

**AB SCIENCE S.A.**

*Société Anonyme* (French public limited company) with a share capital of 524,563.57 euros

Registered office: 3, avenue George V, 75008 PA

438 479 941 RCS (Trade and Companies' Register) Paris

**ANNUAL FINANCIAL REPORT  
OF GROUPE AB SCIENCE  
FOR THE YEAR ENDING 31 DECEMBER 2020**

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# MANAGEMENT REPORT 2020

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## 1. INFORMATION REGARDING THE COMPANY, ITS HISTORY AND FIELD OF BUSINESS

### 1.1. Information regarding the company

AB Science is a public limited company with a Board of Directors governed by French law, in particular by the provisions of the Commercial Code and was incorporated on 11 July 2001 for a period of 99 years, unless otherwise extended or previously dissolved.

Its head office is located at 3, avenue George V - 75008 Paris. Its principal place of business is located at 3, avenue George V - 75008 Paris, and the telephone number of its principal place of business is +33 (0) 1 4720 0014.

### 1.2. The company's activity

AB Science is a pharmaceutical company specialising in the research, development, and marketing of protein kinase inhibitors (PKIs), a class of targeted therapeutic molecules that work by modifying signalling pathways within cells.

The diseases targeted by the Company with these PKIs are high medical need diseases, in cancers, inflammatory diseases and diseases of the central nervous system, both in human medicine and in veterinary medicine.

AB Science has also launched a clinical development programme for the treatment of COVID-19, following the discovery by researchers at the University of Chicago that masitinib has direct antiviral activity against SARS-CoV-2 by targeting the catalytic residues of 3CL protease. Based on this mechanism of action, masitinib may block viral replication.

The Company owns a large portfolio of molecules. This portfolio of molecules is based on several patents for separate chemical structures, notably granted in Europe and the United States. The main focus molecule at AB Science is masitinib.

### 1.3. Company History

Founded in July 2001, AB Science is a pharmaceutical company based in Paris whose total workforce is composed, as of the date of this annual financial report, of 92 people including one in the United States. AB Science's business is based on the research, development and marketing of tyrosine kinase inhibitors. These are a class of therapeutic molecules used in the treatment of cancers, inflammatory diseases and diseases of the central nervous system.

AB Science has raised 239 million euros since its creation, mainly from private investors. On 21 April 2010, AB Science was listed on Euronext, Compartment B.

One of AB Science's strengths is its ability to bring together researchers who are among the best in each of the scientific disciplines involved in its research. This team brings together recognised experts in both chemistry and biology linked to tyrosine kinase inhibitors, oncology and the skills required in clinical development, pharmaceutical development and management.

Since its creation, AB Science has focused its research and development activities on optimisation programmes for new molecules as well as the continuation of the masitinib development programme. AB Science has constantly continued to strengthen its development teams in order to effectively manage its clinical studies internally.

In veterinary medicine, AB Science has been commercially exploiting Masivet® in Europe since 2009 in a canine cancer (canine mastocytoma). In human medicine, masitinib is being developed in several phase 3 studies in humans, in two cancers (pancreatic cancer and prostate cancer), in two inflammatory (systemic indolent mastocytosis, severe asthma), in three neurodegenerative (amyotrophic lateral sclerosis, Alzheimer's disease, progressive multiple sclerosis) diseases, as well as in phase 2 of the treatment of Covid-19.

Since 2008, AB Science has had a wholly-owned subsidiary in the United States, AB Science USA LLC, with one employee. AB Science USA LLC is responsible for monitoring clinical studies in the United States.

## 2. KEY EVENTS OF THE YEAR 2020

### Clinical results

#### ▪ Alzheimer's disease

The Phase 2B/3 study (AB09004) evaluating masitinib in patients with mild to moderate Alzheimer's disease met its predefined primary endpoint and demonstrated that masitinib 4.5 mg/kg/day (n=182) generated a statistically significant effect compared to the control (n=176) on the primary endpoint, namely the change in ADAS-Cog, a score that measures the effect on cognition and memory (p=0.0003).

The study also showed that masitinib 4.5 mg/kg/day produced a statistically significant effect on the ADCS-ADL score, a score that assesses independence and daily living activities (p= 0.0381). In addition, the study demonstrated a 71% improvement in CIBIC score, which was statistically significant compared to the placebo (p=0.040), as well as a numerical advantage (not statistically significant) in favour of masitinib on MMSE, CDR and NPI scores.

This study compared the efficacy and safety of masitinib to placebo after 24 weeks of treatment when given in addition to a cholinesterase inhibitor (donepezil, rivastigmine or galantamine) and/or memantine. Two doses of masitinib were tested, masitinib 4.5 mg/kg/day and a titrated dose of masitinib 4.5 to 6.0 mg/kg/day, each dose having its own control.

No significant treatment effects were observed on ADAS-Cog or ADCS-ADL scores in the higher dose sub-studies of masitinib (dose escalation to 6.0 mg/kg/day).

#### ▪ Progressive forms of multiple sclerosis

The Phase 2B/3 study (AB07002) evaluating oral masitinib in primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS) met its primary endpoint, demonstrating a statistically significant reduction in disability progression as measured by the EDSS score with masitinib at 4.5 mg/kg/day (p=0.0256). This treatment effect was homogeneous in PPMS and nSPMS patients.

The predefined primary endpoint was the overall change in the Expanded Disability Status Scale (EDSS) score from the baseline and averaged over 8 time points measured every 12 weeks over 2 years, with sensitivity analysis based on the ordinal change in the EDSS score (i.e. +1 if improved; 0 if stable; -1 if worsening).

Sensitivity analysis based on ordinal change in the EDSS score showed a significant 39% increase in the probability of having either reduced symptoms or less disease progression with masitinib (p=0.0446). In addition, masitinib significantly reduced the risk of first progression of the eDSS score by 42% and the risk of confirmed progression (3 months) of the eDSS score by 37%. Masitinib also significantly reduced the risk of reaching an EDSS score of 7.0, which corresponds to a disability severe enough to require a wheelchair (p=0.0093).

There are two main forms of multiple sclerosis: relapsing-remitting and progressive. Although significant progress has been made in relapsing-remitting multiple sclerosis, with more than 15 products registered, there is still a very significant unmet medical need in the treatment of primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS), as there is no product registered in nSPMS and only one product registered in PPMS. PPMS and nSPMS account for 50% of patients with multiple sclerosis.

The results of the study were presented at the 8th joint meeting of the Americas Committee for Treatment and Research in Multiple Sclerosis (ACTRIMS) and the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), which took place from 11 to 13 September 2020. The joint ECTRIMS-ACTRIMS meeting is the world's largest international conference dedicated to basic and clinical research in multiple sclerosis.

#### ▪ Severe asthma

##### ✓ Severe asthma not controlled by oral corticosteroids

The phase 3 study (AB07015) evaluating oral masitinib in the treatment of severe asthma not controlled by oral steroids met its primary objective. The pre-specified primary analysis was conducted in the population of patients with severe asthma taking a daily dose of OCS  $\geq$  7.5 mg in which treatment with masitinib significantly reduced the number of severe exacerbations (p=0.0103).

AB Science presented the results of its phase 3 study AB07015 in severe asthma not controlled by oral corticosteroids (OCS) at the European Academy of Allergy & Clinical Immunology (EAACI) 2020 conference in June 2020. The EAACI is one of the most prestigious academic congresses in pulmonary medicine and the largest specialist congress in the world in the field of allergy and clinical immunology.

The results of the study were also presented at the European Respiratory Society's Annual International Congress in September 2020. The Annual International Congress of the European Respiratory Society (ERS) is the largest meeting in the respiratory field.

- ✓ Severe asthma not controlled by inhaled corticosteroids

The phase 3 study (AB14001) evaluating oral masitinib in severe asthma not controlled by high-dose inhaled corticosteroids and with an eosinophil level  $>150$  cells/ $\mu$ L met its primary objective.

The primary pre-specified analysis was the rate of severe asthma exacerbations and masitinib demonstrated a statistically significant 29% reduction in severe exacerbations ( $p=0.022$ ) compared to placebo. The incidence of severe asthma exacerbations was 0.43 in the masitinib arm compared to 0.62 in the placebo arm. The duration of exposure was well balanced between the two treatment arms (16 months in the masitinib arm and 17 months in the placebo arm). Sensitivity analysis based on the rate of moderate and severe asthma exacerbations was consistent with the primary analysis and detected a statistically significant 31% reduction in exacerbations ( $p=0.005$ ) between masitinib and the placebo. The incidence of moderate and severe asthma exacerbations was 0.55 in the masitinib arm compared to 0.80 in the placebo arm.

- Pancreatic cancer

The phase 3 study (AB12005) met its primary objective of demonstrating an increase in survival in pancreatic cancer with pain.

Study AB12005 evaluated masitinib at a dose of 6.0 mg/kg/day in combination with gemcitabine in the first-line treatment of patients with pain-ridden, non-operable locally advanced or metastatic pancreatic cancer. The primary objective of the study was considered to be met if there was a statistically significant increase in survival (statistical significance level of 2.5%) in either the overall pain population or the pain and non-operable locally advanced tumour population.

In the pain population with non-operable locally advanced tumour, masitinib showed a significant improvement in overall survival compared to the control. The difference in median survival between the two groups was 1.8 months ( $p=0.007$ ) in favour of masitinib (13.0 months for masitinib versus 11.2 months for control), with a Hazard Ratio (HR) of death of 0.46, representing a 54% reduction in the risk of death for masitinib-treated patients compared to the control. The result on the primary endpoint is consistent with the secondary analysis on progression-free survival (PFS), which measures the time to tumour progression or death since the start of treatment.

Masitinib also reduced pain compared to control in patients with non-operable locally advanced tumours, with a difference between the two groups that was statistically significant or close to being statistically significant. In pancreatic cancer, there is evidence that pain is a predictor of poor prognosis. The AB12005 study demonstrated that mast cells are associated with pain and that mast cell blocking, which masitinib targets, is able to reverse the poor prognosis of patients with pain from locally advanced non-operable tumours.

In the overall population of patients with both locally advanced and metastatic pancreatic cancer, no survival benefit was detected, suggesting that treatment with masitinib should be initiated at an early stage of the disease, and before metastasis occurs.

#### Clinical programme for the treatment of Covid-19

- Independent publication from the University of Chicago demonstrating anti-viral activity of masitinib against SARS-Cov-2

Independent research by scientists at the University of Chicago has demonstrated the anti-viral activity of masitinib against SARS-Cov-2. From a library of 1,900 clinically used drugs either approved for human use or in late-stage clinical development, masitinib stood out for its ability to completely inhibit the activity of the main SARS-CoV-2 protease (3CLpro), thereby blocking viral replication. Remarkably, the research team elucidated the mechanism of action of masitinib against SARS-CoV-2, showing that masitinib inhibits the SARS-CoV-2



protease 3CLpro, which is crucial in the infection and reproduction of the virus, by binding directly to the protease's catalytic site.

- Launch of a phase 2 study in the treatment of Covid-19

AB Science has received approval from the *Agence française du médicament* (ANSM - French Medicines Agency) to initiate a phase 2 study evaluating masitinib in combination with isoquercetin in the treatment of COVID-19.

This study (AB20001) is a randomised (1:1), open-label, phase 2 clinical trial to assess the safety and efficacy of masitinib plus isoquercetin in hospitalised patients with moderate to severe COVID-19.

The study will recruit 200 patients (over 18 years of age and with no upper age limit) from hospitals in France and other countries. The main objective is to improve the clinical condition of patients after 15 days of treatment.

Many patients with moderate and severe forms of COVID-19 develop a "cytokine storm" that leads to severe lung inflammation and numerous thrombotic events associated with acute respiratory distress syndrome (ARDS) and potentially death. The combination of masitinib with isoquercetin may prevent the development of both complications:

- Masitinib is a potent inhibitor of mast cells and macrophages that contribute to the cytokine storm
- Isoquercetin inhibits disulfide isomerase (PDI), an enzyme directly involved in clot formation, and decreases D-dimer, a predictor of the severity of COVID-19-related thrombosis.
- The combination of masitinib and isoquercetin has a synergistic effect against senescent cells, a potential target of the virus that may explain why COVID-19 mortality is higher in the elderly.

#### Other events

- March 2020 fundraising

AB Science raised €12.3 million in March 2020 through a successful private placement, the exercise of share subscription warrants and the implementation of a financing option to mobilise the 2019 research tax credit early:

- EUR 6.40 million gross was raised through a private placement of 860,220 new ordinary shares at a price of EUR 7.44, representing a premium of 5.5% on the closing price.
- EUR 1.23 million was raised through the exercise of 449,014 share subscription warrants (subscribed in the August 2019 private placement)
- EUR 4.70 million was raised through the implementation of the financing option to mobilise the 2019 research tax credit early

The proceeds of these transactions will be used by AB Science for general corporate purposes and to fund its clinical development programme.

- October 2020 fundraising

AB Science entered into an agreement in October 2020 with qualified investors for a financing of 4.5 million euros through the issuing of 90,000 bonds issued at a nominal value of 50.0 euros per bond and convertible into new ordinary shares (the "OCAs" (*obligations convertibles en actions* - convertible bonds) to which are attached share subscription warrants (the "BSAs" (*bons de souscription d'actions* - share subscription warrants) and, together with the OCAs, the "OCABSA" - convertible bond with warrant attached).

This issue strengthened AB Science's cash position for the development of its clinical research programme.

- November 2020 optional funding

AB Science announced in November 2020 the establishment of a Term Capital Increase Programme (PACTTM - *Programme d'Augmentation de Capital à Terme*) with a fund controlled by Alpha Blue Ocean.

Alpha Blue Ocean has undertaken to subscribe, from the date hereof and for a period of 24 months, at the request of AB Science, to capital increases in tranches of between 500,000 and 1.0 million shares, up to an overall limit of 4.0 million shares (i.e. 7.8% of the current capital). These capital increases will be carried out on the basis of the twenty-fifth resolution of the combined general meeting of shareholders of 31 August 2020 (as renewed from time to time).

For each tranche, the issue price of the new AB Science shares, fully subscribed by Alpha Blue Ocean, will be equal to the volume-weighted average price of the AB Science share on Euronext Paris during the three trading sessions preceding the drawdown request without discount (the "Reference Price").

For each tranche, and after settlement and delivery of the AB Science shares which are the subject of the corresponding capital increase, 75% of the issue proceeds will be placed in an escrow account opened in the books of a third-party financial institution, pending the sale of the corresponding shares on the market by the subscriber. The balance of the issue proceeds will be definitively acquired by AB Science.

- Signature of a financing agreement with the EIB in November 2020

In November 2020, AB Science and the European Investment Bank (EIB) announced a loan agreement for a total amount of 15.0 million euros. This loan will enable AB Science to finance the clinical development programme evaluating masitinib in Covid-19.

This initial partnership with the EIB may be expanded in the future as discussions have been initiated for additional funding for other indications in which masitinib is or may be evaluated, up to a maximum of 30.0 million euros.

The Covid-19 Loan consists of two tranches of six million euros each, and a third tranche of three million euros. AB Science has not yet made a request to draw down the first tranche. It must do so contractually by the end of May 2021. The remaining two tranches will be drawn down at a later date, subject to the achievement of certain milestones, including clinical progress in AB Science's Covid-19 study and future equity financing for AB Science.

The Covid-19 Loan has an interest rate of 9% for the first tranche, 7% for the second tranche (which can be reduced to 5% if AB Science reaches a turnover threshold) and 5% for the third tranche.

The Covid-19 Loan is complemented by an agreement to issue share subscription warrants (the "BSAs") to the EIB. The number of BSAs to be issued by AB Science at the time of the drawdown of each tranche of the Covid-19 Loan will depend on the reference price of AB Science (itself a function of the stock market price or the price of the last capital increase carried out by AB Science) preceding the drawdown of each tranche and the amount of the tranche in question. For illustrative purposes only, based on a reference price of 14.42 euros (i.e. the price of the December 2020 fundraising), AB Science is expected to issue 122,379 BSAs concurrently with the drawdown of the first tranche. Each BSA will entitle the holder to subscribe to one ordinary share of AB Science at a price equal to the volume-weighted average of the share price of AB Science prior to their issue less 5%, for a period of 15 years.

- December 2020 fundraising

In December 2020, AB Science announced a capital increase of approximately 10.5 million euros through the issue of 728,156 new ordinary shares at a price of 14.42 euros per share, including share premium.

The issue price of one New Share of 14.42 euros corresponds to the volume-weighted average of the prices of the last three trading sessions, in accordance with the twenty-fifth resolution of the General Meeting.

The proceeds of the Capital Increase will provide the Company with additional resources to fund its clinical research program and extend its funding horizon beyond the next twelve months.

The New Shares were placed, with cancellation of the shareholders' preferential subscription rights, through a private placement with qualified investors in accordance with the twenty-fifth resolution of the combined general meeting of shareholders of the Company of 31 August 2020.

- Other securities transactions:

During the year 2020, 208,600 stock options and 1,125,000 share subscription warrants were granted. Details of these securities can be found in chapters 11.2 and 11.3 of this report.

- Other information:

- ✓ Covid-19 Pandemic

In 2020, the COVID-19 pandemic had a limited impact on AB Science's clinical development programme, as this crisis occurred at a time when most of AB Science's clinical studies were completed and confirmatory studies had not yet started.

The integrity of the study data has not been affected by the pandemic. There were no treatment interruptions or deaths due to COVID-19.

At employee level, the activity of some research employees could not be maintained during the first lockdown in March, April and May 2020 due to the unavailability of spectroscopic analysis equipment and the closure of the universities. The effects are presented in the consolidated notes in accordance with the nature of the corresponding income and expenses.

✓ Eligibility for PEA-PME

AB Science confirms its eligibility for PEA-PME (a share savings plan aimed at providing finance to SMEs) in accordance with decree no. 2014-283 of 4 March 2014 taken for the application of article 70 of law no. 2013-1278 of 29 December 2013 of finance for 2014 fixing the eligibility of companies for PEA-PME, i.e. less than 5,000 employees on the one hand, an annual turnover of less than 1,500 million euros or a total balance sheet of less than 2,000 million euros, on the other hand.

### 3. MANAGEMENT'S COMMENTS ON THE GROUP'S ANNUAL FINANCIAL REPORT

Statement of comprehensive income as at 31 December 2020 (IFRS):

| <i>(In thousands of euros)</i>        | 31 December 2020 | 31 December 2019 |
|---------------------------------------|------------------|------------------|
| Net Turnover                          | 1,583            | 1,571            |
| Operating profit                      | (14,749)         | (17,474)         |
| Net profit (loss)                     | (15,045)         | (21,747)         |
| Overall profit (loss) for the period  | (15,378)         | (21,726)         |
| Earnings per share - in euros         | (0.34)           | (0.55)           |
| Diluted earnings per share - in euros | (0.34)           | (0.55)           |

#### Operating results

##### Operating revenue

| <i>(In thousands of euros)</i> | 31 December 2020 | 31 December 2019 |
|--------------------------------|------------------|------------------|
| Net Turnover                   | 1,583            | 1,571            |
| Other income                   | 0                | 0                |
| Total operating income         | 1,583            | 1,571            |

Operating income, exclusively consisting of revenue from the operation of a veterinary medicine drug, was stable compared to 31 December 2019 and amounted to €1,583,000.

##### Operating expenses

| <i>(In thousands of euros)</i> | 31 December 2020 | 31 December 2019 |
|--------------------------------|------------------|------------------|
| Cost of sales                  | 69               | 181              |
| Marketing expenses             | 781              | 1,018            |
| Administrative costs           | 2,641            | 2,263            |
| Research and development costs | 12,841           | 15,583           |
| Other operating expenses       | 0                | 0                |
| Total operating costs          | 16,332           | 19,045           |

Operating expenses amounted to €16,332k at 31 December 2020 compared to €19,045k at 31 December 2019, a decrease of 14.2%.

Cost of sales amounted to €69k at 31 December 2020 compared to €181k at 31 December 2019, a decrease of €112k.

Marketing expenses amounted to €781k at 31 December 2020 compared to €1,018k at 31 December 2019, a decrease of 23.3%.

Administrative expenses increased by 16.7% from €2,263k at 31 December 2019 to €2,641k at 31 December 2020.

Research and development costs decreased by 17.6% compared to 31 December 2019 (€12,841k at 31 December 2019 versus €15,583k at 31 December 2019).

This variation is explained by the end of a number of studies where masitinib is being developed, which has led to a decrease in clinical costs (clinical partners, hospitals, laboratories, etc.).

#### Operating profit/loss

The operating result as at 31 December 2020 corresponds to a loss of €14,749k, compared to a loss of €17,474k as at 31 December 2019, i.e. a decrease in the operating deficit of €2,725k (15.6%) for the reasons set out above.

#### Financial profit/loss

The financial profit/loss at 31 December 2020 was a loss of €289k compared to a loss of €4,269k a year earlier. The loss of €289k, like the one at 31 December 2019, is mainly related to the recognition of the change in fair value of financial liabilities (€440k). This change results in a non-recurring, non-cash loss. The valuation of this financial liability is explained in note 16.4 to the consolidated financial statements in this report.

#### Net profit (loss)

The net loss at 31 December 2020 was €15,045k compared to €21,747k at 31 December 2019, a decrease of 30.8%, for the reasons mentioned above.

### **Cash and capital resources**

#### Assets

In view of the expected marketability of the products, the development costs have been accounted for as expenses. The amount capitalised corresponds mainly to the cost of registering the Company's patents. The Company's patent registration fees capitalised in net values increased by 4.2% at 31 December 2020, from €1,411k at 31 December 2019 to €1,471k at 31 December 2020.

In accordance with IFRS 16, leases with a term of more than 12 months are now recognised as assets by recognising a right of use. This amounted to €1,662k at 31 December 2020 compared to €1,979k at 31 December 2019.

Inventories amounted to €79k at 31 December 2020 compared to €230k at 31 December 2019.

Trade receivables increased from €197k at the end of 2019 to €355k at 31 December 2020.

Financial assets are cash instruments with a maturity of more than three months. As at 31 December 2020, no cash instruments had a maturity of more than three months.

The Company's other current assets decreased by €2,730k (€7,962k at 31 December 2019 vs 5,232k at 31 December 2020).

Cash and cash equivalents amounted to €20,660k at 31 December 2020 compared to €5,695k at 31 December 2019.

Total cash and current financial assets amounted to €20,660k at 31 December 2020 compared to €5,695k at 31 December 2019.

#### Liabilities

The financing used by the company is mainly made up of share issues and bond issues, and various public aids (research tax credit, repayable advances and subsidies).

The following table shows the changes in the Company's equity between 31 December 2019 and 31 December 2020.

| <i>(In thousands of euros) - IFRS</i>                | Company's equity |
|--|------------------|
| Equity on 31/12/2019                                 | (26,829)         |
| Capital increases and share premiums net of expenses | 22,563           |
| Overall profit (loss) for the period                 | (15,378)         |
| Conversion options                                   | 0                |
| Share-based payments                                 | 95               |
| Equity on 31/12/2020                                 | (19,549)         |

At 31 December 2020, the Company's equity was negative and amounted to €19,549k.

Current liabilities amounted to €22,587k at 31 December 2020 compared to €19,527k at the end of 2019, an increase of 15.7%.

This increase (€3,060k) is mainly due to the following effects:

- increase in current financial liabilities: €4,363k This increase results from the conclusion of a loan issued as part of the pre-financing of the 2019 research tax credit of \$5.1 million in June 2020, repaid in full in January 2021
- an increase in current provisions (€279k), related to litigation
- increase in other current liabilities: €108k
- the increase in lease obligations (IFRS 16): €28k
- the decrease in trade payables: €1,717k

Non-current liabilities amounted to €26,650k at 31 December 2020 and relate to:

- non-current financial liabilities in the amount of €23,979k:
  - 10,197 K of conditional advances linked to research programmes and repayable in the event of the success of these programmes,
  - 12,780k related to the valuation of preference shares and BSAs defined as debt instruments under IFRS. These instruments are therefore recognised as financial liabilities and valued at their fair value at each closing date, i.e. €12,780k at 31 December 2020. This valuation has no cash impact.
  - €938k linked to a loan from BPI France
- the sum of the discounted rents remaining to be paid under the current leases, amounting to €1,390k, pursuant to IFRS 16
- the provision of €1,281k for retirement benefits

Non-current liabilities increased by €1,607k from €25,043k at 31 December 2019 to €26,650k at 31 December 2020. This increase can be analysed by the following main variations:

- the increase in the provision for pension commitments (€464k)
- the increase in financial instruments (€1,433k). The change in this item is mainly due to the change in the fair value of the financial instruments.
- the decrease in lease obligations (IFRS 16): €289k

As of 31 December 2020, the company has concluded:

- a bank loan in 2018 for an amount of €18k at a fixed rate of 2.06% and a term of 36 months.
- a loan issued as part of the pre-financing of the 2019 research tax credit of \$5.1 million in June 2020, repaid in full in January 2021
- a loan from BPI France in September 2020 for an amount of 1 million euros at a fixed rate of 2.25% and a term of 60 months.

#### **4. RECENT EVENTS SINCE THE END OF THE FINANCIAL YEAR**

##### Clinical results in Prostate Cancer

Masitinib Phase 2B/3 study (AB12003) in metastatic castrate-resistant prostate cancer (mCRPC) eligible to chemotherapy met its predefined primary endpoint.

Patents related to study AB12003 results are being filed and detailed results of study AB12003 will be presented during a webcast with Key Opinion Leaders that will be held as soon as patents have been filed.

Study AB12003 was an international, multicenter, randomized, double blind, placebo-controlled, 2-parallel group, Phase 3 study in metastatic castrate resistant prostate cancer (mCRPC) eligible to chemotherapy. The study aimed to compare the efficacy and safety of masitinib (6.0 mg/kg/day) in combination with docetaxel versus placebo in combination with docetaxel. Docetaxel was combined with prednisone. The study primary endpoint was progression free survival (PFS).

The target patient population consisted of adult males who had progressed to develop metastatic castrate resistant prostate cancer (mCRPC) after castration treatment (i.e. reduction of available androgen/testosterone/DHT by chemical or surgical means) and were therefore eligible for chemotherapy.

#### Clinical programme for the treatment of Covid-19

- New independent publication confirms anti-viral activity of masitinib against SARS-Cov-2

AB Science announced the publication of results from a preclinical study with masitinib in COVID-19. The research conducted by scientists from the Institute of Human Virology (Guangzhou, China) has been published in the peer-reviewed journal mBIO (a journal of the American Society for Microbiology).

This article presents the results of a new independent study, led by Professor Yuewen Luo and colleagues from the Institute of Human Virology (Guangzhou, China), describing the development of an in vitro SARS-CoV-2 viral replication system (replicon) for high-throughput screening of antiviral drugs. Such systems allow the replication of the SARS-CoV-2 virus to be simulated in a practical and safe way to analyse the role of the different genes it encodes, the effects of mutations in these genes and the antiviral activity of small molecules.

From a library of 1,680 clinically approved drugs, masitinib was one of five drug candidates selected for further study due to its potent inhibitory effect on the replicon system and its ability to block viral replication of wild-type SARS-CoV-2. In each of the replicon and wild-type SARS-CoV-2 models, masitinib demonstrated strong activity with a submicromolar IC<sub>50</sub> equal to 0.6  $\mu$ M (this is a quantitative measure of the amount of a particular inhibitory substance required to inhibit viral replication by 50% in vitro). This is equivalent to the inhibition of SARS-CoV-2 replication by masitinib in a human airway epithelial cell model. It is important to note that such an active concentration (0.6  $\mu$ M) is achieved in human patients at the therapeutic dose (6 mg/kg/day).

The authors concluded that their results supported the hypothesis that SARS-CoV-2 RNA synthesis may be directly dependent on certain phosphorylation-regulated signalling pathways, masitinib being a tyrosine kinase inhibitor.

These new results establish that masitinib, in addition to being a direct antiviral drug that blocks 3CLPro, as previously shown by research at the University of Chicago, could also likely indirectly block virus replication through inhibition of cellular kinases.

- Exclusive research agreement signed with the University of Chicago

AB Science and the University of Chicago have announced an exclusive licence agreement to conduct research into the prevention and treatment of humans infected with nidoviruses, coronaviruses and picornaviruses.

The collaboration follows the discovery by the University of Chicago that masitinib inhibits the key protease (3CLpro) required for the replication cycle of the SARS-CoV-2 virus.

Under the agreement, AB Science will provide masitinib and more than 130 other AB Science proprietary drugs that have demonstrated activity against the key SARS-CoV-2 protease, 3CL-Pro, through a virtual screening methodology, and will benefit from the University of Chicago's proprietary research platform to evaluate its compounds.

The University of Chicago will carry out the following research activities:

- Progress in the preclinical programme for masitinib against SARS-CoV-2
- Initiation of research with masitinib against viruses other than SARS-CoV-2 that are also dependent on the 3CL-Pro protease for replication
- Testing and identification of masitinib analogues active against the SARS-CoV-2 protease 3CL-Pro

In the event of commercialisation in viral diseases, AB Science will benefit from an exclusive royalty-bearing licence for any discovery made by the University of Chicago on its products (1% of net sales of the first registered product and 0.3% of net sales of subsequent registered products, payable to the University of Chicago).

### State-guaranteed loan (PGE)

AB Science has obtained the agreement of Société Générale, Bpifrance and Banque Populaire for a total of 6 million euros in financing in the form of a state-guaranteed loan (PGE - *prêt garanti par l'État*), in the context of the COVID-19 pandemic.

Each bank provided a loan of 2 million euros. This loan is 90% guaranteed by the French State, with an initial maturity of 12 months and an extension option of up to five years, exercisable by AB Science.

### Shareholder agreements expiring in 2021

Some agreements expire in 2021. All of these covenants are detailed in Chapter 8.5 of this report.

No other post balance sheet events have occurred since the balance sheet date that could have an impact on the financial position of the Group.

## **5. RISK FACTORS**

### **5.1. Strategic risks**

#### **5.1.1. Risks of failure or delay in the development of the Company's products**

AB Science conducts preclinical and clinical development programmes which will ultimately lead to the marketing of its drug candidates. The development of a drug candidate is a long and costly process taking place over several phases with an uncertain outcome, the objective being to demonstrate that the drug candidate has a positive benefit-risk balance in each of the indications provided.

AB Science may also be unable to demonstrate good tolerability, the absence of adverse effects, or the effectiveness of one or more of its drug candidates in animals and humans. Furthermore, any failure at the various clinical stages for a given indication could delay the development, production and marketing of the drug candidate or even lead to its development being stopped.

More specifically, AB Science has identified the following risks associated with the development of its drug candidates, without this list being considered exhaustive:

- At each phase of development of a drug candidate, AB Science presents the results of its clinical studies to regulatory authorities in different countries according to a development plan.
- There may then appear (i) additional requirements concerning the study protocols, the characteristics of the patients included in the studies, the treatment durations and the post-treatment follow-up, (ii) differences in interpretation of the results, (iii) requests for additional studies to clarify certain points or targeting certain specific patient populations, (iv) differences between regulatory agencies in different countries or (v) changes in regulatory doctrine.
- Due to these requirements, discrepancies, requests or changes, the drug candidate development programme may be delayed or even stopped. Study times can thus be extended and development costs increased, to such an extent that the economic feasibility of the development programme can be significantly affected.
- Health authorities can perform audits of AB Science clinical studies. Health authorities are regularly called upon to verify that AB Science's conduct of its clinical studies complies with good clinical practice. Any failure of AB Science can have consequences on the duration, even the continuation and cost of clinical studies, as well as on the quality of the data collected. For example, AB Science received a decision in May 2017 to suspend clinical studies conducted in France, mainly because of repeated deviations from good clinical practice. AB Science has set up a quality management system and the required corrective and preventive actions. The ANSM (French Medicines Safety Agency) finally repealed this decision in May 2019, following an inspection to verify that the conditions for resuming clinical studies were met.
- During clinical trials, the speed of patient recruitment can be variable, even if the choice of centres and partners is calibrated based on the possibilities of recruitment. In addition, certain requests from regulatory authorities could impact the start-up time for patient recruitment. Any delay in recruiting patients for a clinical study can have a significant impact on the drug candidate development programme.
- AB Science relies on the economies of scale allowed by regulations to carry out its clinical trials, with favourable conditions in terms of time and budget. Any questioning of the regulations applicable in this area, or any decision by the regulatory authorities not to apply them in the case of AB Science molecules or any decision to request additional tests or examinations is likely to delay, or even interrupt the development programme of the drug candidate concerned.
- AB Science develops drug candidates for indications with high medical need. These indications are less sensitive than others to the existence of unwanted side effects. However, if AB Science's drug candidates

had intolerable side effects, it would be impossible for it to continue development programmes in all or part of the intended indications.

Therefore, there is nothing that allows AB Science to guarantee that its research and development programmes will succeed, or that they will succeed within deadlines compatible with the needs of the market. Any failure or delay in the development of AB Science's drug candidate programmes could have a material adverse effect on AB Science's business, results, financial condition and prospects.

Certain provisions governing decision-making and monitoring research and development programmes aim to control this development risk (without however excluding it), in particular by assessing the advisability of continuing programmes (and therefore of initiating investments) when the risk is too great. Thus, without this list being exhaustive:

- AB has introduced a "futility analysis" in some of its clinical study protocols. This futility analysis, carried out by an independent data review committee, allows the premature termination of a clinical study if it becomes apparent that the study has a low probability of demonstrating the efficacy of the candidate drug tested in the target population of affected patients.
- Some of AB Science's study protocols also include "re-sampling options". Such an option can be implemented if, during an interim analysis provided for in the protocol, there are signs of it being effective but it proves necessary to increase the number of patients in the study to obtain a statistically significant outcome.

As an example, in June 2018, for the phase 3 study in metastatic hormone-refractory prostate cancer (mCRPC), the IDMC recommendation, based on the rules defined for the interim analysis, was to continue with 468 patients in a subgroup of patients identified with a biomarker, and recruitment of patients without this biomarker was stopped.

#### 5.1.2. Risk of dependence on masitinib

As of 31 December 2020, the Company's most advanced product in the development process is masitinib.

The development of this drug candidate has required and will continue to require the Company to make significant investments in time and financial resources, as well as involving highly qualified personnel.

The future success of AB Science and its ability to generate income will depend on the technical and commercial success of this product and in particular, on the occurrence of many factors such as:

- the success of masitinib clinical programmes;
- obtaining marketing authorisation ("MA") granted by regulatory authorities;
- the success of the product marketing launch; and
- acceptance of masitinib by the medical community, prescribers and third-party payers (such as social security systems).

If the Company fails to develop and market its most advanced product, the Company's business, prospects, financial condition, results and development could be significantly affected.

In order to control this risk of dependence (without excluding it, however), AB Science is testing masitinib with different mechanisms of action for different indications.

AB Science also has an optimisation programme for new molecules.

#### 5.1.3. Risks related to the need of financing AB Science's activity

AB Science has made significant research investments since its inception in 2001, which has generated negative operational cash flows to date. As of 31 December 2020, its cumulative consolidated net losses (retained earnings and loss for the period) amounted to 244 million euros. The negative cash flows generated by the operations of AB Science amounted to 22.9 million euros and 26.8 million euros respectively for the year ended 31 December 2019 and the year ended 31 December 2020.

AB Science anticipates capital requirements in the near future to continue ongoing clinical studies or to conduct new clinical studies with its existing drug candidates.

AB Science's future capital requirements will depend on many factors, such as:

- the transition of some of its drug candidates to clinical development stages;
- higher costs and slower progress than expected for its research and development programmes;
- progress of AB Science's activity in identifying therapeutic molecules, consuming significant research and development resources and the corresponding increase in its portfolio of drug candidates;
- the costs of preparing, filing, defending and maintaining its patents and other intellectual property rights;
- costs to respond to technological and market developments;
- costs to ensure the efficient manufacturing and marketing of its drug candidates; and



- higher costs and longer lead times than expected for obtaining regulatory approvals, including time to prepare application files with regulatory authorities.

In the event that AB Science does not obtain the resources necessary to finance its activities, it would then be unable to develop, obtain regulatory approvals and market its drug candidates successfully.

AB Science may not be able to raise sufficient funds on acceptable terms, or may not raise funds at all when it needs to. In fact, without this list being exhaustive, it should be noted that:

- The stock markets have experienced significant fluctuations in recent years, sometimes unrelated to the results of the companies whose shares are traded. Market fluctuations and economic conditions could increase the volatility of AB Science shares. The price of AB Science shares could fluctuate significantly, in response to various factors and events, including the risk factors described in this document as well as the liquidity of the AB Science share market. AB Science's financing capabilities, mostly based on private equity placements, could also be impacted.
- Since AB Science's ability to carry out further capital increases is tightly controlled, it may be difficult to raise the funds necessary to finance its activities. In accordance with French law, the share capital of AB Science can only be increased with the agreement of the shareholders meeting at an Extraordinary General Meeting, even if the shareholders were to grant the Board of Directors delegated authority or power to proceed with a capital increase.

In addition, the Commercial Code imposes certain restrictions on AB Science's ability to set the price of shares offered without preferential subscription rights in the context of a public offer or private placement without indication of the beneficiaries, which could prevent AB Science from carrying out a capital increase. More specifically, according to the Commercial Code, unless the offer represents less than 10% of the issued share capital (and subject to certain conditions being fulfilled), no security can be sold within the framework of such an offer at a price lower than the volume-weighted average price during the last three trading sessions on Euronext Paris preceding the fixing of the price, which may be reduced by a maximum discount of 5.0%.

If AB Science is not able to raise sufficient funds on acceptable terms, or does not raise funds at all, AB Science may be forced to:

- delay, reduce or even eliminate research and development programmes or reduce its workforce;
- close some of its sites;
- obtain funds through partnership agreements which could force it to renounce rights to certain of its technologies or certain of its products, these being rights which it would not have renounced in a different context;
- grant licences or enter into new collaboration agreements which may be less attractive to it than those which could have been obtained in a different context; or
- consider asset disposals or even a merger with another company.

In addition, to the extent that AB Science could raise capital by issuing new shares, the participation of its shareholders would be diluted. Debt financing, to the extent that it is available, could also include restrictive conditions.

For example, on 27 November 2020, the Company signed a financing agreement with the European Investment Bank for a maximum amount of 15 million euros. While the conditions for the first tranche of 6 million euros have already been met, there can be no guarantee that the conditions for the second and third tranches will be met. In addition, the Company is exposed to a liquidity risk in the event of an event of default customary in the area, resulting in the early repayment of the loan taken out with the European Investment Bank and the interest.

One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation, its prospects, as well as on the situation of its shareholders.

#### 5.1.4. Risks linked to government grants and the research tax credit

##### 5.1.4.1. Risks linked to the research tax credit

To finance its activities, AB Science benefits from the French research tax credit ("CIR"), which consists of the State granting a tax credit to companies investing significantly in research and development. Research expenses eligible for the CIR include, in particular, salaries and wages, depreciation of research equipment, services subcontracted to approved research organisations (public or private) and intellectual property fees.

The CIR for the financial year ended 31 December 2020 amounted to € 3,308K.

It cannot be ruled out that the tax authorities will question the methods of calculating research and development expenses adopted by AB Science or that the CIR will be called into question by a change in regulation or by a challenge by the tax authorities, even though AB Science complies with the documentation and eligibility requirements for expenditure. If such a situation were to occur, it could have an adverse impact on AB Science's business, results, financial condition and prospects.

The repayment date of the CIR debt obligation is uncertain. To protect against this risk, the Company may have to refinance this debt, without being certain of succeeding. If it succeeds, the Company will have to pay financial costs (administration fees, interest charges) associated with the refinancing of this debt.

#### 5.1.4.2. Risks related to funded research programmes

AB Science receives aid from the French State in the form of grants and repayable advances. As of 31 December 2020, advances repayable in the amount of 10.2 million euros are recorded as financial liabilities of AB Science. In the event that AB Science does not comply with the contractual conditions provided for in the grant and repayable advance agreements or decides to no longer continue with the subsidised or assisted research programmes, AB Science may not receive the planned grants. French public bodies that have provided grants and repayable advances could also suspend or close a programme because of the intermediate results obtained from this programme.

In the event that AB Science does not comply with the contractual conditions provided for with these French public bodies, it may have to reimburse the sums advanced.

These situations could deprive AB Science of the financial means to carry out its development programmes. AB Science may also not necessarily have the additional financial resources available or the time to replace these financial resources with others.

#### 5.1.5. Risks related to the need to retain, attract and retain key personnel

The success of AB Science depends largely on the work and expertise of its management and key scientific personnel.

AB Science has not yet concluded any so-called "key person" insurance (permanent disability/death insurance policy) and the loss of their skills could impair AB Science's ability to achieve its objectives.

In addition, AB Science needs to recruit new executives and qualified scientific personnel for the development of its activities and as it expands in areas that require additional skills, such as statistical analysis, manufacturing, marketing, regulatory affairs and internal audit.

AB Science has to compete with other companies, research organisations and academic institutions to recruit and retain highly qualified scientific, technical and management personnel. To the extent that this competition is very intense and to the extent that AB Science is in competition with certain major players in the sector, AB Science may not be able to attract or retain these key personnel on terms that are acceptable from an economic point of view.

AB Science's inability to attract and retain these key people could prevent it from achieving its objectives and thus have a material adverse impact on its business, results, financial condition and prospects.

AB Science's policy is to reduce this risk through its human resources management, particularly in terms of compensation and distribution of financial instruments giving access to capital.

#### 5.1.6. Risks related to the management of the Company's internal growth

The development of AB Science will depend on its ability to manage its internal growth. If AB Science is able to grow its business significantly, it will need to recruit staff and expand its operational capabilities, which could greatly affect its internal resources. To this end, AB Science will have to, in particular:

- train, manage, motivate and retain an increasing number of employees;
- anticipate the expenses linked to this growth as well as the associated financing needs;
- anticipate the demand for its products and the income they are likely to generate; and
- increase the capacity of its existing operational, financial and management IT systems.

AB Science's inability to manage this growth, or if it encounters unexpected difficulties during its expansion, could have a material adverse impact on its business, results, financial condition and prospects.

#### 5.1.7. Risks related to AB Science's competitive environment

The markets in which AB Science operates, namely the research and development of tyrosine kinase inhibitors, are characterised by rapid technological development, the predominance of products protected by intellectual property rights and intense competition. Numerous organisational structures, pharmaceutical laboratories, biotechnology companies, academic institutions and other research organisations are actively engaged in the discovery, research, development and marketing of tyrosine kinase inhibitors or competing technologies targeting the same therapeutic applications.

AB Science's technologies or drug candidates are or will be in competition with a number of established drugs. AB Science's drug candidates may also find themselves competing with a number of innovative therapies that are under development or recently marketed.

Because of their size and their prior art technologies used in the development of drug candidates, AB Science's competitors benefit from many more resources and experience in management, manufacturing, marketing and research than AB Science. In particular, large pharmaceutical companies benefit from significant experience in conducting clinical trials and obtaining regulatory authorisations on a global scale.

Under these conditions, AB Science cannot guarantee that its drug candidates:

- will obtain the regulatory approvals, be protected by patents, or get to market faster than those of AB Science's competitors;
- remain competitive with other products developed by AB Science's competitors that may be safer, more effective, or less costly;
- remain competitive with competitors' products that are produced and marketed more efficiently;
- will be a commercial success; or
- are not made obsolete or unprofitable by technological advances or other therapies developed by competitors of AB Science.

Such events could have a material adverse effect on AB Science's business, results, financial condition and prospects.

In order to control this risk (without excluding it), the competitive issue is integrated into the development choices of AB Science. The market and the drug candidates in development are constantly analysed, in particular by seeking the opinions of experts in the sector.

#### 5.1.8. Risks related to changes in drug reimbursement policies

The pricing and reimbursement conditions for AB Science drug candidates will be a key factor in its commercial success.

The pressure on prices and reimbursement is increasing, notably because:

- price controls imposed by many states and some private insurers;
- the increased delisting of certain products;
- increased difficulty in obtaining and maintaining a satisfactory reimbursement rate for drugs; and
- the current tendency of states and private health service providers to widely promote generic drugs.

AB Science may not obtain a satisfactory price or reimbursement conditions for its drug candidates, which would harm their acceptance by the market, in which case AB Science would be unable to make a sufficient return on its research investments and development.

One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.

#### 5.1.9. Risks related to the lack of commercial success of its products

If AB Science is successful in obtaining the MA to market its products, it may take time to gain buy-in from the medical community, prescribers and third-party payers.

The degree of market acceptance will depend on several factors, including:

- the prescribers' perceived therapeutic benefit of the drug;
- clinical developments after the MA;
- the occurrence of adverse events after the MA;
- the existence of alternative therapeutic options;
- ease of use of the product, linked in particular to the method of administration;
- the treatment cost;
- marketing efforts made by AB Science or its partners;
- reimbursement policies of governments and other third parties;
- the effective implementation of a publication strategy; and
- support from recognised experts.

Poor market penetration as a result of one of these factors could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.

#### 5.1.10. Risks linked to the holding by the founders, in particular Alain Moussy, of a significant percentage of the capital and voting rights of AB Science

As of 31 December 2020, Alain Moussy and other shareholders, members of the same pact and acting in concert, are holding 51.3% of the share capital and 58.41% of the voting rights of AB Science.

Natural persons linked to these shareholders sit on the AB Science Board of Directors. As long as these shareholders maintain their respective shareholdings in the capital of AB Science, Alain Moussy and, to a lesser extent, the founders, will continue to have a decisive influence on the appointment of directors and officers of AB Science as well as on other social decisions requiring the authorisation of the shareholders.

## 5.2. Operational risks

### 5.2.1. Risks related to dependence on third parties

#### 5.2.1.1. Risks related to dependence on subcontractors for the production of AB Science products and for the supply of materials

As part of its development, AB Science uses subcontractors in particular for carrying out its clinical trials and for manufacturing all its drug candidates, in particular its most advanced drug candidate, masitinib.

Any failure on their part could have consequences on the duration, or even the continuation, of clinical studies and the quality of data which must meet strict standards (Good Clinical Practices and Good Manufacturing Practices) imposed by regulatory authorities, and could therefore delay the marketing of AB Science drug candidates.

In the event of a breakdown or deterioration in its relations with its subcontractors, AB Science may find it impossible to establish relationships with other subcontractors on acceptable commercial conditions, if at all, which could impair its ability to successfully produce, develop and market its drug candidates.

In addition, dependence on third-party manufacturers poses additional risks that AB Science would not face if it produced its products itself, namely:

- non-compliance of products manufactured by these third parties with regulatory and quality standards;
- production in insufficient quantities;
- damage during transport and/or storage of AB Science products;
- contract breaches with AB Science by these third parties; and
- the termination or non-renewal of these contracts for reasons beyond the control of AB Science.

If products manufactured by third-party suppliers are found to be non-compliant with regulatory standards, sanctions may be imposed on AB Science. These sanctions could include fines, injunctions, damages and interest, a refusal by regulatory authorities to allow it to carry out clinical trials or to grant the MA for its drug candidates, delays, the suspension or withdrawal of authorisations, the revocation of licences, the seizure or recall of its products, operational restrictions and criminal prosecution, all of which having a significant negative impact on its business.

If AB Science decides to change the manufacturers for its products, it will be asked to revalidate the manufacturing process and procedures in accordance with the Good Manufacturing Practice standards in force. This revalidation could be costly, time consuming and may require the attention of the most qualified personnel at AB Science. If revalidation were refused, AB Science could be forced to seek another supplier, which could delay the production, development and marketing of its products and increase their manufacturing costs.

AB Science is also dependent on third parties for the supply of various materials, chemical or biological products which are necessary for the manufacture of its drug candidates or for the performance of its clinical trials.

AB Science's supply of any of these products could be reduced or discontinued. In addition, if this were the case, it may not be able to find other suppliers of materials, chemicals or biological products of acceptable quality, in appropriate volumes and at an acceptable cost. If its main suppliers or manufacturers were failing it or if its supply of products and materials was reduced or interrupted, it might not be able to continue to develop, produce and then market its products on time and competitively. These materials are subject to strict manufacturing requirements and rigorous testing. Delays in the completion and validation of facilities and processes for manufacturing these materials from suppliers could affect its ability to complete clinical trials and to market its products profitably and in a timely manner.

If AB Science were to encounter difficulties in the supply of these materials, chemical or biological products, if it were not able to maintain its subcontracting agreements, to conclude new agreements, or to obtain the materials, chemical or biological products necessary to develop and manufacture its products in the future, its activity, its prospects, its financial situation, its results and its development could be significantly affected.

If such risks were to materialise, they could have a material adverse effect on AB Science's business, results, financial condition and prospects.

In order to limit these risks, AB Science pays particular attention during the selection of these third parties and the monitoring of their services. For this purpose, AB Science has defined quality criteria which it applies at the time of their selection as well as annually during re-evaluations. At operational level, monitoring of the outsourced activities is carried out and formalised on a daily basis and audits are carried out periodically.

#### 5.2.1.2. Risks linked to dependence on external collaborators, consultants or investigating doctors

AB Science relies on third parties to provide certain intellectual services such as scientific, medical, strategic advice sometimes even related to intellectual property. These providers are generally chosen for their scientific expertise, as is the case for the academic partners with whom AB Science may have to collaborate. To build and maintain such a network on acceptable terms, AB Science faces intense competition. These external collaborators can terminate their commitments at any time. AB Science only has limited control over their activities. AB Science may not be able to obtain intellectual property rights on acceptable terms for inventions subject to collaboration, research and licence contracts. In addition, these scientific collaborators could claim intellectual property rights or other rights beyond the contractual provisions.

In addition, the carrying out of AB Science clinical trials requires the participation of investigating doctors. This participation is governed by strict regulations but also by contracts, with the aim in particular of avoiding fraud, such as for example the generation of fictitious patient data or the oriented use of data from patients participating in clinical trials. This risk is controlled by regular visits to control the quality of the data produced and by carrying out audits on the clinical investigation centres.

If such risks were to materialise, they could have a material adverse effect on AB Science's business, results, financial condition and prospects.

#### 5.2.2. Risks related to using an unreliable result or information

Decision-making for advancing AB Science's development programmes is based on fulfilling prerequisites, based on all the results acquired throughout the development phases. If these results prove to be erroneous or if the traceability of the operations and the data used to obtain them are not available, decision-making could be distorted and the progress of AB Science programmes could be delayed or even stopped.

This risk is all the greater since AB Science relies on numerous subcontractors and collaborators for key research and development stages. Managing subcontractors and collaborators therefore requires continuous and formalised control and audit processes.

If such risks were to materialise, they could have a material adverse effect on AB Science's business, results, financial condition and prospects.

#### 5.2.3. Industrial risks linked to the environment or the use of dangerous substances

AB Science's research and development activities expose it to chemical and biological risks and force it to put operator protection and waste management measures in place in accordance with applicable regulations. For this purpose, AB Science has drawn up, by applying the Labour Code, a "special document" and thus assessed the various risks for the members of its team at each work station.

As part of its research and development programmes, AB Science uses hazardous and biological materials, solvents and other potentially genotoxic chemicals. As a result, AB Science is subject to environmental and safety laws and regulations governing the use, storage, handling, emission and disposal of hazardous materials, including chemical and organic products.

In the event of non-compliance with the regulations in force, failure to obtain or suspension from the necessary approvals within the framework of its activities, AB Science would be subject to fines and may have to suspend all or part of its activities. Complying with environmental, health and safety laws leads to additional costs, and the company may incur significant expenses to comply with future environmental laws and regulations. Compliance with environmental laws and regulations could require the company to acquire equipment, modify facilities and more generally incur other significant expenses.

Although AB Science believes that the safety procedures it implements for the storage, use, transport and disposal of hazardous, chemical and biological products and industrial waste are in compliance with the applicable regulations, the risk of accident or accidental contamination cannot be completely eliminated. In the event of an accident or contamination, AB Science could be held liable, which would require it to incur potentially significant costs for the compensation of victims and compensation for damage and could have a significant unfavourable impact on its activity, results, financial situation and prospects.

#### 5.2.4. Risks related to information systems

The main risks of the AB Science information system are related to the security and availability of the system, as well as to the integrity and confidentiality of data. One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.

A security policy has been set up and aims to secure the various accesses to the external and local networks, as well as to the applications. This policy also contributes to ensure the confidentiality of data. In addition, an IT charter specifies the rules for using IT tools and more generally the information and communication system, as well as the responsibility of users to protect their interests and those of AB Science.

The unavailability of the system also represents a risk for the activities of AB Science. Most of the data is actually generated in electronic format and hosted on the AB Science network. The unavailability or loss of this data would prevent research and development operations taking place at AB Science, thus preventing the collection of the elements necessary for the creation of the file that accompanies the drug candidate development regardless of the stage it is at. In order to preserve the integrity of the data, backup and archiving procedures have been put in place and are reviewed regularly.

### 5.3. Regulatory and legal risks

#### 5.3.1. Risks related to the regulatory environment

##### Pharmaceutical regulation

Around the world, the pharmaceutical industry is facing a change in its regulatory environment and increased public scrutiny which requires more guarantees regarding the safety and efficacy of medicines. In addition, research incentives are diminishing.

Regulatory authorities, including the FDA in the United States, have imposed increasingly onerous requirements in terms of the volume of data required in order to demonstrate the efficacy and safety of a drug candidate. These requirements have tended to increase the cost of drug development. The products marketed are also subject to a regular reassessment of the benefit-risk ratio after their authorisation. The late discovery of problems not detected at the research stage can lead to marketing restrictions, the suspension or withdrawal of the product and an increased risk of litigation.

