AB SCIENCE S.A.
Société Anonyme (French public limited company) with share capital of 558,299.84 euros
Head office: 3, avenue George V, 75008 PARIS
438 479 941 RCS (Commercial Register) Paris

SIX-MONTH FINANCIAL REPORT
OF AB SCIENCE GROUP
AS OF 30 June 2023

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

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

Chairman and Chief Executive Officer
Alain Moussy

B. SIX-MONTH BUSINESS REPORT

1 KEY EVENTS IN THE FIRST SIX MONTHS OF 2023

▪ 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.

Strengthening AB Science's intellectual property position for ALS

AB Science has announced that the Japanese and Canadian patent offices have issued a notice of acceptance for a patent relating to methods of treating amyotrophic lateral sclerosis (ALS) with its lead compound, masitinib.

These new patents provide solid protection for masitinib in the treatment of ALS until 2037 and complete the Company's intellectual property position for ALS in all geographical areas where masitinib could be marketed.

▪ 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).

Clinical development strategy based on two platforms: the late-stage masitinib platform and the new microtubule platform

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 licensing application process for masitinib.*

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 has led to a significant reduction in costs. AB Science has therefore implemented a job protection plan.

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

Financial restructuring:

On 21 April 2023, AMY S.A.S and Alain Moussy (majority shareholders), AB Science and the minority shareholder entities (including in particular the holders of the convertible bonds, the CIR lenders and the APDC holders) signed an agreement relating to:

(i) the implementation of AB Science's new strategy
(ii) the financing of AB Science
(iii) the restructuring of AB Science's bond debt and class C preference shares.

These transactions were the subject of an agreement signed by the parties on 21 April 2023, the date on which all transactions were accounted for, and are detailed in section 12 of the notes to the consolidated financial statements at 30 June 2023.

Restructuring of the convertible bonds issued in February 2022 and the Class C preference shares and extension of the term of certain BSAs

On 21 April 2023, AB Science signed an agreement under which the terms and conditions of the bond issue agreement (entered into with the holders of the convertible bonds issued in February 2022) were 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).

This agreement has also been signed with the holders of Class C preference shares (the "ADPCs"). It provides for the ADPCs to be bought back by AB Science for one 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 as a substitute for the ADPCs, it is envisaged that 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 licencing *royalties*, up to a limit of 9.0 million euros) and convertible into 750,000 ordinary shares of AB Science if the share price of AB Science exceeds a threshold of 30 euros for more than 90 consecutive days.

Finally, it was 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.

These agreements were submitted to and approved by the General Meeting of AB Science shareholders held on 30 June 2023.

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.

Renewal of the Term Capital Increase Programme (PACT - ®) entered into by AB Science with Alpha Blue Ocean

From 28 April 2023 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).

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. 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.

Other transferable securities transactions

During the first half of 2023, 2,739,516 share subscription warrants were allocated, including 115,830 to the European Investment Bank as part of the financing agreement, 2,608,686 relating to the capital increase (see above) and 15,000 to the directors.

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 on finance for 2014, establishing the eligibility of companies for the PEA-PME, i.e.: less than 5,000 employees, on the one hand, an annual turnover of less than 1,500 million euros or a balance sheet total of less than 2,000 million euros, on the other hand.

2 COMMENTS FROM MANAGEMENT ON GROUP BUSINESS

2.1 Operating results

Summary statement of comprehensive income on 30 June 2023 (IFRS standards):

(In thousands of euros)	30.06.2023	30.06.2022
Net turnover	448	629
Operating profit	(8,850)	(9,562)
Net profit (loss)	(10,411)	(7,141)
Overall profit (loss) for the period	(10,360)	(6,967)
Earnings per share - in euros	(0.22)	(0.15)
Diluted earnings per share - in euros	(0.22)	(0.15)

Operating revenue

(In thousands of euros)	30.06.2023	30.06.2022
Net turnover	448	629
Other income		0
Total operating income	448	629

Operating income, exclusively consisting of revenue from the operation of a veterinary medicine drug, amounted to €448K on 30 June 2023 compared to €629K one year earlier, which is a fall of 28.8%. This decrease is due to a disruption in the supply of Masivet between August 2022 and April 2023, following a change in the synthesis process for Masivet's active ingredient. This necessitated a request to the European Medicines Agency (EMA) for a variation to the marketing authorisation application for Masivet, which was approved in April 2023.

