AB SCIENCE S.A.
Société Anonyme (French Public Limited Company) with share capital of 531,692.57 euros
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SIX-MONTH FINANCIAL REPORT
OF AB SCIENCE GROUP
DATED 30 JUNE 2022

A. STATEMENT FROM THE MANAGER OF THE SIX-MONTH FINANCIAL REPORT

I certify, to the best of my knowledge, that the condensed accounts for the past six months are established in accordance with the applicable accounting standards and give a true and fair picture of the assets, financial position and profit and loss of the Company and of all the companies included in the consolidation, and that the attached six month business report presents a faithful picture of the important events that occurred during the first six months of the financial year and their impact on the accounts, the main related party transactions and that it describes the key risks and uncertainties for the remaining six months of the year.

Chairman and Chief Executive Officer
Alain Moussy

B. SIX-MONTH BUSINESS REPORT

1 KEY EVENTS IN THE FIRST SIX MONTHS OF 2022

- **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

In February 2022, AB Science announced that it had received an 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. AB Science subsequently announced, on 26 May 2022, that Health Canada had issued a favourable opinion following the preliminary review of the file, and that the file review had begun. Under NOC/c status, Health Canada has a maximum of 200 calendar days to review the file starting from that date.

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.

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

In January 2022, AB Science announced that it had 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). The positive results of this study were published in the peer-reviewed journal Neurology® Neuroimmunology & Neuroinflammation, an official journal of the American Academy of Neurology. The article entitled ‘Efficacy and Safety of Masitinib in

Progressive Forms of Multiple Sclerosis: A Randomized, Phase 3, Clinical Trial' is freely available on the website of the journal: https://nn.neurology.org/content/nnn/9/3/e1148.full.pdf.

Favourable recommendation from the Independent Data Monitoring Committee to continue the Phase 2 study evaluating masitinib in combination with isoquercetine for the treatment of Covid-19

AB Science announced the continuation of the Phase 2 study evaluating masitinib in combination with isoquercetin in the treatment of COVID-19, following the opinion of the Independent Data Monitoring Committee (IDMC).

This randomised (1:1), open, phase 2 study (AB20001) aims to evaluate the safety and efficacy of masitinib in combination with isoquercetin in hospitalised patients with moderate (level 4 on the 7 point WHO ordinal scale) to severe (level 5) COVID-19. The study should recruit 200 patients (over the age of 18 years with no upper age limit). The main objective is to improve the clinical condition of patients after 15 days of treatment, measured according to the WHO 7-point ordinal scale.

The interim analysis was performed with one third of the patients who were evaluated, as planned. The purpose of the study was to assess the tolerance and efficacy of the treatment. The IDMC recommends that the study be continued without restriction in moderate patients (level 4, i.e. patients hospitalised with provision of oxygen <6 L/min with SpO2 maintained at >92%).

In accordance with this opinion, AB Science decided to continue the study in moderate patients only. Therefore, it is now planned that the study will include 200 patients at level 4 of the ordinal scale.

- **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.

The Chairman of the AMF has also appealed the decision by the Enforcement Committee.

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.

Other transferable securities transactions

Over the course of the first half of 2022, the following were assigned:

- 56,990 share subscription warrants, including 50,000 to a historic investor and 6,990 to directors
- 5,000 stock options to an employee

Other information

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.

2 COMMENTS FROM MANAGEMENT ON GROUP BUSINESS

Summary statement of comprehensive income on 30 June 2022 (IFRS standards):

(In thousands of euros)	30.06.2022	30.06.2021
Net Turnover	629	818
Operating profit	(9,562)	(6,040)
Net profit (loss)	(7,141)	(4,655)
Overall profit (loss) for the period	(6,967)	(4,470)
Earnings per share - in euros	(0.15)	(0.10)
Diluted earnings per share - in euros	(0.15)	(0.10)

Operating profit/loss

Operating revenue

(In thousands of euros)	30.06.2022	30.06.2021
Net Turnover	629	818
Other income	0	0
Total operating income	629	818

Operating income, exclusively consisting of revenue from the operation of a veterinary medicine drug, amounted to €629K on 30 June 2022, compared to €818K one year earlier.

Operating costs

(In thousands of euros)	30.06.2022	30.06.2021
Cost of sales	158	(3)
Marketing costs	253	236
Administrative costs	1,682	1,326
Research and development costs	8,099	5,299
Other operating costs	0	0
Total operating costs	10,192	6,858

On 30 June 2022, operating costs amounted to €10,192K compared to €6,858K on 30 June 2021, an increase of 48.6%.

Marketing costs increased by 7.2% from €236K on 30 June 2021 to €253K on 30 June 2022.

Administrative costs increased by 26.9% from €1,326K on 30 June 2021 to €1,682K on 30 June 2022.

Research and development costs increased by €2,800K or 52.8% from €5,299K on 30 June 2021 to €8,099K on 30 June 2022. This variation is mainly due to:

- the reduction in the research tax credit (€600K), due to the ending, when calculating the research tax credit base, of doubling subcontracting expenditure at public research laboratories from 2022,
- the recognition as at 30 June 2021 of revenues related to the cancellation of balances of former accounts payable (€860K), and
- recognition as at 30 June 2022 of the valuation of the BSA (€414K)

Operating profit/loss

The operating profit/loss as at 30 June 2022 corresponds to a loss of €9,562K, compared to a loss of €6,040K on 30 June 2021, i.e. an increase in the operating deficit of €3,522K (58.3%).

Financial profit/loss

The financial profit/loss as at 30 June 2022 was a profit of €618 K compared to a loss of €1,386 K one year earlier.

The profit of €2,424K is mainly related to the recognition of the change in fair value between 31 December 2021 and 30 June 2022 of the preference shares resulting from the conversion of bonds in December 2016 (class C) and the preference shares issued in September 2020 (class D), making a financial gain of €2,244K with no impact on cash for the period.

Net profit (loss)

The net loss amounted to €7,141K as at 30 June 2022, compared with a loss of €4,655K as at 30 June 2021.

Cash and capital resources

Assets

Given the stage of product development, development costs were recognised as expenditure, as the marketing prospects are difficult to assess. The amount capitalised corresponds mainly to the cost of registering the Company's patents. The Company's patent registration fees capitalised in net values are stable compared to 31 December 2021 and amount to €1,520K as at 30 June 2022.

