AB SCIENCE

ANNUAL FINANCIAL REPORT

AS OF 31 DECEMBER 2022

AB SCIENCE S.A.

Société Anonyme (French public limited company) with a share capital of 531,994.53 euros

Registered office: 3, avenue George V, 75008 PARIS

438 479 941 RCS Paris

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MANAGEMENT REPORT

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 French company specialising in the research, development and marketing of synthetic therapeutic molecules for pathologies with high medical need, in diseases of the central nervous system, cancers and inflammatory diseases. AB Science has also launched a clinical development programme for the treatment of COVID-19.

AB Science is in the clinical development stage, with two platforms:

- The first platform is based on masitinib, a protein kinase inhibitor in late-stage development in the fields of neurodegenerative diseases, oncology, and inflammatory diseases.

  In human medicine, masitinib has completed a first phase 2B/3 cycle developed in three neurodegenerative pathologies (amyotrophic lateral sclerosis, Alzheimer's disease, progressive multiple sclerosis), in two cancers (metastatic castrate-resistant prostate cancer, locally advanced pancreatic cancer), in two inflammatory pathologies (indolent systemic mastocytosis, severe asthma). AB Science has been commercially exploiting masitinib in Europe since 2009 in veterinary medicine in canine cancer (dog mastocytoma) under the trade name Masivet®.

- The second platform is a portfolio of next generation synthetic microtubule destabilisers comprising AB8939 (intravenous formulation) for haematology indications, currently in phase 1, and a second compound (oral formulation) for sarcoma and solid tumours, which is ready to enter regulatory pre-clinical development.

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.

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.

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 103 people.

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.

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

2.1 Clinical development events

Submission of 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 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

In December 2022, AB Science announced that it had received a Notice of Deficiency (*NOD*) from the Canadian health authority. This *NOD* means that Health Canada has requested additional information to be shared as part of the masitinib marketing application. Initially, AB Science had 90 days to respond to this notice, but since the regulatory procedures of the EMA and Health Canada were concurrent and in order to guarantee the best quality of responses in these two procedures, AB Science, in agreement with Health Canada, deferred response to Health Canada for 30 days. AB Science responded to this Notice of Deficiency.

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.

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 announced in August 2022 that it had submitted a conditional marketing authorisation application to the European Medicines Agency (EMA) for 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 masitinib in combination with riluzole compared to riluzole alone. Detailed results from the AB10015 study and the long-term survival analysis were published in *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 masitinib 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 masitinib in ALS (EMA/406203/2018) were resolved, in particular:

- Masitinib's mode of action in ALS, which has been well demonstrated and published in peer-reviewed literature.
- A new check of all efficacy and tolerance data and a comprehensive re-evaluation of the masitinib 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 masitinib for lack of efficacy or toxicity. These analyses are positive and show an effect of treatment in favour of masitinib, which is convergent with the main analysis.
- Long-term survival data demonstrating a significant benefit in favour of masitinib 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.

In April 2023, AB Science announced that it had submitted its responses to the D120 evaluation of the procedure.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of progressive forms of 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).

This study has also been authorised by several European agencies as well as by the American Food and Drug Administration (FDA).

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.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of Alzheimer's disease

AB Science announced in October 2022 that it has received from the French Medicines Agency (ANSM) as well as from AEMPS (Spanish agency) and EOF (Greek agency), the first regulatory authorisations to initiate its confirmatory phase 3 study (AB21004) evaluating masitinib in patients with mild to moderate Alzheimer's disease.

This study has also been authorised by the American Food and Drug Administration (FDA).

The AB21004 study is a phase 3 randomised double-blind study aimed at evaluating the safety and efficacy of masitinib in patients with mild or moderate Alzheimer's disease, in combination with reference treatments, namely inhibitors cholinesterase and/or memantine. The study has to recruit 600 patients with a confirmed clinical diagnosis of mild or moderate Alzheimer's disease, which corresponds to an activities of daily living (ADCS-ADL) score of less than 73 and an MMSE score (Mini Mental State Examination) between 14 and 25, inclusive.

The objective of study AB21004 is to confirm the effect of treatment with masitinib at a dose of 4.5 mg/kg/day in addition to a cholinesterase inhibitor and/or memantine in patients with mild to moderate Alzheimer's disease. The main endpoint of the study will be to assess the effect of masitinib on the change in the ADCS-ADL score and the ADAS-Cog-11 score, compared to inclusion.

This confirmatory study follows a first positive phase 2B/3 study (AB09004) which showed that masitinib can generate a significant effect compared to placebo on the primary endpoint corresponding to the change in the ADAS-cog score in relation to inclusion, an instrument that measures the effect on cognition and memory. Specifically, masitinib at a dose of 4.5 mg/kg/day (n=182) showed a significant benefit compared to placebo (n=176), with a change in the ADAS-cog score compared to inclusion of -1.46 (representing overall improvement in cognition) versus +0.69 (representing increased cognitive deterioration) respectively; i.e. a difference in the ADAS-cog score between the groups of -2.15 (97.5% CI [-3.48, -0.81]), p=0.0003. The positive results of this study have been published in the internationally renowned and peer-reviewed *Alzheimer's Research & Therapy* journal.

2.2 Other events

Drawing of the first tranche of €6 million under its financing contract with the European Investment Bank

AB Science announced in December 2022 that it had received payment of €6.0 million as the first tranche of the €15 million loan granted by the European Investment Bank (EIB).

The contract signed with the EIB provides for financing in two tranches of 6.0 million euros and a third tranche of 3.0 million euros, each subject to the fulfilment of certain conditions precedent, which have been satisfied for the first two instalments. Each loan tranche is accompanied by the issue of warrants, the number of which is calculated in relation to a reference price of 14 euros based on the following formula: Number of warrants = Amount of tranche / (14 x m) with m = 3.4 for tranche 1 and 3.7 for tranche 2.

The first tranche has a maturity of six years and is therefore repayable in December 2028. It is accompanied by a capitalised annual interest rate of 9.0% and the issue of 126,050 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 8.61 euros for 15 years. These warrants represent 0.24% of the current capital of the Company (if they were to be exercised in their entirety).

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

AB Science announced in February 2022 that it had 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.

The term of this bond, initially three years, has been extended to the end of 2028.

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 lodged an appeal with the Paris Court of Appeal.

The Chairman of the AMF has also appealed the decision by the Enforcement Committee. It concerns in particular the exoneration of Alain Moussy.

Other transferable securities transactions

During 2022 the following were awarded:

- 183.040 share subscription warrants, including 50.000 to a historical investor, 126.50 to the European Investment Bank under the financing agreement (see above) and 6.990 to directors
- 5.000 stock options to an employee

Other information

AB Science confirms its eligibility for the PEA-PME in accordance with decree no. 2014-283 of 4 March 2014 taken for the application of article 70 of law no. 2013-1278 of 29 December 2013 on finance for 2014 establishing the eligibility of companies for the PEA-PME, i.e.: less than 5.000 employees on the one hand, and annual turnover of less than €1.5 billion or a balance sheet total of less than €2 billion, on the other hand.

3 RECENT EVENTS SINCE THE END OF THE FINANCIAL YEAR

3.1 Clinical development events

First complete bone marrow response in a patient with acute myeloid leukaemia in a Phase I/II clinical trial with AB8939

In March 2023, AB Science reported a case from the initial phase of its Phase I/II study (AB18001) evaluating AB8939, a microtubule destabiliser, in patients with refractory and relapsed acute myeloid leukaemia (AML).

The AML patient in question had failed previous treatment with azacitidine and had a rearrangement of the MECOM gene, a biomarker of resistance to standard chemotherapies associated with a high risk of disease progression and poor prognosis.

One month after the first treatment cycle (i.e. three consecutive days of treatment with AB8939), a drastic reduction in bone marrow blast cells (i.e. leukaemic cells) was observed, which decreased from a level of 55% to 5% before treatment (i.e. a morphological state without leukaemia). Remarkably, this response was obtained at a very low dose of AB8939, corresponding to the second increased dose step (out of 13 potential steps) in the phase I study. The patient also showed excellent tolerance to AB8939 and did not experience any treatment-related toxicity. At the request of the investigator, AB Science has authorised additional treatment cycles of AB8939 for this patient. One month after the second cycle of three consecutive days of treatment at this dose, a good response was maintained with bone marrow blasts at 10% (corresponding to a 5-fold reduction from pre-treatment level). A third treatment cycle has been initiated for this patient.

Considering the entire study to date, there have been no signs of moderate, severe or very severe toxicity and approximately 50% of patients have requested additional treatment cycles of AB8939 after the first treatment cycle and a measurement on the 28th day.

3.2 Other events

Drawing of the second tranche of €6 million under its financing contract with the European Investment Bank

AB Science announced in January 2023 that it had received payment of €6.0 million as part of the second tranche of the €15 million loan granted by the European Investment Bank (EIB).

The second tranche, also amounting to €6.0 million, has a maturity of five years and is therefore repayable in January 2028. It is accompanied by a capitalised annual interest rate of 7.0% and the issue of 115,830 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 14.0 euros for 15 years. These warrants represent 0.22% of the current capital of the Company (if they were to be exercised in their entirety).

Focusing the development strategy on amyotrophic lateral sclerosis with the masitinib platform and on the second microtubule platform and seeking partnerships for non-rare disease indications of masitinib

On 21 April 2023, AB Science announced its decision to focus its development strategy as follows:

- *Focus of current resources on the development of masitinib in amyotrophic lateral sclerosis and the development of the Microtubule Destabilising Agents (MDA) platform, with the clinical development of AB8939 in refractory acute myeloid leukaemia and the initiation of regulatory preclinical development of a new oral molecule in the same microtubule class for sarcoma and solid tumours.*

  AB Science intends to focus the majority of its clinical resources on the development of rare diseases with masitinib, on the development of the microtubule platform with AB8939 and on future molecules of the same family due to the very encouraging initial results.

- *Acceleration of the licence application process for masitinib in non-rare disease indications, with priority given to progressive multiple sclerosis and Alzheimer's disease.*

  This acceleration is possible now that confirmatory phase 3s have been cleared by the FDA in the US and the major European agencies. To do this, AB Science has enlisted the services of a leading investment bank.

  This licence application is a priority in the Company's strategy, given the number of clinical studies already conducted and the maturity of the pipeline, and given the additional investment required to complete the clinical programme through to marketing authorisation. AB Science notes that the time taken for this licence application is not predictable and that the achievement of a licence depends on a number of factors and is not guaranteed. However, the milestones achieved at this stage are key factors contributing to the feasibility of this strategy.

As a result of its focused strategy, AB Science has decided to change its organisational structure, which should lead to a significant reduction in costs. AB Science has filed a redundancy plan with the authorities, aiming to cut no more than 41 posts (out of a total of 100 employees).

This strategic focus also strengthens and perpetuates the existing alliance between certain AB Science shareholders and Alain Moussy.

Capital increase for an amount of EUR 15 million.

On 24 April 2023, AB Science announced the success of its capital increase through the issue of new ordinary shares to each of which are attached share subscription warrants with cancellation of the shareholders' preferential subscription rights.

The capital increase consisted of a private investment pursuant to the provisions of Articles L. 225-136 of the *Code de commerce* [French Commercial Code] and L. 411-2, 1° of the *Code monétaire et financier* [French Monetary and Financial Code] and was carried out with the cancellation of the preferential subscription right, under the delegation of authority granted to the Board of Directors by virtue of the twentieth resolution of the Combined General Meeting of shareholders of 29 June 2022. It gives rise to the issue of 2,608,686 new ordinary shares ("**ABSA**") to each of which is attached a share subscription warrant ("**BSA**").

The Capital Increase was made by cash contribution in the amount of approximately 11.5 million euros and by offsetting receivables for the balance, i.e. approximately 3.0 million euros (receivables related to the pre-financing of the research tax credit for the 2020 financial year and maturing in 2023, as well as approximately 500,000 euros of interest due to date under the convertible bonds issued in February 2022).

Two share subscription warrants giving the right to subscribe to one share, all 2,608,686 ABSAs and all 1,304,343 new shares that would be issued upon exercise of the share warrants, i.e. a total of 3,913,029 shares in the Company, represent 7.36% of the Company's current share capital.

The issue price of the ABSAs was set at 5.75 euros (0.01 euro nominal value and 5.74 euros issue premium) and the exercise price of the BSAs at 8,625 euros, thus representing a total fundraising of approximately 15.0 million euros (taking into account the exercise of the BSAs, the maximum amount of the capital increase could be raised to approximately 26.3 million euros)

The BSAs may be exercised from 1 January 2025 to 31 December 2030.

Restructuring of the convertible bonds issued in February 2022 and the Class C preference shares

AB Science announced on 21 April 2023 that it had negotiated an agreement in principle under which the terms and conditions of the bond issue agreement (entered into with the holders of the convertible bonds issued in February 2022) would be amended to provide for the automatic conversion of all of the convertible bonds into ordinary shares of AB Science on 15 July 2023 on the basis of a price per share of EUR 5.75 (i.e. the subscription price of the ABSAs).

An agreement in principle has also been negotiated with the holders of Class C preference shares (the "**ADPCs**"). The ADPCs would be bought by AB Science for a symbolic euro with a view to their cancellation. 520,786 share subscription warrants (each warrant entitling the holder to subscribe for one ordinary share of AB Science at par value for a period of 12 months) will be issued in substitution for the ADPCs. In addition, still in substitution of the ADPCs, a new class of preference shares would be created, benefiting from a priority dividend (equal to 1.25% of the net sales of masitinib or of any licensing royalties, up to a limit of €9.0 million) and convertible into 750,000 ordinary shares of AB Science if the share price of AB Science exceeds a threshold of €30 for more than 90 consecutive days.

These agreements will be submitted to AB Science shareholders for approval at the next annual general meeting, Alain Moussy having declared that he was in favour of the planned restructuring.

Finally, it will be proposed to the shareholders to extend the duration of certain lines of warrants already issued, to take into account the changes in AB Science's strategy and its clinical portfolio.

Renewal of the Term Capital Increase Programme (PACT - *Programme d'Augmentation de Capital à Terme*) entered into by AB Science with Alpha Blue Ocean

From the date of publication of this annual report and for a period of 24 months, Alpha Blue Ocean has undertaken to subscribe, at AB Science's request, to capital increases in tranches of between 500,000 and 1.0 million shares, up to an overall limit of 4.0 million shares (i.e. 7.2% on the basis of the share capital after the capital increase announced on 24 April 2023). These capital increases will be carried out on the

basis of the twenty-eighth resolution of the combined general shareholders' meeting of 29 June 2022 (as renewed if applicable).

As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 27 April 2023, or 6.27 euros, the amount of the additional equity funds that could be raised would be around 25 million euros.

Characteristics of PACT®

For each tranche subscribed by Alpha Blue Ocean, the issue price of the new AB Science shares will be equal to the volume-weighted average price of the AB Science share on Euronext Paris during the three trading sessions preceding the drawdown request.

For each tranche, and after delivery of the AB Science shares subject to the corresponding capital increase, 80% of the issue proceeds will be placed in an escrow account. The balance of the issue proceeds will be retained by AB Science.

According to pre-established trading rules for each tranche, Alpha Blue Ocean will be responsible for the orderly disposal of the AB Science shares thus subscribed. 95% of the sale proceeds (less a structuring fee) will be paid monthly to AB Science, directly by Alpha Blue Ocean or by drawing on the escrow account referred to above.

AB Science has no obligation to draw on PACT™ and will only draw on this innovative financing solution if needed and if market conditions allow for its optimal implementation, in the best interest of AB Science and its shareholders.

At each drawdown, the number of shares issued under this agreement and admitted to trading will be the subject of a Euronext notice as well as specific communication on the AB Science website.

Investors are invited to take note of the risks associated with this transaction, which is potentially dilutive by 7.2% on the basis of the capital after the capital increase announced on 24 April 2023 and which could create downward pressure on the AB Science share, as mentioned in sections 6.4.4 and 6.4.6. Investors are also advised to be cautious before deciding to invest in a company that carries out such transactions, particularly when they are carried out in succession. AB Science recalls that this is not the first dilutive financing transaction it has put in place.

4 FORESEEABLE CHANGES IN THE GROUP'S SITUATION AND FUTURE PROSPECTS

In 2023, AB Science continues to allocate the majority of its resources to the further development of these two development platforms.

The first platform is based on masitinib, a compound in late-stage development in the areas of oncology, inflammatory diseases and neurodegenerative disorders. AB Science will continue the clinical development of masitinib in amyotrophic lateral sclerosis and orphan diseases and accelerate the licence application process for masitinib in non-rare disease indications, with a focus on progressive multiple sclerosis and Alzheimer's disease.

The second platform is a portfolio of a new generation of synthetic microtubule destabilisers comprising AB8939 (intravenous formulation) for haematology indications, currently in phase 1, and a second compound (oral formulation) for sarcomas and solid tumours. AB Science will pursue phase 1/2 of the AB8939 molecule in refractory or relapsed acute myeloid leukaemia or refractory myelodysplastic syndrome and plans to begin regulatory preclinical development of the second molecule.

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.

5 MANAGEMENT'S COMMENTS ON THE GROUP'S ANNUAL FINANCIAL REPORT

5.1 Operating results

Summary statement of comprehensive income on 31 December 2022 (IFRS standards):

(In thousands of euros)	31.12.2022	31.12.2021
Net turnover	958	1,607
Operating profit	(15,937)	(13,808)
Net profit (loss)	(13,615)	(14,463)
Overall profit (loss) for the period	(13,356)	(14,189)
Earnings per share - in euros	(0.29)	(0.30)
Diluted earnings per share - in euros	(0.29)	(0.30)

Operating revenue

(In thousands of euros)	31.12.2022	31.12.2021
Net turnover	958	1,607
Other income		0
Total operating income	958	1,607

Operating income, exclusively consisting of revenue from the operation of a veterinary medicine drug, amounted to €958K on 31 December 2022, compared to €1,607K one year earlier.

Operating costs

(In thousands of euros)	31.12.2022	31.12.2021
Cost of sales	31	111
Marketing expenses	480	493
Administrative costs	3,040	3,578
Research and development costs	13,345	11,233
Other operating costs	0	0
Total operating costs	16,896	15,415

On 31 December 2022, operating costs amounted to €16,896K compared to €15,415K on 31 December 2021, an increase of 9.6%.

Marketing costs remained stable compared to 31 December 2021, going from €493K on 31 December 2021 to €480K on 31 December 2022.

Administrative costs fell by 15 %, from €3,578K on 31 December 2021 to €3,040K on 31 December 2022.

Research and development expenses increased by €2,112K or 18.8% from €11,233K on 31 December 2021 to €13,345K on 31 December 2022.

Operating profit/loss

The operating profit/loss on 31 December 2022 corresponds to a loss of €15,937K, compared to a loss of €13,808K on 31 December 2021, i.e. an increase in the operating deficit of €2,129K (15.4%) .

Financial profit/loss

The financial profit/loss on 31 December 2022 was a profit of €2,326 K compared to a loss of €618K one year earlier.

The profit of €2326K on 31 December 2022 is mainly related to the recognition of the change in fair value between 31 December 2022 and 31 December 2021 of the preference shares resulting from the conversion of bonds in December 2016 (class C) i.e. a financial gain of €2,557K with no impact on cash for the period. The valuation of this financial liability is explained in section 20 to the consolidated financial statements in this report.

Net profit (loss)

The net loss on 31 December 2022 was €13,615K compared to €14,463K on 31 December 2021, a decrease of 5.9%, for the reasons mentioned above.

5.2 Cash and capital resources

Assets

Balance sheet items in thousands of euros	31.12.2022	31.12.2021
Fixed assets	1,939	1,705
Rights of use relating to rental contracts	955	1,312
Non-current financial assets	74	67
Inventories	456	141
Customers	161	310
Other current assets	12,987	9,015
Cash and cash equivalents	7,269	8,721
Total assets	23,841	21,271

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 €1,626K on 31 December 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 €955K on 31 December 2022 compared to €1,312K on 31 December 2021.

Inventories amounted to a net value of €456K on 31 December 2022 compared to €141K on 31 December 2021.

Trade receivables amounted to €161K on 31 December 2022 compared to €310K on 31 December 2021.

As at 31 December 2022, there are no current financial assets.

Financial assets are cash instruments with a maturity of more than three months. As at 31 December 2022, no cash instruments had a maturity of more than three months.

The other current assets increased by €3,972K (€9,015K on 31 December 2021 compared to €12,987K on 31 December 2022).

Total cash and current financial assets amounted to €7,269K on 31 December 2022 compared to €8,721K on 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 31 December 2022.

(In thousands of euros) - IFRS	Company's equity
Equity on 31 December 2021	(23,198)
Overall profit (loss) for the period	(13,356)
Equity instruments - BSA	117
Share-based payments	763
Equity on 31 December 2022	(35,670)

On 31 December 2022, the Company's equity was negative and amounted to €35,670K.

It will be proposed to the General Meeting which must approve the accounts as at 31 December 2022, that the company be continued in accordance with Article L. 223-42 of the Commercial Code.

Current liabilities amounted to €23,079K on 31 December 2022 compared to €17,482K at the end of 2021, an increase of 32%.

This increase (€5,597K) is mainly explained by the following effects:

- increase in current financial liabilities: €4,082K linked to the conclusion in July 2022 of a loan issued as part of the pre-financing of the 2020 research tax credit of $3.3 million and the reclassification of the portion at less than one year as state-guaranteed loans (€949K)
- decrease in current provisions: €875K mainly related to the reversal of the provision for the fine imposed by the financial markets authority reclassified as accrued liabilities
- increase in other current liabilities: €1,525K, mainly related to the provision for the fine imposed by the French financial markets authority
- increase in trade payables: €880K

Non-current liabilities amounted to €36,432K on 31 December 2022, compared to €26,986K on 31 December 2021, an increase of €9,446K which is related to the increase in financial non-current liabilities.

The increase in non-current financial liabilities amounted to €9,697K on 31 December 2022 and can be explained mainly due to the following effects:

- the subscription to a bond loan convertible into shares of 8 million euros
- drawing of the first tranche of €6 million under its financing contract with the European Investment Bank
- the decrease in fair value of all preference shares (class C) between 31 December 2021 and 31 December 2022 (2.6 million euros)
- the reclassification as current financial liabilities of the part at less than one year of loans guaranteed by the State (€949K)

Details of financial liabilities are explained in section 20 of the consolidated financial statements in this report.

6 RISK FACTORS

6.1 Strategic risks

6.1.1 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. 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.

6.1.2 Risk of dependence on masitinib

As of 31 December 2022, 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. Thus, AB Science has developed an exclusive in-house platform of next-generation synthetic microtubule destabilising agents (MDAs). To date, two such microtubule destabilising agents have entered its drug development pipeline. AB8939 is being developed for haematological malignancies and is in early clinical trials. A second MDA, administered orally, is under development for oncology indications and is beginning regulatory preclinical studies, which are necessary to launch phase 1 clinical trials.

6.1.3 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 2022, its cumulative consolidated net losses (retained earnings and loss for the period) amounted to 270 million euros. The negative cash flows generated by AB Science's operations amounted to 17.2 million euros and 17.7 million euros for the year ended 31 December 2020 and the year ended 31 December 2022 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.

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.

6.1.4 Risks linked to government grants and the research tax credit

- 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 2022 amounted to €4,008K.

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. Therefore, the CIR for the years 2020 and 2021 has not yet been collected by AB Science, as questions and requests for justifications and additional documents have been made by the administration.

Thus, a challenge to the CIR by the authorities or a change in regulations could have an unfavourable impact on AB Science's business, results, financial situation and prospects.

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

- 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 2022, 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.

6.1.5 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.

6.1.6 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.

6.1.7 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.

6.1.8 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.

6.1.9 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 2022, Alain Moussy and other shareholders, members of the same pact and acting in concert, are holding 40.4% of the share capital and 47.2% 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.

6.2 Operational risks

6.2.1 Risks related to dependence on third parties

- 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.

- 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.

6.2.2 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.

6.2.3 Risks related to AB Science's competitive environment

The markets in which AB Science operates, namely the research and development of small therapeutic molecules resulting from chemical synthesis, 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.

6.2.4 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.

6.2.5 Risks related to information systems

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

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

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

6.3 Regulatory and legal risks

6.3.1 Risks related to the regulatory environment

- Pharmaceutical regulation

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

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

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

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

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

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

- Financial regulation

AB Science ordinary shares are listed on Euronext Paris, Compartment B. The company is therefore controlled by the French Financial Markets Authority (AMF), which regulates the players and products of the French financial markets. The AMF conducts investigations and inspections and has the power to impose sanctions. The company or its managers could therefore be exposed to disciplinary and financial sanctions if the AMF finds deviations from the applicable regulations.

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, on 24 March 2022, the AMF's Enforcement Committee completely exonerated Alain Moussy, Chairman and Chief Executive Officer, prosecuted for insider trading, but stated that AB Science should have communicated from 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. 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 lodged an appeal with the Paris Court of Appeal. The proceedings are currently pending before the Paris Court of Appeal.

6.3.2 Risks relating to AB Science patents and those of third parties

- 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 newer patent is currently pending. 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.

Pursuant to this strategy, AB Science files patents for each indication whenever possible before extending the period of exclusivity by twenty years. For example, AB Science has filed a patent for methods of treating amyotrophic lateral sclerosis (ALS) with its flagship molecule, masitinib. Intellectual property protection for masitinib is thus ensured for ALS until 2037 in the following countries

- Europe (Patent EP 3240538) - Granted / Effective (March 2037)
- USA (Patent US 10092564) - Granted / Effective (March 2037)
- China (Patent ZL201780019760.9) - Granted / Effective (March 2037)
- Japan (waiting for patent number) - Application accepted (March 2037)
- Eurasia (Patent EA 201800499) - Granted / Effective (March 2037)
- Israel (Patent IL 261856) - Granted / Effective (March 2037)
- Mexico (Patent MX 390495) - Granted / Effective (March 2037)
- Singapore (Patent SG 11201808106Y) - Granted / Effective (March 2037)
- South Korea (Patent KR 10- 2293847) - Granted / Effective (March 2037)
- Australia (Patent AU M53001274) - Granted / Effective (March 2037)
- New Zealand (Patent NZ 745778) - Granted / Effective (March 2037)
- South Africa (Patent ZA 2018- 05810) - Granted / Effective (March 2037)

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.

- 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.

6.3.3 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.

6.3.4 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.

6.4 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:

6.4.1 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 on 31 December 2022 is presented in note 11 to this report

6.4.2 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 €1,175K of its operating expenses denominated in currencies other than the Euro in 2022. 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 €77K operating income.
- A variation in the £/euro exchange rate of plus or minus 10% would have a negligible impact on its income and equity (€9K).

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.

6.4.3 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 20 to the consolidated financial statements of 31 December 2022.

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.

6.4.4 Liquidity risk

In view of the amounts of cash, cash equivalents and current financial assets available to it on 31 December 2022 (as detailed in chapters 15 and 16 of the notes to the consolidated financial statements on 31 December 2022) 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.

AB Science nevertheless indicates that its liquidity management depends, in part, on the PACT programme put in place with Alpha Blue Ocean and renewed on 28 April 2023, as indicated in section 3 of this report. AB Science would like to point out the risks associated with this programme:

- Even though trading rules will be given by AB Science to Alpha Blue Ocean, the shares subscribed by Alpha Blue Ocean may be sold on the market at very short notice, which may create strong downward pressure on the AB Science share price. Shareholders may suffer a loss of their invested capital due to a significant decrease in the value of the company's shares, as well as significant dilution due to the large number of securities that may be issued to Alpha Blue Ocean.
- The commitment of the Alpha Blue Ocean fund is to a number of shares to be subscribed and not to a subscription amount.
- The amount ultimately obtained by AB Science will depend on the market price of the AB Science share on Euronext Paris at the time of the drawdown of each tranche and on the evolution of the market price during the periods of orderly disposal of the shares subscribed by Alpha Blue Ocean. If the share price of AB Science shows a downward trend after a drawdown, AB Science will ultimately receive less than the issue proceeds initially paid by Alpha Blue Ocean for the relevant tranche.

