Increase in capital (exercise of BSPCE) June 2017 - CAT. E	309	25,647	25,956	*6,180*
Increase in capital (exercise of BSPCE) Q3/2017	110	14,190	14,300	*2,200*
Increase in capital (exercise of Free-shares)	8,126	-	8,126	*162,523*
Increase in capital (exercise of BSPCE) Q4/2017	550	70,950	71,500	*11,000*
Increase in capital (exercise of BSA)	5,556	994,443	999,999	*111,111*
Total at December 31, 2017	**598,745**	**53,064,591**	**53,663,336**	***11,974,903***
Increase in capital (exercise of Free-shares)	7,626	*500*	8,126	*152,522*
Total at December 31, 2018	**606,371**	**53,065,091**	**53,671,463**	***12,127,425***

Movements 2018:

Exercise of Plan B free shares

On July 22, 2018, the vesting period of the awarded AGA 2016 B free shares expired and the beneficiaries of the 152,522 free shares definitively received the property thereof. A special reserve in the accounts of the company was created for the issue of the AGA 2016 B free shares. The Board of Directors decided to create the 152,522 shares by paying the nominal value of these shares, i.e., the overall sum of €7.6 K by deduction from the above-mentioned special reserve. The balance of this reserve corresponds to the unvested shares granted, and is allocated to the share premium.

The Board of Directors notes the completion of the capital increase of €7.6 K by issuing 152,522 new shares of the company, bringing the company's capital from €598,745.15 to €606,371.25.

2 – AWARD OF 2018 WARRANTS

On May 28, 2018, the Company's shareholders decided to issue 130,000 share subscription warrants (the "-2018 BSAs"). 120,000 2018 warrants were subscribed at a price of €1.51. Funds related to this subscription were paid in June 2018. The exercise price for the 2018 warrants was based on 110% of the average stock market price for the 20 trading days preceding the issue of the warrants, i.e., €9.50 per share. These BSAs expire on 5/30/2025.

3 – EQUITY

In connection with the liquidity contract put in place following listing on the stock exchange, the Company has held treasury shares and had capital gains and losses upon the sale or buyback of these shares. These shares, as well as the effect of the capital gains and losses realized upon the sale and buyback of these treasury shares, are carried by decreasing consolidated reserves.

As of December 31, 2017, the impact of the cancellation of 20,981 treasury shares, deducted from the consolidated reserves, amounted to a total of - €157 K. The amount deducted from the treasury share reserve takes into account the treasury shares' value as well as the gains or losses realized from fluctuations affecting these treasury shares. These treasury shares are not intended to be allocated to employees in connection with the plan for allocating free shares and have not been the subject of regulation of stock market price in connection with the liquidity contract.

As of December 31, 2018, the impact of the cancellation of 49,634 treasury shares, deducted from the consolidated reserves, amounts to -€269 K. The amount deducted from the treasury share reserve takes into account the treasury shares' value as well as the gains or losses realized from fluctuations affecting these treasury shares. As of December 31, 2018, the Company did not hold any other uncanceled treasury shares.

3 - OPTIONS FOR SUBSCRIPTIONS FOR SHARES AND AWARD OF FREE SHARES

Using the authorization conferred by several general meetings, the board of directors issued option plans described in the chapter “History of the option plans for share subscription

The impact on the statement of the overall result of the payments based on shares is reported in note 21. The financial instruments involved in the share based payment are the stock option plans and the free shares awarded to the employees.

It should be noted that, as of 12/31/2018, the awardees of free shares plans C and D have lost their status as employees of the company or corporate officers. As a result, the corresponding shares are canceled. These are respectively 186,873 and 186,872 canceled shares not exercised.

Similarly, due to the exit of employee beneficiaries from the stock option plans of 6/22/2017, these shares are unexercised and canceled at 12/31/2018.

NOTE 13 PERSONNEL COMMITMENTS

1 – DEFINED RETIREMENT BENEFITS

Personnel commitments will be composed exclusively of any benefits subsequent to employment.

