AB SCIENCE S.A.
Public limited company with capital of 531,101.82 euros
Registered office: 3, avenue George V, 75008 PARIS
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HALF-YEAR FINANCIAL REPORT
OF THE AB SCIENCE GROUP
AS OF 30 June 2021

A. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and all the companies included in the consolidation, and that the attached half-year report presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, and the main transactions between related parties, and that it describes the main risks and uncertainties for the remaining six months of the year

President and CEO
Alain Moussy

B. HALF-YEAR ACTIVITY REPORT

1 KEY EVENTS OF THE FIRST SIX MONTHS OF 2021

Temporary suspension of new patient inclusions in ongoing masitinib studies

AB Science announced in June 2021 that it had made the decision to discontinue the inclusion of new patients as well as the initiation of treatment in its clinical studies with masitinib.

This decision was as a result of the detection of a potential risk of ischemic heart disease with masitinib. This risk was detected in a retrospective analysis of controlled and blinded studies of masitinib. Studies were continued for patients already being treated subject to documentation by the investigator of the individual benefit/risk ratio.

Following this voluntary decision to suspend ongoing studies and in order to protect patient safety, AB Science has implemented a strengthened risk management plan in its studies.

In July 2021, AB Science announced the validation by ANSM of the measures proposed to enhance patient safety, thus allowing the resumption of ongoing studies (see section 3 of this report).

Clinical results in prostate cancer

The phase 2B/3 study (AB12003) of masitinib in chemotherapy-eligible metastatic hormone-resistant prostate cancer (mCRPC) met its predefined primary endpoint. The results of the study were presented at the 2021 American Urological Association (AUA) Annual Meeting which took place on 13 September 2021.

The AB12003 study is an international, multicentric, randomised, double-blind, placebo-controlled study in 2 parallel groups in the treatment of metastatic hormone-resistant prostate cancer (mCRPC) eligible for chemotherapy. The study compares the efficacy and safety of masitinib (6.0 mg/kg/day) in combination with docetaxel compared to a placebo in combination with docetaxel. Docetaxel is associated with prednisone. The main endpoint of the study is progression-free survival (PFS).

The study pre-specified the overall population and a targeted subgroup defined as patients with an alkaline phosphatase (ALP) level below 250 IU/mL at the time of inclusion. An ALP level of less than 250 IU/mL is a biological biomarker that has been predefined to identify patients with less extensive (bone) metastasis and who are most likely to respond to masitinib. The target population consists of adult men who have progressed and who have developed metastatic hormone-resistant prostate cancer (mCRPC) after castration (androgen/testosterone/dihydrotestosterone reduction, by chemical or surgical action) and are therefore eligible for chemotherapy.

The study is positive with regard to the primary analysis in the predefined target subgroup (patients with ALP $\leq$ 250 IU/mL), demonstrating a statistically significant increase in progression-free survival ($p = 0.0272$).

There is no progression-free survival benefit in the general population.

The tolerance of masitinib was consistent with its known risk profile.

A new patent has been filed based on the results of study AB12003, which would allow AB Science to retain the exclusive rights to the use of masitinib in prostate cancer until 2042.

Clinical programme for the treatment of Covid-19

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 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).

Obtaining a state guaranteed loan (PGE)

In March and April 2021, AB Science 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 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.

Agreement with historical shareholders with a view to implementing a common strategy to promote masitinib

AB Science has announced the signature of an agreement with historical shareholders with a view to implementing a common strategy to promote masitinib. As part of this agreement, these historic shareholders, now representing 8.7% of the company's share capital, undertake to act in concert with the founding shareholders of AB Science with a view to:

- studying strategies for optimising the value of masitinib, in particular within the framework of a potential strategic alliance with one or more pharmaceutical company(ies) relating to the clinical development and marketing of masitinib in one or more major indications, and/or in one or more major regions; and
- studying the opportunity of listing AB Science in a foreign market, and in particular the NASDAQ (via an American Depository Receipts (ADR) programme).

The collaboration will be set up subject to the condition precedent of obtaining a final waiver decision from the French Financial Markets Authority, free of any third party claims, confirming that there is no need for a public offer.

This agreement is accompanied by the signing of a firm financing option for an amount of 25 million euros over the next 12 months, at the initiative of AB Science. This financing will have to be part of the "private placement" or "capital increase reserved for categories of persons" resolutions in place. Thanks to this agreement, AB Science's financial visibility goes beyond 24 months. This financing commitment may be increased by an additional 50 million euros, at a rate of 25 million euros per year from the first anniversary date, subject to a clause of absence of a significantly adverse event.

Lastly, this agreement is accompanied by a commitment to retain certain minority shareholders covering 1.8 million shares, for a period of three years (or until the implementation of the valuation strategy if it occurs before the expiration of this three-year period).

Changes within the Board of Directors

Cécile de Guillebon was co-opted to replace Nathalie Riez. Cécile de Guillebon started her career in mergers and acquisitions at JP Morgan, Marceau Investissement then PPR (now Kering), before joining the Renault group where she was director of real estate and general services and also in charge of the Global Facility Management role of the Renault-Nissan-Mitsubishi Alliance. Cécile de Guillebon is a graduate of HEC.

Catherine Johnston-Roussillon was co-opted to replace Emmanuel Mourey. Catherine Johnston-Roussillon held several senior management positions in the health and cosmetics sector before joining Shamir Optical in 2010 as Managing Director for France. She has been Europe President of Shamir Optical since 2015. Catherine Johnston-Roussillon graduated in political science from Ludwig-Maximilian University and obtained a DESS Marketing from the University of Grenoble.

Guillemette Latscha was co-opted to replace Béatrice Bihr. Guillemette Latscha is a doctor by training and has spent her entire career within the Renault group, as an occupational physician at the Renault Industrial Centre in Billancourt between 1982 and 1992, then as an occupational physician at the Renault group headquarters between 1992 and 2006 and finally as Medical Director of the Renault group since 2006. Guillemette Latscha is a medical graduate from the University of Paris V and Chevalier of the Legion of Honour.