At the same time, while it is becoming increasingly difficult to place innovative products on the market for the above reasons, the regulatory authorities are seeking to facilitate the entry of generics into the market for products already marketed through new regulations aimed at modifying patent law and data exclusivity rules on the main markets. In the United States there is an accelerated generic approval procedure for large molecule biologicals.

To the extent that new regulations increase the costs of obtaining and maintaining product approval or limit the economic value of a new product for its inventor, the growth prospects for the pharmaceutical industry and AB Science are reduced.

AB Science may have to operate in certain geographic areas where the balance of public accounts, local currencies or inflation rates may be constrained and/or affected by economic or financial crises, which could erode its margins when invoicing in local currencies or compromise the collection of its debts from public or private actors with which AB Science conducts its business.

In addition, in some geographic areas, patients self-finance the purchase of their medicines in the absence of organised social security systems, and may experience reduced financial resources. Lastly, in countries which provide public or private social cover for health expenditure, the impact of austerity policies or control of public expenditure could push paying agencies to increase the pressure they exert on the prices of drugs, increase patients' financial participation or become more selective about their reimbursement criteria. Such risks could have a material adverse effect on AB Science's business, results, financial situation and prospects.

##### Financial regulation

AB Science ordinary shares are listed on Euronext Paris, Compartment B. The company is therefore controlled by the French Financial Markets Authority (AMF), which regulates the players and products of the French financial markets. The AMF conducts investigations and inspections and has the power to impose sanctions. The company or its managers could therefore be exposed to disciplinary and financial sanctions if the AMF finds deviations from the applicable regulations. As part of its market monitoring, in September 2017 the AMF opened an investigation relating to the financial information and the market for AB Science shares, as well as any financial instrument linked to it, as of 1 September 2014. AB Science received a notification of grievances in the first quarter of 2021 and the procedure before the Sanction Commission is ongoing.

### 5.3.2. Risks relating to AB Science patents and those of third parties

#### 5.3.2.1. Risks related to AB Science's patents

AB Science's economic policy is mainly based on patents covering two large families of distinct molecules. The first is the family of Thiazoles comprising the patent relating to the part of the masitinib compound and the second family consists of so-called Oxazoles.

AB Science has obtained the Thiazoles patent covering masitinib in Europe issued by the European Patent Office ("EPO") under number EP1525200B1 and in the United States issued by the United States Patent and Trademark Office ("USPTO") under number US 7,423,055. No third party has objected to the European patent covering masitinib within the time limit imposed by the EPO. In terms of scope, patent claims covering masitinib in Europe and the United States are deemed adequate by AB Science to protect masitinib and its close analogues. With regard to other patent applications in Europe and the United States, the EPO and the USPTO have respectively given their agreement to grant six of these patents including the one covering the molecule AB8939. A more recent patent is currently being examined.

There is no certainty that AB Science patent applications will result in the grant of patents or if patents are granted that they will not be challenged, invalidated or circumvented or that they will provide effective protection from competition and third party patents covering similar compounds. The lack of sufficiently broad protection or the invalidation or circumvention of patents could have a significant negative impact on AB Science. In addition, the commercial success of AB Science will depend in particular on its ability to develop drug candidates and technologies that do not infringe on competitors' patents. AB Science cannot be sure to be the first to design an invention and file a patent application, especially given that the publication of patent applications is delayed in most countries until 18 months after the filing of applications.

It is important, for the success of its activity, that AB Science is able to obtain, maintain and enforce the patents covering masitinib, thiazole and oxazole derivatives and its intellectual property rights in Europe, in the United States and other countries. Furthermore, AB Science is not able to protect its intellectual property rights in all countries around the world and it may not be successful at enforcing these rights even in the countries where it is trying to protect them.

AB Science intends to continue its patent protection policy by making new filings when it sees fit. In particular, AB Science intends to continue its policy of protecting masitinib and its applications by filing, if necessary, new patent applications and requests for Supplementary Protection Certificates ("SPCs") with the aim of obtaining an extension to the term of protection for masitinib beyond 31 July 2023 which is the expiration date of the patents covering it. A SPC is based on the basic patent covering the drug candidate and on the MA of the drug candidate and can under certain conditions extend the term of protection from a few years to a maximum of five years in Europe. There are similar extension opportunities in the United States and other countries. In Europe, it is also possible to request additional protection for six months as long as a drug candidate has been considered for paediatric applications.

Despite this, it cannot be excluded that:

- AB Science fails to develop new patentable inventions.
- AB Science fails to obtain SPCs.
- AB Science's patents are disputed and considered invalid or AB Science is unable to enforce them. The grant of a patent does not guarantee its validity or its application and third parties could challenge these two aspects. Legal actions or recourse to the competent offices may prove necessary to enforce the intellectual property rights of AB Science, protect its trade secrets or determine the validity and extent of its intellectual property rights. Any litigation could result in considerable expense, adversely affect the bottom line and financial condition of AB Science, and not provide the desired protection. AB Science's competitors could successfully challenge the validity of its patents in court or other proceedings. This could reduce the scope of these patents, and allow them to be circumvented by competitors. As a result, AB Science's rights in granted patents may not provide the expected protection against competitors.
- The extent of patent protection is insufficient to protect AB Science from counterfeiting or competition. The issue of drug patents is very complex and poses legal, scientific and factual problems. There are general efforts to standardise the patenting approach to the patentability of pharmaceutical inventions by the three major global patent organisations in the United States, Europe and Japan. However, there are still uncertainties, in particular as to the interpretation of the scope of the claims which may be granted, a question which still falls under national law. Developments or changes in the interpretation of intellectual property laws in Europe, the United States or other countries could change the legal position and the positioning of AB Science vis-à-vis its competitors. In addition, there are still some countries that do not protect intellectual

property rights in the same way as in Europe or the United States, and the procedures and rules necessary to defend the rights of AB Science may not exist in these countries.

- Third parties may claim rights to patents or other intellectual property rights that AB Science owns or co-owns, or for which it has a licence. Collaborations, service contracts or subcontracting by AB Science with third parties expose it to the risk of seeing these third parties claim the benefit of intellectual property rights to AB Science's inventions or not ensuring confidentiality of non-patented innovations or improvements and of AB Science's know-how. AB Science may also be required to provide, in various forms, information, data or intelligence to third parties with which it collaborates (such as academic establishments and other public or private entities) concerning the research, development, manufacturing and marketing of its drug candidates. Despite the precautions AB Science takes, in particular of a contractual nature, with these entities, they could still claim ownership of the intellectual property rights resulting from the tests carried out by their employees. In terms of co-ownership of these intellectual property rights, these entities may not grant exclusive exploitation rights to AB Science according to terms deemed acceptable by the latter.

One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.

#### 5.3.2.2. Risks related to third party patents

It is important for the success of its activity that AB Science is able to freely exploit masitinib in the context of third party patents. In European countries, AB Science is not aware of any patent filed before its patents and which could constitute an absolute obstacle to the use of masitinib (identical risk of counterfeiting).

Despite this, it cannot be excluded that:

- Patents with complex interpretations cover certain activities of AB Science.
- Third parties bring an action for infringement against AB Science and require the payment of damages or are able to demand the cessation of its manufacturing activities or the marketing of its products or processes deemed to be infringing. If these lawsuits are successfully completed, AB Science could be forced to stop or delay the research, development, manufacture or sale of the drugs or drug candidates or processes covered by these lawsuits, which would significantly affect its activities.
- AB Science is obliged to apply for a licence from a third party patent holder in order to be able to continue certain of its activities. This could adversely affect the outlook and financial situation of AB Science. There is no guarantee that AB Science could prevail in such a situation or that it would be able to obtain a licence on acceptable economic terms and that it would not be prevented from manufacturing and selling its infringing products.
- Litigation against AB Science, regardless of its outcome, will result in substantial costs and can damage its reputation. Some competitors with more resources than AB Science may be in a better situation to bear the costs of a complex procedure. Any such dispute could affect the ability of AB Science to continue all or part of its business.

In general, numerous disputes and lawsuits concerning the violation of intellectual property rights are brought in the pharmaceutical industry. In addition to lawsuits brought directly against AB Science, AB Science may be party to proceedings or litigation such as opposition proceedings by the EPO or interference from the USPTO concerning the intellectual property rights of its customers, products and technologies. Even if these disputes and procedures were resolved in favour of AB Science, the defence costs could be substantial. Such proceedings or litigation could also be very time consuming for AB Science's executives. Uncertainties related to the initiation or continuation of proceedings or litigation in this area could have a significant negative impact on the competitiveness of AB Science.

Thus, in the event of substantial disputes as mentioned above, AB Science could be forced to:

- stop selling or using any of its products that rely on the intellectual property rights challenged, which could reduce its income;
- obtain a licence from the holder of the intellectual property rights, a licence which may not be on reasonable terms, if at all;
- redesign or in the case of claims relating to registered trademarks, rename its drug candidates in order to avoid infringing on the intellectual property rights of third parties, which could prove impossible or be costly in terms of time and financial resources and could therefore hamper its marketing efforts.

Lastly, AB Science brands are important identity elements of AB Science and its products. Even if the main elements of its brands have been registered in France, Europe and the United States, other companies in the pharmaceutical sector could use or attempt to use elements of this brand, and thus create confusion in the mind of third parties.

One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.



### 5.3.3. Risks linked to AB Science's accountability with regard to product liability

AB Science could be exposed to the risk of being held accountable during the clinical development or the commercial exploitation of its products, in particular for product liability, related to the trials, to the manufacturing and to the marketing of therapeutic products in humans and animals. It may also be held liable for the preparation of the therapeutic products tested and unexpected side effects resulting from the administration of these products during clinical trials. Complaints or lawsuits could be filed or brought against AB Science by patients, regulatory authorities, pharmaceutical companies and any other third party using or marketing its products. These actions may include complaints resulting from acts of its partners, licensees and subcontractors, over which AB Science has little or no control.

Given the specific nature of its activities, which at this stage are focused on the research and development of innovative therapeutic products, the quantification of possible risks in the absence of direct claims or claims indicators in its sector activity, makes it difficult to determine a coverage amount, particularly in matters of civil liability. AB Science cannot therefore guarantee that its current insurance coverage is sufficient to respond to liability actions that may be brought against it. If its liability or that of its partners, licensees and subcontractors were therefore called into question, if it itself or if its partners, licensees and subcontractors were not able to obtain and maintain the appropriate insurance coverage at an acceptable cost, or to protect in any way against product liability actions, this would lead to a serious impact on its product marketing and more generally would harm its activities, its results, its financial situation and its prospects.

Furthermore, AB Science cannot guarantee that it will always be able to keep and, if necessary, obtain similar guarantees at an acceptable cost, which could lead to accepting more expensive insurance policies and/or taking on a higher level of risk, especially during the development of its activities.

### 5.3.4. Risks related to the inability to protect the confidentiality of AB Science information and know-how.

AB Science depends on technologies, methods, know-how and non-patented data which it considers to be trade secrets. The protection of these is ensured in particular by the conclusion of confidentiality agreements between AB Science and its employees, its consultants, its public or private research partners and some of its subcontractors. AB Science cannot be certain that these agreements or that any other type of protection of its industrial secrets will be effective or, that in the event of violation, satisfactory remedies are available.

AB Science may be required to provide information and materials to public or private entities in order to conduct certain tests for the purposes of research or validation of commercial projects. In both cases, AB Science uses confidentiality agreements. Its activity also depends on technologies, processes, know-how and its own non-patented data which AB Science considers to be trade secrets and which it protects in part by confidentiality agreements with its employees, its consultants and certain partners and sub-contractors. It cannot be excluded that these agreements or other methods of protecting trade secrets do not provide the protection sought or are not respected, that AB Science does not have an appropriate solution for such violations, or that its trade secrets are disclosed to, or independently developed by, its competitors.

One or more of these risks occurring could have a significant unfavourable impact on the activity of AB Science, its results, its financial situation and its prospects.

## 5.4. Financial risks

In addition to the risks associated with forecasted losses and the financing of AB Science's activity described above, the main financial risks are as follows:

### 5.4.1. Risks related to financial instruments

AB Science's exposure to this type of risk mainly concerns two elements of the balance sheet: cash and its current financial assets.

AB Science's cash investments were mainly made in money market funds and negotiable certificates of deposit. AB Science limits its exposure to credit risk by investing in particular in liquid securities (term deposits).

The analysis of AB Science's portfolio of financial instruments as of 31 December 2020 is presented in note 12 to the consolidated financial statements closed on 31 December 2020.

#### 5.4.2. Risk of change

AB Science is exposed to currency risk due to its international operations, without a hedging mechanism. AB Science cannot exclude that as it develops its activities, in particular in the United States, the exposure to currency risk increases.

AB Science is exposed to USD or any other currency exchange risk, the equivalent of 1 million euros of its operating expenses being denominated in currencies other than the euro in 2020. These expenses were mainly incurred in the United States and invoiced in USD.

The effect of a change in exchange rates would impact the results of AB Science as follows:

- An upward or downward variation in the US dollar/Euro exchange rate by 10% would respectively lead to an improvement or a deterioration of its € 90K operating income.
- A variation in the £/euro exchange rate of plus or minus 10% would have a negligible impact on its income and equity (€ 31K).

AB Science has not subscribed, at this stage of its development, to any hedging mechanism in order to protect its activity against fluctuations in exchange rates. AB Science regularly reviews whether it should subscribe to such hedging mechanisms based on how its exposure changes.

If AB Science fails to subscribe to effective hedging mechanisms and market prices in the future, its operating results could be adversely affected.

#### 5.4.3. Interest rate risk

AB Science is exposed to market risks in the management of both its liquidity and its medium and long-term debts.

With regard to liquidity, interest rate risk is managed by AB Science's Finance Department monitoring and validating procedures. Liquid assets are mainly invested in term deposits and investment securities with guaranteed capital at maturity and offering high quality investment.

The financial liabilities of AB Science are detailed in note 16 to the consolidated financial statements of 31 December 2020.

AB Science believes it has little exposure to interest rate risk.

A change in interest rates of plus or minus one point would not have a significant impact on the results of AB Science.

#### 5.4.4. Liquidity risk

In view of the amounts of cash, cash equivalents and current financial assets available to it at 31 December 2020 (as detailed in chapters 12 and 13 of the notes to the consolidated financial statements at 31 December 2020) and the transactions that took place after the closing, AB Science does not consider that it is exposed to a short-term liquidity risk. Management believes that the amount of cash, cash equivalents and current financial assets is sufficient to ensure the financing of AB Science for the next twelve months.

#### 5.4.5. Risk of volatility in AB Science share prices

It is likely that the price of AB Science shares will be significantly affected by events such as decisions by health authorities, changes in AB Science's financial results, changes in market conditions specific to its sector of activity, announcements of new contracts, technological innovations and collaborations by AB Science or its main competitors, developments relating to intellectual property rights, including patents, the announcement of results of drug candidates under development by AB Science or its main competitors, obtaining the necessary regulatory approvals and authorisations as well as the development, launch and sale of new drug candidates by AB Science or its main competitors.

Furthermore, the stock markets have experienced significant price variations in recent years which often do not reflect the operational and financial performance of listed companies. The share prices of biotechnology companies have been particularly volatile and may still be very volatile in the future. Stock market fluctuations as well as economic conditions can significantly affect the price of AB Science shares.

#### 5.4.6. Risks of dilution

As part of its incentives policy for its managers and employees, the Company has, since its creation, regularly allocated or issued stock options and share subscription warrants. The Company may in the future allocate or issue new instruments giving access to capital, including free shares.

In its search for financing options, the Company was encouraged to use financial instruments that could lead to a dilution of its capital over time.

As of 31 December 2020, based on a share price of € 19,66, the exercise of all of the Company's effectively exercisable instruments gives rise to capital broken down as follows, leading to the creation of new shares as follows:

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 320,474
  - ✓ BSPCE (French employee stock options): 2,182,588
  - ✓ BSA (French share subscription warrants): 2,758,579 (including 1,974,040 BSAs, the exercise of all of which would result in the issue of 987,020 shares)

The exercise of these options would lead to an increase in shareholders' equity of €37,394k and a capital dilution of 7.5%.

- Options whose exercise price less than greater than or equal to the stock market price and whose exercise conditions are not met:
  - ✓ Stock options allocated to employees: 260,770

The exercise of these options would lead to an increase in shareholders' equity of €3,282k and a capital dilution of 0.5%.

- Preference shares issued in December 2016, relating to the conversion of convertible bonds into shares, the conditions of which are detailed in paragraph 8.6 of this report:
  - ✓ Preferred stock convertible into ordinary shares: 1,704 903

The exercise of these preference shares would lead to an increase in shareholders' equity of € 8,525k and a capital dilution of 3.1%.

At the date of this report, a part of these preference shares has been converted. The maximum number of ordinary shares to be issued upon conversion of the remaining preference shares is 1,236,705 shares (based on a conversion price of five euros). The conversion of these preference shares is planned in several tranches until the end of the financial year 2021.

- Options based on special performance criteria, the conditions of which are detailed in paragraphs 11.2, 11.3, 11.4 and 11.5 of this report:
  - ✓ Stock options allocated to employees: 333,000
  - ✓ BSPCE (French employee stock options): 3,118,082
  - ✓ BSA (French share subscription warrants): 3,983,136
  - ✓ Conversion of AGAP (allocations of free preference shares) into ordinary shares: 4,514,500

The exercise of these options would lead to an increase in shareholders' equity of €84,988k and a capital dilution of 18.6%.

The exercise of instruments giving access to the outstanding capital, as well as any new grants or issues would result in significant dilution for the shareholders.

Note that in the event of the exercise of all of these 19,176,032 shares, the amount of equity would be increased by 134 million euros.

The "dilution capital" table presented in chapter 8.6 details the potential dilution according to the share price and the period from which the warrants can be exercised.

## 6. FORESEEABLE CHANGES IN THE GROUP'S SITUATION AND FUTURE PROSPECTS

In 2021, AB Science continues to allocate the majority of its resources to the further development of masitinib, the company's most advanced compound.

The company has initiated the following clinical studies:

- Initiation of a phase 3 study in the treatment of ALS;

- Initiation of a confirmatory phase 3 study in the treatment of indolent systemic mastocytosis;
- Initiation of a phase 2 study in Covid-19.

The Company has also continued to invest in drug discovery activities in order to add to its portfolio of molecules and anticipates, subject to the availability of financial resources, starting regulatory pre-clinical studies of new molecules from its own research programme.

Finally, AB Science anticipates initiating a phase 1/2 trial in refractory acute myeloid leukaemia with a new compound developed by AB Science (AB8939).

## 7. CORPORATE GOVERNANCE

### 7.1. Composition and functioning of the Board of Directors

#### 7.1.1. Rules of operation

The Company is administered by a Board of Directors of at least three members and at most eighteen, subject to the exceptions provided for by law. The directors are appointed for a term of six years.

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to the powers expressly attributed by law to shareholders' meetings and within the limit of the corporate purpose, it deals with any question concerning the smooth running of the Company and has meetings to discuss the matters which concern it.

When dealing with third parties, the Company is bound even by acts of the Board of Directors that are not within the company's purpose, unless it can prove that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances, mere publication of the Articles not being sufficient to constitute such proof.

The Board of Directors carries out the controls and checks it deems appropriate. Each director receives all the information necessary to fulfil his duty and can request any documents which he deems useful.

The Board may confer on any agent of its choice any delegation of powers within the limits of those it holds under the law and these articles of association.

It may decide to set up committees to study the questions that it or its chairman submits, in order to receive an opinion on matters it examines.

The company has chosen in the context of the exercise of its rights not to separate the functions of Chairman of the Board of Directors and Chief Executive Officer. Mr Alain Moussy is therefore the Chairman and Chief Executive Officer of the Company.

#### 7.1.2. Composition of the Board of Directors

The Board of Directors, on the date of this report, is made up of 6 directors (including the Chair) and 1 non-voting member:

##### Directors:

- Alain Moussy (Chairman)
- Béatrice Bihr (Independent Director), appointed by the General Meeting of 31 August 2020
- Nathalie Riez (Independent Director)
- Emmanuelle Mourey (Independent Director)
- Jean-Pierre Kinet
- Patrick Moussy

##### Non-voting member

- Mr Matthieu O'Neill

The non-voting members are appointed by the Ordinary General Meeting. The non-voting members attend the meetings of the Board of Directors but do not have the right to vote on the decisions submitted to the Board.

Non-voting members are convened to meetings of the Board under the same conditions as directors and benefit from the same information rights.

### 7.1.3. Meetings of the Board of Directors

During the financial year ended 31 December 2020, the Board of Directors met twelve times on 17 February, 1 March, 27 March, 30 April, 20 May, 16 July, 1 September, 28 September, 27 October, 29 October, 26 November and 20 December with an attendance rate of 94.44%.

The number of board meetings takes into account the various events that mark the life of the Company. An eventful year therefore results in more board meetings.

The directors meet regularly with the Chairman and CEO of the Company and are called upon to give their opinion on decisions that must be taken quickly between two meetings of the board, by any means of communication.

### 7.2. Committees and Scientific Council

The Board of Directors of the Company has established the following committees:

#### 7.2.1. Finance Committee

The Finance Committee was set up by the Board of Directors on 15 December 2009 as part of a change in the Company's governance rules.

The Finance Committee has three members:

- Ms Nathalie Riez, Director
- Ms Emmanuel Mourey, Director
- Ms Béatrice Bihr, Director

The Finance Committee is chaired by Ms Nathalie Riez. It met in 2020 during the review of the 2019 annual accounts and during the review of the 2020 half-year accounts, as well as during the review of the company's business continuity plan.

#### 7.2.2. Remuneration and Appointments Committee

A Remuneration and Appointments Committee was set up by the Board of Directors, with three members:

- Ms Béatrice Bihr, Director
- Mr Matthieu O'Neill, independent individual,

Ms. Béatrice Bihr chairs the Remuneration and Appointments Committee.

The Remuneration Committee met once in 2020 with a 100% attendance rate.

#### 7.2.3. Scientific Committee

The Scientific Committee was set up in 2002. Its purpose is to set the main scientific direction of the Company. It suggests methods and strategies for achieving the Company's technological objectives. It assesses the work carried out by the Company and the results obtained.

The Scientific Committee is also responsible for confirming the strategic scientific selections and directions, in particular those selected and implemented by the Scientific Director of the Company.

The Scientific Committee meets whenever necessary. All of the Company's scientific department's work and its objectives are presented to it at these meetings.

The Scientific Committee, co-chaired by Jean-Pierre Kinet and Olivier Hermine, has the following four members:

- Christian Auclair
- Patrice Dubreuil
- Olivier Hermine
- Jean Pierre Kinet

The Scientific Committee met once during the 2020 financial year with a 90% attendance rate.

#### 7.2.4. Independent Directors

As of 31 December 2020, the Company has three Independent Directors, Béatrice Bihr, Nathalie Riez and Emmanuelle Mourey, whose terms will end at the end of the General Meeting approving the accounts on 31 December 2022 and 31 December 2023 for Emmanuelle Mourey.

The criteria used by AB Science to define an independent director are as follows:

- A director is considered independent if he/she has no relationship of any kind whatsoever with the company, its group or its management, which could compromise his/her free judgement.
- A director representing major shareholders of the company can be considered independent as soon as these shareholders do not participate in the control of the company and hold less than 10% in capital or voting rights.

The conclusions of the review of the Board of Directors are as follows:

- Béatrice Bihr: Independent Director (percentage of ownership less than 10%)
- Nathalie Riez: Independent Director (percentage of ownership less than 10%)
- Emmanuelle Mourey: Independent Director (percentage of ownership less than 10%)
- Alain Moussy is not independent because of his position as CEO and his signing of the founding pact; he also holds 42.09% of the voting rights
- Patrick Moussy is not independent because of his family ties with Alain Moussy
- Jean-Pierre Kinet is not independent because he signed the founding pact

### 7.3. List of terms of office of members of the administrative bodies

| Member's name or corporate name | Date of first appointment              | Term of office expiry date   | Main function held in the Company | Main function held outside the Company  | Other terms of office currently held in other companies  | Other offices and positions held in other companies during the past five years and not held on 31 December 2020 |
|---------------------------------|--|--|-----------------------------------|---|--|---|
| Alain Moussy                    | 11.07.2001<br>(Company formation date) | General Meeting approving the accounts for the year ended 31 December 2023 | Chairman,<br>Managing Director    | Chairman of the French Association for research initiatives on mast cells and mastocytosis<br>Chairman of the Company AMY SAS | None   | None  |
| Patrick Moussy                  | 11.07.2001<br>(Company formation date) | General Meeting approving the accounts for the year ended 31 December 2021 | Director                          | Engineer  | None   | None  |
| Jean-Pierre Kinet               | 11.07.2001<br>(Company formation date) | General Meeting approving the accounts for the year ended 31 December 2021 | Director                          | Chairman, iXLife<br>Advisor and Board Member<br>HIRM Institute, Harvard Medical School.                                       | Chairman of:<br>- iXLife<br>- Vaxon<br>- Pharmafast Bio<br>Supervisory board member:<br>- iXCore<br>- iXblue<br>- iXfund<br>Director of Pharmaleads, Theravectys and Onxeo<br>Manager of Kinet Life Pharma Management and JPK Consulting | None  |
| Béatrice Bihr                   | 31.08.2020                             | General Meeting approving the accounts for the year ended 31 December 2022 | Director                          | Secretary General Servier Group   | None   | None  |
| Nathalie Riez                   | 15.12.2017                             | General Meeting approving the accounts for the year ended 31 December 2022 | Director                          | Founder of the Dig-Ethic consulting firm  | Director Impak Finance Europe and Director of RCI (a Renault subsidiary)   | None  |

| Member's name or corporate name | Date of first appointment | Term of office expiry date   | Main function held in the Company | Main function held outside the Company                              | Other terms of office currently held in other companies  | Other offices and positions held in other companies during the past five years and not held on 31 December 2020 |
|---------------------------------|---------------------------|--|-----------------------------------|---|--|---|
| Emmanuelle Mourey               | 29.06.2018                | General Meeting approving the accounts for the year ended 31 December 2023 | Director                          | Chair of the Management Board of La Banque Postale Asset Management | Director, Chair of the Board of Directors and Chair of the Remuneration Committee of Tocqueville Finance SA<br>Director and Chair of the Board of Directors of Tocqueville Finance Holding (SAS).<br>Director, member of the Appointment and Remuneration Committee and member of the Strategic Committee of AEW (SA),<br>Chair of the Board of Directors and CEO of Sèvres LBP1 (SA). | Chair of the Audit and Risk Committee of Tocqueville Finance SA   |



## 7.4. Corporate Governance Report - Say on pay

### 7.4.1. Remuneration 2021 - remuneration policy

This section 7.4.1 constitutes the report to the shareholders presenting the remuneration policy for the corporate officers of AB Science.

This report was approved and adopted by the Board of Directors on 28 April 2021 on the proposal of the management and the advice of the Remuneration Committee and will be submitted to the vote of the next General Meeting of Shareholders.

#### **Individuals involved**

This report concerns all the corporate officers of AB Science, namely :

- (i) Chairman and Chief Executive Officer of AB Science;
- (ii) the Deputy CEO of AB Science; and
- (iii) the directors and non-voting members of AB Science.

#### **Information on mandates**

The current terms of office for the Chairman and CEO, the Deputy CEO and the directors are six years. These mandates are all renewable, each time for a period of six years. The term of office of the non-voting members is three years. These terms of office are renewable, each time for a period of three years. All corporate offices may be revoked *ad nutum* by the shareholders.

#### **General information on the remuneration policy**

This report contains the information referred to in Article L. 22-10-8 of the Code de commerce (French Commercial Code) as well as additional information that the Board of Directors deems appropriate to bring to the attention of the shareholders so that they have a complete view of the remuneration policy for the corporate officers of AB Science.

The implementation of the remuneration policy for the corporate officers of AB Science for the financial year 2021 described below is conditional upon the adoption, by the next general meeting of shareholders, of a resolution concerning the overall remuneration policy. Three other resolutions allow shareholders to express their opinion on the application of this policy for each of the following persons or categories of persons (i) the Chairman and CEO, (ii) the Deputy CEO and (iii) the directors and non-voting members. If the general meeting does not approve the resolution adopting the remuneration policy for executive directors, the remuneration will be determined in accordance with the remuneration granted for the previous financial year.

#### **Method**

In order to establish the remuneration policy for corporate officers, the Remuneration Committee analyses remuneration in its entirety, taking into account all its components.

On the basis of a proposal from the management and a recommendation for amendment from the Remuneration Committee, the Board of Directors has decided, on the basis of the general principles described below, the remuneration policy for its executive directors, taking into account, for the Chairman and Chief Executive Officer, the annual evaluation of individual performance and the performance of AB Science.

Periodic revisions may be proposed on the same basis, based on feedback and observation of the practices of other companies comparable to AB Science. The performance conditions for the variable remuneration are proposed to the Board of Directors by the management based on the advice of the Remuneration Committee. These performance conditions are partly based on collective objectives and partly on individual objectives. Once agreed by the Board of Directors and adopted by the General Meeting of Shareholders, the implementation of the remuneration policy

for corporate officers is monitored by the Remuneration Committee, which reports to the Board of Directors at least annually and makes recommendations on the decisions to be taken by the Board of Directors.

After the evaluation period applicable to a performance condition, the Remuneration Committee assesses the level of achievement of the objectives and makes a recommendation to the Board of Directors.

In assessing the achievement of objectives, the Remuneration Committee and the Board of Directors may, where appropriate, take into account factors beyond the control of the corporate officers that may have partially or fully offset their efforts during the past financial year, subject to compliance with the limit on the overall amount of remuneration provided.

The Remuneration Committee or the Board of Directors could consult the Chairman and CEO during the formulation and periodic review of the remuneration policy. However, in order to avoid any conflict of interest, the latter does not take part in decisions concerning him.

In order to evaluate the remuneration policy of AB Science's corporate officers in relation to the practices of other companies comparable to AB Science, the Remuneration Committee may have recourse to market studies or external experts.

The Remuneration Committee also participates in the definition of the remuneration policy allocated to the directors and non-voting members, by recommending the rules of distribution to the Board of Directors, by monitoring their implementation, and by recommending, if necessary, that the Board of Directors propose a revised package to the General Meeting of Shareholders.

### **General principles**

The Chairman and CEO has held an employment contract with AB Science since 2004 in his capacity as Scientific Director. The Chairman and Chief Executive Officer does not receive any remuneration in respect of his corporate office, but the remuneration he receives under his employment contract is subject to the rules set out in this report. For the sake of transparency, AB Science considers that this remuneration falls within the scope of the remuneration policy for AB Science's corporate officers.

Prior to his appointment as Deputy CEO, Denis Gicquel was an employee of AB Science. His employment contract has been maintained since his appointment insofar as the corporate office of chief pharmacist is a purely regulatory obligation, set out in Article R. 5142-33 1° of the *Code de la santé publique* (Public Health Code). The remuneration of the Deputy CEO is therefore determined in accordance with the terms of his employment contract and is subject to the principles applicable to all AB Science employees.

For the Chairman and Chief Executive Officer, the Board of Directors decided on the following general principles on which the compensation and benefits would be determined:

- incentive to pursue the fundamental interests of AB Science;
- compliance with the recommendations of the AFEP-MEDEF Code<sup>1</sup> ;
- no termination-of-service pay (except for statutory termination-of-service pay in the event of termination of employment);
- no non-competition payment in the event of termination of the corporate office;
- no supplementary pension plan;
- no attendance fees for being a director;
- account taken of the level and difficulty of the responsibilities of the corporate officer;

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<sup>1</sup> The table presented in the section "Board of Directors' report on corporate governance" of the annual financial report lists the recommendations of the AFEP-MEDEF Code not applied by AB Science

- account taken of his experience in the post and his seniority within AB Science;
- account taken of the practices found in companies comparable to AB Science;
- an incentivised and balanced remuneration structure as follows:
  - a fixed salary;
  - an annual variable remuneration based on collective and individual, financial and non-financial targets;
  - account taken of any issues of free shares or securities giving access to the capital of AB Science (the terms and conditions of these free shares or securities giving access to the capital of AB Science must be subject to performance targets);
  - no additional remuneration paid by a subsidiary of AB Science.

The Board considers that the methods used to determine the compensation of the Chairman and Chief Executive Officer comply with the principles defined by the AFEP MEDEF Code<sup>2</sup>.

It should be noted that free preference shares, share subscription warrants and founders' shares have historically been allocated to the Chairman and CEO, details of which are given in section 7.4 of the AB Science annual financial report.

For the directors and non-voting members, the Board of Directors has determined the general principles on the basis of which the remuneration of the directors and non-voting members would be allocated as follows:

- compliance with the recommendations of the AFEP-MEDEF Code<sup>3</sup>;
- the collective annual budget authorised by the General Meeting is not exceeded;
- allocation mainly based on attendance; and
- possibility of special tasks as provided for by law.

It should be noted that share subscription warrants have historically been allocated to the directors, details of which are given in section 11.3 of the AB Science annual financial report.

#### **Compliance of the remuneration of corporate officers with the fundamental interests of AB Science**

The Board of Directors is of the opinion that the general principles presented above allow the alignment of the remuneration policy with the fundamental interests of AB Science:

| <b>Fundamental interests</b>              | <b>Chairman and Chief Executive Officer</b>   | <b>Deputy CEO</b>   | <b>Directors/non-voting members</b>   |
|---|---|---|---|
| <b>Respect for the corporate interest</b> | <p>Remuneration sufficient to retain the Chairman and CEO in post.</p> <p>Remuneration not excessive in relation to market practices.</p> | <p>Remuneration that is not excessive in relation to market practice, in particular to ensure that the duties of the chief pharmacist are carried out in a non-biased manner.</p> | <p>Remuneration sufficient to retain existing directors and non-voting members.</p> <p>Remuneration conditional on the attendance of the directors and non-voting members in office.</p> <p>Remuneration not excessive in</p> |

<sup>2</sup> The table presented in the section "Board of Directors' report on corporate governance" of the annual financial report lists the recommendations of the AFEP-MEDEF Code not applied by AB Science

<sup>3</sup> The table presented in the section "Board of Directors' report on corporate governance" of the annual financial report lists the recommendations of the AFEP-MEDEF Code not applied by AB Science

|  |  |  |  |
|--|--|--|--|
|  |  |  | relation to market practices.  |
| <b>Contribution to AB Science's strategy</b>       | Variable remuneration conditional on the achievement of results by AB Science, particularly in financial and clinical matters.<br><br>Free shares, BCEs and BSAs whose value depends on the performance of AB Science. | The remuneration of the Deputy CEO, who is also the chief pharmacist, is in line with the remuneration policy for AB Science executives. | Remuneration to attract relevant skills and to lead specialist committees.   |
| <b>Contribution to AB Science's sustainability</b> | Remuneration sufficient to retain the Chairman and CEO in post.  | Remuneration sufficient to retain the Deputy CEO in post.  | Remuneration sufficient to retain existing directors and non-voting members. |

#### **Substantial changes to the remuneration policy compared to the previous one**

Since the last *ex-ante* remuneration policy submitted to the shareholders at the general meeting on 31 August 2020, the substantial changes are as follows:

- the fixed remuneration of the Deputy CEO is increased from 79,760 euros gross for the financial year 2020 to 80,820 euros gross as of 1 July 2021, an increase of 1.3%;
- directors and non-voting members may be offered share subscription warrants instead of attendance fees.

The Board of Directors listens to the opinions expressed by shareholders on the subject of remuneration.

At the general meeting of 31 August 2020, no questions concerning remuneration were submitted before or during the discussions. The resolutions on remuneration were all passed by a large majority of the shareholders, including shareholders not related to the reference shareholder.

#### **Substantial changes to the remuneration policy in the event of a change of individuals.**

The remuneration policy, once approved by the shareholders, is intended to be applied to the current directors of AB Science, including in the event of renewal of the terms of office of these persons during the year. In the event of a change of persons or the addition of new offices during the year, the following rules would apply:

- New directors or non-voting members: the scale described in this policy will be applied to any new directors without modification, and always within the overall annual budget authorised by the shareholders.
- New Chairman and CEO: the current conditions would be the maximums applied, unless a new *ex-ante* policy is adopted by the shareholders; in the event of internal recruitment, the combination of an employment contract and the corporate mandate could be authorised by the Board of Directors as long as the ceilings in terms of value remain respected.
- New Deputy Chief Executive Officer : In the event of the appointment of a new Deputy Chief Executive Officer, in particular as Chief Pharmacist, if this person combined an employment contract with the corporate mandate, the remuneration would be the higher of that provided for under the employment contract and that granted to the current occupant of the mandate; in other cases, the current conditions would be the maximums applied prior to the adoption of a new *ex-ante* policy by the shareholders

#### **Exemptions**

The Board of Directors reserves the right to temporarily deviate from this policy in exceptional circumstances, but only after a determination by a majority of the directors, including a majority of the independent directors, that such deviation from the remuneration policy is necessary to serve the long-term interests and sustainability of AB Science as a whole or to ensure its viability.

These exemptions will have to be precisely justified by the Board of Directors.

#### 7.4.2. Remuneration for the financial year 2021 - principles and criteria for determining the remuneration of corporate officers

This section 7.4.2 constitutes the report to the shareholders presenting the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements making up the total remuneration and benefits in kind of the corporate officers of AB Science.

This report was approved and adopted by the Board of Directors on 28 April 2021 on the proposal of the management and the advice of the Remuneration Committee. It will be submitted to the vote of the next general meeting of shareholders.

This report contains the information referred to in Article L. 22-10-8 of the *Code de commerce* (French Commercial Code) as well as additional information that the Board of Directors deems appropriate to bring to the attention of the shareholders so that they have a complete view of the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components of the total remuneration and benefits in kind of the corporate officers of AB Science for the financial year 2021.

##### 7.4.2.1. Criteria and methods used to determine, allocate and grant the fixed, variable and exceptional components of the total remuneration and benefits of any kind to the Chairman and Chief Executive Officer for the financial year 2021

#### **Fixed salary**

The fixed salary of the Chairman and Chief Executive Officer is paid in 12 monthly instalments, re-evaluated and possibly adjusted annually by the Board of Directors on the recommendation of the Remuneration Committee, taking into account, in particular, market practices in AB Science's business sector.

The fixed salary (gross salary excluding profit-sharing bonus and seniority bonus) will remain unchanged (304,000 euros gross) for the financial year 2021.

#### **Variable remuneration**

It is proposed to set the variable remuneration of the Chairman and CEO at a maximum of 260,000 euros gross for the financial year 2021.

This variable remuneration is determined on the basis of the level of achievement of collective targets (maximum weighting of 75%) and individual targets (minimum weighting of 25%), as determined by the Board of Directors on the advice of the Remuneration Committee.

These targets are both quantitative and qualitative, based on the achievement of AB Science's strategic objectives. The collective targets for 2021 are primarily based on AB Science's ability to advance its ongoing clinical programmes. The individual performance criteria of the CEO consist of elements related to the long-term strategy of AB Science, financial targets for AB Science and the organisation of the work of the Board of Directors and its committees.

These targets are partly financial and partly non-financial, but always aligned with the corporate interest of AB Science. They are intended to evolve from year to year according to the Board's assessment of priority actions to achieve AB Science's medium and long-term objectives.

For reasons of confidentiality, details of collective and individual performance criteria are not made public.

In accordance with Article L. 22-10-8 of the *Code de commerce* (French Commercial Code), the payment of variable annual or exceptional compensation is subject to the approval by an ordinary general meeting of the compensation elements of the Chairman and CEO. Once approved by the general meeting in accordance with Article L. 22-10-8 of the *Code de commerce* (French Commercial Code), and once paid, the remuneration is not subject to a return obligation.

### **Total annual cash remuneration**

In accordance with the above, the cash remuneration (excluding profit-sharing bonus, seniority bonus and exceptional bonus) of the Chairman and Chief Executive Officer could reach a total of 564,000 euros for the financial year 2021, of which 54% is fixed and 46% variable.

### **Benefits in kind**

The benefits in kind relate to unemployment insurance and car expenses for the Chairman and CEO and are expected to amount to 8,004 euros and 1,916 euros respectively for the financial year 2021.

### **Other remuneration elements**

As the Chairman and CEO has an employment contract as Scientific Director, he is entitled to a seniority bonus and a profit-sharing bonus.

These bonuses are expected to amount to the following for the year 2021:

- Seniority bonus: 17,253 euros
- Incentive bonus: 30,852 euros

7.4.2.2. Criteria and methods used to determine, allocate and grant the fixed, variable and exceptional components of the total remuneration and benefits of any kind to the Deputy CEO for the financial year 2021

### **Fixed salary**

In accordance with his employment contract as Chief Pharmacist, the Deputy CEO's fixed remuneration is paid in 12 monthly instalments.

This remuneration is set at 80,820 euros gross as of<sup>1</sup> July 2021.

### **Variable remuneration**

Under his employment contract and in line with AB Science's executive remuneration policy, Denis Gicquel receives a variable remuneration based on the achievement of individual operational targets.

It is proposed to set the variable remuneration of the Deputy CEO at a maximum of 10,000 euros gross for the financial year 2021.

In accordance with Article L. 22-10-8 of the *Code de commerce* (French Commercial Code), the payment of variable annual or exceptional remuneration is subject to the approval by an ordinary general meeting of the remuneration elements of the Deputy CEO. Once approved by the general meeting in accordance with Article L. 22-10-8 of the *Code de commerce* (French Commercial Code), and once paid, the remuneration is not subject to a return obligation.

### **Total annual cash remuneration**

In accordance with the above, the cash remuneration (excluding profit-sharing bonus, seniority bonus and exceptional bonus) of the Deputy CEO could reach a total of 90,290 euros for the financial year 2021, of which 89% is fixed and 11% variable.

### **Other remuneration elements**

As the Deputy CEO has an employment contract as Chief Pharmacists, he is entitled to a profit-sharing bonus.

This profit-sharing bonus should amount to 16,042 euros for the financial year 2021.

#### 7.4.2.3. Criteria and methods used to determine, allocate and grant the remuneration allocated for the mandate of director or non-voting member for the financial year 2021

The directors and non-voting members collectively receive a fixed annual sum known as "*attendance fees*" determined by the general meeting of shareholders, the amount of which is included in AB Science's operating expenses.

The Board of Directors shall distribute the attendance fees.

The remuneration of directors and non-voting members must be distinguished from any sums allocated for special activities, employment contracts, remuneration of the Chairman and Chief Executive Officer, exceptional remuneration for special assignments or mandates or reimbursement of expenses.

The Board of Directors adopted the following scale:

- Allowance per Board meeting : 1500 euros
- Allowance per meeting of a standing specialised committee: 1500 euros

If the amount authorised by the shareholders is exceeded, the Board of Directors will adjust the scale retrospectively on the recommendation of the Remuneration Committee. The remuneration could be paid on a quarterly, half-yearly or annual basis, but never in advance. Once paid, the remuneration awarded is not subject to a return obligation.

All directors and non-voting members of AB Science (with the exception of the Chairman and CEO) are eligible for attendance fees. For the financial year 2021, it will be proposed to the directors and non-voting members of AB Science to be granted share warrants instead of attendance fees.

#### 7.4.3. Remuneration for the financial year 2020 - amount of remuneration of corporate officers

This section 7.4.3 constitutes the report to the shareholders on the remuneration paid or awarded to the corporate officers of AB Science during the financial year 2020 in respect of their office.

This report contains the information referred to in Articles L. 22-10-9 of the *Code de commerce* (French Commercial Code) as well as additional information that the Board of Directors deems appropriate to bring to the attention of the shareholders so that they have a complete view of the remuneration paid to the corporate officers of AB Science during the financial year 2020 in respect of their office.

##### 7.4.3.1. Individuals involved

This report concerns the remuneration paid or due for the financial year 2020 to the Chairman and CEO of AB Science and the Deputy CEO of AB Science.

On the proposal of the management and the advice of the Remuneration Committee, the Board of Directors, at its meeting of 30 April 2020, decided on the remuneration elements for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the financial year 2020.

In accordance with the provisions of Article L. 22-10-9 of the *Code de commerce* (French Commercial Code) in force at that date, these elements were proposed to the General Meeting of Shareholders of 31 August 2020.

On the proposal of *management* and the advice of the Remuneration Committee, the Board of Directors, at its meeting of 30 April 2020, decided on the level of achievement of the performance conditions for the variable remuneration and, consequently, the amount of the variable remuneration due to the Chairman and Chief Executive Officer for the financial year 2020 (the amount of the variable remuneration due to the Deputy Chief Executive Officer being defined, for its part, in accordance with the terms of his employment contract, as for the other employees of AB Science).

The payment of the variable remuneration due to the Chairman and CEO and the Deputy CEO for the financial year 2020 is conditional on the approval of these remuneration elements by the next ordinary general meeting.

As regards the directors and non-voting members, in addition to the warrants previously granted to them (the exercise of these warrants being conditional on their attendance at meetings of the Board of Directors), they received attendance fees for the 2020 financial year, paid in 2021.

#### 7.4.3.2. General information on the remuneration policy and on the equity ratios and changes in the remuneration of executive directors over five years

The following table presents, for the last five financial years, the equity ratios between the annual SMIC and the average and median remuneration paid to employees (full-time equivalents) of AB Science on the one hand, and the remuneration received by the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer of AB Science on the other:

| E.g. | Benchmark    |            |                     | Chairman and Chief Executive Officer |               |       |       | Deputy CEO |               |       |       |
|------|--------------|------------|---------------------|--------------------------------------|---------------|-------|-------|------------|---------------|-------|-------|
|      | Remuneration |            |                     | Rem                                  | Equity ratios |       |       | Rem        | Equity ratios |       |       |
|      | Average      | Median (B) | SMIC (min wage) (C) |                                      | vs. A         | vs. B | vs. C |            | vs. A         | vs. B | vs. C |
|      | (A)          |            |                     |                                      |               |       |       |            |               |       |       |
| 2020 | 61,733       | 42,815     | 18,473              | 691,089                              | 11            | 16    | 37    | 87,298     | 1             | 2     | 5     |
| 2019 | 54,521       | 45,546     | 18,255              | 241,986                              | 4             | 5     | 13    | 81,322     | 1             | 2     | 4     |
| 2018 | 51,959       | 43,098     | 17,982              | 241,868                              | 5             | 6     | 13    | 78,082     | 2             | 2     | 4     |
| 2017 | 48,390       | 40,243     | 17,763              | 241,599                              | 5             | 6     | 14    | 80,820     | 2             | 2     | 5     |
| 2016 | 49,531       | 39,199     | 17,600              | 313,937                              | 6             | 8     | 18    | 78,699     | 2             | 2     | 4     |

The Board of Directors listens to the opinions expressed by shareholders on the subject of remuneration. At the general meeting of 31 August 2020, no questions concerning remuneration were submitted before or during the discussions. The resolutions on remuneration were all passed by a large majority of the shareholders, including shareholders not related to the reference shareholder.

There are no discrepancies or exemptions to report. The remuneration paid or allocated to the corporate officers for the financial year 2020 is in accordance with the resolutions approved by the shareholders of AB Science at the general meeting on 31 August 2020.

#### 7.4.3.3. Remuneration of the Chairman and CEO and the Deputy CEO

In accordance with the remuneration policy of the Chairman and CEO approved by the General Meeting of Shareholders of 31 August 2020, his annual remuneration for the financial year 2020 consisted of a gross annual fixed remuneration of 304,000 euros (excluding profit-sharing bonus and seniority bonus) and a maximum variable remuneration of 260,000 euros gross conditional on both the achievement of collective objectives as well as certain other individual objectives related to his responsibilities.

The annual remuneration for the Deputy CEO for the financial year 2020 consisted of a gross fixed annual remuneration of 79,760 euros and a variable remuneration of a maximum of 10,000 euros gross, conditional on the achievement of collective targets.

On the proposal of the management and the advice of the Remuneration Committee, the Board of Directors on 30 April 2020 reviewed the level of achievement of each criterion. The collective and individual targets set for the CEO were in particular linked to the progress of AB Science's ongoing clinical trials and to obtaining funding for AB Science. For reasons of confidentiality, details of collective and individual performance criteria, although predetermined in precise terms, are not made public.

With regard to the relative weighting of each performance criterion, the Board of Directors noted an overall level of achievement of 100% of the objectives set for the Chairman and CEO. The application of this 100% achievement level results in an amount due to the Chairman and CEO as part of his variable remuneration for the financial year 2020 of 260,000 euros.



As regards the Deputy CEO, the level of achievement of AB Science's collective objectives allows him to benefit from a variable remuneration for the 2020 financial year in the amount of 10,000 euros. For reasons of confidentiality, details of performance criteria are not made public.

The payment of the variable remuneration due to the Chairman and CEO and the Deputy CEO for the financial year 2020 is conditional on the approval of these remuneration elements by the next ordinary general meeting.

#### 7.4.3.4. Overview of compensation elements for executive directors

An overview of the remuneration elements of the executive directors for the financial year 2020 is presented below:

#### **Summary table of remuneration, options and shares granted to each corporate officer (in thousands of euros):**

| <i>Alain Moussy, Chairman and CEO (In thousands of euros)</i>         | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| Remuneration due for the year   | 622              | 405              |
| Valuation of options granted during the year                          | 0                | 0                |
| Valuation of multi-year variable compensation awarded during the year | 0                | 0                |
| Valuation of free shares  | 3                | 0                |
| <b>Total</b>  | <b>625</b>       | <b>405</b>       |

| <i>Denis Gicquel, Deputy CEO (In thousands of euros)</i>              | 31 December 2020 | 31 December 2019 |
|---|------------------|------------------|
| Remuneration due for the year   | 100              | 96               |
| Valuation of options granted during the year                          | 0                | 0                |
| Valuation of multi-year variable compensation awarded during the year | 0                | 0                |
| Valuation of free shares  | 0                | 0                |
| <b>Total</b>  | <b>101</b>       | <b>96</b>        |

| Table on attendance fees and other remuneration received by non-executive directors summarising the remuneration of each executive director |                      |                      |
|---|----------------------|----------------------|
| Non-executive directors   | Amounts paid in 2020 | Amounts paid in 2019 |
| Attendance fees   | None                 |                      |
| Other remuneration  |                      |                      |
| <b>TOTAL</b>  | <b>-</b>             | <b>-</b>             |

Share subscription warrants have been granted to directors, details of which are given in section 11.3 of this report.

#### **Summary table of the remuneration of each executive director:**

- Chairman and CEO, Alain Moussy

|                            | Amounts paid in 2020 | Amounts paid in 2020 for 2020 | Amounts paid in 2020 for 2014 | Amounts paid in 2020 for 2015 | Out-standing amounts for 2020 | Out-standing amounts for 2019 | Out-standing amounts for 2018 | Out-standing amounts for 2017 | Out-standing amounts for 2016 | Out-standing amounts for 2015 |
|----------------------------|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Fixed salary:              | 321,253              | 321,253                       |                               |                               | -                             | -                             | -                             | -                             | -                             | -                             |
| - <i>basic salary</i>      | 304,000              | 304,000                       |                               |                               | -                             | -                             | -                             | -                             | -                             | -                             |
| - <i>seniority bonus</i>   | 17,253               | 17,253                        |                               |                               | -                             | -                             | -                             | -                             | -                             | -                             |
| Variable remuneration:     | 390,852              | 30,852                        | 220,000                       | 140,000                       | 260,000                       | 143,000                       | 220,000                       | 220,000                       | 243,740                       | 80,000                        |
| - <i>incentive bonus</i>   | 30,852               | 30,852                        | -                             | -                             | -                             | -                             | -                             | -                             | -                             | -                             |
| - <i>target bonus</i>      | 360,000              | -                             | 220,000                       | 140,000                       | 260,000                       | 143,000                       | 220,000                       | 220,000                       | 243,740                       | 80,000                        |
| Exceptional remuneration:  | 0                    | -                             |                               |                               | 0                             | -                             | -                             |                               | 0                             | -                             |
| - <i>exceptional bonus</i> | 0                    | -                             |                               |                               | 0                             | -                             | -                             |                               | 0                             | -                             |
| Attendance fees            | None                 | None                          |                               |                               | None                          | None                          | None                          | None                          | None                          | None                          |
| Benefits in kind           | 9,836                | 9,836                         |                               |                               | -                             | -                             | -                             |                               | -                             | -                             |
| <b>TOTAL</b>               | <b>721,941</b>       | <b>361,941</b>                | <b>220,000</b>                | <b>140,000</b>                | <b>260,000</b>                | <b>143,000</b>                | <b>220,000</b>                | <b>220,000</b>                | <b>243,740</b>                | <b>80,000</b>                 |

- Deputy CEO, Denis Gicquel

|                           | Amounts paid in 2020 | Amounts paid in 2020 for 2020 | Amounts paid in 2020 for 2019 |
|---------------------------|----------------------|-------------------------------|-------------------------------|
| Fixed salary:             | 79,298               | -                             | -                             |
| - <i>basic salary</i>     | 79,298               | 79,298                        |                               |
| Variable remuneration:    | 23,490               | 13,124                        | 10,365                        |
| - <i>incentive bonus</i>  | 15,490               | 13,124                        | 2,365                         |
| - <i>target bonus</i>     | 8,000                |                               | 8,000                         |
| Exceptional remuneration: | None                 | None                          | None                          |
| Benefits in kind          | None                 | None                          | None                          |
| <b>TOTAL</b>              | <b>102,788</b>       | <b>92,422</b>                 | <b>10,365</b>                 |

**Share subscription or purchase options granted to each executive director:**

| Share subscription or purchase options granted during 2020 to each executive director |                              |  |  |   |                |                 |
|---|------------------------------|--|--|---|----------------|-----------------|
| Executive director  | Plan number and date of plan | Nature of the options (purchase or subscription) | Valuation of options (in thousands of euros) | Number of options granted during the year | Exercise price | Exercise period |

|               |          |              |      |       |       |                                |
|---------------|----------|--------------|------|-------|-------|--------------------------------|
| Alain Moussy  | None     | None         | None | None  | None  | None                           |
| Denis Gicquel | SO 2020B | Subscription | 0    | 4,000 | 12.65 | From: 01/09/2024 to 30/08/2030 |

| Share subscription or purchase options exercised during 2020 by each executive director |                              |   |                |
|---|------------------------------|---|----------------|
| Executive director  | Plan number and date of plan | Number of options exercised during the year | Exercise price |
| Alain Moussy  | None                         | None  | None           |
| Denis Gicquel   | None                         | None  | None           |

**Free shares granted to each executive director:**

| Free preference shares granted during 2020 to each executive director |  |  |                     |                |   |               |                            |
|---|--|--|---------------------|----------------|---|---------------|----------------------------|
| Executive director  | Date granted by the Board of Directors | Number of free shares granted to each executive director during the financial year | Date of acquisition | Date available | Valuation of shares (in thousands of euros) | Plan maturity | Performance conditions (*) |
| Alain Moussy  | 01/09/2020                             | 2,706  | 01/09/2021          | 01/01/2025     | 3   | 31/12/2024    | Yes                        |
| Denis Gicquel   | 01/09/2020                             | 1  | 01/09/2021          | 01/01/2025     | 0   | 31/12/2024    | Yes                        |

(\*) Objectives defined in section 11.5 of this report

**History of grants of share subscription or purchase options, BSAs and BCEs:**

Alain Moussy has 332,000 BSAs allocated in 2016 and subscribed in 2017 and 1,617,614 BSAR allocated in 2014 and subscribed in 2015.

