AB SCIENCE S.A.
Société Anonyme (French public limited company) with a share capital of 531,692.57 euros
Registered office: 3, avenue George V, 75008 PARIS
438 479 941 RCS (Trade and Companies' Register) Paris

ANNUAL FINANCIAL REPORT
OF AB SCIENCE GROUP
AS OF 31 DECEMBER 2021

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MANAGEMENT REPORT 2021

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.

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 98 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 243 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 2021

- **Clinical development events**

Publication of new long-term data showing that masitinib prolonged survival by 25 months in patients treated with non-severe disease in amyotrophic lateral sclerosis

New long-term survival data from the follow-up of patients enrolled in the phase 2/3 study (AB10015) in amyotrophic lateral sclerosis have been published in the peer-reviewed journal *Therapeutic Advances in Neurological Disorders*.

The survival analysis included all patients initially enrolled in study AB10015 and followed for a mean of 75 months from the date of diagnosis. In ALS patients with mild to moderate disease severity at inclusion, treatment with masitinib 4.5 mg/kg/day (n=50) in combination with riluzole was found to prolong survival by 25 months compared to patients treated with riluzole alone (n=63) (median overall survival 69 months versus 44 months, respectively, P=0.037), with a 44% reduction in the risk of death. People with mild to moderate ALS are defined as patients without complete loss or severe impairment of function 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 matches the patient population enrolled in the confirmatory phase 3 study, AB19001.

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

Resumption of recruitment in ongoing masitinib studies

In July 2021, AB Science announced that it had resumed patient enrolment in its ongoing clinical trials. This resumption followed AB Science's decision in June 2021 to voluntarily halt enrolment in ongoing clinical studies following the detection of a potential risk of ischemic heart disease with masitinib. AB Science has implemented a risk management plan to enhance patient safety in masitinib trials, allowing resumption of enrolment.

The risk management measures cover the following changes for each test concerned:

- Strengthening eligibility criteria to exclude patients with a history of severe cardiovascular disease
- Increased testing to monitor heart function during the study period
- Request for systematic advice from independent Data Review Boards (DSMBs) on the conduct of each study in relation to the risk of cardiovascular events
- Establishment of a committee of independent experts to adjudicate all major adverse cardiovascular events

Clinical outcomes in prostate cancer

The Phase 2B/3 study (AB12003) of masitinib in chemotherapy-eligible metastatic hormone-refractory prostate cancer (mCRPC) has met its predefined primary endpoint. The results of the study were presented at the American Urological Association (AUA) 2021 Annual Meeting, held from 10-13 September 2021.

Study AB12003 was an international, multicentre, randomised, double-blind, placebo-controlled, two-armed parallel trial in hormone-refractory metastatic prostate cancer (mCRPC) eligible for chiropractic therapy. The study compared 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 primary endpoint of the study was 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/L at inclusion. An ALP level of less than 250 IU/L is a predefined biomarker to identify patients with a smaller extent of (bone) metastasis who are more likely to respond to masitinib. The target population was composed of adult men who have progressed and developed metastatic hormone-refractory prostate cancer (mCRPC) after castration (reduction of androgen/testosterone/dihydrotestosterone, either chemically or surgically) and are therefore eligible for chemotherapy.

The study was positive on the primary analysis in the predefined target subgroup (patients with ALP levels ≤250 IU/L), demonstrating a statistically significant increase in progression-free survival (p=0.0272). There was no progression-free survival benefit in the overall population. The tolerability of masitinib was consistent with its known risk profile.

Programme for the treatment of Covid-19

AB Science has initiated the continuation of a development programme in the treatment of Covid-19, with on the one hand a non-clinical component, with the signing of an exclusive licence agreement with the University of Chicago to conduct research on the prevention and treatment of humans infected with nidoviruses, coronaviruses and picornaviruses, and on the other hand the initiation of a second phase 2 study in the treatment of Covid-19.

This programme follows the University of Chicago's discovery and publication in *Science* of masitinib as a broad-spectrum antiviral agent capable of treating SARS-CoV-2 (the virus that causes COVID-19), including demonstration of *in vivo* activity in mice, with sustained efficacy *in vitro* against variants of concern in SARS-CoV-2.

The Phase 2 clinical trial will evaluate the antiviral efficacy of masitinib at three different dosages in combination with current optimal therapies versus placebo in combination with current optimal therapies. The study is expected to recruit 78 patients (aged 18 years or older and without age limit). The primary efficacy objective will be to demonstrate that masitinib can reduce the viral load of SARS-CoV-2 (the virus that causes COVID-19) more rapidly than a placebo control group, which will receive current optimal treatments. The AB21002 study population is therefore targeted at ambulatory (non-hospitalised) patients with mild disease or hospitalised patients not requiring non-invasive ventilation (WHO Clinical Progression Scale score of 4 and 5 for COVID-19).

A second randomised (1:1), open-label, phase 2 study (AB20001) is underway to evaluate the safety and efficacy of masitinib plus isoquercetin in hospitalised patients with moderate (WHO 7-point ordinal scale level 4) or severe (level 5) COVID-19. The study is expected to enrol 200 patients (over 18 years of age with no upper age limit). The independent data management committee (IDMC) has recommended that the study evaluating masitinib in Covid-19 for hospitalised patients with moderate oxygen demand be continued without reservation.

Approval of a phase 2 study with masitinib in patients with severe mast cell activation syndrome (MCAS)

AB Science has announces that its phase 2 study clinical with masitinib in patients with severe mast cell activation syndrome (MCAS) has been approved by the US FDA.

The study will recruit 60 patients from multiple centres. The aim of treatment in severe MCAS is to reduce symptoms (pruritus, redness, depression) and improve the patients' impaired quality of life.

MCAS is a disease caused by abnormal activation of mast cells, which can result in symptoms related to the release of mast cell mediators ranging from mild to life-threatening. Thus, MCAS is similar to indolent, poorly progressive systemic mastocytosis (ISM/SSM), but there are important differences that make MCAS a distinct disease from systemic mastocytosis. In mastocytosis, well-defined mutations result in an abnormal mast cell population with a marked increase in tissue proliferation, whereas MCAS is due to greater (ill-defined) mutational heterogeneity that is associated with aberrant mast cell activation, despite a modest increase in mast cell numbers due to reduced apoptosis.

Because masitinib was designed to be a potent inhibitor of mast cell activation (through its action against the wild-type tyrosine kinases c-Kit, Lyn and Fyn), it is particularly well suited to the treatment of severe MCAS, in contrast to other c-kit tyrosine kinase inhibitors that typically target specific mutations in c-Kit associated with systemic mastocytosis. There is currently no approved treatment for severe MCAS or drug in clinical development for this indication.

The study was also approved by the ANSM in January 2022.

Approval of a phase 1/2 study with AB8939 in acute myeloid leukaemia

AB Science announced that its clinical study with AB8939 in adult patients with relapsed/refractory acute myeloid leukaemia (AML) has been approved by the French National Agency for Medicinal Products (ANSM), the FDA and the Canadian Health Authority.

AB8939 is a next-generation synthetic microtubule destabiliser, capable of counteracting multidrug resistance and with the potential to be widely used as a potent anti-cancer drug. Microtubules play a crucial role in multiple cellular functions, and are therefore an important target for cancer treatment. Indeed, chemotherapies that target microtubules, such as taxanes and vinca alkaloids, are among the most effective cancer treatments. Unfortunately, the development of drug resistance (e.g. via the Pgp efflux pumps that transport drugs out of cancer cells) often limits their clinical effectiveness.

The main features of AB8939 are that it bypasses the difficulties associated with Pgp-dependent multidrug resistance and that it is not inactivated by an enzyme called myeloperoxidase, which is an advantage over existing chemotherapies. Finally, AB8939 is a synthetic drug, which is a distinctive feature and another advantage over existing treatments.

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

AB8939 was entirely discovered by AB Science laboratories, which retains full ownership of the intellectual property rights, and reflects AB Science's focus on developing innovative medicines to improve patients' lives.

- **Other events**

Obtaining a state-guaranteed loan (PGE)

In March and April 2021, AB Science obtained the agreement of Société Générale, Bpifrance and Banque Populaire to finance a total of 6 million euros in the form of a state-guaranteed loan (PGE - *prêt garanti l' État*), in the context of the COVID-19 pandemic.

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.

Agreement with historical shareholders to implement a joint value creation strategy for masitinib

AB Science has announced that it has signed an agreement with historical shareholders to implement a joint strategy to enhance the value of masitinib. Under this agreement, these historical shareholders, representing today 8.7% of the company's share capital, undertake to act in conjunction with the founding shareholders of AB Science in order to:

- investigate strategies to optimise the value of masitinib, including a potential strategic alliance with one or more pharmaceutical companies for the clinical development and marketing of masitinib in one or more major indications, and/or in one or more major regions; and
- to study the opportunity of listing AB Science on a foreign stock market, and in particular the NASDAQ (via an American Depository Receipt programme or ADR).

The joint operation will be implemented subject to the condition precedent of obtaining a final exemption decision from the *Autorité des marchés financiers* (AMF - French Financial Markets Authority), cleared of any appeal, confirming that there is no need for a public tender.

This agreement is accompanied by the signature of a firm financing option for an amount of €25 million over the next 12 months, at the initiative of AB Science. These financings will have to fall within the framework of the "private investment" or "capital increase reserved for categories of persons" resolutions in place. This agreement extends AB Science's financial visibility beyond 24 months. This financing commitment may be increased by a further €50 million, at a rate of €25 million per year from the first anniversary date, subject to a no significant adverse event clause.

This agreement is accompanied by a commitment by certain minority shareholders to retain 1.8 million shares for a period of three years (or until the implementation of the value enhancement strategy if this occurs before the expiry of this three-year period).

Changes in the Board of Directors

Cécile de Guillebon was co-opted to replace Emmanuelle Mourey. Cécile de Guillebon began her career in mergers and acquisitions at JP Morgan, Marceau Investissement and then PPR (now Kering), before joining the Renault group where she was Director of Property and General Services and also in charge of the Global Facility Management function of the Renault-Nissan-Mitsubishi Alliance. Cécile de Guillebon is a graduate of HEC.

Catherine Johnston-Roussillon was co-opted to replace Nathalie Riez. 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. Since 2015 she has been European Chair of Shamir Optical. Catherine Johnston-Roussillon graduated in political science at the Ludwig-Maximilian University and obtained a postgraduate degree in marketing at the University of Grenoble.

Guillemette Latscha was co-opted to replace Béatrice Bihr. Guillemette Latscha is a medical 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's headquarters between 1992 and 2006 and finally as the Renault group's Medical Director since 2006. Guillemette Latscha is a graduate in medicine of the University of Paris V and a Chevalier de la Légion d'Honneur.

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

Shareholder agreements expiring in 2021

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

Others

- Other securities transactions:

During 2021, 138,000 stock options and 1,921,845 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 Pandemic 19

In 2021, the COVID-19 pandemic has had a very 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.

At employee level, the activity of all employees has been maintained in 2021.

  - ✓ 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.

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

Statement of comprehensive income as at 31 December 2021 (IFRS):

(In thousands of euros)	31 December 2021	31 December 2020
Net turnover	1,607	1,583
Operating profit	(13,808)	(14,749)
Net profit (loss)	(14,463)	(15,045)
Overall profit (loss) for the period	(14,189)	(15,378)
Earnings per share - in euros	(0.30)	(0.34)
Diluted earnings per share - in euros	(0.30)	(0.34)

Operating results

Operating revenue

(In thousands of euros)	31 December 2021	31 December 2020
Net turnover	1,607	1,583
Other income	0	0
Total operating income	1,607	1,583

Operating income, exclusively consisting of revenue from the operation of a veterinary medicine drug, was stable compared to 31 December 2020 and amounted to €1,607,000.

Operating expenses

(In thousands of euros)	31 December 2021	31 December 2020
Cost of sales	111	69
Marketing expenses	493	781
Administrative costs	3,578	2,641
Research and development costs	11,233	12,841
Other operating expenses	0	0
Total operating costs	15,415	16,332

Operating expenses amounted to €15,415k at 31 December 2021 compared to €16,332k at 31 December 2020, a decrease of 5.6%.

Cost of sales amounted to €111k at 31 December 2021 compared to €69k at 31 December 2020.

Marketing expenses amounted to €493k at 31 December 2021 compared to €781k at 31 December 2020, a decrease of 36.9%.

Administrative expenses increased by 35.48% from €2,641k at 31 December 2020 to €3,578k at 31 December 2021. This increase is mainly due to the recognition of a provision relating to a sanction by the French Financial Markets Authority of 1 million euros (see section 4 below on recent events since the year-end).

Research and development costs decreased by 12.5% compared to 31 December 2020 (€12,841k at 31 December 2020 versus €11,233k at 31 December 2021).
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 2021 corresponds to a loss of €13,808k, compared to a loss of €14,749k as at 31 December 2020, i.e. a decrease in the operating deficit of €941k (6.4%) for the reasons set out above.

Financial profit/loss

The financial profit/loss at 31 December 2021 was a loss of €618k compared to a loss of €289k a year earlier. The loss of €618k is mainly related to the discounting of conditional advances (representing a loss of €1,262k) and to the change in fair value of financial liabilities (gain of €703k). These changes have caused a non-recurring, non-cash loss. The valuation of this financial liability is explained in note 17 to the consolidated financial statements in this report.

Net income

The net loss at 31 December 2021 was €14,463k compared to €15,045k at 31 December 2020, a decrease of 3.9%, 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 are stable compared to 31 December 2020 and amount to €1,423k.

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 €1,312k at 31 December 2021 compared to €1,662k at 31 December 2020.

Inventories amounted to €141k at 31 December 2021 compared to €79k at 31 December 2020.

Trade receivables are stable compared to 31 December 2020 and amount to €310k.

Financial assets are cash instruments with a maturity of more than three months. As at 31 December 2021, no cash instruments had a maturity of more than three months.

The Company's other current assets increased by €3,783k (€5,232k at 31 December 2020 vs. €9,015 k at 31 December 2021).

Cash and cash equivalents amounted to €8,721 k at 31 December 2021 compared to €20,660k at 31 December 2020.

Total cash and current financial assets amounted to €8,721k at 31 December 2021 compared to €20,660k at 31 December 2020.

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 2020 and 31 December 2021.

(In thousands of euros) - IFRS	Company's equity
Equity on 31/12/2020	(19,549)
Capital increases and share premiums net of expenses	4,155
Overall profit or loss for the period	(14,189)
Conversion options	0
Share-based payments	6,385
Equity on 31/12/2021	(23,198)

At 31 December 2021, the Company's equity was negative and amounted to €23,198k.
The General Meeting of 30 June 2021 decided to continue the business and to rebuild its equity so that it is no longer less than half of the share capital by 31 December 2022.

Current liabilities amounted to €17,482k at 31 December 2021 compared to €22,587k at 31 December 2020, a decrease of 22.6%.

This decrease (€5,105k) is mainly due to the following effects:

- drop in in current financial liabilities: €4,118k This drop results from the repayment in January 2021 of the loan issued in the context of the pre-financing of the 2019 research tax credit of 5.1 million dollars in June 2020.
- increase in current provisions (€752k), mainly related to the provision for the fine imposed by the *autorité des marchés financiers* (financial markets authority)
- increase in other current liabilities: €163k
- increase in lease obligations (IFRS 16): €18k
- decrease in trade payables: €1,918k

Non-current liabilities amounted to €26,986k at 31 December 2021 and mainly related to:

- non-current financial liabilities in the amount of €24,867k:
    - €11,459k of conditional advances linked to research programmes and repayable in the event of the success of these programmes,
    - €6,658k related to the valuation of preference shares which are defined as debt instruments under IFRS. These instruments are therefore recognised as financial liabilities and valued at their fair value at each closing date. This valuation has no cash impact,
    - €6, 688k related to the obtaining of €6 million in state-guaranteed loans and a loan from BPI France
- the sum of the discounted rents remaining to be paid under the current leases, amounting to €1,035k, pursuant to IFRS 16
- the provision of €1,084k for retirement benefits

As of 31 December 2021, the company has concluded:

- 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.
- three loans guaranteed by the State (PGE) from Société Générale, Bpifrance and Banque Populaire for a total of €6 million in the form of a loan guaranteed by the State (PGE), at a fixed rate of 0.25% for two loans and 1.75% for one loan, each loan having a term of five years.

4. RECENT EVENTS SINCE THE END OF THE FINANCIAL YEAR

- **Clinical development events**

Authorisation from the Canadian Health Authority to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status

AB Science has announced that it has received authorisation from the Canadian Health Authority (Health Canada) to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status.

Authorisation to market under NOC/c status allows Health Canada to provide earlier access to the market for potentially life-saving medicines. NOC/c status is granted to eligible products that have demonstrated promising clinical efficacy in clinical trials. The products must be of high quality and have an acceptable benefit/risk profile. This status is limited to promising new therapies used for the treatment, prevention or diagnosis of serious, life-threatening or severely debilitating diseases for which: a) there are no other therapies available on the Canadian market or, b) the new product offers a significant improvement in the benefit/risk profile over existing therapies.

An Advance Consideration assessment by a Health Canada Adjudicating Committee is required before a submission can be approved for NOC/c status.

This assessment was based on a pre-submission package sent by AB Science including efficacy data from study AB10015, long-term survival data (mean follow-up of 75 months from diagnosis) from study AB10015, and safety data.

The committee concluded that AB Science's application meets the criteria for submission under NOC/c status.

The following points have been taken into account when issuing the authorisation for submission under NOC/c status:

- Masitinib is indicated for the treatment, prevention or diagnosis of a serious, life-threatening or severely debilitating disease, ALS being a serious, life-threatening and severely debilitating disease with a median survival rate of 2 years after diagnosis.
- There is promising evidence of clinical efficacy showing that masitinib provides a significant increase in efficacy and/or a significant decrease in risk, such that the overall benefit/risk profile is improved over existing therapies, preventatives or diagnostics in a disease for which there is no satisfactory treatment marketed in Canada.

If granted, NOC/c status allows the marketing of a drug with conditions. These conditions will be discussed with Health Canada during the procedure.

An estimated 3,000 Canadians are currently living with ALS. Each year, approximately 1,000 Canadians die from ALS. Approximately 1,000 new cases of ALS are diagnosed in Canada each year.

Initiation of a confirmatory Phase 3 study with masitinib in progressive multiple sclerosis

AB Science announced that it has received authorisation from the French National Agency for Medicinal Products (ANSM) to initiate a Phase 3 study (AB20009) evaluating masitinib in patients with primary progressive multiple sclerosis (PPMS) or non-active secondary progressive multiple sclerosis (nSPMS).

The study is to recruit 800 patients from a number of centres with an Expanded Disability Status Scale (EDSS) score between 3.0 and 6.0 and an absence of gadolinium-enhanced T1 brain lesions as measured by MRI (magnetic resonance imaging).

The primary objective of the study will be to assess the effect of masitinib on time to confirmed progression of disability, where progression is defined as an increase of one point when the EDSS score at baseline is less than or equal to 5.5, or half a point when the EDSS score at baseline is strictly greater than 5.5, between randomisation and week 96.

This confirmatory study follows an initial positive phase 2B/3 study (AB07002) in primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS). 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). This study 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).

- **Other events**

Financing of USD 8.5 million through the issue of bonds convertible into shares

AB Science has entered into an agreement with a historical investor for financing of USD 8.5 million through the issue of bonds convertible into new ordinary shares with share subscription warrants attached (OCABSA).

The issue is for 50,000 OCABSA, representing a bond issue of USD 8.5 million. This has helped strengthen AB Science's cash position for the development of its clinical research programme.

The 50,000 shares convertible into shares will be issued at a nominal value of USD 170.0 per share ("NV"), representing a total bond issue of USD 8.5 million.

Decision of the Enforcement Committee of the *Autorité des marchés financiers* (French Financial Markets Authority) following the investigation into the financial information and the market for AB Science shares opened in September 2017

On 24 March 2022, the AMF Enforcement Committee ruled that there was no inside information at the time of the two capital increases carried out by AB Science on 24 and 27 March 2017 or at the time of the sale of a block of shares by Alain Moussy on 31 March 2017. The AMF Enforcement Committee therefore completely exonerated Alain Moussy, who had been prosecuted for insider trading, and found that AB Science had not failed to comply with its disclosure obligations during these capital increases in March 2017.

The AMF Enforcement Committee nevertheless considered that AB Science should have disclosed the high probability of a negative opinion from the European health authorities on the marketing authorisation application

for masitinib for the treatment of mastocytosis as early as 7 April 2017 and ordered AB Science to pay the sum of one million euros.

However, in accordance with its internal procedures, AB Science had put in place a deferral of privileged information from this date of 7 April 2017, considering that the deferral of communication was in the company's interest and in line with the industry practice of not communicating before the final vote of the CHMP, or else withdrawing the registration application, which AB Science had no intention of doing.