Renaud Sassi was co-opted to replace Jean-Pierre Kinet. Renaud Sassi started his career as a consultant at McKinsey & Company. He then went on to become an entrepreneur. Renaud Sassi graduated from HEC.

Shareholder agreements expiring in 2021

Some agreements expire in 2021. All of these covenants are detailed in Chapter 8.5 of this annual financial report as of 31 December 2020.

Other events

- Other securities transactions:

During the first semester of 2021, 21,845 stock options were allotted.

- Other information

AB Science confirms it is eligible for the PEA-PME 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 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.

2 COMMENTS FROM EXECUTIVES ON THE GROUP'S ACTIVITY

Condensed consolidated statement of comprehensive income for the period ended 30 June 2021 (IFRS):

(in thousands of euros)	30.06.21	30.06.20
Net Turnover	818	807
Operating profit	(6,040)	(6,895)
Net income	(4,655)	(8,801)
Overall profit (loss) for the period	(4,470)	(8,713)
Earnings per share - in euros	(0.11)	(0.23)
Diluted earnings per share - in euros	(0.11)	(0.23)

Operating profit/loss

Operating revenue

(in thousands of euros)	30.06.21	30.06.20
Net Turnover	818	807
Other income	0	0
Total operating income	818	807

Operating income, consisting exclusively of turnover related to the production of a drug in veterinary medicine, amounted to €818,000 as of 30 June 2021, compared to €807,000 a year earlier.

Operating expenses

(in thousands of euros)	30.06.21	30.06.20
Cost of sales	(3)	74
Marketing expenses	236	449
Administrative costs	1,326	1,059
Research and development costs	5,299	6,121
Other operating expenses	0	0
Total operating costs	6,858	7,702

Operating expenses amounted to €6,858,000 as of 30 June 2021, compared to €7,702,000 as of 30 June 2020, a decrease of 10.9%.

Marketing expenses decreased by 47.4%, from €449,000 as of 30 June 2020 to €236,000 as of 30 June 2021.

Administrative expenses increased by 25.2% from €1,059,000 as of 30 June 2020 to €1,326,000 as of 30 June 2021.

Research and development expenses decreased by 13.4%, from €6,121,000 as of 30 June 2020 to €5,299,000 as of 30 June 2021. This variation is explained by the end of a cycle of studies developing masitinib, which led to a decrease in clinical costs (clinical partners, hospitals, laboratories, etc.).

Operating profit/loss

Operating income as of 30 June 2021 corresponds to a loss of €6,040,000, against a loss of € 6,895,000 as of 30 June 2020, i.e. a decrease in the operating deficit of €855,000 (12.4%).

Financial profit/loss

Financial income as of 30 June 2021 is a gain of €1,386,000 compared to a loss of €1,897,000 a year earlier.

As of 30 June 2020, the loss of €1,897,000 is mainly related to the recognition in the IFRS consolidated financial statements of the change in fair value of financial liabilities. This change generated a non-recurring loss with no effect on cash.

The gain of €1,386,000 as of 30 June 2021 is also and mainly related to the recognition in the IFRS consolidated financial statements of the change in fair value of financial liabilities. This change generated a non-recurring gain with no effect on cash. The valuation of this financial liability is explained in note 12.4 to the consolidated financial statements in this report.
As these liabilities consist mainly of instruments convertible into ordinary shares, their fair value varies depending in particular on the price of the AB Science share, i.e. a decrease over the half-year.

Net profit (loss)

The net loss amounted to €4,655,000 as of 30 June 2021, compared to a loss of €8,801,000 as of 30 June 2020.

Cash and capital resources

Assets

Given the stage of product development, development costs have been recognised as expenses, as the marketing prospects are difficult to assess. The amount capitalised corresponds mainly to the cost of registering the Company's patents. The Company's patent registration fees, capitalised on a net basis, are stable compared to 30 June 2020 and amounted to €1,484,000 as of 30 June 2021.

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. These amounted to €1,489,000 as of 30 June 2021.

Inventories amounted to €241,000 in net value as of 30 June 2021 compared to €79,000 as of 31 December 2020.

Trade receivables were stable and amounted to €342,000 as of 30 June 2021, compared to €355,000 as of 31 December 2020.

As of 30 June 2021, there are no current financial assets.
Financial assets are cash instruments with a maturity of more than three months. As of 30 June 2021, no cash investment has a maturity of more than three months.

Other current assets are up by €1,812,000 (€7,044,00 as of 30 June 2021 versus €5,232,000 as of 30 December 2020).

Total cash and current financial assets amounted to €17,646,000 as of 30 June 2021 compared to €20,660,000 as of 31 December 2020.

Liabilities

The financing used by the company mainly consists of issues of shares and bond loans, and various public aid (research tax credit, refundable advances and subsidies).

The following table shows the changes in the Company's equity between 31 December 2020 and 30 June 2021.

(In thousands of euros) - IFRS	Company's equity
Equity on 31 December 2020	(19,549)
Capital increases and share premiums net of expenses	4,065
Overall profit (loss) for the period	(4,470)
Conversion of Class C preference shares into ordinary shares	5,417
Share-based payments	68
Equity on 30 June 2021	(14,470)

As of 30 June 2021, Group equity amounted to – €14,470,000.