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 €1,154K as at 30 June 2022.

Inventories amounted to a net value of €65K as at 30 June 2022 compared to €141K as at 31 December 2021.

Customer accounts receivables amounted to €374K as at 30 June 2022 compared to €310K as at 31 December 2021.

As at 30 June 2022, there are no current financial assets.
Financial assets are cash instruments with a maturity of more than three months. As at 30 June 2022, no cash instruments had a maturity of more than three months.

The other current assets increased by €1,425K (€10,440K as at 30 June 2022 compared to €9,015K as at 31 December 2021).

Total cash and current financial assets amounted to €7,643K as at 30 June 2022 compared to €8,721K as at 31 December 2021.

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 2021 and 30 June 2022.

(In thousands of euros) - IFRS	Company equity
Equity on 31/12/2021	(23,198)
Overall profit (loss) for the period	(6,967)
Equity instruments - BSA	117
Share-based payments	518
Equity on 30/06/2022	(29,530)

As at 30 June 2022, Group equity amounted to €29,530K.

Current liabilities amounted to €19,166K as at 30 June 2022 compared to €17,482K at the end of 2021, an increase of 9.6%.

Non-current liabilities amounted to €31,949K as at 30 June 2022, compared to €26,986K as at 31 December 2021, an increase of €4,963K which is related to the increase in financial liabilities.

The increase in non-current financial liabilities amounted to €5,266K as at 30 June 2022 and can be explained mainly due to the following effects:

- The subscription of a bond loan convertible into shares of 8 million euros
- The decrease in fair value of all preference shares (class C and class D) between 31 December 2021 and 30 June 2022 2022 (2.2 million euros)
- Discounting of conditional advances (-0.5 million euros)

Full details of the financial liabilities are explained in Chapter 13.1 of this report.

3 RECENT EVENTS SINCE THE END OF THE FIRST HALF OF THE FINANCIAL YEAR 2022

Submission of a conditional marketing authorisation application to the European Medicines Agency (EMA) for masitinib for the treatment of Amyotrophic Lateral Sclerosis (ALS)

AB Science has submitted a conditional marketing authorisation application to the European Medicines Agency (EMA) for Alsitek (masitinib) for the treatment of Amyotrophic Lateral Sclerosis (ALS). This submission is based on the results of the phase 2/3 AB10015 study as well as the long-term survival monitoring of patients in the study. The AB10015 study was a randomised, double-blind, placebo-controlled 48-week treatment study in 394 ALS patients, evaluating Alsitek in combination with riluzole compared to riluzole alone. Detailed results from the AB10015 study and the long-term survival analysis were published in the reviews *Amyotrophic Lateral Sclerosis and Frontotemporal Degeneration* and *Therapeutic Advances in Neurological Disorders*.

This submission follows a pre-submission meeting held with the CHMP rapporteur, at which new data generated with Alsitek in ALS were submitted, in particular a clinical benefit with a 25-month increase in median overall survival for patients with moderate ALS, which is a patient population that closely resembles newly diagnosed patients. During this pre-submission meeting, AB Science also presented how the points raised as part of the previous CHMP evaluation of Alsitek in ALS (EMA/406203/2018) were resolved, in particular:

- The Alsitek mode of action in ALS, which has been well demonstrated and published in peer-reviewed publications.
- A new control of all efficacy and tolerance data and a comprehensive re-evaluation of the Alsitek tolerance database.
- Additional analyses on the primary analytical criterion, ascribing all missing data related to premature treatment interruptions and conservative analysis ascribing missing data by applying a penalty for patients who discontinued treatment with Alsitek for lack of efficacy or toxicity. These analyses are positive and show an effect of treatment in favour of Alsitek, which is convergent with the main analysis.
- Long-term survival data demonstrating a significant benefit in favour of Alsitek in patients with moderate ALS (25-month difference in median overall survival between treatment groups, hazard ratio 0.56 (95%CI [0.32;0.96])).

This request has been validated by the EMA and the review by the Committee for Medicinal Products for Human Use (CHMP) has begun. The CHMP has a 210-day evaluation objective to review the marketing application.

Favourable recommendation of the Independent Data Monitoring Committee to continue the Phase 2 study evaluating the antiviral activity of masitinib in the treatment of Covid-19

AB Science announced the continuation of the Phase 2 study evaluating the antiviral activity of masitinib in patients with a confirmed diagnosis of COVID-19, following the recommendation of the Independent Data Monitoring Committee (IDMC).

This phase 2 (AB21002), randomized (1:1) double-blind study conducted with 78 patients aims to evaluate the antiviral efficacy of masitinib in non-hospitalised patients at risk of developing severe COVID-19 and in hospitalised patients requiring oxygen (via a mask or nasal cannula).

The analysis aimed to evaluate the safety of the treatment and was based on the first 50% of the target recruitment of the study. The IDMC indicated that there was no safety problem and recommended that the study be continued without restrictions.

This study targets the same population as registered antiviral treatments, namely Paxlovid® (Pfizer) and Molnupiravir® (Merck).

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

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

In addition to the key risks and uncertainties described in Chapter 5 of the Annual Financial Report as at 31 December 2021, the Company is exposed to risks and uncertainties associated with the results of clinical studies. There has been no change over the period.

5 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 studies 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.

The principle of operating continuity is maintained in view of the group cash position as at 30 June 2022 and the additional sources of funding outlined below. To assess operating continuity over the next 12 months, the following in particular were taken into account and integrated:

- Early cashing of the research tax credit debt that is established at €8.6M on 30 June 2022, including €3.3M for 2020 and €3.9M for 2021,
- Drawing of €12M as part of the funding agreement for 15 million euros with the European Investment Bank,

In addition, the Company could, if necessary, resort to the following sources of funding:

- A second loan with the EIB that could be implemented for a maximum amount of 30 million euros further to the use of the first loan of €12M, it being specified that the terms of this agreement are under discussion,
- Funding commitment undertaken by some historic shareholders at the end of 2021 for 25 million euros between 1 July 2022 and 30 June 2023 and 25 million euros between 1 July 2023 and 30 June 2024, subject to the absence of a significant unfavourable event and subject to the implementation of the strategic alliance research strategy announced in June 2021.
- Drawing on the optional equity funding with Alpha Blue Ocean. This funding was set up in November 2020 and matures on 12 November 2022 and has not been used to date. Its identical renewal is currently being finalised. As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 29 September 2022, or 7.39 euros, the amount of the additional equity funds that could be raised would be around 29.56 million euros.