In France, the Company contributes to the national pension plan and its commitments with employees in terms of pension are limited to a one-time benefit based on seniority paid when the employee reaches retirement age. This employee benefit is determined for each employee according to his seniority and last expected salary. A provision has been recorded for this obligation concerning the defined benefit plan. The Company does not have any asset covering defined benefit plans. The amounts reported in the balance sheet for commitments for defined benefit plans are the following:

Employee benefits (In thousands of euros)	**12/31/2018**	**12/31/2017**	**Variation**
Provision for employee benefits	453	432	21
Total	**453**	**432**	**21**

a) Changes in commitments for which balance sheet provisions exist

The changes in these commitments may be analyzed as follows:

Employee benefits (In thousands of euros)	**12/31/2018**	**12/31/2017**
Opening provision	**432**	**467**
Current service cost	48	-68
Cost of interest	6	6
Charge in the year	**54**	**(62)**
Benefits paid	-	-
Net actuarial (gains) / losses	(33)	27
Closing provision	**453**	**432**

b) Actuarial assumptions

The main actuarial assumptions used are the following:

Employee benefits (Actuarial assumptions)	**12/31/2018**	**12/31/2017**
Discount rate	1.60%	1.30%
Inflation rate	2.00%	2.00%
Salary increase rate	0.50%	0.50%
Social security costs	46%	46%
Mortality table	INSEE T68-FM 2008-2010	INSEE T68-FM 2008-2010
Retirement ages	Between 62 et 67 years	Between 62 et 67 years
Basis of retirement	Voluntary retirement	Voluntary retirement

Assumptions related to future mortality rates are determined based on data coming from statistics published in France.

A sensitivity analysis has been carried out for this plan and the key assumption of the discount rate. A change in this rate applied to the financial year considered for this plan would have the following impact for the Group's gross commitment under the defined benefit pension plan:

Sensitivity to the discount rate (In thousands of euros)	12/31/2018
Actuarial debt at 0,8% on December	504
Actuarial debt at 1,3% on December	**453**
Actuarial debt at 1,8% on December	408
Estimation duration (years)	**23**

As of December 31, 2018, the payment schedule for retirement employee benefits during the coming 15 years is estimated at €98 K. No benefit payment is expected during 2019. No payments were made for employee commitments in 2018.

2 – PENSIONS HAVING DEFINED CONTRIBUTIONS

In the United States, the MEDIAN Technologies Inc. subsidiary contributes to a plan with defined contributions that limits its commitment to the contributions paid. The amount of expenses reported for financial years 2017 and 2018 is not significant.

NOTE 14 CURRENT PROVISIONS

The current provisions listed in the consolidated balance sheet come to the following amounts:

Current Provisions (In thousands of euros)	12/31/2018	12/31/2017	Variation
Provision for risks and charges	131	43	88
Total	**131**	**43**	**88**

The provision balance changes over financial year 2017 and 2018 are analyzed as follows:

Current Provisions (In thousands of euros)	12/31/2017	Provision	Used	Recovred	Variation in scope	Other	12/31/2018
Provision for risks and charges	43	17	-	-	-	-	60
Provision for charges		71					71
Total	**43**	**88**	**-**	**-**	**-**	**-**	**131**

- An allocation to provisions for risk was recorded over the year for €17 K, following litigation.
- Provisions for charges relating to the expenses granted to employees dismissed economically as part of their career change training were recorded for €71 K.

NOTE 15 LONG AND SHORT TERM FINANCIAL LIABILITIES

As of December 31, 2018, the long and short term financial liabilities were broken down as follows:

Financial debts (In thousands of euros)	12/31/2018	12/31/2017	Variation
Long-term financial debt	-	-	-
Short-term financial debt	3	4	(1)
Total	**3**	**4**	**(1)**

Long and short term financial liabilities are composed only of current bank overdrafts.

NOTE 16 DEFERRED TAX LIABILITIES

Net deferred tax liabilities are analyzed as follows:

Origin of deferred tax - net (In thousands of euros)	12/31/2018	12/31/2017	Variation
- charges temporarily non-deductible	-	-	-
- tax losses carried forward (2)	675	748	(73)
- consolidation adjustments of the following:	-	-	
. Retirement and pension	113	121	(8)
. Intragroup provisions (1)	(1,099)	(1,216)	117
. Miscellaneous	-	-	-
Total (3)	**(310)**	**(347)**	**36**

(1) A deferred tax liability has been observed in the provisions recognized in the Company's financial statements concerning advances granted by the Company to its subsidiaries. The provision for these advances is fiscally deductible in the company financial statements. These advances came to €4,398 K at December 31, 2018 (€4,344 K at December 31, 2017).