6.4.5 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.

6.4.6 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.

Dilution risks are specific to the PACT™ programme put in place with ABO (as described in sections 3 and 6.4.4). Following the issuance of the ordinary shares that may be issued in the event of full utilisation of PACT™, the share capital (including all classes of shares) of AB Science will amount to EUR 598,081.39 (including 53,500,211 ordinary shares), representing approximately 7.2% of the existing share capital of AB Science. By way of illustration, a shareholder holding 1.0% of the share capital of AB Science prior to the full use of PACT™ will hold 0.93% of the share capital of AB Science after the issuance of the ordinary shares that may be issued in the event of full use of PACT™.

7 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

7.1 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.

7.2 Internal control organisation

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.

7.3 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.

7.4 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;

7.5 Risk management

7.5.1 Procedures relating to the operational process

The year 2022 was marked by the implementation or preparation for the implementation of new essential regulations and guidelines that affected all of the company's processes. The main ones being:

- With regard to clinical drug trials
  - The new European Regulation 536/2014 on clinical trials on medicinal products for human use, adopted in May 2014, came into force on 31 January 2022. It replaces Directive 2001/20/EC.
  - It is associated with the creation of the Clinical Trial Information System (CTIS), a single entry point for clinical trial applications and authorisations from all 27 Member States of the European Union (EU) to which s added Iceland, Liechtenstein and Norway, as signatory countries to the European Economic Area (EEA) treaty. This portal replaces Eudra-CT. It standardises processes related to the submission, evaluation and monitoring of clinical trials carried out within the EU and the EEA.
  - French Decree No 2022-323 of 4 March 2022 relating to research involving humans and clinical drug trials.
  - ANSM's updated notice for sponsors published the week of 31 January 2022 at "https://ansm.sante.fr/page/essais-cliniques-procedures-pour-la-constitution-et-le-traitement-des-demandes-relevant-du-reglement-europeen-sur-les-essais-cliniques-de-medicament". It has 7 parts, covering all the stages of a clinical trial.
- With regard to Pharmacovigilance practices

  ANSM has published a new version of good pharmacovigilance practices. This update follows that of 2018. It reflects the changes introduced in the French legislation regarding derogatory access to medicines. It also clarifies the process and responsibilities for the reporting and processing of cases of Medication Errors with no Adverse Drug Reaction (ADR). Details are also added in the chapter dedicated to the role of marketing authorisation holders and operators. As a reminder, pharmacovigilance, a.k.a. drug safety, is the pharmaceutical science relating to the collection, detection, assessment, monitoring and prevention of adverse effects with drugs. It is exercised continuously and constitutes an essential element of the control of the safety of medicinal products benefiting from a marketing authorisation or exceptional access. This version follows the strengthening of the pharmacovigilance system both at national and European level and adapts the exercise of pharmacovigilance at national level.
- With regard to the derogatory access system to medicines (ATU, post-ATU, RTU, etc.)
  - The reform of the derogatory access to drugs system (ATU, post-ATU, RTU, etc.) entered into force on 01 July 2021 following the publication of French Decree No 2021-869 of 30 June 2021 relating to early access authorisation (AAP) and compassionate access authorisation (AAC) (pursuant to article 78 of the LFSS 2021). This decree details the conditions and procedures for granting, suspending or withdrawing authorisations for early or compassionate access.
  - Clarifications have been provided on early and compassionate access systems in French Decree No 2022-164 of 11 February 2022 on compassionate prescribing frameworks and amending the provisions of the *code de la santé publique* [French Public Health Code] relating to early access and compassionate authorisations. This decree specifies in particular the conditions for the development, modification, suspension or withdrawal, by the ANSM, of compassionate prescription frameworks (CPC).
- With regard to good manufacturing practices – GMP

- Appendix 1 of the Good Manufacturing Practices (GMP) has been extensively reworked by the Inspector Working Group. The collaboration between EMA, PIC/S, and OMS provides an update following changes in the sector, but also a standardisation of the various world regulations. The text, approved by the working group before the summer, was approved on 22 August 2022 by the European Commission and officially published on Eudralex Volume 4 on 25 August 2022. Contrary to standard practices, its implementation deadline was set to one year instead of six months (25 August 2023), with an exception for section 8.123 concerning freeze dryers, which can be implemented in two years time (25 August 2024).
- A new version of the Guidance on Investigating Out-of-Specification (OOS) Test Results for Pharmaceutical Production was released by the FDA in May 2022.

- With regard to pharmaceutical risk analysis and other ICHs

  A new version of ICH Q3D (Guide For Elemental Impurities) was published on 26 April 2022. The ICH Q3D(R2) will come into effect on 24 September 2022. This version includes revisions and adaptations in Appendices 2 and 3. Appendix 5 was added.

- With regard to medicines for veterinary use

  Regulation 2019/6 on veterinary medicinal products entered into force on 29 January 2022 => This is a reform of the regulations applicable to veterinary medicinal produces which replaces volume 9B. This text is binding on the Member States of the European Union and therefore on all companies involved in the distribution and prescription chain of the countries concerned, including France (Regulation (EU) 2019-6).

7.5.2 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 for the American subsidiary AB Science LLC is 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. The Company has also engaged the services of an external IFRS consultant.

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 30th June and 31st December of each year. AB Science SA's financial statements are audited on the same dates. Each subsidiary prepares its own individual accounts based on the local accounting standards in force. For consolidation purposes, the same chart of accounts in IFRS format is used by all the companies in the Group. The data are then reprocessed based on IFRS standards.

Budget and monthly reporting

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

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

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

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

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

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

Budget

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

7.5.3 Accounting and financial information procedures

During the 2022 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.
- Data retention. These involve:
  - 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.
- Stock 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. These are to:
  - 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. These are to:
  - 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. These involve:
  - 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.
- Accounting computer system security. 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.

7.6 Monitoring of 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.

7.7 Evolution outlook

During 2023, 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.

8 GENERAL INFORMATION CONCERNING THE CAPITAL

8.1 Share capital

On 31 December 2022, the Company's share capital amounted to 531,994.53 euros, divided into 53,199,453 shares with a par value of 0.01 euro each, fully paid up.

The share capital as of 31 December 2022 is made up of:

- 46,891,525 ordinary shares
- 45,134 Class B preference shares (the terms and conditions of these Class B preference shares are detailed in paragraphs II. and III of article 11 of the articles of association of AB Science)
- 262,794 Class C preference shares (the terms and conditions of these Class C preference shares are detailed in paragraphs IV and V of article 11 of the articles of association of AB Science)
- 6,000,000 Class D preference shares (the terms and conditions of these Class D preference shares are detailed in paragraphs VI and VII of article 11 of the articles of association of AB Science)

8.2 Modifications to the share capital

The table below shows the changes in the Company's share capital over the last three financial years.

Date	Type of operations	Number of shares created	Share category	Nominal value (€)	Number of shares accumulated				Increase in capital (€)	Share or acquisition premium (€)	Capital after transaction (€)
					Class A	Class B	Class C	Class D			
CEO decision 05/03/20	New shares issue	860,220	A	€0.01	44,353,653	41,458	525,406		€8,602.20	€6,085,384	€449,205.17
CEO decision 05/03/20	Exercise of share subscription warrants	224,507	A	€0.01	44,578,160	41,458	525,406		€2,245.07	€1,232,543	€451,450.24
Turnover 29/10/20	Exercise of stock options	353	A	€0.01	44,578,513	41,458	525,406		€3.53	€2,517	€451,453.77
Turnover 01/09/20	Issue of D preference shares	6,000,000	D	€0.01	44,578,513	41,458	525,406	6,000,000	€60,000.00	€181,231	€511,453.77
Turnover 28/09/20	Exercise of share subscription warrants	233,266	A	€0.01	44,811,779	41,458	525,406	6,000,000	€2,332.66	€0	€513,786.43
Turnover 18/12/20	Exercise of share subscription warrants	10,000	A	€0.01	44,821,779	41,458	525,406	6,000,000	€100.00	€54,900	€513,886.43
Turnover 29/12/20	Exercise of share subscription warrants	10,000	A	€0.01	44,831,779	41,458	525,406	6,000,000	€100.00	€54,900	€513,986.43

Date	Type of operations	Number of shares created	Share category	Nominal value (€)	Number of shares accumulated				Increase in capital (€)	Share or acquisition premium (€)	Capital after transaction (€)
					Class A	Class B	Class C	Class D			
CEO decision 04/01/21	Bond conversion	328,291	A	€0.01	45,160,070	41,458	525,406	6,000,000	€3,282.91	€4,381,794	€517,269.34
CEO decision 28/12/20	New shares issue	728,156	A	€0.01	45,888,226	41,458	525,406	6,000,000	€7,281.56	€10,486,528	€524,550.90
Turnover 04/03/21	Exercise of stock options	1,267	A	€0.01	45,889,493	41,458	525,406	6,000,000	€12.67	€9,034	€524,563.57
CEO decision 04/01/21	C preference share conversion	161,572 -157,531	A B	€0.01	46,051,065	41,458	367,875	6,000,000	€40.41	€-40	€524,603.98
CEO decision 21/01/21	Exercise of share subscription warrants	16,946	A	€0.01	46,068,011	41,458	367,875	6,000,000	€169.46	€93,034	€524,773.44
CEO decision 26/01/21	Exercise of share subscription warrants	207,349	A	€0.01	46,275,360	41,458	367,875	6,000,000	€2,073.49	€1,138,346	€526,846.93
Turnover 04/03/21	Exercise of stock options	10,701	A	€0.01	46,286,061	41,458	367,875	6,000,000	€107.01	€95,295	€526,953.94
Turnover 04/03/21	Exercise of share subscription warrants	96,085	A	€0.01	46,382,146	41,458	367,875	6,000,000	€960.85	€1,055,974	€527,914.79
CEO decision 02/04/21	C preference share conversion	149,298 -105,081	A B	€0.01	46,531,444	41,458	262,794	6,000,000	€442.17	€-442	€528,356.96
CEO decision 08/04/21	Exercise of share subscription warrants	15,394	A	€0.01	46,546,838	41,458	262,794	6,000,000	€153.94	€84,513	€528,510.90
CEO decision 19/04/21	Exercise of share subscription warrants	236,000	A	€0.01	46,782,838	41,458	262,794	6,000,000	€2,360.00	€1,295,640	€530,870.90
Turnover 28/09/21	Exercise of share subscription warrants	21,892	A	€0.01	46,804,730	41,458	262,794	6,000,000	€218.92	€262,485	€531,089.82
Turnover 28/09/21	Exercise of stock options	4,716	A	€0.01	46,809,446	41,458	262,794	6,000,000	€47.16	€33,625	€531,136.98
Turnover 28/09/21	Issue of free preference shares	3,676	B	€0.01	46,809,446	45,134	262,794	6,000,000	€36.76	€-36	€531,173.74
CEO decision 26/11/21	Exercise of share subscription warrants	50,000	A	€0.01	46,859,446	45,134	262,794	6,000,000	€500.00	€0	€531,673.74
Turnover 08/11/21	Exercise of stock options	1,883	A	€0.01	46,861,329	45,134	262,794	6,000,000	€18.83	€19,150	€531,692.57
Turnover 13/09/22	Exercise of stock options	196	A	€0.01	46,861,525	45,134	262,794	6,000,000	€1.96	€1,993.32	€531,694.53
To be noted	Exercise of share subscription warrants	30,000	A	€0.01	46,891,525	45,134	262,794	6,000,000	€300.00	-	€531,994.53

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 during the year

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 2022.

8.4 Major shareholders

8.4.1 Summary table of the main shareholders as at 31 December 2022

Shareholder	Shares					Voting rights	%age of share capital and voting rights	
	A	B	C	D	Total		Capital	Voting rights
- Moussy, Alain	1,225,039	33,029	0	5,800,000	7,058,068	2,450,078	13.3%	3.8%
- AMY SAS	12,273,000	0	0	0	12,273,000	24,546,000	23.1%	38.1%
Block sub-total Alain Moussy	**13,498,039**	**33,029**	**0**	**5,800,000**	**19,331,068**	**26,996,078**	**36.3%**	**41.9%**
Investors in the agreement whose stake is >5%	0	0	0	0	0	0	0.0%	0.0%
Other investors in the agreement	**1,709,892**	**11,010**	**262,794**	**200,000**	**2,183,696**	**3,419,784**	**4.1%**	**5.3%**
Shares part of the agreement	96,000	11,010	262,794	200,000	569,804	192,000	1.1%	0.3%
Shares outside the agreement	1,613,892	0	0	0	1,613,892	3,227,784	3.0%	5.0%
Total for the block	**15,207,931**	**44,039**	**262,794**	**6,000,000**	**21,514,764**	**30,415,862**	**40.4%**	**47.2%**
Investors whose stake is >5%	0	0	0	0	0	0	0.0%	0.0%
Other investors	31,683,594	1,095	0	0	31,684,689	33,978,579	59.6%	52.8%
Total	**46,891,525**	**45,134**	**262,794**	**6,000,000**	**53,199,453**	**64,394,441**	**100%**	**100%**

8.4.2 History of the Company's share capital and voting rights

Shareholder		%age of share capital and voting rights	
	Total	%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%

8.5 Shareholder agreements

The list of current shareholder agreements on 31 December 2022 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: 96.000 - 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

8.6.1 Potential dilution on 31 December 2022

On 31 December 2022, based on a share price of €7.10, 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:

- Issuance of ordinary shares by exercise of instruments whose exercise price is lower than the market price and whose exercise conditions are met
  - Share subscription options: none
  - BSPCE: none
  - Share subscription warrants (BSA): 533,176 exercisable on 31 December 2022
  - Free shares: 380,386 as of 1 January 2025 (and consequential cancellation of 3,804 free shares)
  - Preference shares: 521,015 exercisable on 31 December 2022 (and consequential cancellation of 262,794 class C preference shares)

  The exercise of these options would lead to an increase in shareholders' equity of €2,812,539 thousand and a capital dilution of 2.2%, including 1.5% on 31 December 2022.
- Issuance of ordinary shares by exercise of instruments whose exercise price is higher than the market price and whose exercise conditions are met
  - Share subscription options: 905,095, of which 623,985 are exercisable on 31 December 2022
  - BSPCE: 2,494,396 exercisable on 31 December 2022
  - Share subscription warrants (BSA): 900,384 exercisable on 31 December 2022
  - Free shares: none
  - Preference shares: none

  The exercise of these options would lead to an increase in shareholders' equity of €44,202,724 and a capital dilution of 7.5%.
- Issuance of ordinary shares by exercise of instruments whose exercise price is lower than the market price and linked to special performance conditions not yet met (*see notes below*)
  - Share subscription options: none
  - BSPCE: none
  - Share subscription warrants (BSA): 20.000
  - Free shares: 4,133,014 (and consequential cancellation of 4,133 free shares)
  - Preference shares: 6,000,000 (and consequential cancellation of 6,000,000 class D preference shares)

  The exercise of these options would lead to an increase in shareholders' equity of €4,133,014 and a capital dilution of 7.2%.
- Options whose exercise price is higher than the market price and whose exercise conditions have not been met
  - Share subscription options: none
  - BSPCE: 2,806,274
  - Share subscription warrants (BSA): 3,615,525
  - Free shares:
  - Preference shares:

The exercise of these options would lead to an increase in shareholders' equity of €69,721,076 and a capital dilution of 10.8%.

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 shares, the amount of equity would be increased by 120,869,354 euros for a capital dilution of 24.3%.

Options whose exercise conditions are met

Type of instrument	Exercise price of the instrument	Shares issuable by exercise of the financial instruments, as of:						Consequential capital increase
		On 31.12.2022	in 2023	in 2024	in 2025	in 2026	Total	
ADP-C [(1)]		521,015					521,015	
AGAP [(2)]	€0.00				380,386		380,386	€0
BSA	€0.01	21,845					21,845	€218
BSA	€5.50	511,331					511,331	€2,812,321
BCE	€7.68	2,100,000					2,100,000	€16,128,000
BSA	€7.68	85,000					85,000	€652,800
BSA	€8.61	126,050					126,050	€1,085,291
BSA	€10.00	60,000					60,000	€600,000
BSA	€10.03	51,335					51,335	€514,890
SO	€10.03	875					875	€8,776
SO	€11.96	39,920					39,920	€477,443
BSA	€12.00	18,108					18,108	€217,296
SO	€12.00	349,720					349,720	€4,196,640
BCE	€12.28	82,588					82,588	€1,014,181
BCE	€12.50	307,753					307,753	€3,846,910
BSA	€12.50	7,611					7,611	€95,138
BSA	€12.65	193,327					193,327	€2,445,587
SO	€12.65	27,000		176,110		5,000	208,110	€2,632,592
SO	€13.00				100,000		100,000	€1,300,000
SO	€13.01	9,000					9,000	€117,090
BSA	€13.30	2,334					2,334	€31,042
BSA	€14.00		115,830				115,830	€1,621,620
BSA	€14.41	9,334					9,334	€134,503
BSA	€15.61	332,000					332,000	€5,182,520
SO	€15.61	116,000					116,000	€1,810,760
SO	€15.80	32,330					32,330	€510,814
SO	€17.29	49,140					49,140	€849,631
BSA	€17.98	15,285					15,285	€274,824
BCE	€18.74	4,055					4,055	€75,998
Options whose exercise price is lower than the market price								
Shares issued		1,054,191	0	0	380,386	0	1,434,577	€2,812,539
ADP Conversion		-262,794			-3,803		-266,597	
Total Shares		53,990,850	53,990,850	53,990,850	54,367,433	54,367,433	54,367,433	
% dilution		**1.5%**	**1.5%**	**1.5%**	**2.2%**	**2.2%**	**2.2%**	
Options whose exercise price is higher than the market price								
Shares issued		4,018,765	0	176,110	100,000	5,000	4,299,875	€44,202,724
ADP Conversion							0	
Total Shares		57,218,218	57,218,218	57,394,328	57,494,328	57,499,328	57,499,328	
% dilution		**7.0%**	**7.0%**	**7.3%**	**7.5%**	**7.5%**	**7.5%**	

ADP: Preference shares; AGAP=Free preference shares; BCE=Subscription warrants for business creator shares; So=share subscription options.

Options based on special performance criteria still to be performed

Type of instrument	Exercise price of the instrument	Shares issuable by exercise of the financial instruments, as of: On 31.12.2022	01/01.2023	01/01.2024	01/01.2025	01/01.2026	Total	Consequential capital increase
ADP-D [3]	€0.00	6,000,000					6,000,000	€0
AGAP [2]	€0.00				4,133,014		4,133,014	€0
BSA	€0.01	20,000					20,000	€200
BSA [4]	€8.92	1,647,024					1,647,024	€14,691,454
BSA [5]	€12.00	1,000,000					1,000,000	€12,000,000
BSA [6]	€12.00	100,000					100,000	€1,200,000
BSA [7]	€12.25	800,000					800,000	€9,800,000
BCE [8]	€12.50	2,769,775					2,769,775	€34,622,190
BSA [8]	€12.50	68,501					68,501	€856,263
BCE [8]	€18.74	36,499					36,499	€683,984
Options whose exercise price is lower than the market price								
Shares issued		6,020,000	0	0	4,133,014	0	10,153,014	€4,133,014
ADP Conversion		-6,000,000			-41,331		-6,041,331	
Total Shares		53,219,453	53,219,453	53,219,453	57,311,136	57,311,136	57,311,136	
% dilution		**0.0%**	**0.0%**	**0.0%**	**7.2%**	**7.2%**	**7.2%**	
Options whose exercise price is lower than the market price								
Shares issued		6,421,799	0	0	0	0	6,421,799	€69,721,076
ADP Conversion							0	
Total Shares		59,621,252	59,621,252	59,621,252	59,621,252	59,621,252	59,621,252	
% dilution		**10.8%**	**10.8%**	**10.8%**	**10.8%**	**10.8%**	**10.8%**	
Total Shares issued		**11,251,961**		**176,110**	**4,568,266**	**5,000**	**16,001,337**	**€120,869,354**
Accumulated shares		64,451,414	64,451,414	64,627,524	69,195,790	69,200,790	69,200,790	
% dilution		**17.5%**	**17.5%**	**17.7%**	**24.3%**	**24.3%**	**24.3%**	

Notes on exercise methods:

(1) ADP-C

On 31 December 2022, the balance of the category C preference shares amounted to 262,794. Conversion tranches 4, 5 and 6 of the ADP-C have not yet been completed on the dates provided for by the articles of association (i.e. 1 July 2021, 1 October 2021 and 15 December 2021) due to equity availability issues. Discussions with the holders of ADP-C were ongoing. As at 31 December 2022, the theoretical number of shares to be issued upon conversion of the outstanding ADP-Cs was calculated on the basis of the reference prices for conversion tranches 4, 5 and 6 (i.e. €10.1915, €13.4330 and €13.1368), in accordance with the provisions of the Articles of Association. This theoretical number of new ordinary shares to be issued upon conversion of the ADP-C would amount to 521,015. As indicated in section 3.2, an agreement in principle has been negotiated with the holders of ADP-C. The ADP-C would be repurchased by AB Science for one symbolic euro for cancellation. 520,786 share subscription warrants (each warrant entitling the holder to subscribe for one ordinary share of AB Science at par value for a period of 12 months) will be issued in substitution of the ADP-C. In addition, still in substitution of the ADP-C, a new class of preference shares would be created, benefiting from a priority dividend (equal to 1.25% of the net sales of masitinib or of any licensing royalties, up to a limit of €9.0 million) and convertible into 750,000 ordinary shares if the share price of AB Science exceeds a threshold of €30 for more than 90 consecutive days. This agreement remains subject to the approval of the next general meeting of AB Science shareholders.

(2) AGAP

Resolution 2 of the General Meeting of 15 December 2017

The objectives must be achieved before 31 December 2024.

Operational conditions for the AGAP issued before 01/09/2020

(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%

Additional operational conditions for the AGAP issued as of 01/09/2020 (B4), conversion under the following dual condition:

(d) If the objectives referred to in (a), (b), and (c) above are met, and

(e) In case of success of phase 1 of AB8939

Financial terms and conditions

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

The term "purchase price" corresponds 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) and means

- €11.24 for the AGAP B1(4),
- €8.62 for the AGAP B2 and
- €3.64 for the AGAP B3,
- €12.90 for the AGAP B4,

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.

(A) 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.

(B) If the final price is strictly equal or higher than the purchase 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 ordinary shares if the conditions related to the clinical studies are fulfilled

(C) 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 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")

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 compliance on the public takeover bid and/or exchange offer and without waiting for the Expiry Date of the Retention Period, (i) decide on the immediate convertibility of all B Shares and (ii) determine the number of A Shares to which the B Shares will give right depending on the degree of realisation of the price condition.

(3) ADP- D

ADP-D will be purely and simply cancelled if, before 31 December 2030, AB Science has not obtained two marketing authorisations (from the European Medicines Agency or the U.S. Food and Drug

Administration) for one or more of its drug candidates in two different indications. If these conditions are met, the ADP-D will be converted into ordinary shares, according to a ratio based on the market price, in accordance with the provisions of the articles of association, the number of ordinary shares to be issued upon conversion of the ADP-D not being able to exceed 6,000. 000.

The ADP-D may also be converted into ordinary shares at a 1:1 ratio in the event of a public offer and/or exchange targeting AB Science, upon decision of the Board of Directors.

(4) BSA

These BSA can be exercised if the volume-weighted average share price of the Company on Euronext Paris is greater than or equal to 30 euros for sixty consecutive trading days.

(5) BSA

The exercise of these BSA 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 be conditional and must be granted before 31 May 2023 by a recognised health authority, either in a European country or in a North American country.

(6) BSA

These BSA are exercisable in the event of obtaining a patent relating to an immunotherapy technology based on a viral vector no later than 29 April 2028.

(7) BSA

These BSA can be exercised if masitinib is registered before 31 December 2024, for the treatment of amyotrophic lateral sclerosis or any other indication by a recognised health authority either in a European country or in a North American country (at the rate of 250,000 BSA per registration within the limit of 800,000 BSA, or 500,000 BSA per registration within the limit of 800,000 BSA if the registration is based solely on the pivotal study AB10015.

(8) 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%*

On 31 December 2022, the conditions met make 12.5% of these BCSPC and BSA exercisable.

8.6.2 Distribution of the Company's share capital and voting rights on 31 December 2022

Shareholders	**Share Capital at 31/12/2022**			**Potential capital* on 31/12/22**		
	Shares	**%age of share capital**	**%age of voting rights**	**Shares**	**%age of share capital**	**%age of voting rights**

- Moussy, Alain	7,058,068	13.3%	3.8%	15,933,709	23.0%	14.1%
- AMY SAS	12,273,000	23.1%	38.1%	13,273,000	19.2%	31.8%
Block sub-total Alain Moussy	**19,331,068**	**36.3%**	**41.9%**	**29,206,709**	**42.2%**	**45.9%**
Investors in the agreement whose stake is >5%	0	0.0%	0.0%	0	0.0%	0.0%
Other investors in the agreement	**2,183,696**	**4.1%**	**5.3%**	**6,012,382**	**8.7%**	**9.0%**
Shares part of the agreement	569,804	1.1%	0.3%	4,398,490	6.4%	5.0%
Shares outside the agreement	1,613,892	3.0%	5.0%	1,613,892	2.3%	4.0%
Total for the block	**21,514,764**	**40.4%**	**47.2%**	**35,219,091**	**50.9%**	**54.9%**
Investors whose stake is >5%	0	0.0%	0.0%	0	0.0%	0.0%
Other investors	31,684,689	59.6%	52.8%	33,981,699	49.1%	45.1%
Total	**53,199,453**	**100%**	**100%**	**69,200,790**	**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	Section 8.4
Direct or indirect shareholdings in the capital of the company known to AB Science	Section 8.4
List of holders of any security with special control rights	Section 8.4
Specific clauses	
Statutory restrictions on the exercise of voting rights and transfers of shares or clauses of agreements brought to the company's attention pursuant to Article L.233-11 of the Code de Commerce [French Commercial Code]	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, (shareholder agreements)	Section 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 as well as to the modification of the company's articles of association,	Section 2.4 of the Corporate Governance Report
The powers of the Board of Directors, in particular the issue or redemption of shares,	Section 2.2 of the Corporate Governance Report and section 8.6.1

Elements likely to have an impact in the event of a takeover bid	Relevant chapter of the management report
Agreements providing for compensation for members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment ends due to a takeover	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 1,583,949 Company securities as collateral.

9 EMPLOYEES AND EMPLOYEE OWNERSHIP

9.1 Staffing and remuneration

On 31 December 2022, the group employed 103 people.

The distribution of employees is as follows:

Workforce	**31.12.2022**	**31.12.2021**
Sales Department	3	3
Drug Discovery and Clinical Department	90	85
Executive & Management Department	10	10
Total	**104**	**98**

Personnel costs (In €K)	**31.12.2022**	**31.12.2021**
Wages and salaries	7,152	6,817
Social contributions	2,643	2,706
Share-based payments	133	258
Total	**9,929**	**9,780**

The Group's personnel expenses for the year 2022 amounted to €9,929K, an increase of 1.5% compared to 2021.

Share-based payments amounted to €133K.

9.2 Employee shareholding in the Company's capital

Employee shareholding in the company's capital at 31 December 2022 was 38.29% (including 36.34% 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 2022 and 2021 respectively was 42.6% (i.e. €7,394K) and 38% (i.e. €5,825K) of total operating expenses.