6 RELATED PARTIES

Transactions with related parties are mentioned in the notes in appendix to the condensed six-month consolidated accounts (see paragraph 22). There have been no changes affecting related party transactions since the end of the 2021 period that could significantly affect the financial position or results of the group during the first six months of the current financial year.

IFRS CONDENSED CONSOLIDATED SIX-MONTH FINANCIAL STATEMENTS ON 30 JUNE 2022

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CONDENSED STATEMENT OF THE FINANCIAL SITUATION AS AT 30 JUNE 2022

Assets (*in thousands of euros)*	Note	30/06/2022	31/12/2021
Intangible assets		1,520	1,423
Tangible assets		318	282
Rights of use relating to rental contracts	4	1,154	1,312
Non-current financial assets	8	72	67
Other non-current assets	7	1,440	0
Deferred taxes		0	0
Non-current assets		4,504	3,084
Inventories	5	65	141
Trade accounts receivables	6	374	310
Current financial assets	8	0	0
Other current assets	7	9,001	9,015
Cash and cash equivalents	9	7,643	8,721
Current assets		17,082	18,187
TOTAL ASSETS		**21,585**	**21,271**

Liabilities (*in thousands of euros)*	Note	30/06/2022	31/12/2021
Capital	10	469	469
Premiums		233,924	233,924
Translation reserves		(85)	(67)
Other reserves and income		(263,838)	(257,523)
Equity attributable to the owners of the company		(29,530)	(23,198)
Non-controlling interests			
Equity		(29,530)	(23,198)
Non-current provisions	11	943	1,084
Non-current financial liabilities	13	30,133	24,867
Other non-current liabilities	14	0	0
Non-current rental obligations	15	873	1,035
Deferred taxes		0	0
Non-current liabilities		31,949	26,986
Current provisions	11	1,331	1,268
Trade payables	12	12,733	11,368
Current financial liabilities	13	300	252
Current tax payable		0	0
Current rental obligations	15	385	379
Other current liabilities	14	4,417	4,217
Current liabilities		19,166	17,482
TOTAL LIABILITIES		**21,585**	**21,271**

CONDENSED STATEMENT OF THE OVERALL RESULT AS AT 30 JUNE 2022

(in thousands of euros)	Note	30/06/2022	30/06/2021
Net Turnover	16	**629**	**818**
Other operating income		0	0
Total income		**629**	**818**
Cost of sales		(158)	3
Marketing costs		(253)	(236)
Administrative costs		(1,682)	(1,326)
Research and development costs		(8,099)	(5,299)
Other operating costs		-	-
Operating profit		**(9,562)**	**(6,040)**
Financial income	20	3,847	1,469
Financial costs	20	(1,423)	(83)
Financial profit/loss		**2,424**	**1,386**
Tax charge		(3)	0
Net profit (loss)		**(7,141)**	**(4,655)**
Other items of the comprehensive profit or loss			
Items that will not be subsequently reclassified to profit or loss:			
- Actuarial gains and losses		191	189
Items that may subsequently be reclassified to profit or loss:			
- Exchange rate differences - overseas activities		(17)	(5)
Other comprehensive profit or loss for the period, net of tax		**174**	**184**
Overall profit (loss) for the period		**(6,967)**	**(4,470)**
Net result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(7,141)	(4,655)
Overall result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(6,967)	(4,470)
Net result per share - in euros	21	(0.15)	(0.10)
Diluted earnings per share - in euros	21	(0.15)	(0.10)

CONDENSED CONSOLIDATED CASH FLOW TABLE

(in thousands of euros)	30.06.2022	30.06.2021
Net income	(7,141)	(4,655)
- Removal of depreciation and provisions	542	335
- Removal of disposal income	0	0
- Calculated expenses and income related to share-based payments	70	68
- Other income and expenses with no cash impact	(2,430)	(1,710)
- 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	153	(2,689)
- Interest income and expenses	199	146
- Cash flow generated from operations before tax and interest	**(8,607)**	**(8,504)**
- Taxes paid/received	3	0
Net cash flow from operations	**(8,605)**	**(8,504)**
Acquisitions of fixed assets	(362)	(192)
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	0
Financial interest received / (paid)	137	(41)
Other flows related to investment transactions	0	0
Net cash flows from investment transactions	**(225)**	**(233)**
Dividends paid		
Increase (Reduction) in capital	0	4,065
Issuance of loans and receipt of conditional advances	7,831	6,000
Repayment of loans and conditional advances	(63)	(4,337)
Other flows related to financing transactions	0	0
Net cash flows related to finance transactions	**7,769**	**5,728**
Impact of exchange rate changes	(17)	(5)
Impact of assets held for sale	0	0
Impact of changes in accounting policies	0	0
Cash flow variation	**(1,078)**	**(3,013)**
Opening cash and cash equivalents	8,721	20,660
Closing cash and cash equivalents	7,643	17,646
Change in cash and cash equivalents by balances	**(1,078)**	**(3,013)**

VARIATION IN CONDENSED CONSOLIDATED EQUITY AS AT 30 JUNE 2022

(in thousands of euros)	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Minority interests	**Total equity**
AS AT 1 JANUARY 2022	**469**	**233,923**	**(67)**	**(257,523)**	**(23,198)**	**0**	**(23,198)**
Net result for the period				(7,141)	(7,141)		(7,141)
Other items of the comprehensive profit or loss			(17)	191	174		174
Overall profit (loss) for the period	**0**	**0**	**(17)**	**(6,950)**	**(6,967)**		**(6,967)**
Increase in capital							
Employee share-based payments				*70*	*70*		*70*
Third-party related share-based payments - BSA		*0*		*448*	*448*		*448*
Equity instruments– BSA		*0*		*117*	*117*		*117*
Total shareholder transactions	**0**	**0**	**0**	**635**	**635**		**635**
AS AT 30 JUNE 2022	**469**	**233,923**	**(85)**	**(263,837)**	**(29,530)**	**0**	**(29,530)**