(2) A deferred tax asset for the deficits carried forward of €675 K (€748 K at December 31, 2017) was observed on the deferred tax liabilities, taking into account, however, the French tax legislation, which caps the charging of deficits carried forward to 50% of taxable profits for the financial year, with this limitation being applicable to the fraction of the profits exceeding 1 million Euros. The Group has not selected all of the tax deficits able to be indefinitely carried over in France. The balance of the tax deficits not selected at December 31, 2018 came to the amount of €93,789 K (€76,290 K at December 31, 2017).

(3) Since the deferred tax assets and liabilities were observed for the Company alone, the deferred tax assets and liabilities have been offset.

The changes in deferred taxes were as follows:

Deffered tax - net (In thousands of euros)	12/31/2018	12/31/2017
Opening balance	**(347)**	**(351)**
Deferred tax expense in profit or loss	44	(4)
Tax expense deferred in other comprehensive income items	(8)	7
Closing balance	**(310)**	**(347)**

Deferred taxes on income and the other items of the total results (OCI) are therefore made up of:

Deffered tax - net (In thousands of euros)	12/31/2018		12/31/2017	
	Net result	OCI	Net result	OCI
- charges temporarily non-deductible	-	-	-	-
- tax losses carried forward	(73)	-	(13)	-
- consolidation adjustments of :			-	-
. Retirement and pension	1	(8)	(17)	7
. Intragroup provisions	117	-	26	-
. Miscellaneous	-	-	-	-
Total	**44**	**(8)**	**(4)**	**7**

NOTE 17 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other debts are liabilities recorded at the amortized cost.

The division by nature is as follows:

Trade and others payables (In thousands of euros)	12/31/2018	12/31/2017	Variation
Supplier accounts payable	1,002	1,153	(151)
Tax liabilities	12	471	(459)
Social security liabilities	2,202	2,877	(675)
Supplier account payable on assets	20	105	(85)
Other payables	187	148	39
Total	**3,423**	**4,755**	**(1,331)**

All of the accounts payable and the other debts have a due date of less than one year.

The company liabilities involve salaries, social security expenses and provisions for paid vacations.

NOTE 18 OTHER NON-CURRENT LIABILITIES

Liabilities on contracts (In thousands of euros)	12/31/2018	12/31/2017	Variation
Payment advances received by customer's	4,702	3,571	1,131
Deferred Income	30	56	(26)
Total	**4,732**	**3,627**	**1,105**

Other non-current liabilities correspond to the advances received from customers at the start of the contract or the "Clinical Trials" activity.

These advances are deducted from the client billing at the same rate as progress in services carried out and recognized as revenues. On some projects concluded in 2018, the advances will only be charged at the end of the contract, on the last invoices. They are repayable in the event that the clinical trial ends.

NOTE 19 REVENUES

1 – REVENUES BY GEOGRAPHIC AREA AND NATURE OF PRODUCT

Revenue	12/31/2018			12/31/2017			Variation
(In thousands of euros)	France	Export	Total	France	Export	Total	
Services	518	5,751	6,269	184	7,495	7,678	(1,409)
Sale of licenses	-	7	7	-	7	7	-
Sale of goods	1	-	1	1	-	1	-
Total	**518**	**5,758**	**6,277**	**184**	**7,502**	**7,686**	**(1,409)**

Geographic areas are divided according to destination.

Division of revenues by country is as follows:

Revenue split by geographic areas (In thousands of euros)	12/31/2018	12/31/2017	Variation
Revenue France	518	184	334
Revenue USA	3,183	2,583	600
Revenue UK	1,240	3,549	(2,309)
Revenue other areas	1,399	1,370	29
Total	**6,340**	**7,686**	**(1,346)**

Revenues were €6.3 million in 2018 (down 17.5% from 2017).

This decrease in activity in 2018 can be explained by the longer delays in the start-up of certain new studies contracted in 2017 as well as certain signed projects put on hold by clients to ensure the validity of their preliminary studies or studies canceled during the year.