Current liabilities amounted to €23,235,000 as of 30 June 2021 compared to €22,587,000 at the end of 2020, an increase of 2.9%.
This increase of €648,000 is mainly explained by the following effects:

- a reduction in trade payables: €377,000
- the increase in current financial liabilities: €1,462,000
- a decrease in other current liabilities: €350,000

The increase in current financial liabilities relates to the following operations:

- Repayment in January 2021 of the $5.1 million loan issued in March 2020
- The recognition of the fair value of preference shares (Class C) not converted as of 30 June 2021 (5.6 million euros)

Non-current liabilities amounted to €19,689,000 as of 30 June 2021 compared to €26,650,000 as of 31 December 2020, a decrease of €6,961,000 which is explained as follows:

- the decrease in financial instruments (€6,629,000).
- the decrease in lease obligations (IFRS 16): €218,000

The decrease in non-current financial liabilities can be explained by the following:

- Obtaining loans guaranteed by the state for 6 million euros
- The recognition of the fair value of preference shares (Class C) converted during the period (5.4 million euros)
- The change in fair value of all preference shares (Class C) during the period (1.5 million euros)
- The current reclassification of the fair value of preference shares (Class C) not converted as of 30 June 2021 (5.6 million euros)

All of these financial liabilities are detailed in Chapter 12.1 of this report.

3 RECENT EVENTS SINCE THE END OF THE FIRST HALF OF THE FINANCIAL YEAR 2021

Resumption of recruitment in ongoing studies with masitinib

In July 2021, AB Science announced that it had been informed by the ANSM that its proposed measures to enhance patient safety in masitinib trials made it possible to consider the resumption of inclusions in its three ongoing studies, namely the phase 3 in mastocytosis (AB15003), the phase 3 in amyotrophic lateral sclerosis (AB19001) and the phase 2 in COVID (AB20001).

These measures relate to the following changes in each trial in question:

- Enhanced eligibility criteria to exclude patients with a history of severe cardiovascular disease
- Increase in examinations to monitor cardiac function during the study period
- Request for a systematic opinion from the independent data monitoring committees (DSMB) on the conduct of each study in relation to the risk of occurrence of cardiovascular events
- Establishment of a committee made up of independent experts to rule on all major adverse cardiovascular events

Following the validation by the ANSM of the measures proposed by AB Science, several authorisations for re-inclusion were received from other European and national authorities, for the confirmatory phase 3 study (AB19001) in amyotrophic lateral sclerosis, for the confirmatory phase 3 study (AB15003) in mastocytosis and for the phase 2 study (AB20001) in Covid-19.

Publication of new long-term data showing that masitinib prolongs survival by 25 months in amyotrophic lateral sclerosis in patients treated at a non-severe stage of the disease

The survival analysis concerned all the patients initially recruited in study AB10015 for an average duration of 75 months from the date of diagnosis. In patients with ALS whose disease severity was mild or moderate at the time of inclusion, it was observed that treatment with masitinib at a dose of 4.5 mg/kg/day (n=50) in combination with riluzole prolonged survival by 25 months compared to patients treated with riluzole alone (n=63) (median overall survival of 69 months versus 44 months, respectively, P = 0.037), with a reduction in the risk of death by 44%. People with mild or moderate ALS were similar to patients who did not experience complete loss or severe functional impairment as measured by the ALSFRS score at the time of initiation of treatment with masitinib (i.e. patients with a score of at least 2 on each individual component of the ALSFRS-R score). This population closely corresponds to the population of patients recruited in the phase 3 confirmatory study, AB19001.

These survival data were corroborated by the effect observed on the endpoints ΔALSFRS-R at week 48 and on the progression-free survival (PFS, a time-dependent analysis) for this patient population, which confirms the hypothesis of a greater treatment effect when the treatment is initiated at an earlier stage of the disease. No advantage in terms of long-term survival was observed for the overall population of study AB10015 with masitinib at a dose of 4.5 mg/kg/day (i.e. regardless of disease severity at the time of inclusion or the rate of progression of the ALSFRS-R score after disease onset) or for the low-dose masitinib treatment group (3.0 mg/kg/day).

These survival data were published in the peer-reviewed journal *Therapeutic Advances in Neurological Disorders.*

Publication in the Science journal of research that identified masitinib as an antiviral agent against SARS-CoV-2 and initiation of a phase 2 clinical study

- Publication in the *Science* journal:

AB Science has announced the publication of a peer-reviewed article titled "Masitinib is a broad coronavirus 3CL inhibitor that effectively blocks replication of SARS-CoV-2" in the *Science* journal. The article reports on research that identified masitinib as a broad-spectrum antiviral agent capable of treating SARS-CoV-2 (the virus that causes COVID-19), including the demonstration of an in vivo activity in mice, with sustained efficacy, in vitro, against variants of concern of SARS-CoV-2.

Drugs targeting viral protease type 3C are an attractive therapeutic option for COVID-19, in particular because they are considered to be less vulnerable to the development of variants inducing drug resistance to SARS-CoV-2; however, no drugs targeting type 3C protease have yet been registered for the treatment of COVID-19. This direct-acting antiviral mechanism of action distinguishes masitinib from many other COVID-19 drugs, including polymerase inhibitors or monoclonal antibodies.

This article also reports, for the first time, data on the efficacy of masitinib as an anti-SARS-CoV-2 drug in animals. In mice infected with SARS-CoV-2 and then treated with masitinib, a greater than 200-fold reduction in viral titers in the lungs and nose was observed, as well as an improvement in overall lung pathology and a significant reduction of pro-inflammatory cytokine levels. Overall, the results showed that masitinib rapidly and effectively decreases the viral load of SARS-CoV-2 in mice (greater than 99% reduction in viral load on day 6), reduces inflammation and exhibits a potential benefit for survival and clinical scores. Remarkably, masitinib has also been shown to be effective, in vitro, against all of the variants of concern that have been tested, including the rapidly spreading Alpha, Beta and Gamma variants.

With an impact factor of 51.4 over 5 years, Science is one of the best academic journals in the world. *Science* reaches a global readership of over one million people.

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

AB Science has announced that it has obtained approval to initiate a second phase 2 study in the treatment of Covid-19. The study will assess the antiviral efficacy of masitinib at 3 different doses, given in combination with current optimal therapies, compared to a placebo in combination with current optimal therapies. The study must recruit 78 patients (18 years and older without an age limit). The primary efficacy objective will be to demonstrate that masitinib can reduce the viral load of SARS-CoV-2 (the virus responsible for COVID-19) faster than a placebo control group, which will receive the current optimal therapies. The AB21002 study population will therefore target outpatients (non-hospitalised) with mild symptoms or hospitalised patients who do not require non-invasive ventilation (score of 4 and 5 on the WHO clinical progression scale for COVID-19).