In view of this difference in assessment relating to a technical point concerning one of the criteria for the deferral of disclosure of privileged information and in view of the amount of the sanction pronounced, AB Science has decided to appeal to the Paris Court of Appeal. In accordance with Article R. 621-44 of the *Code monétaire et financier* (French Monetary and financial code), this appeal must be lodged within two months of notification of the AMF Enforcement Committee's decision, i.e. by 31 May 2022.

Considerations arising from the Russia-Ukraine war

Russia launched its invasion of Ukraine in February 2022, which, alongside humanitarian concerns, may also have an impact on the health research ecosystem in the form of delays in the conduct of clinical trials. At the time of publication of this report, there were no significant delays or impacts on the studies in Russia and Ukraine.

No other post year-end events that could have an impact on the Group's financial position have occurred since the year-end date.

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 2021, 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 2021, its cumulative consolidated net losses (retained earnings and loss for the period) amounted to 258 million euros. The negative cash flows generated by AB Science's operations amounted to 13.5 million euros and 17.2 million euros for the year ended 31 December 2020 and the year ended 31 December 2021 respectively.
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 2021 amounted to € 3,871 K.
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 debit 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 2021, 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 2021, Alain Moussy and other shareholders, members of the same pact and acting in concert, are holding 49.9% of the share capital and 57% 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 systemss

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

<u>Pharmaceutical regulation</u>

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 biologics.

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.

<u>Financial regulation</u>

AB Science ordinary shares are listed on Euronext Paris, Compart ent 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.

Therefore, 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. Following this investigation, the AMF Enforcement Committee fully exonerated Alain Moussy, Chairman and CEO, who was facing insider trading charges, but found that AB Science should have disclosed the high probability of a negative opinion from the European health authorities on the marketing authorisation application for masitinib for the treatment of mastocytosis as early as 7 April 2017 and ordered AB Science to pay the sum of one million euros. However, in accordance with its internal procedures, AB Science had put in place a deferral of privileged information from this date of 7 April 2017, considering that the deferral of communication was in the company's interest and in line with the industry practice of not communicating before the final vote of the CHMP, or else withdrawing the registration application, which AB Science had no intention of doing. In view of this difference in assessment relating to a technical point concerning one of the criteria for the deferral of disclosure of privileged information and in view of the amount of the sanction pronounced, AB Science has decided to appeal to the Paris Court of Appeal. In accordance with Article R. 621-44 of the *Code monétaire et financier* (French Monetary and financial code), this appeal must be lodged within two months of notification of the AMF Enforcement Committee's decision, i.e. by 31 May 2022.

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 2021 is presented in note 12 to the consolidated financial statements closed on 31 December 2021.

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 other currency risk, with the equivalent of €756k of its operating expenses denominated in currencies other than the Euro in 2021. 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 € 51K operating income.
- A variation in the £/euro exchange rate of plus or minus 10% would have a negligible impact on its income and equity (€ 12 K).

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 17 to the consolidated financial statements of 31 December 2021.

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 2021 (as detailed in chapters 12 and 13 of the notes to the consolidated financial statements at 31 December 2021) 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 2021, based on a share price of €12, 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 lower than the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 77,267
  - ✓ BSPCE (French new business creator share warrants): 2,100,000
  - ✓ BSA (French share subscription warrants): 1,240,842 (of which 1,022,662 warrants would give rise to the issue of 511,331 shares)

  The exercise of these options would lead to an increase in shareholders' equity of €21,566k and a capital dilution of 5.2%.

- 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: 211,170
  - ✓ BSPCE (French new business creator share warrants): 82,588
  - ✓ BSA (French share subscription warrants): 566,312

  The exercise of these options would lead to an increase in shareholders' equity of €12,680k and a capital dilution of 1.6%.

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are not met:
  - ✓ Stock options allocated to employees: 390,960

  The exercise of these options would lead to an increase in shareholders' equity of €4,978k and a capital dilution of 0.7%.

- 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: 1,236,282

The exercise of these preference shares would lead to an increase in shareholders' equity of €6,181k and a capital dilution of 2.3%.
The maximum number of ordinary shares remaining to be issued following the conversion of the outstanding preference shares is 1,236,282 shares (based on a conversion price of five euros).

- 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 new business creator share warrants): 3,118,082
  - ✓ BSA (French share subscription warrants): 3,833 136
  - ✓ Conversion of performance free preference shares (AGAP) into ordinary shares: 4,513 400

  The exercise of these options would lead to an increase in shareholders' equity of €84,400k and a capital dilution of 18.2%.

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 17,703,039 shares, the amount of equity would be increased by 130 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 2022, AB Science continues to allocate the majority of its resources to the further development of masitinib, the company's most advanced compound.

In particular, the company has initiated the following clinical studies:
- Phase 3 confirmatory study in the treatment of ALS;
- Phase 3 confirmatory study in the treatment of indolent systemic mastocytosis;
- Phase 3 confirmatory study in progressive forms of multiple sclerosis
- Two phase 2 in Covid-19
- Phase 2 with masitinib in severe mast cell activation syndrome (MCAS)
- Phase 1/2 trial in refractory acute myeloid leukaemia with a new compound developed by AB Science (AB8939).

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.

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 Chair of the Board of Directors and Managing Director. 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):

- Alain Moussy (Chairman)
- Cécile de Guillebon (Independent Director), appointed on a provisional basis by the Board of Directors on 27 June 2021, subject to ratification at a future General Meeting of Shareholders
- Catherine Johnston-Roussillon (Independent Director), appointed on a provisional basis by the Board of Directors on 27 June 2021, subject to ratification at a future General Meeting of Shareholders
- Guillemette Latscha (Independent Director), appointed on a provisional basis by the Board of Directors on 27 June 2021, subject to ratification at a future General Meeting of Shareholders
- Renaud Sassi (Independent Director), appointed on a provisional basis by the Board of Directors on 27 June 2021, subject to ratification at a future General Meeting of Shareholders
- Patrick Moussy

7.1.3. Meetings of the Board of Directors

During the financial year ended 31 December 2021, the Board of Directors met seven times on 4 March, 12 March, 22 March, 28 April, 27 June, 2 September and 28 September with an attendance rate of 95.24%.

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 Managing Director 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 two members:
- Ms Cécile de Guillebon, Director
- Ms Catherine Johnston-Roussillon, Director

The Finance Committee is chaired by Ms Cécile de Guillebon. It met in 2021 during the review of the 2020 annual accounts and during the review of the 2021 half-year accounts, as well as at the renewal of the appointment of the statutory auditors on 10 May 2021.

7.2.2. Remuneration and Appointments Committee

A Remuneration and Appointments Committee was set up by the Board of Directors, with two members:
- Mr Renaud Sassi, Director
- Ms Guillemette Latscha, Director,

Mr Renaud Sassi chairs the Remuneration and Appointments Committee.

The Compensation Committee met once in 2021 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, chaired by Olivier Hermine, has the following three members:
- Christian Auclair
- Patrice Dubreuil
- Olivier Hermine

The Scientific Committee met once during the 2021 financial year with a 90% attendance rate.

7.2.4. Independent Directors

As at 31 December 2021, the Company has four independent directors, Cécile de Guillebon, Guillemette Latscha, Catherine Johnston-Roussillon and Renaud Sassi, whose terms of office will expire at the end of the General Meeting called to approve the financial statements on 31 December 2021 for Renaud Sassi, on 31 December 2022 for Guillemette Latscha and Catherine Johnston-Roussillon and on 31 December 2023 for Cécile de Guillebon.

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:
- Cécile de Guillebon: Independent Director (percentage of ownership less than 10%)
- Catherine Johnston-Roussillon: Independent Director (percentage of ownership less than 10%)
- Guillemette Latscha: Independent Director (percentage of ownership less than 10%)
- Renaud Sassi: 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 41.88% of the voting rights
- Patrick Moussy is not independent because of his family ties with Alain Moussy

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 2021
Alain Moussy	11.07.2001 (Company formation date)	General Meeting approving the accounts for the year ended 31 December 2023	Chairman, Managing Director	Chairman of the French Association for research initiatives on mast cells and mastocytosis Chairman of the Company AMY SAS	None	None
Patrick Moussy	11.07.2001 (Company formation date)	General Meeting approving the accounts for the year ended 31 December 2021	Director	Engineer	None	None
Cécile de Guillebon	27.06.2021	General Meeting approving the accounts for the year ended 31 December 2023	Director	Chair of Esserto	Independent director of Foncière Inéa and SLI	Independent director of Géodis and Paref
Catherine Johnston-Roussillon	27.06.2021	General Meeting approving the accounts for the year ended 31 December 2022	Director	Chair of the European Region at Shamir Optical Company	None	None
Guillemette Latscha	27.06.2021	General Meeting approving the accounts for the year ended 31 December 2022	Director	Doctor	None	None
Renaud Sassi	27.06.2021	General Meeting approving the accounts for the year ended 31 December 2021	Director	Chair of Pledger, a financial and technology company Development consultancy for the Wonderbox group and the mutual health insurance company Ipeca	None	Chair of Logelis, an industrial construction company

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 2022 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[1] ;
- 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;

[1] 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[2].

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[3];

- 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 some 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:

Fundamental interests	Chairman and Chief Executive Officer	Deputy CEO	Directors/non-voting members
Respect for the corporate interest	Remuneration sufficient to retain the Chairman and CEO in post. Remuneration not excessive in relation to market practices.	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.	Remuneration sufficient to retain existing directors and non-voting members. Remuneration conditional on the attendance of the directors and non-voting members in office. Remuneration not excessive in

[2] 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

[3] 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.
Contribution to AB Science's strategy	Variable remuneration conditional on the achievement of results by AB Science, particularly in financial and clinical matters. 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.
Contribution to AB Science's sustainability	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 of 30 June 2021, no substantial changes have been made.

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

At the general meeting of 30 June 2021, 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 Chair 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 2022 - 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 2022 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 2022.

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 Chair and Chief Executive Officer for the financial year 2022

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 remuneration (gross salary excluding profit-sharing bonus and seniority bonus) will remain unchanged (304, 000 gross) for the year 2022.

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 2022.

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 2022 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 2022, 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 1,911 euros respectively for the financial year 2022.

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 2022:

- 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 2022

Fixed salary

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

The fixed salary (gross salary excluding profit-sharing bonus and seniority bonus) will remain unchanged (80,820 euros gross) for the financial year 2022.

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 2022.

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 90,820 euros for the financial year 2022, 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 16,148 euros for the financial year 2022.

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 2022

Directors and non-voting directors collectively receive (i) a fixed annual sum known as "*attendance fees*" and (ii) a package of share warrants determined by the general meeting of shareholders.
In this respect, the combined general meeting of 30 June 2021 (i) set a total amount of attendance fees of 63,000 euros and (ii) set a total amount of 18,000 share warrants.

The Board of Directors shall distribute the attendance fees and/or share warrants package.

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 has adopted the following scale, which offers directors a choice between:

- remuneration in the form of attendance fees: 1,500 per meeting and per director up to a maximum of 10,500 euros per year;

- remuneration in share subscription warrants: 466 share subscription warrants per meeting and per director up to a maximum of 2,796 share subscription warrants per year;

- remuneration partly in attendance fees and partly in share subscription warrants.

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 can 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 Chair and CEO) are eligible for attendance fees and the share subscription warrants package. For the financial year 2022, it will again be proposed to the directors and non-voting directors of AB Science to be allocated share subscription warrants instead of attendance fees.

7.4.3. Remuneration for the financial year 2021 - 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 2021 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 2021 in respect of their office.

7.4.3.1. Individuals involved

This report concerns the remuneration paid or due for the financial year 2021 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 03 February 2022, decided on the remuneration elements for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the financial year 2021.

In accordance with the provisions of Article L. 22-10-9 of the *Code de commerce* (French Commercial Code), these elements were presented to the shareholders and adopted in their entirety at the General Meeting of Shareholders on 30 June 2021.

On the proposal of the management and the advice of the Remuneration Committee, the Board of Directors, at its meeting of 03 February 2022, 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 2021 (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 2021 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 share subscription warrants previously granted to some of them, they were given the choice of receiving attendance fees or share subscription warrants. All directors preferred to subscribe to share subscription warrants rather than receive attendance fees. These share subscription warrants (exercisable at a price of 12.65 euros per warrant, the number of which varies according to the level of attendance of each director at Board meetings held in 2021) were offered for subscription in February 2022.

The table below details, director by director, the number of share subscription warrants allocated to directors in 2022 in respect of the 2021 financial year:

Directors:	**Number of share subscription warrants allocated**
Patrick Moussy	2.796
Cécile de Guillebon	932
Catherine Johnston-Roussillon	932
Guillemette Latscha	932
Renaud Sassi	1.398
Total	**6.990**

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 (A)	Median (B)	SMIC (min wage) (C)		vs. A	vs. B	vs. C		vs. A	vs. B	vs. C
2021	60,735	41,539	19,074	331,169	5	8	17	89,793	1	2	5
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

The Board of Directors listens to the opinions expressed by shareholders on the subject of remuneration. At the general meeting of 30 June 2021, 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 2021 is in accordance with the resolutions approved by the shareholders of AB Science at the general meeting on 30 June 2021.

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 30 June 2021, his annual remuneration for the financial year 2021 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 2021 consisted of a gross fixed annual remuneration of 80.290 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 03 February 2022 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 2021 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 2021 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 2021 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 2021 is presented below:

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

Alain Moussy, Chairman and CEO (In thousands of euros)	31 December 2021	31 December 2020
Remuneration due for the year	622	622
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	3
Total	622	625

Denis Gicquel, Deputy CEO (In thousands of euros)	31 December 2021	31 December 2020
Remuneration due for the year	105	100
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
Total	105	101

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 2021	Amounts paid in 2020
Attendance fees	None	
Other remuneration		
TOTAL	**-**	**-**

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 2021	Amounts paid in 2021 for 2021	Outstanding amounts for 2021	Outstanding amounts for 2020	Outstanding amounts for 2019	Outstanding amounts for 2018	Outstanding amounts for 2017	Outstanding amounts for 2016	Outstanding amounts for 2015
Fixed salary:	321,253	321,253		-	-	-	-	-	-
- basic salary	*304,000*	*304,000*		-	-	-	-	-	-
- seniority bonus	*17,253*	*17,253*		-	-	-	-	-	-
Variable remuneration:	30,852	30,852	260,000	260,000	143,000	220,000	220,000	243,740	80,000
- incentive bonus	*30,852*	*30,852*	-	-	-	-		-	-
- target bonus	*0*	-	*260,000*	*260,000*	*143,000*	*220,000*	*220,000*	*243,740*	*80,000*
Exceptional remuneration:	0	-		0	-	-		0	-
- exceptional bonus	*0*	-		0	-	-		*0*	-
Attendance fees	None	None	None	None	None	None	None	None	None
Benefits in kind	9,916	9,916		-	-	-		-	-
TOTAL	362,021	362,021	260,000	260,000	143,000	220,000	220,000	243,740	80,000

- Deputy CEO, Denis Gicquel

	Amounts paid in 2021	Amounts paid in 2021 for 2021	Amounts paid in 2021 for 2020
Fixed salary:	79,793	79,793	-
- basic salary	*79,793*	*79,793*	
Variable remuneration:	26,159	18,348	7,812
- incentive bonus	*16,159*	*13,348*	*2,812*
- target bonus	*10,000*	*5,000*	*5,000*
Exceptional remuneration:	None	None	None
Benefits in kind	None	None	None
TOTAL	105,952	98,141	7,812

Share subscription or purchase options granted to each executive director:

Share subscription or purchase options granted during 2021 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	None	None	None	None	None	None

Share subscription or purchase options exercised during 2021 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 2021 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	None	None	None	None	None	None	None
Denis Gicquel	None	None	None	None	None	None	None

(*) 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 2021.

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 (starting point of exercise)	24/05/ 2008	12/03/ 2009	17/06/ 2009	16/12/ 2009	13/01/ 2010	13/01/ 2010	19/11/ 2010	03/02/ 2011	30/08/ 2012	22/04/ 2013
Expiry date	30/12 2015	30/12 2015	31/12/ 2027	31/12/ 2027	31/12/ 2027	31/12/ 2027	31/12/ 2027	31/12/ 2027	31/12/ 2027	31/12/ 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 of targets	achievement of targets	achievement of targets	achievement of targets	achievement of targets	achievement of targets	achievement of targets	achievement of targets	achievement of targets (2)	achievement of targets (2)
Total number of shares subscribed as of 31 December 2017	189,000	189,000								
Cumulative number of cancelled or lapsed share subscription or purchase options	0	0	0	0	0	-73	0	0	0	0
Remaining share subscription or 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 of issuance by the Board of Directors	24/04/2015	28/04/2016	30/04/2018	01/09/2020
Vesting date	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 shares assigned	2000	3340	4000	4000
Exercise conditions: *Attendance and performance conditions*	*N/A*	*N/A*	*N/A*	*N/A*
Exercise price *(in euros)*	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 assigned	33,794	205	7,550	3,687
Of which shares granted to:				
Alain Moussy	24,734	0	5,589	2,706
Denis Gicquel	34	21	1	1
Exercise conditions: *Attendance and performance conditions*	*Yes (*)*	*Yes (*)*	*Yes (*)*	*Yes (*)*
Plan maturity	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Exercise price *(in euros)*	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 *Term start date: 11/07/2001* *Term end date: General Meeting in 2024 approving the accounts for the year ended 31 December 2023*	X			X		X		X
Denis Gicquel - Deputy CEO *Term start date: 11/11/2014* *Term end date: 2023*	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 2021, calculated by applying the collective and seniority agreement, excluding social security contributions, amounted to €160k (of which €147k for 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 2021, the Company's share capital amounted to 531,692.57 euros, divided into 53,169,257 shares with a par value of 0.01 euro each, fully paid up. The share capital as of 31 December 2021 is made up of:

- 46,861,329 ordinary shares
- 45,134 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
- 262.794 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 2019 to 31 December 2021.

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	
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 share subscription warrants	2,332.66	0	233,266				0.01	44,811,779	41,458	525,406	6,000,000	513,786.43
		100.00	54,900	10,000				0.01	44,821,779	41,458	525,406	6,000,000	513,886.43

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 18/12/20	Exercise of 20,000 share subscription warrants												
Turnover 29/12/20	Exercise of 20,000 share subscription warrants	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
Turnover 04/03/21	Exercise of 1267 stock options	12.67	9,034	1,267				0.01	45,889,493	41,458	525,406	6,000,000	524,563.57
CEO decision 04/01/21	Conversion of 157,531 C-shares	40.41	-40.41	161,572		-157,531		0.01	46,051,065	41,458	367,875	6,000,000	524,603.98
CEO decision 21/01/21	Exercise of 33,982 share subscription warrants	169.46	93,034	16,946				0.01	46,068,011	41,458	367,875	6,000,000	524,773.44
CEO decision 26/01/21	Exercise of 414,698 BSAs	2,073.49	1,138,346	207,349				0.01	46,275,360	41,458	367,875	6,000,000	526,846.93
Turnover 04/03/21	Exercise of 10701 stock options	107.01	95,295	10,701				0.01	46,286,061	41,458	367,875	6,000,000	526,953.94
Turnover 04/03/21	Exercise of 96,085 share subscription warrants	960.85	1,055,974	96,085				0.01	46,382,146	41,458	367,875	6,000,000	527,914.79
CEO decision 02/04/21	Conversion of 105,081 C-shares	442.17	-442	149,298		-105,081		0.01	46,531,444	41,458	262,794	6,000,000	528,356.96
CEO decision 08/04/21	Exercise of 30,788 share subscription warrants	153.94	84,513	15,394				0.01	46,546,838	41,458	262,794	6,000,000	528,510.90
CEO decision 19/04/21	Exercise of 472,000 share subscription warrants	2,360.00	1,295,640	236,000				0.01	46,782,838	41,458	262,794	6,000,000	530,870.90
		218.92	262,485	21,892				0.01	46,804,730	41,458	262,794	6,000,000	531,089.82

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 28/09/21	Exercise of 21,892 share subscription warrants												
Turnover 28/09/21	Exercise of 4116 stock options	47.16	33,625	4,716				0.01	46,809,446	41,458	262,794	6,000,000	531,136.98
Turnover 28/09/21	Issue of 3,676 free preference shares	36.76	-37		3,676			0.01	46,809,446	45,134	262,794	6,000,000	531,173.74
CEO decision 26/11/21	Exercise of 50000 BSA	500.00	0	50,000				0.01	46,859,446	45,134	262,794	6,000,000	531,673.74
To be noted	Exercise of 1883 stock options	18.83	19,150	1,883				0.01	46,861,329	45,134	262,794	6,000,000	531,692.57

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 2021

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 2021.