Operating costs

(In thousands of euros)	30.06.2023	30.06.2022
Cost of sales	219	158
Marketing costs	218	253
Administrative costs	1,648	1,682
Research and development costs	7,213	8,099
Other operating costs	0	0
Total operating costs	9,298	10,192

Operating costs amounted to €9,298K as of 30 June 2023 compared to €7,702K as of 30 June 2022, a decrease of 8.8%.

Marketing costs fell by 7.2% from €253K on 30 June 2022 to €218K on 30 June 2023.

Administrative costs are stable compared with 30 June 2022 (down 2%).

Research and development costs decreased by €886K or 10.9%, going from €8,099K as of 30 June 2022 to €7,213K as of 30 June 2023. This variation is mainly due to:

- an increase in research tax credit (€633K)
- a reduction in the value of BSAs issued as payment for research and development services, from €414K as of 30 June 2022 to €160K as of 30 June 2023.

Operating profit/loss

The operating profit/loss as at 30 June 2023 corresponds to a loss of €8,850K, compared to a loss of €9,562K as at 30 June 2022, i.e. a decrease in the operating deficit of €712K (7.5%).

Financial profit/loss

The financial result as at 30 June 2023 was a loss of €1,569K compared with a profit of €2,424K a year earlier.
As at 30 June 2023, financial income (€1,042K) corresponds mainly to the difference between the derecognition of the ADPC debts following their cancellation (see section 14.4 in these notes) for €3,692K and the recognition of the new E shares, created to replace the ADPCs and with a value of €2,908K as at 30 June 2023 (see section 14.5 in these notes). This transaction generated net proceeds of €784K.
Financial costs (€2,610K) mainly relate to the restatement of the contractual amendment to the convertible bond for €985K (see section in 14.4 these notes), interest on borrowings (€947K) and the discounting of conditional advances (€652K).
These effects are without impact on cash.

Net profit/loss

The net loss amounted to €10,411K as at 30 June 2023, compared with a loss of €7,141K as at 30 June 2022.

2.2 Cash and capital resources

Assets

Balance sheet items in thousands of euros	30.06.2023	31.12.2022
Fixed assets	1,865	1,939
Rights of use relating to rental contracts	675	955
Non-current financial assets	81	74
Inventories	402	456
Customers	247	161
Other current assets	15,142	12,987
Cash and cash equivalents	14,786	7,269
Total assets	33,198	23,841

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 2022 and amount to €1,591K as at 30 June 2023.

In accordance with IFRS 16, leases with a term of more than 12 months are recognised as assets by recognising a right of use. This amounted to €675K as at 30 June 2023.

Inventories amounted to a net value of €402K as at 30 June 2023 compared to €456K as at 31 December 2022.

Customer accounts receivables amounted to €247K as at 30 June 2023 compared to €161K as at 31 December 2022.

As at 30 June 2023, there are no current financial assets.
Financial assets are cash instruments with a maturity of more than three months. As at 30 June 2023, no cash instruments had a maturity of more than three months.

The other current assets increased by €2,155K (€15,142K as at 30 June 2023 compared to €12,987K as at 31 December 2022).

Total cash and current financial assets amounted to €14,786K as at 30 June 2023 compared to €7,269K as at 31 December 2022.

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 2022 and 30 June 2023.

(In thousands of euros) - IFRS	Company's equity
Equity on 31 December 2022	(35,670)
Capital increases and share premiums net of expenses	14,938
Overall profit (loss) for the period	(10,360)
Share-based payments relating to third parties	11,325
Employee share-based payments	543
Equity on 30 June 2023	(19,225)

As at 30 June 2023, the equity of the Group amounted to - €19,225K.

Current liabilities amounted to €21,381K at 30 June 2023 compared with €23,079K at the end of 2022, a decrease of 7.4% (€1,698K) due to the following effects:

- Decrease in current financial liabilities of €2, 537K linked to the conversion into capital of the loan issued as part of the pre-financing of the 2020 research tax credit of USD 3,300K for an amount of €3,050K)
- Increase of €816K in current provisions, mainly due to the provision for restructuring costs.