The Group does not consider itself dependent on a particular laboratory and has succeeded in the year 2018 in reducing its dependence on a customer to 21%, compared to 53% in 2017. To date, the Group is listed with most major global laboratories and intends to expand its presence every day and increase its activity with major pharmaceutical companies.

In addition, the Group has decided to concentrate the majority of its iCRO activities in the Chinese market and has stopped some unprofitable activities, with a major restructuring of its subsidiary Median Technologies Inc. in the United States.

As we close 2018, the iCRO business is now not only stable, but is expected to grow significantly thanks to the conversion of its ever growing order backlog and its positioning on the Chinese market.

As of December 31, 2018, Median SA's order backlog amounted to €23.7 million, up 10.8% compared to June 30, 2018. In the second half of 2018, Median entered into several contracts with leading Chinese pharmaceutical companies, including major contracts for Phase III clinical trials. More than 75% of the 2018 gross order intake was made in China.

Median's strategic Chinese investor, Furui Medical Science Company has been a key player in supporting the company's growth in the Chinese market. Median has achieved a strong market penetration founded on the high quality of its customers services. At the end of 2018, 39.6% of the backlog was for Chinese projects, compared to 5.4% in 2017.

NOTE 20 PERSONNEL EXPENSES

Details of personnel expenses are analyzed as follows:

Staff costs (In thousands of euros)	**Notes**	**12/31/2018**	**12/31/2017**	**Variation**
Salaries		9,489	10,560	(1,071)
Social security costs		3,159	3,564	(405)
Research tax credit	9	(1,592)	(1,340)	(252)
Share-based payments	21	(675)	2,154	(2,829)
Employee benefits	13	48	(68)	116
Total		**10,430**	**14,869**	**(4,441)**
Average employee numbers		**103**	**109**	**(6)**

The decline in the Group's payroll and workforce is mainly due to the restructuring plan carried out in 2018. The total cost of this restructuring amounted to € 1,114 K.

The research tax credit corresponds to a subsidy granted by the State based on charges incurred in connection with research and development efforts.

Expenses incurred by the Group in this area and eligible for the research tax credit correspond essentially to personnel expenses, which explains the deduction of the research tax credit from personnel expenses.

Research and Development expenses eligible for the research tax credit came to €5,307 K in 2018, compared to €4,174 K in 2017.

NOTE 21 SHARE-BASED PAYMENTS

The share based payment agreements for the Group and still underway as of December 31, 2018 are as follows:

- the Stock-Option program; and
- stock options for start-ups giving tax privileges.

These agreements are all governed by Group equity instruments.

Since the stock options for start-ups giving tax privileges awarded well before the date of transition to the IFRS (January 1, 2013), the awarding of the latter did not have an impact on the 2014 and 2015 results.

The income for the financial year corresponds mainly to cancellation of the C and D programs awarding free shares and the cancellation of the Stock options program as described in the respective notes 1 and 2 below.

1 – PROGRAM FOR FREE SHARE ALLOCATION

The Group has put a program in place awarding free shares, which gives the right to the company's principal executives and employees to have themselves awarded Company shares without charge.

The Board of Directors meeting of the MEDIAN Technologies company of July 22, 2016 and October 6, 2016 decided to use this delegation and awarded free shares to employees through plans A, B, C and D.

Plan no.	Grant date	Personnel involved	Number of options	Vesting conditions	Contractual life of the options
Plan A	July 22, 2016	Senior management	162,523	1 year of service	1 year
Plan B	July 22, 2016	Senior management	152,522	2 years of service	2 year
Plan C	October 6, 2016	Senior management	186,873	Variable	Specific
Plan D	October 6, 2016	Senior management	186,872	Variable	Specific
Total			**688,790**		

As a reminder, the Plan A free shares were fully exercised over the 2017 financial year, i.e., 162,523 shares.

As of December 31, 2018, Plan B shares were fully exercised.

Specificities related to plans C and D: the AGM 2016 C and D were all awarded to employees of the US subsidiary MEDIAN Technologies Inc. Their acquisition is conditioned on the presence of the beneficiaries and the occurrence of a launching event (market introduction, change or control, etc.) before a certain date.

