

MEDIAN TECHNOLOGIES
A French *Société anonyme* with a share capital of EUR 920,911.65
Registered office : Les 2 Arcs, 1800 Route des Crêtes 06560 Valbonne
RCS Grasse N° 443 676 309
(Hereinafter the “Company”)

**SHAREHOLDERS’ ANNUAL ORDINARY AND EXTRAORDINARY
GENERAL MEETING DATED JUNE 19, 2023**

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

Dear Shareholders,

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

This report completes the Management reports on ordinary and extraordinary resolutions of the fiscal year ended on December 31, 2023.

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

I. PRESENTATION OF CONSOLIDATED ACCOUNTS OF THE MEDIAN GROUP

1. Presentation of the consolidated accounts

The consolidated accounts for the year closed on December 31, 2023 and submitted to your approval have been prepared in accordance with the presentation rules and the valuation methods provided by the regulations in force for IFRS consolidated accounts and comprised the Company and its subsidiaries:

- Median Technologies Inc.,
- Median Medical Technology (Shanghai) Co., Ltd.

2. Review of the consolidated accounts

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

| ASSETS (in thousands of euros) | 2023-12-31 | 2022-12-31 |
|---------------------------------------|-------------------|-------------------|
| Intangible assets | 1,745 | 963 |
| Tangible assets | 1,910 | 1,973 |
| Non-current financial assets | 355 | 306 |
| Total non-current assets | 4,010 | 3,242 |
| Inventories | 102 | - |
| Trade and other receivables | 6,581 | 5,955 |
| Current financial assets | 123 | 200 |
| Other current assets | 5,613 | 3,883 |
| Cash and cash equivalents | 19,507 | 21,473 |
| Total current assets | 31,926 | 31,511 |
| TOTAL ASSETS | 35,935 | 34,753 |

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

| Liabilities (in thousands of euros) | 2023-12-31 | 2022-12-31 |
|--|-------------------|-------------------|
| Share capital | 920 | 790 |
| Share premiums | 97,595 | 86,770 |
| Consolidated reserves | (85,784) | (74,695) |
| Unrealized foreign exchange differences | (43) | 95 |
| Net result | (22,982) | (20,213) |
| Total shareholders' equity | (10,293) | (7,253) |
| <i>Of which the group share</i> | <i>(10,293)</i> | <i>(7,253)</i> |
| Non-current financial debts | 22,277 | 17,620 |
| Employee benefits liabilities | 981 | 675 |
| Deferred tax liabilities | 225 | 277 |
| Non-current provision | 24 | 69 |
| Total non-current liabilities | 23,508 | 18,642 |
| Current financial debts | 736 | 530 |
| Financial instruments | 4,783 | 5,809 |
| Trade and other payables | 9,867 | 8,914 |
| Liabilities on contracts | 7,335 | 8,110 |
| Total current liabilities | 22,721 | 23,364 |
| TOTAL LIABILITIES | 35,935 | 34,753 |

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

3. Review of the financial result of the consolidated accounts

| Consolidated income statement (In thousands of euros) | 2023-12-31 (12 months) | 2022-12-31 (12 months) |
|---|---------------------------|---------------------------|
| Revenue | 22,226 | 23,670 |
| Other income | 554 | 275 |
| Revenue from ordinary activities | 22,780 | 23,945 |
| Purchases consumed | 1,000 | 750 |
| External costs | (19,657) | (18,846) |
| Taxes | (486) | (404) |
| Staff costs | (25,485) | (28,061) |
| Allowances net of amortization, depreciation and provisions | (1,220) | (756) |
| Other operating expenses | (164) | (116) |
| Other operating income | 116 | 131 |
| Operating result | (23,116) | (23,356) |
| Cost of net financial debt | (1,875) | (1,275) |
| Other financial charges | (359) | (240) |
| Other investment income | 2,444 | 5,180 |
| Net financial result | 211 | 3,664 |
| Income tax (expense) | (76) | (521) |
| Net result | (22,982) | (20,213) |
| Net result, group share | (22,982) | (20,213) |
| Net result , Group share of basic and diluted earnings per share | (1.25) | (1.28) |

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

4. Major developments since the end of the financial year

On January 4, 2024, Median Technologies drew down tranche B of the EIB loan for an amount of €8.5 million, corresponding to the final financing tranche of the loan.

The main characteristics of tranche B are as follows:

- The loan is granted in euros for a duration of 5 years, until January 4, 2029.
- The loan amount bears interest at a fixed rate of 5%, along with a 5% PIK (Payment In Kind) interest rate.
- Fixed interest is calculated annually and capitalized each year into the outstanding principal amount. PIK interest, on the other hand, is due and payable annually.
- The principal of the loan is repayable in full at maturity.
- In consideration for the loan and the disbursement of the second tranche of €15 million, 300,000 BSA-EIB-B warrants were issued to the benefit of the EIB at the end of 2023.