The table in paragraph 11.3 of the annual financial report details the history of the BSAs.

The table below shows the history of the allocation of founders' shares subscription warrants (BCE) to Alain Moussy, the only beneficiary of BCE among the corporate officers, as at 31 December 2020.

BCE summary table:

|   | BCE3A                     | BCE3B                     | BCE2007A                  | BCE2007B                  | BCE2008A                  | BCE2008B                  | BCE2008C                  | BCE2010A                  | BCE2012                       | BCE2013                       |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Number of options granted (1)   | 189                       | 189                       | 906                       | 288                       | 235                       | 220                       | 123                       | 28,784                    | 1,902,792                     | 25,580                        |
| Date of granting of the BCEs<br>(starting point of exercise)                          | 24/05/<br>2008            | 12/03/<br>2009            | 17/06/<br>2009            | 16/12/<br>2009            | 13/01/<br>2010            | 13/01/<br>2010            | 19/11/<br>2010            | 03/02/<br>2011            | 30/08/<br>2012                | 22/04/<br>2013                |
| Expiry date   | 30/12<br>2015             | 30/12<br>2015             | 31/12/<br>2027            | 31/12/<br>2027            | 31/12/<br>2027            | 31/12/<br>2027            | 31/12/<br>2027            | 31/12/<br>2027            | 31/12/<br>2027                | 31/12/<br>2027                |
| Valuation (in €K) (3)   | 62.3                      | 65.2                      | 685                       | 168                       | 140                       | 70.3                      | 63.3                      | 48.7                      | 114.2                         | 1.5                           |
| Subscription price  | 2,300.75                  | 2,300.75                  | 7,680.00                  | 7,680.00                  | 7,680.00                  | 7,680.00                  | 7,680.00                  | 12.28                     | 12.50                         | 18.74                         |
| Terms of exercise   | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets | achievement<br>of targets (2) | achievement<br>of targets (2) |
| Total number of shares subscribed<br>as of 31 December 2017                           | 189,000                   | 189,000                   |                           |                           |                           |                           |                           |                           |                               |                               |
| Cumulative number of cancelled<br>or lapsed share subscription or<br>purchase options | 0                         | 0                         | 0                         | 0                         | 0                         | -73                       | 0                         | 0                         | 0                             | 0                             |
| Remaining share subscription or<br>purchase options at year-end                       | 0                         | 0                         | 906                       | 288                       | 235                       | 147                       | 123                       | 28,784                    | 1,902,792                     | 25,580                        |

(1) For BCE3A to 2008C, 1 option gives rise to 1000 ordinary shares. For BCE2010A, BCE2012 and BCE2013, 1 option gives rise to 1 ordinary share

(2) Objectives defined in section 8.6 of this report

(3) Valuation as retained in the context of the application of IFRS 2 but before the effect of the spreading of the expense over the acquisition period under IFRS 2 (in €K)

The table below shows the history of stock option grants to Denis Gicquel, the only beneficiary of share subscription options among the corporate officers:

|  | SO6C       | SO6E       | SO7A       | SO2020B    |
|--|------------|------------|------------|------------|
| Date granted by the Board of Directors       | 24/04/2015 | 28/04/2016 | 30/04/2018 | 01/09/2020 |
| Date of acquisition of rights                | 24/04/2019 | 28/04/2020 | 30/04/2022 | 01/09/2024 |
| Plan maturity                                | 23/04/2025 | 27/04/2026 | 29/04/2028 | 30/08/2030 |
| Number of options granted                    | 2000       | 3340       | 4000       | 4000       |
| Exercise conditions:                         |            |            |            |            |
| <i>Attendance and performance conditions</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i> |
| Exercise price ( <i>in euros</i> )           | 15.8       | 17.29      | 12.65      | 12.65      |

No share subscription or purchase options granted to the Deputy CEO became available during the year. Therefore, no options were exercised.

#### History of free share allocations:

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Date of the General Meeting:                 | 09/12/2015     | 09/12/2015     | 28/06/2017     | 31/08/2020     |
| Date granted by the Board of Directors       | 16/12/2015     | 19/12/2016     | 28/12/2017     | 01/09/2020     |
| Number of options granted                    | 33,794         | 205            | 7,550          | 3,687          |
| <i>Of which shares granted to:</i>           |                |                |                |                |
| Alain Moussy                                 | 24,734         | 0              | 5,589          | 2,706          |
| Denis Gicquel                                | 34             | 21             | 1              | 1              |
| Exercise conditions:                         |                |                |                |                |
| <i>Attendance and performance conditions</i> | <i>Yes (*)</i> | <i>Yes (*)</i> | <i>Yes (*)</i> | <i>Yes (*)</i> |
| Plan maturity                                | 31/12/2024     | 31/12/2024     | 31/12/2024     | 31/12/2024     |
| Exercise price ( <i>in euros</i> )           | 0              | 0              | 0              | 0              |

(\*) Objectives defined in section 11.5 of this report

#### Conditions of remuneration and other benefits granted to executive directors:

| Executive directors  | Employment contract |    | Supplementary pension plan |    | Indemnities or benefits due or likely to be due in the event of termination or change of functions |    | Indemnities relating to a non-competition clause |    |
|--|---------------------|----|----------------------------|----|--|----|--|----|
|  | Yes                 | No | Yes                        | No | Yes  | No | Yes  | No |
| Alain Moussy - CMD<br><i>Term start date: 11/07/2001</i><br><i>Term end date: General Meeting in 2024 approving the accounts for the year ended 31 December 2023</i> | X                   |    |                            | X  |  | X  |  | X  |
| Denis Gicquel - Deputy CEO<br><i>Term start date: 11/11/2014</i><br><i>Term end date: 2023</i>   | X                   |    |                            | X  |  | X  |  | X  |

#### Amounts set aside by the company for the payment of pensions, retirement benefits or other benefits for the benefit of directors, non-voting members and officers

The Company has set aside provisions for retirement benefits.

The contingent liability representing the amount of severance pay for executives as of 31 December 2020, calculated by applying the collective and seniority agreement, excluding social security contributions amounted to € 325k (of which € 313k for Mr Alain Moussy).

AB Science pays retirement contributions each month to organisations that will pay pensions to employees when they retire (defined contribution plan).

The Company has also contributed since 2009 to an unemployment insurance scheme for Mr. Alain Moussy.

## **8. GENERAL INFORMATION CONCERNING THE CAPITAL**

### **8.1. Share capital**

As at 31 December 2020, the Company's share capital amounted to 524,563.57 euros, divided into 52,456,357 shares with a par value of 0.01 euro each, fully paid up. The share capital as of 31 December 2020 is made up of:

- 45,889,493 ordinary shares
- 41,458 preference shares convertible into ordinary shares ("the preference shares"), class B. In accordance with Article 11. III. 7. of the articles of association of AB Science, in the event of a public takeover bid and/or exchange offer, the Board of Directors may, as from the date on which the *Autorité des marchés financiers* (French Financial Markets Authority) gives its declaration of conformity on the public takeover bid and/or exchange offer, decide to immediately convert all B Shares into A Shares
- 525,406 preference shares 2016 ("the 2016 preference shares"), class C
- 6,000,000 preference shares, class D

### **8.2. Modifications to the share capital**

The table below shows the changes in the share capital for the annual accounts of the Company from 1 January 2018 to 31 December 2020.

| Date                  | Transaction type                      | Capital increase (in euros) | Share or acquisition premium (in euros) | Number of shares created |         |         |           | Nominal value | Number of shares accumulated |         |         |           | Capital after transaction (in euros) |
|-----------------------|---------------------------------------|-----------------------------|---|--------------------------|---------|---------|-----------|---------------|------------------------------|---------|---------|-----------|--------------------------------------|
|                       |                                       |                             |   | Class A                  | Class B | Class C | Class D   |               | Class A                      | Class B | Class C | Class D   |                                      |
| Turnover 26/09/18     | Exercise of 39,314 BSAs               | 393.14                      | 0.00                                    | 39,314                   |         |         |           | 0.01          | 41,030,379                   | 33,931  | 525,406 |           | 415,897.16                           |
| Turnover 23/01/19     | Issue of 7,527 free preference shares | 75.27                       | -75.27                                  |                          | 7,527   |         |           | 0.01          | 41,030,379                   | 41,458  | 525,406 |           | 415,972.43                           |
| CEO decision 16/08/19 | Creation of 2,463,054 new shares      | 24,630.54                   | 9,702,351                               | 2,463,054                |         |         |           | 0.01          | 43,493,433                   | 41,458  | 525,406 |           | 440,602.97                           |
| CEO decision 05/03/20 | Creation of 860,220 new shares        | 8,602.20                    | 6,085,384                               | 860,220                  |         |         |           | 0.01          | 44,353,653                   | 41,458  | 525,406 |           | 449,205.17                           |
| CEO decision 05/03/20 | Exercise of 449,014 BSAs              | 2,245.07                    | 1,232,543                               | 224,507                  |         |         |           | 0.01          | 44,578,160                   | 41,458  | 525,406 |           | 451,450.24                           |
| Turnover 29/10/20     | Exercise of 353 stock options         | 3.53                        | 2,517                                   | 353                      |         |         |           | 0.01          | 44,578,513                   | 41,458  | 525,406 |           | 451,453.77                           |
| Turnover 01/09/20     | Issue of 6,000,000 preference shares  | 60,000.00                   | 181,231                                 |                          |         |         | 6,000,000 | 0.01          | 44,578,513                   | 41,458  | 525,406 | 6,000,000 | 511,453.77                           |
| Turnover 28/09/20     | Exercise of 4 capitalised BSAs        | 2,332.66                    | 0                                       | 233,266                  |         |         |           | 0.01          | 44,811,779                   | 41,458  | 525,406 | 6,000,000 | 513,786.43                           |
| Turnover 18/12/20     | Exercise of 20,000 BSAs               | 100.00                      | 54,900                                  | 10,000                   |         |         |           | 0.01          | 44,821,779                   | 41,458  | 525,406 | 6,000,000 | 513,886.43                           |
| Turnover 29/12/20     | Exercise of 20,000 BSAs               | 100.00                      | 54,900                                  | 10,000                   |         |         |           | 0.01          | 44,831,779                   | 41,458  | 525,406 | 6,000,000 | 513,986.43                           |
| CEO decision 04/01/21 | Conversion of 90,000 bonds            | 3,282.91                    | 4,381,794                               | 328,291                  |         |         |           | 0.01          | 45,160,070                   | 41,458  | 525,406 | 6,000,000 | 517,269.34                           |
| CEO decision 28/12/20 | Creation of 728,156 new shares        | 7,281.56                    | 10,486,528                              | 728,156                  |         |         |           | 0.01          | 45,888,226                   | 41,458  | 525,406 | 6,000,000 | 524,550.90                           |
| N.B.                  |                                       | 12.67                       | 9,034                                   | 1,267                    |         |         |           | 0.01          | 45,889,493                   | 41,458  | 525,406 | 6,000,000 | 524,563.57                           |

|  |                                |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
|  | Exercise of 1267 stock options |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|

8.3. Summary statement of the transactions referred to in article L. 621-18-2 of the *Code Monétaire et Financier* (French Monetary and Financial Code) carried out in 2020

No transactions relating to article L. 621-18-2 of the *Code Monétaire et Financier* (French Monetary and Financial Code) were recorded during the financial year 2020.

8.4. Major shareholders

Summary table of the main shareholders as at 31 December 2020

| Shareholder                                   | Share Capital at 31/12/2020    |   |                       |
|---|--------------------------------|---|-----------------------|
|   | Shares held in registered form | %age of share capital and voting rights |                       |
|   |                                | %age of share capital                   | %age of voting rights |
| - Moussy, Alain                               | 7,055,362                      | 13.45%                                  | 3.82%                 |
| - AMY SAS                                     | 12,273,000                     | 23.40%                                  | 38.27%                |
| <b>Block sub-total Alain Moussy</b>           | <b>19,328,362</b>              | <b>36.85%</b>                           | <b>42.09%</b>         |
| Investors in the agreement whose stake is >5% | 0                              | 0.00%                                   | 0.00%                 |
| <b>Other investors in the agreement</b>       | <b>7,583,108</b>               | <b>14.46%</b>                           | <b>16.32%</b>         |
| <i>Shares part of the agreement</i>           | 7,158,131                      | 13.65%                                  | 15.00%                |
| <i>Shares outside the agreement</i>           | 424,977                        | 0.81%                                   | 1.33%                 |
| <b>Total for the block</b>                    | <b>26,911,470</b>              | <b>51.30%</b>                           | <b>58.41%</b>         |
| Investors whose stake is >5%                  | 0                              | 0.00%                                   | 0.00%                 |
| Other investors                               | 25,544,887                     | 48.70%                                  | 41.59%                |
| Total   | 52,456,357                     | 100%                                    | 100%                  |

History of the Company's share capital and voting rights



| Shareholder                                   | Share Capital at 31/12/2019    |   |                       |
|---|--------------------------------|---|-----------------------|
|   | Shares held in registered form | %age of share capital and voting rights |                       |
|   |                                | %age of share capital                   | %age of voting rights |
| - Moussy, Alain                               | 1,255,362                      | 2.85%                                   | 3.94%                 |
| - AMY SAS                                     | 12,273,000                     | 27.86%                                  | 39.52%                |
| <b>Block sub-total Alain Moussy</b>           | <b>13,528,362</b>              | <b>30.70%</b>                           | <b>43.46%</b>         |
| Investors in the agreement whose stake is >5% | 0                              | 0.00%                                   | 0.00%                 |
| <b>Other investors in the agreement</b>       | <b>4,956,148</b>               | <b>11.25%</b>                           | <b>13.56%</b>         |
| <i>Shares part of the agreement</i>           | 4,956,148                      | 11.25%                                  | 13.56%                |
| <i>Shares outside the agreement</i>           | 0                              | 0.00%                                   | 0.00%                 |
| <b>Total for the block</b>                    | <b>18,484,510</b>              | <b>41.95%</b>                           | <b>57.02%</b>         |
| Investors whose stake is >5%                  | 0                              | 0.00%                                   | 0.00%                 |
| Other investors                               | 25,575,787                     | 58.05%                                  | 42.98%                |
| <b>Total</b>                                  | <b>44,060,297</b>              | <b>100%</b>                             | <b>100%</b>           |

#### 8.5. Shareholder agreements

The list of current shareholder agreements for the year 2020 is as follows:

| Date of conclusion of the agreement | Founders/shareholders concerned  | Main clauses  | Agreement term |
|-------------------------------------|--|---|----------------|
| 02/03/2006                          | A. Moussy with O. Hermine / P. Dubreuil / C. Auclair/ M. Ciufolini         | - Undertaking to retain the shares held by the parties to the agreement for the entire term of the agreement unless the agreement of shareholders holding more than 50.1% of the shares of the parties to the agreement is obtained.<br>- Pre-emptive right: in the event of an authorised transfer, A. Moussy has a pre-emptive right to the shares subject to the transfer.   | 02/03/2021     |
| 09/02/2010                          | A. Moussy / AMY SAS / O. Hermine / P. Dubreuil / C. Auclair / M. Ciufolini | - Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.   | 02/03/2021     |
| 15/03/2010                          | A. Moussy / AMY SAS with L. Guy  | - Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.   | 02/03/2021     |
| 10/03/2011                          | A. Moussy / AMY SAS with Applied Biology Company                           | - Number of securities: 92,600<br>- Undertaking to retain the securities: for the duration of the agreement.<br>- Pre-emption right: A. Moussy and AMY SAS have a pre-emptive right to 92,600 AB Science shares<br>- Promise to sell: Consent to a promise to sell by Applied Biology Company to A. Moussy and AMY SAS concerning 92,600 AB Science shares, exercisable.<br>- Consultation: The parties have agreed to consult each other and thus Applied Biology Company undertakes to cast the same vote as A. Moussy at the ordinary general meeting. | 10/03/2021     |

| Date of conclusion of the agreement | Founders/shareholders concerned                              | Main clauses   | Agreement term |
|-------------------------------------|--|--|----------------|
| 10/03/2011                          | A. Moussy / AMY SAS with O. Marchal                          | <ul style="list-style-type: none"> <li>- Number of securities: 16,000.</li> <li>- Undertaking to retain the securities: for the duration of the agreement.</li> <li>- Consultation: The parties have agreed to consult each other and thus O. Marchal undertakes to cast the same vote as A. Moussy at the ordinary general meeting.</li> <li>- Right of representation on the Board of Directors : If the total cumulative shareholding of the represented minority shareholders (P. Oddo, Beveguissimo, Pagapa, O. Marchal) represents at least 10% of the company's capital, the said represented minority shareholders may ask the Board of Directors to propose to the next General Meeting the appointment of a member to represent them on the Board of Directors.</li> </ul> | 10/03/2021     |
| 10/03/2011                          | A. Moussy / AMY SAS with the company Verfin (formerly Enver) | <ul style="list-style-type: none"> <li>- Number of securities: 69,200</li> <li>- Undertaking to retain the securities: for the duration of the agreement</li> <li>- Pre-emption right: A. Moussy and AMY SAS have a pre-emptive right to 69,200 AB Science shares</li> <li>- Promise to sell: by Enver to A. Moussy and AMY SAS for 69,200 AB Science shares exercisable at any time at the price offering an internal rate of return of 12% on the shares sold.</li> <li>- Consultation: the parties have agreed to consult each other and thus Enver undertakes to cast the same vote as A. Moussy at the ordinary general meeting.</li> </ul>   | 10/03/2021     |
| 10/03/2011                          | A. Moussy / AMY SAS with PD Verspieren                       | <ul style="list-style-type: none"> <li>- Number of securities: 28,747</li> <li>- Undertaking to retain the securities for the duration of the agreement</li> <li>- Pre-emption right: A. Moussy and AMY SAS have a pre-emptive right to 28,747 AB Science shares</li> <li>- Promise to sell: by PD Verspieren to A. Moussy and AMY SAS for 28,747 AB Science shares exercisable at any time at the price offering an internal rate of return of 12% on the shares sold.</li> <li>- Consultation: the parties have agreed to consult each other and thus PD Verspieren undertakes to cast the same vote as A. Moussy at the ordinary general meeting.</li> </ul>  | 10/03/2021     |

| Date of conclusion of the agreement | Founders/shareholders concerned   | Main clauses   | Agreement term |
|-------------------------------------|---|--|----------------|
| 10/03/2011                          | A. Moussy / AMY SAS with the finance company IDAT   | <ul style="list-style-type: none"> <li>- Number of securities: 196,000</li> <li>- Undertaking to retain the securities for the duration of the agreement</li> <li>- Consultation: the parties have agreed to consult each other and thus the finance company IDAT undertakes to cast the same vote as A. Moussy at the ordinary general meeting.</li> <li>- Right of representation on the Board of Directors: if the total cumulative shareholding of the represented minority shareholders (Financière IDAT, Beveguissimo, Pagapa, Olivier Marchal) represents at least 10% of the company's capital, the said represented minority shareholders may ask the Board of Directors to propose to the next General Meeting the appointment of a member to represent them on the Board of Directors.</li> </ul> | 10/01/2036     |
| 11/04/2013                          | A. Moussy / AMY SAS with JP Kinet / O. Hermine / P. Dubreuil / C. Auclair / L. Guy  | <ul style="list-style-type: none"> <li>- Undertaking to retain the balance of the shares resulting from the exercise of certain securities giving access to the capital of AB Science (BCE2012 and BSA7), after deduction of the shares sold to pay any capital gains tax, unless the agreement of A. Moussy and AMY SAS is obtained and the percentage of shares held by the parties remains greater than 50.01% after the disposal and on a fully diluted basis.</li> <li>- Consultation: The parties have agreed to consult each other and to cast the same vote as A. Moussy or AMY SAS at the ordinary and extraordinary general meetings.</li> </ul>   | 11/04/2033     |
| 19/11/2013                          | Alain Moussy / AMY SAS / Laurent Guy  | <ul style="list-style-type: none"> <li>- Undertaking to retain 200,000 shares.</li> <li>- Undertaking to retain two-thirds of the balance of the shares resulting from the exercise of certain securities giving access to the capital of AB Science (BCEs excluding ECB2012), after deduction of the shares sold to pay any capital gains tax.</li> </ul>   | 01/03/2021     |
| 21/11/2017                          | Alain Moussy / AMY SAS / Laurent Guy  | <ul style="list-style-type: none"> <li>- Undertaking to retain B shares.</li> <li>- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.</li> </ul>   | 31/12/2034     |
| 18/08/2019                          | Alain Moussy / Deltec Bank and Trust Ltd / FGP Protective Opportunity Master Fund SPC / Aurore Invest Fund / KBL European Private Bankers | <ul style="list-style-type: none"> <li>- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.</li> </ul>  | 18/08/2029     |
| 02/03/2020                          | Alain Moussy / Jean-Claude Marian   | <ul style="list-style-type: none"> <li>- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.</li> </ul>  | 02/03/2030     |
| 10/12/2020                          | Alain Moussy / AMY SAS / JP SPC 3 Obo Valor Biotech 2 / JP SPC 3 Obo Valor Biotech 3 / JP SPC 5   | <ul style="list-style-type: none"> <li>- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.</li> </ul>  | 10/12/2030     |

| Date of conclusion of the agreement | Founders/shareholders concerned   | Main clauses | Agreement term |
|-------------------------------------|---|--------------|----------------|
|                                     | Obo Valor Biotech 4 / JP SPC 3 Obo FGP Private Equity / FGP Capital Private Equity I / FGP Capital Private Equity II / FGP Protective Opportunity Master Fund |              |                |

These agreements are also available on the AMF website at the following address: <http://www.amf-france.org>

## 8.6. Potential capital

As of 31 December 2020, based on a share price of € 19,66, the exercise of all of the Company's effectively exercisable instruments gives rise to capital broken down as follows, leading to the creation of new shares as follows:

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 320,474
  - ✓ BSPCE (French employee stock options): 2,182,588
  - ✓ BSA (French share subscription warrants): 2,758,579 (including 1,974,040 BSAs, the exercise of all of which would result in the issue of 987,020 shares)

The exercise of these options would lead to an increase in shareholders' equity of €37,394k and a capital dilution of 7.5%.

- Options whose exercise price less than greater than or equal to the stock market price and whose exercise conditions are not met:
  - ✓ Stock options allocated to employees: 260,770

The exercise of these options would lead to an increase in shareholders' equity of €3,282k and a capital dilution of 0.5%.

- Preference shares issued in December 2016, relating to the conversion of convertible bonds into shares, the conditions of which are detailed in paragraph 8.6 of this report:
  - ✓ Preferred stock convertible into ordinary shares: 1,704,903

The exercise of these preference shares would lead to an increase in shareholders' equity of € 8,525k and a capital dilution of 3.1%.

At the date of this report, a part of these preference shares has been converted. The maximum number of ordinary shares to be issued upon conversion of the remaining preference shares is 1,236,705 shares (based on a conversion price of five euros). The conversion of these preference shares is planned in several tranches until the end of the financial year 2021.

- Options based on special performance criteria, the conditions of which are detailed in paragraphs 11.2, 11.3, 11.4 and 11.5 of this report:
  - ✓ Stock options allocated to employees: 333,000
  - ✓ BSPCE (French employee stock options): 3,118,082
  - ✓ BSA (French share subscription warrants): 3,983,136
  - ✓ Conversion of AGAP (allocations of free preference shares) into ordinary shares: 4,514,500

The exercise of these options would lead to an increase in shareholders' equity of €84,988k and a capital dilution of 18.6%.

The exercise of instruments giving access to the outstanding capital, as well as any new grants or issues would result in significant dilution for the shareholders.

Note that in the event of the exercise of all of these 19,176,032 shares, the amount of equity would be increased by 134 million euros.

| Date à partir de laquelle les options peuvent être exercées   | 31/12/2020         | 31/12/2020 | 31/12/2021 | 31/12/2022 | 31/12/2023 | 31/12/2024 | 31/12/2025 | 31/12/2026 | TOTAL      | Aug. potentielle<br>des capitaux<br>propres | Cours de<br>l'action |
|---|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|---|----------------------|
| Actions   | 52 456 357         |            |            |            |            |            |            |            | 52 456 357 |   |                      |
| Dilution du capital fondée sur le cours de bours au 31/12/20 de 19,66€  |                    |            |            |            |            |            |            |            |            |   |                      |
| Type d'actions  | Prix<br>d'exercice |            |            |            |            |            |            |            |            |   |                      |
| Options dont le prix d'exercice est inférieur au cours de bourse et dont les conditions d'exercice sont réalisées, sous réserve des conditions de vesting |                    |            |            |            |            |            |            |            |            |   |                      |
| Stock-Options   | 7,14               | 22 455     |            |            |            |            |            |            | 22 455     | 160 329 €                                   |                      |
| Stock-Options   | 10,03              | 875        |            |            |            |            |            |            | 875        | 8 776 €                                     |                      |
| Stock-Options   | 10,18              | 44 184     |            |            |            |            |            |            | 44 184     | 449 793 €                                   |                      |
| Stock-Options   | 11,96              | 40 340     |            |            |            |            |            |            | 40 340     | 482 466 €                                   |                      |
| Stock-Options   | 13,01              | 9 000      |            |            |            |            |            |            | 9 000      | 117 090 €                                   |                      |
| Stock-Options   | 15,61              | 116 000    |            |            |            |            |            |            | 116 000    | 1 810 760 €                                 |                      |
| Stock-Options   | 15,80              | 33 180     |            |            |            |            |            |            | 33 180     | 524 244 €                                   |                      |
| Stock-Options   | 17,29              | 54 440     |            |            |            |            |            |            | 54 440     | 941 268 €                                   |                      |
| BSPCE   | 7,68               | 2 100 000  |            |            |            |            |            |            | 2 100 000  | 16 128 000 €                                |                      |
| BSPCE   | 12,28              | 82 588     |            |            |            |            |            |            | 82 588     | 1 014 181 €                                 |                      |
| BSA <sup>(7)</sup>  | 5,50               | 987 020    |            |            |            |            |            |            | 987 020    | 5 428 610 €                                 |                      |
| BSA   | 7,68               | 85 000     |            |            |            |            |            |            | 85 000     | 652 800 €                                   |                      |
| BSA   | 10,00              | 60 000     |            |            |            |            |            |            | 60 000     | 600 000 €                                   |                      |
| BSA   | 10,03              | 51 335     |            |            |            |            |            |            | 51 335     | 514 890 €                                   |                      |
| BSA   | 12,00              | 40 000     |            |            |            |            |            |            | 40 000     | 480 000 €                                   |                      |
| BSA   | 12,65              | 109 004    | 36999      | 6999       | 6999       | 6999       |            |            | 167 000    | 2 112 550 €                                 |                      |
| BSA   | 13,30              | 2 334      |            |            |            |            |            |            | 2 334      | 31 042 €                                    |                      |
| BSA   | 14,41              | 14 000     |            |            |            |            |            |            | 14 000     | 201 740 €                                   |                      |
| BSA   | 15,61              | 332 000    |            |            |            |            |            |            | 332 000    | 5 182 520 €                                 |                      |
| BSA   | 15,80              | 17 585     |            |            |            |            |            |            | 17 585     | 277 843 €                                   |                      |
| BSA   | 17,98              | 15 285     |            |            |            |            |            |            | 15 285     | 274 824 €                                   |                      |
| Sous-total  | 52 456 357         | 4 216 625  | 36 999     | 6 999      | 6 999      | 6 999      | -          | -          | 4 274 621  | 37 393 726 €                                |                      |
| Sous-total cumulé   | 52 456 357         | 56 672 982 | 56 709 981 | 56 716 980 | 56 723 979 | 56 730 978 | 56 730 978 | 56 730 978 | 56 730 978 |   |                      |
| % dilution  |                    | 7,4%       | 7,5%       | 7,5%       | 7,5%       | 7,5%       | 7,5%       | 7,5%       | 7,5%       |   |                      |
| Options dont le prix d'exercice est inférieur ou égal au cours de bourse et dont les conditions d'exercice sont ne sont pas réalisées                     |                    |            |            |            |            |            |            |            |            |   |                      |
| Stock-Options   | 12,00              |            |            | 25 120     |            |            |            |            | 25 120     | 301 440 €                                   |                      |
| Stock-Options   | 12,65              |            |            | 27 000     |            | 208 650    |            |            | 235 650    | 2 980 973 €                                 |                      |
| Sous-total  |                    | -          | -          | 52 120     | -          | 208 650    | -          | -          | 260 770    | 3 282 413 €                                 | 12,59 €              |
| Sous-total cumulé   | 52 456 357         | 52 456 357 | 52 456 357 | 52 508 477 | 52 508 477 | 52 717 127 | 52 717 127 | 52 717 127 | 52 717 127 |   |                      |
| % dilution  |                    | 0,0%       | 0,0%       | 0,1%       | 0,1%       | 0,5%       | 0,5%       | 0,5%       | 0,5%       |   |                      |
| Nombre d'actions maximales potentielles sur options non liées à des critères spéciaux de performance  |                    |            |            |            |            |            |            |            |            |   |                      |
| Sous-total  |                    | 4 216 625  | 36 999     | 59 119     | 6 999      | 215 649    | -          | -          | 4 535 391  | 40 676 139 €                                | 8,97 €               |
| Sous-total cumulé   | 52 456 357         | 56 672 982 | 56 709 981 | 56 769 100 | 56 776 099 | 56 991 748 | 56 991 748 | 56 991 748 | 56 991 748 |   |                      |
| % dilution  |                    | 7,4%       | 7,5%       | 7,6%       | 7,6%       | 8,0%       | 8,0%       | 8,0%       | 8,0%       |   |                      |

| Actions de préférence relatives à la conversion des obligations convertibles en actions |            |             |                  |             |             |             |             |             |                  |                  |  |
|---|------------|-------------|------------------|-------------|-------------|-------------|-------------|-------------|------------------|------------------|--|
| Actions de préférence convertibles en actions ordinaires (6)                            |            |             |                  |             |             |             |             |             |                  |                  |  |
| Maximum actions ordinaires supplémentaires (base cours à 5€)                            | 5,00       |             | 1 704 903        |             |             |             |             |             | 1 704 903        | 8 524 515 €      |  |
| <b>Nombre d'actions maximales potentielles sur conversion des obligations</b>           |            | -           | <b>1 704 903</b> | -           | -           | -           | -           | -           | <b>1 704 903</b> | <b>8 524 515</b> |  |
| Sous-total cumulé   | 52 456 357 | 52 456 357  | 54 161 260       | 54 161 260  | 54 161 260  | 54 161 260  | 54 161 260  | 54 161 260  | 54 161 260       | 54 161 260       |  |
| <b>% dilution</b>   |            | <b>0,0%</b> | <b>3,1%</b>      | <b>3,1%</b> | <b>3,1%</b> | <b>3,1%</b> | <b>3,1%</b> | <b>3,1%</b> | <b>3,1%</b>      | <b>3,1%</b>      |  |

  

| Options fondées sur des critères spéciaux de performance  |            |                  |              |              |              |              |              |                  |              |                   |                     |
|---|------------|------------------|--------------|--------------|--------------|--------------|--------------|------------------|--------------|-------------------|---------------------|
| Stock-Options <sup>(4)</sup>  | 12,00      | 333 000          |              |              |              |              |              |                  | 333 000      | 3 996 000 €       |                     |
| BSPCE <sup>(1)</sup>  | 12,50      | 3 077 528        |              |              |              |              |              |                  | 3 077 528    | 38 469 100 €      |                     |
| BSPCE <sup>(1)</sup>  | 18,74      | 40 554           |              |              |              |              |              |                  | 40 554       | 759 982 €         |                     |
| BSA <sup>(2)</sup>  | 8,92       | 1 647 024        |              |              |              |              |              |                  | 1 647 024    | 14 691 454 €      |                     |
| BSA <sup>(5)</sup>  | 11,00      | 1 000 000        |              |              |              |              |              |                  | 1 000 000    | 11 000 000 €      |                     |
| BSA <sup>(3)</sup>  | 12,00      | 1 260 000        |              |              |              |              |              |                  | 1 260 000    | 15 120 000 €      |                     |
| BSA <sup>(1)</sup>  | 12,50      | 76 112           |              |              |              |              |              |                  | 76 112       | 951 400 €         |                     |
| AGAP <sup>(6)</sup>   | 0,00       |                  |              |              |              |              |              | 4 514 500        | 4 514 500    | 0 €               |                     |
| <b>Nombre d'actions maximales potentielles sur options liées à des critères spéciaux de performance</b> |            | <b>7 434 218</b> | -            | -            | -            | -            | -            | <b>4 514 500</b> | -            | <b>11 948 718</b> | <b>84 987 936 €</b> |
| Sous-total cumulé   | 52 456 357 | 59 890 575       | 59 890 575   | 59 890 575   | 59 890 575   | 59 890 575   | 59 890 575   | 64 405 075       | 64 405 075   | 64 405 075        |                     |
| <b>% dilution</b>   |            | <b>12,4%</b>     | <b>12,4%</b> | <b>12,4%</b> | <b>12,4%</b> | <b>12,4%</b> | <b>12,4%</b> | <b>18,6%</b>     | <b>18,6%</b> | <b>18,6%</b>      | <b>7,11 €</b>       |

**Notes:**

(1): conditions for the exercise of BSPCE and BSA (resolution 17 of the AGM of 30 March 2012, resolutions 3 and 4 of the AGM of 15 December 2017)

| Distribution of exercisable BSPCE and BSA by beneficiary  | Indication 1 | Indication 2 | Indication 3 | Total |
|---|--------------|--------------|--------------|-------|
| a) Initiation of confirmatory clinical study  | 5%           | 5%           | 2.5%         | 12.5% |
| b) Obtaining conditional registration or temporary cohort use authorisation ( <i>ceiling integrating, where appropriate, the securities made exercisable under point a) above</i> ) | 10%          | 10%          | 5%           | 25%   |
| c) Marketing authorisation ( <i>including, where applicable, securities made exercisable under a) and b) above</i> )  | 20%          | 20%          | 10%          | 50%   |

| Distribution of maximum exercisable BSPCE and BSA by beneficiary | More than €100m | More than €250m | More than €500m | More than €1,000m | Total |
|--|-----------------|-----------------|-----------------|-------------------|-------|
| Direct and indirect net sales of masitinib                       | 12.5%           | 12.5%           | 12.5%           | 12.5%             | 50.0% |

(2) BSA exercisable if the share price is between €30 and €50

(3) Registration of masitinib in ALS with the EMA and FDA based on a single pivotal study, AB10015, with 100,000 BSAs conditional on obtaining a patent for a viral vector-based immunotherapy technology by 29 April 2028

(4) Registration of masitinib in ALS with the EMA and FDA based on a single pivotal study, AB10015

(5) Registration of masitinib in the SLA with the EMA (500,000 BSAs), with the FDA (400,000 BSAs), 220,000 BSAs based on operational targets achieved in 2020, 270,000 BSAs based on revenue targets, all of these BSAs being capped at 1,000,000 BSAs

(6) Conditions in Resolution 2 of the General Meeting of 15.12.2017:

- (A) If a phase III study is successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 53%
- (B) If two phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 83%
- (C) If three phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 100%

The objectives must be achieved before 31 December 2024.

The conversion ratio of the free preference shares into ordinary shares will be determined by the AB Science share price:

The term "purchase price" means € 11.24 for the AGAPs (4), € 8.62 for the AGAPs (5) and € 3.64 for the AGAPs (6), corresponding to the average closing price of the AB Science share during the 20 trading days preceding the vesting date, i.e. the start of the securities retention period (one year after the allocation of the free preference share)

The term "final price" refers to the highest average price of the AB Science share over 60 trading days during the retention period, i.e. during the vesting period until 31 December 2024.

- (D) If the final price is strictly lower than the purchase price increased by 5 euros, the conversion ratio will be equal to zero, which means that no free preferred share can be converted even if the conditions related to the clinical studies are fulfilled.
- (E) If the final price is strictly equal or higher than the purchased price increased by 20 euros, the conversion ratio will be equal to 100%, which means that each free preference share can be converted into 100 shares if the conditions related to the clinical studies are fulfilled
- (F) If the final price is (i) higher than the purchase price increased by 5 euros and (ii) the value is lower than the purchase price increased by 20 euros, the conversion ratio will be equal to:  $[(\text{Final price} - \text{purchase price} - 5) / 15] \times 100$ .

In addition to the conditions of the free preference shares set out above, the free preference shares granted by the Board of Directors on 1 September 2020 will also have to meet the following additional conditions, subject to their approval by the next General Meeting:

- The Free Preference Shares will only be effectively granted after a period of one year from the date of the Grant decision (the "Vesting Period")
- The date of the Final Award marks the start of the retention period (the "Retention Period"), which ends on 31 December 2024

- At the end of the Retention Period, i.e. on 31 December 2024 (the "Retention Period Expiry Date"), the Free Preference Shares will be convertible into ordinary shares of the Company during a conversion period of four years and one month from the Retention Period Expiry Date (the "Conversion Period")
- All Free Preference Shares issued from 1 September 2020 onwards will only become convertible in the event of a successful completion of the AB8939 Phase 1 study by 31 December 2024.

(7) Following the capital increase by private contribution in August 2019, 2,463,054 BSAs were issued. As at 31 December 2020, the balance of these BSAs will allow the subscription of 987,020 additional new shares.

Distribution of the Company's share capital and voting rights as at 31 December 2020 is as follows:

| Shareholder                                   | Share Capital at 31/12/2020    |   |                       | Potential capital at 31/12/20  |  |                       |
|---|--------------------------------|---|-----------------------|--------------------------------|--|-----------------------|
|   | Shares held in registered form | %age of share capital and voting rights |                       | Shares held in registered form | %age of share capital and voting rights(*) |                       |
|   |                                | %age of share capital                   | %age of voting rights |                                | %age of share capital                      | %age of voting rights |
| - Moussy, Alain                               | 7,055,362                      | 13.45%                                  | 3.82%                 | 15,933,709                     | 22.25%                                     | 13.60%                |
| - AMY SAS                                     | 12,273,000                     | 23.40%                                  | 38.27%                | 13,273,000                     | 18.54%                                     | 30.67%                |
| <b>Block sub-total Alain Moussy</b>           | <b>19,328,362</b>              | <b>36.85%</b>                           | <b>42.09%</b>         | <b>29,206,709</b>              | <b>40.79%</b>                              | <b>44.27%</b>         |
| Investors in the agreement whose stake is >5% | 0                              | 0.00%                                   | 0.00%                 | 0                              | 0.00%                                      | 0.00%                 |
| <b>Other investors in the agreement</b>       | <b>7,583,108</b>               | <b>14.46%</b>                           | <b>16.32%</b>         | <b>10,834,571</b>              | <b>15.13%</b>                              | <b>16.48%</b>         |
| Shares part of the agreement                  | 7,158,131                      | 13.65%                                  | 15.00%                | 10,409,594                     | 14.54%                                     | 15.46%                |
| Shares outside the agreement                  | 424,977                        | 0.81%                                   | 1.33%                 | 424,977                        | 0.59%                                      | 1.02%                 |
| <b>Total for the block</b>                    | <b>26,911,470</b>              | <b>51.30%</b>                           | <b>58.41%</b>         | <b>40,041,280</b>              | <b>55.92%</b>                              | <b>60.75%</b>         |
| Investors whose stake is >5%                  | 0                              | 0.00%                                   | 0.00%                 | 0                              | 0.00%                                      | 0.00%                 |
| Other investors                               | 25,544,887                     | 48.70%                                  | 41.59%                | 31,561,109                     | 44.08%                                     | 39.25%                |
| <b>Total</b>                                  | <b>52,456,357</b>              | <b>100%</b>                             | <b>100%</b>           | <b>71,602,389</b>              | <b>100%</b>                                | <b>100%</b>           |

NB\*: If all the objectives upon which the exercise of the options are met.

#### 8.7. Shareholder voting rights

The voting right attached to the shares is proportional to the proportion of the capital they represent and each share in the Company gives the right to one vote.

Nevertheless, by decision of the Extraordinary General Meeting of the Company on 31 December 2009 and in accordance with the provisions of the *Code de commerce* (French Commercial Code), all fully paid-up shares for which proof is provided of having been registered for at least two years in the name of the same shareholder will benefit, as from 1 April 2010, from a voting right double that conferred on the shares with regard to the proportion of the share capital they represent. The first shareholders to benefit from the double voting right have done so since 1 April 2012.



## 8.8. Elements likely to have an impact in the event of a takeover bid

| Elements likely to have an impact in the event of a takeover bid  | Relevant chapter of the management report      |
|---|--|
| - Share ownership   |  |
| <i>Capital structure of the company</i>   | Chapter 8.4                                    |
| <i>Direct or indirect shareholdings in the capital of the company known to it</i>   | Not Applicable                                 |
| <i>List of holders of any security with special control rights</i>  | Chapter 8.4                                    |
| - Specific clauses  |  |
| <i>Statutory restrictions on the exercise of voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to article L. 233-11,</i>                                 | Not Applicable                                 |
| <i>The control mechanisms provided for in a possible employee shareholding scheme, when the control rights are not exercised by the latter,</i>   | Not Applicable                                 |
| <i>Shareholder agreements known to the company and which may result in restrictions on the transfer of shares and the exercise of voting rights,</i>  | Chapter 8.5                                    |
| <i>Agreements entered into by the company which are modified or terminate in the event of a change in control of the company, unless such disclosure, except in cases of legal disclosure, would seriously harm its interests.</i>        | Not Applicable                                 |
| - Managing bodies   |  |
| <i>The rules applicable to the appointment and replacement of members of the Board of Directors or the executive board as well as to the modification of the company's articles of association,</i>                                       | Chapter 1.4 of the Corporate Governance Report |
| <i>The powers of the Board of Directors or the executive board, in particular the issue or redemption of shares,</i>  | Chapter 7.1                                    |
| <i>Agreements providing for compensation for members of the Board of Directors or the executive board or employees, if they resign or are dismissed without real and serious cause or if their employment ends due to a takeover bid.</i> | Not Applicable                                 |

## 8.9. Pledged collateral on the Company's securities

Mr Alain Moussy has taken out a personal loan with various banks to finance the purchase of shares in the Company. Mr. Alain Moussy has pledged 272,004 Company securities as collateral.

## 9. EMPLOYEES AND EMPLOYEE OWNERSHIP

### 9.1. Staffing and remuneration

As at 31 December 2020, the group had 92 employees, including one in the United States. The distribution of employees is as follows:

|  | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| Sales Department                       | 3                | 4                |
| Drug Discovery and Clinical Department | 80               | 90               |
| Executive & Management Department      | 9                | 9                |
| <b>TOTAL</b>                           | <b>92</b>        | <b>103</b>       |

| <i>(In thousands of euros)</i> | 31 December 2020 | 31 December 2019 |
|--------------------------------|------------------|------------------|
| Wages and salaries             | 6,745            | 7,361            |
| Social contributions           | 2,316            | 2,584            |
| Share-based payments           | 95               | 119              |
| Staff expenses                 | 9,155            | 10,064           |

The Group's personnel expenses for the year 2020 amounted to €9,155k, a decrease of €909k compared to 2019.

Share-based payments amount to €95k.

## 9.2. Employee shareholding in the Company's capital

Employee shareholding in the company's capital at 31 December 2020 was 40.88% (including 36.85% for Alain Moussy and AMY SAS).

## 10. OTHER INFORMATION ABOUT AB SCIENCE

### 10.1. Changes in holdings

The company did not acquire any new holdings during the financial year

### 10.2. Company's research and development expenditure activity

The share of research and development expenses, excluding personnel costs, for the last two financial years ended 31 December 2020 and 2019 respectively was 48.4% (i.e. €7,555k) and 56.08% (i.e. €11,316k) of total operating expenses.

The share of marketing expenses for the last two financial years ended 31 December 2020 and 2019 respectively was 5% (i.e. €781k) and 5% (i.e. €1,021k) of total operating expenses.

In terms of organisation, AB Science will continue to outsource, under its control, the pharmaceutical production activities as well as the performance of regulatory preclinical studies. The company plans to continue to develop its drug discovery and clinical development expertise in-house.

### 10.3. Subsidiary activity

The American subsidiary AB Science USA LLC continued its activities of monitoring the Group's clinical studies in the United States and preparing for the use of masitinib in the treatment of mastocytoma in dogs.

### 10.4. Payment deadlines

- Suppliers:

(A) Late payment bands

|                                    | 0 days    | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days and over | Total (1 day and over) |
|------------------------------------|-----------|--------------|---------------|---------------|------------------|------------------------|
| Number of invoices concerned       | 764       |              |               |               |                  | 499                    |
| Total number of invoices concerned | 1,397,480 | 257,140      | 48,477        | 185,848       | 101,554          | 593,019                |
| Percentage of total purchases      | 12.1%     | 2.2%         | 0.4%          | 1.6%          | 0.9%             | 5.1%                   |

(B) Excluded invoices relating to disputed debts

|                                   |           |
|-----------------------------------|-----------|
| Number of invoices excluded       | 5,200     |
| Total number of invoices excluded | 5,732,870 |

Payment deadlines

| Payment deadlines used | Contractual deadlines |
|------------------------|-----------------------|
|------------------------|-----------------------|

- Clients:

(A) Late payment instalments

|                                    | 0 days  | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days and over | Total (1 day and over) |
|------------------------------------|---------|--------------|---------------|---------------|------------------|------------------------|
| Number of invoices concerned       | 96      |              |               |               |                  | 272                    |
| Total number of invoices concerned | 161,326 | -1,267       | 26,141        | 29,015        | 135,017          | 188,907                |
| Percentage of turnover             | 9.7%    | -0.1%        | 1.6%          | 1.7%          | 8.1%             | 11.4%                  |

(B) Excluded invoices relating to disputed debts

|                                   |   |
|-----------------------------------|---|
| Number of invoices excluded       | 0 |
| Total number of invoices excluded | 0 |

C) Payment deadlines

| Payment deadlines used | Contractual deadlines |
|------------------------|-----------------------|
|------------------------|-----------------------|

10.5. Result for the financial year and proposed allocation of the profit or loss

The figure as of 31 December 2020 is a loss of 14,809,23 euros. The company's equity as of 31 December 2019 amounts to -6,620,695 euros for a share capital of 524,564 euros.

Proposed allocation of the profit or loss: : we propose to allocate this loss to retained earnings which will amount to

245,700,786 euros (negative retained earnings).

#### 10.6.Dividends distributed during the past 3 financial years

In accordance with legal provisions (art 243 Bis of the General Tax Code), it should be noted that the company has not made any dividend distribution during the last three financial years.

#### 10.7.Non-deductible expenses for tax purposes

In accordance with the provisions of article 223 Quater of the General Tax Code, it should be noted that there are no expenses for the accounts for the past financial year that are not deductible from profits subject to corporation tax (excess depreciation), referred to in article 39-4 of the General Tax Code.

#### 10.8.Modification of valuation methods

The company has not made any changes to its valuation and accounting methods.

#### 10.9.Social and Economic Committee

The Company has more than 50 employees and is therefore required to set up a Social and Economic Committee. To date, the Social and Economic Committee has not been formed and no employee representative has been appointed as evidenced by the deficiency report drawn up on 16 December 2019.

## 11. APPENDICES

#### 11.1.Unissued authorised capital as of 31 December 2020

The table below summarises the currently valid delegations of powers and authority.

| Delegations granted to the Board of Directors   | Maximum share amount | Maximum increase amount | Duration of the delegation | Use of the delegation in 2020 |           |
|---|----------------------|-------------------------|----------------------------|-------------------------------|-----------|
| General Meeting of 31 August 2020:  |                      |                         |                            |                               |           |
| - 22nd resolution: Delegation to increase the capital by issuing ordinary shares or securities with retention of preferential subscription rights   | 9,029,005            | 90,290.05               | 26 months                  | None                          |           |
| - 23rd resolution: Delegation to increase the capital by issuing ordinary shares or securities with cancellation of preferential subscription rights, through a public offering                             | 9,029,005            | 90,290.05               | 26 months                  | None                          |           |
| - 24th resolution- Delegation to increase the capital by issuing ordinary shares or securities with cancellation of shareholders' preferential subscription rights for the benefit of categories of persons | 9,029,005            | 90,290.05               | 18 months                  | 2020 allocations              | 1,005,000 |
|   |                      |                         |                            | Balance                       | 8,024,005 |
| - 25th resolution- Delegation to increase the capital by issuing ordinary shares or securities with cancellation of preferential subscription rights by means of a private placement                        | 9,029,005            | 90,290.05               | 26 months                  | 2020 allocations              | 1,146,447 |
|   |                      |                         |                            | Balance                       | 7,882,558 |
| - 26th resolution: Authorisation for the purpose of increasing the number of shares at the time of an issue carried out pursuant to the 22nd, 23rd, 24th and 25th resolutions                               | 10,383,356           | 103,833.56              | 26 months                  | None                          |           |

|   |            |            |           |                  |           |
|---|------------|------------|-----------|------------------|-----------|
| - 27th resolution: Global limitation of authorisations :  | 10,383,356 | 103,833.56 | -         | 2020 allocations | 2,151,447 |
|   |            |            |           | Balance          | 8,231,909 |
| - 28th resolution: Delegation to grant free preference stock convertible into ordinary shares of the company to employees and/or corporate officers of the company  | 3,687      | 36.87      | 38 months | 2020 allocations | 3,687     |
|   |            |            |           | Balance          | 0         |
| - 30th resolution: Delegation to issue independent share subscription warrants reserved for any business provider specialising in the pharmaceutical/biotechnology sector that has signed a business provider agreement with the Company for the purpose of assisting it in the context of its capital raising activities | 100,000    | 1,000      | 18 months | None             |           |
| - 31st resolution: Delegation to issue independent share subscription warrants reserved for consultants of the Company and/or its subsidiaries under contract   | 100,000    | 1,000      | 18 months | 2020 allocations | 0         |
|   |            |            |           | Balance          | 100,000   |
| - 32nd resolution: Delegation to issue stock issue warrants reserved for a category of persons  | 4,457,816  | 44,578.16  | 18 months | None             |           |
| - 34th resolution: Delegation to issue stock options to eligible employees and/or officers of the Company and/or its subsidiaries   | 300,000    | 3,000      | 38 months | 2020 allocations | 143,650   |
|   |            |            |           | Balance          | 156,350   |
| General Meeting of 16 December 2020:  |            |            |           |                  |           |
| - 2nd resolution: Delegation to issue independent share subscription warrants reserved for holders of C Shares  | 30,000     | 300.00     | 1 months  | 2020 allocations | 30,000    |
|   |            |            |           | Balance          | 0         |

## 11.2. Stock subscription or purchase options

The stock subscription or purchase options granted by the Company and in force on 31 December 2020 are described in the table below.

The Company has only granted stock options. These entitle the holder to ordinary shares.