(in thousands of euros)	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Minority interests	**Total equity**
AS AT 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
Overall profit (loss) 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 preferred C shares and BSA valuation)		*5,103*		*1,025*	*6,128*		*6,128*
Total shareholder transactions	**10**	**9,248**	**0**	**1,283**	**10,540**	**0**	**10,540**
AS AT 31 DECEMBER 2021	**469**	**233,923**	**(67)**	**(257,523)**	**(23,198)**	**0**	**(23,198)**

APPENDIX TO THE CONDENSED SIX-MONTH CONSOLIDATED ACCOUNTS AS AT 30 JUNE 2022

1 Entity presenting the financial reports

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

The consolidated financial reports of the Company for the period from 1 January 2022 to 30 June 2022 include the Company and its wholly-owned subsidiary in the United States which was created in July 2008 (the whole designated as "the Group" and each individually as "the Group entities"). The Group's activity consists of researching, developing and marketing protein kinase inhibitors (PKIs), a new class of targeted therapeutic molecules which act by modifying the signalling pathways within cells. The diseases targeted by the Company with these PKIs are high unmet medical need diseases, in cancers, inflammatory diseases and diseases of the central nervous system, both in human medicine and in veterinary medicine.

2 Basis of preparation

2.1 Declaration of compliance and accounting principles

The condensed consolidated financial statements for the period from 1 January 2022 to 30 June 2022 were prepared in accordance with the IFRS as adopted in the European Union. All the texts adopted by the European Union are available on the European Commission website at the following address: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.
As such, they must be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated financial statements were approved by the Board of Directors on 29 September 2022.

The accounting methods are identical to those used by the Group on 31 December 2021, with the exception of the standards below, the adoption of which became mandatory in 2022

The new IFRS standards adopted by the European Union applicable from 1 January 2022 have no impact on the Group's accounts:

- Amendments to IAS 37– Onerous contracts:: Cost of fulfilling a contract
- Amendments to IAS 16 – Fixed assets: Product prior to intended use
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IFRS 9 – Financial Instruments – Fees in the 10% test for derecognition of financial liabilities

The following positions and the corresponding amendments are applicable to accounting periods beginning after 1 January 2023 or later, as specified below.
We are currently assessing whether the adoption of these positions and amendments will have a significant effect on our operating income, our financial situation or our cash flows:

- Amendments to IAS 1 - Classification of liabilities as current or non-current (published in July 2020 and in force for accounting periods starting from 1 January 2023).
- Amendments to IAS 8 - Definition of accounting estimates (published on 12 February 2021 and applicable to open accounting periods starting from 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (published in March 2021 and applicable to open accounting periods starting from 1 January 2023).
- Amendments to IAS 12 - Taxes on profits: Deferred tax relating to assets and liabilities resulting from a single transaction (published in May 2021 and applicable to open accounting periods starting from 1 January 2023).

2.2 Use of estimates and assumptions

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

In the preparation of condensed interim consolidated financial statements, the significant judgements exercised by management in applying the group's accounting policies and the main sources of uncertainty in the estimates are identical to those described in the consolidated financial statements for the year ended 31 December 2021.

3 Operating continuity

The principle of operating continuity is maintained in view of the group cash position as at 30 June 2022 and the additional sources of funding outlined below. To assess operating continuity over the next 12 months, the following in particular were taken into account and integrated:

- Early cashing of the research tax credit debt that is established at €8.6M on 30 June 2022, including €3.3M for 2020 and €3.9M for 2021,
- Drawing of €12M as part of the funding agreement for 15 million euros with the European Investment Bank,

In addition, the Company could, if necessary, resort to the following sources of funding:

- A second loan with the EIB that could be implemented for a maximum amount of €30M further to the use of the first loan of €12M, it being specified that the terms of this agreement are under discussion,
- Funding commitment undertaken by some historic shareholders at the end of 2021 for €25M between 1 July 2022 and 30 June 2023 and 25 million euros between 1 July 2023 and 30 June 2024, subject to the absence of a significant unfavourable event and subject to the implementation of the strategic alliance research strategy announced in June 2021.
- Drawing on the optional equity funding with Alpha Blue Ocean. This funding was set up in November 2020 and matures on 12 November 2022 and has not been used to date. Its identical renewal is currently being finalised. As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 29 September 2022, or 7.39 euros, the amount of the additional equity funds that could be raised would be around €29.56M.

4 Financial risk management

The Group is exposed to the following risks linked to the use of financial instruments:

- Credit risk

Credit risk represents the risk of financial loss for the Group in the event that a client or counterparty to a financial instrument fails to fulfil its contractual obligations. This risk is mainly linked to receivables from customers and investment securities.

On the one hand, the Group has not yet entered an active marketing phase. There are therefore no significant receivables from customers. On the other hand, the Group limits its exposure to credit risk by investing in particular in liquid securities (term deposits). Management is not expecting a counterparty to default.

- Liquidity risk

Liquidity risk is the risk that the Group will experience difficulties settling its debts when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to settle its liabilities, when they fall due, under normal or "strained" conditions, without incurring unacceptable losses or damaging the Group's reputation.

Generally, the Group ensures that it has a sufficient cash position to meet the expected operational expenses in the short term.

The Group finances its activities by capital increases as and when required for the continuation of research programmes, as well as through grants and subsidies paid by organisations financing Scientific Research in France.

The Group's ability to obtain the funding needed to pursue its business thus remains dependent on the progress of its research programmes and market conditions.

- Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and prices of equity instruments, will affect the Group's earnings or the value of the financial instruments held. The purpose of market risk management is to manage and control market risk exposure within acceptable limits, while optimising the profitability / risk ratio.

- Exchange risk

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.