8.4. Major shareholders

Summary table of the main shareholders as at 31 December 2021

Shareholder	Shares held in registered form	%age of share capital and voting rights	
		%age of share capital	%age of voting rights
- Moussy, Alain	7,058,068	13.27%	3.80%
- AMY SAS	12,273,000	23.08%	38.08%
Block sub-total Alain Moussy	**19,331,068**	**36.36%**	**41.88%**
Investors in the agreement whose stake is >5%	0	0.00%	0.00%
Other investors in the agreement	**7,221,081**	**13.58%**	**15.09%**
Shares part of the agreement	7,221,081	13.58%	15.09%
Shares outside the agreement	0	0.00%	0.00%
Total for the block	**26,552,149**	**49.94%**	**56.97%**
Investors whose stake is >5%	0	0.00%	0.00%
Other investors	26,617,108	50.06%	43.03%
Total	53,169,257	100%	100%

History of the Company's share capital and voting rights

	Share Capital at 31/12/2020		
Shareholder	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%
Block sub-total Alain Moussy	**19,328,362**	**36.85%**	**42.09%**
Investors in the agreement whose stake is >5%	0	0.00%	0.00%
Other investors in the agreement	**7,583,108**	**14.46%**	**16.32%**
Shares part of the agreement	7,158,131	13.65%	15.00%
Shares outside the agreement	424,977	0.81%	1.33%
Total for the block	**26,911,470**	**51.30%**	**58.41%**
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%

8.5. Shareholder agreements

The list of current shareholder agreements for the year 2021 is as follows:

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	- Number of securities: 174,143 - Undertaking to retain the securities for the duration of the agreement - 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. - 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.	10/01/2036
11/04/2013	A. Moussy / AMY SAS with JP Kinet / O. Hermine / P. Dubreuil / C. Auclair / L. Guy	- 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. - 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.	11/04/2033
21/11/2017	Alain Moussy / AMY SAS / Laurent Guy	- Undertaking to retain B shares. - Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.	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	- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.	18/08/2029
02/03/2020	Alain Moussy / Jean-Claude Marian	- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.	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 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	- Mandatory consultation for all decisions of the ordinary and extraordinary general meeting.	10/12/2030

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 2021, based on a share price of €12, 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 lower than the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 77,267
  - ✓ BSPCE (French new business creator share warrants): 2,100,000
  - ✓ BSA (French share subscription warrants): 1,240,842 (of which 1,022,662 warrants would give rise to the issue of 511,331 shares)

  The exercise of these options would lead to an increase in shareholders' equity of €21,566k and a capital dilution of 5.2%.

- 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: 211,170
  - ✓ BSPCE (French new business creator share warrants): 82,588
  - ✓ BSA (French share subscription warrants): 566,312

  The exercise of these options would lead to an increase in shareholders' equity of €12,680k and a capital dilution of 1.6%.

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are not met:
  - ✓ Stock options allocated to employees: 390,960

  The exercise of these options would lead to an increase in shareholders' equity of €4,978k and a capital dilution of 0.7%.

- 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: 1,236,282

  The exercise of these preference shares would lead to an increase in shareholders' equity of €6,181k and a capital dilution of 2.3%.
  The maximum number of ordinary shares remaining to be issued following the conversion of the outstanding preference shares is 1,236,282 shares (based on a conversion price of five euros).

- 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 new business creator share warrants): 3,118,082
  - ✓ BSA (French share subscription warrants): 3,833,136
  - ✓ Conversion of performance free preference shares (AGAP) into ordinary shares: 4,513 400

  The exercise of these options would lead to an increase in shareholders' equity of €84,400k and a capital dilution of 18.2%.

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 17,703,039 shares, the amount of equity would be increased by 130 million euros.

Date à partir de laquelle les options peuvent être exercées		31/12/2021	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	TOTAL	Aug. potentielle des capitaux propres	Cours de l'action
Actions		53 169 257								53 169 257		
Dilution du capital fondée sur le cours de bours au 31/12/21 de 12,00€												
Type d'actions	**Prix d'exercice**											
Options dont le prix d'exercice est inférieur au cours de bourse et dont les conditions d'exercice sont réalisées												
Stock-Options	10,03		875							875	8 776 €	
Stock-Options	10,18		36 052							36 052	367 009 €	
Stock-Options	11,96		40 340							40 340	482 466 €	
BSPCE	7,68		2 100 000							2 100 000	16 128 000 €	
BSA	0,01		21 845							21 845	218 €	
BSA (7)	5,50		511 331							511 331	2 812 321 €	
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 €	
Sous-total		**53 169 257**	**2 906 778**	**-**	**-**	**-**	**-**	**-**	**-**	**2 906 778**	**21 566 481**	
Sous-total cumulé		53 169 257	56 076 035	56 076 035	56 076 035	56 076 035	56 076 035	56 076 035	56 076 035	56 076 035		
% dilution			**5,2%**	**5,2%**	**5,2%**	**5,2%**	**5,2%**	**5,2%**	**5,2%**	**5,2%**		
Options dont le prix d'exercice est supérieur ou égal au cours de bourse et dont les conditions d'exercice sont réalisées, sous reserve des conditions de vesting												
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		52 990							52 990	916 197 €	
BSPCE	12,28		82 588							82 588	1 014 181 €	
BSA	12,00		18 108							18 108	217 296 €	
BSA	12,65		146 003	6 999	6 999	6 999				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			**839 073**	**6 999**	**6 999**	**6 999**	**-**	**-**	**-**	**860 070**	**12 680 287 €**	**14,74 €**
Sous-total cumulé		53 169 257	54 008 330	54 015 329	54 022 328	54 029 327	54 029 327	54 029 327	54 029 327	54 029 327		
% dilution			**1,6%**	**1,6%**	**1,6%**	**1,6%**	**1,6%**	**1,6%**	**1,6%**	**1,6%**		
Options dont le prix d'exercice est supérieur 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		200 840				227 840	2 882 176 €	
Stock-Options	13,00						138 000			138 000	1 794 000 €	
Sous-total			**-**	**52 120**	**-**	**200 840**	**138 000**	**-**	**-**	**390 960**	**4 977 616 €**	**12,73 €**
Sous-total cumulé		53 169 257	53 169 257	53 221 377	53 221 377	53 422 217	53 560 217	53 560 217	53 560 217	53 560 217		
% dilution			**0,0%**	**0,1%**	**0,1%**	**0,5%**	**0,7%**	**0,7%**	**0,7%**	**0,7%**		
Nombre d'actions maximales potentielles sur options non liées à des critères spéciaux de performance												
Sous-total			**3 745 851**	**59 119**	**6 999**	**207 839**	**138 000**	**-**	**-**	**4 157 808**	**39 224 384**	**9,43 €**
Sous-total cumulé		53 169 257	56 915 108	56 974 227	56 981 226	57 189 065	57 327 065	57 327 065	57 327 065	57 327 065		
% dilution			**6,6%**	**6,7%**	**6,7%**	**7,0%**	**7,3%**	**7,3%**	**7,3%**	**7,3%**		
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			1 236 282						1 236 282	6 181 408 €	
Nombre d'actions maximales potentielles sur conversion des obligations			**-**	**1 236 282**	**-**	**-**	**-**	**-**	**-**	**1 236 282**	**6 181 408 €**	
Sous-total cumulé		53 169 257	53 169 257	54 405 539	54 405 539	54 405 539	54 405 539	54 405 539	54 405 539	54 405 539		
% dilution			**0,0%**	**2,3%**	**2,3%**	**2,3%**	**2,3%**	**2,3%**	**2,3%**	**2,3%**		

Options fondées sur des critères spéciaux de performance												
Stock-Options	12,00		333 000				4 513 400			333 000	3 996 000 €	
BSPCE [1]	12,50		3 077 528							3 077 528	38 469 100 €	
BSPCE [1]	18,74		40 554							40 554	759 982 €	
BSA [2]	8,92		1 647 024							1 647 024	14 691 454 €	
BSA [3]	12,00		260 000							260 000	3 120 000 €	
BSA [4]	12,00		1 000 000							1 000 000	12 000 000 €	
BSA [5]	12,25		850 000							850 000	10 412 500 €	
BSA [1]	12,50		76 112							76 112	951 400 €	
AGAP[6]	0										0 €	
Nombre d'actions maximales potentielles sur options liées à des critères spéciaux de performan			**7 284 218**	**-**	**-**	**-**	**4 513 400**	**-**	**-**	**11 797 618**	**84 400 436 €**	**7,15 €**
Sous-total cumulé		53 169 257	60 453 475	60 453 475	60 453 475	60 453 475	64 966 875	64 966 875	64 966 875	64 966 875		
% dilution			**12,0%**	**12,0%**	**12,0%**	**12,0%**	**18,2%**	**18,2%**	**18,2%**	**18,2%**		

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 *(ceiling integrating, where appropriate, the securities made exercisable under point a) above)*	10%	10%	5%	25%
c) Marketing authorisation *(including, where applicable, securities made exercisable under a) and b) above)*	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 or the FDA based on a single pivotal study, AB10015
(5) Registration of masitinib in ALS with the EMA (500,000 BSAs), with the FDA (250,000 BSAs), with the Canadian Health Authority (250,000 BSAs), 250,000 BSAs based on sales targets, with the total number of BSAs capped at 850,000.
(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 preferred stock into common 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: [(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"), 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")

Conditions in Resolution 16 of the General Meeting of 30 June 2021:

- 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.

(7) Following the capital increase by private contribution in August 2019, 2,463,054 BSAs were issued. As at 31 December 2021, the balance of these BSAs will allow the subscription of 511,331 additional new shares.

Distribution of the Company's share capital and voting rights as at 31 December 2021 is as follows:

	Share Capital at 31/12/2021			Potential capital at 31/12/21		
Shareholder	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	7,058,068	13.27%	3.80%	15,933,709	22.48%	13.79%
- AMY SAS	12,273,000	23.08%	38.08%	13,273,000	18.73%	31.09%
Block sub-total Alain Moussy	**19,331,068**	**36.36%**	**41.88%**	**29,206,709**	**41.21%**	**44.88%**
Investors in the agreement whose stake is >5%	0	0.00%	0.00%	0	0.00%	0.00%
Other investors in the agreement	**7,221,081**	**13.58%**	**15.09%**	**11,415,778**	**16.11%**	**16.94%**
Shares part of the agreement	7,221,081	13.58%	15.09%	11,415,778	16.11%	16.94%
Shares outside the agreement	0	0.00%	0.00%	0	0.00%	0.00%
Total for the block	**26,552,149**	**49.94%**	**56.97%**	**40,622,487**	**57.32%**	**61.82%**
Investors whose stake is >5%	0	0.00%	0.00%	0	0.00%	0.00%
Other investors	26,617,108	50.06%	43.03%	30,249,809	42.68%	38.18%
Total	53,169,257	100%	100%	70,872,296	100%	100%

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	
Capital structure of the company	Chapter 8.4
Direct or indirect shareholdings in the capital of the company known to it	Not Applicable
List of holders of any security with special control rights	Chapter 8.4
- Specific clauses	
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,	Not Applicable
The control mechanisms provided for in a possible employee shareholding scheme, when the control rights are not exercised by the latter,	Not Applicable
Shareholder agreements known to the company and which may result in restrictions on the transfer of shares and the exercise of voting rights, *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.*	Chapter 8.5 Not Applicable
- Managing bodies	
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,	Chapter 1.4 of the Corporate Governance Report
The powers of the Board of Directors or the executive board, in particular the issue or redemption of shares,	Chapter 7.1
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.	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 359,990 Company securities as collateral.

9. EMPLOYEES AND EMPLOYEE OWNERSHIP

9.1. Staffing and remuneration

As at 31 December 2021, the group had 98 employees, including one in the United States.
The distribution of employees is as follows:

	31 December 2021	31 December 2020
Sales Department	3	3
Drug Discovery and Clinical Department	85	80
Executive & Management Department	10	9
TOTAL	98	92

(In thousands of euros)	31 December 2021	31 December 2020
Wages and salaries	6,817	6,745
Social contributions	2,706	2,316
Share-based payments	258	95
Staff expenses	9,780	9,155

The Group's staff expenses for the year 2021 amounted to €9,780k, an increase of €625k compared to 2021.

Share-based payments amounted to €258k.

9.2. Employee shareholding in the Company's capital

Employee shareholding in the company's capital at 31 December 2021 was 39.92% (including 36.36% 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 2021 and 2020 respectively was 38% (i.e. €5,825k) and 56.08% (i.e. €7,555k) of total operating expenses.

The share of marketing expenses for the last two financial years ended 31 December 2021 and 2020 respectively was 3.2% (i.e. €493k) and 5% (i.e. €781k) 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	745					259
Total number of invoices concerned	1,395,691	397,951	133,626	70,254	77,218	679,050
Percentage of total purchases	13.3%	3.8%	1.3%	0.7%	0.7%	6.5%

(B) Excluded invoices relating to disputed debts

Number of invoices excluded	5,997
Total number of invoices excluded	3,821,765

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	64					219
Total number of invoices concerned	156,176	25,088	20,648	17,377	89,841	152,954
Percentage of turnover	9.7%	1.6%	1.3%	1.1%	5.6%	9.5%

(B) Excluded invoices relating to disputed debts

Number of invoices excluded	0
Total number of invoices excluded	0

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 2021 is a loss of 12,654,837 euros. The company's equity as of 31 December 2021 amounts to -15,123,305 euros for a share capital of 531,693 euros.

Proposed allocation of the profit or loss: we propose to allocate this loss to retained earnings which will amount to 258,355,623 (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 *Code général des impôts* (French 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 at 31 December 2021

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

Delegations granted to the Board of Directors General Meeting of 30 June 2021:	Maximum share amount	Maximum increase amount	Duration of the delegation	Use of the delegation in 2021	
- 17th resolution: Delegation to increase the capital by issuing ordinary shares or securities with retention of preferential subscription rights	10,617,418	106,174.18	26 months	None	
- 18th resolution: Delegation to increase the capital by issuing ordinary shares or securities with cancellation of preferential subscription rights, through a public offering	10,617,418	106,174.18	26 months	None	
- 19th 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	10,617,418	106,174.18	18 months	2021 allocations	1,800,000
				Balance	8,817,418
- 20th resolution - Delegation to increase the capital by issuing ordinary shares or securities with cancellation of preferential subscription rights by means of a private investment	10,617,418	106,174.18	26 months	None	
- 21st resolution: Authorisation to increase the number of shares in connection with an issue made pursuant to the 17th, 18th, 19th and 20th resolutions	12,210,031	122,100.31	26 months	None	

Delegations granted to the Board of Directors General Meeting of 30 June 2021:	Maximum share amount	Maximum increase amount	Duration of the delegation	Use of the delegation in 2021	
- 22nd resolution: Global limitation of authorisations :	12,210,031	122,100.31	-	2021 allocations	1,800,000
				Balance	10,410,031
- 23rd resolution: Delegation to grant free preference stock convertible into ordinary shares of the company to employees and/or corporate officers of the company	15,000	150.00	38 months	None	
- 25th 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	
- 26th 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	2021 allocations	100,000
				Balance	0
- 27th resolution: Delegation to issue autonomous share subscription warrants reserved for members of the Board of Directors of the Company and/or its subsidiaries, members of committees attached to the Board of Directors of the Company and/or its subsidiaries and non-voting members of the Company and/or its subsidiaries	18,000	180	18 months	None	
- 28th resolution: Delegation to issue stock issue warrants reserved for a category of persons	4,678,284	46,782.84	18 months	None	
- 30th 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	2021 allocations	138,000
				Balance	162,000

11.2. Stock subscription or purchase options

The stock subscription or purchase options granted by the Company and in force on 31 December 2021 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
	30/08/2012	29/08/16	29/08/22	1	10.18	196,466	-134,927	61,539	25,487	36,052
Total 31/12/2009				1		486,466	-308,927	177,539	25,487	152,052
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	-57,650	52,990		52,990
Total 18/06/2013				1		333,340	-196,235	137,105	720	136,385
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	06/12/28	1	12.00	25,120		25,120		25,120
	20/05/2019	31/07/19	31/12/22	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	31/07/19	31/12/22	1	12.00	59,000		59,000		59,000
	17 February 2020	17 February 2020	17 February 1930	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	01/09/20	30 August 1930	1	12.65	143,650	-7,810	135,840		135,840
Total 28/06/2019						143,650	-7,810	135,840		135,840
30/06/2021	28/09/2021	28/09/25	27/09/31	1	13	138,000				138,000
Total 30/06/2021				1		138,000				138,000
Overall total										1,012 397

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 (BSAs) 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 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 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 (BSAs) 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. Thus:

- The Board of Directors decided on 29 August 2014 to issue and allocate 84,000 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 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 (BSAs) 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 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 common 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 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. In 2021, 21,892 BSAs were exercised. The remaining balance is therefore 18,108 BSAs as of 31 December 2021.
- 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 ordinary 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 and subscribed in 2019. In 2021, following the express waiver of the exercise of these share subscription warrants by AMY, these warrants were replaced by those issued in September 2021 (see below). At 31 December 2021, the balance of these share subscription warrants is therefore zero.
- 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 2020, 1,440,392 BSAs were exercised. As of 31 December 2021, the balance is therefore 1,022 662 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 0.05 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 12.65 euros, including an issue 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. In 2021, 96,085 BSAs were exercised. Due to the express waiver of the exercise of these BSAs, the remaining 903,915 BSAs have been rendered null and void and replaced by the BSAs issued in September 2021 (see below).

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.

- The Board of Directors decided on 04 March 2021 to issue and allocate 21,845 share subscription warrants at an issue price of one euro, 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 euro. These share subscription warrants were issued in March 2021 to a business introducer, Grégory Pépin. As of 31 December 2021, the 21,845 BSAs were allocated and subscribed.

The General Meeting of 30 June 2021 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 28 September 2021 to issue and allocate:
    - 800,000 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 12.25 euros, including an issue premium of 12.24 euros. These share subscription warrants were issued in September 2021 and subscribed to in November 2021 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 29 October 2020. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (5) of chapter 8.6 of this report. As of 31 December 2021, all these BSAs have been allocated and subscribed.
    - 100,000 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 12.25 euros, including an issue premium of 12.24 euros. These share subscription warrants were issued in September 2021 and subscribed to in November 2021 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 29 October 2020. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (5) of chapter 8.6 of this report. 50,000 BSAs were exercised in 2021. At 31 December 2021, the balance of these share subscription warrants is therefore 50,000.
    - 1,000,000 share subscription warrants at an issue price of 0.03641 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 an issue premium of 11.99 euros. These share subscription warrants were issued in September 2021 and subscribed to in November 2021 by AMY instead of the BSAs issued by the Board of Directors on 29 April 2019. The exercise of these BSAs is conditional on the registration of masitinib for the treatment of amyotrophic lateral sclerosis on the basis of the single pivotal study AB10015. This registration may or may not be conditional, must take place within 18 months of the subscription of these warrants and must be granted by a recognised health authority, either in a European country (including Switzerland and the United Kingdom) or in a North American country. As of 31 December 2021, all these BSAs have been allocated and subscribed.

Date of issue (General Meeting)	Date of allocation of securities	Name of beneficiarie	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
28/06/2016	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 BSA variable conversion parity	1 Not determined	10	37,387 5	 -5		37,387 0
	09/12/2016	JP SPC 3 Valor Biotech II : BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	8,979 1	 -1		8,979 0
	09/12/2016	JP SPC 3 Obo FGP Private Equity : BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	7,280 1	 -1		7,280 0
	09/12/2016	JP SPC 3 Valor Biotech III BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	6,354 1	 -1		6,354 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	10,946	9,054
	29/01/2018	MD Consulting	1	12	100,000	-80,000	10,946	9,054
	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		0
	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		479,802	200,001
	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			98,522
	17/08/2019	KBL European Private Bankers	0.5	5.5	73,892		73,892	0
	17/08/2019	Armistice Capital Master Fund Ltd	0.5	5.5	886,699		866,698	1

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	-903,915	96,085	0
	04/03/2021	Pépin G.	1	0.01	21,845			21,845
16/12/2020	20/12/2020	Infinity Obo FGP Capital Private Equity II	1	12.65	30,000			30,000
30/06/2021	28/09/2021	Quercegen Pharma	1	12:25 PM	900,000		50,000	850,000
	28/09/2021	AMY SAS	1	12	1,000,000			1,000,000
Total								5,640, 290

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.