It should be noted that the difference between options granted and exercisable options is explained as follows:

- some options have lapsed as a result of the loss of employee or corporate officer status;
- some options have lapsed due to the non-achievement of the objectives on which they were exercised
- some options were not granted and have lapsed due to the expiry of the authorisation granted by the Meeting;
- some options were not granted and have lapsed due to a capping mechanism decided by the Meeting and consisting of the fact that the total number of shares to be issued as a result of the exercise of the authorised share options or warrants does not exceed, cumulatively, a certain number set by the Meeting.

| Date of issue by the General Meeting | Date of allocation by the Board of Directors | Starting point for exercising options | Expiry date | Number of shares to which each option gives the right | Exercise price of an option | Options Assigned | Options lapsed | Exercisable options | Options exercised | Subscribable shares on closing date |
|--------------------------------------|--|---------------------------------------|-------------|---|-----------------------------|------------------|----------------|---------------------|-------------------|-------------------------------------|
| 31/12 2009                           | 18/03/10                                     | 18/03/14                              | 17/03/20    | 1   | 15.61                       | 290,000          | -174,000       | 116,000             |                   | 116,000                             |
|                                      | 05/09/2011                                   | 05/09/15                              | 04/09/21    | 1   | 7.14                        | 102,102          | -62,789        | 39,313              | 16,858            | 22,455                              |
|                                      | 30/08/2012                                   | 29/08/16                              | 29/08/22    | 1   | 10.18                       | 196,466          | -134,927       | 61,539              | 17,355            | 44,184                              |
|                                      | Back to plan and balance                     |                                       |             |   |                             | 26,460           | -26,460        |                     |                   |                                     |
| Total 31/12/2009                     |  |                                       |             | 1   |                             | 728,000          | -486,111       | 241,889             | 59,250            | 182,639                             |
| 18/06/2013                           | 14/05/2014                                   | 14/05/18                              | 13/05/24    | 1   | 11.96                       | 116,335          | -75,275        | 41,060              | 720               | 40,340                              |
|                                      | 29/08/2014                                   | 29/08/18                              | 28/08/24    | 1   | 10.03                       | 10,875           | -10,000        | 875                 |                   | 875                                 |
|                                      | 24/04/2015                                   | 24/04/19                              | 23/04/25    | 1   | 15.8                        | 79,940           | -46,760        | 33,180              |                   | 33,180                              |
|                                      | 06/10/2015                                   | 06/10/19                              | 05/10/25    | 1   | 13.01                       | 15,550           | -6,550         | 9,000               |                   | 9,000                               |
|                                      | 28/04/2016                                   | 28/04/20                              | 27/04/26    | 1   | 17.29                       | 110,640          | -56,200        | 54,440              |                   | 54,440                              |
| Total 18/06/2013                     |  |                                       |             | 1   |                             | 333,340          | -194,785       | 138,555             | 720               | 137,835                             |
| 28/06/2016                           | 30/04/2018                                   | 30/04/22                              | 30/04/28    | 1   | 12.65                       | 53,000           | -26,000        | 27,000              |                   | 27,000                              |
| Total 28/06/2016                     |  |                                       |             |   |                             | 53,000           | -26,000        | 27,000              |                   | 27,000                              |
| 29/06/2018                           | 06/12/2018                                   | 06/12/22                              | 06/12/2028  | 1   | 12.00                       | 25,120           |                | 25,120              |                   | 25,120                              |
|                                      | 20/05/2019                                   | 31/07/2019                            | 31/12/2022  | 1   | 12.00                       | 274,000          |                | 274,000             |                   | 274,000                             |
| Total 29/06/2018                     |  |                                       |             |   |                             | 299,120          |                | 299,120             |                   | 299,120                             |
| 28/06/2019                           | 10/07/2019                                   | 31/07/2019                            | 31/12/2022  | 1   | 12.00                       | 59,000           |                | 59,000              |                   | 59,000                              |
|                                      | 17/02/2020                                   | 17/02/2020                            | 17/02/2030  | 1   | 12.65                       | 65,000           |                | 65,000              |                   | 65,000                              |
| Total 28/06/2019                     |  |                                       |             |   |                             | 124,000          |                | 124,000             |                   | 124,000                             |
| 31/08/2020                           | 01/09/2020                                   | 01/09/2020                            | 30/08/2030  | 1   | 12.65                       | 143,650          |                | 143,650             |                   | 143,650                             |
| Total 28/06/2019                     |  |                                       |             |   |                             | 143,650          |                | 143,650             |                   | 143,650                             |
| Overall total                        |  |                                       |             |   |                             |                  |                |                     |                   | 914,244                             |

### 11.3. Information on share subscription warrants

The combined General Meeting of 26 December 2008 decided to issue 85 independent share subscription warrants (called “BSA4”) at an issue price of 0.01 euros, each conferring the right to subscribe to 1,000 new ordinary shares with a nominal value of 0.01 euros for an exercise price per BSA of 7,680 euros, including a share premium of 7,670 euros. As of 31 December 2010, the 85 BSAs were allocated and subscribed.

The General Meeting of 31 December 2009 decided to issue 9 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to 1,000 new ordinary shares with a nominal value of 0.01 euros for an exercise price per BSA of 12,280 euros, including a share premium of 12,270 euros. As of 31 December 2010, the 9 BSAs were allocated and subscribed. As the exercise deadline has been reached and the BSAs have not been exercised during the allotted period, the 9 BSAs expired on 31 December 2016.

The General Meeting of 31 December 2009 decided to issue 830,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros. The General Meeting of February 27, 2010 fixed the exercise price per BSA at 15.61 euros, including a share premium of 15.60 euros. As of 31 December 2010, the 830,000 were allocated and subscribed. The exercise of the 830,000 BSAs is conditional up to 60% on the sale of masitinib to treat pancreatic cancer in humans (Registration or Temporary authorisation for group use). At the Board of Directors meeting of 14 December 2015, it was noted that this objective had not been achieved and therefore noted that 498,000 BSAs had lapsed. As the balance of outstanding BSAs (332,000) were not exercised during the exercise period, the expiration date of which was 3 February 2016, the Board of Directors therefore noted the lapsing of 332,000 BSAs at the 19 December 2016 meeting.

The General Meeting of 8 September 2010 decided to issue 5,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. As of 31 December 2010, the 5,000 BSAs were allocated and subscribed. In 2013, 2,500 were declared expired. The remaining balance is therefore 2,500 BSAs as of 31 December 2017. The Board of Directors noted the expiration of the remaining 2,500 BSAs at the 30 April 2018 meeting. The remaining balance is therefore zero as of 31 December 2018.

The General Meeting of 30 March 2012 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 30 August 2012 to issue 76,112 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.50 euros, including a share premium of 12.49 euros. The exercise of these BSAs is conditional on the fulfilment of the conditions in note (1) of chapter 8.6 of this report. As of 31 December 2012, the 76,112 BSAs were allocated and subscribed.

The Board of Directors decided on 02 May 2012 to issue and allocate 17,585 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 15.81 euros, including a share premium of 15.80 euros. As of 31 December 2012, the 17,585 BSAs were allocated and subscribed.

The General Meeting of 30 March 2012 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. The Board of Directors therefore decided on 24 May 2013 to issue 15,285 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 17.98 euros, including a share premium of 17.97 euros. As of 31 December 2013, the 15,285 BSAs were allocated and subscribed.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 29 August 2014 to issue 84,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 10.03 euros, including a share premium of 10.02 euros. As of 31 December 2014, the 84,000 BSAs were allocated and subscribed.

In 2015, 25,666 were declared expired. In 2018, 6,999 were declared expired. The balance of BSAs is 51,335 as of 31 December 2019.

On 1 November 2014, the Board of Directors used its authority delegated by the General Meeting of 27 June 2014 to issue and allocate 1,647,024 redeemable share subscription warrants (BSAR) at an issue price of 0.16 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 8.92 euros, including a share premium of 8.91 euros. As of 31 December 2015, the 1,647,024 BSAR were allocated and subscribed.

The main characteristics of these BSAR are as follows:

- The subscription of BSARs is subject to the joint signing of a pact at the general meetings of the company with the current majority shareholder (AMY SAS and Alain Moussy) and the signing of an undertaking to retain the shares issued from the BSAR until 30 August 2034.
- The unit subscription price is equal to the average Euronext Paris price over the last thirty trading sessions preceding the date of 31 October 2014, i.e. 8.92 euros, including a share premium of 8.91 euros.
- The BSARs are not be exercisable as long as the average share price of the Company during the last sixty trading days preceding the exercise date is less than 30 euros;
- The BSARs must be exercised if the average share price of the Company during the last sixty trading days preceding the exercise date is greater than 50 euros.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. The Board of Directors therefore decided on 31 August 2015 to issue 28,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 14.41 euros, including a share premium of 14.40 euros. As of 31 December 2015, the 28,000 BSAs were allocated and subscribed. In 2016, 14,000 BSAs were declared expired by the Board of Directors on 30 August 2016. The remaining balance is therefore 14,000 BSAs as of 31 December 2019.

The General Meeting of 28 June 2016 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 30 August 2016 to issue and allocate 14,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 13.30 euros, including a share premium of 13.29 euros.  
As of 31 December 2016, the 14,000 BSAs were allocated and subscribed.  
In 2018, 11,666 BSAs were declared expired by the Board of Directors on 30 April 2018. The remaining balance is therefore 2,334 BSAs as of 31 December 2019.
- The Board of Directors decided on 19 December 2016 to issue and allocate 332,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 15.61 euros, including a share premium of 15.60 euros.  
As of 31 December 2017, the 332,000 BSAs were allocated and subscribed.

At the General Meeting of 9 December 2016, it was decided to modify the terms and conditions of the convertible bonds subscribed by the JP SPC 3 Valor Biotech II, JP SPC 3 Valor Biotech III, JP SPC 5 Valor Biotech IV and JP SPC 3 Obo FGP Private Equity funds on 31 May 2013, 28 May 2013, 28 May 2013 and 5 June 2013, respectively and to authorise the conversion of convertible bonds into preference shares, into convertible BSA, into capitalised BSA and into nominal BSA. Thus:

- 60,000 convertible BSAs were created allowing the purchase, from 1 January 2017 to 1 January 2026, of one ordinary share of the company for a subscription price of 10 euros.
- 8 nominal BSAs were created and should allow the purchase over specified periods (i.e. from 1 to 30 June, 2017, 2018, 2019 and 2020), at a fixed exercise price per ordinary share, of a number of variable ordinary shares based on the stock market price. The selected share price could not be less than 10 euros. As these 8 nominal BSAs were not exercised during the allotted period, they will lapse on 31 December 2020.
- 4 capitalised BSAs were created and should allow the purchase from 01/06/2020 to 30/06/2020, at a fixed exercise price per ordinary share, of a number of variable ordinary shares based on the stock market price. The selected share price cannot be less than 10 euros. These 4 capitalised BSAs were exercised in 2020. As a result, there are no more Capitalised BSAs outstanding as of 31 December 2020.

The General Meeting of 28 June 2017 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 31 August 2017 to issue and allocate 39,314 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new



ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 0.01 euros. The exercise period of these warrants is ten years.

As of 31 December 2017, the 39,314 BSAs were allocated, subscribed and exercised in 2018.

- The Board of Directors decided on 18 December 2017 to issue and allocate 1,000,000 share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 11 euros, including a share premium of 10.99 euros. These share subscription warrants were issued in December 2017 and subscribed in January 2018 by the company Quercegen as part of a collaborative project to assess the clinical development of the combination of masitinib with the compounds of Quercegen. These BSAs lapsed in 2020 and were replaced by the BSAs issued in October 2020 (see below)
- The Board of Directors decided on 29 January 2018 to issue and allocate 200,000 share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These BSAs were allocated respectively to JPL Pharma Consulting (100,000 BSAs) and to MD Consulting, in accordance with the service contracts concluded in January 2018 with these companies. Under the terms of these contracts, 40,000 BSAs are exercisable on the anniversary date of the contract, and the balance of the BSAs is conditional on the fulfilment of the conditions in note (3) of chapter 8.6 of this report. These share subscription warrants were issued in January 2018 and subscribed in July 2018 by MD Consulting and JPL Pharma Consulting. As of 31 December 2020, 160,000 BSAs had lapsed due to the non-achievement of part of the targets. The remaining balance is therefore 40,000 BSAs as of 31 December 2020.
- The Board of Directors decided on 30 April 2018 to issue and allocate 14,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.

As of 31 December 2018, the 14,000 BSAs were allocated and subscribed.

The General Meeting of 29 June 2018 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 26 September 2018 to issue and allocate 28,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.

As of 31 December 2018, the 28,000 BSAs were allocated and subscribed.

- The Board of Directors decided on 06 December 2018 to issue and allocate 8,400 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These share subscription warrants were issued in December 2018 in favour of Ysopa, a company in the process of being created, as part of the management of the Company's pharmacovigilance activities.

As of 31 December 2019, the 8,400 BSAs have been allocated but not subscribed and have therefore lapsed.

- The Board of Directors decided on 29 April 2019 to issue and allocate 1,000,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These share subscription warrants were issued in April 2019 to the company AMY. As of 31 December 2019, all these BSAs have been allocated and subscribed.

These BSAs can be exercised under the following conditions:

- The exercise of 500,000 BSAs will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015;
- The exercise of 500,000 BSAs will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015;
- The Board of Directors decided on 29 April 2019 to issue and allocate 200,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. As of 31 December 2019, all these BSAs have been allocated and subscribed. These BSAs were issued to KPLM within the framework of the development of research into vaccines against cancer.

These BSAs can be exercised under the following conditions:

- The exercise of 50,000 BSAs will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
  - The exercise of 50,000 BSAs will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
  - The exercise of 10,000 BSAs will be conditional upon AB Science obtaining a patent for its immunotherapy technology based on a viral vector by 29 April 2028 at the latest;
  - The exercise of 90,000 BSAs will be conditional upon the valuation of a patent by AB Science for its immunotherapy technology based on a viral vector by 29 April 2028 at the latest, according to the following terms and conditions; 10,000 BSA2019-B will become exercisable for each payment of one million euros received by AB Science for the development of its immunotherapy technology based on a viral vector;
- The Board of Directors decided on 29 April 2019 to issue and allocate 60,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros.  
As of 31 December 2019, the 60,000 BSAs were allocated and subscribed.  
These BSAs can be exercised under the following conditions:
    - The exercise of 50% of the BSAs owned by each holder will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
    - The exercise of 50% of the BSAs owned by each holder will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
  - the Board of Directors decided on 13 August 2019 to issue and allocate 2,463,054 independent share subscription warrants. These share subscription warrants grant the right to subscribe to one share upon exercise of 2 share subscription warrants for an exercise price of 5.5 euros per share. In 2020, 489,014 BSAs were exercised. As of 31 December 2020, the balance is therefore 1,974,040 independent share subscription warrants.

The General Meeting of 31 August 2020 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 1 September 2020 to issue and allocate 5,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.05 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. These share subscription warrants were issued in September 2020 in favour of Ysopa as part of the management of the Company's pharmacovigilance activities. These BSAs were subscribed in December 2020 by Ysopa.  
As of 31 December 2020, the 5,000 BSAs were allocated and subscribed.
- On 27 October 2020, the Board of Directors decided on the principle of issuing bonds convertible into shares to which share subscription warrants are attached (the "OCABSAs") and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSAs. On 28 October 2020, the Chairman and Chief Executive Officer decided to issue 90,000 OCABSAs. Thus, 90,000 BSAs were created and fully subscribed, mainly by investment funds. Each BSA grants its holder the right to subscribe to one new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.
- The Board of Directors decided on 29 October 2020 to issue and allocate 1,000,000 independent share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 11 euros, including a share premium of 10.99 euros. These share subscription warrants were issued in October 2020 and subscribed in December 2020 by the company Quercegen as part of a collaborative project to assess the clinical development of the combination of masitinib with the compounds of Quercegen and instead of the BSAs issued by the Board of Directors on 18 December 2017. As of 31 December 2020, all these BSAs have been allocated and subscribed. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (5) of chapter 8.6 of this report.

The General Meeting of 16 December 2020 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 20 December 2020 to issue and allocate 30,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. These share subscription warrants were issued in December 2020 to the holders of C shares and in accordance with the provisions of the protocol in favour of the Infinity Obo FGP Capital Private Equity fund. As of 31 December 2020, the 30,000 BSAs have been allocated and not subscribed.

| Date of issue<br>(General Meeting) | Date of allocation of securities | Name of beneficiary   | Number of shares to which each warrant gives the right | Exercise price of a warrant | Allocated warrants | Expired warrants | Exercised warrants | Subscribable shares on closing date |
|------------------------------------|----------------------------------|---|--|-----------------------------|--------------------|------------------|--------------------|-------------------------------------|
| 26/12/2008                         | 26/12/2008                       | Kinet, JP   | 1000   | 7,680.00                    | 85                 |                  |                    | 85,000                              |
| 30/03/2012                         | 02/05/2012                       | Pépin G.  | 1  | 15.80                       | 17,585             |                  |                    | 17,585                              |
|                                    | 30/08/2012                       | Kinet, JP   | 1  | 12.50                       | 76,112             |                  |                    | 76,112                              |
|                                    | 24/05/2013                       | Pépin G.  | 1  | 17.98                       | 15,285             |                  |                    | 15,285                              |
| 27/06/2014                         | 29/08/2014                       | Costantini D.   | 1  | 10.03                       | 14,000             | -11,666          |                    | 2,334                               |
|                                    | 29/08/2014                       | SAS Sixto   | 1  | 10.03                       | 14,000             | -6,999           |                    | 7,001                               |
|                                    | 29/08/2014                       | O'Neill M.  | 1  | 10.03                       | 14,000             |                  |                    | 14,000                              |
|                                    | 29/08/2014                       | Kinet, JP   | 1  | 10.03                       | 14,000             |                  |                    | 14,000                              |
|                                    | 29/08/2014                       | Moussy P.   | 1  | 10.03                       | 14,000             |                  |                    | 14,000                              |
|                                    | 01/11/2014                       | Benjahad, A.  | 1  | 8.92                        | 5,882              |                  |                    | 5,882                               |
|                                    | 01/11/2014                       | Letard, S.  | 1  | 8.92                        | 5,882              |                  |                    | 5,882                               |
|                                    | 01/11/2014                       | Moussy, A   | 1  | 8.92                        | 1,617,614          |                  |                    | 1,617,614                           |
|                                    | 01/11/2014                       | Guy, L.   | 1  | 8.92                        | 5,882              |                  |                    | 5,882                               |
|                                    | 01/11/2014                       | Turci, S.   | 1  | 8.92                        | 5,882              |                  |                    | 5,882                               |
|                                    | 01/11/2014                       | Giorgiutti, P.  | 1  | 8.92                        | 5,882              |                  |                    | 5,882                               |
|                                    | 31/08/2015                       | Reverdin, B   | 1  | 14.41                       | 14,000             |                  |                    | 14,000                              |
|                                    | 30/08/2016                       | Blondel, C  | 1  | 13.30                       | 14,000             | -11,666          |                    | 2,334                               |
|                                    | 19/12/2016                       | Moussy, A.  | 1  | 15.61                       | 332,000            |                  |                    | 332,000                             |
| 09/12/2016                         | 09/12/2016                       | JP SPC 5 Valor Biotech IV : BSA fixed conversion parity       | 1  | 10                          | 37,387             |                  |                    | 37,387                              |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 5                  | -5               |                    | 0                                   |
|                                    | 09/12/2016                       | JP SPC 3 Valor Biotech II : BSA fixed conversion parity       | 1  | 10                          | 8,979              |                  |                    | 8,979                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                    | 0                                   |
|                                    | 09/12/2016                       | JP SPC 3 Obo FGP Private Equity : BSA fixed conversion parity | 1  | 10                          | 7,280              |                  |                    | 7,280                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                    | 0                                   |
|                                    | 09/12/2016                       | JP SPC 3 Valor Biotech III BSA fixed conversion parity        | 1  | 10                          | 6,354              |                  |                    | 6,354                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                    | 0                                   |
| 28/06/2017                         | 31/08/2017                       | Deltec Bank and Trust Limited                                 | 1  | 0.01                        | 39,314             |                  | 39,314             | 0                                   |
|                                    | 18/12/2017                       | Quercegen Pharma  | 1  | 11                          | 1,000,000          | -1,000,000       |                    | 0                                   |

|            |            |  |     |       |           |         |           |
|------------|------------|--|-----|-------|-----------|---------|-----------|
|            | 29/01/2018 | JPL Pharma                                 | 1   | 12    | 100,000   | -80,000 | 20,000    |
|            | 29/01/2018 | MD Consulting                              | 1   | 12    | 100,000   | -80,000 | 20,000    |
|            | 30/04/2018 | Riez, N.                                   | 1   | 12.65 | 14,000    |         | 14,000    |
| 29/06/2018 | 26/09/2018 | Mourey, E                                  | 1   | 12.65 | 14,000    |         | 14,000    |
|            | 26/09/2018 | Bihr, B.                                   | 1   | 12.65 | 14,000    |         | 14,000    |
|            | 29/04/2019 | AMY SAS                                    | 1   | 12    | 1,000,000 |         | 1,000,000 |
|            | 29/04/2019 | KPLM                                       | 1   | 12    | 200,000   |         | 200,000   |
| 28/06/2019 | 29/04/2019 | Mourey, E                                  | 1   | 12    | 10,000    |         | 10,000    |
|            | 29/04/2019 | Bihr, B.                                   | 1   | 12    | 10,000    |         | 10,000    |
|            | 29/04/2019 | Reverdin, B                                | 1   | 12    | 10,000    |         | 10,000    |
|            | 29/04/2019 | Riez, N.                                   | 1   | 12    | 10,000    |         | 10,000    |
|            | 29/04/2019 | Moussy, P                                  | 1   | 12    | 10,000    |         | 10,000    |
|            | 29/04/2019 | O'Neill, M                                 | 1   | 12    | 10,000    |         | 10,000    |
|            | 17/08/2019 | Deltac Bank and Trust LTD                  | 0.5 | 5.5   | 679,803   | 449,014 | 230,789   |
|            | 17/08/2019 | FGP Protective Opp Master                  | 0.5 | 5.5   | 724,138   |         | 724,138   |
|            | 17/08/2019 | Aurore Invest fund                         | 0.5 | 5.5   | 98,522    | 40,000  | 58,522    |
|            | 17/08/2019 | KBL European Private Bankers               | 0.5 | 5.5   | 73,892    |         | 73,892    |
|            | 17/08/2019 | Armistice Capital Master Fund Ltd          | 0.5 | 5.5   | 886,699   |         | 886,699   |
| 31/08/2020 | 01/09/2020 | Ysopa                                      | 1   | 12.65 | 5,000     |         | 5,000     |
|            | 28/10/2020 | Hades Multi Strategy SP                    | 1   | 12.65 | 4,000     |         | 4,000     |
|            | 28/10/2020 | FGP Opportunity Master Fund                | 1   | 12.65 | 20,000    |         | 20,000    |
|            | 28/10/2020 | Umarxhon Tohhtabaev                        | 1   | 12.65 | 13,000    |         | 13,000    |
|            | 28/10/2020 | Timur Kemel                                | 1   | 12.65 | 7,000     |         | 7,000     |
|            | 28/10/2020 | Grégory Pépin                              | 1   | 12.65 | 2,000     |         | 2,000     |
|            | 28/10/2020 | NJB Investments Ltd.                       | 1   | 12.65 | 34,000    |         | 34,000    |
|            | 28/10/2020 | JC Marian                                  | 1   | 12.65 | 10,000    |         | 10,000    |
|            | 29/10/2020 | Quercegen Pharma                           | 1   | 11    | 1,000,000 |         | 1,000,000 |
| 16/12/2020 | 20/12/2020 | Infinity Obo FGP Capital Private Equity II | 1   | 12.65 | 30,000    |         | 30,000    |
| Total      |            |  |     |       |           |         | 6,741,715 |

Alain Moussy has 332,000 BSAs issued in 2016 and subscribed in 2017 and 1,617,614 BSARs issued in 2014 and subscribed in 2015.

#### 11.4. Information on the subscription warrants for business creator shares (BCE)

The Extraordinary General Meeting of 19 September 2003 authorised the Board of Directors to proceed with the free and reserved issue, in one or more instalments, of 785 BCE, each conferring the right to subscribe to 1000 new ordinary shares with a nominal value of 0.01 euros. As of 31 December 2010, 650 BCEs were exercised, and 135 BCEs had lapsed.

The Extraordinary General Meeting of 29 June 2005 authorised the Board of Directors to issue, in one or more instalments, 790 warrants for business creator shares. The subscription price for the 1,000 shares to which each of the BCEs gives right will be equal to 2,300.75 euros or any subscription price for one of the Company's shares retained when the shares were issued that occurred after 29 June 2005. As of 31 December 2011, 754 BCEs were exercised, and 36 BCEs had lapsed.

The Combined General Meeting of 30 December 2005 decided on the reserved issue of 512 BCEs each conferring the right to subscribe to 1000 new ordinary shares with a nominal value of 0.01 euros for an exercise price per BCE of 2,300.75 euros. As of 31 December 2015, the 512 BCEs were exercised.

The Extraordinary General Meeting of 21 December 2007 authorised the Board of Directors to proceed with the free and reserved issue, in one or more instalments, of 1,570 transferable securities giving access to the capital having the characteristics of warrants for business creator shares ("BCE 2007"), each conferring the right to subscribe to 1000 new ordinary shares with a nominal value of 0.01 euros, for an exercise price per BCE of 7,680 euros, including a share premium of 7,670 euros. As of 31 December 2010, the 1,570 BCEs were allocated and subscribed. As of 31 December 2017, 196 BCEs were exercised.

The Extraordinary General Meeting of 26 December 2008 decided to delegate its authority to the Board of Directors for the purpose of subsequent issuance, in one or more instalments, of 851 warrants for business creator shares ("BCE 2008"), each of which giving the right to subscribe to 1,000 new ordinary shares of the Company with a nominal value of 0.01 euros, for an exercise price per BCE of 7,680 euros, or any subscription price of one Company share retained during the issue of shares taking place after 26 December 2008. As of 31 December 2015, 50 BCEs had lapsed, 65 BCEs were exercised and 736 BCEs remained allocated and subscribed.

The Extraordinary General Meeting of 31 December 2009 decided to delegate its authority to the Board of Directors for the purpose of subsequent issuance, in one or more instalments, of 72,588 warrants for business creator shares ("BCE 2010"), each of which giving the right to subscribe to one new ordinary share of the Company with a nominal value of 0.01 euros, for an exercise price per BCE of 12.28 euros, including a share premium of 12.27 euros. As of 31 December 2011, the 72,588 BCEs were allocated and subscribed.

The Extraordinary General Meeting of 30 March 2012 decided to delegate its authority to the Board of Directors for the purpose of subsequent issuance, in one or more instalments, of 3,158,635 warrants for business creator shares, each of which giving the right to subscribe to one new ordinary share of the Company with a nominal value of 0.01 euros. As of 31 December 2015, 81,108 BCE 2012 had lapsed and 3,118,082 BCEs were allocated and subscribed, divided into 3,077,528 BCE 2012 and 40,554 BCE 2013. The 2012 BCE and the 2013 BCE have the same characteristics with the exception of the exercise price (12.50 euros for the 2012 BCE and 18.74 euros for the 2013 BCE) and are as follows:

The beneficiaries' right to exercise these BCEs is conditional on the fulfilment of the conditions described in note (1) of chapter 8.6 of this report.

Warrants for business creator shares

| Date of issue by the General Meeting | Date of allocation of securities | Name of beneficiaries | Number of shares to which each warrant gives the right | Exercise price of a warrant | Allocated warrants | Expired warrants | Exercised warrants | Subscribable shares on closing date |
|--------------------------------------|----------------------------------|-----------------------|--|-----------------------------|--------------------|------------------|--------------------|-------------------------------------|
| 21/12/2007                           | 17/06/2008                       | Guy, Laurent          | 1000   | 7,680.00                    | 1,191              |                  | 114                | 1,077,000                           |
|                                      |                                  | Moussy, Alain         | 1000   | 7,680.00                    | 906                |                  |                    | 906,000                             |
|                                      | 16/12/2008                       | Guy, Laurent          | 1000   | 7,680.00                    | 379                |                  | 82                 | 297,000                             |
| <b>Subtotal</b>                      |                                  |                       |  |                             | <b>1,570</b>       |                  | <b>196</b>         | <b>1,374,000</b>                    |
| 26/12/2008                           | 13/01/2009                       | Chapuis, Christophe   | 1000   | 7,680.00                    | 651                | -45              | 65                 | 541,000                             |
|                                      |                                  | Guy, Laurent          |  |                             |                    |                  |                    |                                     |
|                                      | 19/11/2009                       | Moussy, Alain         | 1000   | 7,680.00                    | 185                |                  |                    | 185,000                             |
|                                      | 03/02/2010                       | Chapuis, Christophe   | 1000   | 12,280.00                   | 15                 | -5               |                    | 10,000                              |
| <b>Subtotal</b>                      |                                  |                       |  |                             | <b>851</b>         | <b>-50</b>       | <b>65</b>          | <b>736,000</b>                      |
| 31/12/2009                           | 03/02/2010                       | Bellamy, François     | 1  | 12.28                       | 72,588             |                  |                    | 72,588                              |
|                                      |                                  | Guy, Laurent          |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Moussy, Alain         |  |                             |                    |                  |                    |                                     |
| <b>Subtotal</b>                      |                                  |                       |  |                             | <b>72,588</b>      |                  |                    | <b>72,588</b>                       |
| 30/03/2012                           | 30/08/2012                       | Guy, Laurent          | 1  | 12.50                       | 3,158,636          | -81,108          |                    | 3,077,528                           |
|                                      |                                  | Moussy, Alain         |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Hermine, Olivier      |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Dubreuil, Patrice     |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Auclair, Christian    |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Grillet, Marie-Hélène |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Benjahad, Abdellah    |  |                             |                    |                  |                    |                                     |
|                                      |                                  | F. Montestruc         |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Mansfield, Colin      |  |                             |                    |                  |                    |                                     |
| <b>Subtotal</b>                      |                                  |                       |  |                             | <b>3,158,636</b>   | <b>-81,108</b>   |                    | <b>3,077,528</b>                    |
| 30/03/2012                           | 22/04/2013                       | Guy, Laurent          | 1  | 18.74                       | 40,554             |                  |                    | 40,554                              |
|                                      |                                  | Moussy, Alain         |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Hermine, Olivier      |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Dubreuil, Patrice     |  |                             |                    |                  |                    |                                     |
|                                      |                                  | Auclair, Christian    |  |                             |                    |                  |                    |                                     |
| <b>Subtotal</b>                      |                                  |                       |  |                             | <b>40,554</b>      |                  |                    | <b>40,554</b>                       |
| <b>Total</b>                         |                                  |                       |  |                             |                    |                  |                    | <b>5,300,670</b>                    |

### 11.5. Information on free preference shares

The Extraordinary General Meeting of 9 December 2015 decided to delegate its authority to the Board of Directors for the purpose of issuing free preference shares. Thus, on 16 December 2015, the Board of Directors decided to allocate, free of charge, 33,999 free preference shares with a nominal value of 0.01 euros, convertible into a maximum of 3,399,900 ordinary shares, existing or to be issued by the company. for the benefit of employees and/or corporate officers of the Company.

The number of shares definitively allocated in the 2016 fiscal year by the Board of Directors on 19 December 2016 was 33,751 free preference shares and in the 2017 fiscal year, by the Board of Directors on 28 December 2017, was 180 free preference shares.

The Extraordinary General Meeting of 28 June 2017 decided to delegate its authority to the Board of Directors for the purpose of issuing free preference shares. Thus, on 28 December 2017, the Board of Directors decided to allocate, free of charge, 7,550 free preference shares with a nominal value of 0.01 euros, convertible into a maximum of 755,000 common shares, existing or to be issued by the company for the benefit of employees and/or corporate officers of the Company.

The number of shares definitively allocated by the Board of Directors on 23 January 2019 is 7,527 free preference shares.

The terms and conditions of free preference shares were modified by the Combined General Meeting of 15 December 2017 (resolution 2) and are as follows:

- (A) If a phase III study is successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 53%
- (B) If two phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 83%
- (C) If three phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 100%

The objectives must be achieved before 31 December 2024.

The conversion ratio of the free preference shares into ordinary shares will be determined by the AB Science share price:

The term "purchase price" means € 1.24 for the AGAPs allocated by the Board of Directors on 19 December 2016, €8.62 for the AGAPs allocated by the Board of Directors on 28 December 2017 and €3.64 for the AGAPs allocated by the Board of Directors on 23 January 2019, corresponding to the average closing price of the AB Science share during the 20 trading days preceding the vesting date, i.e. the start of the securities retention period (one year after the allocation of the free preference shares)

The term "final price" refers to the highest average price of AB Science stock over 60 trading days during the retention period, i.e. during the vesting period until 31 December 2024.

- (D) If the final price is strictly lower than the purchase price increased by 5 euros, the conversion ratio will be equal to zero, which means that no free preference shares can be converted even if the conditions related to the clinical studies are fulfilled.
- (E) If the final price is strictly equal or higher than the purchased price increased by 20 euros, the conversion ratio will be equal to 100%, which means that each free preference share can be converted into 100 shares if the conditions related to the clinical studies are fulfilled
- (F) If the final price is (i) higher than the purchase price increased by 5 euros and (ii) the value is lower than the purchase price increased by 20 euros, the conversion ratio will be equal to:  $[(\text{Final price} - \text{purchase price} - 5) / 15] \times 100$ .

The Extraordinary General Meeting of 31 August 2020 decided to delegate its authority to the Board of Directors for the purpose of issuing free preference shares. Thus, on 1 September 2020, the Board of Directors decided to allocate, free of charge, 3,687 free preference shares with a nominal value of 0.01 euros, convertible into a maximum of 368,700 ordinary shares, existing or to be issued by the company for the benefit of employees and/or corporate officers of the Company.

Further to the conditions of the free preference shares outlined above, the free preference shares allocated by the Board of Directors on 1 September 2020 will also have to meet the following additional conditions, subject to their approval at the next General Meeting:

- The free preference shares will only be effectively allocated after a period of one year from the date of the Allocation decision (the "Vesting Period")
- The date of the Final Allocation marks the starting point of the retention period (the "Retention Period"), which ends on 31 December 2024

- At the end of the Retention Period, i.e. on 31 December 2024 (the “Retention Period Expiry Date”), the Free Preference Shares will be convertible into ordinary shares of the Company for a conversion period of four years and one month from the Retention Period Expiry Date (the “Conversion Period”)
- All Free Preference Shares issued as of 1 September 2020 will only become convertible if phase 1 of the AB8939 study is successful by 31 December 2024.



11.6. Table of the last five financial years (AB Science SA corporate accounts)

| Nature of the indications                                  | 31/12/2016  | 31/12/2017  | 31/12/2018  | 31/12/2019  | 31/12/2020  |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>I. Financial situation at the end of the year</b>       |             |             |             |             |             |
| a) Share capital   | 385,725.32  | 415,504.02  | 415,972.43  | 440,602.97  | 524,563.57  |
| b) Number of shares issued                                 | 38,572,532  | 41,550,402  | 41,597,243  | 44,060,297  | 52,456,357  |
| c) Number of bonds convertible into shares                 | 0           | 0           | 0           | 0           | 0           |
| <b>II. Overall result of actual operations</b>             |             |             |             |             |             |
| a) Turnover excluding taxes                                | 1,507,667   | 1,738,793   | 1,700,542   | 1,571,190   | 1,583,078   |
| b) Profit before tax, depreciation and provisions          | -32,974,338 | -34,559,628 | -33,637,650 | -20,635,993 | -17,511,968 |
| c) Income tax  | -6,898,655  | -6,418,951  | -5,679,127  | -4,121,554  | -3,247,870  |
| e) Profit after tax, depreciation and provisions           | -27,270,721 | -28,058,770 | -28,639,599 | -17,308,432 | -14,809,123 |
| f) Total distributed profits                               | 0           | 0           | 0           | 0           | 0           |
| <b>III. Result of operations reduced to a single share</b> |             |             |             |             |             |
| e) Profit after tax but before depreciation and provisions | -0.68       | -0.68       | -0.67       | -0.37       | -0.27       |
| b) Profit after tax, depreciation and provisions           | -0.71       | -0.68       | -0.69       | -0.39       | -0.28       |
| c) Dividend paid per share                                 |             |             |             |             |             |
| <b>IV. Personnel</b>                                       |             |             |             |             |             |
| a) Number of employees                                     | 124         | 111         | 118         | 106         | 92          |
| b) Total wage bill   | 6,851,169   | 6,061,618   | 7,484,233   | 6,842,661   | 6,560,170   |
| c) Sum of payments for social benefits                     | 2,829,172   | 2,429,635   | 3,069,575   | 2,484,125   | 2,103,218   |

11.7. Loans between partner companies

The AB Science Group has not granted loans for less than two years as an accessory to its main activity, to micro-enterprises, SMEs or mid-cap companies with which it maintains economic ties justifying it.

# BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

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## Introduction

This report was prepared by the Chairman of the Board of Directors and approved by the Board of Directors on 28 April 2021 in accordance with the provisions of article L. 225-37 of the French Commercial Code. Its objective is to report on the composition, the conditions of preparation and organisation of the work of the Board of Directors, the internal control and risk management procedures implemented within the Company, any limitations on the powers of the Chief Executive Officer, as well as the principles and rules adopted by the Board of Directors to determine the compensation and benefits of any kind granted to corporate officers. It is provided in addition to the management report, in which the information provided for in Article L. 225-100-3 of the French Commercial Code is included.

In terms of corporate governance, the Company follows the MEDEF (French Business Confederation) and AFEP (French Association of Large Companies) corporate governance principles of listed companies, insofar as these principles are compatible with the organisation, size, resources and shareholder structure of the Company.

For the development, implementation and description of its internal control and risk management system, the Company relies on the reference framework proposed by the Autorité des Marchés Financiers (French Financial Markets Regulator) for small and medium sized companies.

The table below indicates the recommendations of the AFEP-MEDEF code not applied:

| Reference of the code | AFEP-MEDEF code recommendations   | Clarifications   |
|-----------------------|---|--|
| 5                     | Separation of the functions of Chief Executive Officer and Chairman of the Board of Directors | In the context of exercising its rights, the company has chosen not to separate the functions of Chairman of the Board of Directors and Chief Executive Officer. Mr Alain Moussy is therefore the Chief Executive Officer and Chairman of the Company.   |
| 22                    | Termination of the employment contract in the event of a corporate mandate                    | Mr Alain Moussy has held the position of Scientific Director since January 2004 and therefore has an employment contract as such. Mr Alain Moussy actually oversees all of the company's research and clinical development activities.<br>The Chief Pharmacist, Mr Denis Gicquel, linked to the company by an employment contract is Deputy Chief Executive Officer due to the regulations of the health code. |

## 1 CORPORATE GOVERNANCE

### 1.1 Composition of the Board of Directors

As of 31 December 2020, the Board of Directors was made up of six directors (including the Chairman) and one non-voting member.

#### 1.1.1. Directors' Biographies

- Alain Moussy

Alain Moussy has been the Chairman and Chief Executive Officer since 11 July 2001. His term of office will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2017. Alain Moussy has an engineering degree (ENSTA) and a master degree from Wharton (MBA 1993). He was a consultant for Booz, Allen & Hamilton then Head of Corporate Development at Carrefour. He is President of AFIRMM, an association of patients suffering from mastocytosis.

- Patrick Moussy

Patrick Moussy has been an AB Science SA Director since 11 July 2001. His term of office as Director will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2021. Patrick Moussy has an engineering degree (ENSCI). He is an engineer at the Blin Institution and an instructor pilot.

- Jean-Pierre Kinet

Jean-Pierre Kinet has been an AB Science SA Director since 11 July 2001. His term of office as Director will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2021. Jean-Pierre Kinet is a doctor, professor of Pathology at Harvard Medical School. He also has extensive experience in the research and development of molecules. He is Chairman of IXLIFE.

- Béatrice Bihr

Béatrice Bihr has been an AB Science SA Director since 20 May, replacing Brigitte Reverdin. Her term of office as Director will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2022. Béatrice Bihr is a graduate of the Institut d'Etudes Politiques de Paris (Paris Institute of Political Studies) and HEC business school. She recently joined the Servier Group as Secretary General.

- Nathalie Riez Thiollot

Nathalie Riez has been an AB Science SA Director since 27 October 2017, replacing Christine Blondel. Her term of office as Director will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2022. Nathalie Riez is a Director of RCI, a subsidiary of Renault and Chief Executive Officer of Impak Finance Europe.

- Emmanuelle Mourey

Emmanuelle Mourey has been an AB Science SA Director since 29 June 2018. Her term of office as Director will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2023. Emmanuelle Mourey is Chairman of the Management Board of La Banque Postale Asset Management

#### 1.1.2. The non-voting member's biography

Matthieu O'Neill was appointed at the General Meeting of 31 August 2020 to replace Mrs Béatrice Bihr as non-voting member. Matthieu O'Neill will hold office for the remainder of his predecessor's term of office, i.e. until the end of the General Meeting called to approve the accounts for the year ended 31 December 2020. Matthieu O'Neill is an engineer and graduate of the Ecole Centrale de Lyon. He is Chairman of Dungannon Conseil and partner of Pléiade Conseils.

#### 1.1.3. Directors' independence



The company has three independent directors (Béatrice Bihr, Nathalie Riez and Emmanuelle Mourey) among the six directors in total. The independent directors thus make up 50% of the Board.

The criteria used by AB Science to define an independent director are as follows:

- A director is considered independent if he/she has no relationship of any kind whatsoever with the company, its group or its management, which could compromise his/her free judgement.
- A director representing major shareholders of the company can be considered independent as soon as these shareholders do not participate in the control of the company and hold less than 10% in capital or voting rights.
  - Alain Moussy is not independent because of his position as Chief Executive Officer of the company and the signing of the founding pact.
  - Patrick Moussy is not independent because of his family ties
  - Jean-Pierre Kinet is not independent because he signed the founding pact

In accordance with the provisions of the Company's internal regulations, each director must inform the Board of any conflict of interest situation, even potential, with the Company and its subsidiaries, and must refrain from participating in the discussion and vote for the corresponding resolution. During the year, no director declared a conflict of interest.

To the best of the Company's knowledge, there is no family link between the Company's corporate officers, with the exception of links between Alain Moussy and Patrick Moussy.

#### 1.1.4. No criminal conviction

To the best of the Company's knowledge, no corporate officer in office during 2020 was:

- convicted for fraud for the last five years at least;
- subject to bankruptcy, receivership or liquidation in the past five years at least;
- charged with and/or publicly sanctioned for an offence by statutory or regulatory authorities during the last five years at least.

Lastly, to the best of the Company's knowledge, no corporate officer in office during 2020 has been barred by a court order from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or governance of an issuer during the last five years at least.

#### 1.2. Operation of the Board of Directors

The operation of the Board of Directors of the Company and its working committees is governed by internal regulations which were updated on 16 June 2010.

These internal regulations include provisions notably on:

##### 1.2.1. Tasks of the Board of Directors

The Board of Directors determines the Company's business strategy and oversees its implementation. It deals with any question concerning the smooth running of the Company and settles, by its deliberations, the matters which concern it. In this context, the Board, in particular:

- deliberates on the strategy of the Company and on the operations resulting therefrom;
- designates the corporate officers responsible for managing the company and oversees their management;
- monitors the quality of the information provided to shareholders as well as to the markets, in particular through accounts and the annual report or during very significant transactions.

##### 1.2.2. Composition, operating procedures and tasks of the Scientific Committee

The purpose of the Scientific Committee is to set the main scientific direction of the Company. To this end:

- it suggests methods and strategies for achieving the Company's technological objectives;
- it assesses the work carried out by the Company and results obtained;
- it confirms the strategic scientific selections and directions, in particular those selected and implemented by the Scientific Director of the Company.

The Scientific Committee is made up of five members appointed by the Board of Directors for a period of three years. It meets officially if at least three of its members are present.

The Scientific Committee meets at its Chairman's request or at the request of the Chairman of the Board of Directors. All of the Company's scientific department's work and its objectives are presented to it at these meetings.

The Chairman of the Scientific Committee or a member of the committee designated for this purpose by the Committee reports to the Board of Directors on its work, conclusions and proposals. The Scientific Committee informs the Board of Directors of its opinions and shares any observations and recommendations useful for the Board's deliberations. The Board of Directors approves these proposals.

#### 1.2.3. Constitution, composition, operating procedures and tasks of the Finance Committee

The Finance Committee reviews the budget and the annual accounts with the officers of the Company and also acts as an audit committee. The Finance Committee ensures the accuracy of the financial statements, the quality of internal control, the quality of the information provided to the public and the proper exercise by the statutory auditors of their task. As such, the Finance Committee issues opinions, proposals and recommendations to the Board of Directors.

The responsibilities of the Finance Committee are as follows:

- to assess the existence and relevance of the financial control and internal audit procedures;
- to assess the relevance of the Company's accounting policy;
- to examine the annual accounts and the consolidated accounts of the Company and the annexed documents, in particular those issued by the statutory auditors. The report it produces on the accounts is communicated to the Board of Directors;
- to ensure the relevance and review the changes and adaptations of the accounting principles and rules used in the preparation of the accounts;
- to ensure the independence and competence of the statutory auditors;
- to review any question of a financial or accounting nature submitted to it by the Chairman of the Board of Directors and Chief Executive Officer, as well as any question of conflict of interest of which it is aware;
- to review the significant risks for the Company, and in particular the risks and commitments off balance sheet.

The Finance Committee is made up of two members appointed by the Board of Directors for a period of three years. It only officially meets when the two members are present.

The Finance Committee meets at least twice a year, once before the Board of Directors convenes the Annual General Meeting and sets the agenda for this meeting. It reviews the draft resolutions relating to questions falling within its area of competence. It meets as often as necessary at its Chairman's request or at the request of the Chairman of the Board of Directors.

The Chairman of the Finance Committee or a member of the committee designated for this purpose by the Committee reports to the Board of Directors on its work, conclusions and proposals. The Finance Committee informs the Board of Directors of its opinions and shares any observations and recommendations useful for the Board's deliberations. The Board of Directors approves these proposals.

#### 1.2.4. Constitution, composition, operating procedures and tasks of the Compensation and Appointments Committee

The responsibilities of the Compensation Committee are as follows:

- In terms of compensation, the Compensation and Appointments Committee has the following responsibilities:
  - It makes recommendations and proposals to the Board of Directors concerning compensation, the pension and benefits scheme, non-cash benefits and other financial entitlements, including in the event of the Directors, the Chairman, the Chief Executive Officer, as well as the main executives of the Company terminating their employment;
  - It makes recommendations and proposals to the Board of Directors concerning the issuance of an overall package of subscription or purchase stock options and/or free shares of the Company to managers and executives of the Company, as well as the general conditions of these allocations;
  - It provides an opinion to the Board of Directors on the general management's proposals concerning the number of beneficiaries.

- In terms of appointments, the Compensation and Appointments Committee has the following responsibilities:
  - It provides proposals on the selection of directors;
  - It reviews all applications for directorships and provides an opinion and/or recommendation on these applications to the Board of Directors;
  - It prepares recommendations and opinions in good time regarding the appointment or succession of executive directors;

The Compensation and Appointments Committee is made up of two members appointed by the Board of Directors for a period of three years. The Committee meets officially if at least two of its members are present.

No director is permitted to attend the deliberations of the Compensation and Appointments Committee which are related to their own situation.

The Compensation and Appointments Committee meets at least once a year, normally before the Board of Directors convenes the Annual General Meeting and sets the agenda for this meeting. It reviews the draft resolutions relating to questions falling within its area of competence. It meets as often as necessary at its Chairman's request or at the request of the Chairman of the Board of Directors.

The Chairman of the Compensation and Appointments Committee or a member of the committee designated for this purpose by the Committee reports to the Board of Directors on its work, conclusions and proposals. The Compensation and Appointments Committee informs the Board of Directors of its opinions and shares any observations and recommendations useful for the Board's deliberations. The Board of Directors approves these proposals.

### 1.3. Compensation of members of the Board of Directors

AB Science directors are not compensated for their directorship.

### 1.4. Main statutory provisions

The Company is administered by a Board of Directors of at least three members and at most eighteen, subject to the exceptions provided for by law, appointed or renewed by the ordinary General Meeting of shareholders. In the event of a merger or spin-off, appointments may be made by the extraordinary General Meeting deciding on the transaction.

The directors can be natural or legal persons. No one can be appointed director if they are over the age of sixty-five and their appointment results in more than one third of the members of the Board being over that age. The number of directors over the age of sixty-five may not exceed one third of the members of the Board of Directors. If this limit is reached, the oldest director is deemed to have automatically resigned. The term of office of directors is six years; the term ends at the end of the Ordinary General Meeting set up to decide on the accounts of the past financial year and held in the year during which their mandate expires. The number of directors linked to the Company by an employment contract may not exceed one third of the directors in office.

The Board of Directors elects a Chairman from among its members, who must be a natural person for the appointment to be valid. It determines his/her compensation. The Chairman is appointed for a term which cannot exceed that of his or her directorship. He/she can be re-elected. The Board can revoke it at any time. A person cannot be appointed Chairman if they are over the age of sixty-five. If the Chairman reaches that age while in office, he/she is deemed to have automatically resigned. In the absence of the Chairman, the Board appoints a chairman from among its members.

The Board of Directors meets as often as it is in the interest of the Company, when convened by its Chairman. The Chief Executive Officer, or, if the Board has not met for more than two months, at least one third of the directors, may ask the Chairman, who is bound by this request, to convene the Board of Directors for a specific agenda. Directors may be assisted by their advisers at meetings of the Board of Directors. Meetings are convened by any means, even verbally. The meeting takes place either at the registered office or at any other location indicated in the meeting notice. The Board can only officially deliberate on matters if at least half of the directors are present. Decisions are made by majority vote of the members present or represented. In the event of a tie, the Chairman's vote does not count.

An attendance sheet is signed by the directors participating in the Board meeting, either in person or by proxy.

The deliberations of the Board of Directors are noted in the minutes drawn up in accordance with the legal provisions in force and signed by the Chairman of the meeting and at least one Director. If the Chairman is unable to attend, it is signed by at least two Directors.

Copies or extracts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Director temporarily delegated to the functions of Chairman or an authorised representative authorised for this purpose.

#### 1.5. Assessment of the functioning of the Board of Directors

The composition of the Board of Directors reflects the shareholder structure of AB Science. The Directors combine skills and complementary expertise useful for the successful development of AB Science. They act in the best interest of the company and that of all shareholders. In addition, five of the six directors are external to the company, which is a percentage that goes beyond the AFEF-MEDEF report recommendations.

Three specialised committees - Finance Committee, Compensation and Appointments Committee, Scientific Committee - have been set up to deal with specific issues. They are made up of competent directors and experts on subjects falling within the competence of each committee. All meetings of these committees had an average attendance rate of 90%.

#### 1.6. Meetings of the Board of Directors

In 2020, the Company's Board of Directors met six times:

| Dates of the Board meetings | Number of directors participating | Total number of directors |
|-----------------------------|-----------------------------------|---------------------------|
| 1 March 2020                | 6                                 | 6                         |
| 17 February 2020            | 5                                 | 6                         |
| 27 March 2020               | 6                                 | 6                         |
| 30 April 2020               | 6                                 | 6                         |
| 20 May 2020                 | 6                                 | 6                         |
| 16 July 2020                | 6                                 | 6                         |
| 1 September 2020            | 6                                 | 6                         |
| 28 September 2020           | 6                                 | 6                         |
| 27 October 2020             | 4                                 | 6                         |
| 29 October 2020             | 6                                 | 6                         |
| 26 November 2020            | 4                                 | 6                         |
| 20 December 2020            | 6                                 | 6                         |
| <b>Percentage</b>           | <b>94.44%</b>                     |                           |

The main topics deliberated by the Board of Directors of the Company during the 2020 financial year were the approval of the corporate and consolidated accounts, the preclinical and clinical development programmes and the company's activity in general, the compensation of Chief Executive Officers, the issue of share subscription warrants, stock options, share issuance rights and new shares, the review of regulated agreements.

To prepare for the Board meeting, a detailed agenda as well as the minutes of the previous board meeting and any other document necessary or useful for the deliberations of the Board of Directors is sent to the Directors and non-voting members, several days before the meeting.

At the end of the Board meetings, a draft report is drawn up by a Secretary appointed during the Board meeting. This draft report is then sent to the members of the Board. It is approved and signed after corrections, if any, by the members.

In accordance with article L.823-17 of the French Commercial Code, the Statutory Auditors were called to meetings of the Board dealing with the approval of the annual and semi-annual corporate and consolidated accounts.

#### 1.7. Composition and operation of the committees

The Board of Directors has three Committees, the operation of which is governed by the internal rules of the Board of Directors: the Scientific Committee, the Finance Committee, and the Compensation and Appointments Committee.

##### 1.7.1. Scientific Committee

The Scientific Committee, co-chaired by Jean-Pierre Kinet and Olivier Hermine, has the following members:

- Christian Auclair, doctor of pharmaceutical sciences, former intern of Paris hospitals, University professor. Christian Auclair is the author of more than 120 publications and holds numerous patents in the field of molecular and cellular pharmacology applied to oncology and virology. He is the director of the biology department of the Advanced Teachers' Training College of Cachan and for 15 years managed a CNRS unit located at the Gustave Roussy Institute and then at the ENS in Cachan. He is co-founder and director of studies at the doctoral school of cancerology at the Paris-Sud XI medical school. He was deputy director of the CNRS life sciences department from 1996 to 2000.
- Patrice Dubreuil: doctor of immunology, level 1 research director at Inserm (Head of the molecular and functional haematopoiesis laboratory), and author of 110 publications, he has recognised expertise in the field of signal transduction and tyrosine kinases.
- Olivier Hermine, doctor, professor of haematology at the V-René Descartes Paris University, head of the adult haematology department of Necker Hospital in Paris. He is also responsible for a research group called "Cytokines - Viruses - Immune response and normal and pathological haematopoiesis" within the unit CNRS-UMR 8147, and author of more than 260 scientific publications in the field of blood diseases. He was awarded the 2008 Jean Bernard prize.
- Jean-Pierre Kinet, doctor, professor of Pathology at Harvard Medical School and director of the Laboratory of Immunology at the Beth Israel Deaconess Medical Center (Boston - USA). He is a member of several international committees, including the expert panel of the National Institutes of Health (NIH) in the United States. He also has extensive experience in the research and development of molecules. He is a member of the Board of Directors.

During the 2020 financial year, the Scientific Committee met once with an attendance rate of 90%.

##### 1.7.2. Finance Committee

The Finance Committee was set up by the Board of Directors on 15 December 2009 as part of a change in the Company's governance rules.