Initiation of a phase I/II study with the molecule AB8939 in the treatment of acute myeloid leukaemia

AB Science has announced that its clinical study with the molecule AB8939 in adult patients with relapsed/refractory acute myeloid leukaemia (AML) has been approved by the Canadian health authority.

AB8939 is a next-generation synthetic microtubule destabiliser capable of countering multidrug resistance and with potential for wide use as a potent anti-cancer drug. Microtubules play a crucial role in multiple cellular functions, and therefore are an important target in the treatment of cancer. In fact, chemotherapies that target microtubules, such as taxanes and vinca alkaloids, are among the most effective cancer treatments. Unfortunately,

the development of drug resistance (for example, via Pgp efflux pumps that transport drugs out of cancer cells) often limits their clinical effectiveness.

The main characteristics of AB8939 are that it overcomes the difficulties associated with multidrug resistance to Pgp-dependent drugs and that it is not deactivated by an enzyme called myeloperoxidase, which is an advantage over existing chemotherapies. Lastly, AB8939 is a synthetic drug, which is a distinctive feature and another advantage over existing treatments.

The therapeutic potential of AB8939 has been demonstrated in a series of preclinical results. *In vivo* data from a highly resistant Ara-C PDX (Patient Derived Xenograft) mouse model showed that AB8939, administered alone or in combination with Ara-C, increased survival compared to Ara-C as monotherapy, with a significant reduction in blasts in the blood and a decrease in tumour growth.

AB8939 was fully discovered by the labs of AB Science, which retains full ownership of intellectual rights, and reflects AB Science's priority to develop innovative medicines to improve the lives of patients.

No other post-closing event that may have an impact on the group's financial position has occurred since the closing.

4 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE FINANCIAL YEAR

In addition to the main risks and uncertainties described in chapter 5 of the annual financial report as of 31 December 2020, the Company is exposed to risks and uncertainties related to the results of clinical studies. There has not been any change during that period.

5 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.

In addition, 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;
- Launch of a phase 2 Covid-19 study

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.

6 RELATED PARTIES

Transactions with related parties are mentioned in the notes to the condensed half-year consolidated financial statements (see paragraph 20). There has been no change affecting related party transactions since the 2020 annual closing that could significantly affect the financial position or the results of the group during the first six months of the current fiscal year.

In addition, the new agreement with the historic shareholders has not changed the related parties as mentioned in the 2020 annual financial report.

IFRS CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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CONDENSED STATEMENT OF FINANCIAL SITUATION AS OF 30 JUNE 2020

Assets (*in thousands of euros*)	Note	30/06/2021	31/12/2020
Intangible assets		1,484	1,471
Tangible assets		141	163
Rights of use relating to rental contracts	4	1,489	1,662
Non-current financial assets	8	67	67
Other non-current assets	7	0	0
Deferred taxes		0	0
Non-current assets		3,181	3,363
Inventories	5	241	79
Trade accounts receivables	6	342	355
Current financial assets	8	0	0
Other current assets	7	7,044	5,232
Cash and cash equivalents	9	17,646	20,660
Current assets		25,273	26,325
TOTAL ASSETS		**28,454**	**29,688**

Liabilities (*in thousands of euros*)	Note	30/06/2021	31/12/2020
Capital	10	468	459
Premiums		233,834	224,676
Translation reserves		(59)	(54)
Other reserves and income		(248,714)	(244,631)
Equity attributable to the owners of the company		(14,470)	(19,549)
Non-controlling interests			
Equity		(14,470)	(19,549)
Non-current provisions	11	1,167	1,281
Non-current financial liabilities	12	17,350	23,979
Other non-current liabilities	13	0	0
Non-current rental obligations	14	1,172	1,390
Deferred taxes		0	0
Non-current liabilities		19,689	26,650
Current provisions	11	379	516
Trade payables		12,909	13,286
Current financial liabilities	12	5,832	4,370
Current tax payable		0	0
Current rental obligations	14	412	361
Other current liabilities	13	3,704	4,054
Current liabilities		23,235	22,587
TOTAL LIABILITIES		**28,454**	**29,688**

CONDENSED STATEMENT OF OVERALL INCOME AS OF 30 JUNE 2021

	Note	30/06/2021	30/06/2020
Net Turnover	15	**818**	**807**
Other operating income		0	0
Total income		**818**	**807**
Cost of sales		3	(74)
Marketing costs		(236)	(449)
Administrative costs		(1,326)	(1,059)
Research and development costs		(5,299)	(6,121)
Other operating costs		-	-
Operating profit/loss		**(6,040)**	**(6,895)**
Financial income		1,469	186
Financial costs		(83)	(2,083)
Financial profit/loss	19	**1,386**	**(1,897)**
Tax charge		0	(8)
Net profit (loss)		**(4,655)**	**(8,801)**
Other items of the comprehensive profit or loss			
Items that will not be subsequently reclassified to profit or loss:			
- Actuarial gains and losses		189	80
Items that may subsequently be reclassified to profit or loss:			
- Exchange rate differences - overseas activities		(5)	8
Other comprehensive profit or loss for the period, net of tax		**184**	**88**
Overall profit (loss) for the period		**(4,470)**	**(8,713)**
Net result for the period attributable to:			
- Non-controlling interests		-	-
- Company owners		(4,655)	(8,801)
Overall result for the period attributable to:			
- Non-controlling interests		-	-
- Company owners		(4,470)	(8,713)
Net result per share - in euros	20	(0.10)	(0.23)
Diluted net earnings per share - in euros	20	(0.10)	(0.23)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30/06/2021	30/06/2020
Net profit (loss)	(4,655)	(8,801)
- Removal of depreciation and provisions	335	524
- Removal of disposal income	0	0
- Calculated expenses and income related to share-based payments	68	48
- Other income and expenses with no cash impact	(1,710)	1,660
- 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	(2,689)	(1,203)
- Interest income and expenses	146	72
- Cash flow generated from operations before tax and interest	**(8,504)**	**(7,700)**
- Taxes paid/received	0	0
Net cash flow from operations	**(8,504)**	**(7,700)**
Acquisitions of fixed assets	(192)	(205)
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	0	33
Financial interest received / (paid)	(41)	(62)
Other flows related to investment transactions	0	0
Net cash flows from investment transactions	**(233)**	**(234)**
Dividends paid		
Increase (Reduction) in capital	4,065	7,329
Issuance of loans and receipt of conditional advances	6,000	5,464
Repayment of loans and conditional advances	(4,337)	(3)
Other flows related to financing transactions	0	0
Net cash flows related to finance transactions	**5,728**	**12,790**
Impact of exchange rate changes	(5)	8
Impact of assets held for sale	0	0
Impact of changes in accounting policies	0	0
Cash flow variation	**(3,013)**	**4,863**
Opening cash and cash equivalents	20,660	5,695
Closing cash and cash equivalents	17,646	10,559
Change in cash and cash equivalents by balances	**(3,013)**	**4,863**