5 Usage rights

The usage rights are related to the rental agreements and are analysed as follows:

(In thousands of euros)	30.06.2022	31.12.2021
IFRS 16 application	2,487	2,449
Asset inputs	0	0
Prior depreciation charges	(1,137)	(743)
Depreciation charges for the period	(196)	(394)
Terminations	0	0
TOTAL	1,154	1,312

6 Inventories

Inventories amounted to €65K on 30 June 2022 compared to €141K on 31 December 2021 and are analysed as follows:

(in €K and net values)	30.06.2022	31.12.2021
Inventories of raw materials and active ingredients	16	8
Inventories of intermediate products	26	102
Inventories of finished products	23	31
Total inventories	65	141

7 Trade accounts receivable

This item is analysed as follows:

(in thousands of euros)	30.06.2022	31.12.2021
Other trade accounts receivables	386	323
Depreciation	(13)	(13)
Trade accounts receivables - net	374	310

8 Other current and non-current assets

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

(in thousands of euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Research tax credit (1)	1,440	7,180	-	7,180
VAT receivables	-	730	-	795
Subsidies receivable	-	0	-	0
Suppliers' receivables	-	490	-	252
Other receivables (2)	-	78	-	70
Conditional advances receivable	-	0	-	0
Deferred charges	-	523	-	718
TOTAL	1,440	9,001	0	9,015

(1) The total amount of the debt owed to the tax administration on 30 June 2022 amounts to €8,620K and relates to:

- ✓ research tax credit for the 1st half of 2022: €1,441K
- ✓ research tax credit for 2021: €3,871K
- ✓ research tax credit for 2020: €3,308K

The research tax credits for 2020 and 2021 are under examination.

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

9 Current and non-current financial assets

9.1. Details of financial assets

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

(in thousands of euros)	30.06.2022		31.12.2021	
	Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Deposits paid as security for rents	72		67	
TOTAL	72	0	67	0

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

9.2. Change in financial assets

As at 30 June 2022:

(in thousands of euros)	01.01.2022	Increases	Reductions	Others	30.06.2022
Others	67	5			72
Financial assets	67	5	0	0	72

As at 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

10 Cash and cash equivalents

Net cash at opening:

(in thousands of euros)	01.01.2022	01.01.2021
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

Net cash at closing:

(in thousands of euros)	30.06.2022	31.12.2021
Liquid assets	7,643	8,721
Term deposits	0	0
Cash and cash equivalents on the balance sheet	7,643	8,721
Bank overdrafts	0	0
Cash and cash equivalents in the cash flow statement	7,643	8,721

As a reminder, only term deposits with a maturity equal to or less than three months 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.

11 Share capital

During the first half of 2022, there was no change to the share capital.
It consists of 53,169,257 shares including:

- ✓ Ordinary shares (class A): 46,861,329
- ✓ Preference shares convertible into ordinary shares (class B): 45,134
- ✓ 2016 Preference shares (class C): 262,794
- ✓ Preference shares (class D): 6,000, 000

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.

Furthermore, AB Science Group capital, which amounted to 469,064.63 euros on 30 June 2022, takes into account the reclassification of the amount of the capital increase related to the issuance of preference shares (class C) to financial liabilities (€3 K), and the recognition of the issuance of preference shares (class D) to financial liabilities (€60 K).

At the General Meeting of 31 December 2009, a double voting right that conferred on the other shares, having regard to the proportion of the share capital they represent, is granted to all fully paid shares for which it can be proven that the shares have been registered for at least two years in the name of the same shareholder, it being specified that the starting point of this two-year period may not be before 1 April 2010. This right is also conferred from the point of issue in the event of a capital increase by incorporation of reserves, profits or issue premiums, on registered shares allocated free of charge to a shareholder in respect of old shares for which he or she already has this right.

On 30 June 2022, the capital of AB Science Group consists of 46,847,388 shares, of which 17,187,140 shares have a double voting right.

12 Provisions

Provisions are broken down as follows:

	30.06.2022			31.12.2021		
(in thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Litigation		1,331	1,331		1,268	1,268

Provision for employee benefits	943		943	1,084		1,084
TOTAL	943	1,331	2,274	1,084	1,268	2,352

The provision for disputes totalling €2,274K on 30 June 2022 relates mainly to:

- provision for the sanction from the financial markets authority of one million one hundred thousand euros for non-communication to the market of information deemed to be privileged by the financial market authority in 2017, a decision handed down in March 2022, which the company has decided to appeal in the Paris Court of Appeal. The Chairman of the AMF has also appealed the decision by the Enforcement Committee.
- provision for two labour court disputes arising from the termination of employment contracts (€167K)
- provision for disputes with suppliers (€65K).

The provision for employee benefits corresponds to the provision for retirement allowances for the Group's employees. No funds have been set up to cover the corresponding commitment. The commitment was calculated on the basis of a discount rate of 3.22% compared to 0.98% on 31 December 2021.
The provision for retirement allowances is calculated in accordance with the new regulation (IFRS IC decision on the Interpretation of IAS 19), and now concerns employees with more than three years of service at the end of the financial year.

13 Trade payables

This item is analysed as follows:

(In thousands of euros)	30.06.2022	31.12.2021
Suppliers	6,740	6,267
Suppliers - invoices not received	5,993	5,101
TOTAL	12,733	11,368

Accounts payable and similar accounts relate for the most part to invoices issued by research and development organisations.
Accounts payable and similar accounts are not discounted because none of the amounts are due in more than one year.

14 Financial liabilities

14.1. Current / non-current distribution

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

(in thousands of euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Conditional advances	10,970	0	11,459	0
Line of credit/bank loans	6,625	297	6,688	250
Bond issue	8,178	0		
Other financial liabilities and financial instruments	4,360	0	6,721	0
Payable incurred interest		2		2
Financial liabilities	30,133	300	24,867	252

Change in non-current financial liabilities

As at 30 June 2022:

(in thousands of euros)	31.12.2021	Collections/ receivables	Refunds/ withdrawals	Current / non-current reclassifications	Discount effect/fair value variation preference shares/accrued interest	30.06.2022
Non-current	24,867	8,061	0	(63)	(2,733)	30,133
Current	252		(63)	63	48	300

As at 31 December 2021:

(in thousands of euros)	31.12.2021	Collections/ receivables	Reimbursements/abandons	Current / non-current reclassifications	Discount effects/fair value preferred shares variation	31.12.2021
Non-current	23,979	6,000	(5,417)	(250)	555	24,867
Current	4,370		(4,368)	250		252

The increase in non-current financial liabilities amounted to €5,266K as at 30 June 2022 and can be explained mainly due to the following effects:

- The subscription of a bond loan convertible into shares of 8.1 million euros
- The decrease in fair value of all preference shares (class C and class D) between 31 December 2021 and 30 June 2022 2022 (2.2 million euros)
- Discounting of conditional advances (-0.5 million euros)

Current financial liabilities amounted to €300K on 30 June 2022 and concerned the share of the bank loan from BPI (€250K) of less than one year and accrued interest on the bond (€47K) loan.