The share of marketing expenses for the last two financial years ended 31 December 2022 and 2021 respectively was 2.8% (i.e. €480K) and 3.2% (i.e. €493K 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.

10.4 Payment deadlines

10.4.1 Suppliers

(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	857					341
Total number of invoices concerned	1,843,570	745,866	401,411	68,811	125,112	1,341 200
Percentage of purchase amount	15.1%	6.1%	3.3%	0.6%	1%	11%

(B) Excluded invoices relating to disputed debts

Number of invoices excluded	5,045
Total number of invoices excluded	3,901,958

(C) Payment deadlines

The payment terms used are the contractual terms.

10.4.2 Customers

(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	8					215
Total number of invoices concerned	20,999	18,204	6,870	13,172	75,466	113,712
Percentage of purchase amount	15.1%	6.1%	3.3%	0.6%	1%	11%

(B) Excluded invoices relating to disputed debts

Number of invoices excluded	0
Total number of invoices excluded	0

(C) Payment deadlines

The payment terms used are the contractual terms.

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

The result on 31 December 2022 is a loss of 15,731,23 euros. The company's equity on 31 December 2022 amounts to -30,851,199 euros for a share capital of 531,994.53 euros.

Proposed allocation of the profit or loss: we propose to allocate this loss to retained earnings which will amount to 274,087,142 euros (debit 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 *Code général des impôts*.

10.8 Modification of valuation methods

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

10.9 Economic and Social 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 Stock subscription or purchase options

The stock subscription or purchase options granted by the Company and in force on 31 December 2022 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 conditioning their exercise;
- 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.

The beneficiaries of the subscription options are employees of AB Science

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	Options Assigned	Options Exercised	Options lapsed	Exercisable Options
31/12/2009	18/03/2010	SO10-A	1	15.61	18/03/2014	31/12/2027	290,000		-174,000	116,000
18/06/2013	14/05/2014	SO-6A	1	11.96	14/05/2018	13/05/2024	116,335	-720	-75,695	39,920
	29/08/2014	SO-6B	1	10.03	29/08/2018	28/08/2024	10,875		-10,000	875
	24/04/2015	SO-6C	1	15.8	24/04/2019	23/04/2025	79,940		-47,610	32,330
	06/10/2015	SO-6D	1	13.01	06/10/2019	05/10/2025	15,550		-6,550	9,000
	28/04/2016	SO-6E	1	17.29	28/04/2020	27/04/2026	110,640		-61,500	49,140

28/06/2016	30/04/2018	SO-7A	1	12.65	30/04/2022	29/04/2028	53,000		-26,000	27,000
29/06/2018	06/12/2018	SO-9A	1	12	06/12/2022	06/12/2028	25,120		-8,400	16,720
	20/05/2019	SO2019-A	1	12	31/07/2019	31/05/2023	274,000			274,000
28/06/2019	10/07/2019	SO2019-B	1	12	31/07/2019	31/05/2023	59,000			59,000
	17 February 2020	SO2020-A	1	12.65	17/02/2024	17/02/2030	65,000		-5,000	60,000
31/08/2020	01/09/2020	SO2020-B	1	12.65	01/09/2024	30/08/2030	143,650		-27,540	116,110
30/06/2021	28/09/2021	SO2021-A	1	13	28/09/25	27/09/2031	138,000		-38,000	100,000
	28/04/2022	SO-2022A	1	12.65	28/04/2026	27/04/2032	5,000			5,000
Total							**1,386,110**	**-720**	**-480,295**	**905,095**

11.2 Information on share subscription warrants

The share subscription options granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
26/12/2008		BSA4	1	7.68	13/01/2009	31/12/2027	85,000			85,000
30/03/2012	30/08/2012	BSA7	1	12.5	30/08/2012	31/12/2027	76,112			76,112
	24/03/2013	BSA8	1	17.98	25/05/2013	24/05/2023	15,285			15,285
27/06/2014	29/08/2014	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	37,336		-25,666	11,670
		BSA_2014-A	1	10.03	29/08/2016	29/08/2024	9,336			9,336
		BSA_2014-A	1	10.03	29/08/2017	29/08/2024	9,332			9,332
		BSA_2014-A	1	10.03	29/08/2018	29/08/2024	9,332		-2,333	6,999
		BSA_2014-A	1	10.03	29/08/2019	29/08/2024	9,332		-2,333	6,999
		BSA_2014-A	1	10.03	29/08/2020	29/08/2024	9,332		-2,333	6,999
	01/11/2014	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	1,647,024			1,647,024
	31/08/2015	BSA_2014-B	1	14.41	01/09/2016	31/08/2025	2,334			2,334
		BSA_2014-B	1	14.41	01/09/2017	31/08/2025	2,334			2,334
		BSA_2014-B	1	14.41	01/09/2018	31/08/2025	2,333			2,333
		BSA_2014-B	1	14.41	01/09/2019	31/08/2025	2,333			2,333
28/06/2016	19/12/2016	BSA2010-BIS	1	15.61	19/12/2016	31/12/2027	332,000			332,000
	30/08/2016	BSA_2016-A	1	13.3	30/08/2017	30/08/2026	14,000		-11,666	2,334
09/12/2016	09/12/2016	BSA Conversion	1	10	09/12/2016	01/01/2026	60,000			60,000
28/06/2017	29/01/2018	JPL BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
		MD BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
	30/04/2018	BSA 2017-A	1	12.65	30/04/2019	30/04/2028	2,334			2,334
		BSA 2017-A	1	12.65	30/04/2020	30/04/2028	2,334			2,334
		BSA 2017-A	1	12.65	30/04/2021	30/04/2028	2,333			2,333
29/06/2018	26/09/2018	BSA 2018B	1	12.65	26/09/2019	26/09/2028	2,334			2,334
		BSA 2018B	1	12.65	26/09/2020	26/09/2028	2,334			2,334
		BSA 2018-A	1	12.65	26/09/2019	26/09/2028	2,334			2,334
		BSA 2018-A	1	12.65	26/09/2020	26/09/2028	2,334			2,334
	29/04/2019	BSA 2019B2	1	12	29/04/2019	31/10/2028	100,000			100,000
28/06/2019	17/08/2019	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	2,463,054	-1,440,392		1,022,662
31/08/2020	28/10/2020	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	90,000			90,000
	04/03/2021	BSA GP	1	0.01	28/04/2021	30/04/2026	21,845			21,845
16/12/2020	20/12/2020	BSA TR2020	1	12.65	28/04/2021	20/12/2030	30,000			30,000

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
30/06/2021	28/09/2021	BSA 2021-A	1	12	28/09/2021	31/05/2023	1,000,000			1,000,000
		BSA QN2	1	12.25	28/09/2021	31/12/2024	800,000			800,000
		BSA QN3	1	0.01	28/09/2021	31/12/2024	100,000	-80,000		20,000
	03/02/2022	BSA CA2021	1	12.65	29/04/2022	03/02/2032	1,398			1,398
		BSA CA2021	1	12.65	03/05/2022	03/02/2032	2,796			2,796
		BSA CA2021	1	12.65	23/05/2022	03/02/2032	1,864			1,864
		BSA CA2021	1	12.65	03/06/2022	03/02/2032	932			932
	27/02/2022	BSA (OCABSA)	1	12.65	07/03/2022	31/12/2030	50,000			50,000
29/06/2022	03/11/2022	BSA BEI-2	1	8.61	03/11/2022	02/12/2037	126,050			126,050
Total							**7,327,031**	**-1,542,284**	**-204,331**	**5,580 416**

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. On the closing date, the 85 BSA 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 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 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. On the closing date, the 15.285 BSA were allocated and subscribed.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital.

- The Board of Directors therefore decided on 29 August 2014 to issue 84.000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 10.03 euros, including a share premium of 10.02 euros. The 84.000 BSA have been allocated and subscribed. 25,666 expired in 2015 and 6,999 in 2018. On the closing date, the BSA balance is 51,335.
- 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. 14.000 BSA were declared expired by the Board of Directors in 2016 and 4,666 BSA in 2022. On the closing date, the BSA balance is 9.334 BSA.
- The Board of Directors decided on 1 November 2014 to issue and allocate 1,647,024 independent share subscription warrants 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. On the closing date, 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 BSAR will 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 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.

- The Board of Directors therefore decided on 30 August 2016 to issue 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. The 14.000 BSA have been allocated and subscribed. 11,666 BSA were declared expired by the Board of Directors in 2018. On the closing date, the BSA balance is 2.334 BSA.
- The Board of Directors therefore decided on 19 December 2016 to issue 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. On the closing date, the 332,000 BSA 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 BSA 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.

The General Meeting of 28 June 2017 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 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 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 BSA were allocated respectively to JPL Pharma Consulting (100,000 BSA) and to MD Consulting (100,000 BSA), in accordance with the service contracts concluded in January 2018 with these companies. Following the non-achievement of part of the objectives, 160,000 BSA expired in 2020 and 21,892 BSA were exercised in 2021. On the closing date, the BSA balance is 18.108 BSA.
- The Board of Directors therefore decided on 30 April 2018 to issue 14.000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. In 2022, 6,999 were declared expired. On the closing date, the BSA balance is 7.001 BSA.

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 therefore decided on 26 September 2018 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 12.65 euros, including a share premium of 12.64 euros. The 28,000 BSA have been allocated and subscribed. In 2022, 18,664 BSA were declared expired. On the closing date, the BSA balance is 9.336 BSA.
- 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. All these BSA have been allocated and subscribed. These BSA were issued for the benefit of KPLM within the framework of the development of research into vaccines against cancer and are exercisable under the following conditions:

- The exercise of 50,000 BSA 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 BSA 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 BSA 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 BSA 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;

  Following the unfulfilled exercise conditions, 100,000 BSA expired in 2022. On the closing date, the BSA balance is 100,000 BSA.

The General Meeting of 28 June 2019 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 17 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. On the closing date, 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.

- 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 “OCABSA”) and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSA. 90,000 BSA were created by decision of the Chairman and Chief Executive Officer on 28 October 2020, 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. On the closing date, the balance of these BSA is 90,000.
- The Board of Directors decided on 4 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. On the closing date, the 21.845 BSA were allocated and subscribed.

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. 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 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. 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. On the closing date, the 30.000 BSA 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.

- 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 (7) of chapter 8.6 of this report. On the closing date, all these BSA 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 (6) of chapter 8.6 of this report. 50,000 BSA were exercised in 2021 and 30,000 BSA in 2022. On the closing date, the balance of these BSA is therefore 20.000.
    - 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 BSA 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. On the closing date, all these BSA have been allocated and subscribed.
- The Board of Directors therefore decided on 03 February 2022 to issue 6.990 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. On the closing date, the 6,990 BSA were allocated and subscribed.
- On 27 February 2022, the Board of Directors decided on the principle of issuing bonds convertible into shares to which share subscription warrants are attached (the "OCABSA") and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSA. On 3 March 2022, the Chairman and Chief Executive Officer decided to issue 50,000 OCABSA. 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. On the closing date, the 50,000 BSA were thus created and fully subscribed.
- The Board of Directors therefore decided on 03 November 2022 to issue 126.050 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 8.61 euros, including a share premium of 8.60 euros. On the closing date, the 126.050 BSA were allocated and subscribed.

The share subscription warrants granted by the Company and in force on 31 December 2022 by beneficiaries are described in the table below:

BSA subscribed by directors:

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
Bihr, B	BSA 2018B	1	12.65	26/09/2019	26/09/2028	2,334			2,334
	BSA 2018B	1	12.65	26/09/2020	26/09/2028	2,334			2,334
Blondel, C	BSA_2016-A	1	13.3	30/08/2017	30/08/2026	14,000		-11,666	2,334
Reverdin, B	BSA_2014-B	1	14.41	01/09/2016	31/08/2025	2,334			2,334
	BSA_2014-B	1	14.41	01/09/2017	31/08/2025	2,334			2,334
	BSA_2014-B	1	14.41	01/09/2018	31/08/2025	2,333			2,333
	BSA_2014-B	1	14.41	01/09/2019	31/08/2025	2,333			2,333
Costantini, D	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	14,000		-11,666	2,334
de Guillebon, C	BSA CA2021	1	12.65	03/06/2022	03/02/2032	932			932
Johnston , C	BSA CA2021	1	12.65	23/05/2022	03/02/2032	932			932
Kinet, JP	BSA4	1	7.68	13/01/2009	31/12/2027	85,000			85,000
	BSA7	1	12.5	30/08/2012	31/12/2027	76,112			76,112
	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
Lastscha, G	BSA CA2021	1	12.65	23/05/2022	03/02/2032	932			932
Mourey, E	BSA 2018-A	1	12.65	26/09/2019	26/09/2028	2,334			2,334
	BSA 2018-A	1	12.65	26/09/2020	26/09/2028	2,334			2,334
Moussy, P	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
	BSA CA2021	1	12.65	03/05/2022	03/02/2032	2,796			2,796
O'Neill, M	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
Riez, N	BSA 2017-A	1	12.65	30/04/2019	30/04/2028	2,334			2,334
	BSA 2017-A	1	12.65	30/04/2020	30/04/2028	2,334			2,334
	BSA 2017-A	1	12.65	30/04/2021	30/04/2028	2,333			2,333
SAS Sixto	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
Sassi, R	BSA CA2021	1	12.65	29/04/2022	03/02/2032	1,398			1,398
Total						270,774	0	-23,332	247,442

BSA subscribed by managers or their affiliates

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
AMY SAS	BSA 2021-A	1	12	28/09/2021	31/05/2023	1,000,000			1,000,000
Moussy, Alain	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	1,617,614			1,617,614
Moussy, Alain	BSA2010-BIS	1	15.61	19/12/2016	31/12/2027	332,000			332,000
Total						2,949,614	0	0	2,949,614

BSA subscribed by third parties

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Exp. date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
Armistice Capital	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	886,699	-886,698		1
Aurore Invest	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	98,522			98,522
EIB	BSA BEI-2	1	8.61	03/11/2022	02/12/2037	126,050			126,050
Benjahad, A	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Deltec Bank	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	679,803	-479,802		200,001
FGP CPE	BSA Conversion	1	10	09/12/2016	01/01/2026	7,280			7,280
FGP CPE II	BSA TR2020	1	12.65	28/04/2021	20/12/2030	30,000			30,000
FGP POM	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	724,138			724,138
FGP POM	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	20,000			20,000
Giorgiutti, P	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Guy, L	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Hades Multi Strat	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	4,000			4,000
Letard, S	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Marian, JC	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	10,000			10,000
NJB Investments	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	34,000			34,000
Pépin, G	BSA8	1	17.98	25/05/2013	24/05/2023	15,285			15,285
Pépin, G	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	2,000			2,000
Pépin, G	BSA GP	1	0.01	28/04/2021	30/04/2026	21,845			21,845
Pépin, G	BSA (OCABSA)	1	12.65	07/03/2022	31/12/2030	50,000			50,000
Timur Kemel	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	7,000			7,000
Turci, S	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Umarxhon T	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	13,000			13,000
Valor Biotech II	BSA Conversion	1	10	09/12/2016	01/01/2026	8,979			8,979
Valor Biotech III	BSA Conversion	1	10	09/12/2016	01/01/2026	6,354			6,354
Valor Biotech IV	BSA Conversion	1	10	09/12/2016	01/01/2026	37,387			37,387
JPL Pharma	JPL BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
KPLM	BSA 2019B2	1	12	29/04/2019	31/10/2028	100,000			100,000
MD Consulting	MD BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
Quercegen	BSA QN2	1	12.25	28/09/2021	31/12/2024	800,000			800,000
Quercegen	BSA QN3	1	0.01	28/09/2021	31/12/2024	100,000	-80,000		20,000
Total						4,011,752	-1,468,392	-160,000	2,383,360

Information on the share subscription warrants for business creator shares

The share subscription warrants for business creator shares granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSPCE granted	BSPCE Exercised	Expired BSPCE	Exercisable BSPCE
21/12/2007	17/06/2008	BCE2007-A	1,000	7,680	17/06/2008	31/12/2027	1,191	-114		1,077
21/12/2007	16/12/2008	BCE2007-B	1,000	7,680	16/12/2008	31/12/2027	379	-82		297
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	13/01/2009	31/12/2027	86			86
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	19/11/2009	31/12/2027	235			235
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	19/11/2009	31/12/2027	62			62
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	26/02/2013	31/12/2027	123			123
26/12/2008	14/12/2010	BCE2008-D	1,000	12,280	14/12/2010	31/12/2027	15		-5	10
26/12/2008	26/02/2013	BCE2008-B	1,000	7,680	26/02/2013	31/12/2027	330	-65	-45	220
31/12/2009	03/02/2010	BCE2010-A	1	12.28	03/02/2010	31/12/2027	72,588			72,588
30/03/2012	30/08/2012	BCE2012	1	12.5	30/08/2012	31/12/2027	3,158,636		-81,108	3,077,528
30/03/2012	22/04/2013	BCE2013	1	18.74	22/04/2013	31/12/2027	40,554			40,554
Total							**3,274, 199**	**-261**	**-81,158**	**3,192 780**

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 2012 BCE and the 2013 BCE have the same characteristics with the exception of the exercise price (12.50 euros for the 2012 BCE and 18.74 euros for the 2013 BCE) and are as follows:

The beneficiaries' right to exercise these BCE is conditional on the fulfilment of the conditions described in note (8) of section 8.6 of this report.

11.3 Information on free preference shares

The free preference shares granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise start date	Expiry date	AGAP granted	AGAP expired	Exercisable AGAP
09/12/2015	16/12/2015	AGAP - B1	100	01/01/2025	01/01/2029	33,999	-248	33,751
09/12/2015	16/12/2015	AGAP - B2	100	01/01/2025	01/01/2029	205	-25	180
28/06/2017	28/12/2017	AGAP - B3	100	01/01/2025	01/01/2029	7,550	-23	7,527
31/08/2020	01/09/2020	AGAP - B4	100	01/01/2025	01/01/2029	3,687	-11	3,676
Total						**45,441**	**-307**	**45,134**

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 is 33,751 free preference shares by the Board of Directors on 19 December 2016 and 180 free preference shares by the Board of Directors on 28 December 2017.

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 allot, free of charge, 7.550 free preference shares with a nominal value of 0.01 euros, convertible into a maximum of 755.000 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 23 January 2019 is 7.527 free preference shares.

The Extraordinary General Meeting 31 August 2020 a 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 28 September 2021 is 3.676 free preference shares.

The terms and conditions of the free preference shares (AGAP) are described in the "Notes on exercise methods" in section 8.6, note 2 of this report.

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

Nature of the indications	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
I. Financial situation at the end of the year					
a) Share capital	415,972.43	440,602.97	524,563.57	531,692.57	531,994.53
b) Number of shares issued	41,597,243	44,060,297	52,456,357	53,169,257	53,199,453
C) Number of bonds convertible into shares	0	0	0	0	50,000
II. Overall result of actual operations					
a) Turnover excluding taxes	1,700,542	1,571,190	1,583,078	1,607,304	958,278
b) Profit before tax, depreciation and provisions	-33,637,650	-20,635,993	-17,511,968	-15,716,784	-20,000 338
c) Income tax	-5,679,127	-4,121,554	-3,247,870	-3,871,460	-4,007 503
e) Profit after tax, depreciation and provisions	-28,639,599	-17,308,432	-14,809,123	-12,654,837	-15,731 519
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	-0.67	-0.37	-0.27	-0.22	-0.30
b) Profit after tax, depreciation and provisions	-0.69	-0.39	-0.28	-0.24	-0.30
c) Dividend paid per share					
IV. Personnel					
a) Number of employees	118	106	92	92	101
b) Total wage bill	7,484,233	6,842,661	6,560,170	6,602,991	7,001 371
c) Sum of payments for social benefits	3,069,575	2,484,125	2,103,218	2,589,796	2,525 513

11.5 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

1 INTRODUCTION

This report was prepared by the Chairman of the Board of Directors and approved by the Board of Directors on 28 April 2023 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 Managing Director, 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:

Code reference	AFEP-MEDEF code recommendations	Clarifications
5	Social and environmental responsibility	The Board of Directors took note of the revision of the AFEP-MEDEF code on the subject of social and environmental responsibility. These new recommendations are applicable for general meetings ruling on fiscal years beginning on or after 1 January 2023 (i.e. the general meeting of June 2024 for AB Science). The Board of Directors will nevertheless put the topics of social and environmental responsibility on its agenda, to be in line with the recommendations of the AFEP-MEDEF code starting with the June 2024 general meeting.
7.2	Diversity policy applied to members of the Board of Directors	The board of directors is made up of men and women of various ages, nationalities and professional backgrounds (see section 2.1 of this report), presenting varied and complementary skills, necessary for the activity of AB Science and the strategic issues envisaged. However, the Board of Directors has not yet fully formalised its diversity policy.
8.2	Diversity policy applied to the management team	The Board of Directors did not finalise its gender diversity policy for governing bodies during the 2022 financial year.
12.3	Meeting of the Board of Directors without the presence of the executive corporate officers	The Board of Directors values the words and contributions of each of its members. It was therefore not deemed necessary to organise a meeting without the presence of the executive corporate officers – non-executive corporate officers are always listened to regardless of the forum.
15.1	Maximum duration of four years for the mandates of directors	In accordance with Article 12 of AB Science's articles of association, the term of office of directors is six years. AB Science values the long-term commitment of its directors. In addition, the very specific business of AB Science requires a significant commitment over several years. The six-year term of office therefore seems reasonable.

23	Termination of the employment contract in the event of a corporate mandate	Alain Moussy has held the position of Scientific Director since January 2004 and therefore has an employment contract as such. Alain Moussy actually oversees all of the company's research and clinical development activities. The Chief Pharmacist, Denis Gicquel, linked to the company by an employment contract is Deputy Chief Executive Officer due to the regulations of the health code.
24	Obligation to hold shares for executive corporate officers	The two executive directors are Alain Moussy and Denis Gicquel. Alain Moussy being the founder and reference shareholder of AB Science and Denis Gicquel being a corporate officer only to satisfy the provisions of the Public Health Code, it was decided not to put in place an obligation to hold shares for corporate officers.

2 CORPORATE GOVERNANCE

2.1 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).

2.1.1 Directors' Biographies

- Alain Moussy

Alain Moussy has been the Chairman and Chief Executive Officer since 11 July 2001. 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. 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. Cécile de Guillebon is a graduate of HEC and 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. She is Chair of Esserto.

- Catherine Johnston-Roussillon

Catherine Johnston-Roussillon has been an AB Science SA Director since 27 June 2021. Catherine Johnston-Roussillon graduated in political science from Ludwig-Maximilian University and obtained a DESS Marketing from the University of Grenoble. Catherine Johnston-Roussillon held several senior management positions in the health and cosmetics sector before joining Shamir Optical in 2010 as Managing Director for France. She has been Europe President of Shamir Optical since 2015.

- Guillemette Latscha

Guillemette Latscha has been an AB Science SA Director since 27 June 2021. Guillemette Latscha is a medical doctor by training with a medical degree from the University of Paris V 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 Knight of the National Order of the French Legion of Honour.

- Renaud Sassi

Renaud Sassi has been an AB Science SA Director since 27 June 2021. Renaud Sassi is a graduate of HEC. Renaud Sassi started his career as a consultant with McKinsey & Company. He then went on to become an entrepreneur and is Chair of Pledger, a financial and technology company.

2.1.2 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:** Meeting approving the accounts for the year ended	**Main function held outside the Company**	**Other terms of office currently held in other companies**	**Other offices and positions held during the past five years and not held on 31 December 2022**
Alain Moussy; Chairman, Managing Director	11.07.2001	31.12.2023	Chairman of the French Association for research initiatives on mast cells and mastocytosis Chairman of the Company AMY SAS	None	None
Patrick Moussy Director	11.07.2001	31.12.2027	Engineer	None	None
Cécile de Guillebon, Director	27.06.2021	31.12.2023	Chair of Esserto	Director of Foncière Inéa and SLI Director of the ADP Aéroports de Paris Group	Director of Géodis and Paref
Catherine Johnston-Roussillon, Director	27.06.2021	31.12.2022	Chair of the European Region at Shamir Optical Company	None	None
Guillemette Latscha, Director	27.06.2021	31.12.2022	Doctor	None	None
Renaud Sassi, Director	27.06.2021	31.12.2027	Chair of Pledger, a financial and technology company Development consultancy for the Wonderbox group	None	Chair of Logelis, an industrial construction company

2.1.3 Directors' Independence

AB Science has four independent Directors (Cécile de Guillebon, Catherine Johnston-Roussillon, Guillemette Latscha et Renaud Sassi) among the six directors in total. The independent directors thus make up 67% of the Board.

A director of AB Science is considered independent if he/she has no relationship of any kind whatsoever with AB Science, its group or its management, which could compromise his/her free judgement. Directors representing major shareholders of AB Science may be considered independent when these shareholders do not participate in the control of AB Science. However, beyond a threshold of 10% in capital or voting rights, the Board systematically questions the independence qualification, taking into account the composition of AB Science's capital and the existence of a potential conflict of interest.

Directors who do not have corporate officer responsibilities within the company receive remuneration. This remuneration is paid either in the form of attendance fees, or in the form of share subscription warrants, or a combination of the two, and the choice is left to each director. The four independent directors have chosen to receive their compensation exclusively in the form of share subscription warrants. The company considers this method of compensation as not calling into question the independence of these directors, given the number of share subscription warrants allocated (see section 3.3 of this report), and given that it is a result of the choice made by these directors.

Each year, the Board of Directors reviews the independence of all of its members, in particular with regard to the criteria defined by recommendation #10.5 of the AFEP-MEDEF Code.

It was thus determined that Alain Moussy is not independent because of his position as Chief Executive Officer of AB Science and the signing of the founding pact. Patrick Moussy is also not independent because of his family ties with Alain Moussy.

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.

2.1.4 Absence of 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 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.

2.2 Operation of the Board of Directors

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.

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:

2.2.1 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.

2.2.2 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 the 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.

2.2.3 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.

2.2.4 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.

2.3 Compensation of members of the Board of Directors

Directors who do not have corporate officer responsibilities within the company receive remuneration. This remuneration is paid either in the form of attendance fees, or in the form of share subscription warrants, or a combination of the two, and the choice is left to each director.

2.4 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 meeting 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.

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

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

2.5 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%.

2.6 Meetings of the Board of Directors

During the financial year ended 31 December 2022, the Board of Directors met eight times on 3 February, 27 February, 28 April, 13 September, 29 September, 3 November, 2 December and 26 December with an attendance rate of 97.92%.

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 Chief Executive Officer 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.

The main topics deliberated by the Board of Directors of the Company during the 2022 financial year were the approval of the corporate and consolidated accounts, the preclinical and clinical development programmes and the company's activity in general, the compensation of Chief Executive Officers, the issue of share subscription warrants, stock options, and new shares, the review of regulated agreements entered into under normal conditions and the annual review of regulated agreements the execution of which continued 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 was sent to the Directors and non-voting members, several days before the meeting.

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

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

2.7 Composition and functioning 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.

2.7.1 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 was 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 800 scientific publications in the field of blood diseases. He is the winner of the 2008 Jean Bernard Prize and a member of the Academy of Sciences.

During the 2022 financial year, the Scientific Committee met once with an attendance rate of 100%.

2.7.2 Finance Committee

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

The Finance Committee has two members:

- Ms Cécile de Guillebon, Director
- Ms Catherine Johnston, Director

The Finance Committee is chaired by Ms Cécile de Guillebon. It met in 2022 for the review of the 2021 annual accounts and for the review of the 2022 half-year accounts.

2.7.3 Remuneration 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 Remuneration and Appointments Committee.

The Compensation Committee met once in 2022 with a 100% attendance rate.

2.8 Shareholder participation in General Meetings

At the General Meeting of 29 June 2022, the shareholders present or represented made up 49.5% of the total number of shares and 61.26% 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.