Non-current liabilities amounted to €31, 042K as of 30 June 2023 compared with €36,432K as of 31 December 2022, a decrease of €5,390K mainly due to the reduction in non-current financial liabilities.

The decrease in financial liabilities (€4,899K) can be explained by the following:

- The conversion into ordinary shares in July 2023 (€7,837K) of the convertible bond issued in February 2022
- The conversion of Class C preference shares following the negotiated agreement (€3,354K).

These decreases were partially offset by:

- the drawing of the second tranche of the loan from the EIB for €6,000K
- the discounting of conditional advances (€652k)
- the recognition of the liability relating to the priority dividend on Class E preference shares (€481K).

3 RECENT EVENTS SINCE THE END OF THE FIRST HALF OF THE FINANCIAL YEAR 2023

Details of the European Medicines Agency (EMA) timetable for the review of the marketing authorisation application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS)

AB Science has provided details of the timetable for the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) with regard to the review of the marketing authorisation application for masitinib for the treatment of amyotrophic lateral sclerosis (ALS).

An extension to the timetable was requested by AB Science in order to answer a question from the CHMP that arose following the implementation of an EMA directive, updated on 28 July 2023. This directive requires all marketing authorisation holders to review their manufacturing processes for all products containing chemically or biologically synthesised active substances in order to identify and, if necessary, mitigate the risk of the presence of nitrosamine impurities.

As this work was not compatible with the standard 30-day "stop clock" period, AB Science requested an extension to this period in order to complete this investigation into the risk of nitrosamine formation in the active ingredient and the finished product.

An extension to the suspension of proceedings is not automatic. A request for an extension accompanied by a scientific justification must be submitted by the applicant and must be discussed at the CHMP plenary meeting. The request from AB Science was accepted at the CHMP meeting of 11 to 14 September 2023.

On the basis of this updated timetable, the CHMP's decision on the marketing authorisation application for masitinib in the treatment of ALS is expected in the first quarter of 2024.

Based on the current stage of work in progress, AB Science is confident that the current manufacturing process for masitinib complies with this new EMA directive.

No other post-balance sheet events likely to have an impact on the Group's financial position have occurred since the balance sheet date.

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

In addition to the key risks and uncertainties described in Chapter 6 of the Annual Financial Report as at 31 December 2022, the Company is exposed to risks and uncertainties associated with the results of clinical studies. There has been no change over the period.

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

In line with its focus strategy set out in April 2023, AB Science has allocated its current resources primarily to the development of masitinib for the treatment of 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 is also continuing its efforts to obtain a licence for masitinib.

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

The operating continuity principle is maintained in view of the Group's cash position as of 30 June 2023 and the anticipated receipt of the research tax credit, including €3.3m for 2020, €3.9m for 2021 and €4.0m for 2022.

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

- Mobilisation of the financing commitment made by certain historical shareholders at the end of June 2021 for the amount needed to continue operations over the next 12 months.
- Drawing on the optional equity funding with Alpha Blue Ocean. This financing, put in place in November 2020 and renewed in April 2023, has not been drawn down to date. As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 29 September 2023, or 2.35 euros, the amount of the additional equity funds that could be raised would be around 9.40 million euros.

6 RELATED PARTIES

Transactions with related parties are mentioned in the notes in appendix to the condensed six-month (see section 22 of the notes on the consolidated financial statements). There have been no changes affecting related party transactions since the end of the 2022 period that could significantly affect the financial position or results of the group during the first six months of the current financial year.