The Finance Committee has three members:

- Ms Nathalie Riez, Director
- Ms Emmanuel Mourey, Director
- Ms Béatrice Bihr, Director

The Finance Committee is chaired by Ms Nathalie Riez. It met in 2020 for the review of the 2019 annual accounts and for the review of the 2020 half-year accounts, as well as for the review of the company's continuity plan.

##### 1.7.3. Compensation and Appointments Committee

A Compensation and Appointments Committee was set up on 15 December 2009 as part of a change in the Company's governance rules.

This committee has two members:

A Compensation and Appointments Committee was set up by the Board of Directors, with three members:

- Ms Béatrice Bihr, non-voting member
- Mr Matthieu O'Neill, Independent Person,

Ms Béatrice Bihr chairs the Compensation and Appointments Committee.

The Compensation Committee met four times in 2020 with a 100% attendance rate.

#### 1.8. Shareholder participation in General Meetings

At the General Meeting of 31 August 2020, the shareholders present or represented made up 53.24% of the total number of shares and 64.74% of the voting rights of the Company.

In each of these General Meetings, the shareholders had the option to vote by mail, to give a mandate to the Chairman of the Meeting or to attend the Meeting in person.

Article 22 of the company's articles of association states how shareholders can participate in General Meetings. All the resolutions presented were adopted, each time by a significant majority.

#### 1.9. Elements likely to have an impact in the event of a takeover bid

Elements likely to have an impact in the event of a takeover bid are as follows:

| Elements likely to have an impact in the event of a takeover bid  | Relevant chapter of the management report      |
|---|--|
| - Share ownership   |  |
| <i>Capital structure of the company</i>   | Chapter 8.4                                    |
| <i>Direct or indirect shareholdings in the capital of the company known to it</i>   | Not Applicable                                 |
| <i>List of holders of any security with special control rights</i>  | Chapter 8.4                                    |
| - Specific clauses  |  |
| <i>Statutory restrictions on the exercise of voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to article L. 233-11,</i>                                 | Not Applicable                                 |
| <i>The control mechanisms provided for in a possible employee shareholding scheme, when the control rights are not exercised by the latter,</i>   | Not Applicable                                 |
| <i>Shareholder agreements known to the company and which may result in restrictions on the transfer of shares and the exercise of voting rights,</i>  | Chapter 8.5                                    |
| <i>Agreements entered into by the company which are modified or terminate in the event of a change in control of the company, unless such disclosure, except in cases of legal disclosure, would seriously harm its interests.</i>        | Not Applicable                                 |
| - Managing bodies   |  |
| <i>The rules applicable to the appointment and replacement of members of the Board of Directors or the executive board as well as to the modification of the company's articles of association,</i>                                       | Chapter 1.4 of the Corporate Governance Report |
| <i>The powers of the Board of Directors or the executive board, in particular the issue or redemption of shares,</i>  | Chapter 7.1                                    |
| <i>Agreements providing for compensation for members of the Board of Directors or the executive board or employees, if they resign or are dismissed without real and serious cause or if their employment ends due to a takeover bid.</i> | Not Applicable                                 |

## 2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

During the 2010 fiscal year, the year it was listed on Euronext, the company implemented internal control procedures. This internal control system implemented by the company is based on the recommendations made in “the internal control reference framework: implementation guide for small and medium sized companies” published by the French Financial Markets Authority (AMF) on 9 January 2008, updated and published on 22 July 2010.

The system is applicable to the parent company AB Science SA and its subsidiaries.

### 2.1 Company objectives for internal control

The purpose of internal control is:

- to ensure that management action, the carrying out of operations and employee behaviour fall within the framework of respect of the regulations and the principles to which the Company wishes to comply,
- to check that the accounting, financial and management information communicated to the corporate bodies of the Company is an accurate reflection of its activity and its situation, and
- to ensure the implementation of policies to identify, prevent and manage the main risks within the Company.

The Company's internal control process is essentially based on human resources. If therefore reasonable assurance is given, this is considered sufficient as the process is not intended to totally control the risks affecting the Company.

### 2.2 Organisation of the internal control

The Board of Directors is the key player in internal control. It has adopted internal rules of procedure that establish, in particular, the responsibilities and operating procedures of the Scientific Committee, the Finance Committee and the Compensation and Appointments Committee.

The Finance Committee, which acts in an advisory capacity to the Board of Directors, is in particular responsible within the framework of the internal control system:

- to assess the existence and relevance of the financial control and internal audit procedures;
- to assess the relevance of the Company's accounting policy;
- to ensure the relevance and review the changes and adaptations of the accounting principles and rules used in the preparation of the accounts;
- to review the significant risks for the Company, and in particular the risks and commitments off balance sheet.

The Compensation and Appointments Committee, which acts in an advisory capacity to the Board of Directors, is in particular responsible for formulating within the framework of the internal control system:

- the recommendations and proposals concerning compensation, the pension and benefits scheme, non-cash benefits and other financial entitlements, including in the event of the Directors, the Chairman, the Chief Executive Officer, as well as the main executives of the Company terminating their employment;
- the recommendations and proposals concerning the issuance of an overall package of subscription or purchase stock options and/or free shares of the Company to managers and executives of the Company, as well as the general conditions of these allocations;
- the proposals on the selection of directors;
- the recommendations and opinions regarding the appointment or succession of executive directors.

### 2.3 Dissemination of information

The company follows strict rules regarding the dissemination of information.

All employees have a contractual commitment to confidentiality with regard to certain information and all employees are regularly informed of their confidentiality and discretion obligations with regard to "so-called privileged information". A “insider” list has been put in place and is kept up to date.

Press notices are sent out regularly. They are drawn up internally and are subject to a double review by the departments involved and general management.

Information about the company can be accessed at the internal site [www.ab-science.com](http://www.ab-science.com).

## 2.4 Risk management

In its risk review, the company relies in particular on the internal control reference framework defined by the AMF for medium and small sized companies.

Faced with a certain number of these risks, the Company adopts a precautionary approach in terms of insurance and risk coverage. AB Science believes that its current insurance coverage is suitable for all operations.

While assessing the annual accounts, the Statutory Auditors also review the internal control procedures. The conclusion of this work is presented to the Finance Department and allows Internal Control stakeholders to improve the risk identification system. The responses provided by management are compared to the corrective action plan.

The main risks identified are:

- Strategic risks
  - risks of failure or delay in the development of the Company's products;
  - risk of dependence on masitinib;
  - risks related to the need of financing the Company's activity;
  - risks linked to government grants and the research tax credit;
  - risks related to the need to retain, attract and retain key personnel;
  - risks related to the management of the Company's internal growth;
  - risks related to the regulatory environment;
  - risks related to changes in drug reimbursement policies;
  - risks related to the lack of commercial success of its products;
  - risks linked to the holding by the founders of a significant percentage of the capital and voting rights of Company.
- Operational risks
  - risks related to dependence on third parties
  - risks related to using an unreliable result or information
  - industrial risks linked to the environment or the use of dangerous substances
  - risks related to information systems
- Regulatory and legal risks
  - risks related to the regulatory environment;
  - risks relating to Company patents and those of third parties;
  - Risks linked to the Company's accountability with regard to product liability in particular;
  - risks related to the inability to protect the confidentiality of Company information and know-how;
  - regulatory and legal risks.
- Financial risks
  - risks related to financial instruments;
  - risk of change;
  - interest rate risk;
  - liquidity risk;
  - risk of volatility in Company share prices;
  - risk of dilution;

## 2.5 Risk management

### 2.5.1 Procedures relating to the operational process

After initiating a quality approach by implementing a set of Standard Operating Procedures (SOP) for all clinical research activities, AB SCIENCE made the decision in 2017, to create a "Quality Assurance" department.



The main objective is to establish a team of quality professionals, that make up an independent body responsible for developing a process of continuous quality improvement as well as the maintenance of an efficient Quality Management System (QMS) accompanied by performance indicators.

This quality system is one of the major systems for controlling operational risks, and covers all of the operational processes: Clinical Operations, Pharmaceutical Operations, Pharmacovigilance, Biometrics.

It is also intended to control the risks linked to subcontracting by providing control points at each stage: selection, qualification, audits, corrective action plans, annual qualitative assessment.

The management of the quality management system is itself subject to its own SOP in the “Quality Management System”. Their purpose is to:

- Define the quality management system of the Company and the internal responsibilities of the Company;
- Define the interactions between the different stakeholders (internal and external);
- Define the laws and regulations to which the Company must comply, in particular the Public Health Code (the French Public Health Act 2004-806 of 9 August 2004; the decision of 24 November 2006 setting the rules of good clinical practice for biomedical research relating to medicinal products for human use; the decision of 24 July 2009 laying down the rules of good manufacturing practices for medicinal products for human use); European directives 2001/20/EC, 95/46/EC; the General Data Protection Regulation (GDPR). Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC; the US Code of Federal Regulation (CFR); the International Harmonisation Conferences (ICH) on Good Clinical Practices (ICH-GCP E6(R12)).
- Ensure the consistency of the quality management system and the SOP that compose it;
- Define the system control rules and implement corrective actions;
- Define the rules for updating the system and internal responsibilities;
- Define the rules for carrying out and monitoring biomedical research through clinical investigation sites and service providers.

The Quality Management System (QMS) has been optimised by the development of new procedures such as, for example, the rewriting of all of the procedures of the pharmacovigilance department. The organisational pyramid of the quality documentary system has been developed. 2020 also enabled the optimisation of processes such as training management, archiving management, non-conformity management, service provider management and the organisation of Quality Committees.

## 2.5.2 Preparation of accounting and financial information

### Participants

AB Science SA's accounting is done internally by the company's administrative and financial manager. The accounting tasks of the American subsidiary AB Science LLC and the Canadian subsidiary AB Science Canada INC. are subcontracted to an accounting firm. The Group's consolidated accounts are also drawn up internally.

The Company regularly meets with its Statutory Auditors and its Finance Committee for the interpretation or implementation of the new applicable French and IFRS accounting principles, as well as for any measure affecting internal control.

### Preparation of corporate and consolidated accounts

The consolidated accounts are produced as part of the procedure for approving the annual accounts.

The procedures for reporting information from the subsidiary to the parent company as well as the accounting closure procedures allow the preparation of consolidated accounts produced by the parent company. A closure calendar is published every six months to ensure that the people concerned provide all the necessary information on time.

The individual accounts of each company in the Group are prepared semi-annually on June 30th and December 31st of each year and are respectively reviewed and audited on that same date. Each subsidiary prepares its own individual accounts based on the local accounting standards in force. For consolidation purposes, the same chart of

accounts in IFRS format is used by all the companies in the Group. The data are then reprocessed based on IFRS standards.

### Budget and monthly reporting

In addition, financial reporting is done at subsidiary and group level.

For each entity of the group, this reporting includes a(n):

- monthly income statement (by entity and consolidated);
- monthly cash budget (including an actual/budget comparison);
- annual budget.

The budget for the coming year is drawn up once a year, or in the event of a significant change in the activity of the company. Each group manager must draw up their budget, in terms of need for additional human resources, consumables and investments, and communicate these elements to the management control department. These are summarised and a decision is made by the Chairman and Chief Executive Officer and the Chief Financial Officer. This complete budget is then presented to the Board of Directors for information.

The reconciliation of accounting and forecast data, combined with monthly analysis, contributes to the quality and reliability of the information produced.

These different reports are sent to the administrative and financial director. These documents are for internal use only. They are a major component of the control and steering system of the Management Committee.

### Budget

The budget for the coming year is drawn up once a year, or in the event of a significant change in the activity of the company. Each group manager must draw up their budget, in terms of need for additional human resources, consumables and investments, and communicate these elements to the management control department. These are summarised and a decision is made by the Chairman and Chief Executive Officer and the Chief Financial Officer. This complete budget is then presented to the Board of Directors for information.

## 2.5.3 Accounting and financial information procedures

During the 2020 fiscal year, the company maintained the following procedures designed to limit financial management risks.

- Definition of accounting principles and rules (PCI\_PC\_01). These are to:
  - ensure the accuracy of the published accounts;
  - ensure the monitoring of any changes in the applicable rules;
  - ensure compliance of published accounting and financial information with the applicable rules;
  - ensure that the principles adopted for the chart of accounts allow the implementation of convergence with the IFRS.
- Data retention (PCI\_CD\_01). This involves:
  - describing the media and main periods for which documents relating to accounting are kept within the AB Science group;
  - ensuring compliance with accounting, tax and criminal rules in this area.
- Compliance with information obligations in terms of financial statements and financial communication (PCI\_OI\_01). This involves:
  - identifying and processing the group's periodical reporting obligations in terms of financial, accounting and other communications to the market;
  - establishing a schedule summarising these obligations;
  - ensuring that information is checked before it is released;
  - ensuring the dissemination of information within the time limits and complying with the information obligations of listed companies.
- Stock management (PCI\_GS\_01). This involves:

- complying with the regulations imposed by pharmaceutical laws on the quantities entering and leaving stocks (appropriate authorisations and regular monitoring);
  - confirming the accounting balances of physical reality;
  - confirming the cut-off procedures on each closing date;
  - ensuring that the valuation of stocks is subject to adequate and consistent calculations with the actual accounting elements;
  - checking and ensuring the separation of functions: purchases, receipts, admission into warehouse, manufacturing, payment, shipping, accounting, inventory entry.
- Sales/customers (PCI\_VE\_01; PCI\_VE\_02; PCI\_VE\_03; PCI\_VE\_04; PCI\_VE\_05). This involves:
    - complying with the regulations imposed by European pharmaceutical law;
    - ensuring customer account validation and orders to be processed in compliance with regulations;
    - ensuring the processing, follow-up of customer accounts, billing and collection.
  - Purchases/suppliers (PCI\_AC\_01; PCI\_AC\_02). This involves:
    - ensuring that the expense accounting principle is correctly applied and is in line with the accounting standards in force;
    - ensuring that the cut-off principle is correctly understood;
    - ensuring that all amounts paid are correctly accounted for and previously validated;
    - avoiding the risk of funds being misappropriated by ensuring segregation between the person who generates the payment order for supplier invoices and the person who validates it;
  - Cash/Bank reconciliation (PCI\_TR\_01). This involves:
    - checking that the bank accounting balances match the bank statements;
    - avoiding the risk of funds being misappropriated by ensuring segregation between the person who manages collection and settlement operations, the person who performs bank reconciliation and the person who controls pending transactions and bank reconciliation.
  - Personnel (PCI\_PE\_01). This involves:
    - avoiding the risk of funds being misappropriated by ensuring the separation of the functions of calculation, control, payment and transmission of pay;
    - ensuring that the amounts posted are accurate, taking into account the company's commitments;
    - ensuring that the amounts not paid at the end of each period are recorded;
    - checking that the social cost accounting is in line with the accounting standards in force and the regulations.
  - Accounting computer system security (PCI\_SI\_01). This involves:
    - ensuring respect for the confidentiality of financial information;
    - preventing fraud risk by safeguarding the division between configuration work and monitoring operations;
  - Control of group subsidiaries (PCI\_FIL\_01). This involves:
    - ensuring control by the parent company over its subsidiaries;
    - controlling the costs of subsidiaries;
    - guaranteeing the reliability of the consolidated accounts.

## 2.6 Monitoring the internal control system

As part of its role, the management control department, under the responsibility of the administrative and financial director, is also in charge of managing and monitoring the proper functioning of the internal control system relating to financial information. The clinical operations department is in turn responsible for monitoring the proper functioning of the internal control system relating to compliance with good clinical practices.

Work carried out on risks and internal control is presented to the Finance Committee, which then assesses the effectiveness of the risk management and internal control procedures implemented by the Company each year. The results of this assessment are then reported to the Board of Directors by the Chairman of the Finance Committee.

This report, drawn up annually by the Chairman of the Board of Directors, describes the conditions for preparing and organising the work of the Board of Directors and the internal control and risk management procedures implemented by the Company.

## 2.7 Review of operations carried out during the 2020 fiscal year

The objective for the year 2020 was to maintain and optimise AB Science's Quality Management System. This involved controlling not only the quality but also the processes and risks, essentially by:

- controlling the application of procedures and regulations, (by establishing a regulatory monitoring process),
- implementing, controlling and carrying out quality audits of studies and production systems,
- approving and monitoring the implementation of quality, preventive or corrective actions, but also setting up performance indicators,
- optimising the training management process,
- optimising the eligibility of subcontractors,
- implementing a Medical Information System,
- introducing of the PV database (PV 247) to the Veterinary section,
- optimising document management processes by contracting a service provider to manage the TMF electronically, creating archivist posts and creating internal archiving databases,
- assessing the critical nature of deviations and processing of major dysfunctions.

A culture of deviation review through cause analysis has been developed and is being maintained. Trend analyses validate the efficiency of the changes made. A priori and a posteriori risk analyses (declarations of non-compliance, cause analysis and feedback) are important tools for evaluating process performance. This approach also makes it possible to streamline and improve practices, associated performance factors. This Quality-Security-Risk Management programme is also a management tool which has resulted, for example, in the development of a business continuity plan.

## 2.8 Perspective of evolution

During 2021, the company will continue to update the procedures adapted to the development of the business and give priority to the procedures related to the continuity of clinical studies.

The framework established by the Quality Policy must serve as a benchmark for the teams in understanding the impact of their activities on the company's results.

# CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

PREPARED IN ACCORDANCE WITH INTERNATIONAL STANDARDS

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# STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020

| <b>Assets (in thousands of euros)</b>      | <b>Note</b> | <b>31/12/2020</b> | <b>31/12/2019</b> |
|--|-------------|-------------------|-------------------|
| Intangible assets                          | 6           | 1,471             | 1,417             |
| Tangible assets                            | 7           | 163               | 193               |
| Rights of use relating to rental contracts | 8           | 1,662             | 1,979             |
| Non-current financial assets               | 12          | 67                | 67                |
| Other non-current assets                   | 11          | 0                 | 0                 |
| Deferred taxes                             |             | 0                 | 0                 |
| <b>Non-current assets</b>                  |             | <b>3,363</b>      | <b>3,656</b>      |
| Inventories                                | 9           | 79                | 230               |
| Trade accounts receivables                 | 10          | 355               | 197               |
| Current financial assets                   | 12          | 0                 | 0                 |
| Other current assets                       | 11          | 5,232             | 7,962             |
| Cash and cash equivalents                  | 13          | 20,660            | 5,695             |
| <b>Current assets</b>                      |             | <b>26,325</b>     | <b>14,085</b>     |
| <b>TOTAL ASSETS</b>                        |             | <b>29,688</b>     | <b>17,740</b>     |

| <b>Liabilities (in thousands of euros)</b>              | <b>Note</b> | <b>31/12/2020</b> | <b>31/12/2019</b> |
|---|-------------|-------------------|-------------------|
| Capital   | 14          | 459               | 435               |
| Premiums  |             | 224,676           | 202,891           |
| Translation reserves                                    |             | (54)              | (72)              |
| Other reserves and income                               |             | (244,631)         | (230,083)         |
| <b>Equity attributable to the owners of the company</b> |             | <b>(19,549)</b>   | <b>(26,829)</b>   |
| <b>Non-controlling interests</b>                        |             |                   |                   |
| <b>Equity</b>   |             | <b>(19,549)</b>   | <b>(26,829)</b>   |
| Non-current provisions                                  | 15          | 1,281             | 817               |
| Non-current financial liabilities                       | 16          | 23,979            | 22,546            |
| Other non-current liabilities                           | 17          | 0                 | 0                 |
| Non-current rental obligations                          | 18          | 1,390             | 1,679             |
| Deferred taxes  |             | 0                 | 0                 |
| <b>Non-current liabilities</b>                          |             | <b>26,650</b>     | <b>25,043</b>     |
| Current provisions                                      | 15          | 516               | 237               |
| Trade payables  |             | 13,286            | 15,003            |
| Current financial liabilities                           | 16          | 4,370             | 7                 |
| Current tax payable                                     |             | 0                 | 0                 |
| Current rental obligations                              | 18          | 361               | 333               |
| Other current liabilities                               | 17          | 4,054             | 3,946             |
| <b>Current liabilities</b>                              |             | <b>22,587</b>     | <b>19,527</b>     |
| <b>TOTAL LIABILITIES</b>                                |             | <b>29,688</b>     | <b>17,740</b>     |

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020**

|  | Note | 31/12/2020      | 31/12/2019      |
|--|------|-----------------|-----------------|
| <b>Net turnover</b>  | 19   | <b>1,583</b>    | <b>1,571</b>    |
| Other operating income   |      | 0               | 0               |
| <b>Total income</b>  |      | <b>1,583</b>    | <b>1,571</b>    |
| Cost of sales  |      | (69)            | (181)           |
| Marketing costs  |      | (781)           | (1,018)         |
| Administrative costs   |      | (2,641)         | (2,263)         |
| Research and development costs                                       |      | (12,841)        | (15,583)        |
| Other operating costs  |      | -               | -               |
| <b>Operating profit</b>  |      | <b>(14,749)</b> | <b>(17,474)</b> |
| Financial income   |      | 698             | 29              |
| Financial costs  |      | (986)           | (4,298)         |
| <b>Financial return</b>  |      | <b>(289)</b>    | <b>(4,269)</b>  |
| Tax charge   |      | (8)             | (4)             |
| <b>Net income</b>  |      | <b>(15,045)</b> | <b>(21,747)</b> |
| Other items of the comprehensive profit or loss                      |      |                 |                 |
| Items that will not be subsequently reclassified to profit or loss:  |      |                 |                 |
| - Actuarial gains and losses   |      | (351)           | 30              |
| Items that may subsequently be reclassified to profit or loss:       |      |                 |                 |
| - Exchange rate differences - overseas activities                    |      | 19              | (10)            |
| <b>Other comprehensive profit or loss for the period, net of tax</b> |      | <b>(332)</b>    | <b>21</b>       |
| <b>Overall profit or loss for the period</b>                         |      | <b>(15,378)</b> | <b>(21,726)</b> |
| Net result for the period attributable to :                          |      |                 |                 |
| - Non-controlling interests  |      | -               | -               |
| - Company owners   |      | (15,045)        | (21,747)        |
| Overall result for the period attributable to :                      |      |                 |                 |
| - Non-controlling interests  |      | -               | -               |
| - Company owners   |      | (15,378)        | (21,726)        |
| Net result per share - in euros                                      | 25   | (0.34)          | (0.55)          |
| Diluted earnings per share - in euros                                | 25   | (0.34)          | (0.55)          |



# CONSOLIDATED CASH FLOW TABLE

|   | 31/12/2020      | 31/12/2019      |
|---|-----------------|-----------------|
| Net income  | (15,045)        | (21,747)        |
| - Removal of depreciation and provisions                                    | 1,147           | 1,074           |
| - Removal of disposal income  | 0               | 0               |
| - Calculated expenses and income related to share-based payments            | 95              | 119             |
| - Other income and expenses with no cash impact                             | 17              | 3,804           |
| - Removal of tax expense/income   | 0               | 0               |
| - Removal of the deferred tax variation                                     | 0               | 0               |
| Impact of variation in working capital requirements related to the activity | 180             | 1,533           |
| - Interest income and expenses  | 95              | 61              |
| <b>- Cash flow generated from operations before tax and interest</b>        | <b>(13,511)</b> | <b>(15,156)</b> |
| - Taxes paid/received   | 0               | 0               |
| <b>Net cash flow from operations</b>  | <b>(13,511)</b> | <b>(15,156)</b> |
| Acquisitions of fixed assets  | (370)           | (390)           |
| Disposal of tangible and intangible assets                                  | 0               | 0               |
| Acquisitions of financial assets  | 0               | 0               |
| Proceeds from the disposal of financial assets                              | 0               | 0               |
| Variation in loans and advances granted                                     | 43              | 28              |
| Financial interest received / (paid)  | 50              | (71)            |
| Other flows related to investment transactions                              | 0               | 0               |
| <b>Net cash flows from investment transactions</b>                          | <b>(277)</b>    | <b>(432)</b>    |
| Dividends paid  |                 |                 |
| Increase (Reduction) in capital   | 22,678          | 9,740           |
| Issuance of loans and receipt of conditional advances                       | 6,062           | 2,197           |
| Repayment of loans and conditional advances                                 | (6)             | (2,203)         |
| Other flows related to financing transactions                               | 0               | 0               |
| <b>Net cash flows related to finance transactions</b>                       | <b>28,734</b>   | <b>9,734</b>    |
| Impact of exchange rate changes   | 19              | (10)            |
| Impact of assets held for sale  | 0               | 0               |
| Impact of changes in accounting policies                                    | 0               | 0               |
| <b>Cash flow variation</b>  | <b>14,964</b>   | <b>(5,864)</b>  |
| Opening cash and cash equivalents   | 5,695           | 11,560          |
| Closing cash and cash equivalents   | 20,660          | 5,695           |
| <b>Change in cash and cash equivalents by balances</b>                      | <b>14,964</b>   | <b>(5,864)</b>  |

## CHANGES IN CONSOLIDATED EQUITY AS OF 31 DECEMBER 2020

| <i>(in thousands of euros)</i>                  |                  |                   |                         |  |                 |                       |                 |
|---|------------------|-------------------|-------------------------|--|-----------------|-----------------------|-----------------|
|   | Share<br>Capital | Issue<br>premiums | Translation<br>Reserves | Other<br>reserves<br>and profit<br>or loss | Total           | Minority<br>interests | Total equity    |
| <b>As of 1 January 2020</b>                     | <b>435</b>       | <b>202,891</b>    | <b>(72)</b>             | <b>(230,083)</b>                           | <b>(26,829)</b> | <b>0</b>              | <b>(26,829)</b> |
| Net result for the period                       |                  |                   |                         | (15,045)                                   | (15,045)        |                       | (15,045)        |
| Other items of the comprehensive profit or loss |                  |                   | 19                      | (351)                                      | (332)           |                       | (332)           |
| <b>Overall profit or loss for the period</b>    | <b>0</b>         | <b>0</b>          | <b>19</b>               | <b>(15,396)</b>                            | <b>(15,378)</b> |                       | <b>(15,378)</b> |
| <i>Increase in capital</i>                      | 24               | 22,539            |                         |  | 22,563          |                       | 22,563          |
| <i>Employee share-based payments</i>            |                  |                   |                         | 95   | 95              |                       | 95              |
| <i>Share-based payments - other</i>             |                  | (754)             |                         | (754)                                      | 0               |                       | 0               |
| <b>Total shareholder transactions</b>           | <b>24</b>        | <b>21,785</b>     | <b>0</b>                | <b>848</b>                                 | <b>22,658</b>   |                       | <b>22,658</b>   |
| <b>AS OF 31 DECEMBER 2020</b>                   | <b>459</b>       | <b>224,676</b>    | <b>(54)</b>             | <b>(244,631)</b>                           | <b>(19,549)</b> | <b>0</b>              | <b>(19,549)</b> |

| <i>(in thousands of euros)</i>                  |                  |                   |                         |  |                 |                       |                 |
|---|------------------|-------------------|-------------------------|--|-----------------|-----------------------|-----------------|
|   | Share<br>Capital | Issue<br>premiums | Translation<br>Reserves | Other<br>reserves<br>and profit<br>or loss | Total           | Minority<br>interests | Total equity    |
| <b>As of 1 January 2019</b>                     | <b>410</b>       | <b>193,271</b>    | <b>(63)</b>             | <b>(208,580)</b>                           | <b>(14,962)</b> | <b>0</b>              | <b>(14,962)</b> |
| Net result for the period                       |                  |                   |                         | (21,747)                                   | (21,747)        |                       | (21,747)        |
| Other items of the comprehensive profit or loss |                  |                   | (10)                    | 30   | 21              |                       | 21              |
| <b>Overall profit or loss for the period</b>    | <b>0</b>         | <b>0</b>          | <b>(10)</b>             | <b>(21,717)</b>                            | <b>(21,726)</b> |                       | <b>(21,726)</b> |
| <i>Increase in capital</i>                      | 25               | 9,715             |                         |  | 9,740           |                       | 9,740           |
| <i>Employee share-based payments</i>            |                  |                   |                         | 119  | 119             |                       | 119             |
| <i>Share-based payments - other</i>             |                  | (95)              |                         | 95   | 0               |                       | 0               |
| <b>Total shareholder transactions</b>           | <b>25</b>        | <b>9,715</b>      | <b>0</b>                | <b>119</b>                                 | <b>9,859</b>    |                       | <b>9,859</b>    |
| <b>AS OF 31 DECEMBER 2019</b>                   | <b>435</b>       | <b>202,891</b>    | <b>(72)</b>             | <b>(230,083)</b>                           | <b>(26,829)</b> | <b>0</b>              | <b>(26,829)</b> |

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 1 Entity presenting the financial reports

AB Science is a company domiciled in France. The registered office of the Company is located in Paris.

The consolidated financial reports of the Company for the year ended 31 December 2020 include the Company and its wholly-owned subsidiary in the United States which was created in July 2008 (the whole designated as “the Group” and each individually as “the Group entities”). The Group's activity consists of researching, developing and marketing protein kinase inhibitors (PKIs), a class of targeted therapeutic molecules which act by modifying the signalling pathways within cells. The diseases targeted by the Company with these PKIs are high unmet medical need diseases, in cancers, inflammatory diseases and diseases of the central nervous system, both in human medicine and in veterinary medicine.

## 2 Basis of preparation

### 2.1 Preliminary remarks

The closing date for the consolidated financial statements is December 31st of each year. The individual accounts incorporated into the consolidated accounts are established on the closing date of the consolidated accounts, i.e. December 31st. The statements of 31 December 2020 were approved by the Board of Directors on 28 April 2021.

### 2.2 Declaration of compliance and accounting principles

The consolidated financial statements were prepared in accordance with the IFRS as adopted in the European Union. All the texts adopted by the European Union are available on the European Commission website at the following address: [http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias_fr.htm).

The accounting policies are identical to those used by the Group as of 31 December 2019. No new IFRS standards have been adopted by the European Union that are applicable from 1 January 2020.

The following texts have no impact on the Group's accounts:

- Changes to “Amendments to references to the Conceptual Framework in IFRS standards”, adopted on 29 November 2019;
- Amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors”: “Definition of materiality”, adopted on 29 November 2019;
- Amendments to IFRS 3 “Business combinations”: “Definition of an activity”, adopted on 21 April 2020;
- Amendments to IFRS 9 “Financial instruments”, IAS 39 “Financial instruments: recognition and measurement” and IFRS 7 “Financial instruments: disclosures”: “Reform of reference rates”, adopted on 15 January 2020;
- Amendments to IFRS 16 “Rental contracts”: “Covid-19-related rent relief”, adopted on 9 October 2020.

### 2.3 Basis for valuation

The consolidated financial statements are prepared on the basis of historical cost with the exception of certain categories of assets and liabilities in accordance with IFRS standards. The categories in question are mentioned in the following notes.

### 2.4 Functional and reporting currency

The consolidated financial statements are presented in euros which is the functional currency of the Company. All financial data is expressed in thousands of euros, unless otherwise indicated.

### 2.5 Use of estimates and assumptions

The preparation of financial statements requires management to exercise judgement, make estimates and assumptions that have an impact on the application of accounting methods and on the amounts of assets and liabilities, income and expenses. Actual values may be different from estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognised during the period of the change and any subsequent periods affected.

Information on the main sources of uncertainty relating to estimates and assessments used to apply the accounting methods, which have the most significant impact on the amounts reported in the consolidated financial statements, are included in the following notes:

- Note 24.1 – use of tax losses,
- Note 3.10 – valuation of share-based payments,
- Note 16.4 – valuation of financial liabilities at fair value

### **3 Main accounting methods**

The consolidated accounts are prepared according to the principle of going concern.

#### **3.1 Principles of consolidation**

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to steer the financial and operating policies of the entity in order to obtain benefits from its activities. To assess control, the potential voting rights that are currently exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases. The accounting policies of the subsidiaries are modified when necessary to align them with those adopted by the Group.

#### **3.2 Foreign currency**

##### **i. Foreign currency transactions**

Foreign currency transactions are converted into the respective functional currencies of the Group entities by applying the exchange rate in force on the date of the transactions. Monetary assets and liabilities denominated in foreign currency on the closing date are converted into the functional currency using the exchange rate on this date.

Exchange gains and losses resulting from the conversion of monetary items correspond to the difference between the amortised cost denominated in the functional currency at the start of the period, adjusted for the impact of the effective interest rate and payments during the period, and the amortised cost denominated in the foreign currency converted at the exchange rate on the closing date.

Non-monetary assets and liabilities denominated in foreign currency that are valued at fair value are converted into the functional currency using the exchange rate on the date on which the fair value was determined. Exchange differences resulting from these conversions are recognised in profit or loss, with the exception of differences resulting from the conversion of equity instruments available for sale, of a financial liability designated as a hedge of a net investment in an activity abroad, or instruments qualified as cash flow hedges, which are recognised directly in equity.

##### **ii. Operations abroad**

The assets and liabilities of a foreign operation are converted into euros using the exchange rate on the closing date. The income and expenses of a foreign operation are converted into euros using the exchange rates in force on the transaction dates.

Exchange differences resulting from conversions are recognised in equity. When a foreign operation is sold, in whole or in part, the portion of the amount recognised in the conversion reserve is transferred to income.

#### **3.3 Financial instruments and liabilities**

Financial assets, excluding cash and active derivative instruments, are classified according to one of the following categories:

- Assets held to maturity
- Loans and receivables
- Available-for-sale assets
- Assets at fair value through profit or loss;

##### *Assets held to maturity*

Investments held to maturity are financial assets that the Group intends and has the capacity to hold until maturity. After their initial recognition, these assets are valued at amortised cost, using the effective interest rate method, less the amount of any impairment losses.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are classified as current assets except for those with maturities of more than 12 months after the closing date.

Loans and receivables granted are valued using the historical cost method (amortised cost - effective interest rate). Their balance sheet value includes the capital remaining due, plus accrued interest. They are subject to impairment tests when there is evidence of a loss of value.

### *Available-for-sale financial assets*

The Group's investments in equity securities and certain debt securities are classified as assets available for sale. After their initial recognition, they are valued at fair value and any resulting variation is recognised directly in equity, except for the amount of impairment losses and, for monetary items available for sale, exchange differences. When these investments are derecognised, the cumulative gain or loss recognised in equity is transferred to income.

### *Financial assets at fair value through profit or loss*

An instrument is classified as a financial asset at fair value through profit or loss if it is held for trading or designated as such on initial recognition. Financial instruments are designated as being at fair value through the profit and loss account if the Group manages such investments and takes buying and selling decisions on the basis of their fair value based on the risk management policy or the Group's investment strategy. Upon initial recognition, directly attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are valued at fair value, and any resulting variation is recognised in profit or loss.

### *Non-derivative financial liabilities*

The Group initially recognises the debts issued and the subordinated liabilities on the date on which they are generated. All other financial liabilities are initially recognised on the transaction date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other non-derivative financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction cost. After their initial recognition, these financial liabilities are valued at amortised cost, using the effective interest rate method.

Bank overdrafts redeemable on demand and which are an integral part of the Group's cash management constitute a cash component and cash equivalents for the purposes of the cash flow statement.

### *Other financial liabilities*

Other financial liabilities are valued at fair value on each balance sheet date, the change in fair value being recognised in financial income. They are valued using financial valuation models such as Monte-Carlo and Black-Scholes.

### *Compound financial instruments*

The AB Science Group has had no compound financial instruments since December 2016.

## **3.4 Capital**

The capital consists of four categories of shares as of 31 December 2020:

- ordinary shares (class A)
- Preference shares convertible into ordinary shares (class B)
- 2016 preference shares (class C)
- 2020 preference shares (class D)

Ordinary shares are classified as equity instruments. Ancillary costs directly attributable to the issuance of ordinary shares or stock options are recorded as a deduction from equity, net of tax.

## **3.5 Tangible assets**

Tangible fixed assets are recorded at their acquisition cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the carrying amount of the asset or, where applicable, recognised as a separate asset if it is likely that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be calculated reliably.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives are as follows:

- |   |           |
|---|-----------|
| ▪ installations and fittings                  | 3-5 years |
| ▪ industrial equipment                        | 3 years   |
| ▪ furniture and office and computer equipment | 3-5 years |

Depreciation methods, useful lives and residual values are reviewed and, if necessary, adjusted on each balance sheet date.

The carrying amount of an asset is immediately depreciated to bring it back to its recoverable value when the carrying amount of the asset is higher than its estimated recoverable value (see note "Impairment of assets"). Gains and losses on disposal of tangible assets are determined by comparing the proceeds of disposal with the carrying amount of the asset and are recorded at their net value in "other income" in the income statement.

### 3.6 Intangible assets

#### i. Research and development

Research expenses incurred in order to acquire new scientific or technical understanding and knowledge are recognised as expenses when they are incurred.

Development activities involve the existence of a plan or model for the production of new or substantially improved products and processes. Development expenses are recognised as a capital asset if and only if the costs can be calculated reliably and the Group can demonstrate the technical and commercial feasibility of the product or process, the existence of probable future economic benefits and its intention as well as the availability of sufficient resources to complete development and use or sell the asset. Expenses thus capitalised include material costs, direct labour and directly attributable overhead costs necessary to prepare the asset for its use as intended. Borrowing costs relating to the development of qualified assets are recognised in the income statement when they are incurred. Other development expenses are recognised as expenses when they are incurred.

Capitalised development costs are recorded at their cost less accumulated depreciation and accumulated impairment losses.

Given the risks inherent in the development programmes and the progress of the projects carried out by the Group, AB Science considers that the criteria defined by IAS38 have not yet been met. Consequently, development costs have been expensed in the year in which they were incurred.

#### ii. Other intangible assets

Other intangible assets that have been acquired by the Group, with a finite useful life, are recorded at their cost less accumulated depreciation and accumulated impairment losses.

Subsequent intangible asset expenses are capitalised only if they increase the future economic benefits associated with the corresponding specific asset. Other expenses are recognised as expenses when they are incurred.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of the intangible assets. The estimated useful lives for the current period and the comparative period are as follows:

- |             |          |
|-------------|----------|
| ▪ Patents:  | 20 years |
| ▪ Software: | 1 year   |

### 3.7 Basis for stock valuation

Inventories are recognised at their cost price or at their net realisable value if this is lower. The cost of inventories is determined using the weighted average cost method.

### 3.8 Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments which are easily convertible into a known amount of cash and which are subject to negligible risk of change in value. Thus, the "Cash and cash equivalents" section

groups together cash and cash equivalents as well as cash investments in marketable securities with a maturity of three months or less and very low interest rate risk sensitivity.

For the establishment of the cash flow statement, cash and cash equivalents consist of cash, demand deposits at banks, very liquid short-term investments, net of bank overdrafts. In the balance sheet, bank overdrafts appear in Current financial liabilities.

### **3.9 Depreciation**

#### Financial assets

A financial asset is reviewed on each reporting date to determine if there is objective evidence of impairment. The Group considers that a financial asset is impaired if there is objective evidence that one or more events had a negative impact on the estimated future cash flows of the asset.

The loss in value of a financial asset valued at amortised cost corresponds to the difference between its carrying amount and the value of the estimated future cash flows, discounted at the original effective interest rate of the financial assets. The impairment of an available-for-sale financial asset is calculated based on its fair value.

Impairment losses are recognised in profit or loss. With regard to available-for-sale assets, any accumulated loss that has previously been recognised in equity is transferred to income.

The impairment loss is reversed if the reversal can be objectively linked to an event occurring after the recognition of the impairment. For financial assets valued at amortised cost and available-for-sale financial assets which represent debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that represent equity securities, the reversal is recognised directly in equity.

#### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed on each balance sheet date to assess whether there is any indication that an asset has suffered an impairment. If there is such an indication, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or a cash-generating unit is the higher between its value in use and its fair value reduced by the costs of sale. To assess the value in use, the estimated future cash flows are discounted at the rate, before tax, which reflects the current market assessment of the time value of money and the risks specific to the asset. For the purposes of impairment tests, the assets are grouped in the smallest group of assets which generates cash inflows resulting from continuous use, largely independent of the cash inflows generated by other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit is greater than its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss recognised as a cash-generating unit (of a group of units) is allocated first to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit, and then to the reduction of the carrying amounts of the other assets of the unit (of the group of units) in proportion to the carrying amount of each asset of the unit (of the group of units).

The Group assesses on each reporting date whether there is an indication that impairment losses recognised in previous periods have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset, increased due to the reversal of an impairment loss, must not be greater than the carrying amount which would have been determined, net of depreciation, if no impairment loss had been recognised.

### **3.10 Employee benefits**

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays defined contributions to a separate entity and has no legal or constructive obligation to pay additional contributions. Contributions payable to a defined contribution plan are recognised as an expense related to employee benefits when they are due. Contributions paid in advance are recognised as assets to the extent that this will lead to a reimbursement in cash or a reduction in future payments.

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The net obligation under defined benefit plans is assessed separately for each plan by estimating the number of future benefits acquired by employees in exchange for services rendered during the present period and prior periods; this amount is updated to determine its present value. The costs of unrecognised past service and the fair value of plan assets are then deducted.

The discount rate is equal to the interest rate, on the closing date, of high-quality bonds with a maturity date close to that of the Group's commitments and which are denominated in the same currency as the payment of the services. Calculations are performed annually by a qualified actuary using the projected unit credit method. When the calculations of the net obligation lead to an asset for the Group, the amount recognised in respect of this asset may not exceed the total (i) of the cost of past services not recognised and (ii) the present value of any economic advantage available in the form of future reimbursement of the plan or reductions in future plan contributions. An economic benefit is available to the group if it is achievable during the life of the plan, or when the plan liabilities are settled.

When the benefits of the plan are improved, the share of the additional benefits relating to past services rendered by members of staff is recognised as an expense on a straight-line basis over the average duration remaining until the corresponding benefits become vested. If the rights to benefits are vested immediately, the cost of the benefits is recognised immediately in the income statement.

Actuarial differences for defined benefit plans are recognised in "other comprehensive income".

#### Other long-term employee benefits

The Group's net obligation for long-term benefits other than pension plans is equal to the value of the future benefits acquired by employees in exchange for the services rendered during the present and previous periods. These benefits are discounted and reduced by the fair value of the dedicated assets.

The discount rate is equal to the interest rate, on the closing date, of high-quality bonds with a maturity date close to that of the Group's commitments. The amount of the obligation is determined using the projected unit credit method. Actuarial differences are recognised in the income statement for the period in which they arise.

#### Severance payments

Severance payments are recognised as an expense when the Group is clearly committed, without any real possibility of retracting, to a formal and detailed plan, either relating to redundancy before the normal retirement date, or offering voluntary redundancy in order to reduce the workforce. Severance payments for voluntary redundancy are recognised as expenses if the Group has made an offer encouraging voluntary redundancy and it is likely that this offer will be accepted and that the number of people who will accept the offer can be reliably estimated.

#### Short-term benefits

A liability is recognised for the amount that the Group expects to pay under profit-sharing plans and bonuses settled in short-term cash if the Group has a current legal or constructive obligation to make these payments in consideration for past services rendered by the staff member and if the obligation can be estimated reliably.

#### Share-based payments

The fair value determined on the date of grant of options to members of staff is recognised in personnel expenses, in return for an increase in equity, over the period during which staff members become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options acquired for which the conditions for the acquisition of services and performance are met.

The fair value of the amount to be paid to a member of staff for stock appreciation rights, which are paid in cash, is recognised as an expense against an increase in liabilities, over the period during which staff members actually receive this benefit. The liability is reassessed on each balance sheet date as well as on the settlement date. Any change in the fair value of the liability is recognised in personnel expenses.

Transactions for which payment is based on shares for which the Group receives goods or services in return for its own equity instruments are recognised as transactions that are settled as equity instruments, regardless of how the equity instruments will be obtained by the Group.

Only plans granted after 7 November 2002 and whose rights were not vested on 1 January 2007 are valued and recognised in accordance with the principles of IFRS 2.



### 3.11 Provisions

Provisions are recognised when the Group has a current legal or constructive obligation resulting from a past event, the obligation can be estimated reliably and it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation.

These provisions are estimated taking into account the most probable assumptions on the balance sheet date.

If the effect of the time value is significant, the provisions are discounted. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks inherent in the bond. The increase in the provision to reflect the passage of time is recognised in finance costs.

### 3.12 Turnover

Income corresponds to the fair value of the consideration received or to be received for goods sold in the course of business. Income from the sale of products is recognised in the income statement when the significant risks and benefits inherent in the ownership of the goods have been transferred to the buyer.

### 3.13 Research Tax Credit

Research tax credits are granted to companies by the French State to encourage them to carry out technical and scientific research. Companies that have qualifying expenses (research expenditure located in France or, since 1 January 2005, within the European Union or in another State party to the agreement on the European Economic Area and having concluded a tax convention with France containing an administrative assistance clause) benefit from a tax credit which can be used for the payment of corporate tax. This research tax credit is recognised as a subsidy, as a deduction from recognised research and development costs.

### 3.14 Other public aids

The Group benefits from a certain number of public aids, in the form of grants or conditional advances.

Government grants are capitalised when there is reasonable assurance that the company will comply with the conditions attached to the grants and that the grants are received.

Grants that compensate for expenses incurred by the Group are systematically recognised in the income statement over the period during which the expenses are recognised.

A non-repayable government loan is treated as a government grant if there is reasonable assurance that the business will meet the conditions for the loan repayment expense. If not, it is classified as a liability. Conditional advances, whether or not subject to interest, are intended to finance research programmes. They are reimbursable if the project is successful. These advances are recognised in financial liabilities and, if necessary, returned to income in the event of foreseeable failure of the project.

### 3.15 Classification of current expenses

Marketing costs include the costs of manufacturing, distributing, promoting and selling drugs.

Research and development expenses include the internal and external costs of studies carried out for the purpose of researching and developing new products as well as expenses related to regulatory affairs.

Expense recognition relating to ongoing research operations:

**I – With regard to expenses relating to ongoing research operations**, the costs are recognised according to the progress of the work, which is assessed based on the operational deadlines provided for in the contract, or if the contract does not specify such deadlines, pro rata temporis over the length of the contact on the balance sheet date.

**II – With regard to expenses relating to abandoned or discontinued research operations**, the costs are noted based on the general sales clauses of the subcontractor accepted by AB Science.

Administrative costs include the functions of General Management and Support (finance, general secretariat, etc.).

### 3.16 Operating lease payments

Operating lease payments are expensed on a straight-line basis over the term of the leasing agreement. The benefits received form an integral part of the total net rental costs and are recognised as expenses over the duration of the rental contract.

The AB Science group does not have any finance leases.

### **3.17 Financial income and expenses**

Net financial income includes interest on investments, interest payable on borrowings calculated using the effective interest rate method, the change in fair value of financial assets at fair value through profit or loss, impairment losses recognised as financial assets, foreign exchange gains and losses and discounting and reverse discounting effects.

Interest income is recognised in the income statement when acquired using the effective interest method.

### **3.18 Income tax**

Income tax (expense or income) includes the current tax expense (income) and the deferred tax expense (income).

The tax is recognised in the income statement unless it relates to items which are recognised directly in equity; in which case it is recognised in equity.

The tax payable is (i) the estimated amount of tax due in respect of the taxable profit for a period, determined using the tax rates that have been adopted or almost adopted on the balance sheet date, and (ii ) any adjustment to the amount of tax payable for previous periods.

Deferred tax is determined and recognised using the balance sheet approach of the variable carry-over method for all temporary differences between the carrying value of assets and liabilities and their tax bases. Deferred tax assets and liabilities are valued at tax rates whose application is expected over the period during which the asset will be realised and the liability settled, based on the tax regulations that have been adopted or are almost adopted on the closing date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to income taxes levied by the same tax authority, or on the same taxable entity, or on different taxable entities, but which intend to settle the tax assets and liabilities payable on the basis of their net amount or to realise the assets and settle the tax liabilities simultaneously.

A deferred tax asset is only recognised to the extent that it is probable that the group will have taxable future profits against which the corresponding temporary difference can be offset. Deferred tax assets are reviewed on each balance sheet date and are reduced to the extent that it is no longer likely that sufficient taxable profit will be available.

### **3.19 Earnings per share**

Basic earnings per share are calculated by dividing the earnings attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are determined by adjusting the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effect of all potential ordinary shares (stock options granted to employees).

## **4 Determination of fair value**

There are a number of accounting methods and disclosures that require the fair value of financial and non-financial assets and liabilities to be determined. The fair values have been determined for the purposes of valuation or information to be provided, using the following methods. Additional information on the assumptions used to determine the fair values is indicated, where applicable, in the notes specific to the asset or liability concerned.

- (i) Investment in equity and debt securities  
The fair value of financial instruments at fair value through profit and loss, investments held to maturity and available-for-sale financial assets is determined by reference to their last bid price quoted on the closing date. The fair value of financial investments held to maturity is determined solely for the purpose of financial reporting.
- (ii) Customers and other debtors

- The fair value of customers and other receivables is estimated based on the value of future cash flows, discounted at market interest rates on the balance sheet date.
- (iii) Non-derivative financial liabilities and financial liabilities valued at fair value  
For non-derivative financial liabilities, the fair value which is determined for the purposes of the information to be provided, is based on the value of future cash flows generated by the repayment of principal and interest, discounted at market interest rates on the closing date.  
For financial liabilities valued at fair value through profit or loss, the fair value is determined using financial valuation models (such as Monte-Carlo and Black-Scholes)
  - (iv) Share-based payment transactions  
The fair value of stock options granted to members of staff is assessed using the Black-Scholes formula.  
The data necessary for the valuation include the share price on the valuation date, the exercise price of the instrument, the expected volatility, the weighted average life of the instruments, the expected dividends and the risk-free interest rate (based on government bonds). The service and performance conditions attached to the transactions, which are not market conditions, are not taken into account when determining the fair value.

## 5 Financial risk management

The Group is exposed to the following risks linked to the use of financial instruments:

- Credit risk

Credit risk represents the risk of financial loss for the Group in the event that a client or counterparty to a financial instrument fails to fulfil its contractual obligations. This risk is mainly linked to receivables from customers and investment securities.

On the one hand, the Group has not yet entered an active marketing phase. There are therefore no significant receivables from customers. On the other hand, the Group limits its exposure to credit risk by investing in particular in liquid securities (term deposits). Management is not expecting a counterparty to default.

- Liquidity risk

Liquidity risk is the risk that the Group will experience difficulties settling its debts when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to settle its liabilities, when they fall due, under normal or "strained" conditions, without incurring unacceptable losses or damaging the Group's reputation.

Generally, the Group ensures that it has a sufficient cash position to meet the operational expenses expected for a period of 60 days.

The Group finances its activities by capital increases as and when required for the continuation of research programmes, as well as through grants and subsidies paid by organisations financing Scientific Research in France.

- Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and prices of equity instruments, will affect the Group's earnings or the value of the financial instruments held. The purpose of market risk management is to manage and control market risk exposure within acceptable limits, while optimising the profitability / risk ratio.

- Risk of change

The Group's foreign exchange risk is mitigated by the fact that research and development expenses are generated in the same currencies (USD, Euro) as the main anticipated income flows (territory of the United States and the European Union).

- Rate risk

The group is not significantly exposed to interest rate risk since, to date, it has only limited recourse to financial institutions to finance its activity.

- Capital risk

As part of its capital management, the Company aims to preserve its operating continuity by not exposing its shareholders to an inappropriate dilution risk.

## 6 Intangible assets

The development of intangible assets during the years 2019 and 2020 is as follows:

| <i>(in thousands of euros)</i> | Gross value | Depreciation & impairment loss | Net value |
|--------------------------------|-------------|--------------------------------|-----------|
| 31 Dec 18                      | 3,776       | (2,204)                        | 1,572     |
| Acquisitions / Allocation      | 275         | (430)                          | (155)     |
| Divestment/ Disposal           | (310)       | 310                            | 0         |
| 31 Dec 19                      | 3,741       | (2,324)                        | 1,417     |
| Acquisitions / Allocation      | 323         | (269)                          | 54        |
| Divestment/ Disposal           | (15)        | 15                             | 0         |
| 31 Dec 20                      | 4,048       | (2,577)                        | 1,471     |

Intangible assets consist mainly of patents (1,471,000 euros in net value as of 31 December 2020 and 1,411,000 euros in net value as of 31 December 2019). These patents have been capitalised in accordance with the capital asset criteria described in Note 3.6.

No impairment losses have been recognised in accordance with the policies described in Note 3.9, nor has fair value been used as the deemed cost of an intangible asset.