Following the restructuring carried out by the Group without its US subsidiary, the beneficiaries of plans C and D are no longer part of the workforce of the company at 31/12/2018. As a result, the C and D share plans were revised at 31/12/2018, to bring the number of potential shares to be issued to 0. The amount of the expense recognized under these two plans at the end of the year ended December 31, 2017, for an amount of € 978 K, was reversed to income in exchange for a reserve account.

In accordance with the IFRS 2 standard, the expense associated with the allocation of these free shares has been valued based on the fair value of the shares on the date they are awarded according to the main following assumptions:

	Plan A	Plan B	Plan C	Plan D
Share subscription price	8.99	8.99	8.48	8.48
Dividend rate	0%	0%	0%	0%
Discount for non-transferability	10%	10%	0%	0%
Fair value	8.09	8.09	8.48	8.48

As of December 31, 2018, no further free shares were awarded to Group employees. All plans A, B, C, D have been settled.

Therefore, the income recognized for the financial year ended December 31, 2018 for the free shares came to €343 K.

The fluctuations in free shares that took place over the 2018 period are presented in note 12.

2 - STOCK OPTION PROGRAM

a) At April 1, 2011 and April 5, 2012, the Group put stock option programs in place that give the right to the firm's principal executives and employees to acquire the Company's shares. These two general meetings delegated to the board of directors the opportunity to award to executives and employees of the MEDIAN Group a maximum number of 300,000 options. The main features of the stock options that can be subscribed as of 31/12/201_ and the conditions relating to their award under these programs are as follows:

Plan no.	Grant date	Personnel involved	Number of options	Vesting conditions	Contractual life of the options
Plan n°1	July 5, 2012	employees	11,000	3 years of service	7 years
Plan n°2	February 5, 2012	employees	3,970	4 years of service	7 years
Plan n°3	October 3, 2013	Senior management	10,000	4 years of service	7 years
Total			**24,970**		

Over the financial year ended December 31, 2018, 3,000 shares of plan No. 2 were canceled.

b) On June 22, 2017, the Group launched a new stock option program that entitles Group employees and officers to acquire shares of the Company. This meeting delegated to the board of directors the opportunity to award to executives and employees of the Median Group a maximum number of 300,000 options.

The board of directors of June 26, 2017 awarded 22,500 options under this program, the characteristics of which are as follows:

Plan no.	Grant date	Personnel involved	Number of options	Vesting conditions	Contractual life of the options
Plan n° 4	June 26, 2017	Senior management	22,500	4 years of service	7 years
Total			**22,500**		

The stock options been awarded to employees of the US subsidiary, Median Technologies Inc.

c) The board of directors of December 13, 2017 awarded 34,500 options under this program, the characteristics of which are as follows:

Plan no.	Grant date	Personnel involved	Number of options	Vesting conditions	Contractual life of the options
Plan n° 5	December 13, 2017	Senior management	34,500	4 years of service	7 years
Total			**34,500**		

The stock options been awarded to employees of the US subsidiary, Median Technologies Inc.

Following the departure of the employees benefiting from plans No 4 and No 5, the latter no longer fulfill the conditions to acquire the rights.

The number of exercisable options relating to these plans is therefore nil, and the expense recognized for the year ended December 31, 2017, i.e., € 32 K, was reversed in return for a reserve account.

The recognized expense on the exercise of these stock options amounts to €0 K. These options have not been re-awarded to other employees.

The fluctuations in instruments that took place over 2018 are presented in note 12.

NOTE 22 EXTERNAL EXPENSES

External expenses are analyzed as follows:

External costs (In thousands of euros)	12/31/2018	12/31/2017	Variation
Subcontracting	2,868	2,545	323
Rental and lease expenses	955	844	111
Repairs and maintenance	133	172	(39)
Insurance premiums	69	65	4
External services - various	1,356	1,220	136
External staff	617	463	154
Intermediate and fees	1,709	1,859	(150)
Advertisement	234	213	21
Transport	35	57	(22)
Travel, assignments and entertainment	1,144	1,218	(74)
Postal & telecommunications expenses	79	125	(46)
Banking services	81	79	2
Other services - various	29	24	5
Other operating expenses	586	287	299
Total	**9,895**	**9,169**	**724**

External expenses amounted to €9,895 K as of December 31, 2018 compared with €9,169 K as of December 31, 2017. The difference of €726 K in expenses essentially reflects:

- ✓ The increase in recourse to subcontracting in pharmaceutical projects in the amount of €295 K increase in this item depends on:
  The progress of the project, the company is more or less prone to work outside providers (radiology, doctors, other ...);
  Very important costs related to the CTMS. It was decided to stop the collaboration with the partner at the end of the year.
- ✓ From the project's progress phase, the company is more or less prone to make service providers work at the end of the year.
- ✓ Because of the very important costs related to the CTMS. It was decided to stop the collaboration with the partner at the end of the year.
- ✓ The increase in expenses related to studies and research in the amount of €136K.
- ✓ The increase in the use of temporary staff in France and Asia for an amount of €154 K.

NOTE 23 OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

Other operating expenses (In thousands of euros)	12/31/2018	12/31/2017	Variation
Terminiation benefits	487	-	487
Other expenses	10	3	7
Total	**497**	**1**	**494**

The termination indemnity concerns the contract signed in 2017 for the implementation of the CTMS.

NOTE 24 FINANCIAL INCOME

Financial income is analyzed as follows:

Net financial result (In thousands of euros)	12/31/2018	12/31/2017	Variation
Interest and financial charges paid	-	-	-
Loss on investments	(6)	(6)	-
Cost of net financial debt	**(6)**	**(6)**	-
Exchange Loss	(11)	(230)	219
Other financial charges	-	-	-
Other financial charges	**(11)**	**(230)**	**219**
Exchange Gain	52	79	(27)
Other Investment income	34	40	(6)
Other Investment income	**86**	**119**	**(33)**
Total financial result	**70**	**(117)**	**187**

NOTE 25 INCOME TAX

Income tax expenses is broken down as follows:

Tax on profit or loss (In thousands of euros)	12/31/2018	12/31/2017	Variation
Payable tax - France	-	-	-
Payable tax - Abroad	5	4	1
Deferred taxes - net	(44)	4	(48)
Total	**(39)**	**8**	**(47)**

The amount of the Group's income tax is different from the theoretical amount that would result from the tax rate applicable in France by reason of the following elements:

Tax on profit or loss (In thousands of euros)	12/31/2018	12/31/2017	Variation
Result before tax	(15,323)	(17,198)	1,875
French corporation tax rate	33.33%	33.33%	
Theoretical tax charge	**(5,108)**	**(5,733)**	**625**
Effect of tax on:			
Other non-taxable income (ICR - CICE)	(546)	(472)	(74)
Impact of unused tax losses brought forward	5,834	5,496	338
Other temporary differences	(141)	701	(842)
Actual tax charge	**39**	**(8)**	**47**

According to the legislation in effect, the Company has tax deficits that may be carried over indefinitely in France, with a total amount of €96,487 K as of December 31, 2018. The deficit the Company had available as of December 31, 2017 came to €78,961 K.

The stock of deferred stock assets not entered into the financial statements under accrued deficits generated by the Group at Monday, December 31, 2018 came to €23,447 K (€21,361 K for the financial year ended December 31, 2017). It corresponds to the tax effect on Company deficits that can be carried forward, which may be deducted without limit in duration from future taxable profits. Such deferred tax assets have not been selected in application of the principles described in note 2.

NOTE 26 INCOME PER SHARE

The number of shares used in calculating the income unit is equal to the average weighted number of ordinary shares outstanding during the financial year from which the treasury shares were deducted.

Net result per share (In thousands of euros)	**12/31/2018**	**12/31/2017**	**Variation**
Net result	(15,284)	(17,206)	1,922
Weighted average number of ordinary shares outstanding	12,104,224	11,951,702	152,522
Treasury shares	(49,634)	(20,981)	(28,653)
Total shares	**12,054,590**	**11,930,721**	**123,869**
Earnings per share (en euros)	**-1.27**	**-1.44**	0.17
Number of potential shares	**13,319,811**	**13,662,209**	**(342,398)**

Potentially dilutive instruments are described in Note f.History of the option plans for share subscription
During the periods reported, the instruments giving a right to the capital on a deferred basis (Founders share warrants, share purchase warrants, free shares, etc.) are considered as anti-diluting as they lead to a reduction in the loss unit. Therefore, the diluted income unit is identical to the base income unit.