14.2. Conditional and repayable advances

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. In the event of failure, they are renamed as grants and converted immediately as a result.

Schedule of conditional and repayable advances.

As at 30 June 2022:

(in thousands of euros)	31.12.2021	Catch Up effect	Unwinding of discount effect	30.06.2022
Non-current	11,459	(1,123)	634	10,970
Current	0			0

(In thousands of euros)	31.12.2021	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

14.3. Bank loans

The company concluded:

- ✓ in September 2020, a loan from BPI France 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 euros at a fixed rate of 0.25% for two loans and at a rate of 1.75% for one loan. Each loan amounts to two million euros.

14.4. Bond issue

- ✓ Bond issued in June 2013:

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 at 30 June 2022, the first three tranches have been converted and the balance of Class C preference shares is 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 on 30 June 2022, the provisions of the Statutes updated on 13 October 2020 apply to determine the total number of shares from tranches 4, 5 and 6 as at 30 June 2022, in particular for tranche 4 for which a discussion between the company and the investors on the terms of conversion is under way. This total number is multiplied by the price on 30 June 2022 to obtain the value of the ADP on that date.

The following hypotheses are being considered:
- The reference prices for tranches 4, 5 and 6 are €10.1915, €13.4330 and €13.1368
- The share price on the date of conversion is €8.19 (share price on 30 June 2022)

As at 30 June 2022, the fair value of the class C preference shares is 4.2 million euros. The variation in fair value recorded in the financial result is a gain of 2.0 million euros with no impact on cash.

- ✓ Bond issued in March 2022:

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

The bond issue, authorised by the Board of Directors on 27 February 2022, was fully subscribed and released on 4 March 4 2022.

The bonds bear interest based on the Bloomberg Short Term Bank Yield at one month +350 basis points per year paid monthly in cash.

Bonds are convertible into shares at any time into a number of common shares equal to the nominal value divided by 14.

In the absence of bond conversion, they will be repaid in cash upon maturity, that is, on 4 March 2025 at their nominal value. Their repayment will be subject to the repayment of all loans taken out by AB Science with the European Investment Bank.

A share warrant is attached to each bond. The right attached to the BSA will enable one common share of the Company to be subscribed at a unit price of 12.65 euros (including premium and nominal value). BSAs may be exercised at any moment in one or more times as soon as they are issued and until 31 December 2030. BSAs that have not been exercised by 31 December 2030 will lapse and lose all value. BSAs are referred to as equity instruments.

Convertible bonds issued in dollars fall under the definition of debt instruments because the fixed rate to fixed rate rule could not be applied (IFRS 9) and they are therefore recognised as financial liabilities (debt instrument). The embedded derivative on equity shares (conversion option) was recognised separately at fair value in profit or loss while the debt host agreement in USD was assessed at amortised cost in accordance with the effective interest rate determined for the duration of the loan, or three years. These instruments will be valued at fair value on each balance sheet date, the change in fair value being recognised in financial income with no impact on cash.

The fair value of the conversion option was estimated according to the binomial model.

As at 30 June 2022, the fair value of the conversion option was €820K compared to €828K on the date of issue, representing a financial product of €8K.

14.5. Other financial liabilities

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 at 30 June 2022, the fair value of the class D preference shares is €149 K. The change in fair value recorded in the financial result is a profit of €260 K, with no impact on cash.

The other financial liabilities also include the fair value of the ADP C as described in paragraph 13.4 for €4.2M

15 Other current and non-current liabilities

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

(in thousands of euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Social liabilities	-	3,990	-	3,787
Tax liabilities	-	363	-	385
Other debts	-	64	-	44
TOTAL	-	4,417	-	4,217

Social liabilities include the provisions for paid leave and the corresponding social security charges, bonuses paid to employees, and contributions owed to the various social security organisations.

16 Rental obligations

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

(in thousands of euros)	30.06.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Rental obligations	873	385	1,035	379
TOTAL	873	385	1,035	379

17 Turnover

The Company turnover from the commercial operation of masitinib in veterinary medicine amounted to €629 K.

18 Public subsidies and funding

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

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

18.1. Conditional subsidies and funding

Conditional advances are disclosed in Note 13.2 Financial liabilities.

18.2. Research tax credit

The Company benefits from the provisions of the General Tax Code pertaining to the research tax credit. The research tax credit is deducted from eligible research expenditure during the year to which the expenditure relates. The following table presents the changes in the research tax credit recorded in the profit and loss statement:

(in thousands of euros)	30.06.2022	30.06.2021
Research Tax Credit 2022	1,440	
Research Tax Credit 2021		2,031
TOTAL	1,440	2,031

19 Personnel costs

19.1. Workforce

On 30 June 2022, the Group had 100 employees compared to 96 employees on 30 June 2021. The breakdown of the workforce is as follows:

	30.06.2022	30.06.2021
Sales Department	3	3
Drug Discovery and Clinical Department	87	82
Executive & Management Department	10	11
TOTAL	100	96

19.2. Personnel costs

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

(in thousands of euros)	30.06.2022	30.06.2021
Wages and salaries	3,570	3,190
Social contributions	1,342	1,289
Share-based payments	70	68
Staff expenses	4,982	4,547

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

(in thousands of euros)	30.06.2022	30.06.2021
Marketing costs	95	95
Administrative costs	585	488
Research and development costs	4,301	3,963
Staff expenses	4,982	4,547

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.