3 COMPENSATION OF EXECUTIVE DIRECTORS

3.1 Compensation for the 2022 financial year - Compensation policy

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

This report was approved and adopted by the Board of Directors on 28 April 2023 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.

3.1.1 Persons concerned

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

- The Chairman and Chief Executive Officer of AB Science
- The Deputy CEO of AB Science
- The directors of AB Science

3.1.2 Information on terms of office

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.

3.1.3 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 2022 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.

3.1.4 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.

3.1.5 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 executive corporate officer
- Account taken of his/her experience in the post and his/her seniority within AB
- Account taken of the practices found in companies comparable to AB Science
- An incentivised and balanced remuneration structure as follows:
    - A fixed salary

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

- 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 business creator shares have historically been allocated to the Chairman and Chief Executive Officer, details of which are given in section 3.3 of this 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
- 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 11.2 of this report.

3.1.6 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 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	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.

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

	on the performance of AB Science.		
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.

3.1.7 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.

During the General Meeting of 29 June 2022:, questions were asked about the nature of the objectives determining the variable remuneration. The resolutions concerning remuneration were all adopted by a large majority of shareholders, including shareholders unrelated to the reference shareholder (90.4% for the compensation of the Chairman and Chief Executive Officer and 98.6% for that of the Deputy CEO).

3.1.8 Substantial changes to the remuneration policy in the event of a change of individuals

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

New directors or non-voting members: the scale described in this policy will be applied to any new directors without modification, and always within the overall annual budget authorised by the shareholders.

New Chairman and CEO: the current conditions would be the maximums applied, unless a new ex-ante policy is adopted by the shareholders; in the event of internal recruitment, the combination of an employment contract and the corporate mandate could be authorised by the Board of Directors as long as the ceilings in terms of value remain respected.

New Deputy Chief Executive Officer : In the event of the appointment of a new Deputy Chief Executive Officer, in particular as Chief Pharmacist, if this person combined an employment contract with the corporate mandate, the remuneration would be the higher of that provided for under the employment contract and that granted to the current occupant of the mandate; in other cases, the current conditions would be the maximums applied prior to the adoption of a new ex-ante policy by the shareholders

3.1.9 Exceptions

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.

3.2 Remuneration for the financial year 2023 - principles and criteria for determining the remuneration of corporate officers

This section 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 2023 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 2023.

3.2.1 Criteria and methods used to determine, allocate and grant the fixed, variable and exceptional components of the total remuneration and benefits of any kind to the Chairman and Chief Executive Officer for the financial year 2023

- Fixed salary

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

The fixed salary (gross salary excluding profit-sharing bonus and seniority bonus) will remain unchanged at 304,000 euros gross for the 2023 financial year.

- 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 2023.

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 2023 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 2023, 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 8,559 euros and 1,937 euros respectively for the financial year 2023.

- 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 2023:

- Seniority bonus: 17.253 euros
- Incentive bonus: 32.994 euros

3.2.2 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 2023

- Fixed salary

The fixed remuneration under the employment contract of the Deputy Chief Executive Officer is equal to 81,088 euros for the 2023 financial year.

- Variable remuneration

The Deputy Chief Executive Officer's remuneration does not include a variable portion for the 2023 financial year.

- 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 13,418 euros for the financial year 2023.

3.2.3 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 2023

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 29 June 2022 (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 distributes 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
- 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 2023, the directors and non-voting directors of AB Science will again have the option of being allocated share subscription warrants instead of attendance fees.

3.3 Remuneration for the financial year 2022 - amount of remuneration of corporate officers

This section constitutes the report to the shareholders on the remuneration paid or awarded to the corporate officers of AB Science during the financial year 2022 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 2022 in respect of their office.

3.3.1 Persons concerned

This report concerns the remuneration paid or due for the financial year 2022 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 28 April 2023, decided on the remuneration elements for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the financial year 2022.

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 29 June 2022.

On the proposal of management and the advice of the Remuneration Committee, the Board of Directors, at its meeting of 28 April 2023, 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 2022 (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 Chief Executive Officer for the financial year 2022 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 are exercisable at a price of 12.65 euros per share subscription warrant, the number of which varies according to the level of attendance of each director at Board meetings held in 2022.

Directors:	**Number of share subscription warrants allocated**
Patrick Moussy	3.000
Cécile de Guillebon	3.000
Catherine Johnston-Roussillon	3.000
Guillemette Latscha	3.000
Renaud Sassi	3.000
Total	**15.000**

3.3.2 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:

Financial Year	Benchmark			Chairman and Chief Executive Officer				Deputy CEO			
	Remuneration			Remuneration	Equity ratios			Remuneration	Equity ratios		
	Average (A)	Median (B)	SMIC (min wage) (C)		vs. A	vs. B	vs. C		vs. A	vs. B	vs. C
2022	60,141	42,591	19,744	461,045	8	11	23	99,281	2	2	5
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

In accordance with Article L.22-10-9 | 7° of the *Code de Commerce* [French Commercial Code], AB Science reports, in parallel with the equity ratios, the changes in "the company's performance", assessed on the basis of the stock market price.

Financial Year	Change in share price (percentage between the 1st and the last price of the year in question)
2022	-42%
2021	-36%
2020	261%
2019	55%
2018	-62%

The Board of Directors listens to the opinions expressed by shareholders on the subject of remuneration. During the General Meeting of 29 June 2022:, questions were asked about the nature of the objectives determining the variable remuneration. The resolutions concerning remuneration were all adopted by a large majority of shareholders, including shareholders unrelated to the reference shareholder (90.4% for the compensation of the Chairman and Chief Executive Officer and 98.6% for that of the Deputy CEO).

There are no discrepancies or exemptions to report. The remuneration paid or allocated to the corporate officers for the financial year 2022 is in accordance with the resolutions approved by the shareholders of AB Science at the general meeting on 29 June 2022.

3.3.3 Remuneration of the Chairman and Chief Executive Officer and the Deputy CEO

In accordance with the remuneration policy of the Chairman and CEO approved by the General Meeting of Shareholders of 29 June 2022, his annual remuneration for the financial year 2022 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 2022 financial year of the Deputy Chief Executive Officer consisted of gross annual fixed remuneration of 52,069 euros.

On the proposal of the management and the advice of the Remuneration Committee, the Board of Directors on 28 April 2023 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 2022 of 260,000 euros.

The payment of the variable remuneration due to the Chairman and CEO and the Deputy CEO for the financial year 2022 is conditional on the approval of these remuneration elements by the next ordinary general meeting.

3.3.4 Overview of compensation elements for executive directors

An overview of the remuneration elements of the executive directors is shown below.

- Remuneration acquired for the financial year

Alain Moussy, Chairman and CEO (In thousands of euros)	**31.12.2022**	**31.12.2021**
Remuneration due for the year	596	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	0
Total	596	622

Denis Gicquel, Deputy CEO (In thousands of euros)	**31.12.2022**	**31.12.2021**
Remuneration due for the year	59	105
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	59	105

Non-executive directors	**Amounts paid in 2022**	**Amounts paid in 2021**
Attendance fees	-	42
Other remuneration	-	-
Total	-	**42**

Share subscription warrants have been granted to directors, details of which are given in section 11.2 of this report.

- Remuneration paid during the financial year

Alain Moussy, Chairman and CEO (In thousands of euros)	Amounts paid in 2022			Remaining amount		
	Total	For this financial year	For previous financial years	Total	For this financial year	For previous financial years
Fixed salary:	321	321	-	-	-	-
- basic salary	304	304	-	-	-	-
- seniority bonus	17	17	-	-	-	-
Variable remuneration:	161	31	130	1,531	234	1,297
- incentive bonus	31	31	-	-	-	-
- target bonus	130	-	130	1,531	234	1,297
Exceptional remuneration:	10	10	-	-	-	-
- exceptional bonus	-	-	-	-	-	-
- Attendance fees	-	-	-	-	-	-
- Benefits in kind	10	10	-	-	-	-
Total	492	492	130	1,531	234	1,297

Denis Gicquel, Deputy CEO (In thousands of euros)	Amounts paid in 2022			Remaining amount		
	Total	For this financial year	For previous financial years	Total	For this financial year	For previous financial years
Fixed salary:	52	52	-	-	-	-
- basic salary	52	52	-	-	-	-
- seniority bonus	-	-	-	-	-	-
Variable remuneration:	18	7	11	-	-	-
- incentive bonus	10	7	3	-	-	-
- target bonus	8	-	8	-	-	-
Exceptional remuneration:	-	-	-	-	-	-
- exceptional bonus	-	-	-	-	-	-
- Benefits in kind	-	-	-	-	-	-
Total	70	59	11	-	-	-

- Capital investment instruments raised by each executive director during the financial year

Executive director	Plan number and date of plan	Type of instrument	Number of instruments raised	Exercise price (€)
Alain Moussy	-	-	-	-
Denis Gicquel	-	-	-	-

- Share subscription or purchase options granted to each executive director during the financial year

Executive director	Plan number and date of plan	Type of options	Value of options (€K)	Options assigned	Exercise price (€)	Exercise period
Alain Moussy	-	-	-	-	-	-

Denis Gicquel	-	-	-	-	-	-

- Free shares granted to each executive director during the financial year

Executive director	Grant date	Free shares granted	Date of acquisition	Date available	Value of shares (€K)	Plan maturity	Performance conditions
Alain Moussy	-	-	-	-	-	-	-
Denis Gicquel	-	-	-	-	-	-	-

- Free shares that became available to each executive director during the financial year

Executive director	Grant date	Free shares granted	Date of acquisition	Date available	Value of shares (€K)	Plan maturity	Performance conditions
Alain Moussy	-	-	-	-	-	-	-
Denis Gicquel	-	-	-	-	-	-	-

- Grant of equity instruments to each executive director (existing instruments at the end of the financial year)

Beneficiary	Category	Instrument	Meeting date	Grant date	Expiry date	Exercise conditions remaining to be met	Unit exercise price (€)	No of shares per instrument	Granted securities not exercised
Moussy, Alain	**AGAP**	AGAP - B1	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	24,734
		AGAP - B3	28/06/2017	28/12/2017	01/01/2029	Yes	0.00	100	5,589
		AGAP - B4	31/08/2020	01/09/2020	01/01/2029	Yes	0.00	100	2,706
	BCE	BCE2007-A	21/12/2007	17/06/2008	31/12/2027	No	7,680.00	1,000	906
		BCE2007-B	21/12/2007	16/12/2008	31/12/2027	No	7,680.00	1,000	288
		BCE2008-A	26/12/2008	13/01/2009	31/12/2027	No	7,680.00	1,000	235
		BCE2008-B	26/12/2008	26/02/2013	31/12/2027	No	7,680.00	1,000	147
		BCE2008-C	26/12/2008	19/11/2009	31/12/2027	No	7,680.00	1,000	123
		BCE2010-A	31/12/2009	03/02/2010	31/12/2027	No	12.28	1	28,784
		BCE2012	30/03/2012	30/08/2012	31/12/2027	Yes	12.50	1	1,902,792
		BCE2013	30/03/2012	22/04/2013	31/12/2027	Yes	18.74	1	25,580
		BSA2010-BIS	28/06/2016	19/12/2016	31/12/2027	No	15.61	1	332,000
Gicquel, Denis	**AGAP**	AGAP - B1	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	34
		AGAP - B2	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	21
		AGAP - B3	28/06/2017	28/12/2017	01/01/2029	Yes	0.00	100	1
		AGAP - B4	31/08/2020	01/09/2020	01/01/2029	Yes	0.00	100	1
	SO	SO2020-B	31/08/2020	01/09/2020	30/08/2030	No	12.65	1	4,000
		SO-6C	18/06/2013	24/04/2015	23/04/2025	No	15.80	1	2,000
		SO-6E	18/06/2013	28/04/2016	27/04/2026	No	17.29	1	3,340
		SO-7A	28/06/2016	30/04/2018	29/04/2028	No	12.65	1	4,000

Notes:

i. AGAP=Free preference shares; BCE=Subscription warrants for business creator shares; SO=share subscription options.

ii. The conditions for exercising AGAP are provided in section 8.6. The conditions for exercising BCE2012 and BCE2013 are provided in section 8.6.

iii. In addition to these remuneration instruments, Alain Moussy subscribed at fair value, directly or via AMY SAS, the following transferable securities:

- 5,800,000 class D preference shares issued during the General Meeting of 31 August 2020. The conditions for the conversion of these class D preference shares into ordinary shares are described in section 8.6.
- 1,617,614 BSA issued during the General Meeting of 17 June 2014. The conditions for exercising these BSAR_2014II are described in section 8.6.

▪ Conditions of remuneration and other benefits granted to executive directors during the financial year

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
Alain Moussy	Yes	No	No	No
Denis Gicquel	Yes	No	No	No

▪ 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 on 31 December 2022, calculated by applying the collective and seniority agreement, excluding social security contributions, amounted to €191K (of which €191K 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.

4 DELEGATION IN RESPECT OF CAPITAL INCREASES

The table below summarises the currently valid delegations of powers and authority during the 2022 financial year.

Delegations granted to the Board of Directors General Meeting of 29 June 2022:	Maximum share amount	Maximum increase amount	Duration of the delegation	Use of the delegation in 2022	
- 17th resolution: Delegation to increase the capital by issuing ordinary shares or securities with retention of preferential subscription rights	10,623,475	106,234.75	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	10,623,475	106,234.75	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	10,623,475	106,234.75	18 months	None	
- 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	10,623,475	106,234.75	26 months	2022 allocations	126,050
				Balance	10,497,425
- 21st resolution: Authorisation to increase the number of shares in connection with an issue made pursuant to the 17th, 18th, 19th and 20th resolutions	12,216,996	122,169.96	26 months	None	
- 22nd resolution: Global limitation of authorisations :	12,216,996	122,169.96	-	2022 allocations	126,050

Delegations granted to the Board of Directors **General Meeting of 29 June 2022:**	**Maximum share amount**	**Maximum increase amount**	**Duration of the delegation**	**Use of the delegation in 2022**	
				Balance	12,090,946
- 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	None	
- 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	4,686,132	46,861.32	18 months	None	
- 29th resolution: Delegation to issue independent share subscription warrants reserved for holders of C Shares	540,000	5,400.00	18 months	None	
- 31st 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	None	

CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF FINANCIAL POSITION ON 31 DECEMBER 2022

Assets (in thousands of euros)	**Note**	**31/12/2022**	**31/12/2021**
Intangible assets	9	1,626	1,423
Tangible assets	10	312	282
Rights of use relating to rental contracts	11	955	1,312
Non-current financial assets	15	74	67
Other non-current assets		0	0
Deferred taxes		0	0
Non-current assets		2,968	3,084
Inventories	12	456	141
Trade accounts receivables	13	161	310
Current financial assets	15	0	0
Other current assets	14	12,987	9,015
Cash and cash equivalents	16	7,269	8,721
Current assets		20,872	18,187
TOTAL ASSETS		**23,841**	**21,271**

Liabilities (in thousands of euros)	**Note**	**31/12/2022**	**31/12/2021**
Capital	17	469	469
Premiums		233,927	233,924
Translation reserves		(79)	(67)
Other reserves and income		(269,988)	(257,523)
Equity attributable to the owners of the company		(35,670)	(23,198)
Non-controlling interests			
Equity		(35,670)	(23,198)
Non-current provisions	18	916	1,084
Non-current financial liabilities	20	34,564	24,867
Other non-current liabilities	21	255	0
Non-current rental obligations	22	697	1,035
Deferred taxes		0	0
Non-current liabilities		36,432	26,986
Current provisions	18	393	1,268
Trade payables	19	12,248	11,368
Current financial liabilities	20	4,334	252
Current tax payable		0	0
Current rental obligations	22	361	379
Other current liabilities	21	5,742	4,217
Current liabilities		23,079	17,482
TOTAL LIABILITIES		**23,841**	**21,271**

2 STATEMENT OF COMPREHENSIVE INCOME ON 31 DECEMBER 2022

(in thousands of euros)	Note	31/12/2022	31/12/2021
Net turnover	**23**	**958**	**1,607**
Other operating income		0	0
Total income		**958**	**1,607**
Cost of sales		(31)	(111)
Marketing costs		(480)	(493)
Administrative costs		(3,040)	(3,578)
Research and development costs		(13,345)	(11,233)
Other operating costs		-	-
Operating profit/loss		**(15,937)**	**(13,808)**
Financial income		4,904	887
Financial costs		(2,578)	(1,506)
Financial profit/loss	**26**	**2,326**	**(618)**
Tax charge		(4)	(36)
Net profit (loss)		**(13,615)**	**(14,463)**
Other items of the comprehensive profit or loss			
Items that will not be subsequently reclassified to profit or loss:			
- Actuarial gains and losses		271	288
Items that may subsequently be reclassified to profit or loss:			
- Exchange rate differences - overseas activities		(11)	(14)
Other comprehensive profit or loss for the period, net of tax		259	274
Overall profit (loss) for the period		**(13,356)**	**(14,189)**
Net result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(13,615)	(14,463)
Overall result for the period attributable to :			
- Non-controlling interests		-	-
- Company owners		(13,356)	(14,189)
Net result per share - in euros	28	(0.29)	(0.30)
Diluted earnings per share - in euros	28	(0.29)	(0.30)

3 CONSOLIDATED CASH FLOW TABLE

(in thousands of euros)	31/12/2022	31/12/2021
Net profit (loss)	(13,615)	(14,463)
- Removal of depreciation and provisions	(81)	1,731
- Removal of disposal income	0	0
- Calculated expenses and income related to share-based payments	133	258
- Other income and expenses with no cash impact	(1,351)	855
- Removal of tax expense/income	0	0
- Removal of the deferred tax variation	0	0
Impact of variation in working capital requirements related to the activity	(2,832)	(5,556)
- Interest income and expenses	271	(39)
- Cash flow generated from operations before tax and interest	**(17,475)**	**(17,215)**
- Taxes paid/received	4	36
Net cash flow from operations	**(17,471)**	**(17,178)**
Acquisitions of fixed assets	(644)	(564)
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)	284	(26)
Other flows related to investment transactions	0	0
Net cash flows from investment transactions	**(360)**	**(590)**
Dividends paid		
Increase (Reduction) in capital	4	4,155
Issuance of loans and receipt of conditional advances	16,574	6,000
Repayment of loans and conditional advances	(188)	(4,311)
Other flows related to financing transactions	0	0
Net cash flows related to finance transactions	**16,391**	**5,844**
Impact of exchange rate changes	(11)	(14)
Impact of assets held for sale	0	0
Impact of changes in accounting policies	0	0
Cash flow variation	**(1,452)**	**(11,938)**
Opening cash and cash equivalents	8,721	20,660
Closing cash and cash equivalents	7,269	8,721
Change in cash and cash equivalents by balances	**(1,452)**	**(11,938)**

4 CHANGES IN CONSOLIDATED EQUITY AS OF 31 DECEMBER 2022

(in thousands of euros)	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Non-controlling interests	**Total equity**
AS AT 1 JANUARY 2022	**469**	**233,923**	**(67)**	**(257,523)**	**(23,198)**	**0**	**(23,198)**
Net result for the period				(13,615)	(13,615)		(13,615)
Other items of the comprehensive profit or loss			(11)	271	259		259
Overall profit (loss) for the period	**0**	**0**	**(11)**	**(13,344)**	**(13,356)**		**(13,356)**
Increase in capital	0	3			4		4
Employee share-based payments				133	133		133
share-based payments relating to third parties - BSA		0		746	746		746
Total shareholder transactions	**0**	**3**	**0**	**880**	**883**	**0**	**883**
ON 31 DECEMBER 2022	**469**	**233,927**	**(79)**	**(269,987)**	**(35,671)**	**0**	**(35,670)**

(in thousands of euros)	Share Capital	Issue premiums	Translation Reserves	Other reserves and profit or loss	**Total**	Non-controlling interests	**Total equity**
AS OF 1st 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)**

5 ENTITY PRESENTING THE FINANCIAL STATEMENTS

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

The consolidated financial statements of the Company for the year ended 31 December 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”).

AB Science is a company specialising in the research, development and commercialisation of synthetic therapeutic molecules for diseases with a high medical need, in the central nervous system, cancer and inflammatory diseases.

6 BASIS OF PREPARATION

6.1 Preliminary Remark

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 accounts as at 31 December 2022 were approved by the Board of Directors on 28 April 2023 and will be submitted for approval to the next General Meeting.

6.2 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 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 –Tangible 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 pronouncements and related amendments are applicable for 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).

6.3 BASIS FOR EVALUATION

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.

6.4 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.

6.5 GOING CONCERN

The going-concern principle is maintained in view of the group cash position as at 31 December 2022 and the additional sources of funding available. To assess operating continuity over the next 12 months, the following in particular were taken into account and integrated:

- A second drawing of €6 million under the €15 million financing contract with the European Investment Bank, this drawing having taken place during the first quarter of the 2023 financial year.
- The possibility of a capital increase involving certain historical shareholders under the financing commitment entered into in June 2021, at a rate of 25 million euros between 1 July 2022 and 30 June 2023 and 25 million euros between 1 July 2023 and 30 June 2024, provided that no significantly unfavourable event occurs and provided that the strategy of seeking a strategic alliance announced in June 2021 is implemented. The €15 million capital increase carried out in April 2023 falls within this framework.
- The possibility of drawing optional equity financing with Alpha Blue Ocean. This financing set up in November 2020 was identically renewed by the Board of Directors at its meeting of 28 April 2023. As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 25 April 2023, or 5.88 euros, the amount of the additional equity funds that could be raised would be around 22.3 million euros.. The reader is referred to sections 6.4.4 and 6.4.6, which describe the risks associated with the implementation of such a financing option.

Furthermore, the strategy of focusing on the development of masitinib in the treatment of amyotrophic lateral sclerosis and the development of the platform targeting microtubules (Microtubules Destabilising Agents, MDA), on the one hand, and the acceleration of the licence search for masitinib in indications excluding rare diseases, primarily in progressive forms of multiple sclerosis and in Alzheimer's disease, on the other hand, announced on the occasion of the capital increase of 24 April 2023, requires reassessing with the EIB the possibility of setting up a second loan for a maximum amount of 30.0 million euros with this second loan being mainly intended for the development of masitinib in multiple sclerosis and Alzheimer's disease.

6.6 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.

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 27.1 – use of tax losses
- Note 7.6 – valuation of share-based payments
- Note 20.1 – valuation of financial liabilities at fair value

7 MAIN ACCOUNTING METHODS

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

7.1 Capital

The capital consists of four categories of shares as of 31 December 2022:

- ordinary shares (class A)
- Free preference shares convertible into ordinary shares (class B) in compliance 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
- 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.

7.2 Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the carrying amount of the asset or, where applicable, recognised as a separate asset if it is likely that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be calculated reliably.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives are as follows:

- Installations and fittings 3-5 years
- Industrial equipment 3 years
- Furniture and office and computer equipment 3-5 years

Depreciation methods, useful lives and residual values are reviewed and, if necessary, adjusted on each balance sheet date.

The carrying amount of an asset is immediately depreciated to bring it back to its recoverable value when the carrying amount of the asset is higher than its estimated recoverable value (see note "Impairment of assets").

Gains and losses on the sale of tangible assets are determined by comparing the sale proceeds with the carrying amount of the asset and are recorded at their net value in "other income" or "other expenses" in the income statement.

7.3 **Intangible assets**

- 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 authorisations for the marketing of its product candidates, the technical feasibility of the projects under development will only be established once the regulatory authorisations for the marketing of the products have been obtained. Consequently, in application of IAS 38, the Company expensed all of its research and development costs incurred in 2022 and during previous periods.

- 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

7.4 Basis for inventory 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.

7.5 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.

7.6 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.

7.7 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.

7.8 Revenue

According to IFRS 15, revenue is recognised when the Company fulfils a performance obligation by providing distinct goods or services (or a series 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.

7.9 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.

7.10 Grants

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.

7.11 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 accounted for and valued in accordance with IFRS 9 Financial Instruments. Financial debts are valued at amortised cost.

The portion at more than one year of conditional advances is recorded as financial debt, non-current portion, while the portion at less than one year is recorded as financial debt, current portion.

7.12 Financial liabilities at amortised cost

Loans and other financial liabilities are accounted for and valued in accordance with IFRS 9 Financial Instruments.

They are recorded at amortised cost. The amortised cost of a financial asset or financial liability is defined under IFRS 9 as the value assigned to a financial liability on initial recognition, less principal repayments, plus or minus cumulative amortisation, calculated using the EIR.

Transaction costs that are directly attributable to the acquisition or issuance of a financial liability are deducted from this financial liability. These costs are then amortised over the life of the liability based on the EIR.

7.13 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 existence of a time lag between the date on which the costs of treatment are incurred for clinical studies and the date on which these costs are invoiced by the centres, the Company provides for the estimated amount of not yet billed expenses at each closing. 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 carrying out the trials. The estimated total amount for each study is reduced by the total amount of invoices received on the closing date.

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

7.14 Rights of use and lease liabilities

Pursuant to accounting standard IFRS 16, the recognition of real estate leases as well as concession contracts for which the Group is the lessee results, on the effective date of each lease, to the recording in the balance sheet of an amount of rental debt corresponding to the discounted future rental payments, as well as in return for an asset in respect of the right of use relating to this rental contract.

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 contract by contract and corresponds to the firm period of the commitment, taking into account the optional periods which are reasonably certain to be exercised.

In the income statement, amortisation charges are recorded in current operating income and interest charges in financial income. The tax impact of this consolidation restatement 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 revision or modification upwards or downwards of the lease term and the rent.

The main simplification measures allowed by IFRS 16 are applied by the Group:

- Exclusion of leases relating to underlying assets of low value less than €5,000;
- Exclusion of leases for a period of less than 12 months.

Rents from contracts excluded from the scope of IFRS 16 are recorded directly in operating expenses.

7.15 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.

7.16 Income tax

Income tax (expense or income) includes the current tax expense (income) and the deferred tax expense (income).

The tax is recorded in the income statement unless it relates to items which are recorded directly in equity or in other comprehensive profit or loss; in which case it is recorded in equity or other comprehensive profit or loss.

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.

7.17 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).

8 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 and through loans from private investors or public bodies.

In view of the amounts of cash, cash equivalents and current financial assets available to it on 31 December 2022 (as detailed in chapters 15 and 16 of the notes to the consolidated financial statements on 31 December 2022) 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.

AB Science nevertheless indicates that its liquidity management depends, in part, on the PACT programme put in place with Alpha Blue Ocean and renewed on 28 April 2023, as indicated in section 3 of this report. AB Science would like to point out the risks associated with this programme:

- Even though trading rules will be given by AB Science to Alpha Blue Ocean, the shares subscribed by Alpha Blue Ocean may be sold on the market at very short notice, which may create strong downward pressure on the AB Science share price. Shareholders may suffer a loss of their invested capital due to a significant decrease in the value of the company's shares, as well as significant dilution due to the large number of securities that may be issued to Alpha Blue Ocean.
- The commitment of the Alpha Blue Ocean fund is to a number of shares to be subscribed and not to a subscription amount.
- The amount ultimately obtained by AB Science will depend on the market price of the AB Science share on Euronext Paris at the time of the drawdown of each tranche and on the evolution of the market price during the periods of orderly disposal of the shares subscribed by Alpha Blue Ocean. If the share price of AB Science shows a downward trend after a drawdown, AB Science will ultimately receive less than the issue proceeds initially paid by Alpha Blue Ocean for the relevant tranche.

- 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).

At this stage of its development, the company does not use hedging transactions to protect its business against exchange rate fluctuations.

- Rate risk

The group is not significantly exposed to interest rate risk insofar as the risk is low for fixed rate contracts. The only potential risk is related to the bond convertible into ordinary share subscription warrants bearing interest based on the Bloomberg Short Term Bank Yield at one month + 350 basis points.