CHANGE IN CONDENSED CONSOLIDATED EQUITY AS OF 30 JUNE 2021

(in thousands of euros)	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Minority interests	**Total equity**
AS OF 1st JANUARY 2021	**459**	**224,676**	**(54)**	**(244,631)**	**(19,549)**	**0**	**(19,549)**
Net result for the period				(4,655)	(4,655)		(4,655)
Other items of the comprehensive profit or loss			(5)	189	184		184
Overall profit (loss) for the period	**0**	**0**	**(5)**	**(4,466)**	**(4,470)**		**(4,470)**
Increase in capital	*9*	*4,056*			*4,065*		*4,065*
Employee share-based payments				*68*	*68*		*68*
Share-based payments - other (conversion of Class C preference shares and BSA valuation)		*5,103*		*315*	*5,417*		*5,417*
Total shareholder transactions	**9**	**9,158**	**0**	**383**	**9,550**		**9,550**
AS OF 30 June 2021	**468**	**233,835**	**(59)**	**(248,714)**	**(14,470)**	**0**	**(14,470)**

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

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF30 JUNE 2021

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 period of 1 January 2021 to 30 June 2021 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 new 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 Declaration of compliance and accounting principles

The condensed consolidated financial statements for the period from 1 January 2020 to 30 June 2021 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.
As such, they should be read in conjunction with the group's consolidated financial statements for the fiscal year ended 31 December 2020.

These condensed consolidated financial statements were approved by the Board of Directors on 28 September 2021.

The accounting policies are identical to those used by the Group as of 31 December 2020.
No new IFRS standards have been adopted by the European Union that are applicable from 1 January 2021.
The following texts have no impact on the Group's accounts:

- Amendments to IFRS16: COVID -19-related rent, adopted on 9 October 2020;
- Amendments to IFRS 9, IFRS 7: Handling of changes in loan contracts due to the reform of the benchmark interest rate index, adopted on 15 January 2020.

2.2 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.
As part of the preparation of the condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting methods and the main sources of uncertainty relating to the estimates are identical to those described in the consolidated financial statements of the fiscal year ended 31 December 2020.

3 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 in the short term.

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.

The Group's ability to obtain the necessary financing for the pursuit of its activity therefore remains dependent on the progress of its research programmes and on market conditions.

- 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.

4 Usage rights

The user rights relate to rental contracts and are broken down as follows:

(In thousands of euros)	30.06.2021	31.12.2020
IFRS 16 application	2,428	2,405
Asset inputs	0	0
Accumulated depreciation charges	(938)	(743)
Terminations	0	0
TOTAL	1,489	1,662

5 Inventories

Inventories increased to €241,000 as of 30 June 2021 compared to €79,000 as of 31 December 2020 and can be analysed as follows:

(in thousand euros and net values)	30.06.2021	31.12.2020
Inventories of raw materials and active ingredients	8	17
Inventories of intermediate products	174	50
Inventories of finished products	58	11
Total inventories	241	79

6 Trade accounts receivable

This item is analysed as follows:

(in thousands of euros)	30.06.2021	31.12.2020
Other trade accounts receivables	354	367
Depreciation	(13)	(13)
Trade accounts receivables - net	342	355

7 Other current and non-current assets

Other current and non-current assets are analysed as follows:

(In thousands of euros)	30.06.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Research tax credit (1)	-	5,340	-	3,308
VAT receivables	-	820	-	1,027
Subsidies receivable	-	0	-	0
Suppliers' receivables	-	165	-	211
Other receivables (2)	-	183	-	173
Conditional advances receivable	-	0	-	0
Deferred charges	-	537	-	513
TOTAL	0	7,044	0	5,232

(1) The total amount of the receivable from the tax administration as of 30 June 2021 amounts to €5,340,000 and relates to:
- ✓ the research tax credit relating to the first half of 2021: €2,031,000
- ✓ the research tax credit relating to the year 2020: €3,308,000

(2) Other receivables include, in particular, credits to be received from suppliers and advances made to staff.

8 Current and non-current financial assets

8.1. Details of financial assets

Current and non-current financial assets are analysed as follows:

(In thousands of euros)	30.06.2021		31.12.2020	
	Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Others	67		67	
TOTAL	67	0	67	0

Non-current financial assets relate to deposits paid as rental guarantees.