20 Share-based payments

The accounting charge relating to the 1st half of 2022 related to all payments on the basis of shares is analysed as follows:

(In thousands of euros)	30.06.2022	30.06.2021
Stock option plans	3	1
BSPCE and BSA plans	458	10
AGAP plan	57	57
Total	518	68

20.1. Share subscription option plans

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

	PLANS								
	SO4D	SO5E	SO6A	SO6B	SO6C	SO6D	SO6E	SO7A	SO9A
Date of issuance by the Board of Directors	30/08/2012	26/02/2013	14/05/2014	29/08/2014	24/04/2015	06/10/2015	28/04/2016	30/04/2018	06/12/2018
Vesting date	30/08/2016	26/02/2017	14/05/2018	29/08/2018	24/04/2019	06/10/2019	28/04/2020	30/04/2022	06/12/2022
Plan maturity	28/08/2022	26/02/2023	13/05/2024	28/08/2024	23/04/2025	05/10/2025	27/04/2026	30/04/2028	06/12/2028
Number of options assigned	1373	1500	116335	10875	79940	15550	110640	53000	25120
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1	1	1	1
Exercise price *(in euros)*	10.18	16.89	11.96	10.03	15.8	13.01	17.29	12.65	12
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	PLANS					
	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A	SO2022A
Date of issuance by the Board of Directors	20/05/2019	10/07/2019	17 February 2020	01/09/2020	28/09/2021	28/04/2022
Vesting date	31/07/2019	31/07/2019	17/02/2024	01/09/2024	28/09/25	28/04/2026
Plan maturity	31/05/2023	31/05/2023	16/02/2030	30/08/2030	27/09/2031	27/04/2032
Number of options assigned	274000	59000	65000	143650	138000	5000
Ratio of options to shares (nominal value €0.01)	1	1	1	1	1	1
Exercise price *(in euros)*	12	12	12.65	12.65	13.00	12.65
Performance conditions	Yes	Yes	N/A	N/A	N/A	N/A

Plan valuation:

(in thousands of euros)	SO7A	SO9A	SO2019A	SO2019B	SO2020A	SO2020B	SO2021A	SO2022A	TOTAL
Initial valuation	1.3	0.4	110.2	23.7	2.5	6.4	13.0	0.8	
Accounting cost 30 June 2022	0.1	0.0			0.3	0.8	1.6	0.0	2.9
Accounting cost 30 June 2021	0.2	0.0			0.3	0.8			1.3

Main assumptions	**SO7A**	**SO9A**	**SO2019A**	**SO2019B**	**SO2020A**	**SO2020B**	**SO2021A**	**SO2022A**
Value of the underlying	€4.92	€3.73	€5.17	€5.17	€8.22	€8.79	€13.00	€10.50
Exercise price	€12.65	€12.00	€12.00	€12.00	€12.65	€12.65	€13.00	€12.65
Expected volatility	60.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Average life of the option *(in years)*	7	7	7	7	7	7	7	7
Turnover	46.2%	46.1%	N/A	N/A	46.6%	46.6%	45.3%	38.5%
Discount rate	-0.1%	-0.3%	0.00%	0.00%	-0.31%	0.39%	-0.18%	1.03%
Fair value option	**€1.82**	**€1.20**	**€0.40**	**€0.40**	**€3.13**	**€3.60**	**€6.39**	**€4.89**

20.2. Plans for subscription warrants for business creator shares

Characteristics of the plans

	PLANS AFTER 07/11/2002 OR VESTING AFTER 01/01/2007								
	BCE2007-A	**BCE2007-B**	**BCE2008-A**	**BCE2008-B**	**BCE2008-C**	**BCE2008-D**	**BCE2010-A**	**BCE2012**	**BCE2013**
Date of issuance by the Board of Directors	17/06/2008	16/12/2008	13/01/2009	13/01/2009	19/11/2009	03/02/2010	03/02/2010	30/08/2012	22/04/2013
Number of options assigned	1191	379	321	330 (max.)	185	15	72588	3158636	40554
Ratio of options to shares (nominal value €0.01)	1000	1000	1000	1000	1000	1000	1	1	1
Acquisition conditions: *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.

Plan valuation

In accordance with the principles set out in Note 3, plans granted after 7 November 2002 and not yet vested on 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 30 June 2022										9.5	0.1	9.6
Accounting cost 30 June 2021										9.5	0.1	9.6

Main assumptions	BCE2007A	BCE2007B	BCE3A	BCE3B	BCE2008A	BCE2008B	BCE2008C	BCE2008-D	BCE2010-A	BCE2012	BCE2013
Value of the underlying	€4,992.00	€4,992.00	€1,495.00	€1,495.00	€4,992.00	€4,992.00	€4,992.00	€9,824.00	€9.82	€10.44	€19.00
Exercise price	€7,680.00	€7,680.00	€2,300.75	€2,300.75	€7,680.00	€7,680.00	€7,680.00	€12,280.00	€12.28	€12.50	€18.74
Expected volatility	32.27%	32.27%	32.27%	32.27%	32.27%	32.27%	32.27%	35.00%	35.00%	30.00%	30.00%
Average 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**

20.3. Free preference share plans

Characteristics of the plans:

	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

Conditions in Resolution 2 of the General Meeting of 15 December 2017:

(A) If a phase III study is successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 53%

(B) If two phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 83%

(C) If three phase III studies are successful, excluding mastocytosis and amyotrophic lateral sclerosis, the percentage of preference shares that can be converted into ordinary shares will be 100%

The objectives must be achieved before 31 December 2024.

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

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

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

(D) If the final price is strictly lower than the purchase price increased by 5 euros, the conversion ratio will be equal to zero, which means that no free preferred share can be converted even if the conditions related to the clinical studies are fulfilled.

(E) If the final price is strictly equal or higher than the purchased price increased by 20 euros, the conversion ratio will be equal to 100%, which means that each free preference share can be converted into 100 shares if the conditions related to the clinical studies are fulfilled

(F) If the final price is (i) higher than the purchase price increased by 5 euros and (ii) the value is lower than the purchase price increased by 20 euros, the conversion ratio will be equal to: [(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 from 1 September 2020 onwards will only become convertible if phase 1 of the AB8939 study is successful by 31 December 2024.

Plan valuation:

(in thousands of euros)	AGAP B1 and B2	AGAP B3	AGAP B4	Total
Initial valuation	744.5	207.6	4.0	952.1
Accounting cost 30 June 2022	41.9	14.8	0.5	57.2
Accounting cost 30 June 2021	41.9	14.8	0.5	57.2

21 Financial income and expenses

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

(in thousands of euros)	30.06.2022	30.06.2021
Currency gains	472	(38)
Currency losses	(88)	(9)
Unwinding of discount effect conditional advances	(634)	(37)
Catch Up effect conditional advances	1,123	
Interest on loans and debts	(688)	(21)
Other financial income	2,252	17
Other financial costs	(13)	(16)
Total	2,424	1,386

The financial profit/loss as at 30 June 2022 was a profit of €2,424K compared to a profit of €1,386K one year earlier.