IFRS CONDENSED CONSOLIDATED SIX-MONTH FINANCIAL STATEMENTS ON 30 JUNE 2023

Table of contents

CONDENSED STATEMENT OF THE FINANCIAL SITUATION ON 30 JUNE 2023

Assets (*in thousands of euros)*	Note	30/06/2023	31/12/2022
Intangible assets		1,591	1,626
Tangible assets		274	312
Rights of use relating to rental contracts	5	675	955
Non-current financial assets	9	81	74
Other non-current assets	8	0	0
Deferred taxes		0	0
Non-current assets		2,621	2,968
Inventories	6	402	456
Trade accounts receivables	7	247	161
Current financial assets	9	0	0
Other current assets	8	15,142	12,987
Cash and cash equivalents	10	14,786	7,269
Current assets		30,577	20,872
TOTAL ASSETS		**33,198**	**23,841**

Liabilities*(in thousands of euros)*	Note	30/06/2023	31/12/2022
Capital	11	496	469
Premiums		258,687	233,927
Translation reserves		(75)	(79)
Other reserves and income		(278,333)	(269,988)
Equity attributable to the owners of the company		(19,225)	(35,670)
Non-controlling interests			
Equity		(19,225)	(35,670)
Non-current provisions	12	928	916
Non-current financial liabilities	14	29,665	34,564
Other non-current liabilities	15	0	255
Non-current rental obligations	16	449	697
Deferred taxes		0	0
Non-current liabilities		31,042	36,432
Current provisions	12	1,209	393
Trade payables	13	12,417	12,248
Current financial liabilities	14	1,797	4,334
Current tax payable		0	0
Current rental obligations	16	298	361
Other current liabilities	15	5,660	5,742
Current liabilities		21,381	23,079
TOTAL LIABILITIES		**33,198**	**23,841**

CONDENSED STATEMENT OF THE OVERALL RESULT AS AT 30 JUNE 2023

(in thousands of euros)	Note	30/06/2023	30/06/2022
Net turnover	17	**448**	**629**
Other operating income		0	0
Total income		**448**	**629**
Cost of sales		(219)	(158)
Marketing costs		(218)	(253)
Administrative costs		(1,648)	(1,682)
Research and development costs		(7,213)	(8,099)
Other operating costs		-	-
Operating profit/loss		**(8,850)**	**(9,562)**
Financial income		1,042	3,847
Financial costs		(2,610)	(1,423)
Financial profit/loss	20	**(1,569)**	**2,424**
Tax charge		8	(3)
Net profit (loss)		**(10,411)**	**(7,141)**
Other items of the comprehensive profit or loss			
Items that will not be subsequently reclassified to profit or loss:			
- Actuarial gains and losses		47	191
Items that may subsequently be reclassified to profit or loss:			
- Exchange rate differences - overseas activities		4	(17)
Other comprehensive profit or loss for the period, net of tax		**51**	**174**
Overall profit (loss) for the period		**(10,360)**	**(6,967)**
Net result for the period attributable to:			
- Non-controlling interests		-	-
- Company owners		(10,411)	(7,141)
Overall result for the period attributable to:			
- Non-controlling interests		-	-
- Company owners		(10,360)	(6,967)
Net result per share - in euros	21	(0.22)	(0.15)
Diluted earnings per share - in euros	21	(0.22)	(0.15)

CONDENSED CONSOLIDATED CASH FLOW TABLE

(in thousands of euros)	Note	30/06/2023	31/12/2022
Net profit (loss)		(10,411)	(13,615)
- Removal of depreciation and provisions		1,313	(81)
- Removal of disposal income		0	0
- Calculated expenses and income related to share-based payments	19	543	133
- Other income and expenses with no cash impact		1,285	(1,351)
- 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(*)		(2,101)	(2,832)
- Interest income and expenses		71	271
- Cash flow generated from operations before tax and interest		**(9,300)**	**(17,475)**
- Taxes paid/received		(8)	0
Net cash flow from operations		**(9,308)**	**(17,475)**
Acquisitions of fixed assets		(185)	(644)
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)		(60)	284
Other flows related to investment transactions		0	0
Net cash flows from investment transactions		**(245)**	**(360)**
Dividends paid			
Increase (Reduction) in capital	11	11,459	4
Issuance of loans and receipt of conditional advances	14	6,000	16,574
Repayment of loans and conditional advances		(393)	(188)
Other flows related to financing transactions		0	0
Net cash flows related to finance transactions		**17,066**	**16,391**
Impact of exchange rate changes		4	(11)
Impact of assets held for sale		0	0
Impact of changes in accounting policies		0	0
Cash flow variation		**7,517**	**(1,456)**
Opening cash and cash equivalents	10	7,269	8,721
Closing cash and cash equivalents	10	14,786	7,269
Change in cash and cash equivalents by balances		**7,517**	**(1,452)**