11.4. Information on the share subscription warrants for business creator shares (BCEs)

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 1570 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 the subsequent issue, 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 an issue 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 BCE 2012 and the BCE 2012 have the same characteristics with the exception of the exercise price (12.50 euros for the BCE 2012 and 18.74 euros for the BCE 2013) 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 Moussy, Alain	1000	7,680.00	379		82	297,000
Subtotal					**1,570**		**196**	**1,374,000**
26/12/2008	13/01/2009	Chapuis, Christophe Guy, Laurent Moussy, Alain	1000	7,680.00	651	-45	65	541,000
	19/11/2009	Guy, Laurent Moussy, Alain	1000	7,680.00	185			185,000
	03/02/2010	Chapuis, Christophe	1000	12,280.00	15	-5		10,000
Subtotal					**851**	**-50**	**65**	**736,000**
31/12/2009	03/02/2010	Bellamy, François Guy, Laurent Moussy, Alain	1	12.28	72,588			72,588
Subtotal					**72,588**			**72,588**
30/03/2012	30/08/2012	Guy, Laurent Moussy, Alain Hermine, Olivier Dubreuil, Patrice Auclair, Christian Grillet, Marie-Hélène Benjahad, Abdellah F. Montestruc Mansfield, Colin	1	12.50	3,158,636	-81,108		3,077,528
Subtotal					**3,158,636**	**-81,108**		**3,077,528**
30/03/2012	22/04/2013	Guy, Laurent Moussy, Alain Hermine, Olivier Dubreuil, Patrice Auclair, Christian	1	18.74	40,554			40,554
Subtotal					**40,554**			**40,554**
Total								**5,300,670**

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 preferred stock into common shares will be determined by the AB Science share price:
The term “purchase price” means € 11.24 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 preferred stock)
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: [(Final price – purchase price - 5) / 15] × 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.
The number of shares definitively allocated by the Board of Directors on 1 September 2021 is 3,676 free preference shares.
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:

- 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 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.

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

Nature of the indications	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31 December 2020**	**31/12/2021**
I. Financial situation at the end of the year					
a) Share capital	415,504.02	415,972.43	440,602.97	524,563.57	531,692.57
b) Number of shares issued	41,550,402	41,597,243	44,060,297	52,456,357	53,169,257
C) Number of bonds convertible into shares	0	0	0	0	0
II. Overall result of actual operations					
a) Turnover excluding taxes	1,738,793	1,700,542	1,571,190	1,583,078	1,607,304
b) Profit before tax, depreciation and provisions	-34,559,628	-33,637,650	-20,635,993	-17,511,968	-15,716,784
c) Income tax	-6,418,951	-5,679,127	-4,121,554	-3,247,870	-3,871,460
e) Profit after tax, depreciation and provisions	-28,058,770	-28,639,599	-17,308,432	-14,809,123	-12,654,837
f) Total distributed profits	0	0	0	0	0
III. Result of operations reduced to a single share					
e) Profit after tax but before depreciation and provisions	-0.68	-0.67	-0.37	-0.27	-0.22
b) Profit after tax, depreciation and provisions	-0.68	-0.69	-0.39	-0.28	-0.24
c) Dividend paid per share					
IV. Personnel					
a) Number of employees	111	118	106	92	92
b) Total wage bill	6,061,618	7,484,233	6,842,661	6,560,170	6,602,991
c) Sum of payments for social benefits	2,429,635	3,069,575	2,484,125	2,103,218	2,589,796

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

Introduction

This report was prepared by the Chairman of the Board of Directors and approved by the Board of Directors on 28 April 2022 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. 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. CORPORATE GOVERNANCE

1.1 Composition of the Board of Directors

As of 31 December 2021, the Board of Directors was made up of six directors (including the Chairman).

1.1.1 Directors' Biographies

- Alain Moussy

Alain Moussy has been the Chairman and Managing Director 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 2023. 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.

- Cécile de Guillebon

Cécile de Guillebon has been an AB Science SA Director since 27 June 2021, replacing Emmanuelle Mourey. 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 2023. Cécile de Guillebon is a graduate of HEC.
She is Chairwoman of Esserto.

- Catherine Johnston-Roussillon

Catherine Johnston-Roussillon has been an AB Science SA Director since 27 June 2021, replacing Nathalie Riez. 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. Catherine Johnston-Roussillon holds a degree in political science from the Ludwig-Maximilian University. She is Chairwoman for the European region of Shamir Optical.

- Guillemette Latscha

Guillemette Latscha has been an AB Science SA Director since 27 June 2021, replacing Béatrice Bihr. 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. Guillemette Latscha holds a degree in medicine from the University of Paris V and is a Chevalier de la Légion d'Honneur. She has been the Medical Director of Groupe Renault since 2006.

- Renaud Sassi

Renaud Sassi has been an AB Science SA Director since 27 June 2021, replacing Jean-Pierre Kinet.
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. Renaud Sassi is a graduate of HEC and is Chairman of Pledger, a financial and technology company.

1.1.2 Directors' independence

The company has four independent Directors (Cécile de Guillebon, Catherine Johnston-Roussillon, Guillemette Latscha and Renaud Sassi) out of a total of six. The independent directors thus make up 67% 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

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.

1.1.3 No criminal conviction

To the best of the Company's knowledge, no corporate officer in office during 2021 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 2021 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 three members appointed by the Board of Directors for a period of three years. It meets officially if at least two 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 all 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 Managing Director, 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 Managing Director, 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 AFEP-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 2021, the Company's Board of Directors met seven times:

Dates of the Board meetings	**Number of directors participating**	**Total number of directors**
04 March 2021	6	6
12 March 2021	6	6
22 March 2021	5	6
28 April 2021	6	6
27 June 2021	6	6
02 September 2021	5	6
28 September 2021	6	6
Percentage	**95.24%**	

The main topics deliberated by the Board of Directors of the Company during the 2021 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 Managing Directors, the issue of share subscription warrants, stock options, share issuance rights and new shares, the review of current agreements concluded under normal conditions and the annual assessment of regulated agreements that continued to be executed during the financial year.

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 Censors in the days preceding 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.

1.7.4 Scientific Committee

The Scientific Committee, chaired by 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.

During the 2021 financial year, the Scientific Committee met once with an attendance rate of 90%.

1.7.5 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 two members:
- Ms Cécile de Guillebon, Director
- Ms Catherine Johnston, Director

The Finance Committee is chaired by Ms Cécile de Guillebon. It met in 2021 during the review of the 2020 annual accounts and during the review of the 2021 half-year accounts, as well as during the renewal of the mandate of the statutory auditors.

1.7.6 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.

A Remuneration and Appointments Committee was set up by the Board of Directors, with two members:
- Mr Renaud Sassi, independent person,
- Ms Guillemette Latscha, independent person,

Mr Renaud Sassi chairs the Compensation and Appointments Committee.

The Compensation Committee met once in 2021 with a 100% attendance rate.

1.8 Shareholder participation in General Meetings

At the General Meeting of 30 June 2021, the shareholders present or represented made up 49.25% of the total number of shares and 60.70% 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	
Capital structure of the company	Chapter 8.4
Direct or indirect shareholdings in the capital of the company known to it	Not Applicable
List of holders of any security with special control rights	Chapter 8.4
- Specific clauses	
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,	Not Applicable
The control mechanisms provided for in a possible employee shareholding scheme, when the control rights are not exercised by the latter,	Not Applicable
Shareholder agreements known to the company and which may result in restrictions on the transfer of shares and the exercise of voting rights,	Chapter 8.5
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.	Not Applicable
- Managing bodies	
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,	Chapter 1.4 of the Corporate Governance Report
The powers of the Board of Directors or the executive board, in particular the issue or redemption of shares,	Chapter 7.1
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.	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.

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. 2021 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 Managing Director 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 Managing Director 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 2021 fiscal year, the company maintained the following procedures designed to limit financial management risks.

- Definition of accounting principles and rules. 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.

- Retention of data. 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. 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.

- Inventory management. 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. 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. 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. 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. 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.

- Security of accounting IT system. 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. 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 20 2021 financial year

The objective for the year 2021 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,
- 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 2021

PREPARED IN ACCORDANCE WITH INTERNATIONAL STANDARDS

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 20 2021

Assets*(in thousands of euros)*	Note	31/12/2021	31 December 2020
Intangible assets	6	1,423	1,471
Tangible assets	7	282	163
Rights of use relating to rental contracts	8	1,312	1,662
Non-current financial assets	12	67	67
Other non-current assets	11	0	0
Deferred taxes		0	0
Non-current assets		3,084	3,363
Inventories	9	141	79
Trade accounts receivables	10	310	355
Current financial assets	12	0	0
Other current assets	11	9,015	5,232
Cash and cash equivalents	13	8,721	20,660
Current assets		18,187	26,325
TOTAL ASSETS		**21,271**	**29,688**

Liabilities*(in thousands of euros)*	Note	31/12/2021	31 December 2020
Capital	14	469	459
Premiums		233,924	224,676
Translation reserves		(67)	(54)
Other reserves and income		(257,523)	(244,631)
Equity attributable to the owners of the company		(23,198)	(19,549)
Non-controlling interests			
Equity		(23,198)	(19,549)
Non-current provisions	15	1,084	1,281
Non-current financial liabilities	17	24,867	23,979
Other non-current liabilities	18	0	0
Non-current rental obligations	19	1,035	1,390
Deferred taxes		0	0
Non-current liabilities		26,986	26,650
Current provisions	15	1,268	516
Trade payables	16	11,368	13,286
Current financial liabilities	17	252	4,370
Current tax payable		0	0
Current rental obligations	19	379	361
Other current liabilities	18	4,217	4,054
Current liabilities		17,482	22,587
TOTAL LIABILITIES		**21,271**	**29,688**

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 20 2021

	Note	31/12/2021	31 December 2020
Net turnover	20	**1,607**	**1,583**
Other operating income		0	0
Total income		**1,607**	**1,583**
Cost of sales		(111)	(69)
Marketing expenses		(493)	(781)
Administrative costs		(3,578)	(2,641)
Research and development costs		(11,233)	(12,841)
Other operating expenses		-	-
Operating profit		**(13,808)**	**(14,749)**
Financial income		887	698
Financial costs		(1,506)	(986)
Financial return	24	**(618)**	**(289)**
Tax charge		(36)	(8)
Net profit (or loss)		**(14,463)**	**(15,045)**
Other items of the comprehensive profit or loss			
Items that will not be subsequently reclassified to profit or loss:			
- Actuarial gains and losses		288	(351)
Items that may subsequently be reclassified to profit or loss:			
- Exchange rate differences - overseas activities		(14)	19
Other comprehensive profit or loss for the period, net of tax		**274**	**(332)**
Overall profit (or loss) for the period		**(14,189)**	**(15,378)**
Net result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(14,463)	(15,045)
Overall result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(14,189)	(15,378)
Net result per share - in euros	26	(0.30)	(0.34)
Diluted earnings per share - in euros	26	(0.30)	(0.34)

CONSOLIDATED CASH FLOW TABLE

	31/12/2021	31 December 2020
Net income	(14,463)	(15,045)
- Removal of depreciation and provisions	1,731	1,147
- Removal of disposal income	0	0
- Calculated expenses and income related to share-based payments	258	95
- Other income and expenses with no cash impact	855	17
- 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	(5,556)	180
- Interest income and expenses	(39)	95
- Cash flow generated from operations before tax and interest	**(17,215)**	**(13,511)**
- Taxes paid/received	36	0
Net cash flow from operations	**(17,178)**	**(13,511)**
Acquisitions of fixed assets	(564)	(370)
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	43
Financial interest received / (paid)	(26)	50
Other flows related to investment transactions	0	0
Net cash flows from investment transactions	**(590)**	**(277)**
Dividends paid		
Increase (Reduction) in capital	4,155	22,678
Issuance of loans and receipt of conditional advances	6,000	6,062
Repayment of loans and conditional advances	(4,311)	(6)
Other flows related to financing transactions	0	0
Net cash flows related to finance transactions	**5,844**	**28,734**
Impact of exchange rate changes	(14)	19
Impact of assets held for sale	0	0
Impact of changes in accounting policies	0	0
Cash flow variation	**(11,938)**	**14,964**
Opening cash and cash equivalents	20,660	5,695
Closing cash and cash equivalents	8,721	20,660
Change in cash and cash equivalents by balances	**(11,938)**	**14,964**

CHANGES IN CONSOLIDATED EQUITY AS OF 31 DECEMBER 20 2021

(in thousands of euros)

	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Non-controlling interests	**Total equity**
As of 1 JANUARY 2021	**459**	**224,676**	**(54)**	**(244,631)**	**(19,549)**	**0**	**(19,549)**
Net result for the period				(14,463)	(14,463)		(14,463)
Other items of the comprehensive profit or loss			(14)	288	274		274
Total comprehensive income for the period	**0**	**0**	**(14)**	**(14,175)**	**(14,189)**		**(14,189)**
Increase in capital	*10*	*4,145*			*4,155*		*4,155*
Employee share-based payments				*258*	*258*		*258*
Share-based payments - other (conversion of Class C preference shares and valuation of BSAs (share subscription warrants))		*5,103*		*1,025*	*6,128*		*6,128*
Total shareholder transactions	**10**	**9,248**	**0**	**1,283**	**10,540**	**0**	**10,540**
AS OF 31 DECEMBER 2021	**469**	**233,923**	**(67)**	**(257,523)**	**(23,198)**	**0**	**(23,198)**

(in thousands of euros)

	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Non-controlling interests	**Total equity**
As of 1 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)
Total comprehensive income 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 ON THE CONSOLIDATEDFINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 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 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 2021 were approved by the Board of Directors on 28 April 2022.

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.

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: Rent relief measures related to COVID-19, adopted on 9 October 2020 (relief obtained until 30 June 2021) and 31 March 2021 (relief obtained until 30 June 2022)
- Amendments to IFRS 9, IFRS 7: Handling of amendments to loan contracts due to the reform of the interest rate reference index, adopted on 15 January 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 and 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. An investor controls an entity when the investor is exposed to or entitled to the variability of returns from its stake (in the sense of involvement) in the entity and has the ability to affect its returns through the power it has over the entity. 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:

- Financial assets at fair value through the income statement;
- Financial assets at amortised cost;
- Debt instruments at fair value through other comprehensive income;
- Equity instruments at fair value through other comprehensive income.

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

Financial assets are not reclassified following their initial recognition unless the group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated at fair value through the income statement.

- Its holding is part of a business model where the objective is to hold assets in order to generate contractual cash flows; and
- On specified dates, its contractual terms give rise to cash flows that correspond solely to principal repayments and interest payments on the outstanding principal.

All financial assets that are not classified as being at amortised cost or at fair value through other comprehensive income as described above are measured at fair value through the income statement.

This is particularly the case for all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that would otherwise satisfy the conditions to be measured at amortised cost or at fair value through other comprehensive income as being at fair value through the income statement, if such designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen.

3.4 Capital

The capital consists of four categories of shares as of 31 December 2021:

- 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").
Profits and losses on disposal of tangible assets are determined by comparing the proceeds of disposal with the carrying amount of the fixed asset and are recorded at their net value in “other income” or “other expenses” 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.

The Company believes that due to the risks and uncertainties associated with obtaining regulatory approvals for the marketing of its potential products, the technical feasibility of the projects under development will only be established once regulatory approvals for the marketing of the products have been obtained. Accordingly, pursuant to IAS 38, the Company has recognised all of its research and development costs incurred in 2021 and prior periods as expenses.

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

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 (not applicable at AB Science), 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 amount 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.

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

Pursuant to IFRS 15, revenue is recognised when the Company fulfils a performance obligation by supplying identifiable goods or services (or a range of goods or services) to a customer, i.e. when the customer obtains control of those goods or services.

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 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.

Subsidies

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

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.

Financial debts are recognised and measured in accordance with IFRS 9 financial Instruments. Financial debts are measured at amortised cost.
The portion of conditional advances due in more than one year is recorded under financial debts, non-current portion, while the portion due in less than one year is recorded under financial debts, current portion.

Financial liabilities at amortised cost

Borrowings and other financial liabilities are measured in accordance with IFRS 9 financial instruments.
They are recognised at amortised cost. The amortised cost of a financial asset or liability is defined under IFRS 9 as the value assigned to a financial liability on initial recognition, less principal repayments, plus or minus cumulative depreciation, calculated using the effective interest rate method (TIE).
Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from that financial liability. These costs are then amortised over the life of the liability based on the effective interest rate method (TIE).

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:

Due to the time lag between the date when treatment costs are incurred for clinical studies and the date when these costs are invoiced by the centres, the Company provides for the estimated amount of non-billed expenses at each closing date.
Treatment costs are estimated for each study by valuing the visits made by each patient based on the contracts signed with the clinical research centres conducting the trials. The total estimated amount for each study is reduced by the total amount of invoices received at the closing date.

Administrative costs include the functions of General Management and Support (finance, general secretariat, etc.).

3.16 Rights of use and lease liabilities

From 1 January 2019 and in application of IFRS 16, the recognition of property leases and concession agreements for which the Group is lessee results, on the effective date of each lease, in the recording on the balance sheet of an amount of a lease liability corresponding to discounted future lease payments, as well as in exchange for a right-of-use asset relating to that lease.

The assessment of the lease term and the estimate of the lessee's incremental borrowing rate are determined on the effective date of each lease.

The lease term is defined on a contract-by-contract basis and corresponds to the fixed period of the commitment, taking into account the optional periods that are reasonably certain to be exercised.

In the income statement, depreciation charges are recognised in the current operating result and interest charges in the financial result. The tax impact of this consolidation adjustment is taken into account through the recognition of deferred taxes.
During the life of each contract, the amount of the debt and the right of use may be adjusted on the occasion of events leading to the upwards or downwards revision or modification of the rental period and the amount of the rent.

The main simplification measures permitted by IFRS 16 are applied by the Group:
- exclusion of leases on low-value underlying assets of less than €5,000;
- exclusion of leases with a duration of less than 12 months.

Rental income from contracts excluded from the scope of IFRS 16 is recognised directly in operating expenses.

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 or in other comprehensive income; in which case it is recognised in equity or in other comprehensive income.

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 is determined by referring to their last quoted bid price on the closing date.

(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 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.

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 2021 and 2020 is as follows:

(in thousands of euros)	Gross value	Depreciation & impairment loss	Net value
31-Dec-19	3,741	(2,324)	1,417
Acquisitions / Appropriation	323	(269)	54
Divestment / Disposal	(15)	15	0
31 Dec 20	4,048	(2,577)	1,471

Acquisitions / Appropriation	379	(426)	(47)
Divestment / Disposal	(923)	923	0
31-Dec-21	3,504	(2,080)	1,423

Intangible assets consist mainly of patents (1,423,000 euros in net value as of 31 December 2021 and 1,471,000 euros in net value as of 31 December 2020). 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 principles described in Note 3.9.

7 Tangible assets

Tangible assets are analysed as follows:

Gross value

(in thousands of euros)	Technical installations, hardware and industrial tooling	Various fittings	Office equipment, IT hardware and furniture	Total
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
Acquisitions / Appropriation	8	129	48	185
Divestment / Disposal	(83)	(120)	(173)	(376)
Translation differences				0
31-Dec-21	759	166	313	1,072

Depreciation

(in thousands of euros)	Technical installations, hardware and industrial tooling	Various fittings	Office equipment, IT hardware and furniture	Total
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)
Allocations	(34)	(4)	(28)	(66)
Divestment/disposal reversals	83	120	173	376
Translation differences				
Cumulative as of 31 December 2021	(670)	(36)	(254)	(791)

Net values

(in thousands of euros)	Technical installations, hardware and industrial tooling	Various fittings	Office equipment, IT hardware and furniture	Total
31 December 2019	130	9	54	193
31 December 2020	116	6	41	162
31 December 2021	90	131	61	282

No impairment losses have been recognised in accordance with IAS 36. 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)	31.12.2021	31.12.2020
IFRS 16 application	2,449	2,405
Asset inputs	0	0
Previous depreciation charges	(743)	(348)
Depreciation for the period	(394)	(395)
Terminations	0	0
TOTAL	1,312	1,662

9 Inventories

Inventories amounted to €141k as of 31 December 2021 compared to €79k as of 31 December 2020 and can be analysed as follows:

(in €K and net values)	31.12.2021	31.12.2020
Inventories of raw materials and active ingredients	8	17
Inventories of intermediate products	102	50
Inventories of finished products	31	11
Total inventories	141	79

10 Trade accounts receivable

This item is analysed as follows:

(in thousands of euros)	31.12.2021	31.12.2020
Other trade accounts receivables	323	367
Depreciation	(13)	(13)
Trade accounts receivables - net	310	355

11 Other current and non-current assets

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

(in thousands of euros)	31.12.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Research tax credit (1)	-	7,180	-	3,308
VAT receivables	-	795	-	1,027
Suppliers' receivables	-	252	-	211
Other receivables (2)	-	70	-	173
Conditional advances receivable	-	0	-	0
Deferred charges	-	718	-	513
TOTAL	0	9,015	0	5,232

(1) The total of the research tax credit as of 31 December 2021 is €3,871k. The research tax credit for 2020 of €3,308k is currently being processed.
(2) Other receivables include credits to be received from suppliers and advances to staff.