The profit of €2,424K is mainly related to the recognition of the change in fair value between 31 December 2021 and 30 June 2022 of the preference shares resulting from the conversion of bonds in December 2016 (class C) and the preference shares issued in September 2020 (class D), making a financial gain of €2,244K with no impact on cash for the period.

22 Earnings per share

22.1. Basic earnings per share

Basic earnings per share are calculated based on the earnings attributable to holders of shares and a weighted average number of shares outstanding during the fiscal year.

	30.06.2022	30.06.2021
Net result (in thousands of euros)	(7,141)	(4,655)
Weighted average number of shares outstanding during the year	47,124,123	46,839,187
Earnings per share	(0.15)	(0.10)

22.2. Diluted earnings per share

Diluted earnings per share are calculated based on the earnings attributable to holders of shares and a weighted average number of shares outstanding, adjusted for the effects of all potential dilutive shares.

Instruments giving rights to capital on a deferred basis (BSA, SO or BSPCE) are considered to be anti-dilutive as they lead to an increase in earnings per share of the business pursued. Thus, diluted earnings per share are identical to basic earnings per share.

23 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 below.
Furthermore, Mr Alain Moussy has 332,000 BSAs issued in 2016 and subscribed in January 2017 and 1,617,614 BSAR issued in 2014 and subscribed in 2015.

Other than the Chairman, the members of the Board of Directors do not receive any remuneration (directors' fees) or special benefits, with the exception of the BSAs granted.

The following remuneration paid to the Chairman and Chief Executive Officer under the terms of his employment contract has been recorded as an expense in the periods presented:

(In thousands of euros)	30.06.2022	30.06.2021
Short-term benefits	195	195
Share-based payments	48	48
Total	243	243

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.

- 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 57m2 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, rental charges included, of 20,768 euros in 2021.

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.

24 Off-balance sheet commitments

Off-balance sheet commitments are broken down as follows:

(in thousands of euros)	30.06.2022	30.06.2021
Commitments given:	40	40
Guarantee given (1)	*40*	*40*
Commitments received:	65,000	90,000
Loan with the EIB (2)	*15,000*	*15,000*

Consultation with the founding shareholders (3.1)	*0*	*25,000*
Consultation with the founding shareholders (3.2)	*50,000*	*50,000*

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

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

(3) An agreement with historical shareholders to implement a joint value creation strategy for masitinib was signed in June 2021.

(3.1) This agreement is accompanied by the signing of a firm financing option for an amount of 25 million euros over the next 12 months, at the initiative of AB Science, lapsed as of 30 June 2022.

(3.2) This aforementioned financing 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 significant adverse event clause.

These financings from the historical shareholders must fall within the framework of the "private investment" 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. Without which it will lapse.

25 Events after closure

Submission of a conditional marketing authorisation application to the European Medicines Agency (EMA) for masitinib for the treatment of Amyotrophic Lateral Sclerosis (ALS)

AB Science has submitted a conditional marketing authorisation application to the European Medicines Agency (EMA) for Alsitek (masitinib) for the treatment of Amyotrophic Lateral Sclerosis (ALS). This submission is based on the results of the phase 2/3 AB10015 study as well as the long-term survival monitoring of patients in the study. The AB10015 study was a randomised, double-blind, placebo-controlled 48-week treatment study in 394 ALS patients. evaluating Alsitek in combination with riluzole compared to riluzole alone. Detailed results from the AB10015 study and the long-term survival analysis were published in the reviews *Amyotrophic Lateral Sclerosis and Frontotemporal Degeneration* and *Therapeutic Advances in Neurological Disorders*.

This submission follows a pre-submission meeting held with the CHMP rapporteur, at which new data generated with Alsitek in ALS were submitted, in particular a clinical benefit with a 25-month increase in median overall survival for patients with moderate ALS, which is a patient population that closely resembles newly diagnosed patients. During this pre-submission meeting, AB Science also presented how the points raised as part of the previous CHMP evaluation of Alsitek in ALS (EMA/406203/2018) were resolved, in particular:

- The Alsitek mode of action in ALS, which has been well demonstrated and published in peer-reviewed publications.
- A new control of all efficacy and tolerance data and a comprehensive re-evaluation of the Alsitek tolerance database.
- Additional analyses on the primary analytical criterion, ascribing all missing data related to premature treatment interruptions, and conservative analysis ascribing missing data by applying a penalty for patients who discontinued treatment with Alsitek for lack of efficacy or toxicity. These analyses are positive and show an effect of treatment in favour of Alsitek, which is convergent with the main analysis.
- Long-term survival data demonstrating a significant benefit in favour of Alsitek in patients with moderate ALS (25-month difference in median overall survival between treatment groups, hazard ratio 0.56 (95%CI [0.32;0.96])).

This request has been validated by the EMA and the review by the Committee for Medicinal Products for Human Use (CHMP) has begun. The CHMP has a 210-day evaluation objective to review the marketing application.

Favourable recommendation of the Independent Data Monitoring Committee to continue the Phase 2 study evaluating the antiviral activity of masitinib in the treatment of Covid-19

AB Science announced the continuation of the Phase 2 study evaluating the antiviral activity of masitinib in patients with a confirmed diagnosis of COVID-19, following the recommendation of the Independent Data Monitoring Committee (IDMC).

This phase 2 (AB21002), randomized (1:1) double-blind study conducted with 78 patients aims to evaluate the antiviral efficacy of masitinib in non-hospitalised patients at risk of developing severe COVID-19 and in hospitalised patients requiring oxygen (via a mask or nasal cannula).

The analysis aimed to evaluate the safety of the treatment and was based on the first 50% of the target recruitment of the study. The IDMC indicated that there was no safety problem and recommended that the study be continued without restrictions.

This study targets the same population as registered antiviral treatments, namely Paxlovid® (Pfizer) and Molnupiravir® (Merck).

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

C. REPORT FROM THE AUDITORS ON THE REVIEW OF THE CONDENSED SIX-MONTH CONSOLIDATED ACCOUNTS CONSOLIDATED AS AT 30 JUNE 2022