## 7 Tangible assets

Tangible assets are analysed as follows:

### Gross value

| <i>(in thousands of euros)</i> | Technical installations, hardware and industrial tooling | Various fittings | Office equipment, IT hardware and furniture | Total |
|--------------------------------|--|------------------|---|-------|
| 31 Dec 18                      | 544  | 158              | 409   | 1,111 |
| Acquisitions / Appropriation   | 100  | 0                | 15  | 115   |
| Divestment/ Disposal           |  |                  | (5)   | (5)   |
| Translation differences        |  |                  |   | 0     |
| 31 Dec 19                      | 644  | 158              | 420   | 1,221 |
| Acquisitions / Appropriation   | 24   | 0                | 23  | 47    |
| Divestment / Disposal          |  |                  | (5)   | (5)   |
| Translation differences        |  |                  |   | 0     |
| 31 Dec 20                      | 668  | 158              | 438   | 1,263 |

### Depreciation

| <i>(in thousands of euros)</i>    | Technical installations, hardware and industrial tooling | Various fittings | Office equipment, IT hardware and furniture | Total   |
|-----------------------------------|--|------------------|---|---------|
| Cumulative as of 31 December 2018 | (477)  | (147)            | (336)                                       | (960)   |
| Allocations                       | (36)   | (3)              | (36)  | (75)    |
| Divestment/disposal reversals     |  |                  | 5   | 5       |
| Translation differences           |  |                  |   |         |
| Cumulative as of 31 December 2019 | (513)  | (150)            | (367)                                       | (1,028) |
| Allocations                       | (39)   | (3)              | (36)  | (77)    |

|                                   |       |       |       |         |
|-----------------------------------|-------|-------|-------|---------|
| Divestment/disposal reversals     |       |       | 5     | 5       |
| Translation differences           |       |       |       |         |
| Cumulative as of 31 December 2020 | (552) | (153) | (398) | (1,101) |

#### Net values

| (in thousands of euros) | Technical installations, hardware and industrial tooling | Various fittings | Office equipment, IT hardware and furniture | Total |
|-------------------------|--|------------------|---|-------|
| 31 December 2018        | 66   | 11               | 75  | 153   |
| 31 December 2019        | 130  | 9                | 54  | 193   |
| 31 December 2020        | 116  | 6                | 41  | 163   |

No impairment losses have been recognised in accordance with the IAS 36 standard, nor has fair value been used as the deemed cost of an intangible asset on the date of the initial application of IFRS. No tangible assets have been pledged as collateral.

### 8 Usage rights

The usage rights are related to the office rental contracts. The duration of the rentals used to determine the usage right corresponds to the contractual duration of the various leases.

| (in thousands of euros)          | 31.12.2020 | 31.12.2019 |
|----------------------------------|------------|------------|
| IFRS 16 application              | 2,4052,405 | 2,327      |
| Asset inputs                     | 0          | 0          |
| Accumulated depreciation charges | (743)      | (348)      |
| Terminations                     | 0          | 0          |
| TOTAL                            | 1,662      | 1,979      |

### 9 Inventories

Inventories amounted to €79K as of 31 December 2020 compared to €230K as of 31 December 2019 and can be analysed as follows:

| (in €K and net values)                              | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Inventories of raw materials and active ingredients | 17         | 0          |
| Inventories of intermediate products                | 50         | 204        |
| Inventories of finished products                    | 11         | 27         |
| Total inventories                                   | 79         | 230        |

### 10 Trade accounts receivable

This item is analysed as follows:

| (in thousands of euros)          | 31.12.2020 | 31.12.2019 |
|----------------------------------|------------|------------|
| Other trade accounts receivables | 367        | 197        |
| Depreciation                     | (13)       | 0          |
| Trade accounts receivables - net | 355        | 197        |

### 11 Other current and non-current assets

Other current and non-current assets are analysed as follows:

| (in thousands of euros) | 31.12.2020 | 31.12.2019 |
|-------------------------|------------|------------|
|-------------------------|------------|------------|

|                                     | Non-current | Current      | Non-current | Current      |
|-------------------------------------|-------------|--------------|-------------|--------------|
| Research tax credit (1)             | -           | 3,308        | -           | 4,122        |
| VAT receivables                     | -           | 1,027        | -           | 1,243        |
| Subsidies receivable (2)            | -           | 0            | -           | 70           |
| Suppliers' receivables              | -           | 211          | -           | 199          |
| Other receivables (3)               | -           | 173          | -           | 979          |
| Conditional advances receivable (4) | -           | 0            | -           | 865          |
| Deferred charges                    | -           | 513          | -           | 483          |
| <b>TOTAL</b>                        | <b>0</b>    | <b>5,232</b> | <b>0</b>    | <b>7,962</b> |

- (1) The total of the research tax credit as of 31 December 2020 is €3,308K. The research tax credit for 2019 of €4,122K was repaid in October 2020.
- (2) Subsidies receivable: subsidies receivable relating to BPI France are recorded as assets when the conditions set for their payment are substantially met.
- (3) Other receivables include credits to be received from suppliers and advances to staff.
- (4) As of 31 December 2019, this concerns the provision for the conditional advance to be received from BPI France as part of a clinical development project in respect of expenses incurred during the financial year, an advance received in May 2020.

## 12 Current and non-current financial assets

### 12.1. Details of financial assets

Current and non-current financial assets are analysed as follows:

| (in thousands of euros) | 31.12.2020                   |                          | 31.12.2019                   |                          |
|-------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
|                         | Non-current financial assets | Current financial assets | Non-current financial assets | Current financial assets |
| Others                  | 67                           |                          | 67                           |                          |
| <b>TOTAL</b>            | <b>67</b>                    | <b>0</b>                 | <b>67</b>                    | <b>0</b>                 |

Non-current financial assets relate to deposits paid as rental guarantees.

### 12.2. Change in financial assets

As of 31 December 2020:

| (in thousands of euros) | 01.01.2020 | Increases | Reductions | Others | 31.12.2020 |
|-------------------------|------------|-----------|------------|--------|------------|
| Others                  | 67         | 2         | 2          |        | 67         |
| Financial assets        | 67         | 2         | 2          | 0      | 67         |

As of 31 December 2019:

| (in thousands of euros) | 01.01.2019 | Increases | Reductions | Others | 31.12.2019 |
|-------------------------|------------|-----------|------------|--------|------------|
| Others                  | 55         | 15        | 2          |        | 67         |
| Financial assets        | 55         | 15        | 2          | 0      | 67         |

## 13 Cash and cash equivalents

Net cash at opening:

| (in thousands of euros)                              | 01.01.2020 | 01.01.2019 |
|--|------------|------------|
| Liquid assets  | 5,695      | 5,559      |
| Term deposits  | 0          | 6,000      |
| Cash and cash equivalents on the balance sheet       | 5,695      | 11,560     |
| Bank overdrafts                                      | 0          | 0          |
| Cash and cash equivalents in the cash flow statement | 5,695      | 11,560     |

Net cash at closing:

| (in thousands of euros)                              | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Liquid assets  | 20,660     | 5,695      |
| Term deposits  | 0          | 0          |
| Cash and cash equivalents on the balance sheet       | 20,660     | 5,695      |
| Bank overdrafts                                      | 0          | 0          |
| Cash and cash equivalents in the cash flow statement | 20,660     | 5,695      |

As a reminder, only term deposits with a maturity of three months or less from the date of acquisition are included in cash and cash equivalents. Term deposits with a maturity of more than three months are classified as financial assets.

## 14 Share capital

The change in share capital is as follows:

| (in euros)  | Number of shares | of which are ordinary shares (class A) | of which are preference shares convertible into ordinary shares (class B) | of which are preference shares 2016 (class C) | of which are preference shares (class D) | Nominal value | Share capital |
|---|------------------|--|---|---|--|---------------|---------------|
| Share capital as of 31 December 2019  | 44,060,297       | 43,493,433                             | 41,458  | 0   |  | 0.01          | 435,348.91    |
| Increase in capital following the contribution of a private fund - March 2020         | 860,220          | 860,220                                |   |   |  | 0.01          | 8,602.20      |
| Increase in capital following the exercise of BSAs - March 2020                       | 224,507          | 224,507                                |   |   |  | 0.01          | 2,245.07      |
| Increase in capital following the exercise of stock options - August 2020             | 353              | 353                                    |   |   |  | 0.01          | 3.53          |
| Increase in capital following the issue of Class D preference shares - September 2020 | 6,000,000        |  |   |   |  | 0.01          | 0             |
| Increase in capital following the exercise of BSAs - September 2020                   | 233,266          | 233,266                                |   |   |  | 0.01          | 2,332.66      |
| Increase in capital following the exercise of BSAs - December 2020                    | 20,000           | 20,000                                 |   |   |  | 0.01          | 200.00        |
| Increase in capital following the exercise of stock options - December 2020           | 1,267            | 1,267                                  |   |   |  | 0.01          | 12.67         |

|  |            |            |        |   |   |      |            |
|--|------------|------------|--------|---|---|------|------------|
| Increase in capital following the conversion of bonds - December 2020            | 328,291    | 328,291    |        |   |   | 0.01 | 3,282.91   |
| Increase in capital following the contribution of a private fund - December 2020 | 728,156    | 728,156    |        |   |   | 0.01 | 7,281.56   |
| Share capital as of 31 December 2020   | 52,456,357 | 45,889,493 | 41,458 | 0 | 0 | 0.01 | 459,309.51 |

These totals exclude share subscription warrants (BSAs) or business creators' shares (BSPCEs) and subscription options granted to certain investors and individuals, including employees of the Company.

In March 2020, the capital was increased by :

- ✓ 8,602.2 euros as a result of the contribution of a private fund
- ✓ 2,245.07 euros as a result of the exercise of share subscription warrants

In August 2020, the capital was increased by 3.53 euros following the exercise of stock options

In September 2020, the capital was increased by :

- ✓ 60,000 euros following the issue of class D preference shares, capital increase restated in accordance with IFRS
- ✓ 2,332.66 euros as a result of the exercise of share subscription warrants

In December 2020, the capital was increased by :

- ✓ 200 euros as a result of the exercise of share subscription warrants
- ✓ 12.67 euros as a result of the exercise of stock options
- ✓ 3,282.91 as a result of converting convertible bonds into shares
- ✓ 7,281.56 euros as a result of the contribution of a private fund

Furthermore, AB Science Group's capital, which amounted to 459,309.51 euros as of 31 December 2020, takes into account the reclassification of the amount of the capital increase related to the issuance of preference shares (class C) to financial liabilities, incorrectly recorded as share capital in 2016 (5,254.06 euros) and the recognition of the issuance of preference shares (class D) to financial liabilities.

At the General Meeting of 31 December 2009, a double voting right that conferred on the other shares, having regard to the proportion of the share capital they represent, is granted to all fully paid shares for which it can be proven that the shares have been registered for at least two years in the name of the same shareholder, it being specified that the starting point of this two-year period may not be before 1 April 2010.

This right is also conferred from the point of issue in the event of a capital increase by incorporation of reserves, profits or share premiums, on registered shares allocated free of charge to a shareholder in respect of by: old shares for which he or she already has this right.

As of 31 December 2020, the capital of the AB Science group was composed of 45,930,951 shares, of which 17,727,090 shares have double voting rights

## 15 Provisions

Provisions are broken down as follows:

|                                 | 31.12.2020   |            |              | 31.12.2019  |            |              |
|---------------------------------|--------------|------------|--------------|-------------|------------|--------------|
| (in thousands of euros)         | Non-current  | Current    | Total        | Non-current | Current    | Total        |
| Litigation                      |              | 516        | 516          |             | 237        | 237          |
| Provision for employee benefits | 1,281        |            | 1,281        | 817         |            | 817          |
| <b>TOTAL</b>                    | <b>1,281</b> | <b>516</b> | <b>1,797</b> | <b>817</b>  | <b>237</b> | <b>1,054</b> |



The changes in provisions in the years 2019 and 2020 are as follows:

| <i>(in thousands of euros)</i> | Litigation | Provision for employee benefits | Total |
|--------------------------------|------------|---------------------------------|-------|
| 31 Dec 18                      | 145        | 718                             | 863   |
| Allocations                    | 181        | 129                             | 310   |
| Change in OCI                  |            | (30)                            | (30)  |
| Reversals used                 | (11)       |                                 | (11)  |
| Reversals not used             | (78)       |                                 | (78)  |
| 31 Dec 19                      | 237        | 817                             | 1,054 |
| Allocations                    | 326        | 128                             | 455   |
| Change in OCI                  |            | 337337                          | 337   |
| Reversals used                 |            |                                 | 0     |
| Reversals not used             | (47)       |                                 | (47)  |
| 31 Dec 20                      | 516        | 1,281                           | 1,798 |

The provision for disputes amounting to €516K on 31 December 2020 is mainly related to labour disputes arising from the termination of employment contracts and disputes with suppliers.

#### Provision for employee benefits

The provision for employee benefits corresponds to the provision for retirement allowances for the Group's employees. No funds have been set aside to cover the corresponding obligation, which is calculated on the basis of a discount rate of 0.30% compared to 0.85% in 2019.

## **16 Financial liabilities**

### 16.1. Current / non-current distribution

Distribution between current and non-current financial assets is as follows:

| <i>(in thousands of euros)</i>                        | 31.12.2020  |         | 31.12.2019  |         |
|---|-------------|---------|-------------|---------|
|   | Non-current | Current | Non-current | Current |
| Conditional advances                                  | 10,197      | 0       | 10,197      | 0       |
| Line of credit/loan                                   | 938         | 4,367   | 5           | 6       |
| Other financial liabilities and financial instruments | 12,845      |         | 12,345      | 0       |
| Payable incurred interest                             |             | 3       |             | 1       |
| Financial liabilities                                 | 23,979      | 4,370   | 22,546      | 7       |

### 16.2. Conditional and repayable advances

#### *Variation in conditional and repayable advances*

As of 31 December 2020

| <i>(in thousands of euros)</i> | 31.12.2019 | Collections/<br>receivables | Refunds/<br>withdrawals | LT/CT<br>reclassifications | Discounting<br>effect | 31.12.2020 |
|--------------------------------|------------|-----------------------------|-------------------------|----------------------------|-----------------------|------------|
| Non-current                    | 10,196     |                             |                         |                            |                       | 10,196     |
| Current                        | 0          |                             |                         |                            |                       | 0          |

As of 31 December 2019

| <i>(in thousands of euros)</i> | 31.12.18 | Collections/<br>receivables | Refunds/<br>withdrawals | LT/CT<br>reclassifications | Discounting<br>effect | 31/12/2019 |
|--------------------------------|----------|-----------------------------|-------------------------|----------------------------|-----------------------|------------|
| Non-current                    | 9,331    | 865                         |                         |                            |                       | 10,196     |
| Current                        | 0        |                             |                         |                            |                       | 0          |

Conditional advances, whether or not subject to interest, are intended to finance research programmes. These advances, whether or not subject to interest, are repayable in the event that the programme which received the aid is successful.

#### *Schedule of conditional and repayable advances*

As of 31 December 2020:

| (in thousands of euros) | 31.12.20 | Less than 1 year | than 2 years | than 3 years | than 4 years | than 5 years | More than 5 years |
|-------------------------|----------|------------------|--------------|--------------|--------------|--------------|-------------------|
| Total advances          | 10,196   |                  |              |              |              |              | 10,196            |

As of 31 December 2019:

| (in thousands of euros) | 31.12.2019 | Less than 1 year | than 2 years | than 3 years | than 4 years | than 5 years | More than 5 years |
|-------------------------|------------|------------------|--------------|--------------|--------------|--------------|-------------------|
| Total advances          | 10,196     |                  |              |              |              |              | 10,196            |

### 16.3. Bank loans

The company concluded:

- ✓ in October 2018, a loan from BNP Paribas for an amount of €18K at a fixed rate of 2.06% for a period of 36 months
- ✓ in June 2020 a loan issued as part of the pre-financing of the 2019 research tax credit of \$5.1 million, repaid in full in January 2021
- ✓ in September 2020, a loan from BPIFrance for an amount of 1 million euros at a fixed rate of 2.25% for a period of 60 months

### 16.4. Other financial liabilities

The bonds authorised by the Board of Directors on 24 May 2013 making use of the delegation granted by the General Meeting of 30 March 2012, subscribed and released at the beginning of June 2013 with a nominal value of 12.3 million euros, were converted in December 2016 into preference shares (525,406 preference shares of class C) and various categories of BSA. An agreement ratified by the Extraordinary General Meeting of 16 December 2020 was implemented, which consisted of revising of the terms and conditions of the 525,406 Class C preference shares to allow the conversion of these Class C preference shares in several tranches until December 2021.

The capitalised BSAs were exercised by their holders in September 2020. In accordance with their terms and conditions, the exercise of all the capitalised BSAs gave rise to the issue of 233,266 ordinary shares in exchange for the payment of a total exercise price of 2,332.66 euros by the holders of capitalised BSAs.

These preference shares are defined as debt instruments and are therefore recognised as financial liabilities. These instruments are valued at fair value on each balance sheet date, the change in fair value being recognised in financial income.

They are classified as level 3 because they are valued using valuation models (Monte Carlo valuation method for preference shares which use, in particular, unobservable market data (volatility of the company's share price).

The main assumptions used for the valuation of these instruments are as follows:

- Closing share price
- The risk-free interest rate (Euribor for maturities of less than one year and Euro Swap for maturities of more than one year)
- Historical volatility (50%)
- Dividends (zero)

For preference shares, the assumptions with the strongest influence on the valuation of these instruments are volatility (an increase in volatility leading to an increase in valuation) and the change in the closing share price (a decrease in the closing share price having a downward impact on valuation).

The sensitivity analysis below illustrates the impact of changes in these two variables on the fair value of these instruments:

| Volatility | Total value (€) | Reference price (€) | Total value (€) |
|------------|-----------------|---------------------|-----------------|
| 40%        | 12,378,669      | 4.00                | 7,147,811       |
| 45%        | 12,457,023      | 4.60                | 7,867,372       |
| 50%        | 12,538,309      | 10.00               | 9,857,747       |

|     |            |       |            |
|-----|------------|-------|------------|
| 55% | 12,590,621 | 16.00 | 11,236,193 |
| 60% | 12,674,180 | 22.00 | 13,594,772 |

As of 31 December 2020, the fair value of the class C preference shares is 12.5 million euros. The change in fair value recorded in the financial result is a loss of €199K, with no impact on cash.

On 1 September 2020, the Board of Directors, using the delegation granted by the general meeting of 31 August 2020, authorised the issue of 6,000,000 preference shares (class D) with a nominal value of 0.01 euros each.

These preference shares (class D) are also defined as debt instruments and are therefore recognised as financial liabilities.

These instruments are valued at fair value on each balance sheet date, the change in fair value being recognised in financial income.

As of 31 December 2020, the fair value of the class D preference shares is €241k, recorded in the financial result and without impact on cash.

## 17 Other current and non-current liabilities

Other current and non-current liabilities are broken down as follows:

| (in thousands of euros) | 31.12.20    |              | 31.12.19    |              |
|-------------------------|-------------|--------------|-------------|--------------|
|                         | Non-current | Current      | Non-current | Current      |
| Social liabilities      | -           | 3,690        | -           | 3,365        |
| Tax liabilities         | -           | 331          | -           | 506          |
| Other debts             | -           | 33           | -           | 74           |
| <b>TOTAL</b>            | -           | <b>4,054</b> | -           | <b>3,946</b> |

Social liabilities include the provision for paid leave and the corresponding social security charges, as well as the contributions due to the various social security organisations.

Due to the COVID-19 pandemic, the increase in social debts results from the deferral of payment of URSSAF contributions requested by AB Science and granted by the URSSAF. The sum of the deferred contributions amounts to €308K and the payment will be made according to a payment schedule from December 2020 to January 2022.

## 18 Rental obligations

The rental obligations relate to the application of the IFRS 16 standard and are broken down as follows:

| (in thousands of euros) | 31.12.2020   |            | 31.12.2019   |            |
|-------------------------|--------------|------------|--------------|------------|
|                         | Non-current  | Current    | Non-current  | Current    |
| Rental obligations      | 1,390        | 361        | 1,679        | 333        |
| <b>TOTAL</b>            | <b>1,390</b> | <b>361</b> | <b>1,679</b> | <b>333</b> |

## 19 Turnover

The Company's turnover from the commercial operation of masitinib in veterinary medicine amounted to €1,583K.

## 20 Public subsidies and funding

The Company receives aid from the French State and local authorities in several forms:

- Conditional advances repayable under certain conditions,
- Operating subsidies and
- Research tax credit.

### 20.1. Conditional subsidies and funding

Conditional advances are disclosed in Note 15 Financial liabilities.

### 20.2. Operating subsidies

Since its creation, due to its innovative nature, the Company has received a certain number of grants or subsidies from the State or public authorities to finance its operations or specific recruitment.

In contrast to conditional advances:

- The Company is confident that it will comply with the conditions attached to these subsidies.
- These subsidies are not refundable.

These subsidies are recorded in the profit and loss statement for the reporting year for the corresponding charges or expenses for the amounts indicated in the table below:

| in thousands of euros | 31.12.20 | 31.12.19 |
|-----------------------|----------|----------|
| Subsidies             | 1        | 0        |

These subsidies are recorded as a deduction from research and development expenditure.

### 20.3. Research tax credit

The Company benefits from the provisions of the General Tax Code pertaining to the research tax credit. The research tax credit is deducted from eligible research expenditure during the year to which the expenditure relates.

The following table presents the changes in the research tax credit recorded in the profit and loss statement:

| <i>(in thousands of euros)</i> | 31.12.20 | 31.12.19 |
|--------------------------------|----------|----------|
| Research Tax Credit 2020       | 3,308    |          |
| Research Tax Credit 2019       |          | 4,122    |
| TOTAL                          | 3,308    | 4,122    |

Since its creation, the Company has benefited from the systematic reimbursement of the entire Research Tax Credit (RTC) in the year of its declaration, i.e. the year following that in which it is recorded in the profit and loss statement. For financial years prior to 2008, this immediate reimbursement of the research tax credit is due to having the status of young innovative company, and for financial years from 2008 onwards, it is due to the provisions of the economic stimulus package initiated by the government in 2008.

## 21 Personnel costs

### 21.1. Workforce

As of 31 December 2020, the Group had 92 employees (including 1 in the US subsidiary) compared to 103 on 31 December 2019.

The breakdown of the workforce is as follows:

|  | 31.12.20 | 31.12.19 |
|--|----------|----------|
| Commercial Department                  | 3        | 4        |
| Drug Discovery and Clinical Department | 80       | 90       |
| Management Department                  | 9        | 9        |
| TOTAL                                  | 92       | 103      |

### 21.2. Personnel costs

The personnel costs recorded in the profit and loss statement include the following items:

| <i>(in thousands of euros)</i> | 31.12.20 | 31.12.19 |
|--------------------------------|----------|----------|
| Wages and salaries             | 6,745    | 7,361    |
| Social contributions           | 2,316    | 2,584    |
| Share-based payments           | 95       | 119      |
| Personnel costs                | 9,155    | 10,064   |

These expenses are broken down in the profit and loss statement as follows:

| <i>(in thousands of euros)</i> | 31.12.20 | 31.12.19 |
|--------------------------------|----------|----------|
| Marketing costs                | 224      | 446      |
| Administrative costs           | 1,075    | 933      |
| Research and development costs | 7,856    | 8,686    |

|                 |       |        |
|-----------------|-------|--------|
| Personnel costs | 9,155 | 10,064 |
|-----------------|-------|--------|

The Company introduced a profit-sharing agreement in December 2008 which has not yet resulted in any payments to employees due to the existence of a tax deficit.

## 22 Share-based payments

The annual accounting cost of all share-based payments to employees is as follows:

|                                |          |          |
|--------------------------------|----------|----------|
| <i>(in thousands of euros)</i> | 31.12.20 | 31.12.19 |
| Stock option plans             | 4        | 23       |
| BSPCE and BSA plans            | 19       | 19       |
| AGAP plan                      | 72       | 77       |
| Total                          | 95       | 119      |

## 22.1. Share subscription option plans

The following table shows the main characteristics of the plans being acquired:

|  | PLANS      |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | SO33C      | SO10A      | SO10B      | SO10C      | SO4A       | SO4B       | SO5A       | SO4C       | SO5B       | SO5C       |
| Date of issuance by the Board of Directors       | 15/09/2009 | 18/03/2010 | 03/02/2010 | 03/02/2010 | 01/07/2010 | 29/10/2010 | 29/10/2010 | 03/09/2011 | 03/09/2011 | 17/02/2012 |
| Vesting date                                     | 15/09/2012 | 18/03/2014 | 03/02/2013 | 03/02/2013 | 01/07/2014 | 29/10/2014 | 29/10/2014 | 03/09/2015 | 03/09/2015 | 17/02/2016 |
| Plan maturity                                    | 15/09/2019 | 18/03/2020 | 03/02/2020 | 03/02/2020 | 30/06/2020 | 28/10/2020 | 28/10/2020 | 02/09/2021 | 02/09/2021 | 16/02/2022 |
| Number of shares assigned                        | 112        | 290000     | 10         | 9          | 5985       | 4015       | 97472      | 1334       | 102102     | 14000      |
| Ratio of options to shares (nominal value €0.01) | 1000       | 1          | 1000       | 1000       | 1          | 1          | 1          | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 7680.00    | 15.61      | 12280.00   | 12280.00   | 12.65      | 12.65      | 12.65      | 7.14       | 7.14       | 12.25      |
| Performance conditions                           | N/A        | Yes        | Yes        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |

|  | PLANS      |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | SO4D       | SO5D       | SO5E       | SO6A       | SO6B       | SO6C       | SO6D       | SO6E       | SO7A       | SO9A       |
| Date of issuance by the Board of Directors       | 30/08/2012 | 17/02/2012 | 26/02/2013 | 14/05/2014 | 29/08/2014 | 24/04/2015 | 06/10/2015 | 28/04/2016 | 30/04/2018 | 06/12/2018 |
| Vesting date                                     | 30/08/2016 | 17/02/2016 | 26/02/2017 | 14/05/2018 | 29/08/2018 | 24/04/2019 | 06/10/2019 | 28/04/2020 | 30/04/2022 | 06/12/2022 |
| Plan maturity                                    | 28/08/2022 | 16/02/2022 | 26/02/2023 | 13/05/2024 | 28/08/2024 | 23/04/2025 | 05/10/2025 | 27/04/2026 | 30/04/2028 | 06/12/2028 |
| Number of shares assigned                        | 1373       | 196466     | 1500       | 116335     | 10875      | 79940      | 15550      | 110640     | 53000      | 25120      |
| Ratio of options to shares (nominal value €0.01) | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 10.18      | 10.18      | 16.89      | 11.96      | 10.03      | 15.8       | 13.01      | 17.29      | 12.65      | 12.00      |
| Performance conditions                           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |

|  | PLANS      |            |            |            |
|--|------------|------------|------------|------------|
|  | SO19A      | SO19B      | SO20A      | SO20B      |
| Date of issuance by the Board of Directors       | 20/05/2019 | 10/07/2019 | 17/02/2020 | 01/09/2020 |
| Vesting date                                     | 31/07/2019 | 31/07/2019 | 17/02/2024 | 01/09/2024 |
| Plan maturity                                    | 31/12/2022 | 31/12/2022 | 16/02/2034 | 31/08/2034 |
| Number of shares assigned                        | 274000     | 59000      | 65000      | 143650     |
| Ratio of options to shares (nominal value €0.01) | 1          | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 12         | 12         | 12.65      | 12.65      |
| Performance conditions                           | Yes        | Yes        | N/A        | N/A        |

#### *Plan valuation*

The plans, for which the valuation has an impact on the 2020 accounts, are presented below:

| <i>(in thousands of euros)</i>                 | SO6E    | SO7A    | SO9A    | SO2019A | SO2019B | SO2020A | SO2020B | TOTAL |
|--|---------|---------|---------|---------|---------|---------|---------|-------|
| Accounting cost 2020                           | 2.3     | 0.3     | 0.1     |         |         | 0.6     | 0.5     | 3.8   |
| Accounting cost 2019                           | 7.0     | 0.3     | 0.1     | 11.0    | 2.4     |         |         | 23.4  |
| Accounting cost 2018                           | 7.0     | 0.2     | 0.0     |         |         |         |         | 17.9  |
| <i>Main assumptions</i>                        | SO6E    | SO7A    | SO9A    | SO2019A | SO2019B | SO2020A | SO2020B |       |
| Value of the underlying                        | €19.21  | € 4.92  | € 3.73  | € 5.17  | € 5.17  | € 8.22  | € 8.79  |       |
| Exercise price                                 | € 17.29 | € 12.65 | € 12.00 | € 12.00 | € 12.00 | € 12.65 | € 12.65 |       |
| Expected volatility                            | 35.00%  | 60.00%  | 60.00%  | 50.00%  | 50.00%  | 50.00%  | 50.00%  |       |
| Average life of the option ( <i>in years</i> ) | 7       | 7       | 7       | 7       | 7       | 7       | 7       |       |
| Turnover                                       | 38.3%   | 46.2%   | 46.1%   | N/A     | N/A     | 46.6%   | 46.6%   |       |
| Discount rate                                  | -0.2%   | -0.1%   | -0.3%   | 0.00%   | 0.00%   | -0.31%  | 0.39%   |       |
| Fair value option                              | € 7.44  | € 1.82  | € 1.20  | € 0.04  | € 0.04  | € 3.13  | € 3.60  |       |

*Development of the number of valid options*

For all these plans, the development of the number of valid options is as follows:

| <i>(in number of options, with division of the nominal value by 1000)</i> | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Options outstanding at the beginning of the fiscal year                   | 767,812    | 460,588    |
| Options assigned  | 208,650    | 333,000    |
| Options exercised   | -1,620     | 0          |
| Options cancelled   | -34,944    | -25,729    |
| Options expired   | -25,654    | -47,00     |
| Options outstanding at the end of the fiscal year                         | 914,244    | 767,812    |

The breakdown of the closing total is as follows:

| <i>(in number of options)</i>    | 31.12.2020     | 31.12.2019     |
|----------------------------------|----------------|----------------|
| <b>Plans prior to 07/11/2002</b> |                |                |
| SO11A                            | 0              | 0              |
| SO11B                            | 0              | 0              |
| <b>Plans after 07/11/2002</b>    |                |                |
| SO11C                            | 0              | 0              |
| SO22A                            | 0              | 0              |
| SO22B                            | 0              | 0              |
| SO22C                            | 0              | 0              |
| SO22D                            | 0              | 0              |
| SO33A                            | 0              | 0              |
| SO33B                            | 0              | 0              |
| SO33C                            | 0              | 0              |
| SO10A                            | 116,000        | 116,000        |
| SO10B                            | 0              | 0              |
| SO10C                            | 0              | 1,00           |
| SO4A                             | 0              | 1,826          |
| SO4B                             | 0              | 1145           |
| SO4C                             | 0              | 353            |
| SO5A                             | 0              | 22,682         |
| SO5B                             | 22,455         | 24,183         |
| SO5C                             | 0              | 0              |
| SO4D                             | 0              | 0              |
| SO5D                             | 44,184         | 46,737         |
| SO5E                             | 0              | 0              |
| SO6A                             | 40,340         | 44,150         |
| SO6B                             | 875            | 875            |
| SO6C                             | 33,180         | 36,180         |
| SO6D                             | 9,000          | 9,000          |
| SO6E                             | 54,440         | 58,060         |
| SO7A                             | 27,000         | 48,500         |
| SO9A                             | 25,120         | 25,120         |
| SO2019A                          | 274,000        | 274,000        |
| SO2019B                          | 59,000         | 59,000         |
| SO2020A                          | 65,000         |                |
| SO2020B                          | 143,650        |                |
| <b>TOTAL</b>                     | <b>914,244</b> | <b>767,812</b> |



## 22.2. Plans for subscription warrants for business creator shares

### Characteristics of the plans valid at closing

|  | PLANS AFTER 07/11/2002 OR VESTING AFTER 01/01/2007 |            |            |            |            |            |            |            |            |
|--|--|------------|------------|------------|------------|------------|------------|------------|------------|
|  | BCE2007-A  | BCE2007-B  | BCE2008-A  | BCE2008-B  | BCE2008-C  | BCE2008-D  | BCE2010-A  | BCE2012    | BCE2013    |
| Date of issuance by the Board of Directors               | 17/06/2008   | 16/12/2008 | 13/01/2009 | 13/01/2009 | 19/11/2009 | 03/02/2010 | 03/02/2010 | 30/08/2012 | 22/04/2013 |
| Number of shares assigned                                | 1191   | 379        | 321        | 330 (max.) | 185        | 15         | 72588      | 3158636    | 40554      |
| Ratio of options to shares (nominal value €0.01)         | 1000   | 1000       | 1000       | 1000       | 1000       | 1000       | 1          | 1          | 1          |
| Acquisition conditions:<br><i>Performance conditions</i> | <i>Yes</i>   | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> |
| Plan maturity  | 31/12/2027   | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 |
| Exercise price ( <i>in euros</i> )                       | 7680.00  | 7680.00    | 7680.00    | 7680.00    | 7680.00    | 12280.00   | 12.28      | 12.50      | 18.74      |

### *Plans for subscription warrants for business creator shares*

Characteristics of the BCE2007A to BCE2010A plans:

The exercise conditions of the BCE2007A to BCE2010A plans have been met. These warrants can be exercised until 31 December 2027.

Characteristics of the BCE2012 and BCE2013 plans:

- The beneficiaries' right to exercise these BCEs is subject to the fulfilment of the following conditions:  
For each beneficiary, the exercise of 50% of the BCEs is conditional on the achievement of operational targets, and the exercise of 50% of the BCEs is conditional on the achievement of turnover targets, defined as follows:
  - i. The exercise of 5% of the BCEs is conditional upon the initiation of a confirmatory clinical study, marked by the inclusion of the first patient; the number of BCEs made exercisable for the initiation of confirmatory clinical studies cannot exceed 12.5% of the BCEs (i.e. 2 confirmatory studies each giving the right to exercise 5% of the BCEs and a third confirmatory study giving the right to exercise 2.5% of the BCEs).
  - ii. The exercise of 10% of the BCEs is conditional on obtaining a conditional registration or obtaining a cohort temporary authorisation for use, with the proviso that :
    - if the conditional registration or the granting of a cohort temporary authorisation for use follows the completion of a confirmatory study, then the number of BCEs made exercisable in this way is deducted from the number of BCEs made exercisable in respect of the opening of the confirmatory study (not cumulative of the two objectives);
    - the number of BCEs made exercisable in respect of these conditional registrations or cohort temporary authorisations for use may not exceed 25% of the BCEs (i.e. 2 conditional registrations or cohort temporary authorisations for use, each giving the right to exercise 10% of the BCEs, and a third conditional registration or cohort temporary authorisation for use, giving the right to exercise 5% of the BCEs).
  - iii. The exercise of 20% of the BCEs is conditional on obtaining a conditional registration or obtaining a marketing authorisation, with the proviso that :
    - if the marketing authorisation follows a confirmatory study and/or conditional registration/obtaining of a cohort temporary authorisation for use, then the number of BCEs made exercisable is deducted from the number of BCEs made exercisable in respect of the opening of the confirmatory study and/or conditional registration/obtaining of a cohort temporary authorisation for use (not cumulative of the three objectives);
    - the number of BCEs made exercisable in respect of these marketing authorisations may not exceed 50% (i.e. 2 registrations each giving the right to exercise 20% of the BCEs and a third registration giving the right to exercise 10% of the BCEs).
  - iv. The exercise of 12.5% of the BCEs is conditional upon masitinib first achieving annual net sales of one hundred million euros.
  - v. The exercise of 12.5% of the BCEs is conditional upon masitinib first achieving annual net sales of two hundred and fifty million euros.
  - vi. The exercise of 12.5% of the BCEs is conditional upon masitinib first achieving annual net sales of five hundred million euros.
  - vii. The exercise of 12.5% of the BCEs is conditional upon masitinib first achieving annual net sales of one billion euros.

### *Development of the number of valid options*

For all these plans, the development of the number of valid options is as follows:

| <i>(in number of options)</i>                           | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Options outstanding at the beginning of the fiscal year | 3,192,780  | 3,192,780  |
| Options assigned  | 0          | 0          |
| Options exercised                                       | 0          | 0          |
| Options cancelled                                       | 0          | 0          |
| Options expired   | 0          | 0          |
| Options outstanding at the end of the fiscal year       | 3,192,780  | 3,192,780  |

The breakdown of the closing total is as follows:

| <i>(in number of options)</i>                      | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Plans after 07/11/2002 or vesting after 01/01/2007 |            |            |
| BCE3A  | -          | -          |
| BCE3B  | -          | -          |
| BCE2007A   | 1,077      | 1,077      |
| BCE2007B   | 297        | 297        |
| BCE2008A   | 321        | 321        |
| BCE2008B   | 220        | 220        |
| BCE2008C   | 185        | 185        |
| BCE2008D   | 10         | 10         |
| BCE2010A   | 72,588     | 72,588     |
| BCE2012  | 3,077,528  | 3,077,528  |
| BCE2013  | 40,554     | 40,554     |
| TOTAL  | 3,192,780  | 3,192,780  |

## Plan valuation

In accordance with the principles set out in Note 3, plans granted after 7 November 2002 and not yet vested as of 1 January 2007 have been valued as follows

| (in thousands of euros) | BCE2007A | BCE2007B | BCE3A | BCE3B | BCE2008A | BCE2008B | BCE2008C | BCE2008-D | BCE2010-A | BCE2012 | BCE2013 | Total   |
|-------------------------|----------|----------|-------|-------|----------|----------|----------|-----------|-----------|---------|---------|---------|
| Initial valuation       | 900.7    | 220.9    | 84.4  | 88.3  | 191.4    | 105.4    | 95.2     | 17.4      | 122.8     | 189.5   | 2.4     | 2,018.3 |
| Accounting cost 2020    |          |          |       |       |          |          |          |           |           | 19.0    | 0.2     | 19.2    |
| Accounting cost 2019    |          |          |       |       |          |          |          |           |           | 19.0    | 0.2     | 19.2    |
| Accounting cost 2018    |          |          |       |       |          |          |          |           |           | 19.0    | 0.2     | 19.2    |

| Main assumptions                      | BCE2007A  | BCE2007B  | BCE3A     | BCE3B     | BCE2008A  | BCE2008B  | BCE2008C  | BCE2008-D  | BCE2010-A | BCE2012 | BCE2013 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|---------|---------|
| Value of the underlying               | €4,992.00 | €4,992.00 | €1,495.00 | €1,495.00 | €4,992.00 | €4,992.00 | €4,992.00 | €9,824.00  | € 9.82    | € 10.44 | € 19.00 |
| Exercise price                        | €7,680.00 | €7,680.00 | €2,300.75 | €2,300.75 | €7,680.00 | €7,680.00 | €7,680.00 | €12,280.00 | € 12.28   | € 12.50 | € 18.74 |
| Expected volatility                   | 32.27%    | 32.27%    | 32.27%    | 32.27%    | 32.27%    | 32.27%    | 32.27%    | 35.00%     | 35.00%    | 30.00%  | 30.00%  |
| Average life of the option (in years) | 3.6       | 3         | 5.7       | 6.0       | 3.3       | 3.3       | 3.1       | 3.0        | 3.0       | 5.5     | 5.5     |
| Turnover                              | 0.0%      | 0.0%      | 0.0%      | 0.0%      | 0.0%      | 0.0%      | 0.0%      | 0.0%       | 0.0%      | 0.0%    | 0.0%    |
| Average discount rate                 | 4.7%      | 2.1%      | 3.2%      | 3.2%      | 2.5%      | 2.5%      | 2.5%      | 2.5%       | 2.5%      | 0.5%    | 0.5%    |
| Average fair value of an option       | 756.28    | 582.80    | 331.42    | 346.86    | 596.20    | 596.86    | 542.56    | 1,735.22   | 1.69      | 0.06    | 0.06    |

### Plans allocated to company management

The Company awarded its Chairman and Chief Executive Officer subscription warrants for business creators' shares, the number and value of which as of 31 December 2020 and 31 December 2019 are as follows:

|  | 31.12.2020 |                   | 31.12.2019 |                   |
|--|------------|-------------------|------------|-------------------|
|  | Number     | Valuation (€,000) | Number     | Valuation (€,000) |
| Plans after 07/11/2002 or vesting after 01/01/2007 |            |                   |            |                   |
| BCE3A  | -          |                   | -          |                   |
| BCE3B  | -          |                   | -          |                   |
| BCE2007A   | 906        |                   | 906        |                   |
| BCE2007B   | 288        |                   | 288        |                   |
| BCE2008A   | 235        |                   | 235        |                   |
| BCE2008B   | 147        |                   | 147        |                   |
| BCE2008C   | 123        |                   | 123        |                   |
| TOTAL (A)  | 1,699      |                   | 1,699      |                   |
| BCE2010A   | 28,784     |                   | 28,784     |                   |
| BCE2012  | 1,902,792  | 11.6              | 1,902,792  | 11.6              |
| BCE2013  | 25,580     | 0.2               | 25,580     | 0.2               |
| TOTAL (A)  | 1,699      |                   | 1,699      |                   |
| TOTAL BCE 2010 A                                   | 28,784     |                   | 28,784     |                   |
| TOTAL BCE 2012                                     | 1,902,792  | 11.6              | 1,902,792  | 11.6              |
| TOTAL BCE 2013                                     | 25,580     | 0.2               | 25,580     | 0.2               |
| OVERALL TOTAL                                      | 1,958,855  | 11.7              | 1,958,855  | 11.7              |

### 22.3. Free preference share plan

#### Characteristics of the plan

|   | AGAP B1 and B2 | AGAP B3    | AGAP B4    |
|---|----------------|------------|------------|
| Date of issuance by the Board of Directors                              | 16/12/2015     | 28/12/2017 | 01/09/2020 |
| Number of shares authorised   | 33,999         | 7,550      | 3,687      |
| Number of options granted by the Board of Directors on 19 December 2016 | 33,751         |            |            |
| Number of options granted by the Board of Directors on 28 December 2017 | 180            |            |            |
| Number of options granted by the Board of Directors on 23 January 2019  |                | 7,527      |            |
| Ratio of options to shares (nominal value €0.01)                        | 1              | 1          | 1          |
| Acquisition conditions:   |                |            |            |
| <i>Attendance and performance conditions</i>                            | <i>Yes</i>     | <i>Yes</i> | <i>Yes</i> |
| Plan maturity   | 31/12/2024     | 31/12/2024 | 31/12/2024 |
| Exercise price (in euros)   | 0              | 0          | 0          |

The conditions for converting free shares are detailed in paragraph 8.6 of this report.

Plan valuation:

| <i>(in thousands of euros)</i> | AGAP B1 and B2 | AGAP B3 | AGAP B4 | Total   |
|--------------------------------|----------------|---------|---------|---------|
| Initial valuation              | 744.5          | 207.6   | 4.0     | 1,505.2 |
| Accounting cost 2020           | 41.9           | 29.7    | 0.3     | 71.8    |
| Accounting cost 2019           | 47.1           | 29.7    |         | 76.8    |
| Accounting cost 2018           | 82.7           | 29.7    |         | 112.4   |

## 23 Financial income and expenses

Financial income / (expenses) can be analysed as follows:

| <i>(in thousands of euros)</i>                    | 31.12.20 | 31.12.19 |
|---|----------|----------|
| Income from financial assets and cash investments | 0        | 0        |
| Currency gains                                    | 635      | 15       |
| Currency losses                                   | (389)    | (70)     |
| Discounting effect                                | 0        | 0        |
| Impairment of financial receivables               | 0        | 0        |
| Interest on loans and debts                       | (117)    | (17)     |
| Other financial income                            | 63       | 14       |
| Other financial costs                             | (480)    | (4,212)  |
| Total   | (289)    | (4,269)  |

The financial result at 31 December 2020 was a loss of €289K compared to a loss of €4,269K the previous year.

The loss of €289K is mainly related to the recognition of the change in fair value between 31 December 2019 and 31 December 2020 of the preference shares resulting from the conversion of bonds in December 2016 and the preference shares issued in September 2020 (class D) in other financial expenses (€440K) with no impact on cash.

## 24 Tax on profits

### 24.1. Deferred tax assets and liabilities

| (in thousands of euros)                                      | Financial year<br>ended on<br>31.12.2020 | Financial year<br>ended on<br>31.12.2019 |
|--|--|--|
| Temporary differences  | 213                                      | 278                                      |
| Restatement of fixed assets                                  | -121                                     | -164                                     |
| Pension commitments  | 340                                      | 253                                      |
| Tax losses carried forward (parent company and subsidiaries) | 76,370                                   | 72,056                                   |
| Deferred tax liability on bonds                              |  |  |
| Others   | 0  | 4  |
| TOTAL  | 76,801                                   | 72,428                                   |
| Of which:  |  |  |
| Deferred tax liability                                       | -121                                     | -160                                     |
| Deferred tax asset   | 76,922                                   | 72,587                                   |
| Net deferred tax assets/liabilities                          | 76,801                                   | 72,428                                   |
| Unrecognised deferred taxes                                  | -76,801                                  | -72,428                                  |
| Recognised deferred taxes                                    | 0  | 0  |

The sum of unrecognised deferred tax assets thus amounts to 76,801,000 euros as of 31 December 2020 and 72,428,000 euros as of 31 December 2019.

The Company has been generating tax losses for several years and is therefore not subject to current tax. Under current French regulations, tax losses can be carried forward indefinitely.

The Company does not recognise deferred tax assets for the following two reasons:

- The Company has begun to commercialise its molecule in animal medicine; nevertheless, as this is a new activity and the creation of a new market, (absence of comparables) and given the significant amounts of research and development investment envisaged for the future, the Company is not in a position to determine with enough reliability when this activity will enable it to eliminate the cumulative deficit.
- The Company plans to commercialise its molecule in human medicine and in such an eventuality it is likely that the tax loss can be absorbed. However, the Company's policy for recognising deferred tax debits is to consider probabilities of success only when they are sufficiently certain, i.e. once the results of the Phase 3 studies have been obtained.

#### 24.2. Reconciliation between actual and theoretical tax

Reconciliation between actual and theoretical tax is as follows:

| (in thousands of euros)                              | 31.12.20 | 31.12.19 |
|--|----------|----------|
| Net income   | (15,045) | (21,747) |
| Tax (expense)/income                                 | (8)      | (4)      |
| Result before tax                                    | (15,037) | (21,743) |
| Current tax rate in France                           | 28.00%   | 31.00%   |
| Theoretical tax at current French rate               | 4,210    | 6,740    |
| Non-taxable tax credits                              | 909      | 1,278    |
| Non-activation of deficits                           | (4,912)  | (6,600)  |
| Other non-deductible expenses and non-taxable income | (120)    | (85)     |
| Others (including tax rate differences)              | (96)     | (1,338)  |
| Group tax (expense)/income                           | (8)      | (4)      |
| Effective tax rate                                   | 0.1%     | 0.0%     |

## 25 Earnings per share

### 25.1. Basic earnings per share

Basic earnings per share are calculated based on the earnings attributable to holders of shares and a weighted average number of shares outstanding during the fiscal year.

|   | 31.12.20   | 31.12.19   |
|---|------------|------------|
| Net result (in thousands of euros)                            | (15,045)   | (21,747)   |
| Weighted average number of shares outstanding during the year | 44,225,682 | 39,398,801 |
| Earnings per share  | (0.34)     | (0.55)     |

### 25.2. Diluted earnings per share

Diluted earnings per share are calculated based on the earnings attributable to holders of shares and a weighted average number of shares outstanding, adjusted for the effects of all potential dilutive shares.

Instruments giving rights to capital on a deferred basis (BSA, BEA, SO, BSPCE or AGAP) are considered to be anti-dilutive as they lead to an increase in earnings per share. Thus, diluted earnings per share are identical to basic earnings per share.

As of 31 December 2020, the number of shares likely to be issued if all the financial instruments are exercised amounts to 19,176,032 shares (see chapter 8.6 of this report).

## 26 Related parties

Transactions with key executives :

Remuneration of the company's main executives and corporate officers :

Under his employment contract, Mr Alain Moussy, Chairman and Chief Executive Officer, benefits from compensation approved by the Board of Directors. He also benefited from the allocation of BSPCEs and AGAPs, described in section 8.4.2 of this report.

Furthermore, Mr Alain Moussy has 332,000 BSAs issued in 2016 and subscribed in January 2017 and 1,617,614 BSAR issued in 2014 and subscribed in 2015.

Other than the Chairman, the members of the Board of Directors do not receive any remuneration (directors' fees) or special benefits, with the exception of the BSAs granted.

The following remuneration paid to the Chairman and Chief Executive Officer has been recorded as an expense in the years presented:

| <i>(in thousands of euros)</i> | 31.12.20 | 31.12.19 |
|--------------------------------|----------|----------|
| Short-term benefits            | 722      | 262      |
| Share-based payments           | 64       | 68       |
| Total                          | 786      | 330      |

Transactions with key managers and directors:

Some directors have shareholder current accounts, corresponding exclusively to the interest paid on the convertible bond issued during the 2004 financial year, which was converted into preference shares during the same financial year.

Agreement with Mr Alain Moussy

An agreement for the provision of premises by Mr Alain Moussy for the benefit of the Company has been signed.



On 3 February 2010, the Board of Directors authorised its Chairman to conclude an agreement for the provision of premises between the Company and Mr Alain Moussy, under the terms of which Mr Alain Moussy makes available to the Company :

- premises of 57 m2 for office use on the 2nd floor on the right, in a building located at 3, avenue George V in Paris 8th,
- at the annual price of 19,444 euros in 2020, rental charges included.

The agreement is concluded for a period of one year, renewable by tacit agreement for a period of twelve months. Mr Alain Moussy does not receive any security deposit or any form of remuneration for entering into this agreement.

On 1 September 2020, in accordance with the terms and conditions of the D3 Shares, the Board of Directors authorised its Chairman to enter into a sale agreement between the Company and Mr Alain Moussy, pursuant to which Mr Alain Moussy will undertake to transfer to the Company, for a symbolic amount of one euro, all of his D3 Shares if AB Science has not obtained an AMM ADPD2 before the Maturity Date, or in the event of a bad leaver.

Agreement with the company KPLM, managed by Mr Jean-Pierre Kinet:

A consulting contract was signed between AB Science and KPLM, which is managed by Mr Jean-Pierre Kinet. Mr Jean-Pierre Kinet is also a director of AB Science.

On 19 December 2016, the Board of Directors authorised its Chairman to conclude a consulting agreement between AB Science and KPLM, which is managed by Mr Jean-Pierre Kinet.  
17,160 euros excluding taxes were invoiced by KPLM to AB Science in 2020.

There are no other transactions between AB Science and its executives or directors that impact the 2020 financial year.

## **27 Auditors' fees**

The auditors' fees are broken down as follows:

| <b><u>Fees for the financial year 2020</u></b>  | <b>KPMG</b>       |         | <b>Audit Conseil Union</b> |         |
|---|-------------------|---------|----------------------------|---------|
|   | Statutory auditor | Network | Statutory auditor          | Network |
|   | Amount            | Amount  | Amount                     | Amount  |
| <b>Certification of the individual and consolidated accounts and limited half-yearly review</b><br>• AB Science<br>• Audited entities | 40,700            | n/a     | 27,810                     | n/a     |
| <i>Subtotal A</i>   | 40,700            | 0       | 27,810                     | 0       |
| <b>Services other than the certification of accounts required by laws and regulations</b><br>• AB Science<br>• Audited entities       |                   |         |                            |         |
| <i>Subtotal B</i>   | 0                 | 0       | 0                          | 0       |
| <b>Services other than the certification of accounts provided at the request of the entity</b><br>• AB Science<br>• Audited entities  |                   |         |                            |         |
| <i>Subtotal C</i>   | 0                 | 0       | 0                          | 0       |
| <b>Services other than the certification of accounts (1)</b><br><i>Subtotal D = B + C</i>   | 0                 |         |                            |         |
| <b>TOTAL E = A + D</b>  | 40,700            | 0       | 27,810                     | 0       |
| <b>TOTAL</b>  | 40,700            |         | 27,810                     |         |

## 28 Off-balance sheet commitments

Off-balance sheet commitments are broken down as follows:

| <i>(in thousands of euros)</i>             | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Commitments given:                         | 40         | 40         |
| <i>Guarantee given (1)</i>                 | 40         | 40         |
| Commitments received:                      | 0          | 935        |
| <i>BPIFrance:</i>                          |            |            |
| <i>Subsidies receivable (2)</i>            | 0          | 70         |
| <i>Conditional advances receivable (2)</i> | 0          | 865        |

(1) Following the rental of new offices in Paris, a bank guarantee of €39.6k was given to SCI Bizet in 2016.

(2) As of 31 December 2019, the amounts represent the commitments received from BPIFrance after deducting the payments received at closing, excluding provisions as part of the ROMANE project of €865K in conditional advances still to be received. These sums were received in 2020. The repayment terms are as follows:

The repayment of the advance repayable by AB Science, payable only in the event of a successful project marked by the registration of masitinib in a neurology indication, includes:

- ✓ the repayment of the €6,600K over four years from the third year of marketing of masitinib
- ✓ then over the following three years, the payment of interest of 1% of turnover up to a limit of €7 million.

## 29 Significant events of the period

- March 2020 capital raising

AB Science raised 12.3 million euros in March 2020 thanks to a successful private placement, the exercise of share subscription warrants and the implementation of a financing option aimed at accessing the 2019 research tax credit in advance:

- EUR 6.40 million gross was raised through a private placement of 860,220 new ordinary shares at a price of EUR 7.44, representing a premium of 5.5% on the closing price.
- EUR 1.23 million was raised through the exercise of 449,014 share subscription warrants (subscribed as part of the August 2019 private placement)
- EUR 4.70 million was raised through the implementation of the financing option to access the 2019 research tax credit in advance

The proceeds from these transactions will be used by AB Science for general business purposes and to fund its clinical development programme.

- October 2020 capital raising

In October 2020, AB Science entered into an agreement with qualified investors for a financing of 4.5 million euros through the issuance of 90,000 bonds issued at a nominal unit value of 50.0 euros and convertible into new ordinary shares (“OCAs”) to which are attached share subscription warrants (“BSAs” and, together with the OCAs, “OCABSAs”).

This issue helped strengthen AB Science's cash position for the development of its clinical research programme.

- December 2020 capital raising

In December 2020, AB Science announced a capital increase of approximately 10.5 million euros through the issue of 728,156 new ordinary shares at a price of 14.42 euros per share, including the share premium.

The issue price of a New Share of 14.42 euros corresponds to the volume-weighted average of the last three trading sessions in accordance with the twenty-fifth resolution of the General Meeting.

The proceeds of the Capital Increase will provide the Company with additional resources to fund its clinical research programme and extend its funding horizon beyond the next twelve months.