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)	31.12.2021		31.12.2020	
	Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Deposits paid as rental guarantees	67		67	
TOTAL	67	0	67	0

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

12.2. Change in financial assets

As of 31 December 2021:

(in thousands of euros)	01.01.2021	Increases	Reductions	Others	31.12.2021
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

13 Cash and cash equivalents

Net cash at opening:

(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

Net cash at closing:

(in thousands of euros)	31.12.2021	31.12.2020
Liquid assets	8,721	20,660
Term deposits	0	0
Cash and cash equivalents on the balance sheet	8,721	20,660
Bank overdrafts	0	0
Cash and cash equivalents in the cash flow statement	8,721	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.

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 2020	52,456,357	45,889,493	41,458	0	0	0.01	459,309.51
Increase in capital following the conversion of tranches 1 and 2 of C class preference shares - January 2021	4,041	4,041		157,531		0.01	1,615.72
Increase in capital following the exercise of BSAs - 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
Increase in capital following the conversion of tranche 3 of C class preference shares - April 2021	44,217	44,217		105,081		0.01	1,492.98
Increase in capital following the exercise of BSAs - 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
Increase in capital following the exercise of stock options - July 2021	1,263	1,263				0.01	12.63
Increase in capital following the exercise of stock options - August 2021	2,253	2,253				0.01	22.53
Increase in capital following following the definitive allocation of free preference shares - September 2021	3,676	3,676				0.01	36.76
Increase in capital following the exercise of stock options - November 2021	1,883	1,883				0.01	18.83
Increase in capital following the exercise of BSAs - November 2021	50,000	50,000				0.01	500.00
Share capital as of 31 December 2021	53,169,257	46,602,393	41,458	262,612	0	0.01	469,064.63

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 Jnuary 2021, the capital was increased by :

- ✓ 1,615. 72 euros following the conversion of the first two tranches of Class C preference shares, deducted from the share premium
- ✓ 3,203.80 euros following the exercise of share subscription warrants, with a corresponding share premium of €2,287k, for a total contribution of €2,290k
- ✓ 62.49 euros following the exercise of stock options, the corresponding share premium of €64k, for a total contribution of €64k

In February 2021, the capital was increased by 44.52 euros following the exercise of stock options, with a corresponding share premium of €32k, for a total contribution of €32k.

In March 2021, the capital was increased by 6 euros following the exercise of stock options, with a corresponding share premium of €4k, for a total contribution of €4k.

In April 2021, the capital was increased by :

- ✓ 1,492.98 euros following the conversion of the third tranche of Class C preference shares, deducted from the share premium.
- ✓ 2,732.86 euros following the exercise of share subscription warrants, with a corresponding share premium of €1,643k, for a total contribution of €1,646k
- ✓ 6 euros as a result of the exercise of stock options, the corresponding share premium of €4k, for a total contribution of €4k

In July 2021, the capital was increased by 12.63 euros following the exercise of stock options, with a corresponding share premium of €9k, for a total contribution of €9k.

In August 2021, the capital was increased by 22.53 euros following the exercise of stock options, with a corresponding share premium of €16k, for a total contribution of €16k.

In September 2021, the capital was increased by 36.76 euros following he issue of Class B preference shares, which was deducted from the share premium.

In November 2021, the capital was increased by :

- ✓ 18.83 euros following the exercise of stock options, the corresponding share premium of €19k, for a total contribution of €19k.
- ✓ 500 euros as a result of the exercise of share subscription warrants

Furthermore, AB Science Group's capital, which amounted to 469,064.63 euros as of 31 December 2021, takes into account the reclassification of the amount of the capital increase related to the issuance of preference shares (Class C) to financial liabilities (€5k) and the recognition of the issuance of preference shares (Class D) to financial liabilities (€60k).

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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 old shares for which he or she already has this right.

As of 31 December 2021, the capital of the AB Science group was composed of 46,906,463 shares of which 17,330,552
shares have double voting rights

15 Provisions

Provisions are broken down as follows:

	31.12.2021			31.12.2020		
(in thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Litigation		1,268	1,268		516	516
Provision for employee benefits	1,084		1,084	1,281		1,281
TOTAL	1,084	1,268	2,352	1,281	516	1,797

The changes in provisions in the years 2020 and 2021 are as follows:

(in thousands of euros)	Litigation	Provision for employee benefits	Total
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
Allocations	1,016	92	1,109
Change in OCI		(289)	(289)
Reversals used	(123)		(123)
Reversals not used	(141)		(141)
31-Dec-21	1,268	1,084	2,353

The provision for litigation of a total amount of €1,268k as of 31 December 2021 is mainly related to the :

- provision for the penalty imposed by the French Financial Markets Authority of €1 million for failure to disclose to the market information deemed insider information by the Financial Markets Authority in 2017, a decision rendered in March 2022, which the company has decided to appeal to the Paris Court of Appeal (see section 31 of these notes).
- provision for four labour disputes arising from the termination of employment contracts (€203k)
- provision for disputes with suppliers (€65k).

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 up to cover the corresponding liability. The liability has been calculated on the basis of a discount rate of 0.98% compared to 0.30% in 2020.
From 2021 onwards, the provision for retirement benefits has been calculated in accordance with the new regulations (IFRS IC decision on the interpretation of IAS 19), and now concerns employees with more than three years of service on the closing date. The impact of this regulatory change of €82k on the opening balance sheet has been recognised in equity.

16 Trade payables

This item is analysed as follows:

(In thousands of euros)	31.12.2021	31.12.2020
Suppliers	6,267	7,758
Suppliers- invoices not received	5,101	5,528
TOTAL	11,368	13,286

Trade payables are mainly related to invoices issued by research and development organisations.
Trade payables and related accounts are not discounted as none of the amounts are due in more than one year.

17 Financial liabilities

17.1. Current / non-current distribution

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

(in thousands of euros)	31.12.2021		31/12/20	
	Non-current	Current	Non-current	Current
Conditional advances	11,459	0	10,197	0
Line of credit/loans	6,688	250	938	4,367
Other financial liabilities and financial instruments	6,721	0	12,845	
Payable incurred interest		2		3
Financial liabilities	24,867	252	23,979	4,370

Change in non-current financial liabilities

As of 31 December 2021:

(in thousands of euros)	31 December 2020	Collections/ receivables	Repayments/ withdrawals	Current/non-current reclassifications	Discounting effects/change in fair value of preference shares	31 December 2021
Non-current	23,979	6,000	(5,417)	(250)	555	24,867
Current	4,370		(4,368)	250		252

As of 31 December 2020:

(in thousands of euros)	31/12/19	Collections/ receivables	Repayments	Current/non-current reclassifications	Discounting effects/change in fair value of preference shares	31/12/20
Non-current	22,546	1,000		(63)	495	23,979
Current	7	4,300	(1)	64		4,370

The increase in non-current financial liabilities amounts to €798k as of 31 December 2021 and is mainly due to the following:

- The obtaining of state-guaranteed loans for 6 million euros.
- The reversal of the fair value of the preference shares (Class C) converted during the period (5.4 million euros)
- The change in the fair value of the preference shares (Classes C and D) during the period (-0.7 million euros)
- Discounting of conditional advances (1.3 million euros)

The decrease in current financial liabilities (€4,118k) as of 31 December 2021 is mainly due to the repayment in January 2021 of the $5.1m loan issued in March 2020

17.2. Conditional and repayable advances

Conditional advances amount to €10,197k (excluding discounted cash flows) 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 masitinib
  - ✓ then over the following three years, the payment of interest of 1% of turnover up to a limit of €7 million.

Variation in conditional and repayable advances

As of 31 December 2021

(in thousands of euros)	31 December 2020	Collections/ receivables	Repayments/ withdrawals	LT/CT reclassifications	Discounting effect	31 December 2021
Non-current	10,196				1,262	11,459
Current	0					0

As of 31 December 2020

(in thousands of euros)	31/12/19	Collections/ receivables	Repayments/ withdrawals	LT/CT reclassifications	Discounting effect	31 December 2020
Non-current	10,196					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.
The change in fair value recorded in the financial result is a loss of €1,262k, with no impact on cash.

Schedule of conditional and repayable advances

As of 31 December 2021:

(in thousands of euros)	31 December 2021	Less than 1 year	than 2 years	than 3 years	than 4 years	than 5 years	More than 5 years
Total advances	11,459						11,459

As of 31 December 2020:

(in thousands of euros)	31 December 2020	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

Borrowing schedule:

As of 31 December 2021:

	At 1 year max.	Over 1 year to up to 5 years	At over 5 years	Total
BPI loan	250	688		938
PGE loan		5,577	423	6,000
TOTAL	250	6,265	423	6,938

17.3. Bank loanss

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 state-guaranteed loans for a total of €6 million at a fixed rate of 0.25% for two loans and 1.75% for one loan. Each loan amounts to two million euros.

17.4. 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 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. As of 31 December 2021, the first three tranches have been converted and the balance of Class C preference shares amounts to 262,704 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.
The valuation of these instruments depends solely on the closing share price; in the absence of conversion of tranches 4, 5 and 6 as of 31 December 2021 in the context of an unsuccessful discussion between the company and the investors, the provisions of the updated Articles of Association of 13 October 2020 are deemed to apply for the purpose of determining the total number of shares from tranches 4, 5 and 6 as of 31 December 2021.

This total number is multiplied by the share price on 31 December 2021 to obtain the value of the non-voting preferred shares (ADPs) on that date.
The following assumptions are made:

- The reference prices for tranches 4, 5 and 6 are €10.1915, €13.4330 and €13.1368
- Share price on conversion date of €12.00 (share price on 31/12/2021)

As of 31 December 2021, the fair value of the class C preference shares is 6.3 million euros. The change in fair value recorded in the financial result is a profit of €871k, 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 2021, the fair value of the Class D preference shares is €409k. The change in fair value recorded in the financial result is a loss of €168k, with no impact on cash.

18 Other current and non-current liabilities

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

(in thousands of euros)	31 December 2021		31 December 2020	
	Non-current	Current	Non-current	Current
Social liabilities	-	3,787	-	3,690
Tax liabilities	-	385	-	331
Other debts	-	44	-	33
TOTAL	-	4,217	-	4,054

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.

19 Rental obligations

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

(in thousands of euros)	31.12.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Rental obligations	1,035	379	1,390	361
TOTAL	1,035	379	1,390	361

20 Turnover

The Company's turnover from the commercial operation of masitinib in veterinary medicine amounted to €1,607k.

21 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.

21.1. Conditional subsidies and funding

Conditional advances are disclosed in Note 17 Financial liabilities.

21.2. 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 December 2021	31 December 2020
Subsidies	0	1

These subsidies are recorded as a deduction from research and development expenditure.

21.3. 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:

(in thousands of euros)	31 December 2021	31 December 2020
Research Tax Credit 2021	3,871	
Research Tax Credit 2020		3,308
TOTAL	3,871	3,308

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. Due to the investigation of the file relating to the 2020 Research Tax Credit by the Ministry of Research, the Research Tax Credit for 2020 is awaiting reimbursement at the date of writing the report.

22 Personnel costs

22.1. Workforce

As of 31 December 2021, the Group had 98 employees (including 1 in the US subsidiary) compared to 92 on 31 December 2020.

The breakdown of the workforce is as follows:

	31 December 2021	31 December 2020
Sales Department	3	3
Drug Discovery and Clinical Department	85	80
Executive & Management Department	10	9
TOTAL	98	92

22.2. Personnel costs

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

(in thousands of euros)	31 December 2021	31 December 2020
Wages and salaries	6,817	6,745
Social contributions	2,706	2,316
Share-based payments	258	95
Personnel costs	9,780	9,155

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

(in thousands of euros)	31 December 2021	31 December 2020
Marketing costs	193	224
Administrative costs	1,136	1,075
Research and development costs	8,451	7,856
Personnel costs	9,780	9,155

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.

23 Share-based payments

The annual accounting cost of all share-based payments is as follows:

(in thousands of euros)	31 December 2021	31 December 2020
Stock option plans	124	4
BSPCE and BSA plans	729	19
AGAP plan	114	72
Total	967	95

23.1. 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
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
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
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
Number of options granted	1334	102102	14000	1373	196466	1500	116335	10875	79940
Ratio of options to shares (nominal value €0.01)	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
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	PLANS								
	SO6D	SO6E	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A
Date granted by the Board of Directors	06/10/2015	28/04/2016	30/04/2018	06/12/2018	20/05/2019	10/07/2019	17 February 2020	01/09/2020	28/09/2021
Date of acquisition of rights	06/10/2019	28/04/2020	30/04/2022	06/12/2022	31/07/2019	31/07/2019	17/02/2024	01/09/2024	28/09/2025
Plan maturity	05/10/2025	27/04/2026	30/04/2028	06/12/2028	31/05/2023	31/05/2023	16/02/2030	30/08/2030	27/09/2031
Number of options granted	15550	110640	53000	25120	274000	59000	65000	143650	138000
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1	1	1	1
Exercise price *(in euros)*	13.01	17.29	12.65	12	12	12	12.65	12.65	13.00
Performance conditions	N/A	N/A	N/A	N/A	Yes	Yes	N/A	N/A	N/A

Plan valuation

The plans, for which the valuation has an impact on the 2021 accounts, are presented below:

(in thousands of euros)	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A	TOTAL
Accounting cost 2021	0.3	0.1	99.2	21.4	0.6	1.6	0.8	124.1
Accounting cost 2020	0.3	0.1			0.6	0.5		3.8
Accounting cost 2019	0.3	0.1	11.0	2.4				23.4

Main assumptions	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A
Value of the underlying	€ 4.92	€ 3.73	€ 5.17	€ 5.17	€ 8.22	€ 8.79	€ 13.00
Exercise price	€ 12.65	€ 12.00	€ 12.00	€ 12.00	€ 12.65	€ 12.65	€ 13.00
Expected volatility	60.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Average life of the option *(in years)*	7	7	7	7	7	7	7
Turnover	46.2%	46.1%	N/A	N/A	46.6%	46.6%	45.3%
Discount rate	-0.1%	-0.3%	0.00%	0.00%	-0.31%	0.39%	-0.18%
Fair value option	€ 1.82	€ 1.20	€ 0.40	€ 0.40	€ 3.13	€ 3.60	€ 6.39

Development of the number of valid options

For all these plans, the development of the number of valid options is as follows:

(in number of options, with division of the nominal value by 1000)	**31.12.2021**	**31.12.2020**
Options outstanding at the beginning of the fiscal year	**914,244**	**767,812**
Options assigned	138,000	208,650
Options exercised	-17,300	-1,620
Options cancelled	-9,260	-34,944
Options expired	-13,287	-25,654
Options outstanding at the end of the fiscal year	**1,012,397**	**914,244**

The breakdown of the closing total is as follows:

(in number of options)	31.12.2021	31.12.2020
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	0
SO4A	0	0
SO4B	0	0
SO4C	0	0
SO5A	0	0
SO5B	0	22,455
SO5C	0	0
SO4D	0	0
SO5D	36,052	44,184
SO5ESO5E	0	0
SO6A	40,340	40,340
SO6B	875	875
SO6C	33,180	33,180
SO6D	9,000	9,000
SO6E	52,990	54,440
SO7A	27,000	27,000
SO9A	25,120	25,120
SO2019A	274,000	274,000
SO2019B	59,000	59,000
SO2020A	65,000	65,000
SO2020B	135,840	143,650
SO2021A	138,000	
TOTAL	1,012,397	914,244

23.2. 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 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 December 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 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:

(in number of options)	31.12.2021	31.12.2020
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:

(in number of options)	31.12.2021	31.12.2020
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 2021										19.0	0.2	19.2
Accounting cost2020										19.0	0.2	19.2
Accounting cost2019										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 2021 and 31 December 2020 are as follows:

	31.12.2021		31.12.2020	
	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

23.3. 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	
Number of options granted by the Board of Directors on 28 September 2021			3,676
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

The conditions for converting free shares are detailed in paragraph 8.6 of this report.

Plan valuation:

(in thousands of euros)	AGAP B1 and B2	AGAP B3	AGAP B4	Total
Initial valuation	744.5	207.6	4.0	956.1
Accounting cost 2021	83.8	29.7	0.9	114.3
Accounting cost 2020	41.9	29.7	0.3	71.8
Accounting cost 2019	47.1	29.7		76.8

24 Financial income and expenses

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

(in thousands of euros)	31 December 2021	31 December 2020
Currency gains	0	635
Currency losses	(20)	(389)
Discounting effect - loss	(1,262)	0
Interest on loans and debts	(23)	(117)
Other financial income	887	63
Other financial costs	(201)	(480)
Total	(618)	(289)

The financial result as of 31 December 2021 was a loss of €618k compared to a loss of €289k the previous year.

The loss of 618k is mainly due to:

- ✓ the effects of discounting conditional advances: loss of €1,262k
- ✓ the change in fair value between 31 December 2020 and 31 December 2021 of the preference shares resulting from the conversion of bonds in December 2016 and the preference shares issued in September 2020 (Class D) (loss of €168k)

These effects had no impact on cash flow.

25 Tax on profits

25.1. Deferred tax assets and liabilities

(in thousands of euros)	Financial year ended on 31.12.2021	Financial year ended on 31.12.2020
Temporary differences	-154	213
Restatement of fixed assets	-89	-121
Pension commitments	271	340
Tax losses carried forward (parent company and subsidiaries)	79,969	76,370
Deferred tax liability on bonds		
Others	180	0
TOTAL	80,177	76,801
Of which:		
Deferred tax liability	91	-121
Deferred tax asset	80,086	76,922
Net deferred tax assets/liabilities	80,177	76,801
Unrecognised deferred taxes	-80,177	-76,801
Recognised deferred taxes	0	0

The sum of unrecognised deferred tax assets thus amounts to 80,177,000 euros as of 31 December 2021 and 76,801,000 euros as of 31 December 2020.

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.

25.2. Reconciliation between actual and theoretical tax

Reconciliation between actual and theoretical tax is as follows:

(in thousands of euros)	31 December 2021	31 December 2020
Net income	(14,463)	(15,045)
Tax (expense)/income	(36)	(8)
Result before tax	(14,426)	(15,037)
Current tax rate in France	26.50%	28.00%
Theoretical tax at current French rate	3,823	4,210
Non-taxable tax credits	1,026	909
Non-activation of deficits	(4,258)	(4,912)
Other non-deductible expenses and non-taxable income	(265)	(120)
Others (including tax rate differences)	(362)	(96)
Group tax (expense)/income	(36)	(8)
Effective tax rate	0.3%	0.1%

26 Earnings per share

26.1. 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 December 2021	31 December 2020
Net result (in thousands of euros)	(14,463)	(15,045)
Weighted average number of shares outstanding during the year	47,520,850	44,225,682
Earnings per share	(0.30)	(0.34)

26.2. 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 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 2021, the number of shares likely to be issued if all the financial instruments are exercised amounts to 17,703,039 shares (see chapter 8.6 of this report).

	31.12.21	31.12.20
Net result (in thousands of euros)	(14,463)	(15,045)
Weighted average number of shares outstanding during the financial year	65,223,889	63,401,714
Earnings per share	(0.22)	(0.24)

27 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.

The members of the Board of Directors other than the Chairman receive remuneration in the form of directors' fees and/or warrants, at the discretion of the Director.

The following remuneration paid to the Chairman and Chief Executive Officer has been recorded as an expense in the years presented:

(in thousands of euros)	31 December 2021	31 December 2020
Short-term benefits	362	722
Share-based payments	48	64
Total	410	786

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.

Agreements 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 20,768 euros in 2021, 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.

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. The consulting contract ended on 31 May 2021. Mr Jean-Pierre Kinet is also a Director of AB Science and resigned from his position as Director in June 2021.

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.
7,150 euros excluding taxes were invoiced by KPLM to AB Science in 2021.

There are no other transactions between AB Science and its executives or directors that impact the 2021 financial year.

28 Auditors' fees

The auditors' fees are broken down as follows:

Fees for the financial year 2021	**Grant Thornton**		**Audit Conseil Union**	
	Statutory auditor	Network	Statutory auditor	Network
	Amount	Amount	Amount	Amount
Certification of the individual and consolidated accounts and limited half-yearly review • AB Science • Audited entities	43,500	n/a	35,500	n/a
Subtotal A	43,500	0	35,500	0
Services other than the certification of accounts required by laws and regulations • AB Science • Audited entities				
Subtotal B	0	0	0	0
Services other than the certification of accounts provided at the request of the entity • AB Science • Audited entities				
Subtotal C	0	0	0	0
Services other than the certification of accounts (1) *Subtotal D = B + C*	0			
TOTAL E = A + D	43,500	0	35,500	0
TOTAL	43,500		35,500	

29 Off-balance sheet commitments

Off-balance sheet commitments are broken down as follows:

(in thousands of euros)	31 December 2021	31 December 2020
Commitments given:	340	40
Guarantee given (1) and (2)	*340*	*40*
Commitments received:	90,000	0
Loan with the EIB (3)	*15,000*	*0*
Agreement with the founding shareholders (4.1)	*25,000*	
Agreement with the founding shareholders (4.2)	*50,000*	*0*

(1) Following the rental of new offices in Paris, a bank guarantee of €39.6k was given to SCI Bizet in 2016.