- 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.

Dilution risks are specific to the PACTTM programme put in place with ABO (as described in sections 3 and 6.4.4 of the management report). Following the issuance of the ordinary shares that may be issued in the event of full utilisation of PACTTM, the share capital (including all classes of shares) of AB Science will amount to EUR 598,081.39 (including 53,500,211 ordinary shares), representing approximately 7.2% of the existing share capital of AB Science. By way of illustration, a shareholder holding 1.0% of the share capital of AB Science prior to the full use of PACTTM will hold 0.93% of the share capital of AB Science after the issuance of the ordinary shares that may be issued in the event of full use of PACTTM.

9 INTANGIBLE ASSETS

The change in intangible assets can be analysed as follows during the 2022 and 2021 financial years.

(in thousands of euros)	Gross value	Depreciation & impairment loss	Net value
31décembre 2020	4,048	(2,577)	1,471
Acquisitions/Allocation	379	(426)	(47)
Divestment/ Disposal	(923)	923	0
31 December 2021	3,504	(2,080)	1,423
Acquisitions/Allocation	528	(325)	203
Divestment/Disposal	(222)	222	0
31 December 2022	3,810	(2,183)	1,626

Intangible assets consist mainly of patents (1,626,000 euros in net value on 31 December 2022 and 1,423,000 euros in net value on 31 December 2021). These patents have been capitalised in accordance with the capital asset criteria described in section 7.3.

10 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
31décembre 2020	668	158	438	1,263
Acquisitions/Allocation	8	129	48	185
Divestment/Disposal	(83)	(120)	(173)	(376)
Translation differences				0
31 December 2021	593	166	313	1,072
Acquisitions/Allocation	5	89	22	116
Divestment/Disposal	0	0	0	0
Translation differences				0
31 December 2022	598	254	335	1,188

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 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	(503)	(36)	(254)	(791)
Allocations	(32)	(21)	(31)	(85)
Divestment/disposal reversals	0	0	0	0
Translation differences				
Cumulative as of 31 December 2022	(535)	(57)	(285)	(876)

Net values

(in thousands of euros)	Technical installations, hardware and industrial tooling	Various fittings	Office equipment, IT hardware and furniture	Total
31 December 2020	116	6	41	162
31 December 2021	90	131	61	282
31 December 2022	63	198	52	312

There was no recording of loss in value in application of the IAS 36 standard. No tangible assets have been pledged as collateral.

11 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)	31.12.2022	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	(395)	(394)
Terminations	0	0
Total	955	1,312

12 INVENTORIES

Inventories amounted to €456K on 31 December 2022 compared to €141K on 31 December 2021 and are analysed as follows:

(in €K and net values)	31.12.2022	31.12.2021
Inventories of raw materials and active ingredients	103	8
Inventories of intermediate products	295	102
Inventories of finished products	58	31
Total inventories	456	141

13 TRADE AND ACCOUNTS RECEIVABLE

This item is analysed as follows:

(in thousands of euros)	31.12.2022	31.12.2021
Other trade accounts receivables	173	323
Depreciation	(13)	(13)
Trade accounts receivables - net	161	310

14 OTHER CURRENT AND NON-CURRENT ASSETS

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

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Research tax credit (1)		11,187	-	7,180
VAT receivables	-	909	-	795
Subsidies receivable (2)	-	0	-	0
Suppliers' receivables	-	263	-	252
Other receivables (3)	-	260	-	70
Conditional advances receivable (4)	-	0	-	0
Deferred charges	-	368	-	718
TOTAL	0	12,987	0	9,015

(1) The research tax credit amounted to €4,008K on 31 December 2022. The research tax credits for 2020 (€3,308k) and 2021 (€3,871k) are currently being examined by the tax authorities. At this stage of the investigation, it is difficult to assess whether these CIRs (research tax credits) will be recovered in full. As no reliable estimate of the amount that could be challenged by the tax authorities could be made, no impairment has been recognised in this respect.

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

15 CURRENT AND NON-CURRENT FINANCIAL ASSETS

15.1 Details of financial assets

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

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Deposits paid as security for rents	74		67	
TOTAL	74	0	67	0

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

15.2 Change in financial assets

On 31 December 2022:

(in thousands of euros)	01.01.2022	Increases	Reductions	Others	31.12.2022
Others	67	7			74
Financial assets	67	7	0	0	74

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

16 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)	31.12.2022	31.12.2021
Liquid assets	3,267	8,721
Term deposits	4,002	0
Cash and cash equivalents on the balance sheet	7,269	8,721
Bank overdrafts	0	0
Cash and cash equivalents in the cash flow statement	7,269	8,721

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.

17 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	AB Science Group Capital
Share capital as of 31 December 2021	53,169,257	46,602,393	45,134	262,794	0	0.01	469,064.63
Capital increase following the exercise of BSA - July 2022	30,000	30,000				0.01	300.00
Increase in capital following the exercise of stock options - August 2022	196	196				0.01	1.96
Share capital as of 31 December 2022	53,199,453	46,632,589	45,134	262,794	0	0.01	469,366.59

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

In July 2022, the capital was increased by 300 euros following the exercise of share subscription warrants.

In August 2022, the capital was increased by 1.63 euros following the exercise of stock options, with a corresponding share premium of €2K, for a total contribution of €2K

Furthermore, AB Science Group's capital, which amounted to 469,366.59 euros on 31 December 2022, takes into account the reclassification of the amount of the capital increase related to the issuance of (Class C) preference shares as financial liabilities (5,000 euros) and the recognition of the issuance of preference shares (Class D) as financial liabilities (60.000 euros).

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

On 31 December 2022, the capital of AB Science Group consists of 46,936,659 shares, of which 17,187,140 shares have a double voting right.

18 PROVISIONS

Provisions are broken down as follows:

	31.12.2022			31.12.2021		
(In thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Litigation		393	393		1,268	1,268
Provision for employee benefits	916		916	1,084		1,084
TOTAL	916	393	1,309	1,084	1,268	2,352

The changes in provisions in the years 2021 and 2022 are as follows:

(in thousands of euros)	Litigation	Provision for employee benefits	Total
31décembre 2020	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 December 2021	1,268	1,084	2,353
Allocations	220	105	326
Change in OCI		(273)	(273)
Reversals used	(94)		(94)
Reversals not used	(1,000)		(1,000)
31 December 2022	393	916	1,312

The provision for disputes totalling €393K on 31 December 2022 relates mainly to:

- provision for two labour court disputes arising from the termination of employment contracts (€143K)
- provision for disputes with suppliers (€250K).

The reversal of provisions for the sanction from the financial markets authority of one million 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 (see section 6.3.1 of the management report). This sanction was directly recorded as an expense to be paid in 2022.

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 commitment. The commitment was calculated on the basis of a discount rate of 3.8% compared to 0.98% in 2021.

Since 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.

19 TRADE PAYABLES

This item is analysed as follows:

(In thousands of euros)	31.12.2022	31.12.2021
Suppliers	7,362	6,267
Suppliers - invoices not received	4,885	5,101
Total	12,248	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.

20 FINANCIAL LIABILITIES

20.1 CURRENT/NON-CURRENT DISTRIBUTION

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

Financial liabilities at amortised cost:

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Conditional advances	11,584	0	11,459	0
Line of credit/bank loans	11,551	0	6,688	250
Bond issue	7,045	0		
D preference shares	60			
Other financial liabilities	63			
Payable incurred interest		31		2
Financial liabilities at amortised cost	30,302	31	18,146	252

Financial liabilities at fair value:

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
C preference shares	3,692	0	6,721	0
Conversion option (OCA)	570	0		
Financial liabilities at fair value	4,262	0	6,721	0

The level of fair value for C preference shares is level 1. The level of fair value for the conversion option is level 2.

Change in non-current financial liabilities

As at 31 December 2022:

(in thousands of euros)	31.12.2021	Receipts/receivables	Refunds/ waivers	Current/non-current reclassifications	Discount effect/fair value preference shares/accrued interest	31.12.2022
Non-current	24,867	13,615	0	(1,137)	(2,781)	34,564
Current	252	3,103	(188)	1,165	2	4,334

The increase in non-current financial liabilities amounted to €9,697K on 31 December 2022 and can be explained mainly due to the following effects:

- the subscription to a bond loan convertible into shares of €8,100K (USD 8,500)
- the drawing of the first tranche of the loan from the EIB of €6,000K
- the decrease in fair value of all preference shares (class C and class D) between 31 December 2022 and 31 December 2021 (€2,900K)
- the reclassification of the part at less than one year of PGE and BPI loans (€1,100K)

The increase in-current financial liabilities amounted to €4,082K on 31 December 2022 and can be explained mainly due to the following effects:

- the taking out in July 2022 of a loan issued as part of the pre-financing of the 2020 research tax credit of USD 3,300K, (€3,100K)
- the reclassification of the part at less than one year of PGE and BPI loans (€1,100K)

20.2 Conditional and repayable advances

Conditional advances amount to €10,197K (excluding discounted 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 €3.100K per year and on the turnover corresponding to two accounting years.

- conditional advance from Bpifrance ISI for €5,764K (strategic industrial innovation project) relating to the project entitled ROMANE, the objective of which is to develop an innovative therapeutic molecule for Alzheimer's disease. The total amount of the conditional advance is €5,764K to be released in 3 phases.

  The repayment of the advance by AB Science, payable only in the event of a successful project marked by the registration of masitinib in a neurology indication, includes:

  - the repayment of the €5,764K over four years from the third year of marketing of masitinib
  - then over the following three years, the payment of interest of 1% of turnover up to a limit of €7,000K.

Variation in conditional and repayable advances

As of 31 December 2022

(In thousands of euros)	31.12.2022	Catch Up effect	Unwinding of discount effect	31.12.2022
Non-current	11,459	(1,068)	1,193	11,584
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 €125K, with no impact on cash.

Schedule of conditional and repayable advances

As at 31 December 2022:

(in thousands of euros)	31.12.2022	Less than 1 year	than 2 years	than 3 years	than 4 years	than 5 years	More than 5 years
Total advances	11,584						11,584

20.3 **BANK LOANS**

The company concluded:

- in September 2020, a loan from BPIFrance for an amount of €1.000K at a fixed rate of 2.25% for a period of 60 months
- in April 2021 three loans guaranteed by the State for a total of €6,000K at a fixed rate of 0.25% for two loans and at a rate of 1.75% for one loan. Each loan amounts to €2,000K.
- in December 2022, the drawing of the first tranche of €6,000K of the total loan of €12,000K granted by the European Investment Bank (EIB).
- as announced previously, the contract signed with the EIB provides for financing in two tranches of €6,000K and a third tranche of €3,000K, each subject to the fulfilment of certain conditions precedent, which have been satisfied for the first two tranches. The first tranche has a maturity of six years and is therefore repayable in December 2028. It is accompanied by a capitalised annual interest rate of 9.0% and the issue of 126.050 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 8.61 euros for 15 years. The group has recorded a debt of €6,000K which will be increased by capitalised interest for each period. The BSA issued for an amount of 1,260 euros are accounted for as equity instruments.

Borrowing schedule:

On 31 December 2022:

	At 1 year max.	Over 1 year to up to 5 years	At over 5 years	Total
LLC Loan	3,103			3,103
BPI Loan	313	438		750
EIB Loan			6,000	6,000
PGE Loan	949	5,051		6,000
TOTAL	4,365	5,488	6,000	15,853

20.4 **BOND ISSUES**

AB Science has entered into an agreement with a historical investor for financing of USD 8,500K through the issue of 50,000 bonds convertible (at a nominal value of USD 170) into new ordinary shares (OCA) to which are attached share subscription warrants (OCABSA).

The bond issue, authorised by the Board of Directors on 27 February 2022, was fully subscribed and released on 4 March 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 on 21 December 2028.

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.

Convertible bonds are considered hybrid instruments comprising a host contract of debt in dollars (amortised cost) and an option component to convert into shares measured separately at fair value through profit or loss.

- The debt instrument (i.e. USD 7,475K/€6,886K on issue) will be accounted at amortised cost according to the effective interest rate determined over the duration of the loan, i.e. three years. The impact of the €/US$ variation is recorded in foreign exchange/financial profit/loss.
- The conversion option (USD 899K/€828K) was valued according to the binomial model. This option denominated in USD (which is not the operating currency of the issuer) is analysed as a derivative which will be measured at fair value at each closing. The change in fair value is recorded in financial income, with no impact on cash.

The BSA incorporated into the OCA were recorded as financial instruments separate from the convertible bonds. They are valued at €117K and recorded in equity according to IAS 32.

20.5 Preference shares

- Class D preference shares

On 1September 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.

If the Company has not obtained two "MA" marketing authorisations (from the European Medicines Agency or the U.S. Food and Drug Administration) for one or more of its drug candidates in two different

indications before the Maturity Date (31 Dec 2028, 31 Dec 2029 and 31 December 2030), then the D Shares will be purely and simply cancelled (after redemption by the Company for one symbolic euro, in accordance with a promise of transfer to be concluded with each holder of D Shares), without any other compensation for the holders of D Shares.

A new analysis of the D preference shares led to maintaining the classification as liabilities, because the "fixed to fixed" criterion is not respected, but has changed the valuation method because the conversion depends on obtaining the MA. This liability is recorded at cost and not at fair value, which translates into a positive impact of €349K recorded in the income statement on 31 December 2022.

- Class C preference shares

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 €12,300K, were converted in December 2016 into preference shares (525,406 Class C preference shares) 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 31 December 2022, the first three tranches have been converted and the balance of Class C preference shares is 262,704 shares.

All C Shares must be converted into A Shares in installments based on a weighted average price.

The valuation of these instruments depends solely on the closing share price; in the absence of conversion of tranches 4, 5 and 6 on 31 December 2022, the provisions of the Articles of Association updated on 03 February 2022 apply to determine the total number of shares from tranches 4, 5 and 6 on 31 December 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 31 December 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 respectively
- The share price on the date of conversion is €7.09 (share price on 31 December 2022)

On 31 December 2022, the fair value of the class C preference shares is €3,700K. The change in fair value recorded in the financial result is a profit of €2,600K, with no impact on cash.

The IAS 32 Financial Instruments standard is difficult to apply to this type of complex instruments. Pending clarification from the IASB on this issue (FICE - Financial Instruments with Characteristics of Equity - project), these preference shares (Class C) are accounted for as derivatives because the preference shares will be converted into a variable number of shares.

21 OTHER CURRENT AND NON-CURRENT LIABILITIES

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

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Social liabilities	-	4,367	-	3,787
Tax liabilities	-	536	-	385
Other debts	255	839	-	44
Total	255	5,742	-	4,217

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.

The other liabilities relate to the sanction pronounced by the AMF (see section 6.3.1 of the management report).

22 RENTAL OBLIGATIONS

(In thousands of euros)	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Rental obligations	697	361	1,035	379
Total	697	361	1,035	379

23 TURNOVER

The Company's turnover from the commercial operation of masitinib in veterinary medicine amounted to €958K.

24 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.

24.1 Conditional subsidies and funding

Conditional advances are given in section 20.2 .

24.2 Operating subsidies

Since its creation, due to its innovative nature, the Company has received a certain number of grants or subsidies from the State or public authorities to finance its operations or specific recruitment.

In contrast to conditional advances:

- The Company is confident that it will comply with the conditions attached to these subsidies.
- These subsidies are not refundable.

These subsidies are recorded in the profit and loss statement for the reporting year for the corresponding charges or expenses for the amounts indicated in the table below:

(In thousands of euros)	31.12.2022	31.12.2021
Subsidies	0	0

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

24.3 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)	31.12.2022	31.12.2021
Research Tax Credit 2022	4,008	
Research Tax Credit 2021		3,871
Total	4,008	3,871

25 PERSONNEL COSTS

25.1 WORKFORCE

On 31 December 2022, the Group had 103 employees compared to 98 employees on 31 December 2021.

The breakdown of the workforce is as follows:

(In thousands of euros)	31.12.2022	31.12.2021
Sales Department	3	3
Drug Discovery and Clinical Department	91	85
Executive & Management Department	10	10
Total	103	98

25.2 PERSONNEL COSTS

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

(In thousands of euros)	31.12.2022	31.12.2021
Wages and salaries	7,152	6,817
Social contributions	2,653	2,706
Share-based payments	133	258
Total	9,939	9,780

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

(In thousands of euros)	31.12.2022	31.12.2021
Marketing expenses	192	193
Administrative costs	1,173	1,136
Research and development costs	8,574	8,451
Total	9,939	9,780

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.

The details of the share payments are as follows:

(In thousands of euros)	31.12.2022	31.12.2021
Stock option plans	6	124
BSPCE Plans	13	19
AGAP plan	114	114
Total	133	258

- Share subscription option plans

Changes to the number of valid options is shown below

(in number of options, with division of the nominal value by 1000)	31.12.2022	31.12.2021
Options outstanding at the beginning of the fiscal year	1,012,397	914,244
Options assigned	5,000	138,000
Options exercised	-196	-17,300
Cancelled and/or expired options	-112,106	-22,547
Options outstanding at the end of the fiscal year	905,095	1,012,397

The following table shows the main characteristics of the plans being acquired at the end of the financial year.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	Options Assigned	Options Exercised	Options lapsed	Exercisable Options
31/12/2009	18/03/2010	SO10-A	1	15.61	18/03/2014	31/12/2027	290,000		-174,000	116,000
18/06/2013	14/05/2014	SO-6A	1	11.96	14/05/2018	13/05/2024	116,335	-720	-75,695	39,920
	29/08/2014	SO-6B	1	10.03	29/08/2018	28/08/2024	10,875		-10,000	875
	24/04/2015	SO-6C	1	15.8	24/04/2019	23/04/2025	79,940		-47,610	32,330
	06/10/2015	SO-6D	1	13.01	06/10/2019	05/10/2025	15,550		-6,550	9,000
	28/04/2016	SO-6E	1	17.29	28/04/2020	27/04/2026	110,640		-61,500	49,140
28/06/2016	30/04/2018	SO-7A	1	12.65	30/04/2022	29/04/2028	53,000		-26,000	27,000
29/06/2018	06/12/2018	SO-9A	1	12	06/12/2022	06/12/2028	25,120		-8,400	16,720
	20/05/2019	SO2019-A	1	12	31/07/2019	31/05/2023	274,000			274,000
28/06/2019	10/07/2019	SO2019-B	1	12	31/07/2019	31/05/2023	59,000			59,000
	17 February 2020	SO2020-A	1	12.65	17/02/2024	17/02/2030	65,000		-5,000	60,000
31/08/2020	01/09/2020	SO2020-B	1	12.65	01/09/2024	30/08/2030	143,650		-27,540	116,110
30/06/2021	28/09/2021	SO2021-A	1	13	28/09/25	27/09/2031	138,000		-38,000	100,000
	28/04/2022	SO-2022A	1	12.65	28/04/2026	27/04/2032	5,000			5,000
Total							**1,386,110**	**-720**	**-480,295**	**905,095**

The beneficiaries of the subscription options are employees of AB Science. The SO2019-A and the SO2019-B are associated with presence and performance conditions. The other plans are only associated with presence conditions.

The options, for which the valuation has an impact on the 2022 or 2021 accounts, are presented.

Security	Options Assigned	Exercise start date	Expiry date	Exercise price	Value of the underlying	Volatility	Risk-free rate	Average duration (in D)	Fair value per option	Turnover rate
SO2019-A	274,000	31/07/2019	31/05/2023	12.00	5.17	50%	N/A	2,555	€0.40	N/A
SO2019-B	59,000	31/07/2019	31/05/2023	12.00	5.17	50%	N/A	2,555	€0.40	N/A
SO-6D	15,550	06/10/2019	05/10/2025	13.01	12.09	35%	0.03%	2,555	€4.07	34%
SO-6E	110,640	28/04/2020	27/04/2026	17.29	19.21	35%	-0.24%	2,555	€7.44	38%
SO-7A	53,000	30/04/2022	29/04/2028	12.65	4.92	60%	-0.12%	2,555	€1.82	46%
SO-9A	25,120	06/12/2022	06/12/2028	12.00	3.73	60%	-0.27%	2,555	€1.20	46%
SO2020-A	65,000	17/02/2024	17/02/2030	12.65	8.22	50%	-0.31%	2,555	€3.13	46%
SO2020-B	143,650	01/09/2024	30/08/2030	12.65	8.79	50%	0.39%	2,555	€3.60	47%
SO2021-A	138,000	28/09/25	27/09/2031	13.00	13.00	50%	-0.18%	2,555	€6.39	45%
SO-2022A	5000	28/04/2026	27/04/2032	12.65	10.50	50%	1.03%	2,555	€4.89	39%

The amount of the expense relating to these options and recorded for the 2022 and 2021 financial years is as follows

Security	Initial plan valuation	Accounted expense (€K)	
		31/12/2021	31/12/2022
SO2019-A	110.2	99.2	0.0
SO2019-B	23.7	21.4	0.0
SO-7A	1.3	0.3	0.1
SO-9A	0.4	0.1	0.1
SO2020-A	2.7	0.6	0.6
SO2020-B	6.4	1.6	1.6
SO2021-A	13.0	0.8	3.2
SO-2022A	0.8	0	0.1

- Plans for subscription warrants for business creator shares

Changes to the number of valid BCE is shown below

(in number of BCE, with division of the nominal value by 1000)	31.12.2022	31.12.2021
BCE outstanding at the beginning of the fiscal year	3,192,780	3,192,780
BCE granted	0	0
BCE exercised	0	0
BCE cancelled	0	0
BCE expired	0	0
BCE outstanding at the end of the fiscal year	3,192,780	3,192,780

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

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSPCE granted	BSPCE Exercised	Expired BSPCE	Exercisable BSPCE
21/12/2007	17/06/2008	BCE2007-A	1,000	7,680	17/06/2008	31/12/2027	1,191	-114		1,077
21/12/2007	16/12/2008	BCE2007-B	1,000	7,680	16/12/2008	31/12/2027	379	-82		297
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	13/01/2009	31/12/2027	86			86
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	19/11/2009	31/12/2027	235			235
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	19/11/2009	31/12/2027	62			62
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	26/02/2013	31/12/2027	123			123
26/12/2008	14/12/2010	BCE2008-D	1,000	12,280	14/12/2010	31/12/2027	15		-5	10
26/12/2008	26/02/2013	BCE2008-B	1,000	7,680	26/02/2013	31/12/2027	330	-65	-45	220
31/12/2009	03/02/2010	BCE2010-A	1	12.28	03/02/2010	31/12/2027	72,588			72,588
30/03/2012	30/08/2012	BCE2012	1	12.5	30/08/2012	31/12/2027	3,158,636		-81,108	3,077,528
30/03/2012	22/04/2013	BCE2013	1	18.74	22/04/2013	31/12/2027	40,554			40,554
Total							**3,274, 199**	**-261**	**-81,158**	**3,192 780**

The beneficiaries of the BCE are employees of AB Science The BCE are associated with performance conditions described in section 8.6 of this report.

Plans granted after 7 November 2002 and not yet vested on 1 January 2007 have been valued as follows:

Security	Options Assigned	Exercise start date	Expiry date	Exercise price	Value of the underlying	Volatility	Average discount rate	Average duration (in D)	Fair value per option	Turnover rate
BCE 2007A	1,191	17/06/2008	31/12/2027	7,680	4,992	32.27%	4.7%	1,296	€756.28	0%
BCE 2007B	379	16/12/2008	31/12/2027	7,680	4,992	32.27%	2.1%	1,080	€582.80	0%
BCE 2008A	86	13/01/2009	31/12/2027	7,680	4,992	32.27%	2.5%	2,052	€596.20	0%
BCE 2008A	235	19/11/2009	31/12/2027	7,680	4,992	32.27%	2.5%	2,052	€596.20	0%
BCE 2008B	330	26/02/2013	31/12/2027	7,680	4,992	32.27%	2.5%	1,188	€596.86	0%
BCE 2008C	62	19/11/2009	31/12/2027	7,680	4,992	32.27%	2.5%	1,116	€542.56	0%
BCE 2008C	123	26/02/2013	31/12/2027	7,680	4,992	32.27%	2.5%	1,116	€542.56	0%
BCE 2008D	15	14/12/2010	31/12/2027	12,280	9,824	35%	2.5%	1,080	€1,735.22	0%
BCE2010-A	72,588	03/02/2010	31/12/2027	12,280	9.82	35%	2.5%	1,080	€1.69	0%
BCE2012	3,158, 636	30/08/2012	31/12/2027	12.5	10.44	30%	0.5%	1,980	€0.06	0%
BCE2013	40,554	22/04/2013	31/12/2027	18.74	19.00	30%	0.5%	1,980	€0.06	0%

The amount of the expense relating to these options and recorded for the 2022 and 2021 financial years is as follows

Security	Initial plan valuation	Accounted expense (€K)	
		31/12/2021	31/12/2022
BCE 2007A	900.7	-	-
BCE 2007B	220.9	-	-
BCE 2008A	191.4	-	-
BCE 2008B	105.4	-	-
BCE 2008C	95.2	-	-
BCE 2008D	17.4	-	-
BCE 2010-A	122.8	-	-
BCE2012	189.5	19	12.8
BCE2013	2.4	0.2	0.2

- Free preference share plan

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

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise start date	Expiry date	AGAP granted	AGAP expired	Exercisable AGAP
09/12/2015	16/12/2015	AGAP - B1	100	01/01/2025	01/01/2029	33,999	-248	33,751
09/12/2015	16/12/2015	AGAP - B2	100	01/01/2025	01/01/2029	205	-25	180
28/06/2017	28/12/2017	AGAP - B3	100	01/01/2025	01/01/2029	7,550	-23	7,527
31/08/2020	01/09/2020	AGAP - B4	100	01/01/2025	01/01/2029	3,687	-11	3,676
Total						**45,441**	**-307**	**45,134**

The beneficiaries of the AGAP are employees of AB Science. The conditions for converting free shares are detailed in section 8.6, note 2 of this report.

The AGAP for which the valuation has an impact on the 2022 accounts, are presented below

Security	Initial plan valuation	Accounted expense (€K)	
		31/12/2021	31/12/2022
AGAP - B1 and B2	744.5	83.8	83.8
AGAP - B3	207.6	29.7	29.7
AGAP - B4	4.0	0.9	0.9

- Plans allocated to company management

Instrument	Meeting date	Grant date	Expiry date	Exercise conditions remaining to be met	Unit exercise price (€)	No of shares per instrument	Granted securities not exercised	Accounted expense (€K)	
							31/12/2022	31/12/2022	31/12/2021
Moussy, Alain									
AGAP - B1	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	24,734	60.9	60.9
AGAP - B3	28/06/2017	28/12/2017	01/01/2029	Yes	0.00	100	5,589	21.9	21.9
AGAP - B4	31/08/2020	01/09/2020	01/01/2029	Yes	0.00	100	2,706	0.7	0.7
BCE2007-A	21/12/2007	17/06/2008	31/12/2027	No	7,680.00	1,000	906	-	-
BCE2007-B	21/12/2007	16/12/2008	31/12/2027	No	7,680.00	1,000	288	-	-
BCE2008-A	26/12/2008	13/01/2009	31/12/2027	No	7,680.00	1,000	235	-	-
BCE2008-B	26/12/2008	26/02/2013	31/12/2027	No	7,680.00	1,000	147	-	-
BCE2008-C	26/12/2008	19/11/2009	31/12/2027	No	7,680.00	1,000	123	-	-
BCE2010-A	31/12/2009	03/02/2010	31/12/2027	No	12.28	1	28,784	-	-
BCE2012	30/03/2012	30/08/2012	31/12/2027	Yes	12.50	1	1,902,792	11.6	11.6
BCE2013	30/03/2012	22/04/2013	31/12/2027	Yes	18.74	1	25,580	0.2	0.2
BSA2010-BIS	28/06/2016	19/12/2016	31/12/2027	No	15.61	1	332,000	-	-
Gicquel, Denis									
AGAP - B1	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	34	<1	<1
AGAP - B2	09/12/2015	16/12/2015	01/01/2029	Yes	0.00	100	21	<1	<1
AGAP - B3	28/06/2017	28/12/2017	01/01/2029	Yes	0.00	100	1	<1	<1
AGAP - B4	31/08/2020	01/09/2020	01/01/2029	Yes	0.00	100	1	<1	<1
SO2020-B	31/08/2020	01/09/2020	30/08/2030	No	12.65	1	4,000	<1	<1
SO-6C	18/06/2013	24/04/2015	23/04/2025	No	15.80	1	2,000	<1	<1
SO-6E	18/06/2013	28/04/2016	27/04/2026	No	17.29	1	3,340	<1	<1
SO-7A	28/06/2016	30/04/2018	29/04/2028	No	12.65	1	4,000	<1	<1

26 FINANCIAL INCOME AND EXPENSES

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

(In thousands of euros)	31.12.2022	31.12.2021
Currency gains	669	0
Currency losses	(535)	(20)
Unwinding of discount effect conditional advances	(1,193)	(1,262)
Catch Up effect conditional advances	1,068	
Interest on loans and debts	(823)	(23)
Other financial income	3,167	887
Other financial costs	(26)	(201)
Total	2,326	(618)

The financial profit/loss on 31 December 2021 was a profit of €2,326K compared to a loss of €618K one year earlier.