On January 16, 2024, the Company established Median Eyonis Inc. to anticipate its development and prepare for the launch of its business unit activities in the United States. Recruitment efforts are set to commence in the second half of 2024.

On January 17, 2024, Median Technologies announced that it had achieved highly positive results in the independent verification study of its eyonis™ LCS (Lung Cancer Screening) CAdE/CADx medical device software.

On April 11, 2024, the board of directors of Median Technologies approved the signing of a clarification agreement with the company CSF, concerning the bond convertible into shares signed in 2023. The agreement also mentions that the parties have agreed to modify the conversion price of convertible bonds for an amount of 5 euros per share.

5. Research and Development

iSee® provides expert reading of our clients' images, automating and standardizing the detection of solid cancerous tumors, their selection and their measurement and allows monitoring the patient's response to treatment over time, which is an indicator of the effectiveness of new molecules.

iSee® measures standard and advanced biomarkers using various imaging criteria, from RECIST 1.1 to more specific criteria such as lesion volume, mRECIST or iRECIST. iSee® makes it possible to analyze images for the follow-up of all solid cancers tumors.

With eyonis™ (previously iBiopsy®), our intention is to change the paradigm in cancer imaging diagnostics. We are developing medical device software leveraging Artificial Intelligence and Machine Learning technologies to assist healthcare professionals in diagnosing patients earlier and more accurately based on medical images. Eyonis™ is currently prioritizing two highly impactful and deadly diseases in terms of public health: lung cancer and primary liver cancer.

Our most advanced development program to date involves the eyonis™ Lung Cancer Screening (LCS) CAdE/CADx medical device software for lung cancer screening.

In 2022 and 2023, Median Technologies communicated the excellent sensitivity and specificity performances of the algorithms for detecting and characterizing cancerous lung nodules.

6. Future prospects

iCRO: In 2024, Median Technologies anticipates a resurgence in the growth of its iCRO activity. Median Technologies' revenue is derived 100% from iCRO. This iCRO activity was negatively impacted in 2023 by a decrease in order intake in China throughout 2022. The primary growth drivers for the iCRO activity envisaged for 2024 include the resumption of growth in China, the signing of new framework contracts for imaging services with globally renowned pharmaceutical laboratories, and the acceleration of existing partnerships with global CROs already partnering with Median.

The pharmaceutical industry is making significant investments in Artificial Intelligence for the development of new therapies in oncology, aiming to optimize and accelerate development plans. The iCRO Imaging Lab offering, based on AI technologies, is a strong growth lever that the Company intends to rely on to secure major agreements with pharmaceutical laboratories, with the objective of integrating Imaging Lab's AI solutions into drug development plans in oncology. The addition of AI in the processing of medical images impacts three major points that are currently hurdles in the development of new oncology drugs in the era of precision medicine: the inclusion in clinical trials of asymptomatic patients with early-stage cancers, leading to better consistency of patient cohorts, the development of imaging biomarkers to predict patient response to treatments, and the development of companion diagnostics.

Eyonis™ (previously iBiopsy): In 2024, eyonis™ activities will focus on the development plan for the eyonis™ LCS CADe/CADx medical device software, for which Median aims to obtain 510(k) clearance (FDA) and CE marking during the first half of 2025. Following the results of the independent verification study published in early 2024, standalone and MRMC (Multi-Reader Multi-Case) studies are ongoing and will continue throughout the year.

Medical-economic studies, the results of which will support negotiations with payers for reimbursement of eyonis™ LCS in the United States, the primary targeted market, and subsequently in European countries, will be launched in the second half of 2024. Median expects to finalize the establishment of distribution partnerships in 2024, based on negotiations initiated at the end of 2023. Throughout 2024, Median will also continue the development of its medical device software for the incidental discovery of pulmonary nodules (IPN) and the diagnosis of small hepatocellular carcinoma (HCC). Regarding this clinical development plan, promising initial results were announced in September 2023.

II. PRESENTATION OF THE ACTIVITY OF THE COMPANY'S SUBSIDIARIES

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

The US Subsidiary comprised 22 employees as of December 31, 2023.

During the financial year, the turnover of the US Subsidiary amounted to USD 3,767 K (i.e. EUR 3,483 K). Like the previous financial year, MEDIAN TECHNOLOGIES INC's turnover is due to the introduction in 2014 of a "cost-plus" contract between the parent company and its subsidiary. Thus, the total turnover in 2023 corresponds to the invoicing of costs to the Company.

2. The Company also owns the entire share capital and voting right of **MEDIAN MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD**, the Chinese subsidiary of the Company (hereinafter the "**CN Subsidiary**").

The CN Subsidiary comprised 55 employees as of December 31, 2023.

During the financial year, the turnover of the CN Subsidiary amounted to RMB 64,329 K (i.e. EUR 8,589 K). This corresponds also to invoicing of services performed for Median technologies SA in the amount of RMB 767 K (EUR 100 K). The remaining turnover corresponds to medical imaging services provisions performed as part of clinical trials contracted these last years with the Chinese companies.

* * *

The Board of Directors