8.2. Change in financial assets

As of 30 June 2021:

(In thousands of euros)	01.01.2020	Increases	Reductions	Others	30.06.2021
Others	67				67
Financial assets	67	0	0	0	67

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

9 Cash and cash equivalents

Net cash at opening:

(In thousands of euros)	01.01.2021	01.01.2020
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

Net cash at closing:

(In thousands of euros)	30.06.2021	31.12.2020
Liquid assets	17,646	20,660
Term deposits	0	0
Cash and cash equivalents on the balance sheet	17,646	20,660
Bank overdrafts	0	0
Cash and cash equivalents in the cash flow statement	17,646	20,660

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.

10 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 2020	52,456,357	45,889,493	41,458	525,406	6,000,000	0.01	524,563.57
Capital increase following the conversion of tranches 1 and 2 of the C preference shares - January 2021	4,041	4,041		-157,331		0.01	40.41
Capital increase following the exercise of BSA - January 2021	320,380	320,380				0.01	3,203.80
Increase in capital following the exercise of stock options - January 2021	6,249	6,249				0.01	62.49
Increase in capital following the exercise of stock options - February 2021	4,452	4,452				0.01	44.52
Increase in capital following the exercise of stock options - March 2021	600	600				0.01	6.00
Capital increase following the conversion of tranche 3 of the C preference shares - April 2021	44,217	44,217		-105,081		0.01	442.17
Capital increase following the exercise of BSA - April 2021	273,286	273,286				0.01	2,732.86
Increase in capital following the exercise of stock options - April 2021	600	600				0.01	6.00
Share capital as of 30 June 2021	53,110,182	46,543,318	41,458	262,794	6,000,000	0.01	531,101.82

These totals are exclusive of share warrants ("BSA"), warrants for business creator shares ("BSPCE") and subscription options granted to certain investors and to certain individuals, in particular employees of the Company.

In January 2021, the capital was increased by:

- ✓ 40.41 euros following the conversion of the first two tranches of Class C preference shares
- ✓ 3,203.80 euros as a result of the exercise of share subscription warrants
- ✓ 62.49 euros as a result of the exercise of stock options

In February 2021, the capital was increased by 6 euros following the exercise of stock options.

In March 2021, the capital was increased by 44.52 euros following the exercise of stock options.

In April 2021, the capital was increased by:

- ✓ 442.17 euros following the conversion of the third tranche of Class C preference shares
- ✓ 2,732.86 euros as a result of the exercise of share subscription warrants
- ✓ 6 euros as a result of the exercise of stock options

Furthermore, AB Science Group's capital, which amounted to 468,473.88 euros under IFRS as of 30 June 2021, takes into account the reclassification of the amount of the capital increase related to the issuance of Class C preference shares as financial liabilities and the recognition of the issuance of preference shares (Class D) as financial liabilities (60,000 euros).

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 30 June 2021, the capital of the Group AB Science consists of 46,847,388 shares of which 17,461,194 shares have double voting rights.

11 Provisions

Provisions are broken down as follows:

	30.06.2021			31.12.2020		
(In thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Litigation		379	379		516	516
Provision for employee benefits	1,167		1,167	1,281		1,281
TOTAL	1,167	379	1,546	1,281	516	1,797

The provision for disputes amounting to €379,000 on 30 June 2021 is mainly related to three labour disputes arising from the termination of employment contracts and to disputes with suppliers.

The provision for employee benefits corresponds to the provision for retirement allowances for the Group's employees. No funds have been set up to cover the corresponding commitment.

12 Financial liabilities

12.1. Current / non-current distribution

Distribution between current and non-current financial assets is as follows:

(In thousands of euros)	30.06.2021		31.12.20	
	Non-current	Current	Non-current	Current
Conditional advances	10,197	0	10,197	0
Line of credit/loan	6,813	190	938	4,367
Other financial liabilities and financial instruments	341	5,632	12,845	
Payable incurred interest		9		3
Financial liabilities	17,350	5,832	23,979	4,370

Change in non-current financial liabilities

As of 30 June 2021:

(In thousands of euros)	31.12.20	Collections/ receivables	Reimbursements	Current/non-current reclassifications	Effect of discounting/change in fair value of preference shares	30.06.21
Non-current	23,979	6,000	(5,417)	(5,757)	(1,454)	17,350
Current	4,370		(4,292)	5,754		5,832

As of 31 December 2020

(In thousands of euros)	31.12.19	Collections/ receivables	Reimbursements	Current/non-current reclassifications	Effect of discounting/change in fair value of preferred shares	31.12.20
Non-current	22,546	1,000		(63)	495	23,979
Current	7	4,300	(1)	64		4,370

The decrease in non-current financial liabilities amounted to €6,629,000 as of 30 June 2021 and can be mainly explained by the following:

- Obtaining loans guaranteed by the state for 6 million euros
- The recognition of the fair value of preferred shares (Class C) converted during the period (5.4 million euros)
- The change in fair value of all preference shares (Class C and Class D) during the period (1.5 million euros)
- The current reclassification of the fair value of preference shares (Class C) not converted as of 30 June 2021 (5.6 million euros)

The increase in current financial liabilities amounted to €1,462,000 as of 30 June 2021 and can be mainly explained by the following:

- Repayment in January 2021 of the $5.1 million loan issued in March 2020
- The recognition of the fair value of preferred shares (Class C) not converted as of 30 June 2021 (5.6 million euros)

12.2. Conditional and repayable advances

Conditional advances received 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. In the event of failure, they are reclassified as grants and immediately stated as income.

Schedule of conditional and repayable advances

As of 30 June 2021:

(In thousands of euros)	30.06.21	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 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

12.3. 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 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
- ✓ in April 2021 three loans guaranteed by the State for a total of 6 million euros at a fixed rate of 0.25% for two loans and at a rate of 1.75% for one loan. Each loan amounts to 2 million euros.

12.4. 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. As of 30 June 2021, the first three tranches have been converted and the balance of Class C preference shares amounts to 262,794 shares.