The profit of €2,326K is mainly due to:

- the effects of discounting conditional advances: loss of €125K
- the change in fair value between 31 December 2021 and 31 December 2022 of the preference shares resulting from the conversion of bond loans in December 2016 (profit of €2,557K).

These effects are without impact on cash.

27 TAX ON PROFITS

27.1 Deferred tax assets and liabilities

(In thousands of euros)	31.12.2022	31.12.2021
Temporary differences	-229	-154
Restatement of fixed assets	-81	-89
Pension commitments	229	271
Tax losses carried forward (parent company and subsidiaries)	84,488	79,969
Deferred tax liability on bonds		
Others	-518	180
Total	83,890	80,177
Of which:		
Deferred tax liability	-598	91
Deferred tax asset	84,489	80,086
Net deferred tax assets/liabilities	83,890	80,177
Unrecognised deferred taxes	-83,890	-80,177
Recognised deferred taxes	0	0

The sum of unrecognised deferred tax assets thus amounts to €83,890K on 31 December 2022 and €80,177K on 31 December 2021.

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 market 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.

27.2 Reconciliation between actual and theoretical tax

Reconciliation between actual and theoretical tax is as follows:

(in thousands of euros)	31.12.2022	31.12.2021
Net profit (loss)	(13,615)	(14,463)
Tax (expense)/income	(4)	(36)
Result before tax	(13,611)	(14,426)
Current tax rate in France	25.00%	26.50%
Theoretical tax at current French rate	3,403	3,823
Non-taxable tax credits	1,002	1,026
Non-activation of deficits	(4,531)	(4,258)
Other non-deductible expenses and non-taxable income	262	(265)
Others (including tax rate differences)	(139)	(362)
Group tax (expense)/income	(4)	(36)
Effective tax rate	0.0%	0.3%

28 EARNINGS PER SHARE

28.1 Basic earnings per share

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

	31.12.2022	31.12.2021
Net result (in thousands of euros)	(13,615)	(14,463)
Weighted average number of shares outstanding during the year	47,139,023	47,520,850
Earnings per share	(0.29)	(0.30)

28.2 Diluted earnings per share

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

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

On 31 December 2022, the number of shares likely to be issued if all the financial instruments are exercised amounts to 16,001,337 shares (section 8.6 of this report).

	31.12.2022	31.12.2021
Net result (in thousands of euros)	(13,615)	(14,463)
Weighted average number of shares outstanding during the year	63,140, 360	65,223 889
Earnings per share	(0.22)	(0.22)

29 RELATED PARTIES

Operations with top executives:

- Remuneration of the company's main executives and corporate directors

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 BSPCE and AGAP, described in section 3.3.2 of the Board of Director's report on corporate governance.

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 attendance fees and/or BSA, at the choice of the director.

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

- Transactions with key managers and directors

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

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, rental charges included, of 21,026 euros in 2022.

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.

There are no other transactions between AB Science and its executives or directors that impact the 2022 financial year.

30 STATUTORY AUDITORS' FEES

The auditors' fees are broken down as follows

	Grant Thornton				Audit Conseil Union			
	Statutory auditor		Network		Statutory auditor		Network	
	Amount		Amount		Amount		Amount	
	2022	2021	2022	2021	2022	2021	2022	2021
Certification of the individual and consolidated accounts and limited half-yearly review • AB Science • Audited entities	51,110	43500	N/A	N/A	37,630	35500	N/A	N/A
Subtotal A	51,110	43,500	0	0	37,630	35,500	0	0
Services other than the certification of accounts required by laws and regulations • AB Science • Audited entities								
Subtotal B	0	0	0	0	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	0	0	0	0
Services other than the certification of accounts								
Subtotal D = B + C	0	0	0	0	0	0	0	0
TOTAL E = A + D	51,110	43,500	0	0	37,630	35,500	0	0
TOTAL	51,110	43,500	0	0	37,630	35,500	0	0

31 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are broken down as follows:

(in thousands of euros)	31/12/2022	31/12/2021
Commitments given:	40	340
Guarantee given (1)	*40*	*340*
Commitments received:	56,000	90,000
Loan with the EIB (2)	*6,000*	*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 €39.6K 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 to contribute to the financing of the clinical development programme for masitinib in the treatment of Covid-19. Of these 15 million, 6 million was paid during fiscal year 2022 and 6 million was paid during the first quarter of fiscal year 2023. The balance of 3 million euros will not be received, the conditions for payment of this third instalment not having been met on the expiry date of the loan.

(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, expiring on 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.

32 KEY EVENTS OF THE YEAR

32.1 EVENTS RELATED TO CLINICAL DEVELOPMENT

Submission of 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 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

In December 2022, AB Science announced that it had received a Notice of Deficiency (NOD) from the Canadian health authority. This *NOD* means that Health Canada has requested additional information to be shared as part of the masitinib marketing application. Initially, AB Science had 90 days to respond to this notice, but since the regulatory procedures of the EMA and Health Canada were concurrent and in order to guarantee the best quality of responses in these two procedures, AB Science, in agreement with Health Canada, deferred response to Health Canada for 30 days. AB Science responded to this Notice of Deficiency.

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.

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 announced in August 2022 that it had submitted a conditional marketing authorisation application to the European Medicines Agency (EMA) for 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 masitinib in combination with riluzole compared to riluzole alone. Detailed results from the AB10015 study and the long-term survival analysis were published in *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 masitinib 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 masitinib in ALS (EMA/406203/2018) were resolved, in particular:

- Masitinib's mode of action in ALS, which has been well demonstrated and published in peer-reviewed literature.
- A new check of all efficacy and tolerance data and a comprehensive re-evaluation of the masitinib 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 masitinib for lack of efficacy or toxicity. These analyses are positive and show an effect of treatment in favour of masitinib, which is convergent with the main analysis.
- Long-term survival data demonstrating a significant benefit in favour of masitinib 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.

In April 2023, AB Science announced that it had submitted its responses to the D120 evaluation of the procedure.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of progressive forms of 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).

This study has also been authorised by several European agencies as well as by the American Food and Drug Administration (FDA).

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.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of Alzheimer's disease

AB Science announced in October 2022 that it has received from the French Medicines Agency (ANSM) as well as from AEMPS (Spanish agency) and EOF (Greek agency), the first regulatory authorisations to initiate its confirmatory phase 3 study (AB21004) evaluating masitinib in patients with mild to moderate Alzheimer's disease.

This study has also been authorised by the American Food and Drug Administration (FDA).

The AB21004 study is a phase 3 randomised double-blind study aimed at evaluating the safety and efficacy of masitinib in patients with mild or moderate Alzheimer's disease, in combination with reference treatments, namely inhibitors cholinesterase and/or memantine. The study has to recruit 600 patients with a confirmed clinical diagnosis of mild or moderate Alzheimer's disease, which corresponds to an activities of daily living (ADCS-ADL) score of less than 73 and an MMSE score (Mini Mental State Examination) between 14 and 25, inclusive.

The objective of study AB21004 is to confirm the effect of treatment with masitinib at a dose of 4.5 mg/kg/day in addition to a cholinesterase inhibitor and/or memantine in patients with mild to moderate Alzheimer's disease. The main endpoint of the study will be to assess the effect of masitinib on the change in the ADCS-ADL score and the ADAS-Cog-11 score, compared to inclusion.

This confirmatory study follows a first positive phase 2B/3 study (AB09004) which showed that masitinib can generate a significant effect compared to placebo on the primary endpoint corresponding to the change in the ADAS-cog score in relation to inclusion, an instrument that measures the effect on cognition and memory. Specifically, masitinib at a dose of 4.5 mg/kg/day (n=182) showed a significant benefit compared to placebo (n=176), with a change in the ADAS-cog score compared to inclusion of -1.46 (representing overall improvement in cognition) versus +0.69 (representing increased cognitive deterioration) respectively; i.e. a difference in the ADAS-cog score between the groups of -2.15 (97.5% CI [-3.48, -0.81]), p=0.0003. The positive results of this study have been published in the internationally renowned and peer-reviewed *Alzheimer's Research & Therapy* journal.

32.2 OTHER EVENTS

Drawing of the first tranche of €6 million under its financing contract with the European Investment Bank

AB Science announced in December 2022 that it had received payment of €6.0 million as the first tranche of the €15 million loan granted by the European Investment Bank (EIB).

The contract signed with the EIB provides for financing in two tranches of 6.0 million euros and a third tranche of 3.0 million euros, each subject to the fulfilment of certain conditions precedent, which have been satisfied for the first two instalments. Each loan tranche is accompanied by the issue of warrants, the number of which is calculated in relation to a reference price of 14 euros based on the following formula: Number of warrants = Amount of tranche / (14 x m) with m = 3.4 for tranche 1 and 3.7 for tranche 2.

The first tranche has a maturity of six years and is therefore repayable in December 2028. It is accompanied by a capitalised annual interest rate of 9.0% and the issue of 126,050 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 8.61 euros for 15 years. These warrants represent 0.24% of the current capital of the Company (if they were to be exercised in their entirety).

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

AB Science announced in February 2022 that it had 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.

The term of this bond, initially three years, has been extended to the end of 2028.

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 (see paragraphs 21 relating to other current assets).

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. It concerns in particular the exoneration of Alain Moussy.

Other transferable securities transactions

During 2022 the following were awarded:

- 183.040 share subscription warrants, including 50.000 to a historical investor, 126.050 to the European Investment Bank under the financing agreement (see above) and 6.990 to directors
- 5.000 stock options to an employee

Other information

AB Science confirms its eligibility for the PEA-PME in accordance with decree no. 2014-283 of 4 March 2014 taken for the application of article 70 of law no. 2013-1278 of 29 December 2013 on finance for 2014 establishing the eligibility of companies for the PEA-PME, i.e.: less than 5.000 employees on the one hand, and annual turnover of less than €1.5 billion or a balance sheet total of less than €2 billion, on the other hand.

CORPORATE ACCOUNTS

1 BALANCE SHEET AS AT 31 DECEMBER 2020

ACTIVE	**Gross**	**Depreciations and provisions**	Net (N) **31/12/2022**	Net (N-1) **31/12/2021**
UNCALLED SUBSCRIBED CAPITAL				
INTANGIBLE ASSETS				
Establishment costs	7,416	7,416		
Development costs				
Licences, patents and similar rights	3,809, 260	2,505 345	1,303 915	1,066 687
Commercial funds				
Other intangible assets				
Advances and down payments on intangible assets				
TOTAL intangible assets:	**3,816, 676**	**2,512 761**	**1,303 915**	**1,066 687**
TANGIBLE ASSETS				
Land				
Buildings				
Technical installations, hardware and industrial tooling	596,114	533,611	62,502	89,725
Other tangible assets	582,005	332,058	249,947	191,851
Assets under construction				
Advances and down payments				
TOTAL tangible assets:	**1,178, 118**	**865,669**	**312,449**	**281,576**
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	51,800
Other financial fixed assets	73,752		73,752	66,954
TOTAL financial fixed assets:	**296,882**	**171,330**	**125,552**	**118,754**
FIXED ASSETS	**5,291, 676**	**3,549 760**	**1,741 916**	**1,467 018**
INVENTORIES AND WORK IN PROGRESS				
Raw materials and procurement	113,355	10,661	102,694	7,917
Inventories of goods in progress	625,668	330,801	294,867	101,750
Inventories of production of services in progress				
Inventories of intermediate and finished products	283,175	224,918	58,257	30,881
Inventories of goods				
TOTAL inventories and work in progress:	**1,022,198**	**566,380**	**455,818**	**140,548**
RECEIVABLES				
Advances and prepayments on orders				
Customer receivables and related accounts	173,429	12,749	160,680	310,402
Other receivables	12,813, 296	246,124	12,567,172	8,245,402
Subscribed capital called but unpaid				
TOTAL debts:	**12,986, 725**	**258,873**	**12,727 852**	**8,555 804**
LIQUID ASSETS AND MISCELLANEOUS				
Marketable securities	4,002, 466		4,002 466	
Liquid assets	3,209,660		3,209,660	8,692,168
Deferred charges	367,612		367,612	717,530
TOTAL liquid assets and miscellaneous:	**7,579,738**		**7,579 738**	**9,409 698**
CURRENT ASSET	**21,588 661**	**825,253**	**20,763 408**	**18,106 049**
Bond issue costs to be amortised	221,982		221,982	
Bond redemption premiums				
Translation adjustment assets	188,769		188,769	20,034
OVERALL TOTAL	**27,291, 088**	**4,375 013**	**22,916 075**	**19,593 101**

LIABILITIES	Net (N) **31/12/2022**	Net (N) **31/12/2021**
NET POSITION		
Paid-up share capital 524,564	531,995	531,693
Issue, merger and acquisition premiums	242,703, 949	242,700 625
Revaluation differences including equity difference		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	(258,355 623)	(245,700 786)
Result for the year	(-15,731 519)	(-12,654 837)
TOTAL net position :	**(30,851 199)**	**(15,123 305)**
INVESTMENT GRANTS		
REGULATED PROVISIONS		
EQUITY	**(30,851 199)**	**(15,123 305)**
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	582,019	1,287,689
Provisions for charges		
PROVISIONS FOR CONTINGENCY AND CHARGES	**582,019**	**1,287,689**
FINANCIAL DEBT		
Convertible bonds	7,969, 248	
Other bonds		
Loans and other borrowing from credit institutions	12,781,290	6,939,201
Miscellaneous loans and financial debts	3,082,684	14,055
TOTAL financial debts:	**23,833, 222**	**6,953 256**
ADVANCES AND DOWN PAYMENTS RECEIVED FOR ORDERS IN PROGRESS		
MISCELLANEOUS LIABILITIES		
Supplier liabilities and related accounts	12,234,800	11,367,973
Taxes payable, liabilities to personnel and other social liabilities	4,903 701	4,172 381
Debts on fixed assets and related accounts		
Other debts	1,079, 458	30,106
TOTAL miscellaneous liabilities:	**18,217,959**	**15,570,460**
DEFERRED INCOME		
DEBTS	**42,051, 181**	**22,523 715**
Foreign currency translation liabilities	937,474	708,402
OVERALL TOTAL	**22,916, 075**	**19,593 101**

2 PROFIT AND LOSS ACCOUNT ON 31 DECEMBER 2022

SECTIONS	Net (N) 31/12/2022	Net (N) 31/12/2021
Sales of goods	946,361	1,584,715
Sold production of services	11,917	25,259
Net turnover	**958,278**	**1,609 974**
Inventoried production	431,842	192,942
Capitalised production		
Operating subsidies	52,817	30,132
Reversals of depreciation and provisions, transfers of expenses	532,655	833,036
Other income	96,926	5,203
OPERATING REVENUE	**2,072, 518**	**2,671 287**
EXTERNAL COSTS		
Purchases of goods and customs duties		
Change in inventory of goods		
Purchases of raw materials and other supplies	346,615	172,613
Change in raw materials inventory and supplies	(41,331)	551,364
Other supplies and external expenses	10,093,553	8,190,239
TOTAL external costs:	**10,398 837**	**8,914 216**
Levies, taxes and similar payments	159,538	143,143
PERSONNEL COSTS		
Wages and salaries	7,001,371	6,602,991
Social contributions	2,525,513	2,589,796
TOTAL personnel costs:	**9,526,884**	**9,192,787**
OPERATING ALLOWANCES		
Depreciation charges on fixed assets	376,273	393,690
Provisions on fixed assets		
Provisions on current assets	262,460	193,186
Provisions for contingencies and charges	220,000	15,530
TOTAL operating allowances:	**858,733**	**602,405**
OTHER OPERATING COSTS	399,632	352,112
OPERATING COSTS	**21,343, 623**	**19,204 663**
OPERATING INCOME	**(19,271 105)**	**(16,533 377)**
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	2,567	18,629
Reversals of provisions and transfers of expenditure	20,034	6,912
Exchange gains	440,175	118,662
Net income from sale of security investments		
	462,776	**144,203**
FINANCIAL COSTS		
Financial allocations to amortisation and provisions	189,787	20,034
Interest and similar expenses	528,712	24,630
Exchange losses	366,738	7,267
Net expenses on the disposal of marketable securities		
	1,085,238	**51,931**
FINANCIAL INCOME	**(622,462)**	**92,272**
CURRENT PRE-TAX RESULT	**(19,893 568)**	**(16,441 105)**
EXCEPTIONAL INCOME		
Exceptional income from management operations	407,476	941,172
Exceptional income from capital operations		

Reversals of provisions and transfers of expenditure	1,100, 000	
	1,507,476	**941,172**
EXCEPTIONAL EXPENSES		
Exceptional expenses on management operations	1,252,931	26,364
Exceptional expenditure on capital transactions		
Exceptional allocations to amortisation and provisions	100,000	1,000,000
	1,352 931	**1,026 364**
EXCEPTIONAL INCOME	**154,546**	**(85,192)**
Employee participation in profits and enterprise results		
Income tax	(4,007 503)	(3,871 460)
TOTAL INCOME	**4,042, 769**	**3,756 661**
TOTAL EXPENSES	**19,774, 289**	**16,411 498**
PROFIT OR LOSS	**(15,731 519)**	**(12,654,837)**

3 CORPORATE ACCOUNTS APPENDIX

3.1 Background and presentation

AB Science is a French company specialising in the research, development and marketing of synthetic therapeutic molecules for pathologies with high medical need, in diseases of the central nervous system, cancers and inflammatory diseases.

Key company figures since its creation (in €K).

	From 07/2001 to 31/12/2017	Financial year 2018	Financial year 2019	Financial year 2020	Financial year 2021	Financial year 2022	Total
Increase in capital	416	0	24	84	7	1	532
Increase in share premium	206,241	60	9,715	22,539	4,145	4	242,704
TOTAL	206,657	60	9,739	22,623	4,152	5	243,236
Research tax credit	48,973	5,679	4,122	3,248	3,871	4,008	69,901
Loss for the year	184,942	28,640	17,308	14,809	12,655	15,732	274,086
Subcontracted research costs	144,749	22,179	11,316	7,555	5,825	7,394	199,018
Personnel costs	78,851	10,554	9,327	8,663	9,193	9,527	126,115

3.2 Risks related to research activity and programme funding

3.2.1 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.

3.2.2 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 €4,008K for 2022.
- revenues from the use of masitinib in veterinary medicine.

3.3 Typical facts of the period.

3.3.1 Clinical development events

Submission of 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 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

In December 2022, AB Science announced that it had received a Notice of Deficiency (*NOD*) from the Canadian health authority. This *NOD* means that Health Canada has requested additional information to be shared as part of the masitinib marketing application. Initially, AB Science had 90 days to respond to this notice, but since the regulatory procedures of the EMA and Health Canada were concurrent and in order to guarantee the best quality of responses in these two procedures, AB Science, in agreement with Health Canada, deferred response to Health Canada for 30 days. AB Science responded to this Notice of Deficiency.

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.

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 announced in August 2022 that it had submitted a conditional marketing authorisation application to the European Medicines Agency (EMA) for 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 masitinib in combination with riluzole compared to riluzole alone. Detailed results from the AB10015 study and the long-term survival analysis were published in *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 masitinib 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 masitinib in ALS (EMA/406203/2018) were resolved, in particular:

- Masitinib's mode of action in ALS, which has been well demonstrated and published in peer-reviewed literature.
- A new check of all efficacy and tolerance data and a comprehensive re-evaluation of the masitinib 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 masitinib for lack of efficacy or toxicity. These analyses are positive and show an effect of treatment in favour of masitinib, which is convergent with the main analysis.
- Long-term survival data demonstrating a significant benefit in favour of masitinib 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.

In April 2023, AB Science announced that it had submitted its responses to the D120 evaluation of the procedure.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of progressive forms of 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).

This study has also been authorised by several European agencies as well as by the American Food and Drug Administration (FDA).

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.

Authorisation of a confirmatory Phase 3 study with masitinib in the treatment of Alzheimer's disease

AB Science announced in October 2022 that it has received from the French Medicines Agency (ANSM) as well as from AEMPS (Spanish agency) and EOF (Greek agency), the first regulatory authorisations to initiate its confirmatory phase 3 study (AB21004) evaluating masitinib in patients with mild to moderate Alzheimer's disease.

This study has also been authorised by the American Food and Drug Administration (FDA).

The AB21004 study is a phase 3 randomised double-blind study aimed at evaluating the safety and efficacy of masitinib in patients with mild or moderate Alzheimer's disease, in combination with reference treatments, namely inhibitors cholinesterase and/or memantine. The study has to recruit 600 patients with a confirmed clinical diagnosis of mild or moderate Alzheimer's disease, which corresponds to an activities of daily living (ADCS-ADL) score of less than 73 and an MMSE score (Mini Mental State Examination) between 14 and 25, inclusive.

The objective of study AB21004 is to confirm the effect of treatment with masitinib at a dose of 4.5 mg/kg/day in addition to a cholinesterase inhibitor and/or memantine in patients with mild to moderate Alzheimer's disease. The main endpoint of the study will be to assess the effect of masitinib on the change in the ADCS-ADL score and the ADAS-Cog-11 score, compared to inclusion.

This confirmatory study follows a first positive phase 2B/3 study (AB09004) which showed that masitinib can generate a significant effect compared to placebo on the primary endpoint corresponding to the change in the ADAS-cog score in relation to inclusion, an instrument that measures the effect on cognition and memory. Specifically, masitinib at a dose of 4.5 mg/kg/day (n=182) showed a significant benefit compared to placebo (n=176), with a change in the ADAS-cog score compared to inclusion of -1.46 (representing overall improvement in cognition) versus +0.69 (representing increased cognitive deterioration) respectively; i.e. a difference in the ADAS-cog score between the groups of -2.15 (97.5% CI [-3.48, -0.81]), p=0.0003. The positive results of this study have been published in the internationally renowned and peer-reviewed *Alzheimer's Research & Therapy* journal.

3.3.2 Other Events

Drawing of the first tranche of €6 million under its financing contract with the European Investment Bank

AB Science announced in December 2022 that it had received payment of €6.0 million as the first tranche of the €15 million loan granted by the European Investment Bank (EIB).

The contract signed with the EIB provides for financing in two tranches of 6.0 million euros and a third tranche of 3.0 million euros, each subject to the fulfilment of certain conditions precedent, which have been satisfied for the first two instalments. Each loan tranche is accompanied by the issue of warrants, the number of which is calculated in relation to a reference price of 14 euros based on the following formula: Number of warrants = Amount of tranche / (14 x m) with m = 3.4 for tranche 1 and 3.7 for tranche 2.

The first tranche has a maturity of six years and is therefore repayable in December 2028. It is accompanied by a capitalised annual interest rate of 9.0% and the issue of 126,050 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 8.61 euros for 15 years. These warrants represent 0.24% of the current capital of the Company (if they were to be exercised in their entirety).

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

AB Science announced in February 2022 that it had 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.

The term of this bond, initially three years, has been extended to the end of 2028.

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. It concerns in particular the exoneration of Alain Moussy.

Other transferable securities transactions

During 2022 the following were awarded:

- 183.040 share subscription warrants, including 50.000 to a historical investor, 126.050 to the European Investment Bank under the financing agreement (see above) 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 1.5 billion euros or a balance sheet total of less than 2 billion euros, on the other hand.

3.4 Post-closing events

3.4.1 Clinical development events

First complete bone marrow response in a patient with acute myeloid leukaemia in a Phase I/II clinical trial with AB8939

In March 2023, AB Science reported a case from the initial phase of its Phase I/II study (AB18001) evaluating AB8939, a microtubule destabiliser, in patients with refractory and relapsed acute myeloid leukaemia (AML).

The AML patient in question had failed previous treatment with azacitidine and had a rearrangement of the MECOM gene, a biomarker of resistance to standard chemotherapies associated with a high risk of disease progression and poor prognosis.

One month after the first treatment cycle (i.e. three consecutive days of treatment with AB8939), a drastic reduction in bone marrow blast cells (i.e. leukaemic cells) was observed, which decreased from a level of 55% to 5% before treatment (i.e. a morphological state without leukaemia). Remarkably, this response was obtained at a very low dose of AB8939, corresponding to the second increased dose step (out of 13 potential steps) in the phase I study. The patient also showed excellent tolerance to AB8939 and did not experience any treatment-related toxicity. At the request of the investigator, AB Science has authorised additional treatment cycles of AB8939 for this patient. One month after the second cycle of three consecutive days of treatment at this dose, a good response was maintained with bone marrow blasts at 10% (corresponding to a 5-fold reduction from pre-treatment level). A third treatment cycle has been initiated for this patient.

Considering the entire study to date, there have been no signs of moderate, severe or very severe toxicity and approximately 50% of patients have requested additional treatment cycles of AB8939 after the first treatment cycle and a measurement on the 28th day.

3.4.2 Other Events

Drawing of the second tranche of €6 million under its financing contract with the European Investment Bank

AB Science announced in January 2023 that it had received payment of €6.0 million as part of the second tranche of the €15 million loan granted by the European Investment Bank (EIB).

The second tranche, also amounting to €6.0 million, has a maturity of five years and is therefore repayable in January 2028. It is accompanied by a capitalised annual interest rate of 7.0% and the issue of 115,830 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 14.0 euros for 15 years. These warrants represent 0.22% of the current capital of the Company (if they were to be exercised in their entirety).

Focusing the development strategy on amyotrophic lateral sclerosis with the masitinib platform and on the second microtubule platform and seeking partnerships for non-rare disease indications of masitinib

On 21 April 2023, AB Science announced its decision to focus its development strategy as follows:

- *Focus of current resources on the development of masitinib in amyotrophic lateral sclerosis and the development of the Microtubule Destabilising Agents (MDA) platform, with the clinical development of AB8939 in refractory acute myeloid leukaemia and the initiation of regulatory preclinical development of a new oral molecule in the same microtubule class for sarcoma and solid tumours.*

  AB Science intends to focus the majority of its clinical resources on the development of rare diseases with masitinib, on the development of the microtubule platform with AB8939 and on future molecules of the same family due to the very encouraging initial results.

- *Acceleration of the licence application process for masitinib in non-rare disease indications, with priority given to progressive multiple sclerosis and Alzheimer's disease.*

  This acceleration is possible now that confirmatory phase 3s have been cleared by the FDA in the US and the major European agencies. To do this, AB Science has enlisted the services of a leading investment bank.