The New Shares were placed through a private placement with qualified investors without shareholders' preferential subscription rights, in accordance with the twenty-fifth resolution of the combined general meeting of shareholders of the Company held on 31 August 2020.

- Other securities transactions:

During 2020, 208,600 stock options and 1,125,000 share subscription warrants were granted. Details of these securities can be found in chapters 11.2 and 11.3 of this report.

- Other information:

#### Covid-19 Pandemic

In 2020, the COVID-19 pandemic had a limited impact on AB Science's clinical development programme as the crisis occurred at a time when most of AB Science's clinical studies were completed and confirmatory studies had not yet started.

The integrity of the research data is not affected by the pandemic. There were no treatment interruptions or deaths due to COVID-19.

With regard to employees, the duties of some research employees could not be maintained during the first lockdown in March, April and May 2020 due to the unavailability of spectroscopic analysis equipment and the closure of the universities. The effects are presented in the consolidated notes in accordance with the nature of the corresponding income and expenses.

All other events typical of the period are detailed in the notes to the company accounts.

### 30 Events after closure

#### Clinical results in Prostate Cancer

Masitinib Phase 2B/3 study (AB12003) in metastatic castrate-resistant prostate cancer (mCRPC) eligible to chemotherapy met its predefined primary endpoint.

Patents related to study AB12003 results are being filed and detailed results of study AB12003 will be presented during a webcast with Key Opinion Leaders that will be held as soon as patents have been filed.

Study AB12003 was an international, multicenter, randomized, double blind, placebo-controlled, 2-parallel group, Phase 3 study in metastatic castrate resistant prostate cancer (mCRPC) eligible to chemotherapy. The study aimed to compare the efficacy and safety of masitinib (6.0 mg/kg/day) in combination with docetaxel versus placebo in combination with docetaxel. Docetaxel was combined with prednisone. The study primary endpoint was progression free survival (PFS).

The target patient population consisted of adult males who had progressed to develop metastatic castrate resistant prostate cancer (mCRPC) after castration treatment (i.e. reduction of available androgen/testosterone/DHT by chemical or surgical means) and were therefore eligible for chemotherapy.

#### Clinical programme for the treatment of Covid-19

- New independent publication confirms anti-viral activity of masitinib against SARS-Cov-2

AB Science has announced the publication of results from a preclinical study with masitinib in COVID-19. The research conducted by scientists from the Institute of Human Virology (Guangzhou, China) has been published in the peer-reviewed journal mBio (a journal of the American Society for Microbiology).

This article presents the results of a new independent study undertaken by Professor Yuewen Luo and colleagues at the Institute of Human Virology (Guangzhou, China), describing the development of an in vitro SARS-CoV-2 viral replication system (replicon) for high-throughput screening of antiviral drugs. These systems allow the safe and practical simulation of SARS-CoV-2 replication to analyse the role of the different genes it encodes, the effects of mutations in these genes and the antiviral activity of small molecules.

From a library of 1,680 clinically approved drugs, masitinib was one of five candidates selected for in-depth study due to its potent inhibitory effect on the replicon system and its ability to block viral replication of wild-type SARS-CoV-2. In both the replicon and wild-type SARS-CoV-2 models, masitinib demonstrated strong activity with a submicromolar IC<sub>50</sub> equal to 0.6 µM (this is a quantitative measure of the amount of a particular inhibitory substance required to inhibit viral replication by 50% in vitro). This is equivalent to the inhibition of SARS-CoV-2 replication by masitinib in a human airway epithelial cell model. It should be noted that such an active concentration (0.6 µM) is achieved in human patients at the therapeutic dose (6 mg/kg/day).

The authors concluded that their results substantiated the hypothesis that SARS-CoV-2 RNA synthesis may be directly dependent on certain signalling pathways regulated by phosphorylation, masitinib being an inhibitor of tyrosine kinases.

These latest results establish that masitinib, in addition to being a direct antiviral drug that blocks 3CLPro as previously shown by research at the University of Chicago, could also probably indirectly block virus replication by inhibiting cellular kinases.

- Exclusive research agreement signed with the University of Chicago

AB Science and the University of Chicago have announced an exclusive license agreement to conduct research on treating and preventing transmission from humans infected with nidovirus, coronavirus and picornavirus.

The collaboration comes after the University of Chicago discovered that masitinib inhibits the key protease (3CLpro) required for the SARS-CoV-2 replication cycle.

Under the agreement, AB Science will supply masitinib and more than 130 other drugs patented by AB Science that have demonstrated activity against the key SARS-CoV-2 protease, 3CL-Pro, through a virtual screening methodology, and will benefit from the University of Chicago's proprietary research platform to analyse its molecules.

The University of Chicago will conduct the following research activities:

- Advancement of the preclinical programme of using masitinib against SARS-CoV-2
- Initiation of research using masitinib against viruses other than SARS-CoV-2 that are also dependent on the 3CL-Pro protease for replication
- Testing and identifying masitinib analogues active against the SARS-CoV-2 protease, 3CL-Pro

In the event of commercialisation in the field of viral diseases, AB Science will be granted an exclusive licence on a royalty basis for any discovery made by the University of Chicago with respect to its products (1% of net sales of the first registered product and 0.3% of net sales of subsequent registered products, payable to the University of Chicago).

#### Obtaining a state-guaranteed loan

In the wake of the COVID-19 pandemic, AB Science has obtained the approval of Société Générale, Bpifrance and Banque Populaire for a total of 6 million euros in financing in the form of a state-guaranteed loan.

Each bank granted a loan of 2 million euros. This loan is guaranteed up to 90% by the French State, with an initial maturity of 12 months and an extension option of up to five years, which can be exercised by AB Science.

#### Shareholder agreements expiring in 2021

Some agreements expire in 2021. All of these agreements are detailed in Chapter 8.5 of this report.

No other post year-end events that could have an impact on the Group's financial position have occurred since the closure date.

## CORPORATE ACCOUNTS AS OF 31 DECEMBER 2020

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# **BALANCE SHEET AS OF 31 DECEMBER 2020**

## **Balance sheet assets**

| <b>SECTIONS</b>  | <b>GROSS</b>      | <b>Depreciations and provisions</b> | <b>Net (N) 31/12/2020</b> | <b>Net (N-1) 31/12/2019</b> |
|--|-------------------|-------------------------------------|---------------------------|-----------------------------|
| UNCALLED SUBSCRIBED CAPITAL                              |                   |                                     |                           |                             |
| INTANGIBLE ASSETS  |                   |                                     |                           |                             |
| Establishment costs                                      | 7,416             | 7,416                               |                           |                             |
| Development costs  |                   |                                     |                           |                             |
| Licences, patents and similar rights                     | 4,047,496         | 3,032,583                           | 1,014,913                 | 889,420                     |
| Commercial funds   |                   |                                     |                           |                             |
| Other intangible assets                                  |                   |                                     |                           |                             |
| Advances and down payments on intangible assets          |                   |                                     |                           |                             |
| <b>TOTAL intangible assets:</b>                          | <b>4,054,911</b>  | <b>3,039,998</b>                    | <b>1,014,913</b>          | <b>889,420</b>              |
| TANGIBLE ASSETS  |                   |                                     |                           |                             |
| Land   |                   |                                     |                           |                             |
| Buildings  |                   |                                     |                           |                             |
| Technical installations, hardware and industrial tooling | 666,283           | 550,243                             | 116,040                   | 130,260                     |
| Other tangible assets                                    | 587,258           | 540,101                             | 47,158                    | 62,919                      |
| Assets under construction                                |                   |                                     |                           |                             |
| Advances and down payments                               |                   |                                     |                           |                             |
| <b>TOTAL tangible assets:</b>                            | <b>1,253,541</b>  | <b>1,090,343</b>                    | <b>163,197</b>            | <b>193,179</b>              |
| FINANCIAL ASSETS   |                   |                                     |                           |                             |
| Investments assessed by equity method                    |                   |                                     |                           |                             |
| Other holdings   | 171,330           | 171,330                             |                           |                             |
| Receivables related to investments                       |                   |                                     |                           |                             |
| Other long-term investments                              |                   |                                     |                           |                             |
| Loans  | 94,000            |                                     | 94,000                    | 137,000                     |
| Other financial fixed assets                             | 67,036            |                                     | 67,036                    | 66,839                      |
| <b>TOTAL financial fixed assets:</b>                     | <b>332,366</b>    | <b>171,330</b>                      | <b>161,036</b>            | <b>203,839</b>              |
| <b>FIXED ASSETS</b>                                      | <b>5,640,818</b>  | <b>4,301,672</b>                    | <b>1,339,146</b>          | <b>1,286,438</b>            |
| INVENTORIES AND WORK IN PROGRESS                         |                   |                                     |                           |                             |
| Raw materials and procurement                            | 623,388           | 606,210                             | 17,178                    |                             |
| Inventories of goods in progress                         | 241,283           | 191,227                             | 50,056                    | 203,537                     |
| Inventories of production of services in progress        |                   |                                     |                           |                             |
| Inventories of intermediate and finished products        | 42,777            | 31,309                              | 11,468                    | 26,757                      |
| Inventories of goods                                     |                   |                                     |                           |                             |
| <b>TOTAL inventories and work in progress:</b>           | <b>907,448</b>    | <b>828,746</b>                      | <b>78,702</b>             | <b>230,294</b>              |
| RECEIVABLES  |                   |                                     |                           |                             |
| Advances and prepayments on orders                       |                   |                                     |                           |                             |
| Customer receivables and related accounts                | 367,249           | 12,749                              | 354,500                   | 197,473                     |
| Other receivables  | 4,743,627         | 118,000                             | 4,625,627                 | 7,335,072                   |
| Subscribed capital called but unpaid                     |                   |                                     |                           |                             |
| <b>TOTAL debts:</b>                                      | <b>5,110,877</b>  | <b>130,749</b>                      | <b>4,980,128</b>          | <b>7,532,545</b>            |
| LIQUID ASSETS AND MISCELLANEOUS                          |                   |                                     |                           |                             |
| Marketable securities                                    |                   |                                     |                           |                             |
| Liquid assets  | 20,618,497        |                                     | 20,618,497                | 5,632,935                   |
| Deferred charges   | 512,545           |                                     | 512,545                   | 483,324                     |
| <b>TOTAL liquid assets and miscellaneous:</b>            | <b>21,131,042</b> |                                     | <b>21,131,042</b>         | <b>6,116,259</b>            |
| <b>CURRENT ASSET</b>                                     | <b>27,149,367</b> | <b>959,495</b>                      | <b>26,189,872</b>         | <b>13,879,098</b>           |
| Bond issue costs to be amortised                         |                   |                                     |                           |                             |
| Bond redemption premiums                                 |                   |                                     |                           |                             |
| Translation adjustment assets                            | 6,912             |                                     | 6,912                     | 19,381                      |
| <b>OVERALL TOTAL</b>                                     | <b>32,797,097</b> | <b>5,261,167</b>                    | <b>27,535,930</b>         | <b>15,184,917</b>           |

## **LIABILITIES BALANCE SHEET**



| <b>SECTIONS</b>   | <b>Net (N)<br/>31/12/2020</b> | <b>Net (N-1<br/>31/12/2019</b> |
|---|-------------------------------|--------------------------------|
| <b>NET POSITION</b>   |                               |                                |
| Paid-up share capital 524,564   | 524,564                       | 440,603                        |
| Issue, merger and acquisition premiums                                | 238,555,527                   | 216,016,446                    |
| Revaluation differences including equity difference                   |                               |                                |
| Legal reserve   |                               |                                |
| Statutory or contractual reserves                                     |                               |                                |
| Regulated reserves  |                               |                                |
| Other reserves  |                               |                                |
| Retained earnings   | (230,891,663)                 | (213,583,231)                  |
| <b>Result for the year</b>  | (-14,809,123)                 | (-17,308,432)                  |
| <b>TOTAL net position :</b>   | <b>(6,620,695)</b>            | <b>(14,434,614)</b>            |
| <b>INVESTMENT GRANTS</b>  |                               |                                |
| <b>REGULATED PROVISIONS</b>   |                               |                                |
| <b>EQUITY</b>   | <b>(6,620,695)</b>            | <b>(14,434,614)</b>            |
| Proceeds from issues of participating securities                      |                               |                                |
| Conditional advances  | 10,196 600                    | 10,196 600                     |
| <b>OTHER EQUITY</b>   | <b>10,196,600</b>             | <b>10,196,600</b>              |
| Provisions for contingency  | 522,948                       | 256,793                        |
| Provisions for charges  |                               |                                |
| <b>PROVISIONS FOR CONTINGENCY AND CHARGES</b>                         | <b>522,948</b>                | <b>256,793</b>                 |
| <b>FINANCIAL DEBT</b>   |                               |                                |
| Convertible bonds   |                               |                                |
| Other bonds   |                               |                                |
| Loans and other borrowing from credit institutions                    | 1,007 823                     | 12,141                         |
| Miscellaneous loans and financial debts                               | 4,272 695                     | 14,086                         |
| <b>TOTAL financial debts:</b>   | <b>5,280,518</b>              | <b>26,227</b>                  |
| <b>ADVANCES AND DOWN PAYMENTS RECEIVED FOR ORDERS<br/>IN PROGRESS</b> |                               |                                |
| <b>MISCELLANEOUS LIABILITIES</b>                                      |                               |                                |
| Supplier liabilities and related accounts                             | 13,286 430                    | 15,003 334                     |
| Taxes payable, liabilities to personnel and other social liabilities  | 4,021 520                     | 3,853 639                      |
| Debts on fixed assets and related accounts                            |                               |                                |
| Other debts   | 18,558                        | 60,282                         |
| <b>TOTAL miscellaneous liabilities:</b>                               | <b>17,326,508</b>             | <b>18,917,255</b>              |
| <b>DEFERRED INCOME</b>  |                               |                                |
| <b>DEBTS</b>  | <b>22,607,027</b>             | <b>18,943,482</b>              |
| Foreign currency translation liabilities                              | 830,051                       | 222,656                        |
| <b>OVERALL TOTAL</b>  | <b>27,535,930</b>             | <b>15,184,917</b>              |

**PROFIT AND LOSS ACCOUNT AS OF 31 DECEMBER 2020**

| Period   |  | 01/01/20 | to                      | 31/12/20                |
|--|--|----------|-------------------------|-------------------------|
| SECTIONS   |  |          | Net (N)<br>31/12/2020   | Net (N-1)<br>31/12/2019 |
| Sales of goods   |  |          | 1,555,450               | 1,546,707               |
| Sold production of services                                      |  |          | 27,628                  | 24,483                  |
| <b>Net turnover</b>  |  |          | <b>1,583,078</b>        | <b>1,571,190</b>        |
|  |  |          |                         |                         |
| Inventoried production   |  |          | (187,844)               | 209,113                 |
| Capitalised production   |  |          |                         |                         |
| Operating subsidies  |  |          | 738                     | 1,000                   |
| Reversals of depreciation and provisions, transfers of expenses  |  |          | 272,757                 | 127,142                 |
| Other income   |  |          | 33,142                  | 1,017,518               |
| <b>OPERATING REVENUE</b>   |  |          | <b>1,701,871</b>        | <b>2,925,963</b>        |
| EXTERNAL COSTS   |  |          |                         |                         |
| Purchases of goods and customs duties                            |  |          |                         |                         |
| Change in inventory of goods                                     |  |          |                         |                         |
| Purchases of raw materials and other supplies                    |  |          | 12,050                  | 259,085                 |
| Change in raw materials inventory and supplies                   |  |          | 56,874                  | 699                     |
| Other supplies and external expenses                             |  |          | 9,205,318               | 13,660,437              |
| <b>TOTAL external costs:</b>                                     |  |          | <b>9,274 242</b>        | <b>13,920 221</b>       |
| Levies, taxes and similar payments                               |  |          | 159,758                 | 126,629                 |
| PERSONNEL COSTS  |  |          |                         |                         |
| Wages and salaries   |  |          | 6,560,170               | 6,842,661               |
| Social contributions   |  |          | 2,103,218               | 2,484,125               |
| <b>TOTAL personnel costs:</b>                                    |  |          | <b>8,663,389</b>        | <b>9,326,786</b>        |
| OPERATING ALLOWANCES   |  |          |                         |                         |
| Depreciation charges on fixed assets                             |  |          | 274,454                 | 439,685                 |
| Provisions on fixed assets                                       |  |          |                         |                         |
| Provisions on current assets                                     |  |          | 44,681                  | 274,345                 |
| Provisions for contingencies and charges                         |  |          | 326,011                 | 180,912                 |
| <b>TOTAL operating allowances:</b>                               |  |          | <b>645,146</b>          | <b>894,942</b>          |
| OTHER OPERATING COSTS  |  |          | 174,995                 | 30,086                  |
| <b>OPERATING COSTS</b>   |  |          | <b>18,91718,917,529</b> | <b>24,298,664</b>       |
| <b>OPERATING INCOME</b>  |  |          | <b>(17,215,659)</b>     | <b>(21,372,701)</b>     |
| Allocated profit or transferred loss                             |  |          |                         |                         |
| Incurred loss or transferred profit                              |  |          |                         |                         |
| FINANCIAL INCOME   |  |          |                         |                         |
| Financial income on equity interests                             |  |          |                         |                         |
| Income from other securities and receivables of the fixed assets |  |          |                         |                         |
| Other interest and similar income                                |  |          | 62,522                  | 13,777                  |
| Reversals of provisions and transfers of expenditure             |  |          | 19,445                  | 23,249                  |
| Exchange gains   |  |          | 27,626                  | 5,831                   |
| Net income from sale of security investments                     |  |          |                         |                         |
|  |  |          | <b>109,594</b>          | <b>42,857</b>           |
| FINANCIAL COSTS  |  |          |                         |                         |
| Financial allocations to amortisation and provisions             |  |          | 6,912                   | 19,381                  |
| Interest and similar expenses                                    |  |          | 9,502                   | 25,151                  |
| Exchange losses  |  |          | 401,121                 | 73,577                  |
| Net expenses on the disposal of marketable securities            |  |          |                         |                         |

| Period   |  | 01/01/20              | to                      | 31/12/20 |
|--|--|-----------------------|-------------------------|----------|
| SECTIONS   |  | Net (N)<br>31/12/2020 | Net (N-1)<br>31/12/2019 |          |
|  |  | 417,535               | 118,109                 |          |
| <b>FINANCIAL INCOME</b>                                  |  | (307,941)             | (75,252)                |          |
| <b>CURRENT PRE-TAX RESULT</b>                            |  | (17,523,599)          | (21,561,847)            |          |
| EXCEPTIONAL INCOME                                       |  |                       |                         |          |
| Exceptional income from management operations            |  | 6,366                 | 17,967                  |          |
| Exceptional income from capital operations               |  |                       |                         |          |
| Reversals of provisions and transfers of expenditure     |  |                       |                         |          |
|  |  | 6,366                 | 17,967                  |          |
| EXCEPTIONAL EXPENSES                                     |  |                       |                         |          |
| Exceptional expenses on management operations            |  | 421,760               |                         |          |
| Exceptional expenditure on capital transactions          |  |                       |                         |          |
| Exceptional allocations to amortisation and provisions   |  | 118,000               |                         |          |
|  |  |                       |                         |          |
| <b>EXCEPTIONAL INCOME</b>                                |  | 539,760               | 17,967                  |          |
| Employee participation in profits and enterprise results |  |                       |                         |          |
| Income tax   |  | (3,247,870)           | (4,121,554)             |          |
| <b>TOTAL INCOME</b>                                      |  | 1,817,830             | 2,986,787               |          |
| <b>TOTAL EXPENSES</b>                                    |  | 16,626,954            | 20,295,219              |          |
| <b>PROFIT OR LOSS</b>                                    |  | (14,809,123)          | (17,308,432)            |          |

## APPENDIX CORPORATE ACCOUNTS

### 1 Background and presentation

AB Science is a pharmaceutical company that researches and develops therapeutic molecules for human and veterinary use with the aim of manufacturing and marketing medicines.

Key company figures since its creation (in €K):

|                               | From<br>07/2001 to<br>31/12/2015 | Financial<br>year 2016 | Financial<br>year 2017 | Financial<br>year 2018 | Financial<br>year 2019 | Financial<br>year 2020 | Total    |
|-------------------------------|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------|
| Increase in capital           | +  350                           | 36                     | 30                     | 0                      | 24                     | 84                     | + 524    |
| Increase in the share premium | + 110,674                        | + 53,221               | + 42,346               | +60                    | + 9,715                | + 22,539               | +238,555 |
| TOTAL                         | + 111,024                        | + 53,257               | + 42,376               | +60                    | + 9,739                | + 22,623               | +239,079 |
| Research tax credit           | 35,526                           | 6,890                  | 6,557                  | 5,679                  | 4,122                  | 3,248                  | 62,022   |
| Loss for the year             | 129,613                          | 27,270                 | 28,059                 | 28,640                 | 17,308                 | 14,809                 | 245,699  |
| Subcontracted research costs  | 94,346                           | 25,291                 | 25,112                 | 22,179                 | 11,316                 | 7,555                  | 185,799  |
| Personnel costs               | 60,680                           | 9,680                  | 8,491                  | 10,554                 | 9,327                  | 8,663                  | 107,395  |

### 2 Risks related to research activity and programme funding

#### 2.1 Risks related to the activity

Scientific research is risky with random results, as it depends on the following elements:

- The ability to fund research programmes to completion.
- The results of research programmes that may justify their discontinuation.
- Evolving competitive and legislative environments that may change the relevance of some research programmes.
- Availability of staff (leaving the company, illness, etc.).
- Patent-related appeals and litigation.

#### 2.2 Funding of research programmes

Funding is provided by:

- capital increases and bond issues as required to continue research programmes,
- grants and subsidies paid by organisations financing scientific research in France.
- the repayment of the research tax credit amounting to €3,300k for 2020.
- revenues from the use of masitinib in veterinary medicine.

### 3 Typical facts of the period.

#### Clinical results

- Alzheimer's disease

The phase 2B / 3 study (AB09004) evaluating masitinib in patients with mild to moderate Alzheimer's disease met its predefined primary endpoint and demonstrated that masitinib at the dose of 4.5 mg / kg / day (n = 182) generated a statistically significant effect compared to the control (n = 176) on the primary endpoint, namely the change in the ADAS-Cog score, a score that measures the effect on cognition and memory (p = 0.0003).

The study also showed that a dose of 4.5 mg/kg/day of masitinib produced a statistically significant effect on the ADCS-ADL score, a score that assesses independence and daily life activities (p= 0.0381). In addition, the study demonstrated a 71% improvement in CIBIC score, which was statistically significant compared to the placebo

( $p=0.040$ ), as well as a numerical advantage (not statistically significant) in favour of masitinib on MMSE, CDR and NPI scores.

This study compared the efficacy and safety of masitinib with that of the placebo after 24 weeks of treatment when given in addition to a cholinesterase inhibitor (donepezil, rivastigmine or galantamine) and/or memantine. Two doses of masitinib were tested, masitinib 4.5 mg/kg/day and a titrated dose of masitinib 4.5 to 6.0 mg/kg/day, with each dose having its own control.

No significant treatment effects were observed on ADAS-Cog or ADCS-ADL scores during the higher dose sub-studies of masitinib (dose increase to 6.0 mg/kg/day).

- Progressive forms of multiple sclerosis

The Phase 2B/3 study (AB07002) evaluating masitinib administered orally for the treatment of primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS) met its primary endpoint, demonstrating a statistically significant reduction in disability progression as measured by the EDSS score with masitinib at a dose of 4.5 mg/kg/day ( $p=0.0256$ ). This treatment effect was homogeneous in PPMS and nSPMS patients.

The predefined primary endpoint was the overall change in the Expanded Disability Status Scale (EDSS) compared to its baseline and averaged over 8 time points measured every 12 weeks over 2 years, with sensitivity analysis based on the ordinal change in EDSS score (i.e. +1 if improved; 0 if stable; -1 if worsening).

Sensitivity analysis based on ordinal change in the EDSS score showed a significant 39% increase in the probability of having either reduced symptoms or slower disease progression with masitinib ( $p=0.0446$ ). In addition, masitinib significantly reduced the risk of first EDSS score progression by 42% and the risk of confirmed (3-month) EDSS score progression by 37%. Masitinib also significantly reduced the risk of reaching an EDSS score of 7.0, which corresponds to a disability severe enough to require a wheelchair ( $p=0.0093$ ).

There are two main forms of multiple sclerosis; relapsing-remitting and progressive. Although significant progress has been made in relapsing-remitting multiple sclerosis with more than 15 registered products, there is still a very significant outstanding medical need for the treatment of primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS), as there is no registered product for nSPMS and only one registered product for PPMS. PPMS and nSPMS account for 50% of patients with multiple sclerosis.

The results of the study were presented at the 8th joint meeting of the Americas Committee for Treatment and Research in Multiple Sclerosis (ACTRIMS) and the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), which took place from 11 to 13 September 2020. The ECTRIMS-ACTRIMS joint meeting is the world's largest international conference dedicated to basic and clinical research on multiple sclerosis.

- Severe asthma

- ✓ Severe asthma not controlled by oral steroids

The phase 3 study (AB07015) evaluating orally administered masitinib in the treatment of severe asthma not controlled by oral steroids met its primary endpoint. The primary pre-specified analysis was conducted in the population of patients with severe asthma who were taking a daily dose of OCS  $\geq 7.5$  mg in which treatment with masitinib significantly reduced the number of severe exacerbations ( $p=0.0103$ ).

AB Science presented the results of its phase 3 study AB07015 in severe asthma not controlled by oral corticosteroids (OCS) at the European Academy of Allergy & Clinical Immunology (EAACI) 2020 conference, held in June 2020. The EAACI is one of the most prestigious academic conferences in pulmonary medicine and the world's largest specialist conference in the field of allergies and clinical immunology.

The results of the study were also presented at the Annual International Conference of the European Respiratory Society in September 2020. The Annual International Conference of the European Respiratory Society (ERS) is the largest meeting in the respiratory field.

- ✓ Severe asthma not controlled by inhaled steroids

The phase 3 study (AB14001) evaluating orally administered masitinib in the treatment of severe asthma not controlled by high-dose inhaled corticosteroids and with an eosinophil level >150 cells/μL achieved its primary endpoint.

The primary pre-specified analysis was the rate of severe asthma exacerbations and masitinib demonstrated a statistically significant 29% reduction in severe exacerbations ( $p=0.022$ ) compared to the placebo. The frequency of severe asthma exacerbations was 0.43 in the masitinib arm versus 0.62 in the placebo arm. The duration of exposure was well balanced between the two treatment arms (16 months in the masitinib arm and 17 months in the placebo arm). The sensitivity analysis based on the rate of moderate and severe asthma exacerbations was consistent with the primary analysis and detected a statistically significant 31% reduction in exacerbations ( $p=0.005$ ) between masitinib and the placebo. The frequency of moderate and severe asthma exacerbations was 0.55 in the masitinib arm versus 0.80 in the placebo arm.

- Pancreatic cancer

The phase 3 study (AB12005) met its primary endpoint of demonstrating increased survival from painful pancreatic cancer.

Study AB12005 evaluated masitinib at a dose of 6.0 mg/kg/day in combination with gemcitabine in the first-line treatment of patients with painful, non-operable locally advanced or metastatic pancreatic cancer. The primary objective of the study was considered to be met if there was a statistically significant increase in survival (statistical significance level of 2.5%), either in the overall population suffering from pain or in the population suffering from pain and non-operable locally advanced tumour.

In the population of patients with pain and non-operable locally advanced tumour, masitinib showed a significant improvement in overall survival compared to the control. The difference in median survival between the two groups was 1.8 months ( $p=0.007$ ) in favour of masitinib (13.0 months for masitinib versus 11.2 months for control), with a Hazard Ratio (HR) of death of 0.46, representing a 54% reduction in the risk of death for masitinib-treated patients compared to the control group. The result on the primary endpoint is consistent with the secondary analysis on progression-free survival (PFS), which measures the time until the tumour grows or the patient dies since the start of treatment.

Masitinib also reduced pain in patients with non-operable locally advanced tumours compared to the control, with a difference between the two groups that was statistically significant or close to being statistically significant. In pancreatic cancer, there is evidence that pain is a predictor of poor prognosis. The AB12005 study demonstrated that mast cells are associated with pain and that mast cell blockage, which masitinib targets, is able to reverse the poor prognosis of patients with pain from locally advanced non-operable tumours.

In the overall population of patients with both locally advanced and metastatic pancreatic cancer, no survival benefit was detected, which suggests that treatment with masitinib should be initiated at an early stage of the disease and before metastasis occurs.

#### Clinical programme for the treatment of Covid-19

- Independent publication from the University of Chicago demonstrating anti-viral activity of masitinib against SARS-Cov-2

Independent research conducted by scientists at the University of Chicago demonstrated anti-viral activity of masitinib against SARS-Cov-2. From a library of 1,900 clinically used drugs either approved for human use or in late-stage clinical development, masitinib stood out due to its ability to inhibit the activity of the SARS-CoV-2 core protease (3CLpro) completely, thereby blocking viral replication. Remarkably, the research team was able to uncover masitinib's mechanism of action against SARS-CoV-2, showing that masitinib inhibits the SARS-CoV-2 protease 3CLpro, which is crucial in the infection and reproduction of the virus, by binding directly to the catalytic site of the protease.

- Launch of a phase 2 study in the treatment of Covid-19

AB Science has received approval from the French Medicines Agency (ANSM) to initiate a phase 2 study evaluating masitinib in combination with isosquercetin in the treatment of COVID-19.

This study (AB20001) is a randomised (1:1), open, phase 2 clinical trial aimed at evaluating the safety and efficacy of masitinib in combination with isosquercetin in hospitalised patients with moderate to severe COVID-19.

The study is expected to recruit 200 patients (over 18 years of age with no upper age limit) in hospitals in France and other countries. The main objective is to improve the clinical condition of patients after 15 days of treatment.

Many patients with moderate and severe forms of COVID-19 develop a “cytokine storm” that leads to severe lung inflammation and numerous thrombotic events associated with acute respiratory distress syndrome (ARDS) and potentially death. The combination of masitinib with isoquercetin may prevent these two complications from developing.

- Masitinib is a potent inhibitor of mast cells and macrophages that contribute to the cytokine storm
- Isoquercetin inhibits disulfide isomerase (PDI), an enzyme directly involved in clot formation and decreases D-dimer, a predictor of the severity of thrombosis related to COVID-19
- The combination of masitinib and isoquercetin has a synergistic effect against senescent cells which are a potential target of the virus and may explain why COVID-19 mortality is higher in the elderly

#### Other events

- March 2020 capital raising

AB Science raised 12.3 million euros in March 2020 thanks to a successful private placement, the exercise of share subscription warrants and the implementation of a financing option aimed at accessing the 2019 research tax credit in advance:

- EUR 6.40 million gross was raised through a private placement of 860,220 new ordinary shares at a price of EUR 7.44, representing a premium of 5.5% on the closing price.
- EUR 1.23 million was raised through the exercise of 449,014 share subscription warrants (subscribed as part of the August 2019 private placement)
- EUR 4.70 million was raised through the implementation of the financing option to access the 2019 research tax credit in advance

The proceeds from these transactions will be used by AB Science for general business purposes and to fund its clinical development programme.

- October 2020 capital raising

In October 2020, AB Science entered into an agreement with qualified investors for a financing of 4.5 million euros through the issuance of 90,000 bonds issued at a nominal unit value of 50.0 euros and convertible into new ordinary shares (“OCAs”) to which are attached share subscription warrants (“BSAs” and, together with the OCAs, “OCABSAs”).

This issue helped strengthen AB Science's cash position for the development of its clinical research programme.

- November 2020 optional funding

In November 2020, AB Science announced a Term Capital Increase Programme (TCIP) with a fund managed by Alpha Blue Ocean.

From the date hereof and for a period of 24 months, Alpha Blue Ocean has undertaken to subscribe, at AB Science's request, to capital increases in tranches of between 500,000 and 1.0 million shares, up to an overall limit of 4.0 million shares (i.e. 7.8% of the current capital). These capital increases will be carried out on the basis of the twenty-fifth resolution of the combined general shareholders' meeting of 31 August 2020 (as renewed if applicable).

For each tranche, the issue price of the new AB Science shares, fully subscribed by Alpha Blue Ocean, will be equal to the volume-weighted average price of the AB Science share on Euronext Paris during the three trading sessions preceding the drawdown request without discount (the “Reference Price”).

For each tranche, and after settlement and delivery of the AB Science shares subject to the corresponding capital increase, 75% of the issue proceeds will be placed in an escrow account opened in the ledgers of a third-party financial institution pending the sale of the corresponding shares on the market by the subscriber. The balance of the issue proceeds will be definitively acquired by AB Science.

- Signing of a financing agreement with the EIB in November 2020

In November 2020, AB Science and the European Investment Bank (EIB) announced a loan agreement for a total amount of 15.0 million euros. The loan will enable AB Science to finance the clinical development programme for the evaluation of masitinib in the treatment of Covid-19.

This initial partnership with the EIB may be further developed in the future as discussions are ongoing for additional funding for other indications in which masitinib is or may be evaluated, up to a maximum of 30.0 million euros.

The Covid-19 loan consists of two tranches of six million euros each, and a third tranche of three million euros. AB Science has not yet made a request to draw funds. It must contractually do so by the end of May 2021. The remaining two tranches will be drawn down at a later date, subject to certain milestones being met, including clinical progress in AB Science's Covid-19 treatment study and future equity financing by AB Science.

The Covid-19 loan has an interest rate of 9% for the first tranche, 7% for the second tranche (which can be reduced to 5% if AB Science reaches a turnover threshold) and 5% for the third tranche.

The Covid-19 loan is complemented by an agreement to issue share subscription warrants (the “BSAs”) to the EIB. The number of BSAs to be issued by AB Science at the time of the drawdown of each tranche of the Covid-19 loan will depend on AB Science's reference price (itself a function of the stock market price or the price of the last capital raising carried out by AB Science prior to the drawdown of each tranche and the amount of the tranche in question). For illustrative purposes only, based on a reference price of 14.42 euros (i.e. the price of the December 2020 capital raising), AB Science should issue 122,379 BSAs concurrently with the drawdown of the first tranche. Each BSA will grant the right to subscribe to one ordinary share of AB Science at a price equal to the volume-weighted average of AB Science's price prior to their issue, less 5%, for 15 years.

- December 2020 capital raising

In December 2020, AB Science announced a capital increase of approximately 10.5 million euros through the issue of 728,156 new ordinary shares at a price of 14.42 euros per share, including the share premium.

The issue price of a New Share of 14.42 euros corresponds to the volume-weighted average of the last three trading sessions in accordance with the twenty-fifth resolution of the General Meeting.

The proceeds of the Capital Increase will provide the Company with additional resources to fund its clinical research programme and extend its funding horizon beyond the next twelve months.

The New Shares were placed through a private placement with qualified investors without shareholders' preferential subscription rights, in accordance with the twenty-fifth resolution of the combined general meeting of shareholders of the Company held on 31 August 2020.

- Other securities transactions:

During 2020, 208,600 stock options and 1,125,000 share subscription warrants were granted. Details of these securities can be found in chapters 11.2 and 11.3 of this report.

- Other information:

- ✓ Covid-19 Pandemic

In 2020, the COVID-19 pandemic had a limited impact on AB Science's clinical development programme as the crisis occurred at a time when most of AB Science's clinical studies were completed and confirmatory studies had not yet started.

The integrity of the research data is not affected by the pandemic. There were no treatment interruptions or deaths due to COVID-19.

With regard to employees, the duties of some research employees could not be maintained during the first lockdown in March, April and May 2020 due to the unavailability of spectroscopic analysis equipment and the closure of the universities. The effects are presented in the consolidated notes in accordance with the nature of the corresponding income and expenses.

- ✓ PEA-PME eligibility

AB Science confirms it is eligible for the PEA-PME in accordance with decree n°2014-283 of 4 March 2014 taken for the application of article 70 of law n°2013-1278 of 29 December 2013 of finance for 2014 establishing the



eligibility of companies for the PEA-PME, i.e.: less than 5,000 employees, on the one hand, an annual turnover of less than 1,500 million euros or a balance sheet total of less than 2,000 million euros, on the other hand.

#### **4 Post-closure events**

##### Clinical programme for the treatment of Covid-19

- New independent publication confirms anti-viral activity of masitinib against SARS-Cov-2

AB Science has announced the publication of results from a preclinical study with masitinib in COVID-19. The research conducted by scientists from the Institute of Human Virology (Guangzhou, China) has been published in the peer-reviewed journal mBIO (a journal of the American Society for Microbiology).

This article presents the results of a new independent study undertaken by Professor Yuewen Luo and colleagues at the Institute of Human Virology (Guangzhou, China), describing the development of an in vitro SARS-CoV-2 viral replication system (replicon) for high-throughput screening of antiviral drugs. These systems allow the safe and practical simulation of SARS-CoV-2 replication to analyse the role of the different genes it encodes, the effects of mutations in these genes and the antiviral activity of small molecules.

From a library of 1,680 clinically approved drugs, masitinib was one of five candidates selected for in-depth study due to its potent inhibitory effect on the replicon system and its ability to block viral replication of wild-type SARS-CoV-2. In both the replicon and wild-type SARS-CoV-2 models, masitinib demonstrated strong activity with a submicromolar IC<sub>50</sub> equal to 0.6  $\mu$ M (this is a quantitative measure of the amount of a particular inhibitory substance required to inhibit viral replication by 50% in vitro). This is equivalent to the inhibition of SARS-CoV-2 replication by masitinib in a human airway epithelial cell model. It should be noted that such an active concentration (0.6  $\mu$ M) is achieved in human patients at the therapeutic dose (6 mg/kg/day).

The authors concluded that their results substantiated the hypothesis that SARS-CoV-2 RNA synthesis may be directly dependent on certain signalling pathways regulated by phosphorylation, masitinib being an inhibitor of tyrosine kinases.

These latest results establish that masitinib, in addition to being a direct antiviral drug that blocks 3CLPro, as previously shown by research at the University of Chicago, could also probably indirectly block virus replication by inhibiting cellular kinases.

- Exclusive research agreement signed with the University of Chicago

AB Science and the University of Chicago have announced an exclusive license agreement to conduct research on the preventing and treating humans infected with nidovirus, coronavirus and picornavirus.

The collaboration comes after the University of Chicago discovered that masitinib inhibits the key protease (3CLpro) required for the SARS-CoV-2 replication cycle.

Under the agreement, AB Science will supply masitinib and more than 130 other drugs patented by AB Science that have demonstrated activity against the key SARS-CoV-2 protease, 3CL-Pro, through a virtual screening methodology, and will benefit from the University of Chicago's proprietary research platform to analyse its molecules.

The University of Chicago will conduct the following research activities:

- Advancement of the preclinical programme of using masitinib against SARS-CoV-2
- Initiation of research using masitinib against viruses other than SARS-CoV-2 that are also dependent on the 3CL-Pro protease for replication
- Testing and identifying masitinib analogues active against the SARS-CoV-2 protease, 3CL-Pro

In the event of commercialisation in the field of viral diseases, AB Science will be granted an exclusive licence on a royalty basis for any discovery made by the University of Chicago with respect to its products (1% of net sales of the first registered product and 0.3% of net sales of subsequent registered products, payable to the University of Chicago).

##### Obtaining a state-guaranteed loan

In the wake of the COVID-19 pandemic, AB Science has obtained the approval of Société Générale, Bpifrance and Banque Populaire for a total of 6 million euros in financing in the form of a state-guaranteed loan.

Each bank granted a loan of 2 million euros. This loan is guaranteed up to 90% by the French State, with an initial maturity of 12 months, and an extension option of up to five years, which can be exercised by AB Science.

#### Shareholder agreements expiring in 2021

Some agreements expire in 2021. All of these agreements are detailed in Chapter 8.5 of this report.

No other post year-end events that could have an impact on the Group's financial position have occurred since the closure date.

## **5 Accounting principles, rules and procedures**

The annual accounts have been prepared and presented in accordance with current French regulations, resulting from the decisions of the Comité de la Réglementation Comptable (Accounting Regulation Committee) and according to the going concern principle.

### **5.1 Tangible and intangible assets**

With the exception of research costs, which are recognised as expenses, intangible assets are recognised at their purchase price. The same applies to tangible assets.

Fixed assets are depreciated as follows:

| Type of fixed assets    | Depreciation method | Term              |
|-------------------------|---------------------|-------------------|
| Facilities and fixtures | Linear              | 3 to 5 years      |
| Office furniture        | Linear              | 5 years           |
| Office equipment and IT | Linear              | 3 years           |
| Industrial equipment    | Linear              | 3 to 5 years      |
| Establishment costs     | Linear              | 1 year            |
| Patent application fees | Linear              | 1 year / 20 years |
| Software                | Linear              | 1 to 3 years      |

New patents that will generate economic benefits are amortised over 20 years.

## **5.2 Financial assets, cash and marketable securities**

### ***Investment shares***

The gross value is the acquisition cost. The inventory value of equity interests is based on a multi-criteria approach taking into account the net assets of the companies as well as their development prospects.

### ***Marketable securities***

Securities are recorded as assets at their acquisition cost. Unrealised capital losses are fully provided for without offsetting against any gains.

## **5.3 Inventories**

Inventories are recorded at cost and depreciated according to their purpose and stage of completion in the production chain.

Inventories are valued at weighted average cost.

## **5.4 Receivables and debts**

Receivables and debts are recorded at their nominal value.

A depreciation provision is made, if necessary, to cover the risk of non-recovery.

Expense recognition relating to ongoing research operations:

**I – With regard to expenses relating to ongoing research operations**, the costs are recognised according to the progress of the work, which is assessed based on the operational deadlines provided for in the contract, or if the contract does not specify such deadlines, pro rata temporis over the length of the contact on the balance sheet date.

**II – With regard to expenses relating to abandoned or discontinued research operations**, the costs are noted based on the general sales clauses of the subcontractor accepted by AB Science.

## **5.5 Foreign currency operations**

Receivables and debts denominated in foreign currencies are recorded at the exchange rate on the day of the transaction. At the end of the year, they are converted at the closing rate and unrealised gains and losses resulting from this conversion are recorded under translation differences. Unrealised foreign exchange losses are subject to a provision for risks in full.

The exchange rate differences recorded at the end of the financial year on foreign currency liquid assets are recorded in the profit and loss statement.

## **5.6 Provisions**

Provisions for liabilities and charges are made when the company has an obligation to a third party and it is probable or certain that it will have to deal with an outflow of resources to this third party without compensation. These provisions are estimated taking into account the most probable assumptions on the balance sheet date.

## 5.7 Public aids

The Group benefits from a certain number of public aids, in the form of grants or conditional advances.

The handling of public aid is as follows: Government grants are capitalised when there is reasonable assurance that the company will comply with the conditions attached to the subsidies and that the subsidies are received.

Subsidies that compensate for expenses incurred by the Group are systematically recognised in the income statement over the period during which the expenses are recognised.

A conditional non-repayable government loan is treated as a government grant, recorded as income, if there is reasonable assurance that the company will meet the conditions for the loan repayment waiver. If not, it is classified as a liability. Conditional advances, whether or not subject to interest, are intended to finance research programmes. They are reimbursable if the project is successful. These advances are recognised in conditional advances and, if necessary, returned to income in the event of foreseeable failure of the project.

## 6 Balance sheet information

### 6.1 Tangible and intangible assets

- The variations in gross values can be analysed as follows:

| <b>Amount in Euros</b> | <b>GROSS VALUE<br/>01/01/2020</b> | <b>+</b>       | <b>-</b>      | <b>GROSS VALUE<br/>31/12/2020</b> |
|------------------------|-----------------------------------|----------------|---------------|-----------------------------------|
| INTANGIBLE             | 3,747,441                         | 322,886        | 15,416        | 4,054,911                         |
| TANGIBLE               | 1,206,462                         | 47,079         |               | 1,253,541                         |
| FINANCIAL              | 375,233                           | 32,243         | 75,110        | 332,366                           |
| <b>TOTALS</b>          | <b>5,329,136</b>                  | <b>402,208</b> | <b>90,526</b> | <b>5,640,818</b>                  |

The criterion for linking the patent filing fees is the date of application for the patent.

The intangible assets correspond mainly to the costs of filing patents, the value of the patents does not appear in the assets of AB Science.

- The changes in depreciation can be analysed as follows:

| <b>Amount in Euros</b> | <b>01/01/2020</b> | <b>+</b>       | <b>-</b>      | <b>31/12/2020</b> |
|------------------------|-------------------|----------------|---------------|-------------------|
| INTANGIBLE             | 2,858,021         | 197,393        | 15,416        | 3,039,998         |
| TANGIBLE               | 1,013,282         | 77,060         |               | 1,090,342         |
| <b>TOTALS</b>          | <b>3,871,303</b>  | <b>274,453</b> | <b>15,416</b> | <b>4,130,340</b>  |

Details of movements for the period:

| <b>Amount in Euros</b>                                       | <b>Increase</b> | <b>Decrease</b> |
|--|-----------------|-----------------|
| Depreciation of patent application fees                      | 191,093         | 15,416          |
| Depreciation of software                                     | 6,300           |                 |
| Depreciation of technical installations, equipment and tools | 38,654          |                 |
| Depreciation of office and IT equipment                      | 35,367          |                 |
| Depreciation of general facilities, fixtures and fittings    | 2,766           |                 |
| Depreciation of office furniture                             | 273             |                 |
| <b>TOTAL</b>   | <b>274,453</b>  | <b>15,416</b>   |

### 6.2 Financial assets

This item, with a gross value of €332K and a net value of €161K, is broken down as follows:

- Other investments: 100% stake in the capital of our US subsidiary (gross value €171k). The securities are fully depreciated.
- Loans: €94K relating to staff loans.
- Other financial fixed assets: €67K relating to security deposits paid.

### 6.3 Inventories

Inventories amounted to €79K as of 31 December 2020 compared to €230K as of 31 December 2019 and can be analysed as follows:

| (in €K and net values)                              | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Inventories of raw materials and active ingredients | 17         | 0          |
| Inventories of intermediate products                | 50         | 204        |
| Inventories of finished products                    | 11         | 27         |
| Total inventories                                   | 79         | 230        |

### 6.4 Other receivables

This item represents a total gross sum of €4,744K and a net sum of €4,626K. This item mainly includes (in net values):

- 2020 research tax credit for €3,308K
- €1,026K in VAT
- Trade accounts receivable of €211K
- Advances to staff of €48K

#### 6.4.1 Details of research tax credit

The research tax credit for 2020 represents a total of €3,308k.

The research tax credit calculation is broken down as follows:

| TITLE   | AMOUNT in €K  |
|---|---------------|
| Depreciation of research equipment, including operating costs | 39            |
| Expenditure on research and technical staff                   | 6,786         |
| Expenditure on young doctors                                  | 0             |
| Flat-rate operating costs                                     | 2,947         |
| Taking out and maintaining patents                            | 327           |
| Operations outsourced to research organisations               | 1,863         |
| Subsidies received in 2020                                    | 70            |
| Conditional advances received in 2020                         | 865           |
| <b>Total annual research tax credit basis</b>                 | <b>11,027</b> |
|   |               |
| <b>Research tax credit</b>                                    | <b>3,308</b>  |

### 6.5 Trade accounts receivables

Trade accounts receivables are analysed as follows:

| (in thousands of euros)          | 31.12.2020 | 31.12.2019 |
|----------------------------------|------------|------------|
| Other trade accounts receivables | 367        | 197        |
| Depreciation                     | (13)       | 0          |
| Trade accounts receivables - net | 355        | 197        |

### 6.6 Marketable securities

As of 31 December 2020, the company does not hold any marketable securities.

### 6.7 Deferred charges

Deferred charges as of 31 December 2020 amounted to €512k and mainly relate to external expenses.

## 6.8 Details on income to be received

The breakdown on income to be received is as follows:

|                                  | Amount in €K |
|----------------------------------|--------------|
| Customers invoices to be drafted | 7            |
| TOTAL                            | 7            |

## 6.9 Supplier liabilities and related accounts

This item represents a total of €13,286K. There are no debts of more than one year.

It consists of “supplier” debts of €7,758k and invoices not yet received of €5,528k.

For the most part, “supplier” debts correspond to invoices issued by organisations and service providers involved in research operations.

The item “invoices not received” is made up of invoices from suppliers for overheads and, to a large extent, debts to organisations and service providers involved in research operations.

## 6.10 Equity

### 6.10.1 Share capital

Mr Alain Moussy, Chairman of AB Science, is the company's main shareholder.

As of 31 December 2020, based on a share price of €19.66, the exercise of all of the Company's effectively exercisable instruments giving access to capital is broken down as follows, leading to the creation of new shares as follows:

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 320,474
  - ✓ BSPCE (French stock options): 2,182,588
  - ✓ BSA (French share subscription warrants): 2,758,579 (of which 1,974,040 are BSAs, the exercise of all of which would result in the issue of 987,020 shares)

The exercise of these options would lead to an increase in shareholders' equity of €37,394K and a capital dilution of 7.5%.

- Options whose exercise price is less than or equal to the stock market price and whose exercise conditions are not met:

- ✓ Stock options allocated to employees: 260,770

The exercise of these options would lead to an increase in shareholders' equity of €3,282K and a capital dilution of 0.5%.

- Preference shares issued in December 2016, relating to the conversion of convertible bonds into shares, the conditions of which are detailed in paragraph 8.6 of this report:

- ✓ Preference shares convertible into ordinary shares: 1,704,903

The exercise of these preference shares would lead to an increase in shareholders' equity of €8,525K and a capital dilution of 3.1%.

At the date of this report, some of these preference shares have been converted. The maximum number of ordinary shares to be issued upon conversion of the outstanding preference shares is 1,236,705 shares (based on a conversion price of five euros). The conversion of these preference shares is planned to take place in several tranches until the end of the financial year 2021.

- Options based on special performance criteria, the conditions of which are detailed in paragraphs 11.2, 11.3, 11.4 and 11.5 of this report:

- ✓ Stock options allocated to employees: 333,000
- ✓ BSPCE (French stock options): 3,118,082
- ✓ BSA (French share subscription warrants): 3,983 136
- ✓ Conversion of performance free preference shares (AGAP) into ordinary shares: 4,514,500

The exercise of these options would lead to an increase in shareholders' equity of €84,988K and a capital dilution of 18.6%.

The exercise of instruments giving access to the outstanding capital, as well as any new allocations or issues would result in significant dilution for the shareholders.

Note that in the event of the exercise of all of these 19,176,032 shares, the amount of equity would be increased by 134 million euros.

#### 6.10.2 Statement of changes in equity and other equity :

| Amount in Euros           | Amount at beginning of financial year | Increase                 | Decrease                  | Amount at 31 December 2020 |
|---------------------------|---------------------------------------|--------------------------|---------------------------|----------------------------|
| Share capital             | 440,603                               | 83,961                   |                           | 524,564                    |
| Subscription warrants/BEA | 397,673                               | 50,250                   |                           | 447,923                    |
| Share premium             | 215,618,774                           | 22,916,005               | 427,174                   | 238,107,605                |
| Result for the year       | <17,308,432>                          | <14,809,123>             | <17,308,432>              | <14,809,123>               |
| Retained earnings         | <213,583,231>                         | <17,308,432>             |                           | < 230,891,663>             |
| <b>Total equity</b>       | <b>&lt;14,434,613&gt;</b>             | <b>&lt;9,067,339&gt;</b> | <b>&lt;16,881,258&gt;</b> | <b>&lt;6,620,694&gt;</b>   |
| <b>Other Equity</b>       | <b>10,196 600</b>                     |                          |                           | <b>10,196 600</b>          |

#### 6.10.3 Increases in capital

In March 2020, the capital was increased by :

- ✓ 8,602.20 euros as a result of the contribution of a private fund, with a corresponding share premium of €6,085k, i.e. a total contribution of €6,094k
- ✓ 2,245.07 euros following the exercise of share subscription warrants, with a corresponding share premium of €1,233k, for a total contribution of €1,235k

In August 2020, the capital was increased by 3.53 euros following the exercise of stock options, with a corresponding share premium of €2K, for a total contribution of €2K

In September 2020, the capital was increased by :

- ✓ 60,000 euros as a result of the issue of class D preference shares, with a corresponding share premium of €181k, i.e. a total contribution of €241k
- ✓ 2,332.66 euros as a result of the exercise of capitalised share subscription warrants

In December 2020, the capital was increased by :

- ✓ 200 euros following the exercise of share subscription warrants, with a corresponding share premium of €110K, for a total contribution of €110K
- ✓ 12.67 euros as a result of the exercise of stock options, the corresponding share premium of €9K, for a total contribution of €9K
- ✓ 3,282.91 euros following the conversion of convertible bonds into shares, with a corresponding share premium of €4,497K
- ✓ 7,281.56 euros as a result of the contribution of a private fund, with a corresponding share premium of €10,487K, i.e. a total contribution of €10,494K

At the General Meeting of 31 December 2009, a double voting right that conferred on the other shares, having regard to the proportion of the share capital they represent, is granted to all fully paid shares for which it can be proven that the shares have been registered for at least two years in the name of the same shareholder, it being specified that the starting point of this two-year period may not be before 1 April 2010. This right is also conferred from the point of issue in the event of a capital increase by incorporation of reserves, profits or issue premiums, on registered shares allocated free of charge to a shareholder in respect of old shares for which he or she already has this right.