(2) Following a dispute with a supplier, a deposit of €300k was made in August 2021. The release for the full amount was received in January 2022.

(3) A loan agreement for a total amount of 15 million euros was signed with the EIB in November 2020. This loan will enable AB Science to finance the clinical development programme evaluating masitinib in the treatment of COVID-19.

(4) An agreement with historical shareholders to implement a common valorisation strategy for masitinib was signed in June 2021.

(4.1) This agreement is accompanied by the signing of a firm financing option for 25 million euros over the next 12 months on AB Science's initiative.

(4.2) The above-mentioned funding commitment may be increased by a further 50 million euros at a rate of 25 million euros per year from the first anniversary date, 1 July 2022, subject to a no material adverse effect clause.

This financing from the historical shareholders will have to be done in the framework of the "private placement" or "capital increase reserved for categories of persons" resolutions in place.

The parties agreed that this overall commitment is conditional on the announcement and implementation of the Strategic Alliance research strategy. Otherwise it will be null and void.

30 Significant events of the period

- **Clinical development events**

<u>New long-term data published showing masitinib prolongs survival by 25 months in patients treated for non-severe amyotrophic lateral sclerosis</u>

New long-term survival data from the monitoring of patients included in the phase 2/3 study (AB10015) on amyotrophic lateral sclerosis have been published in the peer-reviewed journal *Therapeutic Advances in Neurological Disorders.*

The survival analysis included all patients initially enrolled in study AB10015 and monitored for an average of 75 months from the date of diagnosis. In ALS patients with mild to moderate disease severity at the time of inclusion, treatment with a 4.5 mg/kg/day dose of masitinib (n=50) in combination with riluzole was found to prolong survival by 25 months compared to patients treated with riluzole alone (n=63) (median overall survival 69 months versus 44 months, respectively, P=0.037), with a 44% reduction in the risk of death. People with mild to moderate ALS are defined as patients without complete loss or severe impairment of function according to the ALSFRS score at the time of masitinib treatment initiation (i.e. patients with a score of at least 2 on each individual component of the ALSFRS-R score). This population closely matches the patient population enrolled in the confirmatory phase 3 study, AB19001.

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

<u>Resumption of recruitment in ongoing studies with masitinib</u>

In July 2021, AB Science announced that it had resumed patient enrolment in its ongoing clinical trials This resumption followed AB Science's decision in June 2021 to stop enrolment in ongoing clinical trials on a voluntary basis, following the detection of ischaemic heart disease with masitinib. AB Science has implemented a risk management plan to increase patient safety in masitinib trials, allowing enrolment to resume.

The risk management measures cover the following changes for each test concerned:

- Tightening eligibility criteria to exclude patients with a history of severe cardiovascular disease
- Increased testing to monitor heart function during the study period
- Request for systematic advice from independent data review boards (DSMBs) on the conduct of each study in relation to the occurrence of cardiovascular events
- Establishment of a committee of independent experts to rule on all major adverse cardiovascular events

<u>Clinical results in prostate cancer</u>

The phase 2B/3 study (AB12003) of masitinib in chemotherapy-eligible metastatic hormone-refractory prostate cancer (mCRPC) has reached its predefined primary endpoint. The results of the study were presented at the 2021 American Urological Association (AUA) Annual Meeting, held from 10-13 September 2021.

Study AB12003 was an international, multicentre, randomised, double-blind, placebo-controlled, two-armed parallel trial for the treatment of hormone-refractory metastatic prostate cancer (mCRPC) eligible for chemotherapy. The study compared the efficacy and tolerability of masitinib (6.0 mg/kg/day) in combination with docetaxel versus a placebo in combination with docetaxel Docetaxel was combined with prednisone. The primary endpoint of the study was 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/L at the time of inclusion. An ALP level of less than 250 IU/L is a predefined biomarker to identify patients with a smaller extent of (bone) metastases who are more likely to respond to masitinib. The target population was composed of adult men who have progressed and developed metastatic hormone-refractory prostate cancer (mCRPC) after castration (androgen/testosterone/dihydrotestosterone reduction, either chemically or surgically) and are therefore eligible for chemotherapy.

The study was positive on the primary analysis in the predefined target subgroup (patients with ALP

levels ≤250 IU/L), demonstrating a statistically significant increase in progression-free survival (p=0.0272). There was no progression-free survival benefit in the overall population. The tolerability of masitinib was consistent with its known risk profile.

Programme for the treatment of COVID-19

AB Science initiated the continuation of a development programme in the treatment of COVID-19, with, on the one hand, a non-clinical component, bysigning an exclusive licence agreement with the University of Chicago to conduct research on the prevention and treatment of humans infected with nidoviruses, coronaviruses and picornaviruses,, and, on the other hand, the initiation of a second phase 2 study in the treatment of COVID-19.

This programme follows the University of Chicago's discovery and publication in the journal *Science* that identified masitinib as a broad-spectrum antiviral agent capable of treating SARS-CoV-2 (the virus that causes COVID-19), including demonstration of *in vivo* activity in mice, with sustained efficacy *in vitro* against variants of concern in SARS-CoV-2.

The phase 2 clinical trial will evaluate the antiviral efficacy of masitinib at three different dosages taken in combination with current optimal therapies, compared to a placebo plus current optimal therapies. 78 patients (aged 18 years or older and with no age limit) are to be recruited for the study. The primary efficacy objective will be to demonstrate that masitinib can reduce the viral load of SARS-CoV-2 (the virus that causes COVID-19) more rapidly than a placebo control group, which will receive current optimal therapies. The target population for the AB21002 trial is therefore ambulatory (non-hospitalised) patients with mild disease or hospital patients not requiring non-invasive ventilation (WHO Clinical Progression Scale score of 4 and 5 for COVID-19).

A second randomised (1:1), open-label, phase 2 study (AB20001) is currently ongoing with the aim of evaluating the tolerability and efficacy of masitinib plus isoquercetin in hospitalised patients with moderate (level 4 on the WHO 7-point ordinal scale) or severe (level 5) COVID-19. The study is expected to enrol 200 patients (over 18 years of age with no upper age limit). The Independent Data Review Committee (IDMC) has recommended continuing without reservation the study evaluating masitinib in COVID-19 for hospitalised patients with moderate oxygen requirements.

Approval of a phase 2 study with masitinib in patients with severe mast cell activation syndrome (MCAS)

AB Science has announced that its Phase 2 clinical trial with masitinib in patients with severe mast cell activation syndrome (MCAS) has been approved by the US FDA.

The trial will recruit 60 patients from multiple centres. The aim of treatment for severe MCAS is to reduce symptoms (pruritus, redness, depression) and to improve the patients' impaired quality of life.

MCAS is a disease caused by abnormal activation of mast cells, which can result in symptoms related to the release of mast cell mediators, ranging from mild to life-threatening. Thus, MCAS is similar to indolent, poorly progressive systemic mastocytosis (ISM/SSM), but there are important differences that make MCAS a disease distinct from systemic mastocytosis. In mastocytosis, well-defined mutations lead to an abnormal mast cell population with a marked increase in tissue proliferation, whereas MCAS is due to greater (ill-defined) mutational heterogeneity that is associated with aberrant mast cell activation, despite a modest increase in mast cell numbers due to reduced apoptosis.

Because masitinib was designed to be a potent inhibitor of mast cell activation (through its action against the wild-type tyrosine kinases c-Kit, Lyn and Fyn), it is particularly well suited to the treatment of severe MCAS, in contrast to other c-kit tyrosine kinase inhibitors that typically target specific mutations in c-Kit associated with systemic mastocytosis. There are currently no approved treatments for severe MCAS or drugs in clinical development for this indication.

The study was also approved by the ANSM (French National Security Agency of Medicines and Health Products) in January 2022.

Authorisation of a phase 1/2 study with AB8939 in the treatment of acute myeloid leukaemia

AB Science has announced that its clinical trial with AB8939 in adult patients with relapsed/refractory acute myeloid leukaemia (AML) has been approved by the ANSM, the FDA and the Canadian Health Authority.

AB8939 is a next-generation synthetic microtubule destabiliser, capable of counteracting multidrug resistance and with the potential to be used extensively as a potent anti-cancer drug. Microtubules play a crucial role in multiple cellular functions and are therefore an important target for cancer treatment. Chemotherapies that target microtubules, such as taxanes and vinca alkaloids, are among the most effective cancer treatments. Unfortunately, the development of drug resistance (e.g. via the Pgp efflux pumps that transport drugs out of cancer cells) often limits their clinical efficacy.

The main features of AB8939 are that it bypasses the difficulties associated with Pgp-dependent multidrug resistance and is not inactivated by an enzyme called myeloperoxidase, which is an advantage over existing chemotherapies. Finally, AB8939 is a synthetic drug, which is a distinctive feature and another advantage over existing treatments.

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

AB8939 was discovered entirely by AB Science laboratories, which retains full ownership of the intellectual property rights, and reflects AB Science's focus on developing innovative medicines to improve patients' lives.

- **Other events**

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.

An agreement with historical shareholders to implement a common valorisation strategy for masitinib

AB Science has announced that it has signed an agreement with historical shareholders to implement a joint value development strategy for masitinib. Within the framework of this agreement, these historical shareholders, currently representing 8.7% of the company's share capital, undertake to act in conjunction with the founding shareholders of AB Science to:

- explore strategies to optimise the value of masitinib, including a potential strategic alliance with one or more pharmaceutical companies for the clinical development and commercialisation of masitinib in one or more major indications, and/or in one or more major regions; and
- explore the possibility of listing AB Science on a foreign market, in particular the NASDAQ (via an American Depository Receipt programme, ADR).

The arrangement will be implemented subject to the condition precedent of obtaining a final exemption decision from the Autorité des marchés financiers (French Financial Markets Authority), being cleared of any appeal, confirming that there is no need for a public offer.

This agreement is accompanied by the conclusion of a firm financing option for an amount of €25 million over the next 12 months, on the initiative of AB Science. This financing will have to be done in the framework of the "private placement" or "capital increase reserved for categories of persons" resolutions in place. Through this agreement, AB Science's financial visibility is extended beyond 24 months. The funding commitment may be increased by a further 50 million euros at a rate of 25 million euros per year from the first anniversary date, subject to a no material adverse effect clause.

This agreement is accompanied by a commitment from some minority shareholders to retain 1.8 million shares for a period of three years (or until the implementation of the value enhancement strategy if this occurs before the end of this three-year period).

Changes in the Board of Directors

Cécile de Guillebon was co-opted to replace Emmanuelle Mourey. Cécile de Guillebon began her career in mergers and acquisitions at JP Morgan, Marceau Investissement and 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 function of the Renault-Nissan-Mitsubishi Alliance. Cécile de Guillebon is a graduate of HEC.

Catherine Johnston-Roussillon was co-opted to replace Nathalie Riez. Catherine Johnston-Roussillon has held several senior management positions in the health and cosmetics sector before joining Shamir Optical in 2010 as Managing Director for France. Since 2015, she has been European Chairwoman of Shamir Optical. Catherine Johnston-Roussillon has a degree in political science from the Ludwig-Maximilian University and a postgraduate degree in marketing from the University of Grenoble.

Guillemette Latscha was co-opted to replace Béatrice Bihr. Guillemette Latscha is a medical doctor by trade and has spent her entire career within the Renault group, first 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 the Renault group's Medical Director since 2006. Guillemette Latscha holds a degree in medicine from the University of Paris V and is a Chevalier de la Légion d'Honneur.

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

Shareholder agreements expiring in 2021

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

Others

- Other securities transactions:

During 2021, 138,000 stock options and 1,921,845 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

The COVID-19 pandemic had a limited impact on AB Science's clinical development programme in 2021 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 study data has not been affected by the pandemic. There were no treatment interruptions or deaths due to COVID-19.

In terms of employees, the work of all employees has been maintained in 2021.

  - ✓ Eligibility for PEA-PME

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.

31 Events after closure

- **Clinical development events**

Authorisation from the Canadian Health Authority to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status

AB Science has announced it received authorisation from the Canadian Health Authority (Health Canada) to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status.

The approval of NOC/c status allows Health Canada to provide earlier access to the market for potentially life-saving drugs. NOC/c status is granted to eligible products that have proven to show promising clinical efficacy in clinical trials. The products must be of high quality and have an acceptable benefit/risk profile. This status is limited to promising new therapies used for the treatment, prevention or diagnosis of serious, life-threatening or severely debilitating diseases for which: a) there are no other therapies available on the Canadian market, or b) the new product offers a significant improvement in the benefit/risk profile compared to existing treatments.

An assessment called *Advance Consideration*, carried out by a Health Canada *Adjudicating Committee* de Health Canada, is required before a file can be submitted under NOC/c status.

This assessment was based on a pre-submission file sent by AB Science that included efficacy data from study AB10015, long-term survival data (mean follow-up of 75 months from diagnosis) from study AB10015 and tolerability data.

The committee concluded that AB Science's application meets the criteria for submission under NOC/c status.

The following points were taken into account when issuing the authorisation for submission under the NOC/c status:

- Masitinib is appropriate for the treatment, prevention or diagnosis of a serious, life-threatening or severely debilitating disease, where ALS is a serious, life-threatening and severely debilitating disease with a median survival time of 2 years after diagnosis.
- There is promising evidence of clinical efficacy showing that masitinib provides a significant increase in efficacy and/or a significant decrease in risk, such that the overall benefit/risk profile is improved when compared to existing therapies, preventive or diagnostic products in a disease for which there is no satisfactory treatment on the market in Canada.

If approved, a NOC/c status allows the marketing of a drug with certain conditions. These conditions will be discussed with Health Canada during the process.

An estimated 3,000 Canadians are currently living with ALS. Every year, about 1,000 Canadians die from ALS. About 1,000 new cases of ALS are diagnosed in Canada each year.

Initiation of a confirmatory Phase 3 study with masitinib in the treatment of progressive multiple sclerosis

AB Science has announced that it has received approval from the ANSM to initiate a Phase 3 study (AB20009) evaluating masitinib in patients with primary progressive multiple sclerosis (PPMS) or non-active secondary progressive multiple sclerosis (nSPMS).

The study is expected to recruit 800 patients from multiple centres with an Expanded Disability Status Scale (EDSS) score between 3.0 and 6.0 and an absence of gadolinium-enhanced T1 cerebral lesions as measured by MRI scan (magnetic resonance imaging).

The main objective of the study will be to evaluate the effect of masitinib over time until there is a confirmed progression in disability, with progression being defined as a worsening of one point when the EDSS score on inclusion is less than or equal to 5.5, or by half a point when the EDSS score on inclusion is strictly greater than 5.5, between randomisation and week 96.

This confirmatory study follows a first positive phase 2B/3 study (AB07002) in primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS). The results of this 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). This study met its primary objective, demonstrating a statistically significant reduction in disability progression as measured by the EDSS score with a masitinib dose of 4.5 mg/kg/day (p=0.0256).

- **Other events**

Financing of $8.5 million through the issuance of bonds convertible into shares

AB Science has entered into an agreement with a historical investor for the financing of $8.5 million through the issuance of bonds convertible into new ordinary shares with warrants attached (OCABSA).

The issue concerns 50,000 OCABSA, representing a bond issue of 8.5 million US dollars. It helps strengthen AB Science's cash position for the development of its clinical research programme.

The 50,000 shares convertible into shares will be issued at a nominal value of USD 170.0 per share ("NV"), representing a total bond issue of USD 8.5 million.

Decision of the Sanctions Commission of the Autorité des marchés financiers (French Financial Markets Authority) following the investigation on financial data and the AB Science stock market opened in September 2017

On 24 March 2022, the AMF Sanctions Commission ruled that there was no inside information at the time of the two capital increases carried out by AB Science on 24 and 27 March 2017 or at the time of the sale of a block of shares by Alain Moussy on 31 March 2017. The AMF Sanctions Commission therefore fully exonerated Alain Moussy from the insider trading charges and found that AB Science had not breached its disclosure obligations at the time of the March 2017 capital increases.

However, the AMF Enforcement Commission considered that AB Science should have communicated as early as 7 April 2017 the high probability of a negative opinion from the European health authorities on the marketing authorisation application for masitinib for the treatment of mastocytosis and ordered AB Science to pay the sum of one million euros.

By implementing its internal procedures, AB Science had however initiated a deferral of privileged information from this date of 7 April 2017, considering that the deferral of the communication was in the company's interest and in line with the industry practice of not communicating before the final vote of the CHMP, or otherwise would have had to withdraw the registration application, which AB Science had no intention of doing.

In view of this discrepancy concerning a technical detail relating to one of the criteria for deferred disclosure of privileged information and in view of the amount of the penalty imposed, AB Science decided to appeal to the Paris Court of Appeal. In accordance with Article R. 621-44 of the Monetary and Financial Code, this appeal had to be lodged within two months of notification of the AMF Sanctions Commission's decision, i.e. by 31 May 2022,.

Considerations arising from the Russia-Ukraine war

In February 2022, Russia invaded Ukraine, which, in addition to humanitarian concerns, may also have an impact on the health research ecosystem in the form of delays in conducting clinical trials. At the time of publication of this report, there have been no significant delays or impacts on the studies in Russia and Ukraine.

No other events after the closure date that could have an impact on the Group's financial position have occurred since the closure date.

CORPORATE ACCOUNTS AS OF 31 DECEMBER 2021

BALANCE SHEET AS OF 31 DECEMBER 2021

Balance sheet assets

SECTIONS	GROSS	Depreciations and provisions	Net (N) 31/12/2021	Net (N-1) 31/12/2020
UNCALLED SUBSCRIBED CAPITAL				
INTANGIBLE ASSETS				
Establishment costs	7,416	7,416		
Development costs				
Licences, patents and similar rights	3,502 901	2,436 214	1,066 687	1,014,913
Commercial funds				
Other intangible assets				
Advances and down payments on intangible assets				
TOTAL intangible assets:	**3,510 317**	**2,443 630**	**1,066 687**	**1,014 913**
TANGIBLE ASSETS				
Land				
Buildings				
Technical installations, hardware and industrial tooling	591,053	501,328	89,725	116,040
Other tangible assets	471,156	279,305	191,851	47,158
Assets under construction				
Advances and down payments				
TOTAL tangible assets:	**1,062 209**	**780,633**	**281,576**	**163,197**
FINANCIAL ASSETS				
Investments assessed by equity method				
Other holdings	171,330	171,330		
Receivables related to investments				
Other long-term investments				
Loans	51,800		51,800	94,000
Other financial fixed assets	66,954		66,954	67,036
TOTAL financial fixed assets:	**290,084**	**171,330**	**118,754**	**161,036**
FIXED ASSETS	**4,862 610**	**3,395 593**	**1,467 018**	**1,339,146**
INVENTORIES AND WORK IN PROGRESS				
Raw materials and procurement	72,024	64,107	7,917	17,178
Inventories of goods in progress	306,139	204,389	101,750	50,056
Inventories of production of services in progress				
Inventories of intermediate and finished products	170,862	139,981	30,881	11,468
Inventories of goods				
TOTAL inventories and work in progress:	**907,448**	**828,746**	**78,702**	**78,702**
RECEIVABLES				
Advances and prepayments on orders				
Customer receivables and related accounts	323,511	12,749	310,402	354,500
Other receivables	8,582 366	336,964	8,245,402	4,625,627
Subscribed capital called but unpaid				
TOTAL debts:	**8,905 517**	**349,713**	**8,555 804**	**4,980,128**
LIQUID ASSETS AND MISCELLANEOUS				
Marketable securities				
Liquid assets	8,692,168		8,692,168	20,618,497
Deferred charges	717,530		717,530	512,545
TOTAL liquid assets and miscellaneous:	**9,409,698**		**9,409 698**	**21,131,042**
CURRENT ASSET	**18,864 240**	**758,190**	**18,106 049**	**26,189,872**
Bond issue costs to be amortised				
Bond redemption premiums				
Translation adjustment assets	20,034		20,034	6,912
OVERALL TOTAL	**23,746 883**	**4,153 783**	**19,593 101**	**27,535 930**