  This licence application is a priority in the Company's strategy, given the number of clinical studies already conducted and the maturity of the pipeline, and given the additional investment required to complete the clinical programme through to marketing authorisation. AB Science notes that the time taken for this licence application is not predictable and that the achievement of a licence depends on a number of factors and is not guaranteed. However, the milestones achieved at this stage are key factors contributing to the feasibility of this strategy.

As a result of its focused strategy, AB Science has decided to change its organisational structure, which should lead to a significant reduction in costs. AB Science has filed a job protection plan with the authorities, aiming to cut no more than 41 posts (out of a total of 100 employees).

This strategic focus also strengthens and perpetuates the existing alliance between certain AB Science shareholders and Alain Moussy.

Capital increase for an amount of EUR 15 million.

On 24 April 2023, AB Science announced the success of its capital increase through the issue of new ordinary shares to each of which are attached share subscription warrants with cancellation of the shareholders' preferential subscription rights.

The capital increase consisted of a private investment pursuant to the provisions of Articles L. 225-136 of the *Code de commerce* [French Commercial Code] and L. 411-2, 1° of the *Code monétaire et financier* [French Monetary and Financial Code] and was carried out with the cancellation of the preferential subscription right, under the delegation of authority granted to the Board of Directors by virtue of the twentieth resolution of the Combined General Meeting of shareholders of 29 June 2022. It gives rise to the issue of 2,608,686 new ordinary shares ("**ABSA**") to each of which is attached a share subscription warrant ("**BSA**").

The Capital Increase was made by cash contribution in the amount of approximately 11.5 million euros and by offsetting receivables for the balance, i.e. approximately 3.0 million euros (receivables related to the pre-financing of the research tax credit for the 2020 financial year and maturing in 2023, as well as approximately 500,000 euros of interest due to date under the convertible bonds issued in February 2022).

Two share subscription warrants giving the right to subscribe to one share, all 2,608,686 ABSAs and all 1,304,343 new shares that would be issued upon exercise of the share warrants, i.e. a total of 3,913,029 shares in the Company, represent 7.36% of the Company's current share capital.

The issue price of the ABSAs was set at 5.75 euros (0.01 euro nominal value and 5.74 euros issue premium) and the exercise price of the BSAs at 8,625 euros, thus representing a total fundraising of approximately 15.0 million euros (taking into account the exercise of the BSAs, the maximum amount of the capital increase could be raised to approximately 26.3 million euros)

The BSAs may be exercised from 1 January 2025 to 31 December 2030.

Restructuring of the convertible bonds issued in February 2022 and the Class C preference shares

AB Science announced on 21 April 2023 that it had negotiated an agreement in principle under which the terms and conditions of the bond issue agreement (entered into with the holders of the convertible bonds issued in February 2022) would be amended to provide for the automatic conversion of all of the convertible bonds into ordinary shares of AB Science on 15 July 2023 on the basis of a price per share of EUR 5.75 (i.e. the subscription price of the ABSAs).

An agreement in principle has also been negotiated with the holders of Class C preference shares (the "**ADPCs**"). The ADPCs would be bought by AB Science for a symbolic euro with a view to their cancellation. 520,786 share subscription warrants (each warrant entitling the holder to subscribe for one ordinary share of AB Science at par value for a period of 12 months) will be issued in substitution for the ADPCs. In addition, still in substitution of the ADPCs, a new class of preference shares would be created, benefiting from a priority dividend (equal to 1.25% of the net sales of masitinib or of any licensing royalties, up to a limit of €9.0 million) and convertible into 750,000 ordinary shares of AB Science if the share price of AB Science exceeds a threshold of €30 for more than 90 consecutive days.

These agreements will be submitted to AB Science shareholders for approval at the next annual general meeting, Alain Moussy having declared that he was in favour of the planned restructuring.

Finally, it will be proposed to the shareholders to extend the duration of certain lines of warrants already issued, to take into account the changes in AB Science's strategy and its clinical portfolio.

Renewal of the Term Capital Increase Programme (PACT - *Programme d'Augmentation de Capital à Terme*) entered into by AB Science with Alpha Blue Ocean

From the date of publication of this annual report and for a period of 24 months, Alpha Blue Ocean has undertaken to subscribe, at AB Science's request, to capital increases in tranches of between 500,000 and 1.0 million shares, up to an overall limit of 4.0 million shares (i.e. 7.2% on the basis of the share capital after the capital increase announced on 24 April 2023). These capital increases will be carried out on the basis of the twenty-eighth resolution of the combined general shareholders' meeting of 29 June 2022 (as renewed if applicable).

As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 27 April 2023, or 6.27 euros, the amount of the additional equity funds that could be raised would be around 25 million euros.

Characteristics of PACT®

For each tranche subscribed by Alpha Blue Ocean, the issue price of the new AB Science shares will be equal to the volume-weighted average price of the AB Science share on Euronext Paris during the three trading sessions preceding the drawdown request.

For each tranche, and after delivery of the AB Science shares subject to the corresponding capital increase, 80% of the issue proceeds will be placed in an escrow account. The balance of the issue proceeds will be retained by AB Science.

According to pre-established trading rules for each tranche, Alpha Blue Ocean will be responsible for the orderly disposal of the AB Science shares thus subscribed. 95% of the sale proceeds (less a structuring fee) will be paid monthly to AB Science, directly by Alpha Blue Ocean or by drawing on the escrow account referred to above.

AB Science has no obligation to draw on PACT™ and will only draw on this innovative financing solution if needed and if market conditions allow for its optimal implementation, in the best interest of AB Science and its shareholders.

At each drawdown, the number of shares issued under this agreement and admitted to trading will be the subject of a Euronext notice as well as specific communication on the AB Science website.

Investors are invited to take note of the risks associated with this transaction, which is potentially dilutive by 7.2% on the basis of the capital after the capital increase announced on 24 April 2023 and which could create downward pressure on the AB Science share, as mentioned in sections 6.4.4 and 6.4.6. Investors are also advised to be cautious before deciding to invest in a company that carries out such transactions, particularly when they are carried out in succession. AB Science recalls that this is not the first dilutive financing transaction it has put in place.

3.5 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 (CRC - Accounting Regulation Committee) and according to the going concern principle.

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 Receivables and payables

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 existence of a time lag between the date on which the costs of treatment are incurred for clinical studies and the date on which these costs are invoiced by the centres, the Company provides for the estimated amount of not yet billed expenses at each closing.

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 carrying out the trials. The estimated total amount for each study is reduced by the total amount of invoices received on the closing date.

Provisions for not yet billed charges are maintained for three years after the closure of clinical research centres. Provisions for invoices not received at the end of this period are fully reversed.

3.5.5 CURRENCY TRANSACTIONS

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.

3.5.6 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.

3.5.7 PUBLIC AID

The Group benefits from a certain number of public aids, in the form of grants or conditional advances.

The handling of public aid is as follows: Government grants are capitalised when there is reasonable assurance that the company will comply with the conditions attached to the subsidies and that the subsidies are received.

Subsidies that compensate for expenses incurred by the Group are systematically recognised in the income statement over the period during which the expenses are recognised.

A conditional non-repayable government loan is treated as a government grant, recorded as income, if there is reasonable assurance that the company will meet the conditions for the loan repayment waiver. If not, it is classified as a liability. Conditional advances, whether or not subject to interest, are intended to finance research programmes. They are reimbursable if the project is successful. These advances are recognised in conditional advances and, if necessary, returned to income in the event of foreseeable failure of the project.

3.6 BALANCE SHEET INFORMATION

3.6.1 TANGIBLE AND INTANGIBLE ASSETS

- Changes in gross value

Amount in Euros	Gross value 01/01/2022	+	-	Gross value 31/12/2022
Intangible	3,510, 317	528,465	222,106	3,816 676
Tangible	1,062, 209	115,909		1,178 118
Total	4,572, 526	644,374	222,106	4,994 794

- Changes in depreciation

Amount in Euros	01/01/2022	+	-	31/12/2022
Intangible	2,443, 630	291,237	222,106	2,512 761
Financial	780,633	85,036		865,669
Total	3,224, 263	376,273	222,106	3,378 430

- Details of movements for the period

Amount in Euros	Increase	Decrease
Depreciation of patent application fees	291,237	222,106
Depreciation of technical installations, equipment and tools	32,284	
Depreciation of office and IT equipment	31,564	
Depreciation of general facilities, fixtures and fittings	21,044	
Depreciation of office furniture	144	
Total	376,273	222,106

3.6.2 Financial assets

- Changes in gross value

Amount in Euros	Gross value 01/01/2022	+	-	Gross value 31/12/2022
Financial	290,084	6,826	28	296,882

- Details

This item, with a gross value of €297K and a net value of €126K, 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: €74K relating to security deposits paid

3.6.3 Inventories

Inventories amounted to €456K on 31 December 2022 compared to €141K on 31 December 2021 and are analysed as follows:

(in €K and net values)	31.12.2022	31.12.2021
Inventories of raw materials and active ingredients	103	8
Inventories of intermediate products	295	102
Inventories of finished products	58	31
Total inventories	456	141

3.6.4 Other receivables

This item represents a total gross sum of €12,741K and a net sum of €12,482K. This item mainly includes (in net values):

- 2022 Research Tax Credit for €4,008K
- 2021 Research Tax Credit for €3,871K
- 2020 Research Tax Credit for €3,308K
- VAT of €909K
- Trade accounts receivable of €263K

The research tax credits for 2020 (€3,308k) and 2021 (€3,871k) are currently being examined by the tax authorities. At this stage of the investigation, it is difficult to assess whether these CIRs (research tax credits) will be recovered in full. As no reliable estimate of the amount that could be challenged by the tax authorities could be made, no impairment has been recognised in this respect.

3.6.5 Details on the Research Tax Credit item

The research tax credit for 2022 represents a total of €4,008K.

The research tax credit calculation is broken down as follows:

Titled	Amount (in €K)
Depreciation of research equipment, including operating costs	32
Expenditure on research and technical staff	7,481
Flat-rate operating costs	3,241
Taking out and maintaining patents	533
Operations outsourced to research organisations	2,070
Subsidies received in 2022	0
Conditional advances received in 2022	0
Total annual research tax credit basis	13,357
Research tax credit	4,008

3.6.6 Trade accounts receivables

Trade accounts receivables are analysed as follows:

(in €K and net values)	31.12.2022	31.12.2021
Other trade accounts receivables	173	323
Depreciation	(13)	(13)
Net trade accounts receivables	161	310

3.6.7 Marketable securities

On 31 December 2022, the marketable securities amount is €4,002K. The securities portfolio is made up of negotiable certificates of deposit amounting to €4,000K. Accrued interest relating to certificates of deposit amounts to €2K. These are risk-free investments.

3.6.8 Deferred charges

Deferred charges on 31 December 2022 amounted to €368k and mainly relate to external expenses.

3.6.9 Charges to be apportioned

Charges to be apportioned relate to the cost of issuing the loan from the EIB (€223K) and have been spread over the duration of the loan, i.e. 6 years. They amount to €222K on 31 December 2022.

3.6.10 Details on income to be received

On 31 December 2022, details on income to be received are as follows:

	Amount in €K
Credit notes receivable from suppliers	88
Miscellaneous-receivables	90
Accrued interest on marketable securities	2
Total	180

3.6.11 TRADE PAYABLES AND RELATED ACCOUNTS

This item represents a total of €12,235K. There are no debts of more than one year.

It consists of "supplier" debts of €7,350K and invoices not yet received of €4,885K.

For the most part, "supplier" debts correspond to invoices issued by organisations and service providers involved in research operations.

The item "invoices not yet received" is made up of debts linked to overhead service providers (€138K) and to organisations and service providers involved in research operations (€4,747K).

3.6.12 EQUITY

- Share capital

Mr Alain Moussy, Chairman of AB Science, is the company's main shareholder.

As of 31 December 2022, based on a share price of €7.10, 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:

- Issuance of ordinary shares by exercise of instruments whose exercise price is lower than the market price and whose exercise conditions are met
  - Share subscription options: none
  - BSPCE: none
  - Share subscription warrants (BSA): 533,176 exercisable on 31 December 2022
  - Free shares: 380,386 as of 1 January 2025 (and consequential cancellation of 3,804 free shares)
  - Preference shares: 521,015 exercisable on 31 December 2022 (and consequential cancellation of 262,794 class C preference shares)

  The exercise of these options would lead to an increase in shareholders' equity of €2,812,539 thousand and a capital dilution of 2.2%, including 1.5% on 31 December 2022.

- Issuance of ordinary shares by exercise of instruments whose exercise price is higher than the market price and whose exercise conditions are met
  - Share subscription options: 905,095, of which 623,985 are exercisable on 31 December 2022
  - BSPCE: 2,494,396 exercisable on 31 December 2022
  - Share subscription warrants (BSA): 900,384 exercisable on 31 December 2022
  - Free shares: none
  - Preference shares: none

  The exercise of these options would lead to an increase in shareholders' equity of €44,202,724 and a capital dilution of 7.5%.
- Issuance of ordinary shares by exercise of instruments whose exercise price is lower than the market price and linked to special performance conditions not yet met (*see notes below*)
  - Share subscription options: none
  - BSPCE: none
  - Share subscription warrants (BSA): 20.000
  - Free shares: 4,133,014 (and consequential cancellation of 4,133 free shares)
  - Preference shares: 6,000,000 (and consequential cancellation of 6,000,000 class D preference shares)

  The exercise of these options would lead to an increase in shareholders' equity of €4,133,014 and a capital dilution of 7.2%.
- Options whose exercise price is higher than the market price and whose exercise conditions have not been met
  - Share subscription options: none
  - BSPCE: 2,806,274
  - Share subscription warrants (BSA): 3,615,525
  - Free shares:
  - Preference shares:

  The exercise of these options would lead to an increase in shareholders' equity of €69,721,076 and a capital dilution of 10.8%.

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 shares, the amount of equity would be increased by 120,869,354 euros for a capital dilution of 24.3%.

- Statement of changes in equity and other equity:

Amount in Euros	Amount at beginning of financial year	Increase	Decrease	Amount at 31 December 2022
Share capital	531,693	302		531,995
Subscription warrants/BEA	515,478	1,330		516,808
Share premium	242,185, 148	1,993		242,187 141
Result for the year	<12,654,837>	<15,731,519>	<12,654,837>	<15,731,519>
Retained earnings	<245,700,786>	<12,654,837>		<258,355,623>
Total equity	<15,123,305>	<28,382,731>	<12,654,837>	<30,851,199>
Other Equity	10,196 600			10,196 600

- Increases in capital

In July 2022, the capital was increased by 300 euros following the exercise of share subscription warrants.

In August 2022, the capital was increased by 1.96 euros following the exercise of stock options, with a corresponding share premium of €2K, for a total contribution of €2K.

At the General Meeting of 31 December 2009, a double voting right compared to the other shares, having regard to the proportion of the share capital they represent, was granted to all fully paid shares for which it could be proven that the shares had 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 could 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 31 December 2022, the capital of AB Science Group consists of 53,199,453 shares, of which 17,240,122 shares have a double voting right.

Classes	A	B	C	D	Total
Shares	46,891,525	45,134	262,794	6,000,000	53,199,453
Voting rights	64,131, 647	0	262,794	0	64,394,441

- 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 €3.100K per year and on the turnover corresponding to two accounting years.
- conditional advance from Bpifrance ISI for €5,764K (strategic industrial innovation project) relating to the project entitled ROMANE, the objective of which is to develop an innovative therapeutic molecule for Alzheimer's disease. The total amount of the conditional advance is €5,764K to be released in 3 phases.

The repayment of the advance by AB Science, payable only in the event of a successful project marked by the registration of masitinib in a neurology indication, includes:

- the repayment of the €5,764K over four years from the third year of marketing of masitinib
- then over the following three years, the payment of interest of 1% of turnover up to a limit of €7,000K.

3.6.13 Provisions

The change in provisions for risks and charges can be analysed as follows during the 2021 and 2022 financial years.

(in thousands of euros)	Litigation	Provisions for foreign exchange losses	Total
31-Dec-21	1,268	20	1,288
Allocations	320	189	509
Reversals used	(1,136)		(1,171)
Reversals not used	(58)	(20)	(44)
31-Dec-22	394	189	582

The provision for disputes totalling €394K on 31 December 2022 relates mainly to:

- two labour court disputes arising from the termination of employment contracts (€143K)
- miscellaneous disputes with suppliers (€250K).

The reversal of provisions for the sanction from the financial markets authority of one million 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 (see section 6.3.1 of the management report). This sanction was directly recorded as an expense to be paid in 2022.

3.6.14 Financial debts

Financial debts amount to €23.587K on 31 December 2022 and mainly relate to:

- the subscription to a bond loan convertible into shares of USD 8,500K (i.e.; €8,000K)
- the drawing of the first tranche of €6,000K of the total loan of €15,000K granted by the European Investment Bank (EIB). The first tranche has a maturity of six years and is therefore repayable in December 2028. It is accompanied by a capitalised annual interest rate of 9.0% and the issue of 126.050 share subscription warrants each giving the right to subscribe to one ordinary share of AB Science at 8.61 euros for 15 years.
- obtaining state-guaranteed loans (PGE) for a total amount of €6,000K in 2021. 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, an option exercised by AB Science at the start of 2022.
- the current account of the US subsidiary of €2,800K
- a loan from Bpifrance for an initial amount of €1,000K concluded in September 2020 for a period of 60 months. The remaining balance to be repaid amounts to €750K on 31 December 2022

3.6.15 Breakdown of accrued expenses

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

	Amount (in €K)
Accrued interest - borrowings	28
Suppliers, invoices not received	4,885
Provision for paid holidays	502
Staff - accrued expenses	1,977
Staff - expense reports accrued expenses	9
Staff - accrued expenses (Inter-company savings plan)	24
Provisions for social security charges on outstanding holiday pay	214
Provisions for social security charges on outstanding premiums	731
State - accrued expenses	51
Incurred interest - banks	3
Miscellaneous – accrued expenses	1,041
TOTAL	9,464

3.7 Information ON THE PROFIT AND LOSS STATEMENT

3.7.1 Breakdown of expenses

Expenses are mainly composed of expenses incurred with organisations or service providers involved in the field of research and personnel costs involved in the research programmes.

The main component of expenses is research and development services for new molecules, which amount to €7,394K excluding personnel costs, compared to the €11,818K representing total operating expenses recorded on 31 December 2022, excluding personnel costs and research tax credit.

3.7.2 DETAILS ON INCOME

The Company's turnover for the year 2022 amounts to €958K, mainly generated by the use of a drug in veterinary medicine.

The turnover achieved inside the European Union amounts to €634K and that outside the European Union to €324K.

3.7.3 AnalysIS OF THE EXCEPTIONAL RESULT

The exceptional result is a gain of €155K and is mainly explained by the following effects:

- cancellation of supplier balances related to transactional agreements: €407K
- old trade payables balance: - €118K (loss)
- increases related to the AMF sanction: - €100K

3.8 Other information

3.8.1 Workforce

The number of company employees as of 31 December 2022 is 102 compared to 97 on 31 December 2021.

The American subsidiary of the company does not employ any employees on 31 December 2022.

Therefore, the Group employs 103 people on 31 December 2022 compared to 98 people on 31 December 2021; 102 people are employed in France and one employee in Germany.

The breakdown of the French workforce by category is as follows:

- Salaried manager: 1 person
- Executive: 94 people
- Non managerial: 7 people

3.8.2 Personnel 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 on 31 December 2022, calculated by applying the collective and seniority agreement amounted to €640K, 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.

3.8.3 OTHER COMMITMENTS GIVEN AND RECEIVED

(in thousands of euros)	31.12.2022	31.12.2021
Commitments given:	40	340
Guarantee given (1)	*40*	*340*
Commitments received:	56,000	90,000
Loan with the EIB (2)	*6,000*	*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 €39.6k 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 to contribute to the financing of the clinical development programme for masitinib in the treatment of Covid-19. Of these 15 million, 6 million was paid during fiscal year 2022 and 6 million was paid during the first quarter of fiscal year 2023. The balance of 3 million euros will not be received, the conditions for payment of this third instalment not having been met on the expiry date of the loan.

(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, expiring on 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.

3.8.4 Remuneration OF DIRECTORS

AB Science directors are not compensated for their directorship.

The remuneration and the amount of the director's pension commitment is presented in paragraph 3 of the annual financial report.

The Chief Executive Officer and the Deputy Chief Executive Officer did not receive any remuneration during the 2022 financial year in respect of their positions.

3.8.5 INCOME TAXES

- 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 2021:	€320,553,778
2022 deficit:	€18,125,964
Accumulation of tax deficits as of 31 December 2022:	€338,679,742

3.8.6 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.

3.8.7 LIST OF SUBSIDIARIES AND INVESTMENTS

Subsidiary	Financial information (in USD)				
	Net value of securities (€)	Capital	Reserves and retained earnings	Proportionate share of the capital owned	Result for the year as of 31/12/2022
AB Science LLC	0	250,000	-464,844	100%	-37,271

3.8.8 Items concerning affiliated companies and shareholdings

Name of the subsidiary	Shareholdings (net value)	Current account (net value)
AB Science LLC	0	-3,068,629

3.8.9 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.

3.8.10 Information on the maturities 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	73,752	2,540	71,212
Other trade accounts receivables	173,429	173,429	
Other receivables	12,813,296	12,798,673	14,623
Deferred charges	367,612	263,732	103,879
Total	13,479,889	13,290,174	189,714

Status of debts (in Euros)	Gross amount	At 1 year max.	Over 1 year to up to 5 years	At over 5 years
Bond issues	7,969,248		7,969,248	
Loans and other borrowing from credit institutions	12,781,290	1,230 785	5,550 504	6,000,000
Suppliers and related accounts	12,234,800	12,234,800		
Other debts	9,065,843	8,810,861	254,982	
Total	42,051,180	22,276 446	13,774 734	6,000,000

3.8.11 SHARE SUBSCRIPTION OPTION PLANS

The following table shows the main characteristics of the plans being acquired at the end of the financial year.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	Options assigned	Options exercised	Options lapsed	Exercisable Options
31/12/2009	18/03/2010	SO10-A	1	15.61	18/03/2014	31/12/2027	290,000		-174,000	116,000
18/06/2013	14/05/2014	SO-6A	1	11.96	14/05/2018	13/05/2024	116,335	-720	-75,695	39,920
	29/08/2014	SO-6B	1	10.03	29/08/2018	28/08/2024	10,875		-10,000	875
	24/04/2015	SO-6C	1	15.8	24/04/2019	23/04/2025	79,940		-47,610	32,330
	06/10/2015	SO-6D	1	13.01	06/10/2019	05/10/2025	15,550		-6,550	9,000
	28/04/2016	SO-6E	1	17.29	28/04/2020	27/04/2026	110,640		-61,500	49,140
28/06/2016	30/04/2018	SO-7A	1	12.65	30/04/2022	29/04/2028	53,000		-26,000	27,000
29/06/2018	06/12/2018	SO-9A	1	12	06/12/2022	06/12/2028	25,120		-8,400	16,720
	20/05/2019	SO2019-A	1	12	31/07/2019	31/05/2023	274,000			274,000
28/06/2019	10/07/2019	SO2019-B	1	12	31/07/2019	31/05/2023	59,000			59,000
	17 February 2020	SO2020-A	1	12.65	17/02/2024	17/02/2030	65,000		-5,000	60,000
31/08/2020	01/09/2020	SO2020-B	1	12.65	01/09/2024	30/08/2030	143,650		-27,540	116,110
30/06/2021	28/09/2021	SO2021-A	1	13	28/09/25	27/09/2031	138,000		-38,000	100,000
	28/04/2022	SO-2022A	1	12.65	28/04/2026	27/04/2032	5,000			5,000
Total							1,386,110	-720	-480,295	905,095

The beneficiaries of the subscription options are employees of AB Science. The SO2019-A and the SO2019-B are associated with presence and performance conditions. The other plans are only associated with presence conditions.

3.8.12 Share subscription warrants

The share subscription warrants granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA exercised	Expired BSA	Exercisable BSA
26/12/2008		BSA4	1	7.68	13/01/2009	31/12/2027	85,000			85,000
30/03/2012	30/08/2012	BSA7	1	12.5	30/08/2012	31/12/2027	76,112			76,112
	24/03/2013	BSA8	1	17.98	25/05/2013	24/05/2023	15,285			15,285
27/06/2014	29/08/2014	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	37,336		-25,666	11,670
		BSA_2014-A	1	10.03	29/08/2016	29/08/2024	9,336			9,336
		BSA_2014-A	1	10.03	29/08/2017	29/08/2024	9,332			9,332
		BSA_2014-A	1	10.03	29/08/2018	29/08/2024	9,332		-2,333	6,999
		BSA_2014-A	1	10.03	29/08/2019	29/08/2024	9,332		-2,333	6,999
		BSA_2014-A	1	10.03	29/08/2020	29/08/2024	9,332		-2,333	6,999
	01/11/2014	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	1,647,024			1,647,024
	31/08/2015	BSA_2014-B	1	14.41	01/09/2016	31/08/2025	2,334			2,334
		BSA_2014-B	1	14.41	01/09/2017	31/08/2025	2,334			2,334
		BSA_2014-B	1	14.41	01/09/2018	31/08/2025	2,333			2,333
		BSA_2014-B	1	14.41	01/09/2019	31/08/2025	2,333			2,333
28/06/2016	19/12/2016	BSA2010-BIS	1	15.61	19/12/2016	31/12/2027	332,000			332,000
	30/08/2016	BSA_2016-A	1	13.3	30/08/2017	30/08/2026	14,000		-11,666	2,334
09/12/2016	09/12/2016	BSA Conversion	1	10	09/12/2016	01/01/2026	60,000			60,000
28/06/2017	29/01/2018	JPL BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
		MD BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
	30/04/2018	BSA 2017-A	1	12.65	30/04/2019	30/04/2028	2,334			2,334
		BSA 2017-A	1	12.65	30/04/2020	30/04/2028	2,334			2,334
		BSA 2017-A	1	12.65	30/04/2021	30/04/2028	2,333			2,333
29/06/2018	26/09/2018	BSA 2018B	1	12.65	26/09/2019	26/09/2028	2,334			2,334
		BSA 2018B	1	12.65	26/09/2020	26/09/2028	2,334			2,334
		BSA 2018-A	1	12.65	26/09/2019	26/09/2028	2,334			2,334
		BSA 2018-A	1	12.65	26/09/2020	26/09/2028	2,334			2,334
	29/04/2019	BSA 2019B2	1	12	29/04/2019	31/10/2028	100,000			100,000
28/06/2019	17/08/2019	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	2,463,054	-1,440,392		1,022,662
31/08/2020	28/10/2020	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	90,000			90,000
	04/03/2021	BSA GP	1	0.01	28/04/2021	30/04/2026	21,845			21,845
16/12/2020	20/12/2020	BSA TR2020	1	12.65	28/04/2021	20/12/2030	30,000			30,000
30/06/2021	28/09/2021	BSA 2021-A	1	12	28/09/2021	31/05/2023	1,000,000			1,000,000
		BSA QN2	1	12.25	28/09/2021	31/12/2024	800,000			800,000
		BSA QN3	1	0.01	28/09/2021	31/12/2024	100,000	-80,000		20,000
	03/02/2022	BSA CA2021	1	12.65	29/04/2022	03/02/2032	1,398			1,398
		BSA CA2021	1	12.65	03/05/2022	03/02/2032	2,796			2,796
		BSA CA2021	1	12.65	23/05/2022	03/02/2032	1,864			1,864
		BSA CA2021	1	12.65	03/06/2022	03/02/2032	932			932
	27/02/2022	BSA (OCABSA)	1	12.65	07/03/2022	31/12/2030	50,000			50,000
29/06/2022	03/11/2022	BSA BEI-2	1	8.61	03/11/2022	02/12/2037	126,050			126,050
Total							7,327,031	-1,542,284	-204,331	5,580 416

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. On the closing date, the 85 BSA 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 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 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. On the closing date, the 15.285 BSA were allocated and subscribed.