As of 31 December 2020, the capital of AB Science was composed of 52,456,357 shares, of which 17,727,090 shares have double voting rights

### 6.11 Conditional advances (other equity)

Conditional advances amount to €10,197K and relate to the following advances:

- Conditional advance from Bpifrance ISI for €4,432K (strategic industrial innovation project) concerning the project entitled APAS-IPK-Improving the Predictability of Activity and Selectivity of Kinase Inhibitors in Oncology. The total amount of the conditional advance is €4,432K to be released in 4 phases. If the project is successful, from the third year of marketing, the company will pay Bpifrance an interest of 1% of the annual turnover generated by the use of the products resulting from the project, capped at €3.1 million per year and on the turnover corresponding to two accounting years.
- Conditional advance from Bpifrance ISI €5,764K (strategic industrial innovation project) relating to the project entitled ROMANE, the objective of which is to develop an innovative therapeutic molecule for Alzheimer's disease. The total amount of the conditional advance is €5,764K to be released in 3 phases. The repayment of the advance by AB Science, payable only in the event of a successful project marked by the registration of masitinib in a neurology indication, includes:
  - ✓ the repayment of the €5,764K over four years from the third year of marketing of masitinib
  - ✓ then over the following three years, the payment of interest of 1% of turnover up to a limit of €7 million.

### 6.12 Provisions

The change in provisions for charges, excluding provisions for exchange losses, is as follows in the financial years 2019 and 2020:

| <i>(in thousands of euros)</i> | Litigation | Provisions for tax | Total |
|--------------------------------|------------|--------------------|-------|
| 31-Dec-18                      | 145        | 0                  | 145   |
| Allocations                    | 181        |                    | 181   |
| Reversals used                 | (11)       |                    | (11)  |
| Reversals not used             | (78)       |                    | (78)  |
| 31-Dec-19                      | 237        | 0                  | 237   |
| Allocations                    | 326        |                    | 326   |
| Reversals used                 |            |                    | 0     |
| Reversals not used             | (47)       |                    | (47)  |
| 31-Dec-19                      | 516        | 0                  | 516   |

The provision for disputes amounting to €516K on 31 December 2020 is mainly related to three labour disputes arising from the termination of employment contracts and seven disputes with suppliers.

### 6.13 Breakdown of accrued expenses

The breakdown of accrued expenses to be paid is as follows:



|   | Amount in Euros |
|---|-----------------|
| Suppliers, invoices not received                                  | 5,528,262       |
| Provision for paid holidays                                       | 496,425         |
| Staff - accrued expenses  | 1,596,008       |
| Staff - expense reports accrued expenses                          | 13,420          |
| Staff - accrued expenses (Inter-company savings plan)             | 55,588          |
| Provisions for social security charges on outstanding holiday pay | 202,640         |
| Provisions for social security charges on outstanding premiums    | 540,219         |
| State - accrued expenses  | 44,339          |
| Incurred interest - banks   | 2,711           |
| TOTAL   | 8,479,612       |

## 7 Information on the profit and loss statement

### 7.1 Breakdown of expenses

Expenses are mainly composed of expenses incurred with organisations or service providers involved in the field of research and personnel costs involved in the research programmes.

The main component of expenses is research and development services for new molecules, which amount to €7,555K excluding personnel costs, compared to the €10,254K representing total operating expenses recorded as of 31 December 2020, excluding personnel costs and research tax credit.

### 7.2 Breakdown of income

The Company's turnover for the year 2020 amounts to €1,583K, mainly generated by the use of a drug in veterinary medicine.

### 7.3 Analysis of the exceptional result

The exceptional result is a loss of €533K and can be explained mainly by the cancellation of a credit note receivable accrued in 2019 (€420K) and the provision of a receivable from a supplier for €118K.

## 8 Other information

### 8.1 Workforce

The number of company employees as of 31 December 2020 is 91 compared to 100 on 31 December 2019.

The Company's US subsidiary also has 1 employee as of 31 December 2020, compared to 2 on 31 December 2019.

Therefore, the Group employs 91 people as of 31 December 2020 compared to 103 people as of 31 December 2019; 90 people are employed in France, 1 in Germany and 1 in the USA.

The breakdown of the French workforce by category is as follows:

- Salaried manager: 1 person
- Executive: 85 people
- Non-executive 5 people

### 8.2 Staff commitments

Employee benefits relate to pension commitments.

The company has not made any provision for retirement benefits.

The contingent liability representing the amount of severance pay for staff as of 31 December 2020, calculated by applying the collective and seniority agreement amounted to €902K, excluding social security contributions.

AB Science pays retirement contributions each month to organisations that will pay pensions to employees when they retire (defined contribution plan). As a result, there is no need to record pension provisions. There are no defined benefit pension contracts within AB Science.

### 8.3 Other commitments given and received

These commitments are as follows:

| <i>(in thousands of euros)</i>             | 31.12.20  | 31.12.19   |
|--|-----------|------------|
| Commitments given:                         | 40        | 40         |
| <i>Guarantee given (1)</i>                 | <i>40</i> | <i>40</i>  |
| Commitments received:                      | 0         | 935        |
| <i>BPIFrance:</i>                          |           |            |
| <i>Subsidies receivable (2)</i>            | <i>0</i>  | <i>70</i>  |
| <i>Conditional advances receivable (2)</i> | <i>0</i>  | <i>865</i> |

(1) Following the rental of new offices in Paris, a bank guarantee of €39.6k was given to SCI Bizet in 2016.

(2) As of 31 December 2019, the amounts represent the commitments received from BPIFrance after deducting the payments received at closing, excluding provisions as part of the ROMANE project of €865K in conditional advances still to be received. These sums were received in 2020. The repayment terms are as follows:

The repayment of the advance by AB Science, payable only in the event of a successful project marked by the registration of masitinib in a neurology indication, includes:

- ✓ the repayment of the €6,600K over four years from the third year of marketing of masitinib
- ✓ then over the following three years, the payment of interest of 1% of turnover up to a limit of €7 million.

### 8.4 Executive compensation

AB Science directors are not compensated for their directorship.

The remuneration and the amount of the executive's pension commitment is presented in the annual financial report (paragraph 7.4)

The Chief Executive Officer and the Deputy Chief Executive Officer did not receive any remuneration during the 2020 financial year in respect of their positions.

### 8.5 Income tax

Tax deficits :

From a tax point of view, AB Science can carry forward indefinitely its tax losses accumulated since its 1<sup>st</sup> financial year ended in 2001.

Current situation;

|  |             |
|--|-------------|
| Accumulation of tax deficits from 2001 to 2019:      | 286,942,881 |
| 2020 deficit:  | 17,541,976  |
| Accumulation of tax deficits as of 31 December 2020: | 304,484,857 |

### 8.6 Consolidation

AB Science is an independent company with a majority of individual shareholders. AB Science's accounts are not included in the scope of consolidation of any other company.

The AB Science Group prepares consolidated accounts in accordance with IFRS standards.

### 8.7 List of subsidiaries and investments

| Name of the subsidiary | Net value of securities (€) | Financial information |                                |  |                                      |
|------------------------|-----------------------------|-----------------------|--------------------------------|--|--------------------------------------|
|                        |                             | Capital               | Reserves and retained earnings | Proportionate share of the capital owned | Result for the year as of 31/12/2020 |
| AB Science LLC         | 0                           | 250,000 USD           | -441,223 USD                   | 100%                                     | 10,088 USD                           |

#### 8.8 Items concerning affiliated companies and shareholdings

| Name of the subsidiary | Shareholdings (net value) | Current account (net value) |
|------------------------|---------------------------|-----------------------------|
| AB Science LLC         | 0                         | -4,258,641                  |

#### 8.9 Information on transactions with affiliated parties

Transactions with affiliated parties are not mentioned because, on the one hand, they concern transactions with wholly owned subsidiaries and, on the other hand, they concern transactions with the company's corporate officers which are mentioned in the consolidated accounts and/or in the annual financial report.

#### 8.10 Information on the maturity of receivables and debts

| STATUS OF RECEIVABLES (in Euros) | Gross amount | At 1 year max. | At over 1 year |
|----------------------------------|--------------|----------------|----------------|
| Loans                            | 94,000       | 94,000         |                |
| Other financial fixed assets     | 67,036       |                | 67,036         |
| Other trade accounts receivables | 367,249      | 367,249        |                |
| Other receivables                | 4,743,627    | 4,707,384      | 36,243         |
| Deferred charges                 | 512,545      | 431,066        | 81,479         |
| TOTAL                            | 5,784,457    | 5,599,700      | 184,758        |

| STATUS OF DEBTS (in Euros)                         | Gross amount | At 1 year max. | Over 1 year to up to 5 years | At over 5 years |
|--|--------------|----------------|------------------------------|-----------------|
| Loans and other borrowing from credit institutions | 1,007,823    | 70,323         | 937,500                      |                 |
| Suppliers and related accounts                     | 13,286,430   | 13,286,430     |                              |                 |
| Other debts  | 8,312,773    | 8,312,773      |                              |                 |
| TOTAL  | 22,607,027   | 21,669,527     | 937,500                      | 0               |

#### 8.11 Share subscription option plans

The following table shows the main characteristics of the plans being acquired.

|  | PLANS      |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | SO33C      | SO10A      | SO10B      | SO10C      | SO4A       | SO4B       | SO5A       | SO4C       | SO5B       | SO5C       |
| Date of issuance by the Board of Directors       | 15/09/2009 | 18/03/2010 | 03/02/2010 | 03/02/2010 | 01/07/2010 | 29/10/2010 | 29/10/2010 | 03/09/2011 | 03/09/2011 | 17/02/2012 |
| Vesting date                                     | 15/09/2012 | 18/03/2014 | 03/02/2013 | 03/02/2013 | 01/07/2014 | 29/10/2014 | 29/10/2014 | 03/09/2015 | 03/09/2015 | 17/02/2016 |
| Plan maturity                                    | 15/09/2019 | 18/03/2020 | 03/02/2020 | 03/02/2020 | 30/06/2020 | 28/10/2020 | 28/10/2020 | 02/09/2021 | 02/09/2021 | 16/02/2022 |
| Number of shares assigned                        | 112        | 290,000    | 10         | 9          | 5,985      | 4,015      | 97,472     | 1,334      | 10,2102    | 14,000     |
| Ratio of options to shares (nominal value €0.01) | 1000       | 1          | 1000       | 1000       | 1          | 1          | 1          | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 7680.00    | 15.61      | 12280.00   | 12280.00   | 12.65      | 12.65      | 12.65      | 7.14       | 7.14       | 12.25      |
| Performance conditions                           | N/A        | Yes        | Yes        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |

|  | PLANS      |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | SO4D       | SO5D       | SO5E       | SO6A       | SO6B       | SO6C       | SO6D       | SO6E       | SO7A       | SO9A       |
| Date of issuance by the Board of Directors       | 30/08/2012 | 17/02/2012 | 26/02/2013 | 14/05/2014 | 29/08/2014 | 24/04/2015 | 06/10/2015 | 28/04/2016 | 30/04/2018 | 06/12/2018 |
| Vesting date                                     | 30/08/2016 | 17/02/2016 | 26/02/2017 | 14/05/2018 | 29/08/2018 | 24/04/2019 | 06/10/2019 | 28/04/2020 | 30/04/2022 | 06/12/2022 |
| Plan maturity                                    | 28/08/2022 | 16/02/2022 | 26/02/2023 | 13/05/2024 | 28/08/2024 | 23/04/2025 | 05/10/2025 | 27/04/2026 | 30/04/2028 | 06/12/2028 |
| Number of shares assigned                        | 1,373      | 196,466    | 1500       | 116,335    | 10,875     | 79,940     | 15,550     | 110,640    | 53,000     | 25,120     |
| Ratio of options to shares (nominal value €0.01) | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 10.18      | 10.18      | 16.89      | 11.96      | 10.03      | 15.8       | 13.01      | 17.29      | 12.65      | 12.00      |
| Performance conditions                           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |

|  | PLANS                |            |            |            |
|--|----------------------|------------|------------|------------|
|  | SO19A                | SO19B      | SO20A      | SO20B      |
| Date of issuance by the Board of Directors       | 20/05/2019           | 10/07/2019 | 17/02/2020 | 01/09/2020 |
| Vesting date                                     | 31/07/2019           | 31/07/2019 | 17/02/2024 | 01/09/2024 |
| Plan maturity                                    | 31/12/202231/12/2022 | 31/12/2022 | 16/02/2034 | 31/08/2034 |
| Number of shares assigned                        | 274,000              | 59,000     | 65,000     | 143,650    |
| Ratio of options to shares (nominal value €0.01) | 1                    | 1          | 1          | 1          |
| Exercise price ( <i>in euros</i> )               | 12                   | 12         | 12.65      | 12.65      |
| Performance conditions                           | Yes                  | Yes        | N/A        | N/A        |

*Evolution of the number of valid options*

For all these plans, the development of the number of valid options is as follows:

The breakdown of the closing total is as follows:

| <i>(in number of options, with division of the nominal value by 1000)</i> | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Options outstanding at the beginning of the fiscal year                   | 767,812    | 460,588    |
| Options assigned  | 208,650    | 333,000    |
| Options exercised   | -1,620     | 0          |
| Options cancelled   | -34,944    | -25,729    |
| Options expired   | -25,654    | -47.00     |
| Options outstanding at the end of the fiscal year                         | 914,244    | 767,812    |

| <i>(in number of options)</i> | 31.12.2020     | 31.12.2019     |
|-------------------------------|----------------|----------------|
| Plans prior to 07/11/2002     |                |                |
| SO11A                         | 0              | 0              |
| SO11B                         | 0              | 0              |
| Plans after 07/11/2002        |                |                |
| SO11C                         | 0              | 0              |
| SO22A                         | 0              | 0              |
| SO22B                         | 0              | 0              |
| SO22C                         | 0              | 0              |
| SO22D                         | 0              | 0              |
| SO33A                         | 0              | 0              |
| SO33B                         | 0              | 0              |
| SO33C                         | 0              | 0              |
| SO10A                         | 116,000        | 116,000        |
| SO10B                         | 0              | 0              |
| SO10C                         | 0              | 1.00           |
| SO4A                          | 0              | 1,826          |
| SO4B                          | 0              | 1145           |
| SO4C                          | 0              | 353            |
| SO5A                          | 0              | 22,682         |
| SO5B                          | 22,455         | 24,183         |
| SO5C                          | 0              | 0              |
| SO4D                          | 0              | 0              |
| SO5D                          | 44,184         | 46,737         |
| SO5ESO5E                      | 0              | 0              |
| SO6A                          | 40,340         | 44,150         |
| SO6B                          | 875            | 875            |
| SO6C                          | 33,180         | 36,180         |
| SO6D                          | 9,000          | 9,000          |
| SO6E                          | 54,440         | 58,060         |
| SO7A                          | 27,000         | 48,500         |
| SO9A                          | 25,120         | 25,120         |
| SO2019A                       | 274,000        | 274,000        |
| SO2019B                       | 59,000         | 59,000         |
| SO2020A                       | 65,000         |                |
| SO2020B                       | 143,650        |                |
| <b>TOTAL</b>                  | <b>914,244</b> | <b>767,812</b> |

## 8.12 Share subscription warrants

The combined General Meeting of 26 December 2008 decided to issue 85 independent share subscription warrants (called “BSA4”) at an issue price of 0.01 euros, each conferring the right to subscribe to 1,000 new ordinary shares with a nominal value of 0.01 euros for an exercise price per BSA of 7,680 euros, including a share premium of 7,670 euros. As of 31 December 2010, the 85 BSAs were allocated and subscribed.

The General Meeting of 31 December 2009 decided to issue 9 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to 1,000 new ordinary shares with a nominal value of 0.01 euros for an exercise price per BSA of 12,280 euros, including a share premium of 12,270 euros. As of 31 December 2010, the 9 BSAs were allocated and subscribed. As the exercise deadline has been reached and the BSAs have not been exercised during the allotted period, the 9 BSAs expired on 31 December 2016.

The General Meeting of 31 December 2009 decided to issue 830,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros. The General Meeting of February 27, 2010 fixed the exercise price per BSA at 15.61 euros, including a share premium of 15.60 euros. As of 31 December 2010, the 830,000 were allocated and subscribed. The exercise

of the 830,000 BSAs is conditional up to 60% on the sale of masitinib for pancreatic cancer in humans (Registration or Temporary authorisation for group use). At the Board of Directors meeting of 14 December 2015, it was noted that this objective had not been achieved and therefore noted that 498,000 BSAs had lapsed. As the balance of outstanding warrants (332,000) were not exercised during the exercise period, the expiration date of which was 3 February 2016, the Board of Directors therefore noted the lapsing of 332,000 BSAs at the 19 December 2016 meeting.

The General Meeting of 8 September 2010 decided to issue 5,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. As of 31 December 2010, the 5,000 BSAs were allocated and subscribed. In 2013, 2,500 were declared expired. The remaining balance is therefore 2,500 BSAs as of 31 December 2017. The Board of Directors noted the expiration of the remaining 2,500 BSAs at the 30 April 2018 meeting. The remaining balance is therefore zero as of 31 December 2018.

The General Meeting of 30 March 2012 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 30 August 2012 to issue 76,112 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12.50 euros, including a share premium of 12.49 euros. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (1) of chapter 8.6 of this report. As of 31 December 2012, the 76,112 BSAs were allocated and subscribed.

The Board of Directors decided on 02 May 2012 to issue and allocate 17,585 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 15.81 euros, including a share premium of 15.80 euros. As of 31 December 2012, the 17,585 BSAs were allocated and subscribed.

The General Meeting of 30 March 2012 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 24 May 2013 to issue 15,285 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 17.98 euros, including a share premium of 17.97 euros. As of 31 December 2013, the 15,285 BSAs were allocated and subscribed.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 29 August 2014 to issue 84,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 10.03 euros, including a share premium of 10.02 euros. As of 31 December 2014, the 84,000 BSAs were allocated and subscribed.

In 2015, 25,666 were declared expired. In 2018, 6,999 were declared expired. The balance of BSAs is 51,335 as of 31 December 2019.

On 1 November 2014, the Board of Directors used its authority delegated by the General Meeting of 27 June 2014 to issue and allocate 1,647,024 redeemable share subscription warrants (BSAR) at an issue price of 0.16 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 8.92 euros, including a share premium of 8.91 euros. As of 31 December 2015, the 1,647,024 BSAR were allocated and subscribed.

The main characteristics of these BSAR are as follows:

- The subscription of BSARs is subject to the joint signing of a pact at the general meetings of the company with the current majority shareholder (AMY SAS and Alain Moussy) and the signing of an undertaking to retain the shares issued from the BSAR until 30 August 2034.
- The unit subscription price is equal to the average Euronext Paris price over the last thirty trading sessions preceding the date of 31 October 2014, i.e. 8.92 euros, including a share premium of 8.91 euros.
- The BSARs are not be exercisable as long as the average share price of the Company during the last sixty trading days preceding the exercise date is less than 30 euros;
- The BSARs must be exercised if the average share price of the Company during the last sixty trading days preceding the exercise date is greater than 50 euros.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. The Board of Directors therefore decided on 31 August 2015 to issue 28,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 14.41 euros, including a share premium of 14.40 euros. As of 31 December 2015, the 28,000 BSAs were allocated and subscribed. In 2016, 14,000 BSAs were declared expired by the Board of Directors on 30 August 2016. The remaining balance is therefore 14,000 BSAs as of 31 December 2019.

The General Meeting of 28 June 2016 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 30 August 2016 to issue and allocate 14,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 13.30 euros, including a share premium of 13.29 euros.

As of 31 December 2016, the 14,000 BSAs were allocated and subscribed.

In 2018, 11,666 BSAs were declared expired by the Board of Directors on 30 April 2018. The remaining balance is therefore 2,334 BSAs as of 31 December 2019.

- The Board of Directors decided on 19 December 2016 to issue and allocate 332,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 15.61 euros, including a share premium of 15.60 euros.

As of 31 December 2017, the 332,000 BSAs were allocated and subscribed.

At the General Meeting of 9 December 2016, it was decided to modify the terms and conditions of the convertible bonds subscribed by the JP SPC 3 Valor Biotech II, JP SPC 3 Valor Biotech III, JP SPC 5 Valor Biotech IV and JP SPC 3 Obo FGP Private Equity funds on 31 May 2013, 28 May 2013, 28 May 2013 and 5 June 2013, respectively and to authorise the conversion of convertible bonds into preference shares, into convertible BSA, into capitalised BSA and into nominal BSA. Thus:

- 60,000 convertible warrants were created allowing the purchase, from 1 January 2017 to 1 January 2026, of one common share of the company for a subscription price of 10 euros.
- 8 nominal BSAs were created and should allow the purchase over specified periods (i.e. from 1 to 30 June, 2017, 2018, 2019 and 2020), at a fixed exercise price per ordinary share, of a number of variable ordinary shares based on the stock market price. The selected share price could not be less than 10 euros. As these 8 nominal BSAs were not exercised during the allotted period, they will lapse on 31 December 2020.
- 4 capitalised BSAs were created and should allow the purchase from 01/06/2020 to 30/06/2020, at a fixed exercise price per ordinary share, of a number of variable ordinary shares based on the stock market price. The selected share price cannot be less than 10 euros. These 4 capitalised BSAs were exercised in 2020. As a result, there are no more Capitalised BSAs outstanding as of 31 December 2020.

The General Meeting of 28 June 2017 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 31 August 2017 to issue and allocate 39,314 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 0.01 euros. The exercise period of these warrants is ten years.

As of 31 December 2017, the 39,314 BSAs were allocated, subscribed and exercised in 2018.

- The Board of Directors decided on 18 December 2017 to issue and allocate 1,000,000 share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 11 euros, including a share premium of 10.99 euros. These share subscription warrants were issued in December 2017 and subscribed in January 2018 by the company Quercegen as part of a collaborative project to assess the clinical development of the combination of masitinib with the compounds of Quercegen. These BSAs lapsed in 2020 and were replaced by the BSAs issued in October 2020 (see below)
- The Board of Directors decided on 29 January 2018 to issue and allocate 200,000 share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These BSAs were allocated respectively to JPL Pharma Consulting (100,000 BSAs) and to MD Consulting, in accordance with the service contracts concluded in January 2018 with these companies. Under the terms of these contracts, 40,000 share subscription warrants are exercisable on the



anniversary date of the contract, and the balance of the share subscription warrants is conditional on the fulfilment of the conditions in note (3) of chapter 8.6 of this report. These share subscription warrants were issued in January 2018 and subscribed in July 2018 by MD Consulting and JPL Pharma Consulting. As of 31 December 2020, 160,000 BSAs had lapsed due to the non-achievement of part of the targets. The remaining balance is therefore 40,000 BSAs as of 31 December 2020.

- The Board of Directors decided on 30 April 2018 to issue and allocate 14,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.  
As of 31 December 2018, the 14,000 BSAs were allocated and subscribed.

The General Meeting of 29 June 2018 decided to delegate its authority to the Board of Directors for the purpose of issuing common shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 26 September 2018 to issue and allocate 28,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.  
As of 31 December 2018, the 28,000 BSAs were allocated and subscribed.
- The Board of Directors decided on 06 December 2018 to issue and allocate 8,400 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These share subscription warrants were issued in December 2018 in favour of Ysopa, a company in the process of being created, as part of the management of the Company's pharmacovigilance activities.  
As of 31 December 2019, the 8,400 BSAs have been allocated but not subscribed and have therefore lapsed.
- The Board of Directors decided on 29 April 2019 to issue and allocate 1,000,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. These share subscription warrants were issued in April 2019 to the company AMY. As of 31 December 2019, all these BSAs have been allocated and subscribed.

These BSAs can be exercised under the following conditions:

- The exercise of 500,000 BSAs will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015;
- The exercise of 500,000 BSAs will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015;
- The Board of Directors decided on 29 April 2019 to issue and allocate 200,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros. As of 31 December 2019, all these BSAs have been allocated and subscribed. These BSAs were issued to KPLM within the framework of the development of research into vaccines against cancer.

These BSAs can be exercised under the following conditions:

- The exercise of 50,000 BSAs will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
- The exercise of 50,000 BSAs will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
- The exercise of 10,000 BSAs will be conditional upon AB Science obtaining a patent for its immunotherapy technology based on a viral vector by 29 April 2028 at the latest;
- The exercise of 90,000 BSAs will be conditional upon the valuation of a patent by AB Science for its immunotherapy technology based on a viral vector by 29 April 2028 at the latest, according to the following terms and conditions; 10,000 BSA2019-B will become exercisable for each payment of one million euros received by AB Science for the development of its immunotherapy technology based on a viral vector;

- The Board of Directors decided on 29 April 2019 to issue and allocate 60,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12 euros, including a share premium of 11.99 euros.  
As of 31 December 2019, the 60,000 BSAs were allocated and subscribed.  
These BSAs can be exercised under the following conditions:
  - The exercise of 50% BSAs owned by each holder will be conditional on the registration by the EMA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
  - The exercise of 50% BSAs owned by each holder will be conditional on the registration by the FDA, conditionally or not, of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015 by 29 April 2022 at the latest;
- the Board of Directors decided on 13 August 2019 to issue and allocate 2,463,054 independent share subscription warrants. These share subscription warrants grant the right to subscribe to one share upon exercise of 2 share subscription warrants for an exercise price of 5.5 euros per share. In 2020, 489,014 BSAs were exercised. As of 31 December 2020, the balance is therefore 1,974,040 independent share subscription warrants.

The General Meeting of 31 August 2020 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 1 September 2020 to issue and allocate 5,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.05 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. These share subscription warrants were issued in September 2020 in favour of Ysopa as part of the management of the Company's pharmacovigilance activities. These BSAs were subscribed in December 2020 by Ysopa.  
As of 31 December 2020, the 5,000 BSAs were allocated and subscribed.
- On 27 October 2020, the Board of Directors decided on the principle of issuing bonds convertible into shares to which share subscription warrants are attached (the "OCABSAs") and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSAs. On 28 October 2020, the Chairman and Chief Executive Officer decided to issue 90,000 OCABSAs. Thus, 90,000 BSAs were created and fully subscribed, mainly by investment funds. Each BSA grants its holder the right to subscribe to one new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros.
- The Board of Directors decided on 29 October 2020 to issue and allocate 1,000,000 independent share subscription warrants at an issue price of 0.05 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 11 euros, including a share premium of 10.99 euros. These share subscription warrants were issued in October 2020 and subscribed in December 2020 by the company Quercegen as part of a collaborative project to assess the clinical development of the combination of masitinib with the compounds of Quercegen and instead of the BSAs issued by the Board of Directors on 18 December 2017. As of 31 December 2020, all these BSAs have been allocated and subscribed. The exercise of these BSAs is conditional on the fulfilment of the conditions in note (5) of chapter 8.6 of this report.

The General Meeting of 16 December 2020 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital. Thus:

- The Board of Directors decided on 20 December 2020 to issue and allocate 30,000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new common share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. These share subscription warrants were issued in December 2020 to the holders of C shares and in accordance with the provisions of the protocol in favour of the Infinity Obo FGP Capital Private Equity fund. As of 31 December 2020, the 30,000 BSAs have been allocated and not subscribed.

| Date of issue<br>(General Meeting) | Date of allocation of securities | Name of beneficiary   | Number of shares to which each warrant gives the right | Exercise price of a warrant | Allocated warrants | Expired warrants | Exercise d warrants | Subscribable shares on closing date |
|------------------------------------|----------------------------------|---|--|-----------------------------|--------------------|------------------|---------------------|-------------------------------------|
| 26/12/2008                         | 26/12/2008                       | Kinet, JP   | 1000   | 7,680.00                    | 85                 |                  |                     | 85,000                              |
| 30/03/2012                         | 02/05/2012                       | Pépin G.  | 1  | 15.80                       | 17,585             |                  |                     | 17,585                              |
|                                    | 30/08/2012                       | Kinet, JP   | 1  | 12.50                       | 76,112             |                  |                     | 76,112                              |
|                                    | 24/05/2013                       | Pépin G.  | 1  | 17.98                       | 15,285             |                  |                     | 15,285                              |
| 27/06/2014                         | 29/08/2014                       | Costantini D.   | 1  | 10.03                       | 14,000             | -11,666          |                     | 2,334                               |
|                                    | 29/08/2014                       | SAS Sixto   | 1  | 10.03                       | 14,000             | -6,999           |                     | 7,001                               |
|                                    | 29/08/2014                       | O'Neill M.  | 1  | 10.03                       | 14,000             |                  |                     | 14,000                              |
|                                    | 29/08/2014                       | Kinet, JP   | 1  | 10.03                       | 14,000             |                  |                     | 14,000                              |
|                                    | 29/08/2014                       | Moussy P.   | 1  | 10.03                       | 14,000             |                  |                     | 14,000                              |
|                                    | 01/11/2014                       | Benjahad, A.  | 1  | 8.92                        | 5,882              |                  |                     | 5,882                               |
|                                    | 01/11/2014                       | Letard, S.  | 1  | 8.92                        | 5,882              |                  |                     | 5,882                               |
|                                    | 01/11/2014                       | Moussy, A   | 1  | 8.92                        | 1,617,614          |                  |                     | 1,617,614                           |
|                                    | 01/11/2014                       | Guy, L.   | 1  | 8.92                        | 5,882              |                  |                     | 5,882                               |
|                                    | 01/11/2014                       | Turci, S.   | 1  | 8.92                        | 5,882              |                  |                     | 5,882                               |
|                                    | 01/11/2014                       | Giorgiutti, P.  | 1  | 8.92                        | 5,882              |                  |                     | 5,882                               |
|                                    | 31/08/2015                       | Reverdin, B   | 1  | 14.41                       | 14,000             |                  |                     | 14,000                              |
|                                    | 30/08/2016                       | Blondel, C  | 1  | 13.30                       | 14,000             | -11,666          |                     | 2,334                               |
| 28/06/2016                         | 19/12/2016                       | Moussy, A.  | 1  | 15.61                       | 332,000            |                  |                     | 332,000                             |
| 09/12/2016                         | 09/12/2016                       | JP SPC 5 Valor Biotech IV : BSA fixed conversion parity       | 1  | 10                          | 37,387             |                  |                     | 37,387                              |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 5                  | -5               |                     | 0                                   |
|                                    | 09/12/2016                       | JP SPC 3 Valor Biotech II : BSA fixed conversion parity       | 1  | 10                          | 8,979              |                  |                     | 8,979                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                     | 0                                   |
| 09/12/2016                         | 09/12/2016                       | JP SPC 3 Obo FGP Private Equity : BSA fixed conversion parity | 1  | 10                          | 7,280              |                  |                     | 7,280                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                     | 0                                   |
|                                    | 09/12/2016                       | JP SPC 3 Valor Biotech III BSA fixed conversion parity        | 1  | 10                          | 6,354              |                  |                     | 6,354                               |
|                                    |                                  | BSA variable conversion parity                                | Not determined   |                             | 1                  | -1               |                     | 0                                   |
| 28/06/2017                         | 31/08/2017                       | Deltec Bank and Trust Limited                                 | 1  | 0.01                        | 39,314             |                  | 39,314              | 0                                   |
|                                    | 18/12/2017                       | Quercegen Pharma  | 1  | 11                          | 1,000,000          | -1,000,000       |                     | 0                                   |
|                                    | 29/01/2018                       | JPL Pharma  | 1  | 12                          | 100,000            | -80,000          |                     | 20,000                              |
|                                    | 29/01/2018                       | MD Consulting   | 1  | 12                          | 100,000            | -80,000          |                     | 20,000                              |
|                                    | 30/04/2018                       | Riez, N.  | 1  | 12.65                       | 14,000             |                  |                     | 14,000                              |
| 29/06/2018                         | 26/09/2018                       | Mourey, E   | 1  | 12.65                       | 14,000             |                  |                     | 14,000                              |
|                                    | 26/09/2018                       | Bihr, B.  | 1  | 12.65                       | 14,000             |                  |                     | 14,000                              |
|                                    | 29/04/2019                       | AMY SAS   | 1  | 12                          | 1,000,000          |                  |                     | 1,000,000                           |
|                                    | 29/04/2019                       | KPLM  | 1  | 12                          | 200,000            |                  |                     | 200,000                             |
| 28/06/2019                         | 29/04/2019                       | Mourey, E   | 1  | 12                          | 10,000             |                  |                     | 10,000                              |
|                                    | 29/04/2019                       | Bihr, B.  | 1  | 12                          | 10,000             |                  |                     | 10,000                              |
|                                    | 29/04/2019                       | Reverdin, B   | 1  | 12                          | 10,000             |                  |                     | 10,000                              |

|            |            |  |     |       |           |                 |
|------------|------------|--|-----|-------|-----------|-----------------|
|            | 29/04/2019 | Riez, N.                                   | 1   | 12    | 10,000    | 10,000          |
|            | 29/04/2019 | Moussy, P                                  | 1   | 12    | 10,000    | 10,000          |
|            | 29/04/2019 | O'Neill, M                                 | 1   | 12    | 10,000    | 10,000          |
|            | 17/08/2019 | Deltec Bank and Trust LTD                  | 0.5 | 5.5   | 679,803   | 449,014 230,789 |
|            | 17/08/2019 | FGP Protective Opp Master                  | 0.5 | 5.5   | 724,138   | 724,138         |
|            | 17/08/2019 | Aurore Invest fund                         | 0.5 | 5.5   | 98,522    | 40,000 58,522   |
|            | 17/08/2019 | KBL European Private Bankers               | 0.5 | 5.5   | 73,892    | 73,892          |
|            | 17/08/2019 | Armistice Capital Master Fund Ltd          | 0.5 | 5.5   | 886,699   | 886,699         |
| 31/08/2020 | 01/09/2020 | Ysopa                                      | 1   | 12.65 | 5,000     | 5,000           |
|            | 28/10/2020 | Hades Multi Strategy SP                    | 1   | 12.65 | 4,000     | 4,000           |
|            | 28/10/2020 | FGP Opportunity Master Fund                | 1   | 12.65 | 20,000    | 20,000          |
|            | 28/10/2020 | Umarxhon Tohhtabaev                        | 1   | 12.65 | 13,000    | 13,000          |
|            | 28/10/2020 | Timur Kemel                                | 1   | 12.65 | 7,000     | 7,000           |
|            | 28/10/2020 | Grégory Pépin                              | 1   | 12.65 | 2,000     | 2,000           |
|            | 28/10/2020 | NJB Investments Ltd.                       | 1   | 12.65 | 34,000    | 34,000          |
|            | 28/10/2020 | JC Marian                                  | 1   | 12.65 | 10,000    | 10,000          |
|            | 29/10/2020 | Quercegen Pharma                           | 1   | 11    | 1,000,000 | 1,000,000       |
| 16/12/2020 | 20/12/2020 | Infinity Obo FGP Capital Private Equity II | 1   | 12.65 | 30,000    | 30,000          |
| Total      |            |  |     |       |           | 6,741,715       |

### 8.13 Plans for subscription warrants for business creator shares

The following table shows the main characteristics of the BSPCE plans valid at the end of the year.

|  | PLANS AFTER 07/11/2002 OR VESTING AFTER 01/01/2007 |            |            |            |            |            |            |            |            |
|--|--|------------|------------|------------|------------|------------|------------|------------|------------|
|  | BCE2007-A  | BCE2007-B  | BCE2008-A  | BCE2008-B  | BCE2008-C  | BCE2008-D  | BCE2010-A  | BCE2012    | BCE2013    |
| Date of issuance by the Board of Directors               | 17/06/2008   | 16/12/2008 | 13/01/2009 | 13/01/2009 | 19/11/2009 | 03/02/2010 | 03/02/2010 | 30/08/2012 | 22/04/2013 |
| Number of shares assigned                                | 1191   | 379        | 321        | 330 (max.) | 185        | 15         | 72588      | 3158636    | 40554      |
| Ratio of options to shares (nominal value €0.01)         | 1000   | 1000       | 1000       | 1000       | 1000       | 1000       | 1          | 1          | 1          |
| Acquisition conditions:<br><i>Performance conditions</i> | <i>Yes</i>   | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> | <i>Yes</i> |
| Plan maturity  | 31/12/2027   | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 |
| Exercise price ( <i>in euros</i> )                       | 7680.00  | 7680.00    | 7680.00    | 7680.00    | 7680.00    | 12280.00   | 12.28      | 12.50      | 18.74      |

*Plans for subscription warrants for business creator shares*

Characteristics of the BCE2007A to BCE2010A plans

| Tranche: | BCE2007A  | BCE2007B   | BCE3A      | BCE3B      | BCE2008A   | BCE2008B   | BCE2008C   | BCE2008-D  | BCE2010-A  |
|----------|---|------------|------------|------------|------------|------------|------------|------------|------------|
| 1        | From the 1st year of the allocation, subject to the achievement of the objectives |            |            |            |            |            |            |            |            |
| 2        | From the 2nd year of the allocation, subject to the achievement of the objectives |            |            |            |            |            |            |            |            |
| 3        | From the 3rd year of the allocation, subject to the achievement of the objectives |            |            |            |            |            |            |            |            |
| 4        | From the 4th year of the allocation, subject to the achievement of the objectives |            |            |            |            |            |            |            |            |
| 5        | From the 5th year of the allocation, subject to the achievement of the objectives |            |            |            |            |            |            |            |            |
|          | 31/12/2027  | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 | 31/12/2027 |

Characteristics of the BCE2012 and BCE2013 plans:

- The beneficiaries' right to exercise these BCEs is subject to the fulfilment of the following conditions:  
For each beneficiary, the exercise of 50% of the BCEs is conditional on the achievement of operational targets, and the exercise of 50% of the BCEs is conditional on the achievement of turnover targets, defined as follows:
  - i. The exercise of 5% of the BCEs is conditional upon the initiation of a confirmatory clinical study, marked by the inclusion of the first patient; the number of BCEs made exercisable for the initiation of confirmatory clinical studies cannot exceed 12.5% of the BCEs (i.e. 2 confirmatory studies each giving the right to exercise 5% of the BCEs and a third confirmatory study giving the right to exercise 2.5% of the BCEs).
  - ii. The exercise of 10% of the BCEs is conditional on obtaining a conditional registration or obtaining a cohort temporary authorisation for use, with the proviso that :
    - if the conditional registration or the granting of a cohort temporary authorisation for use follows the completion of a confirmatory study, then the number of BCEs made exercisable in this way is deducted from the number of BCEs made exercisable in respect of the opening of the confirmatory study (not cumulative of the two objectives);
    - the number of BCEs made exercisable in respect of these conditional registrations or cohort temporary authorisations for use may not exceed 25% of the BCEs (i.e. 2 conditional registrations or cohort temporary authorisations for use, each giving the right to exercise 10% of the BCEs, and a third conditional registration or cohort temporary authorisation for use, giving the right to exercise 5% of the BCEs).
  - iii. The exercise of 20% of the BCEs is conditional on obtaining a conditional registration or obtaining a marketing authorisation, with the proviso that :
    - if the marketing authorisation follows a confirmatory study and/or conditional registration/obtaining of a cohort temporary authorisation for use, then the number of BCEs made exercisable is deducted from the number of BCEs made exercisable in respect of the opening of the confirmatory study and/or conditional registration/obtaining of a cohort temporary authorisation for use (not cumulative of the three objectives);
    - the number of BCEs made exercisable in respect of these marketing authorisations may not exceed 50% (i.e. 2 registrations each giving the right to exercise 20% of the BCEs and a third registration giving the right to exercise 10% of the BCEs).
  - iv. The exercise of 12.5% of the BCEs is conditional on AB Science first achieving an annual net turnover of one hundred million euros.
  - v. The exercise of 12.5% of the BCEs is conditional on AB Science first achieving an annual net turnover of two hundred and fifty million euros.
  - vi. The exercise of 12.5% of the BCEs is conditional upon AB Science first achieving an annual net turnover of five hundred million euros.
  - vii. The exercise of 12.5% of the BCEs is conditional on AB Science first achieving an annual net turnover of one billion euros.

For all these plans, the development of the number of valid options is as follows:

| <i>(in number of options)</i>                           | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Options outstanding at the beginning of the fiscal year | 3,192,780  | 3,192,976  |
| Options assigned  | 0          | 0          |
| Options exercised                                       | 0          | -196       |
| Options cancelled                                       | 0          | 0          |
| Options expired   | 0          | 0          |
| Options outstanding at the end of the fiscal year       | 3,192,780  | 3,192,780  |

The breakdown of the closing total is as follows:

| <i>(in number of options)</i>                      | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Plans after 07/11/2002 or vesting after 01/01/2007 |            |            |
| BCE3A  | -          | -          |
| BCE3B  | -          | -          |
| BCE2007A   | 1,077      | 1,077      |
| BCE2007B   | 297        | 297        |
| BCE2008A   | 321        | 321        |
| BCE2008B   | 220        | 220        |
| BCE2008C   | 185        | 185        |
| BCE2008D   | 10         | 10         |
| BCE2010A   | 72,588     | 72,588     |
| BCE2012  | 3,077,528  | 3,077,528  |
| BCE2013  | 40,554     | 40,554     |
| TOTAL  | 3,192,780  | 3,192,780  |

#### 8.14 Free preference share plan

Characteristics of the plan

|   | AGAP B1 and B2 | AGAP B3    | AGAP B4    |
|---|----------------|------------|------------|
| Date of issuance by the Board of Directors                              | 16/12/2015     | 28/12/2017 | 01/09/2020 |
| Number of shares authorised   | 33,999         | 7,550      | 3,687      |
| Number of options granted by the Board of Directors on 19 December 2016 | 33,751         |            |            |
| Number of options granted by the Board of Directors on 28 December 2017 | 180            |            |            |
| Number of options granted by the Board of Directors on 23 January 2019  |                | 7,527      |            |
| Ratio of options to shares (nominal value €0.01)                        | 1              | 1          | 1          |
| Acquisition conditions:   |                |            |            |
| <i>Attendance and performance conditions</i>                            | <i>Yes</i>     | <i>Yes</i> | <i>Yes</i> |
| Plan maturity   | 31/12/2024     | 31/12/2024 | 31/12/2024 |
| Exercise price <i>(in euros)</i>  | 0              | 0          | 0          |

The conditions for converting free shares are detailed in paragraph 8.6 of this report.

### **8.15 Shares with share subscription warrants (ABSA)**

2,463,054 shares with share subscription warrants (ABSA) were issued on 26 August 2019 at a price of 4.06 euros. Each ABSA consists of one ordinary share and one share purchase warrant (BSA). The BSAs may be used to subscribe to 1,241,527 additional new shares at an exercise price of 5.5 euros. These BSAs can be exercised until 17 August 2024. They are not listed on Euronext Paris. As of 31 December 2020, 489,014 subscription warrants were exercised, resulting in the issuance of 244,507 new shares.



# **RAPPORTS DES COMMISSAIRES AUX COMPTES ET ATTESTATION DES RESPONSABLES**

**AB Science S.A.**

**Siège social : 3 avenue, Georges V - 75008 Paris**

**Rapport des commissaires aux comptes sur les comptes consolidés**

Exercice clos le 31 décembre 2020

A l'assemblée générale de la société AB Science S.A.,

## **Opinion**

En exécution de la mission que vous nous avez confiée, nous avons effectué l'audit des comptes consolidés de la société AB Science S.A. relatifs à l'exercice clos le 31 décembre 2020, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

## **Fondement de l'opinion**

### ***Référentiel d'audit***

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés » du présent rapport.

### ***Indépendance***

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le code de commerce et par le code de déontologie de la profession de commissaire aux comptes, sur la période du 1er janvier 2020 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n°537/2014.

## **Justification des appréciations - Points clés de l'audit**

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'audit des comptes de cet exercice. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre des audits.

C'est dans ce contexte complexe et évolutif que, en application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes consolidés de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

### ***Comptabilisation des charges liées aux études cliniques***

#### **Point clé de l'audit :**

Les études cliniques engagées par la société dans le cadre de son activité sont réalisées sur une multitude de sites en France et à l'international et font appel à des sous-traitants.

Comme indiqué dans la note 3.15. « Classement des charges courantes » de l'annexe aux comptes consolidés, les coûts relatifs aux études en cours sont comptabilisés selon l'état d'avancement des travaux à la date de clôture de l'exercice.

Nous avons considéré la comptabilisation des charges liées aux études cliniques sur la bonne période comptable comme un point clé de l'audit en raison de :

- l'organisation du suivi financier de ces études,
- la baisse des études cliniques et de l'annulation de provisions pour factures non parvenues,
- l'importance des sommes dues à certains prestataires et des litiges s'y rapportant suite aux revues internes effectuées en 2019.

#### **Réponse apportée lors de notre audit**

Dans le cadre de notre audit, nos travaux ont notamment consisté à prendre connaissance de la procédure de lancement des études cliniques, des procédures d'autorisations des engagements de dépenses et du processus de suivi des coûts cliniques liés à chaque étude.

Nous avons également :

- examiné les procédures de lancement des études cliniques, d'autorisation des engagements de dépenses et de suivi des coûts liés à chaque étude.
- analysé les engagements en cours au travers de la revue des principales études cliniques et réalisé les travaux suivants :
  - ✓ contrôle du calcul des charges à payer ;
  - ✓ analyse de l'évolution des coûts par patient ;
  - ✓ analyse de l'évolution des engagements et des factures non parvenues relatifs aux études arrêtées.
- obtenu les éléments justifiant les annulations de factures non parvenues sur les études en cours,
- examiné les dossiers relatifs aux litiges en cours et les opinions des avocats en charge quant aux risques à provisionner, notamment au regard des dettes accumulées.

#### **Vérifications spécifiques**

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations relatives au groupe, données dans le rapport de gestion du conseil d'administration.  
Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

### **Autres vérifications ou informations prévues par les textes légaux et réglementaires**

#### ***Format de présentation des comptes consolidés inclus dans le rapport financier annuel***

Conformément au III de l'article 222-3 du règlement général de l'AMF, la direction de votre société nous a informés de sa décision de reporter l'application du format d'information électronique unique tel que défini par le règlement européen délégué n°2019/815 du 17 décembre 2018 aux exercices ouverts à compter du 1<sup>er</sup> janvier 2021. En conséquence, le présent rapport ne comporte pas de conclusion sur le respect de ce format dans la présentation des comptes consolidés destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L.451-1-2 du code monétaire et financier.

#### ***Désignation des commissaires aux comptes***

Nous avons été nommés commissaires aux comptes de la société AB Science par l'assemblée générale du 31 décembre 2009 pour le cabinet KPMG et du 28 juin 2017 pour le cabinet Audit et Conseil Union.

Au 31 décembre 2020, le cabinet KPMG était dans la 12<sup>ème</sup> année de sa mission sans interruption et le cabinet Audit et Conseil Union dans la 4<sup>ème</sup> année, dont respectivement onze et quatre années depuis que les titres de la société ont été admis aux négociations sur un marché réglementé.

### **Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes consolidés**

Il appartient à la direction d'établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu'adopté dans l'Union européenne ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes consolidés ont été arrêtés par le conseil d'administration.

### **Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés**

#### ***Objectif et démarche d'audit***

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;
- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

#### *Rapport au comité d'audit*

Nous remettons un rapport au comité d'audit qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives que nous jugeons avoir été les plus importants pour l'audit des comptes consolidés de l'exercice et qui constituent de ce fait les points clés de l'audit qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n°537-2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L.822-10 à L.822-14 du code de commerce et dans le code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

#### Les commissaires aux comptes

Paris La Défense, le 30 avril 2021

Paris, le 30 avril 2021

KPMG Audit  
*Département de KPMG S.A.*

Audit et Conseil Union  
*Membre de Kreston International*

Laurent Genin  
*Associé*

Jean-Marc Fleury  
*Associé*

#### **Rapport des commissaires aux comptes sur les comptes annuels**

Exercice clos le 31 décembre 2020

A l'assemblée générale de la société AB Science S.A.,

#### **Opinion**

En exécution de la mission que vous nous avez confiée, nous avons effectué l'audit des comptes annuels de la société AB Science S.A. relatifs à l'exercice clos le 31 décembre 2020 tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

#### **Fondement de l'opinion**

##### ***Référentiel d'audit***

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels » du présent rapport.

### ***Indépendance***

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le code de commerce et par le code de déontologie de la profession de commissaire aux comptes, sur la période du 1<sup>er</sup> janvier 2020 à la date d'émission de notre rapport, et, notamment, nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n°537/2014.

### **Justification des appréciations - Points clés de l'audit**

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'audit des comptes de cet exercice. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre des audits.

C'est dans ce contexte complexe et évolutif que, en application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes annuels de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

### ***Comptabilisation des charges liées aux études cliniques***

#### **Point clé de l'audit :**

Les études cliniques engagées par la société dans le cadre de son activité sont réalisées sur une multitude de sites en France et à l'international et font appel à des sous-traitants.

Comme indiqué dans la note 5.4. « Créances et dettes » de l'annexe aux comptes annuels, les coûts relatifs aux études en cours sont comptabilisés selon l'état d'avancement des travaux à la date de clôture de l'exercice.

Nous avons considéré la comptabilisation des charges liées aux études cliniques sur la bonne période comptable comme un point clé de l'audit en raison de :

- l'organisation du suivi financier de ces études,
- la baisse des études cliniques et de l'annulation de provisions pour factures non parvenues,
- l'importance des sommes dues à certains prestataires et des litiges s'y rapportant suite aux revues internes effectuées en 2019.

### **Réponse apportée lors de notre audit**

Dans le cadre de notre audit, nos travaux ont notamment consisté à prendre connaissance de la procédure de lancement des études cliniques, des procédures d'autorisations des engagements de dépenses et du processus de suivi des coûts cliniques liés à chaque étude.

Nous avons également :

- examiné les procédures de lancement des études cliniques, d'autorisation des engagements de dépenses et de suivi des coûts liés à chaque étude.
- analysé les engagements en cours au travers de la revue des principales études cliniques et réalisé les travaux suivants :
  - ✓ contrôle du calcul des charges à payer ;
  - ✓ analyse de l'évolution des coûts par patient ;
  - ✓ analyse de l'évolution des engagements et des factures non parvenues relatifs aux études arrêtées.
- obtenu les éléments justifiant les annulations de factures non parvenues sur les études en cours,
- examiné les dossiers relatifs aux litiges en cours et les opinions des avocats en charge quant aux risques à provisionner, notamment au regard des dettes accumulées.

### **Vérifications spécifiques**

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

### ***Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires***

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires.

Nous attestons de la sincérité et de la concordance avec les comptes annuels des informations relatives aux délais de paiement mentionnées à l'article D. 441-6 du code de commerce.

### ***Rapport sur le gouvernement d'entreprise***

Nous attestons de l'existence, dans le rapport du conseil d'administration sur le gouvernement d'entreprise, des informations requises par les articles L.225-37-4, L.22-10-10 et L.22-10-9 du code de commerce.

Concernant les informations fournies en application des dispositions de l'article L.22-10-9 du code de commerce sur les rémunérations et avantages versés ou attribués aux mandataires sociaux ainsi que sur les engagements consentis en leur faveur, nous avons vérifié leur concordance avec les comptes ou avec les données ayant servi à l'établissement de ces comptes et, le cas échéant, avec les éléments recueillis par votre société auprès des entreprises contrôlées par elle qui sont comprises dans le périmètre de consolidation. Sur la base de ces travaux, nous attestons l'exactitude et la sincérité de ces informations.

### **Autres vérifications ou informations prévues par les textes légaux et réglementaires**

#### ***Format de présentation des comptes annuels inclus dans le rapport financier annuel***

Conformément au III de l'article 222-3 du règlement général de l'AMF, la direction de votre société nous a informés de sa décision de reporter l'application du format d'information électronique unique tel que défini par le règlement européen délégué n°2019/815 du 17 décembre 2018 aux exercices ouverts à compter du 1<sup>er</sup> janvier 2021. En conséquence, le présent rapport ne comporte pas de conclusion sur le respect de ce format dans la présentation des comptes annuels destinés à être inclus dans le rapport financier annuel mentionné au I de l'article L.451-1-2 du code monétaire et financier.

#### ***Désignation des commissaires aux comptes***

Nous avons été nommés commissaires aux comptes de la société AB Science par votre assemblée générale du 31 décembre 2009 pour le cabinet KPMG et du 28 juin 2017 pour le cabinet Audit et Conseil Union.

Au 31 décembre 2020, le cabinet KPMG était dans la 12<sup>ème</sup> année de sa mission sans interruption et le cabinet Audit et Conseil Union dans la 4<sup>ème</sup> année, dont respectivement onze et quatre années depuis que les titres de la société ont été admis aux négociations sur un marché réglementé.

### **Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels**

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes annuels ont été arrêtés par le conseil d'administration.

### **Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels**

#### *Objectif et démarche d'audit*

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;



- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

#### *Rapport au comité d'audit*

Nous remettons un rapport au comité d'audit qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives que nous jugeons avoir été les plus importants pour l'audit des comptes annuels de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537-2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L.822-10 à L.822-14 du code de commerce et dans le code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

#### Les commissaires aux comptes

Paris La Défense, le 30 avril 2021

KPMG Audit  
Département de KPMG S.A.

Paris, le 30 avril 2021

Audit et Conseil Union  
Membre de Kreston International

Laurent Genin  
*Associé*

Jean-Marc Fleury  
*Associé*

## **DECLARATION DU RESPONSABLE DU RAPPORT FINANCIER ANNUEL**

J'atteste à ma connaissance, que les comptes sont établis conformément aux normes comptables applicables et donnent une image fidèle du patrimoine, de la situation financière et du résultat de la Société et de l'ensemble des entreprises comprises dans la consolidation, et que le rapport de gestion ci-joint présente un tableau fidèle de l'évolution des affaires, des résultats et de la situation financière de la société et de l'ensemble des entreprises comprises dans la consolidation ainsi qu'une description des principaux risques et incertitudes auxquels elles sont confrontées.



Le Président Directeur Général  
Alain Moussy