LIABILITIES BALANCE SHEET

SECTIONS	Net (N) 31/12/2021	Net (N-1 31 December 2020
NET POSITION		
Paid-up share capital 524,564	531,693	524,564
Issue, merger and acquisition premiums	242,700 625	238,555 527
Revaluation differences including equity difference		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	(245,700 786)	(230,891,663)
Result for the year	(-12,654 837)	(-14,809,123)
TOTAL net position :	**(15,123 305)**	**(6,620,695)**
INVESTMENT GRANTS		
REGULATED PROVISIONS		
EQUITY	**(15,123 305)**	**(6,620,695)**
Proceeds from issues of participating securities		
Conditional advances	10,196 600	10,196 600
OTHER EQUITY	**10,196,600**	**10,196,600**
Provisions for contingency	1,287,689	522,948
Provisions for charges		
PROVISIONS FOR CONTINGENCY AND CHARGES	**1,287,689**	**522,948**
FINANCIAL DEBT		
Convertible bonds		
Other bonds		
Loans and other borrowing from credit institutions	6,939,201	1,007 823
Miscellaneous loans and financial debts	14,055	4,272 695
TOTAL financial debts:	**6,953 256**	**5,280 518**
ADVANCES AND DOWN PAYMENTS RECEIVED FOR ORDERS IN PROGRESS		
MISCELLANEOUS LIABILITIES		
Supplier liabilities and related accounts	11,367,973	13,286 430
Taxes payable, liabilities to personnel and other social liabilities	4,172 381	4,021 520
Debts on fixed assets and related accounts		
Other debts	30,106	18,558
TOTAL miscellaneous liabilities:	**15,570,460**	**17,326,508**
DEFERRED INCOME		
DEBTS	**22,523 715**	**22,607 027**
Foreign currency translation liabilities	708,402	830,051
OVERALL TOTAL	**19,593 101**	**27,535 930**

PROFIT AND LOSS ACCOUNT AS OF 31 DECEMBER 2021

Period 01/01/21	to	31/12/21

SECTIONS		Net (N) 31/12/2021	Net (N-1 31 December 2020
Sales of goods		1,584,715	1,555,450
Sold production of services		25,259	27,628
Net turnover		**1,609 974**	**1,583,078**
Inventoried production		192,942	(187,844)
Capitalised production			
Operating subsidies		30,132	738
Reversals of depreciation and provisions, transfers of expenses		833,036	127,142
Other income		5,203	33,142
OPERATING REVENUE		**2,671 287**	**1,701,871**
EXTERNAL COSTS			
Purchases of goods and customs duties			
Change in inventory of goods			
Purchases of raw materials and other supplies		172,613	12,050
Change in raw materials inventory and supplies		551,364	56,874
Other supplies and external expenses		8,190,239	9,205,318
TOTAL external costs:		**8,914 216**	**9,274 242**
Levies, taxes and similar payments		143,143	159,758
PERSONNEL COSTS			
Wages and salaries		6,602,991	6,560,170
Social contributions		2,589,796	2,103,218
TOTAL personnel costs:		**9,192,787**	**8,663,389**
OPERATING ALLOWANCES			
Depreciation charges on fixed assets		393,690	274,454
Provisions on fixed assets			
Provisions on current assets		193,186	44,681
Provisions for contingencies and charges		15,530	326,011
TOTAL operating allowances:		**602,405**	**645,146**
OTHER OPERATING COSTS		352,112	174,995
OPERATING COSTS		**19,204 663**	**18,91718,917,529**
OPERATING INCOME		**(16,533 377)**	**(17,215,659)**
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		18,629	62,522
Reversals of provisions and transfers of expenditure		6,912	19,445
Exchange gains		118,662	27,626
Net income from sale of security investments			
		144,203	**109,594**
FINANCIAL COSTS			
Financial allocations to amortisation and provisions		20,034	6,912
Interest and similar expenses		24,630	9,502
Exchange losses		7,267	401,121

Period	01/01/21	to	31/12/21
SECTIONS		**Net (N) 31/12/2021**	**Net (N-1 31 December 2020**
Net expenses on the disposal of marketable securities			
		51,931	**417,535**
FINANCIAL INCOME		**92,272**	**(307,941)**
CURRENT PRE-TAX RESULT		**(16,441 105)**	**(17,523,599)**
EXCEPTIONAL INCOME			
Exceptional income from management operations		941,172	6,366
Exceptional income from capital operations			
Reversals of provisions and transfers of expenditure			
		941,172	**6,366**
EXCEPTIONAL EXPENSES			
Exceptional expenses on management operations		26,364	421,760
Exceptional expenditure on capital transactions			
Exceptional allocations to amortisation and provisions		1,000,000	118,000
		1,026 364	**539,760**
EXCEPTIONAL INCOME		**(85,192)**	**(533,394)**
Employee participation in profits and enterprise results			
Income tax		(3,871 460)	(3,247,870)
TOTAL INCOME		**6,842,661**	**1,817,830**
TOTAL EXPENSES		**16,411 498**	**16,626,954**
PROFIT OR LOSS		**(12,654 837)**	**(14,809,123)**

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 07/2001 to 31/12/2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020	Financial year 2021	Total
Increase in capital	+| 386	30	0	24	84	7	+ 531
Increase in the share premium	+ 163,895	+ 42,346	+60	+ 9,715	+ 22,539	+4,145	+242,700
TOTAL	+ 164,281	+ 42,376	+60	+ 9,739	+ 22,623	+ 4,152	+243,231
Research tax credit	42,416	6,557	5,679	4,122	3,248	3,871	65,893
Loss for the year	156,883	28,059	28,640	17,308	14,809	12,655	258,354
Subcontracted research costs	119,637	25,112	22,179	11,316	7,555	5,825	191,624
Personnel costs	70,360	8,491	10,554	9,327	8,663	9,193	116,588

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 €3,871k for 2021.
- revenues from the use of masitinib in veterinary medicine.

3 Typical facts of the period.

- **Clinical development events**

<u>New long-term data published showing masitinib prolongs survival by 25 months in patients treated for non-severe amyotrophic lateral sclerosis</u>

New long-term survival data from the follow-up of patients included in the phase 2/3 study (AB10015) on amyotrophic lateral sclerosis have been published in the peer-reviewed journal *Therapeutic Advances in Neurological Disorders.*

The survival analysis included all patients initially enrolled in study AB10015 and monitored for an average of 75 months from the date of diagnosis. In ALS patients with mild to moderate disease severity at the time of inclusion, treatment with a 4.5 mg/kg/day dose of masitinib (n=50) in combination with riluzole was found to prolong survival by 25 months compared to patients treated with riluzole alone (n=63) (median overall survival 69 months versus

44 months, respectively, P=0.037), with a 44% reduction in the risk of death. People with mild to moderate ALS are defined as patients without complete loss or severe impairment of function according to the ALSFRS score at the time of masitinib treatment initiation (i.e. patients with a score of at least 2 on each individual component of the ALSFRS-R score). This population closely matches the patient population enrolled in the confirmatory phase 3 study, AB19001.

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

Resumption of recruitment in ongoing studies with masitinib

In July 2021, AB Science nnounced that it had resumed patient enrolment in its ongoing clinical trials This resumption followed AB Science's decision in June 2021 to stop enrolment in ongoing clinical trials on a voluntary basis, following the detection of ischaemic heart disease with masitinib. AB Science has implemented a risk management plan to increase patient safety in masitinib trials, allowing enrolment to resume.

The risk management measures cover the following changes for each test concerned:

- Tightening eligibility criteria to exclude patients with a history of severe cardiovascular disease
- Increased testing to monitor heart function during the study period
- Request for systematic advice from independent data review boards (DSMBs) on the conduct of each study in relation to the occurrence of cardiovascular events
- Establishment of a committee of independent experts to rule on all major adverse cardiovascular events

Clinical results in prostate cancer

The phase 2B/3 study (AB12003) of masitinib in chemotherapy-eligible metastatic hormone-refractory prostate cancer (mCRPC) has reached its predefined primary endpoint. The results of the study were presented at the 2021 American Urological Association (AUA) Annual Meeting, held from 10-13 September 2021.

Study AB12003 was an international, multicentre, randomised, double-blind, placebo-controlled, two-armed parallel trial for the treatment of hormone-refractory metastatic prostate cancer (mCRPC) eligible for chemotherapy. The study compared the efficacy and tolerability of masitinib (6.0 mg/kg/day) in combination with docetaxel versus a placebo in combination with docetaxel Docetaxel was combined with prednisone. The primary endpoint of the study was 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/L at the time of inclusion. An ALP level of less than 250 IU/L is a predefined biomarker to identify patients with a smaller extent of (bone) metastases who are more likely to respond to masitinib. The target population was composed of adult men who have progressed and developed metastatic hormone-refractory prostate cancer (mCRPC) after castration (androgen/testosterone/dihydrotestosterone reduction, either chemically or surgically) and are therefore eligible for chemotherapy.

The study was positive on the primary analysis in the predefined target subgroup (patients with ALP

levels ≤250 IU/L), demonstrating a statistically significant increase in progression-free survival (p=0.0272). There was no progression-free survival benefit in the overall population. The tolerability of masitinib was consistent with its known risk profile.

Programme for the treatment of COVID-19

AB Science initiated the continuation of a development programme in the treatment of COVID-19, with, on the one hand, a non-clinical component, bysigning an exclusive licence agreement with the University of Chicago to conduct research on the prevention and treatment of humans infected with nidoviruses, coronaviruses and picornaviruses,, and, on the other hand, the initiation of a second phase 2 study in the treatment of COVID-19.

This programme follows the University of Chicago's discovery and publication in the journal *Science* that identified masitinib as a broad-spectrum antiviral agent capable of treating SARS-CoV-2 (the virus that causes COVID-19),

including demonstration of *in vivo* activity in mice, with sustained efficacy *in vitro* against variants of concern in SARS-CoV-2.

The Phase 2 clinical trial will evaluate the antiviral efficacy of masitinib at three different dosages taken in combination with current optimal therapies, compared to a placebo plus current optimal therapies. 78 patients (aged 18 years or older and without age limit) are to be recruited for the study. The primary efficacy objective will be to demonstrate that masitinib can reduce the viral load of SARS-CoV-2 (the virus that causes COVID-19) more rapidly than a placebo control group, which will receive current optimal therapies. The target population for the AB21002 trial is therefore ambulatory (non-hospitalised) patients with mild disease or hospital patients not requiring non-invasive ventilation (WHO Clinical Progression Scale score of 4 and 5 for COVID-19).

A second randomised (1:1), open-label, phase 2 study (AB20001) is currently ongoing with the aim of evaluating the tolerability and efficacy of masitinib plus isoquercetin in hospitalised patients with moderate (level 4 on the WHO 7-point ordinal scale) or severe (level 5) COVID-19. The study is expected to enrol 200 patients (over 18 years of age with no upper age limit). The Independent Data Review Committee (IDMC) has recommended continuing without reservation the study evaluating masitinib in COVID-19 for hospitalised patients with moderate oxygen requirements.

Approval of a phase 2 study with masitinib in patients with severe mast cell activation syndrome (MCAS)

AB Science has announced that its phase 2 clinical trial with masitinib in patients with severe mast cell activation syndrome (MCAS) has been approved by the US FDA.

The trial will recruit 60 patients from multiple centres. The aim of treatment for severe MCAS is to reduce symptoms (pruritus, redness, depression) and to improve the patients' impaired quality of life.

MCAS is a disease caused by abnormal activation of mast cells, which can result in symptoms related to the release of mast cell mediators, ranging from mild to life-threatening. Thus, MCAS is similar to indolent, poorly progressive systemic mastocytosis (ISM/SSM), but there are important differences that make MCAS a disease distinct from systemic mastocytosis. In mastocytosis, well-defined mutations lead to an abnormal mast cell population with a marked increase in tissue proliferation, whereas MCAS is due to greater (ill-defined) mutational heterogeneity that is associated with aberrant mast cell activation, despite a modest increase in mast cell numbers due to reduced apoptosis.

Because masitinib was designed to be a potent inhibitor of mast cell activation (through its action against the wild-type tyrosine kinases c-Kit, Lyn and Fyn), it is particularly well suited to the treatment of severe MCAS, in contrast to other c-kit tyrosine kinase inhibitors that typically target specific mutations in c-Kit associated with systemic mastocytosis. There are currently no approved treatments for severe MCAS or drugs in clinical development for this indication.

The study was also approved by the ANSM (French National Security Agency of Medicines and Health Products) in January 2022.

Authorisation of a phase 1/2 study with AB8939 in the treatment of acute myeloid leukaemia

AB Science has announced that its clinical trial with AB8939 in adult patients with relapsed/refractory acute myeloid leukaemia (AML) has been approved by the ANSM, the FDA and the Canadian Health Authority.

AB8939 is a next-generation synthetic microtubule destabiliser, capable of counteracting multidrug resistance and with the potential to be used extensively as a potent anti-cancer drug. Microtubules play a crucial role in multiple cellular functions and are therefore an important target for cancer treatment. Chemotherapies that target microtubules, such as taxanes and vinca alkaloids, are among the most effective cancer treatments. Unfortunately, the development of drug resistance (e.g. via the Pgp efflux pumps that transport drugs out of cancer cells) often limits their clinical efficacy.

The main features of AB8939 are that it bypasses the difficulties associated with Pgp-dependent multidrug resistance and is not inactivated by an enzyme called myeloperoxidase, which is an advantage over existing chemotherapies. Finally, AB8939 is a synthetic drug, which is a distinctive feature and another advantage over existing treatments.

The therapeutic potential of AB8939 has been demonstrated by a series of pre-clinical results. *In vivo* data from a of PDX (Patient Derived Xenograft) mouse model highly resistant to Ara-C showed that AB8939, administered

alone or in combination with Ara-C, increased survival compared to treatment with Ara-C alone, with a significant reduction in blood blasts and a decrease in tumour growth.

AB8939 was discovered entirely by AB Science laboratories, which retains full ownership of the intellectual property rights, and reflects AB Science's focus on developing innovative medicines to improve patients' lives.

- **Other events**

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.

An agreement with historical shareholders to implement a common strategy for the development of masitinib

AB Science has announced that it has signed an agreement with historical shareholders to implement a joint value development strategy for masitinib. Within the framework of this agreement, these historical shareholders, currently representing 8.7% of the company's share capital, undertake to act in conjunction with the founding shareholders of AB Science to:

- explore strategies to optimise the value of masitinib, including a potential strategic alliance with one or more pharmaceutical companies for the clinical development and commercialisation of masitinib in one or more major indications, and/or in one or more major regions; and
- explore the possibility of listing AB Science on a foreign market, in particular the NASDAQ (via an American Depository Receipt programme, ADR).

The arrangement will be implemented subject to the condition precedent of obtaining a final exemption decision from the Autorité des marchés financiers, cleared of any appeal, confirming that there is no need for a public offer.

This agreement is accompanied by the conclusion of a firm financing option for an amount of €25 million over the next 12 months, at the behest of AB Science. This financing will have to be done in the framework of the "private placement" or "capital increase reserved for categories of persons" resolutions in place. Through this agreement, AB Science's financial visibility is extended beyond 24 months. The funding commitment may be increased by a further 50 million euros at a rate of 25 million euros per year from the first anniversary date, subject to a no material adverse effect clause.

This agreement is accompanied by a commitment from some minority shareholders to retain 1.8 million shares for a period of three years (or until the implementation of the value enhancement strategy if this occurs before the end of this three-year period).

Changes in the Board of Directors

Cécile de Guillebon was co-opted to replace Emmanuelle Mourey. Cécile de Guillebon began her career in mergers and acquisitions at JP Morgan, Marceau Investissement and 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 function of the Renault-Nissan-Mitsubishi Alliance. Cécile de Guillebon is a graduate of HEC.

Catherine Johnston-Roussillon was co-opted to replace Nathalie Riez. Catherine Johnston-Roussillon has held several senior management positions in the health and cosmetics sector before joining Shamir Optical in 2010 as Managing Director for France. Since 2015, she has been European Chairwoman of Shamir Optical. Catherine Johnston-Roussillon has a degree in political science from the Ludwig-Maximilian University and a postgraduate degree in marketing from the University of Grenoble.

Guillemette Latscha was co-opted to replace Béatrice Bihr. Guillemette Latscha is a medical doctor by trade and has spent her entire career within the Renault group, first 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 the Renault group's Medical Director since 2006. Guillemette Latscha holds a degree in medicine from the University of Paris V and is a Chevalier de la Légion d'Honneur.

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

Shareholder agreements expiring in 2021

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

Others

- Other securities transactions:

During 2021, 138,000 stock options and 1,921,845 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

The COVID-19 pandemic had a limited impact on AB Science's clinical development programme in 2021 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 study data has not been affected by the pandemic. There were no treatment interruptions or deaths due to COVID-19.

In terms of employees, the work of all employees has been maintained in 2021.

  ✓ Eligibility for PEA-PME

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 development events**

Authorisation from the Canadian Health Authority to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status

AB Science has announced it received authorisation from the Canadian Health Authority (Health Canada) to submit a marketing application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS), under NOC/c (Notice of Compliance with Conditions) status.

The approval of NOC/c status allows Health Canada to provide earlier access to the market for potentially life-saving drugs. NOC/c status is granted to eligible products that have proven to show promising clinical efficacy in clinical trials. The products must be of high quality and have an acceptable benefit/risk profile. This status is limited to promising new therapies used for the treatment, prevention or diagnosis of serious, life-threatening or severely debilitating diseases for which: a) there are no other therapies available on the Canadian market, or b) the new product offers a significant improvement in the benefit/risk profile compared to existing treatments.

An assessment called *Advance Consideration*, carried out by a Health Canada *Adjudicating Committee* de Health Canada, is required before a file can be submitted under NOC/c status.

This assessment was based on a pre-submission file sent by AB Science that included efficacy data from study AB10015, long-term survival data (mean follow-up of 75 months from diagnosis) from study AB10015, and tolerability data.

The committee concluded that AB Science's application meets the criteria for submission under NOC/c status.

The following points were taken into account when issuing the authorisation for submission under the NOC/c status:

- Masitinib is indicated for the treatment, prevention or diagnosis of a serious, life-threatening or severely debilitating disease, where ALS is a serious, life-threatening and severely debilitating disease with a median survival time of 2 years after diagnosis.
- There is promising evidence of clinical efficacy showing that masitinib provides a significant increase in efficacy and/or a significant decrease in risk, such that the overall benefit/risk profile is improved when compared to existing therapies, preventive or diagnostic products in a disease for which there is no satisfactory treatment on the market in Canada.

If approved, a NOC/c status allows the marketing of a drug with certain conditions. These conditions will be discussed with Health Canada during the procedure.

An estimated 3,000 Canadians are currently living with ALS. Every year, about 1,000 Canadians die from ALS. About 1,000 new cases of ALS are diagnosed in Canada each year.

Initiation of a confirmatory Phase 3 study with masitinib in the treatment of progressive multiple sclerosis

AB Science has announced that it has received approval from the ANSM to initiate a Phase 3 study (AB20009) evaluating masitinib in patients with primary progressive multiple sclerosis (PPMS) or non-active secondary progressive multiple sclerosis (nSPMS).

The study is expected to recruit 800 patients from multiple centres with an Expanded Disability Status Scale (EDSS) score between 3.0 and 6.0 and an absence of gadolinium-enhanced T1 cerebral lesions as measured by MRI scan (magnetic resonance imaging).

The main objective of the study will be to evaluate the effect of masitinib on the time until a confirmed progression in disability, with progression being defined as a worsening of one point when the EDSS score on inclusion is less than or equal to 5.5, or by half a point when the EDSS score on inclusion is strictly greater than 5.5, between randomisation and week 96.

This confirmatory study follows a first positive phase 2B/3 study (AB07002) in primary progressive multiple sclerosis (PPMS) and non-active secondary progressive multiple sclerosis (nSPMS). The results of this 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). This study met its primary objective, demonstrating a statistically significant reduction in disability progression as measured by the EDSS score with a masitinib dose of 4.5 mg/kg/day (p=0.0256).

- **Other events**

Financing of $8.5 million through the issuance of bonds convertible into shares

AB Science has entered into an agreement with a historical investor for financing of $8.5 million through the issuance of bonds convertible into new ordinary shares with warrants attached (OCABSA).

The issue concerns 50,000 OCABSA, representing a bond issue of 8.5 million US dollars. It helps strengthen AB Science's cash position for the development of its clinical research programme.

The 50,000 shares convertible into shares will be issued at a nominal value of USD 170.0 per share ("NV"), representing a total bond issue of USD 8.5 million.

Decision of the Sanctions Commission of the Autorité des marchés financiers (French Financial Markets Authority) following the investigation on financial data and the AB Science stock market opened in September 2017

On 24 March 2022, the AMF Sanctions Commission ruled that there was no inside information at the time of the two capital increases carried out by AB Science on 24 and 27 March 2017 or at the time of the sale of a block of shares by Alain Moussy on 31 March 2017. The AMF Sanctions Commission therefore fully exonerated Alain Moussy from the insider trading charges and found that AB Science had not breached its disclosure obligations at the time of the March 2017 capital increases.