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 (€)
40%	5,665 430
45%	5,649 293
50%	5,631 970
55%	5,575 419
60%	5,120 221

Reference price (€)	Total value (€)
4.00	3,785 842
7.00	5,003 096
9.77	5,631 970
16.00	7,063 671
22.00	8,530 137

As of 30 June 2021, the fair value of the class C preference shares is 5.6 million euros. The change in fair value recorded in the financial result is a gain of 1.5 million euros, 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 30 June 2021, the fair value of the class D preference shares is €278,000. The change in fair value recorded in the financial result is a loss of €37,000, with no impact on cash.

13 Other current and non-current liabilities

Other current and non-current liabilities are broken down as follows:

(In thousands of euros)	30.06.21		31/12/2020	
	Non-current	Current	Non-current	Current
Social liabilities	-	3,328	-	3,690
Tax liabilities	-	344	-	331
Other debts	-	32	-	33
TOTAL	-	3,704	-	4,054

Social debts include in particular the provisions for paid vacation and the corresponding social charges, bonuses to employees as well as contributions due to the various social organisations.

14 Rental obligations

The rental obligations relate to the application of the IFRS 16 standard and are broken down as follows:

(In thousands of euros)	30.06.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Rental obligations	1,172	412	1,390	361
TOTAL	1,172	412	1,390	361

15 Turnover

The Company's turnover from the commercial operation of masitinib in veterinary medicine amounted to €818,000.

16 Public subsidies and funding

The Company receives aid from the French State, the European Union and French local public authorities in several forms:

- Conditional advances repayable under certain conditions,
- Operating subsidies and
- Research tax credit.

16.1. Conditional subsidies and funding

Conditional advances are listed in Note 12.2 Financial liabilities.

16.2. 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:

(In thousands of euros)	30.06.21	30.06.20
Research Tax Credit 2021	2,031	
Research Tax Credit 2020		1,724
TOTAL	2,031	1,724

17 Personnel costs

17.1. Workforce

As of 30 June 2021, the Group had 96 employees (including 1 in the US subsidiary) compared to 93 on 30 June 2020. The breakdown of the workforce is as follows:

	30.06.21	30.06.20
Commercial Department	3	4
Drug Discovery and Clinical Department	82	81
Executive & Management Department	11	8
TOTAL	96	93

17.2. Personnel costs

The personnel costs recorded in the profit and loss statement include the following items:

(In thousands of euros)	30.06.21	30.06.20
Wages and salaries	3,190	3,172
Social contributions	1,289	1,112
Share-based payments	68	48
Staff expenses	4,547	4,332

These expenses are broken down in the profit and loss statement as follows:

(In thousands of euros)	30.06.21	30.06.20
Marketing costs	95	147
Administrative costs	488	427
Research and development costs	3,963	3,758
Staff expenses	4,547	4,332

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.

18 Share-based payments

The accounting expense for the first half of 2021 related to all share-based payments is broken down as follows:

(In thousands of euros)	30.06.21	30.06.20
Stock option plans	1	3
BSPCE and BSA plans	10	10
AGAP plan	57	36
Total	68	48

18.1. Share subscription option plans

The following table shows the main characteristics of the plans being acquired:

	PLANS									
	SO4C	**SO5B**	**SO5C**	**SO4D**	**SO5D**	**SO5E**	**SO6A**	**SO6B**	**SO6C**	**SO6D**
Date granted by the Board of Directors	03/09/2011	03/09/2011	17/02/2012	30/08/2012	17/02/2012	26/02/2013	14/05/2014	29/08/2014	24/04/2015	06/10/2015
Date of acquisition of rights	03/09/2015	03/09/2015	17/02/2016	30/08/2016	17/02/2016	26/02/2017	14/05/2018	29/08/2018	24/04/2019	06/10/2019
Plan maturity	02/09/2021	02/09/2021	16/02/2022	28/08/2022	16/02/2022	26/02/2023	13/05/2024	28/08/2024	23/04/2025	05/10/2025
Number of options granted	1334	102102	14000	1373	196466	1500	116335	10875	79940	15550
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1	1	1	1	1
Exercise price *(in euros)*	7.14	7.14	12.25	10.18	10.18	16.89	11.96	10.03	15.8	13.01
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	PLANS						
	SO6E	**SO7A**	**SO9A**	**SO2019A**	**SO2019B**	**SO2020A**	**SO2020B**
Date granted by the Board of Directors	28/04/2016	30/04/2018	06/12/2018	20/05/2019	10/07/2019	17/02/2020	01/09/2020
Date of acquisition of rights	28/04/2020	30/04/2022	06/12/2022	31/07/2019	31/07/2019	17/02/2024	01/09/2024
Plan maturity	27/04/2026	30/04/2028	06/12/2028	31/12/2022	31/12/2022	16/02/2030	30/08/2030
Number of options granted	110640	53000	25120	274000	59000	65000	143650
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1	1
Exercise price *(in euros)*	17.29	12.65	12	12	12	12.65	12.65
Performance conditions	N/A	N/A	N/A	Yes	Yes	N/A	N/A

Plan valuation:

(in thousands of euros)	SO6E	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	TOTAL
Initial valuation	28.1	1.3	0.4	11.0	2.4	2.5	6.4	
Accounting expense 30 June 2021		0.2	0.0			0.3	0.8	1.3
Accounting expense 30 June 2020	2.3	0.2	0.0	0.0	0.0	0.2		2.7

Main assumptions	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 option life (*in years*)	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

18.2. Plans for subscription warrants for business creator shares

Plan characteristics

	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 granted 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 options granted	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: *Performance conditions*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
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 *(in euros)*	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 on the initiation of a confirmatory clinical study, marked by the inclusion of the first patient; the number of BCEs made exercisable under the initiation of confirmatory clinical studies may not exceed 12.5% of the BCEs (i.e. 2 confirmatory studies each giving the right to exercise 5% of 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 that become exercisable under these conditional registrations or temporary authorisations for cohort use may not exceed 25% of the BCEs (i.e. 2 conditional registrations or cohort ATUs each giving the right to exercise 10% of the BCEs and a third conditional registration or cohort ATU 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.