(*): Change in working capital requirements related to the activity:

balance sheet sections	30/06/2023	31/12/2022	Change
Inventories	401,703	455,818	- 54,115
Trade accounts receivables	247,192	160,680	86,513
Other non-current assets	-	-	-
Other current assets	15,142,413	12,986,584	2,155,829
Change in WORKING CAPITAL ASSETS	15,791,308	13,603,081	2,188,227
Supplier debts	12,416,765	12,247,762	169,003
Other current liabilities	5,659,969	5,742,232	- 82,263
Change in WORKING CAPITAL LIABILITIES	18,076,734	17,989,993	86,740
Change in WORKING CAPITAL	- 2,285,425	- 4,386,912	2,101,487

CHANGE IN CONDENSED CONSOLIDATED EQUITY AS OF 30 JUNE 2023

(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 2023	**469**	**233,927**	**(79)**	**(269,987)**	**(35,671)**	**0**	**(35,670)**
Net result for the period				(10,411)	(10,411)		(10,411)
Other items of the comprehensive profit or loss			4	47	51		51
Overall profit (loss) for the period	**0**	**0**	**4**	**(10,364)**	**(10,360)**		**(10,360)**
Increase in capital	26	14,912			14,938		14,938
Employee share-based payments				543	543		543
Share-based payments relating to third parties		9,848		1,477	11,325		11,325
Total shareholder transactions	**26**	**14,912**	**0**	**2,020**	**26,806**	**0**	**26,806**
AS AT 30 JUNE 2023	**496**	**258,687**	**(76)**	**(278,333)**	**(19,225)**	**0**	**(19,225)**

(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)**

APPENDIX TO THE CONDENSED SIX-MONTH CONSOLIDATED ACCOUNTS AS AT 30 JUNE 2023

1 Entity presenting the financial reports

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

The consolidated financial reports of the Company for the period from 1 January 2023 to 30 June 2023 include the Company and its wholly-owned subsidiary in the United States which was created in July 2008 (the whole designated as "the Group" and each individually as "the Group entities"). The Group's activity consists of researching, developing and marketing protein kinase inhibitors (PKIs), a new class of targeted therapeutic molecules which act by modifying the signalling pathways within cells. The diseases targeted by the Company with these PKIs are high unmet medical need diseases, in cancers, inflammatory diseases and diseases of the central nervous system, both in human medicine and in veterinary medicine.

2 Basis of preparation

2.3 Declaration of compliance and accounting principles

The consolidated financial statements for the period from 1 January 2023 to 30 June 2023 have been prepared in accordance with IAS 34 - "Interim Financial Reporting". As they are interim financial statements, they do not contain all the information required for annual financial statements.
As such, they should be read in conjunction with the group's consolidated financial statements for the fiscal year ended 31 December 2022.

These consolidated financial statements were approved by the Board of Directors on 28 September 2023.

The consolidated interim 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 2022, with the exception of the standards below, the adoption of which became mandatory in 2023.

The new IFRS standards adopted by the European Union applicable from 1 January 2032 have no impact on the Group's accounts:

- Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors
- Amendments to IAS 1 and IFRS Practice Statement 2 - Presentation of financial statements
- Amendments to IAS 12 - Income taxes - concerning deferred tax on assets and liabilities arising from a single transaction

In the first half of 2023, there were no new standards, interpretations or amendments to existing standards applicable to accounting periods beginning on or after 1 January 2024 that the Group could have adopted in advance from 1 January 2023.

2.4 Use of estimates and assumptions

Preparing the financial statements requires management to exercise judgement, make estimates and assumptions that have an impact on the application of accounting methods and on the amounts of assets and liabilities, income and expenses. Actual values may be different from estimated values.
In the preparation of condensed interim consolidated financial statements, the significant judgements exercised by management in applying the Group's accounting policies and the main sources of uncertainty in the estimates are identical to those described in the consolidated financial statements for the year ended 31 December 2022.