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's policy is not to take out financial instruments for speculative purposes. The Group does not use any derivative financial instruments.
The Group is exposed to different degrees to foreign exchange, counterparty and liquidity risks. It is not exposed to interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value or cash flows of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group's strategy is to favor the euro as the currency for signing contracts. However, through its international exposure, the Group is also led to invoice in dollars and is therefore confronted with foreign exchange risks linked to such transactions.

The Group cannot exclude the possibility that a significant increase in its activity will result in greater exposure to foreign exchange risk. The Group therefore foresees having recourse again to a policy that is more adapted to covering such risks.

The Group's principal foreign exchange risk involves converting the accounts of the MEDIAN Technologies Inc. subsidiary from US$ to the Euro.
It is therefore mainly exposed to fluctuations in the EUR/USD parity. To limit the impact, the Group reuses all of these funds in dollars for its subsidiary's needs.

Interest rate risk

As of Monday, December 31, 2018, the Group's financial liabilities were not subject to interest rate risk.
Loans were at fixed rates, and advances and repayable borrowing have a zero rate.
The Group does not have any variable rate indebtedness with financial institutions and therefore does not report any rate risk.

Credit risk

Credit or counterparty risk is the risk of loss on a claim or more generally that of a third party that does not pay its debt on time.
The risk shown by private customers is controlled, considering the advances and down payments that the group obtains before beginning its service.
The Group has also set up an insurance-credit contract to cover any losses in defaulting export customer receivables.
Receivables linked to public subsidies and research tax credits show a credit risk judged insignificant with regard to the Company's history.
The credit risk linked to cash, cash equivalents and current financial instruments is not significant with regard to the quality of the co-contracting financial institutions.

Liquidity risk

Group financing is realized as part of a policy implemented by Financial Management.
The Group's financing structure is mainly based on equity and recourse to shareholder financing and public financing (OSEO).
Cash is held with the goal of dealing with short-term cash commitments rather than with an investment objective or other purposes. It is easily convertible into a known amount of cash and subject to a negligible change in value risk.

Given the consolidated available cash position of €12.7 million as of December 31, 2018 and the expected €1.6 million of the research tax credit, the Group considers that it has sufficient cash to face cash requirements related to its business and investments during the 12 months after the closing date.

The Group is currently in talks to set up external financing resources to meet its cash requirements beyond the next 12 months and, in particular, to finance the continuation of the research and development effort within the iBiopsy business unit. The Group is confident about the possibility of obtaining this financing.

The aforementioned items enable the consolidated financial statements to be prepared as of December 31, 2018 according to the Group's going concern principle for the next 12 months.

NOTE 28 OFF BALANCE COMMITMENTS AND OTHER POSSIBLE LIABILITIES

1 – LEASING

The Company is the leaseholder for the premises at its registered office in Valbonne. It has a new lease agreement for this site:

- ✓ The lease agreement is for a term of 9 years and will end no later than October 15, 2024. The lease agreement is a commercial lease and may be terminated every three years following the effective date of the lease agreement, which was October 16, 2015.

As of December 31, 2018, the total amount of future minimum payments to be made under the rental agreement (period not able to be canceled) is the following:

Rentals (In thousands of euros)	**12/31/2018**
within one year	229
between one and five years	1,097
Total	**1,326**

Given MEDIAN's waiver of its right to early termination of the lease at the expiry of the three-year term of 2021, the maturity of the rents to be settled at more than one year is 2024 (i.e., the end of the triennial deadline of 10/15/2024).

The Group is also the leaseholder of the premises in the USA, in the state of New York. These premises are occupied by its subsidiary MEDIAN Technologies Inc. The lease agreement is for a term of 3 years and will end no later than April 30, 2019.

As of Monday, December 31, 2018, the total amount of future minimum payments to be made in €K under the rental agreement (period not able to be canceled) is the following:

Rentals (In thousands of euros)	**12/31/2018**
within one year	6
between one and five years	0
Total	**6**

Following the termination of this lease on 31 January 2019, only one month is taken into account for payments up to one year.