Plan valuation

In accordance with the principles set out in note 3, the plans granted after 7 November 2002 and whose rights were not acquired on 1 January 2007 were 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 expense 30 June 2021										9.5	0.1	9.6
Accounting expense 30 June 2020										9.5	0.1	9.6

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 option life (*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**

18.3. Free preference share plans

Characteristics of the plans:

	AGAP B1 and B2	AGAP B3	AGAP B4
Date granted 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: *Attendance and performance conditions*	*Yes*	*Yes*	*Yes*
Plan maturity	31/12/2024	31/12/2024	31/12/2024
Exercise price *(in euros)*	0	0	0

Conditions in Resolution 2 of the GM 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 preference 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: [(Final price – purchase price - 5) / 15] × 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"), a 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.

Plan valuation:

(in thousands of euros)	AGAP B1 and B2	AGAP B3	AGAP B4	Total
Initial valuation	744.5	207.6	4.0	952.1
Accounting expense 30 June 2021	41.9	14.8	0.5	57.2
Accounting expense 30 June 2020	20.9	14.8		35.8

19 Financial income and expenses

Financial income / (expenses) can be analysed as follows:

(In thousands of euros)	30.06.21	30.06.20
Income from financial assets and cash investments	(0)	0
Currency gains	(38)	181
Currency losses	(9)	(152)
Discounting effect - gain	1,489	0
Discounting effect - loss	(37)	(1,859)
Interest on loans and debts	(21)	(43)
Other financial income	17	5
Other financial costs	(16)	(30)
Total	1,386	(1,897)

Financial income as of 30 June 2021 is a gain of €1,386,000 compared to a loss of €1,897,000 a year earlier.

The loss of €1,386,000 as of 30 June 2021 is mainly related to the recognition of the change in fair value between 31 December 2020 and 30 June 2021 of the preference shares issued from the conversion of bonds in December 2016 (Class C) and the preference shares issued in September 2020 (class D), i.e. a financial gain of €1,452,000 with no impact on cash over the period.

20 Earnings per share

20.1. 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.

	30.06.21	30.06.20
Net result (in thousands of euros)	(4,655)	(8,801)
Weighted average number of shares outstanding during the year	46,839,187	38,863,395
Earnings per share	(0.10)	(0.23)

20.2. 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, SO or BSPCE) are considered anti-dilutive because they lead to an increase in earnings per share from continuing operations. Thus, diluted earnings per share are identical to basic earnings per share.

21 Related parties

Operations with top 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 has also benefited from the allocation of BSPCE and AGAP, described above.
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 remuneration presented below, paid to the President and CEO under his employment contract, was listed as an expense during the periods presented:

(In thousands of euros)	30.06.21	30.06.20
Short-term benefits	195	134
Share-based payments	48	32
Total	243	166

Transactions with key managers and directors:

Some directors have shareholders' current accounts, set up exclusively for the interest paid on the convertible bond issued during the 2004 financial year, and having been converted into preferred stock during the same 2004 financial year.

- 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.

- With the company KPLM of which Mr Jean-Pierre Kinet is the managing director:

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.
From January 2021 to May 2021, 7,150 euros excluding tax were invoiced by the company KPLM to the company AB Science.

22 Off-balance sheet commitments

Off-balance sheet commitments are broken down as follows:

(in thousands of euros)	30.06.21	30.06.20

Commitments given:	40	40
Guarantee given (1)	*40*	*40*
Commitments received:	90,000	0
Loan with EIB (2)	*15,000*	*0*
Concert with the founding shareholders (3.1)	*25,000*	*0*
Concert with the founding shareholders (3.2)	*50,000*	*0*

(1) Following the rental of new offices in Paris, a bank guarantee of €39,600 was given to SCI Bizet in 2016.

(2) A loan agreement totalling 15 million euros was signed with the EIB in November 2020. This loan will enable AB Science to finance the clinical development programme for the evaluation of masitinib in the treatment of Covid-19.

(3) An agreement with historical shareholders with a view to implementing a common strategy to promote masitinib was signed in June 2021.

(3.1) This agreement is accompanied by the signing of a firm financing option for an amount of 25 million euros over the next 12 months, at the initiative of AB Science.

(3.2) This financing commitment mentioned above may be increased by an additional 50 million euros, at a rate of 25 million euros per year from the first anniversary date, 1 July 2022, subject to an absence of a significantly adverse event clause.

This financing of historical shareholders will have to be part of the "private placement" or "capital increase reserved for categories of persons" resolutions in place.
The parties have agreed that this global commitment is conditional on the announcement and implementation of the Strategic Alliance research strategy. Otherwise it will be null and void.

23 Events after closure

Recent events since the end of the first half of fiscal year 2021 are detailed in section 3 of this report.

C. RAPPORT DES COMMISSAIRES AUX COMPTES SUR L'EXAMEN DES COMPTES CONSOLIDES SEMESTRIELS CONDENSES AU 30 JUIN 2021

AB Science S.A.

Siège social : 3, avenue George V – 75008 Paris

Rapport des commissaires aux comptes sur l'information financière semestrielle 2021

Rapport des commissaires aux comptes
sur l'information financière semestrielle

Période du 1er janvier 2021 au 30 juin 2021

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale, et en application de l'article L. 451-1-2 III du code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés condensés de la société AB Science S .A., relatifs à la période du 1er au 30 juin 2021, tels qu'ils sont joints au présent rapport ;

- la vérification des informations données dans le rapport semestriel d'activité.

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'examen limité des comptes semestriels consolidés condensés. 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 de nos travaux.

Ces comptes semestriels consolidés condensés ont été établis sous la responsabilité du conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I - Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés condensés avec la norme IAS 34, norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

II - Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés condensés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés condensés.

Neuilly-sur-Seine, le 30 septembre 2021

Grant Thornton

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Samuel Clochard

Paris, le 30 septembre 2021

Audit et Conseil Union

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Jean-Marc Fleury