The General Meeting of 27 June 2014 decided to delegate its authority to the Board of Directors for the purpose of issuing ordinary shares or securities giving access to the company's capital.

- The Board of Directors therefore decided on 29 August 2014 to issue 84.000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 10.03 euros, including a share premium of 10.02 euros. The 84.000 BSA have been allocated and subscribed. 25,666 expired in 2015 and 6,999 in 2018. On the closing date, the BSA balance is 51,335.
- 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. 14.000 BSA were declared expired by the Board of Directors in 2016 and 4,666 BSA in 2022. On the closing date, the BSA balance is 9.334 BSA.
- The Board of Directors decided on 1 November 2014 to issue and allocate 1,647,024 independent share subscription warrants 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. On the closing date, 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 BSAR will 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 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.

- The Board of Directors therefore decided on 30 August 2016 to issue 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. The 14.000 BSA have been allocated and subscribed. 11,666 BSA were declared expired by the Board of Directors in 2018. On the closing date, the BSA balance is 2.334 BSA.
- The Board of Directors therefore decided on 19 December 2016 to issue 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. On the closing date, the 332,000 BSA 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 BSA 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.

The General Meeting of 28 June 2017 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 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 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 BSA were allocated respectively to JPL Pharma Consulting (100,000 BSA) and to MD Consulting (100,000 BSA), in accordance with the service contracts concluded in January 2018 with these companies. Following the non-achievement of part of the objectives, 160,000 BSA expired in 2020 and 21,892 BSA were exercised in 2021. On the closing date, the BSA balance is 18.108 BSA.
- The Board of Directors therefore decided on 30 April 2018 to issue 14.000 independent share subscription warrants at an issue price of 0.01 euros, each conferring the right to subscribe to a new ordinary share with a nominal value of 0.01 euros for an exercise price per BSA of 12.65 euros, including a share premium of 12.64 euros. In 2022, 6,999 were declared expired. On the closing date, the BSA balance is 7.001 BSA.

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 therefore decided on 26 September 2018 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 12.65 euros, including a share premium of 12.64 euros. The 28,000 BSA have been allocated and subscribed. In 2022, 18,664 BSA were declared expired. On the closing date, the BSA balance is 9.336 BSA.
- 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. All these BSA have been allocated and subscribed. These BSA were issued for the benefit of KPLM within the framework of the development of research into vaccines against cancer and are exercisable under the following conditions:
  - The exercise of 50,000 BSA 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 BSA 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 BSA 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 BSA 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;

Following the unfulfilled exercise conditions, 100,000 BSA expired in 2022. On the closing date, the BSA balance is 100,000 BSA.

The General Meeting of 28 June 2019 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 17 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. On the closing date, 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.

- 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 "OCABSA") and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSA. 90,000 BSA were created by decision of the Chairman and Chief Executive Officer on 28 October 2020, 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. On the closing date, the balance of these BSA is 90,000.
- The Board of Directors decided on 4 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. On the closing date, the 21.845 BSA were allocated and subscribed.

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. 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 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. 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. On the closing date, the 30.000 BSA 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.

- 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 (7) of chapter 8.6 of this report. On the closing date, all these BSA 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 BSA 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 (6) of chapter 8.6 of this report. 50,000 BSA were

exercised in 2021 and 30,000 BSA in 2022. On the closing date, the balance of these BSA is therefore 20.000.

- 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 BSA 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. On the closing date, all these BSA have been allocated and subscribed.

- The Board of Directors therefore decided on 03 February 2022 to issue 6.990 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. On the closing date, the 6,990 BSA were allocated and subscribed.
- On 27 February 2022, the Board of Directors decided on the principle of issuing bonds convertible into shares to which share subscription warrants are attached (the "OCABSA") and delegated its authority to the Chairman and Chief Executive Officer for the purpose of issuing these OCABSA. On 3 March 2022, the Chairman and Chief Executive Officer decided to issue 50,000 OCABSA. 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. On the closing date, the 50,000 BSA were thus created and fully subscribed.
- The Board of Directors therefore decided on 03 November 2022 to issue 126.050 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 8.61 euros, including a share premium of 8.60 euros. On the closing date, the 126.050 BSA were allocated and subscribed.

The share subscription warrants granted by the Company and in force on 31 December 2022 by beneficiaries are described in the table below:

BSA subscribed by directors:

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
Bihr, B	BSA 2018B	1	12.65	26/09/2019	26/09/2028	2,334			2,334
	BSA 2018B	1	12.65	26/09/2020	26/09/2028	2,334			2,334
Blondel, C	BSA_2016-A	1	13.3	30/08/2017	30/08/2026	14,000		-11,666	2,334
Reverdin, B	BSA_2014-B	1	14.41	01/09/2016	31/08/2025	2,334			2,334
	BSA_2014-B	1	14.41	01/09/2017	31/08/2025	2,334			2,334
	BSA_2014-B	1	14.41	01/09/2018	31/08/2025	2,333			2,333
	BSA_2014-B	1	14.41	01/09/2019	31/08/2025	2,333			2,333
Costantini, D	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	14,000		-11,666	2,334
de Guillebon, C	BSA CA2021	1	12.65	03/06/2022	03/02/2032	932			932
Johnston , C	BSA CA2021	1	12.65	23/05/2022	03/02/2032	932			932
Kinet, JP	BSA4	1	7.68	13/01/2009	31/12/2027	85,000			85,000
	BSA7	1	12.5	30/08/2012	31/12/2027	76,112			76,112
	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
Lastscha, G	BSA CA2021	1	12.65	23/05/2022	03/02/2032	932			932
Mourey, E	BSA 2018-A	1	12.65	26/09/2019	26/09/2028	2,334			2,334
	BSA 2018-A	1	12.65	26/09/2020	26/09/2028	2,334			2,334
Moussy, P	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
	BSA CA2021	1	12.65	03/05/2022	03/02/2032	2,796			2,796
O'Neill, M	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2018	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2019	29/08/2024	2,333			2,333
	BSA_2014-A	1	10.03	29/08/2020	29/08/2024	2,333			2,333
Riez, N	BSA 2017-A	1	12.65	30/04/2019	30/04/2028	2,334			2,334
	BSA 2017-A	1	12.65	30/04/2020	30/04/2028	2,334			2,334
	BSA 2017-A	1	12.65	30/04/2021	30/04/2028	2,333			2,333
SAS Sixto	BSA_2014-A	1	10.03	29/08/2015	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2016	29/08/2024	2,334			2,334
	BSA_2014-A	1	10.03	29/08/2017	29/08/2024	2,333			2,333
Sassi, R	BSA CA2021	1	12.65	29/04/2022	03/02/2032	1,398			1,398
Total						270,774	0	-23,332	247,442

BSA subscribed by managers or their affiliates

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
AMY SAS	BSA 2021-A	1	12	28/09/2021	31/05/2023	1,000,000			1,000,000
Moussy, Alain	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	1,617,614			1,617,614
Moussy, Alain	BSA2010-BIS	1	15.61	19/12/2016	31/12/2027	332,000			332,000
Total						2,949,614	0	0	2,949,614

BSA subscribed by third parties

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Exp. date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
Armistice Capital	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	886,699	-886,698		1
Aurore Invest	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	98,522			98,522
EIB	BSA BEI-2	1	8.61	03/11/2022	02/12/2037	126,050			126,050
Benjahad, A	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Deltec Bank	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	679,803	-479,802		200,001
FGP CPE	BSA Conversion	1	10	09/12/2016	01/01/2026	7,280			7,280
FGP CPE II	BSA TR2020	1	12.65	28/04/2021	20/12/2030	30,000			30,000
FGP POM	BSA PP 0819	0.5	5.5	17/08/2019	17/08/2024	724,138			724,138
FGP POM	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	20,000			20,000

Beneficiary	Security	No of shares per security	Exercise price	Exercise start date	Exp. date	BSA granted	BSA Exercised	Expired BSA	Exercisable BSA
Giorgiutti, P	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Guy, L	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Hades Multi Strat	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	4,000			4,000
Letard, S	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Marian, JC	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	10,000			10,000
NJB Investments	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	34,000			34,000
Pépin, G	BSA8	1	17.98	25/05/2013	24/05/2023	15,285			15,285
Pépin, G	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	2,000			2,000
Pépin, G	BSA GP	1	0.01	28/04/2021	30/04/2026	21,845			21,845
Pépin, G	BSA (OCABSA)	1	12.65	07/03/2022	31/12/2030	50,000			50,000
Timur Kemel	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	7,000			7,000
Turci, S	BSAR_2014II	1	8.92	01/11/2014	29/08/2024	5,882			5,882
Umarxhon T	BSA (OCABSA)	1	12.65	28/10/2020	30/06/2023	13,000			13,000
Valor Biotech II	BSA Conversion	1	10	09/12/2016	01/01/2026	8,979			8,979
Valor Biotech III	BSA Conversion	1	10	09/12/2016	01/01/2026	6,354			6,354
Valor Biotech IV	BSA Conversion	1	10	09/12/2016	01/01/2026	37,387			37,387
JPL Pharma	JPL BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
KPLM	BSA 2019B2	1	12	29/04/2019	31/10/2028	100,000			100,000
MD Consulting	MD BSA	1	12	29/01/2018	29/01/2028	100,000	-10,946	-80,000	9,054
Quercegen	BSA QN2	1	12.25	28/09/2021	31/12/2024	800,000			800,000
Quercegen	BSA QN3	1	0.01	28/09/2021	31/12/2024	100,000	-80,000		20,000
Total						4,011,752	-1,468,392	-160,000	2,383,360

3.8.13 SUBSCRIPTION WARRANTS FOR BUSINESS CREATOR SHARES.

The share subscription warrants for business creator shares granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise price	Exercise start date	Expiry date	BSPCE granted	BSPCE Exercised	Expired BSPCE	Exercisable BSPCE
21/12/2007	17/06/2008	BCE2007-A	1,000	7,680	17/06/2008	31/12/2027	1,191	-114		1,077
21/12/2007	16/12/2008	BCE2007-B	1,000	7,680	16/12/2008	31/12/2027	379	-82		297
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	13/01/2009	31/12/2027	86			86
26/12/2008	13/01/2009	BCE2008-A	1,000	7,680	19/11/2009	31/12/2027	235			235
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	19/11/2009	31/12/2027	62			62
26/12/2008	19/11/2009	BCE2008-C	1,000	7,680	26/02/2013	31/12/2027	123			123
26/12/2008	14/12/2010	BCE2008-D	1,000	12,280	14/12/2010	31/12/2027	15		-5	10
26/12/2008	26/02/2013	BCE2008-B	1,000	7,680	26/02/2013	31/12/2027	330	-65	-45	220
31/12/2009	03/02/2010	BCE2010-A	1	12.28	03/02/2010	31/12/2027	72,588			72,588
30/03/2012	30/08/2012	BCE2012	1	12.5	30/08/2012	31/12/2027	3,158,636		-81,108	3,077,528
30/03/2012	22/04/2013	BCE2013	1	18.74	22/04/2013	31/12/2027	40,554			40,554
Total							**3,274, 199**	**-261**	**-81,158**	**3,192 780**

3.8.14 Free preference shares

The free preference shares granted by the Company and in force on 31 December 2022 are described in the table below.

Date of issue by the AGM	Date of allocation by the Board of Directors	Security	No of shares per security	Exercise start date	Expiry date	AGAP granted	AGAP expired	Exercisable AGAP
09/12/2015	16/12/2015	AGAP - B1	100	01/01/2025	01/01/2029	33,999	-248	33,751
09/12/2015	16/12/2015	AGAP - B2	100	01/01/2025	01/01/2029	205	-25	180
28/06/2017	28/12/2017	AGAP - B3	100	01/01/2025	01/01/2029	7,550	-23	7,527
31/08/2020	01/09/2020	AGAP - B4	100	01/01/2025	01/01/2029	3,687	-11	3,676
Total						**45,441**	**-307**	**45,134**

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 allot, 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 is 33,751 free preference shares by the Board of Directors on 19 December 2016 and 180 free preference shares by the Board of Directors on 28 December 2017.

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 allot, free of charge, 7.550 free preference shares with a nominal value of 0.01 euros, convertible into a maximum of 755,000 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 23 January 2019 is 7,527 free preference shares.

The Extraordinary General Meeting 31 August 2020 a 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 28 September 2021 is 3,676 free preference shares.

The terms and conditions of the free preference shares (AGAP) are described in the "Notes on financial year methods" in section 8.6.1 of this report.

3.8.15 Shares with share subscription warrants

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 BSA 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 2022, 1,440,392 subscription warrants were exercised, resulting in the issuance of 720.196 new shares.

REPORTS FROM THE STATUTORY AUDITORS

Statutory auditors' report on the consolidated financial statements

AB Science

Year ending 31 December 2022

At the General Meeting of AB Science

OPINION

In compliance with the assignment entrusted to us by the General Meeting, we have audited the consolidated financial statements of AB Science for the year ended 31 December 2022, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the year and of the financial position and assets and liabilities of the group of persons and entities included in the consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS OF OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities in the Audit of the Consolidated Financial Statements".

Independence

We conducted our audit in accordance with the independence rules set out in the *Code de Commerce* [French Commercial Code] and in the Code of Ethics for Statutory Auditors, for the period from 1 January 2022 to the date of issue of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Observation

Without qualifying the opinion expressed above, we would draw your attention to the following point set out in Note 14 "Other current and non-current assets" to the consolidated financial statements concerning the assessment of the recoverable amounts of research tax credit receivables in progress.

JUSTIFICATION OF ASSESSMENTS - KEY POINTS OF THE AUDIT

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the Code de Commerce [French Commercial Code] relating to the justification of our assessments, we would draw your attention to the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year, as well as the responses we have given to these risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on any individual item in these consolidated financial statements.

Evaluation of outstanding invoices for expenses incurred in the conduct of clinical trials

Identified risk

As part of the development of its products, the company carries out clinical trials in collaboration with clinical research centres at numerous sites in France and abroad.

Note 7.13 "Classification of current expenses" to the consolidated financial statements sets out the method for estimating the expenses incurred in this respect according to the progress of the clinical trials. At year-end, an estimate of unbilled costs for each study is determined by management based on the contracts signed with the clinical research centres and is recorded as unpaid invoices.

The risk relates to the monitoring of ongoing clinical trials and the progress of patient treatments at the balance sheet date and the correct estimation of provisions at year-end. An error in these elements would lead to an incorrect valuation of the item "Research and development expenses" in the income statement.

We considered the assessment of outstanding invoices relating to clinical trials to be a key audit issue due to the complexity of the method of estimating costs at the year end.

Response provided

As part of our audit, our work consisted in examining the procedure for launching clinical studies, the procedures for authorising expenditure commitments and the process for monitoring the clinical costs associated with each study.

We have also:

- analysed ongoing engagements through a review of key clinical studies and carried out the following work:
    - an arithmetic check of the calculation of outstanding invoices;
    - testing of billing for clinical research centres;
    - reconciliation of the summary file for calculating outstanding invoices with the data from the research centres;
    - an analysis of the changes in commitments and outstanding invoices relating to the studies that have been completed.
- checked the reversal of old invoices not yet received according to the method established by the group;
- examined the files relating to ongoing litigation and the opinions of the lawyers in charge as to the risks to be provisioned, particularly with regard to accumulated debts.

Valuation of the debt related to conditional advances

Identified risk

Note 20.2 "Conditional and repayable advances" to the consolidated financial statements states that the company received conditional advances of €4.4m and €5.8m in June 2010 and May 2013 to finance studies in Pancreas and Alzheimer's Disease respectively. The two advances granted by the BPI are repayable after final validation of the studies according to specific terms and conditions depending on

the contracts. The company has also undertaken to pay additional payments of up to €7.0m and €16.0m based on the turnover for the relevant periods.

Note 7.12 "Financial liabilities at amortised cost" to the consolidated financial statements sets out the method for measuring financial liabilities at amortised cost, calculated using the effective interest rate (EIR) method and taking into account, in particular, additional payments and the expected date of obtaining marketing authorisation for the products.

The risk relates to the estimation of future turnover forecasts to which the rates of top-up payments will be applied. An error in the estimation of these flows would lead to an incorrect valuation of the items "Financial liabilities" in the balance sheet and "Financial expenses" in the income statement.

Response provided

Our work consisted in analysing the method of valuation of the debt at amortised cost, and elements justifying the key assumptions used by management to determine the amount of the additional payments to be made. Within this context, we have:

- examined the loan agreements signed between the company and the BPI;
- analysed the turnover projections updated at the balance sheet date, drawn up by the management on which the estimated additional payments are based;
- assessed the reasonableness of management's assumptions in determining the expected product release dates based on the progress of the clinical trials;
- assessed the growth assumptions and penetration rates in each market established by management in the light of specialist scientific publications;

SPECIFIC CHECKS

In accordance with professional standards applicable in France, we have also carried out the specific checks provided for by statutory and regulatory texts on the information relating to the group, given in the management report of the Board of Directors.

We have no comment to make on their fairness and consistency with the consolidated financial statements.

OTHER VERIFICATIONS OR INFORMATION RESULTING FROM OTHER STATUTORY AND REGULATORY OBLIGATIONS

Format of the consolidated accounts to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format defined by European Delegated Regulation No. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L. 451-1- 2 of the *Code Monétaire et Financier* [French Monetary and Financial Code], which are drawn up under the responsibility of the Chairman. In the case of consolidated accounts, our work includes verifying that the presentation of these accounts complies with the format defined by the above-mentioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the Single European Electronic Reporting Format.

Due to technical limitations inherent in the macro-tagging of the consolidated accounts in the Single European Electronic Reporting Format, the content of some of the tags in the notes may not be rendered identically to the consolidated accounts attached to this report.

It is not our responsibility to verify that the consolidated financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of statutory auditors

We were appointed as statutory auditors of AB Science by the General Meeting of 28 June 2017 for the firm Audit et Conseil Union and 27 June 2021 for the firm Grant Thornton.

At 31 December 2022, Grant Thornton was in the second year of its uninterrupted engagement and Audit et Conseil Union in the sixth year, including two and six years respectively since the company's shares were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE IN RELATION TO THE CONSOLIDATED ACCOUNTS

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and to implement such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of management to make an assessment of the company's ability to continue as a going concern, to disclose in those financial statements, where appropriate, the necessary information relating to the going concern basis of accounting and to apply the going concern basis of accounting unless the company is to be wound up or cease trading.

The audit committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, and where appropriate the internal audit, in relation to the procedures for preparing and processing accounting and financial information.

The consolidated financial statements of 31 December 2022 were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Audit objective and approach

It is our responsibility to report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material when they could reasonably be expected to influence the economic decisions that users of the accounts make in reliance on them, either individually or in aggregate.

As specified by Article L. 823-10-1 of the *code de commerce* [French Commercial Code], our mission of certification of the accounts does not consist of guaranteeing the viability or quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgement throughout the audit. In addition:

- it identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that it believes is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting

a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, misrepresentation or circumvention of internal control;

- the auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern basis of accounting and, based on the evidence gathered, whether there is significant uncertainty about events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, it being noted, however, that subsequent circumstances or events could call into question the status of a going concern. If the auditor concludes that there is a material uncertainty, he or she draws the attention of the readers of the auditor's report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not provided or is not relevant, issues a qualified opinion or a refusal to certify;
- the auditor assesses the overall presentation of the consolidated financial statements and whether the consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, the auditor gathers elements that it considers sufficient and appropriate to express an opinion on the consolidated accounts. The auditor is responsible for directing, supervising and performing the audit of the consolidated accounts and for expressing an opinion on those accounts.

Report to the Audit Committee

We provide a report to the Audit Committee, including the scope of the audit work and the work programme undertaken, as well as the conclusions arising from our work. We also report to it, where appropriate, on any material weaknesses in internal control that we have identified in the procedures for the preparation and processing of accounting and financial information.

The matters communicated in the report to the Audit Committee include the risks of material misstatement that we considered to be the most significant for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the *Code de commerce* [French Commercial Code] and in the code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Neuilly-sur-Seine and Paris, 28 April 2023

The Statutory Auditors

Grant Thornton	**Audit et Conseil Union**
French member of Grant Thornton International	Member of Kreston International
Samuel Clochard	Jean-Marc Fleury
Partner	Partner

Statutory auditors' report on the annual financial statements

AB Science

Year ending 31 December 2022

To the shareholders of AB Science

OPINION

In compliance with the assignment entrusted to us by the General Meeting, we have audited the consolidated financial statements of AB Science for the year ended 31 December 2022, as attached to this report.

We certify that the annual financial statements are, in accordance with French rules and accounting principles, true and fair and give a faithful image of the operations for the past financial year as well as the financial situation and the earnings of the company at the end of said financial year.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS OF OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities in the Audit of the Annual Financial Statements".

Independence

We conducted our audit in accordance with the independence rules set out in the *Code de Commerce* [French Commercial Code] and in the Code of Ethics for Statutory Auditors, for the period from 1 January 2022 to the date of issue of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Observation

Without qualifying the opinion expressed above, we would draw your attention to the following point set out in Note 3.6. 4 "Other receivables" to the annual financial statements concerning the assessment of the recoverable amounts of research tax credit receivables in progress.

JUSTIFICATION OF ASSESSMENTS - KEY POINTS OF THE AUDIT

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the *Code de Commerce* [French Commercial Code] relating to the justification of our assessments, we would draw your attention to the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the annual financial statements for the financial year, as well as the responses we have given to these risks.

These assessments were made in the context of our audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We express no opinion on elements of these annual financial statements taken in isolation.

Evaluation of outstanding invoices for expenses incurred in the conduct of clinical trials

Identified risk

As part of the development of its products, the company carries out clinical trials in collaboration with clinical research centres at numerous sites in France and abroad.

Note 3.5.4 "Receivables and debts" to the financial statements sets out the method for estimating the expenses incurred in this respect according to the progress of the clinical trials. At year-end, an estimate of unbilled costs for each study is determined by management based on the contracts signed with the clinical research centres and is recorded as unpaid invoices.

The risk relates to the monitoring of ongoing clinical trials and the progress of patient treatments at the balance sheet date and the correct estimation of provisions at year-end. An error in these elements would lead to an incorrect valuation of research and development expenses in the income statement.

We considered the assessment of outstanding invoices relating to clinical trials to be a key audit issue due to the complexity of the method of estimating costs at the year end.

Response provided

As part of our audit, our work consisted in examining the procedure for launching clinical studies, the procedures for authorising expenditure commitments and the process for monitoring the clinical costs associated with each study.

We have also:

- analysed ongoing engagements through a review of key clinical studies and carried out the following work:
    - an arithmetic check of the calculation of outstanding invoices;
    - testing of billing for clinical research centres;
    - reconciliation of the summary file for calculating outstanding invoices with the data from the research centres;
    - an analysis of the changes in commitments and outstanding invoices relating to the studies that have been completed.
- checked the reversal of old invoices not yet received according to the method established by the group;
- examined the files relating to ongoing litigation and the opinions of the lawyers in charge as to the risks to be provisioned, particularly with regard to accumulated debts

SPECIFIC CHECKS

In accordance with professional standards applicable in France, we have also performed the specific checks required by law and regulations.

Information given in the management report and in the other documents on the financial situation and the annual financial statements sent to the shareholders

We have no comment as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents on the financial position and financial statements sent to the shareholders.

We certify that the information relating to the payment periods mentioned in Article D. 441-6 of the *Code de commerce* (French Commercial Code) is true and fair and that it agrees with the financial statements.

Corporate Governance Report

We certify that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the *Code de Commerce* [French Commercial Code].

Concerning the information provided in accordance with the provisions of Article L. 22-10-9 of the *code de commerce* [French Commercial Code] relating to remuneration and benefits paid or granted to corporate officers as well as commitments made in their favour, we have verified its consistency with the financial statements or with the data used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlled by it that are included in the scope of consolidation. On the basis of this work, we certify the accuracy and fairness of this information

Concerning the information relating to the elements that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to the provisions of Article L.

22-10-11 of the Code de commerce [French Commercial Code], we have checked its compliance with the documents from which it was taken and which were communicated to us. On the basis of this work, we have no observations to make on this information.

OTHER VERIFICATIONS OR INFORMATION RESULTING FROM OTHER STATUTORY AND REGULATORY OBLIGATIONS

Format of the consolidated accounts to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format defined by European Delegated Regulation No. 2019/815 of 17 December 2018 in the presentation of the annual financial statements intended for inclusion in the annual financial report referred to in I of Article L. 451-1- 2 of the *Code Monétaire et Financier* [French Monetary and Financial Code], which are drawn up under the responsibility of the Chairman.

It is not our responsibility to verify that the annual financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of statutory auditors

We were appointed as statutory auditors of AB Science by the General Meeting of 28 June 2017 for the firm Audit et Conseil Union and 27 June 2021 for the firm Grant Thornton.

At 31 December 2022, Grant Thornton was in the second year of its uninterrupted engagement and Audit et Conseil Union in the sixth year, including two and six years respectively since the company's shares were admitted to trading on a regulated market.

RESPONSIBILITIES OF THE MANAGING BOARD AND THOSE CHARGED WITH GOVERNANCE OF THE COMPANY REGARDING THE ANNUAL FINANCIAL STATEMENTS

It is the responsibility of management to prepare financial statements that give a true and fair view in accordance with French accounting rules and principles, and to carry out such detailed procedures as it considers necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, it is management's responsibility to make an assessment of the company's ability to continue as a going concern, to disclose in those financial statements, where appropriate, the necessary information relating to the going concern basis of accounting and to apply the going concern basis of accounting unless the company is to be wound up or cease trading.

The audit committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, and where appropriate the internal audit, in relation to the procedures for preparing and processing accounting and financial information.

The annual financial statements have been drawn up by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

We are responsible for preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance as to whether the annual financial statements taken as a whole are free from

material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material when they could reasonably be expected to influence the economic decisions that users of the accounts make in reliance on them, either individually or in aggregate.

As specified by Article L.823-10-1 of the *code de commerce* (French Commercial Code), our certification of financial statements task does not consist of guaranteeing the viability or the quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgement throughout the audit. In addition:

- the auditor identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, misrepresentation or circumvention of internal control;
- the auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the going concern basis of accounting and, based on the evidence gathered, whether there is significant uncertainty about events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, it being noted, however, that subsequent circumstances or events could call into question the status of a going concern. If the auditor concludes that there is a material uncertainty, he or she draws the attention of the readers of the auditor's report to the information provided in the annual financial statements about that uncertainty or, if that information is not provided or is not relevant, issues a qualified opinion or a refusal to certify;
- the auditor assesses the overall presentation of the annual financial statements and whether the annual financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

Report to the Audit Committee

We provide a report to the Audit Committee, including the scope of the audit work and the work programme undertaken, as well as the conclusions arising from our work. We also report to it, where appropriate, on any material weaknesses in internal control that we have identified in the procedures for the preparation and processing of accounting and financial information.

The matters communicated in the report to the Audit Committee include the risks of material misstatement that we considered to be the most significant for the audit of the annual financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the *Code de commerce* [French Commercial Code]

and in the code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Neuilly-sur-Seine and Paris, 28 April 2023

The Statutory Auditors

Grant Thornton	**Audit et Conseil Union**
French member of Grant Thornton International	Member of Kreston International
Samuel Clochard	Jean-Marc Fleury
Partner	Partner

STATEMENT FROM THE MANAGER OF THE ANNUAL FINANCIAL REPORT

I certify, to the best of my knowledge, that the accounts 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 management report presents a faithful picture of the development of the business, results and financial situation of the company and of all the companies included in the consolidation as well as a description of the main risks and uncertainties with which they are confronted.

Chairman and Chief Executive Officer

Alain Moussy