2 –POSSIBLE ASSETS AND LIABILITIES

Operating licenses for software and patents

Under licensing agreements with the University of Chicago, the Company has the following liabilities not yet recognized at Monday, December 31, 2018:

Royalties equal to 1% of the revenue to be generated by the Company on the CAD-Lung software after Monday, December 31, 2018. Note that the agreement stipulates that the Company must in all cases pay the University of Chicago minimum royalties of $15 K every calendar year (provision recorded in the balance sheet as of December 31, 2018).

$45 K when the Company obtains authorization for sale of the CAD-Colon software either in the U.S., Japan or Europe and $30 K when cumulative CAD-Colon software revenues exceed $1 m; It should be noted, however, that early in 2009 the Company decided to discontinue sales of the CAD-Colon software.

Royalties equal to 1.5% to 2% of the revenue to be generated by the Company on the CAD-Colon software after Monday, December 31, 2018. Note that the agreement stipulates that the Company must in all cases pay the University of Chicago minimum royalties of $15 K every calendar year from 2016 on. It should be noted that as the Company, in agreement with the University of Chicago, has decided to discontinue sales of the CAD-Colon software. The aforementioned undertaking will be without effect unless the Company subsequently resumes sales of the software.

NOTE 29 TRANSACTIONS WITH ASSOCIATED PARTIES

Compensation of principal executives

The principal executives consist of the members of the Company's Board of Directors.

Compensation paid or to pay to the principal executives is as follows:

Remuneration of senior directors (In thousands of euros)	12/31/2018	12/31/2017	Variation
Wages and salaries (including social security contributions)	1,410	1,632	(222)
Wages and salaries to be paid (including social security	236	545	(309)
Share-based payments	276	1,443	(1,167)
Pension obligations	-	-	-
Director's Attendance fees	150	100	50
Total	**2,072**	**3,720**	**-1,648**

In the first half of 2018, a consulting agreement was concluded with Oran Muduroglu, director of the company. The contract was entered into for a period of 1 year from 1 January 2018. This annual contract amounts to $182 K. As of December 31, 2018, the amount in the accounts was €183 K.

The consulting contract that existed with one of the other directors of the company, Kapil Dhingra, was also updated on June 1, 2018. The amount of this annual contract is now €182 K. As of December 31, 2018, the amount in the accounts under the two successive contracts amounted to €129 K.

The Group does not have any other transactions with the principal executives.

NOTE 30 EXTERNAL AUDITOR FEES AND THEIR NETWORK

The amount of the fees of the firm PWC included in the consolidated income statement for the year 2018:

Fees received by statutory auditors (In thousands of euros)	**12/31/2018**	**12/31/2017**
Audit and certification Indivdual accounts and consolidated statements		
- Parent	138	142
- Affiliated companies (Full consolidation)	-	-
Other diligences and services related to the audit		
- Parent	10	31
- Affiliated companies (Full consolidation)	-	-
Subtotal	**148**	**173**
Other services performed by networks to the affiliated companies (full consolidation)		
- Legal, fiscal and social	-	-
- Other	-	-
Subtotal	**-**	**-**
Total	**148**	**173**

NOTE 31 DIVIDENDS

No dividend was paid by the Company during the financial years ended on December 31, 2017 and December 31, 2018.

No dividend was proposed before the approval to publish the financial statements for the financial year ended December 31, 2018 was granted.

NOTE 32 EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

In early 2019, the company saw the arrival of Dr. Nozha Boujemaa as Chief Science and Innovation Officer. Nozha Boujemaa will oversee Median's scientific vision as well as all innovation and development strategies for the iBiopsy phenomics imaging platform. Median's partnership policy with the actors and representatives of academia and industry for iBiopsy® will also be under her responsibility. She has also taken on her new role as a member of the executive management, reporting directly Fredrik Brag, Chairman and CEO.

REPRESENTATION OF THE PERSON IN CHARGE OF THE FINANCIAL REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM JANUARY 1 TO DECEMBER 31, 2018

We hereby represent that to our knowledge the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the Company's financial position and financial performance and that of all of the companies included in the consolidation, and that the management report attached faithfully depicts the trend in the Company's affairs, its financial position and financial performance and that of all the companies included in the consolidation as well as the main risks and uncertainties with which the Company is confronted.

Drawn up in Valbonne on Wednesday, April 10, 2019

Chief Executive Officer

MEDIAN Technologies

Fredrik Brag