However, the AMF Enforcement Commission considered that AB Science should have communicated as early as 7 April 2017 the high probability of a negative opinion from the European health authorities on the marketing authorisation application for masitinib for the treatment of mastocytosis and ordered AB Science to pay the sum of one million euros.

By implementing its internal procedures, AB Science had however initiated a deferral of privileged information from this date of 7 April 2017, considering that the deferral of the communication was in the company's interest and in line with the industry practice of not communicating before the final vote of the CHMP, or otherwise would have had to withdraw the registration application, which AB Science had no intention of doing.

In view of this discrepancy concerning a technical detail relating to one of the criteria for deferred disclosure of privileged information and in view of the amount of the penalty imposed, AB Science decided to appeal to the Paris Court of Appeal. In accordance with Article R. 621-44 of the Monetary and Financial Code, this appeal had to be lodged within two months of notification of the AMF Sanctions Commission's decision, i.e. by 31 May 2022,.

Considerations arising from the Russia-Ukraine war

In February 2022, Russia invaded Ukraine, which, in addition to humanitarian concerns, may also have an impact on the health research ecosystem in the form of delays in conducting clinical trials. At the time of publication of this report, there have been no significant delays or impacts on the studies in Russia and Ukraine.

No other events after the closure date 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:

Due to the time lag between the date when treatment costs are incurred for clinical studies and the date when these costs are invoiced by the centres, the Company provides for the estimated amount of non-billed expenses at each balance sheet date.
Treatment costs are estimated for each study by valuing the visits made by each patient based on the contracts signed with the clinical research centres conducting the trials. The total estimated amount for each study is reduced by the total amount of invoices received at the closing date.
Provisions for non-billed expenses are maintained for three years after the closure of the clinical research centres.
Provisions for invoices not received by the end of this period are fully reversed.

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-refundable government loan is treated as a government grant and 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:

Amount in Euros	**GROSS VALUE 01/01/2021**	**+**	-	**GROSS VALUE 31/12/2021**
INTANGIBLE	4,054,911	378,869	923,463	3,510 317
TANGIBLE	1,253,541	184,974	376,306	1,062 209

FINANCIAL	332,366	69	42,351	290,084
TOTALS	**5,640,818**	**563,912**	**1,342 120**	**4,862 610**

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:

Amount in Euros	**01/01/2021**	**+**	-	**31/12/2021**
INTANGIBLE	3,039,998	327,095	923,463	2,443 630
TANGIBLE	1,090,342	66,595	376,306	780,633
TOTALS	**4,130,340**	**393,690**	**1,299 769**	**3,224 263**

Details of movements for the period:

Amount in Euros	**Increase**	**Decrease**
Depreciation of patent application fees	327,095	155,933
Depreciation of software	0	767,530
Depreciation of technical installations, equipment and tools	34,342	83,258
Depreciation of office and IT equipment	28,577	172,693
Depreciation of general facilities, fixtures and fittings	3,511	120,355
Depreciation of office furniture	164	
TOTAL	**393,690**	**1,299 769**

6.2 Financial assets

This item, with a gross value of €290k and a net value of €119k, 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: €52k relating to staff loans.
- Other financial fixed assets: €67K relating to security deposits paid.

6.3 Inventories

Inventories amounted to €141k as of 31 December 2021 compared to €79k as of 31 December 2020 and can be analysed as follows:

(in €K and net values)	31.12.2021	31.12.2020
Inventories of raw materials and active ingredients	8	17
Inventories of intermediate products	102	50
Inventories of finished products	31	11
Total inventories	141	79

6.4 Other receivables

This item represents a total gross sum of €8,906k and a net sum of €8,556k. This item mainly includes (in net values):

- 2021 research tax credit for €3,871k
- 2020 research tax credit for €3,308K
- €795k in VAT
- Trade accounts receivable of €252k
- Advances to staff of €18k

6.4.1 Details of research tax credit

The research tax credit for 2021 represents a total of €3,871k.

The research tax credit calculation is broken down as follows:

TITLE	AMOUNT in €K
Depreciation of research equipment, including operating costs	34
Expenditure on research and technical staff	7,091
Expenditure on young doctors	0
Flat-rate operating costs	3,075
Taking out and maintaining patents	383
Operations outsourced to research organisations	2,321
Subsidies received in 2021	0
Conditional advances received in 2021	0
Total annual research tax credit basis	**12,904**
Research tax credit	**3,871**

6.5 Trade accounts receivables

Trade accounts receivables are analysed as follows:

(in thousands of euros)	31.12.2021	31.12.2020
Other trade accounts receivables	323	367
Depreciation	(13)	(13)
Trade accounts receivables - net	310	355

6.6 Marketable securities

As of 31 December 2021, the company does not hold any marketable securities.

6.7 Deferred charges

Deferred charges as of 31 December 2021 amounted to €781k and mainly relate to external expenses.

6.8 Details on income to be received

As of 31 December 2021, no accrued income has been recognised.

6.9 Supplier liabilities and related accounts

This item represents a total of €11,368k. There are no debts of more than one year.
It consists of "supplier" debts of €6,267k and invoices not yet received of €5,101k.
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 debts related to general expense providers (€118k) and to organisations and service providers involved in research operations (€4,983k).

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 2021, based on a share price of €12, 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 less than or equal to the stock market price and whose exercise conditions are met, subject to vesting conditions:
  - ✓ Stock options allocated to employees: 77,267

- ✓ BSPCE (French employee stock options): 2,100,000
- ✓ BSA (French share subscription warrants): 1,240,842 (of which 1,022,662 BSAs would result in the issue of 511,331 shares)

The exercise of these options would lead to an increase in shareholders' equity of €21,556k and a capital dilution of 5.2%.

- 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: 211,170
  - ✓ BSPCE (French employee stock options): 82,588
  - ✓ BSA (French share subscription warrants): 566,312

  The exercise of these options would lead to an increase in shareholders' equity of €12,680k and a capital dilution of 1.6%.

- Options whose exercise price is greater than or equal to the stock market price and whose exercise conditions are not met:
  - ✓ Stock options allocated to employees: 390,960

  The exercise of these options would lead to an increase in shareholders' equity of €4,978k and a capital dilution of 0.7%.

- 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: 1,236,282

  The exercise of these preference shares would lead to an increase in shareholders' equity of €6,181k and a capital dilution of 2.3%.
  The maximum number of ordinary shares remaining to be issued upon conversion of the outstanding preference shares is 1,236,282 shares (based on a conversion price of five euros).

- 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): 3,833,136
  - ✓ Conversion of AGAP (allocations of free preference shares) into ordinary shares: 4,513 400

  The exercise of these options would lead to an increase in shareholders' equity of €84,400k and a capital dilution of 18.2%.

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 17,703,039 shares, the amount of equity would be increased by 130 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 2021
Share capital	524,564	7,129		531,693
Subscription warrants/BEA	447,923	67,555		515,478
Share premium	238,107,605	4,078 062	519	242,185 148
Result for the year	<14,809,123>	<12,654,837>	<14,809,123>	<12,654,837>
Retained earnings	< 230,891,663>	<14,809,123>		<245,700,786>
Total equity	**<6,620,694>**	**<23,311,214>**	**<14,808,604>**	**<15,123,304>**
Other Equity	**10,196 600**			**10,196 600**

6.10.3 Increases in capital

In January 2021, the capital was increased by :

- ✓ 40.41 euros following the conversion of the first two tranches of Class C preference shares, deducted from the share premium
- ✓ 3,203.80 euros following the exercise of share subscription warrants, with a corresponding share premium of €2,287k, for a total contribution of €2,290k
- ✓ 62.49 euros following the exercise of stock options, the corresponding share premium of €64k, for a total contribution of €64k

In February 2021, the capital was increased by 44.52 euros following the exercise of stock options, with a corresponding share premium of €32k, for a total contribution of €32k.

In March 2021, the capital was increased by 6 euros following the exercise of stock options, with a corresponding share premium of €4k, for a total contribution of €4k.

In April 2021, the capital was increased by :

- ✓ 442.17 euros following the conversion of the third tranche of Class C preference shares, deducted from the share premium.
- ✓ 2,732.86 euros following the exercise of share subscription warrants, with a corresponding share premium of €1,643k, for a total contribution of €1,646k
- ✓ 6 euros following the exercise of stock options, the corresponding share premium of €4k, for a total contribution of €4k

In July 2021, the capital was increased by 12.63 euros following the exercise of stock options, with a corresponding share premium of €9k, for a total contribution of €9k.

In August 2021, the capital was increased by 22.53 euros following the exercise of stock options, with a corresponding share premium of €16k, for a total contribution of €16k.

In September 2021, the capital was increased by 36.76 euros following the issue of Class B preference shares, which was deducted from the share premium.

In November 2021, the capital was increased by :

- ✓ 18.83 euros following the exercise of stock options, the corresponding share premium of €19k, for a total contribution of €19k.
- ✓ 500 euros as a result of the exercise of share subscription warrants

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 old shares for which he or she already has this right.

As of 31 December 2021, the capital of AB Science was composed of 53,169,257 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 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 changes in provisions for charges in the years 2020 and 2021 are as follows:

(in thousands of euros)	Litigation	Provisions for tax	Total
31-Dec-19	237	0	237
Allocations	326		326
Reversals used			0
Reversals not used	(47)		(47)
31-Dec-20	516	0	516
Allocations	1,036		1,036
Reversals used	(123)		(123)
Reversals not used	(141)		(141)
31-Dec-21	1,288	0	1,288

The provision for litigation of a total amount of €1,288k at 31 December 2021 is mainly related to the:

- provision for the penalty imposed by the French Financial Markets Authority of €1 million for failure to disclose to the market information deemed to be insider information by the Financial Markets Authority in 2017, a decision rendered in March 2022, which the company has decided to appeal to the Paris Court of Appeal (see section 4 of these notes).
- provision for four labour disputes arising from the termination of employment contracts (€203k)
- provision for disputes with suppliers (€65k).

6.13 Financial debts

Financial debts amounted to €6,953k as of 31 December 2021 and mainly relate to:

- The obtaining of state-guaranteed loans (PGE) for 6 million euros. These loans are 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 at the start of 2022.
- And a loan from BPIFrance for an initial amount of one million euros concluded in September 2020 with a term of 60 months. The remaining balance to be repaid as of 31 December 2021 amounts to €938k

6.14 Breakdown of accrued expenses

The breakdown of accrued expenses to be paid is as follows:

	Amount in Euros
Suppliers, invoices not received	5,101,446
Customers, assets to be established	11,383
Provision for paid holidays	504,429
Staff - accrued expenses	1,862,202
Staff - expense reports accrued expenses	11,088
Staff - accrued expenses (Inter-company savings plan)	29,535
Provisions for social security charges on outstanding holiday pay	220,260
Provisions for social security charges on outstanding premiums	743,577
State - accrued expenses	45,861
Incurred interest - banks	1,701
TOTAL	8,531,481

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 €5,825k excluding personnel costs, compared to the €10,012k representing total operating expenses recorded as of 31 December 2021, excluding personnel costs and research tax credit.

7.2 Breakdown of income

The Company's turnover for the year 2021 amounts to €1,610k, mainly generated by the use of a drug in veterinary medicine.
Turnover within the European Union amounted to €1,143k and turnover outside the European Union was €467k.

7.3 Analysis of the exceptional result

The extraordinary result is a loss of €85k and can mainly be explained by the following effects:

- cancellation of supplier balances related to transactional agreements: €851k
- debt balance of former suppliers: €90k
- provision for the Financial Markets Authority sanction (€1,000k) explained in paragraph 6.12 above.

8 Other information

8.1 Workforce

The number of company employees as of 31 December 2021 is 97 compared to 91 on 31 December 2020**.**

The Company's US subsidiary also had 1 employee as of 31 December 2021, the same as on 31 December 2020.

Therefore, the Group employs 98 people as of 31 December 2021 compared to 91 people as of 31 December 2020; 96 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: 89 people
- Non-executive 7 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 2021, calculated by applying the collective and seniority agreement amounted to €753k, 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:

(in thousands of euros)	31 December 2021	31 December 2020
Commitments given:	340	40
Guarantee given (1) and (2)	*340*	*40*
Commitments received:	90,000	0

Loan with the EIB (3)	*15,000*	*0*
Agreement with the founding shareholders (4.1)	*25,000*	
Agreement with the founding shareholders (4.2)	*50,000*	*0*

(1) Following the rental of new offices in Paris, a bank guarantee of €39.6k was given to SCI Bizet in 2016.

(2) Following a dispute with a supplier, a deposit of €300k was made in August 2021. The release for the full amount was received in January 2022.

(3) A loan agreement for a total amount of 15 million euros was signed with the EIB in November 2020. This loan will enable AB Science to finance the clinical development programme evaluating masitinib in COVID-19.

(4) An agreement with historical shareholders to implement a common strategy for the development of masitinib was signed in June 2021.

(4.1) This agreement is accompanied by the signing of a firm financing option for 25 million euros over the next 12 months on AB Science's initiative.

(4.2) The above-mentioned funding commitment may be increased by a further 50 million euros at a rate of 25 million euros per year from the first anniversary date, 1 July 2022, subject to a no material adverse effect clause.

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

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 2021 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 1st financial year ended in 2001.

Current situation;

Accumulation of tax deficits from 2001 to 2020:		304,484,857
2021 deficit:	16,068 921	
Accumulation of tax deficits as of 31 December 2021:	320,553 778	

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		Financial information

	Net value of securities (€)	Capital	Reserves and retained earnings	Proportionate share of the capital owned	Result for the year as of 31/12/2021
AB Science LLC	0	250000 USD	-431136 USD	100%	-33708 USD

8.8 Items concerning affiliated companies and shareholdings

Name of the subsidiary	Shareholdings (net value)	Current account (net value)
AB Science LLC	0	0

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	51,800	51,800	
Other financial fixed assets	66,954		66,954
Other trade accounts receivables	323,151	323,151	
Other receivables	8,582,366	8,567,937	14,429
Deferred charges	717,530	697,087	20,443
TOTAL	9,741,801	9,639,975	101,826

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	6,939,201	251,701	6,264,876	422,624
Suppliers and related accounts	11,367,973	11,367,973		
Other debts	4,216,541	4,216,541		
TOTAL	22,523,715	15,836,215	6,264,876	422,624

8.11 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
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
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
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
Number of options granted	1334	102102	14000	1373	196466	1500	116335	10875	79940
Ratio of options to shares (nominal value €0.01)	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
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	PLANS								
	SO6D	SO6E	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A
Date granted by the Board of Directors	06/10/2015	28/04/2016	30/04/2018	06/12/2018	20/05/2019	10/07/2019	17 February 2020	01/09/2020	28/09/2021
Date of acquisition of rights	06/10/2019	28/04/2020	30/04/2022	06/12/2022	31/07/2019	31/07/2019	17/02/2024	01/09/2024	28/09/2025
Plan maturity	05/10/2025	27/04/2026	30/04/2028	06/12/2028	31/05/2023	31/05/2023	16/02/2030	30/08/2030	27/09/2031
Number of options granted	15550	110640	53000	25120	274000	59000	65000	143650	138000
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1	1	1	1
Exercise price *(in euros)*	13.01	17.29	12.65	12	12	12	12.65	12.65	13.00
Performance conditions	N/A	N/A	N/A	N/A	Yes	Yes	N/A	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:

(in number of options, with division of the nominal value by 1000)	31.12.2021	31.12.2020
Options outstanding at the beginning of the fiscal year	914,244	767,812
Options assigned	138,000	208,650
Options exercised	-17,300	-1,620
Options cancelled	-9,260	-34,944
Options expired	-13,287	-25,654
Options outstanding at the end of the fiscal year	1,012,397	914,244

(in number of options)	31.12.2021	31.12.2020
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	0
SO4A	0	0
SO4B	0	0
SO4C	0	0
SO5A	0	0
SO5B	0	22,455
SO5C	0	0
SO4D	0	0
SO5D	36,052	44,184
SO5ESO5E	0	0
SO6A	40,340	40,340
SO6B	875	875
SO6C	33,180	33,180
SO6D	9,000	9,000
SO6E	52,990	54,440
SO7A	27,000	27,000
SO9A	25,120	25,120
SO2019A	274,000	274,000
SO2019B	59,000	59,000
SO2020A	65,000	65,000
SO2020B	135,840	143,650
SO2021A	138,000	
TOTAL	1,012,397	914,244

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 stock 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 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 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 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 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. Thus:

- The Board of Directors decided on 29 August 2014 to issue and allocate 84,000 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 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 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 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. In 2021, 21,892 BSAs were exercised. The remaining balance is therefore 18,108 BSAs as of 31 December 2021.
- 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 ordinary 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. In 2021, following the express waiver of the exercise of these BSAs by AMY, these BSAs were replaced by those issued in September 2021 (see below). As of 31 December 2021, the balance of these BSAs is therefore zero.
- 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 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. 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 and 2021, 1,440,392 BSAs were exercised. As of 31 December 2021, the balance is therefore 1,022,662 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. In 2021, 96,085 BSAs were exercised. Due to the express

waiver of the exercise of these BSAs, the balance of these BSAs, i.e. 903,915, have been rendered null and void and replaced by the BSAs issued in September 2021 (see below).

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.

- The Board of Directors decided on 04 March 2021 to issue and allocate 21,845 share subscription warrants at an issue price of one euro, 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. These share subscription warrants were issued in March 2021 in favour of a business contributor, Grégory Pépin. As of 31 December 2021, the 21,845 BSAs were allocated and subscribed.

The General Meeting of 30 June 2021 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 28 September 2021 to issue and allocate:
    - 800,000 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 12.25 euros, including a share premium of 12.24 euros. These share subscription warrants were issued in September 2021 and subscribed in November 2021 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 29 October 2020. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (5) of chapter 8.6 of this report. As of 31 December 2021, all these BSAs have been allocated and subscribed.
    - 100,000 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 12.25 euros, including a share premium of 12.24 euros. These share subscription warrants were issued in September 2021 and subscribed in November 2021 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 29 October 2020. The exercise of these BSAs is conditional upon the fulfilment of the conditions specified in note (5) of chapter 8.6 of this report. 50,000 BSAs were exercised in 2021. As of 31 December 2021, the balance of these BSAs is therefore 50,000.
    - 1,000,000 share subscription warrants at an issue price of 0.03641 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 September 2021 and subscribed in November 2021 by the company AMY in lieu of the BSAs issued by the Board of Directors on 29 April 2019. The exercise of these BSAs is conditional on the registration of masitinib for the treatment of amyotrophic lateral sclerosis based on the single pivotal study AB10015. This registration may or may not be conditional, must take place within 18 months of the subscription of these BSAs and must be approved by a recognised health authority, either in a European country (including Switzerland and the United Kingdom) or in a North American country. As of 31 December 2021, all these BSAs have been allocated and subscribed.

Date of issue (General Meeting)	Date of allocation of securities	Name of beneficiarie	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
28/06/2016	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 BSA variable conversion parity	1 Not determined	10	37,387 5	 -5		37,387 0
	09/12/2016	JP SPC 3 Valor Biotech II : BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	8,979 1	 -1		8,979 0
	09/12/2016	JP SPC 3 Obo FGP Private Equity : BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	7,280 1	 -1		7,280 0
	09/12/2016	JP SPC 3 Valor Biotech III BSA fixed conversion parity BSA variable conversion parity	1 Not determined	10	6,354 1	 -1		6,354 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	10,946	9,054
	29/01/2018	MD Consulting	1	12	100,000	-80,000	10,946	9,054
	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		0
	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		479,802	200,001
	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			98,522
	17/08/2019	KBL European Private Bankers	0.5	5.5	73,892		73,892	0
	17/08/2019	Armistice Capital Master Fund Ltd	0.5	5.5	886,699		866,698	1
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	-903,915	96,085	0
	04/03/2021	Pépin G.	1	0.01	21,845			21,845
16/12/2020	20/12/2020	Infinity Obo FGP Capital Private Equity II	1	12.65	30,000			30,000
30/06/2021	28/09/2021	Quercegen Pharma	1	12:25 PM	900,000		50,000	850,000
	28/09/2021	AMY SAS	1	12	1,000,000			1,000,000
Total								5,640,290

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 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 December 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

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:

(in number of options)	31.12.2021	31.12.2020
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:

(in number of options)	31.12.2021	31.12.2020
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	
Number of options granted by the Board of Directors on 28 September 2021			3,676
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

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 2021, 1,440,392 subscription warrants were exercised, resulting in the issuance of 720,196 new shares.

STATUTORY AUDITORS' REPORTS AND ATTESTATION OF RESPONSIBLE PARTIES

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and income of the company and all the companies included in the Group structure, and that the accompanying management report presents a true and fair view of the development of the business, income and financial position of the company and all the companies included in the Group structure, as well as a description of the main risks and uncertainties that they are facing.

Chief Executive Officer
Alain Moussy