3 Operating continuity

The operating continuity principle is maintained in view of the Group's cash position as of 30 June 2023 and the anticipated receipt of the research tax credit, including €3.3m for 2020, €3.9m for 2021 and €4.0m for 2022.

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

- Mobilisation of the financing commitment made by certain historical shareholders at the end of June 2021 for the amount needed to continue operations over the next 12 months.
- Drawing on the optional equity funding with Alpha Blue Ocean. This financing, put in place in November 2020 and renewed in April 2023, has not been drawn down to date. As an indication, on the basis of the last closing price of AB Science shares on Euronext Paris on 29 September 2023, or 2.35 euros, the amount of the additional equity funds that could be raised would be around 9.40 million euros.

4 Financial risk management

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

- Credit risk

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

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

- Liquidity risk

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

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

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

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

- Market risk

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

- Exchange risk

The Group's foreign exchange risk is mitigated by the fact that research and development expenses are generated in the same currencies (USD, Euro) as the main anticipated income flows (territory of the United States and the European Union).

- Rate risk

The group is not significantly exposed to interest rate risk since, to date, it has only limited recourse to financial institutions to finance its activity.

- Capital risk

As part of its capital management, the Company aims to preserve its operating continuity by not exposing its shareholders to an inappropriate dilution risk.

5 Usage rights

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

(In thousands of euros)	30.06.2023	31.12.2022
IFRS 16 application	2,393	2,487
Asset inputs	0	0
Prior depreciation charges	(1,532)	(1,137)
Depreciation charges for the period	(187)	(395)
Terminations	0	0
TOTAL	675	955

6 Inventories

Inventories amounted to €402K as at 30 June 2023 compared to €456K as at 31 December 2022 and are analysed as follows:

(in thousand euros and net values)	30.06.2023	31.12.2022
Inventories of raw materials and active ingredients	1	103
Inventories of intermediate products	283	295
Inventories of finished products	117	58
Total inventories	402	456

7 Trade accounts receivable

This item is analysed as follows:

(in thousands of euros)	30.06.2023	31.12.2022
Other trade accounts receivables	260	173
Depreciation	(13)	(13)
Trade accounts receivables - net	247	161

8 Other current and non-current assets

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

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Research tax credit (1)	-	13,261	-	11,187
VAT receivables	-	984	-	909
Subsidies receivable	-	0	-	0
Suppliers' receivables	-	274	-	263
Other receivables (2)	-	190	-	260
Conditional advances receivable	-	0	-	0
Deferred charges	-	470	-	368
TOTAL	0	15,142	0	12,987

(1) The total amount of the debt owed to the tax administration on 30 June 2023 amounts to €13,261K and relates to:
- ✓ research tax credit for the 1st half of 2023: €2,073K
- ✓ research tax credit for 2022: €4,008K
- ✓ research tax credit for 2021: €3,871K
- ✓ the research tax credit relating to the year 2020: €3,308,000

The research tax credits for 2020, 2021 and 2022 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.

9 Current and non-current financial assets

9.1. Details of financial assets

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

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current financial assets	Current financial assets	Non-current financial assets	Current financial assets
Deposits paid as security for rents	81		74	
TOTAL	81	0	74	0

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

9.2. Change in financial assets

As at 30 June 2023:

(in thousands of euros)	01.01.2023	Increases	Reductions	Others	30.06.2023
Others	74	8			81
Financial assets	74	8	0	0	81

As at 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

10 Cash and cash equivalents

Net cash at opening:

(In thousands of euros)	01.01.2023	01.01.2022
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

Net cash at closing:

(In thousands of euros)	30.06.2023	31.12.2022
Liquid assets	2,726	3,267
Term deposits	12,060	4,002
Cash and cash equivalents on the balance sheet	14,786	7,269
Bank overdrafts	0	0
Cash and cash equivalents in the cash flow statement	14,786	7,269

As a reminder, only term deposits with a maturity equal to or less than three months from the date of acquisition are included in cash and cash equivalents. Term deposits with a maturity of more than three months are classified as financial assets.

11 Share capital

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 2022	53,199,453	46,891 525	45,134	262,794	6,000 000	0.01	469,366.59
Increase in capital following the contribution of private funds - April 2023	2,608,686	2,608,686				0.01	26,086.86
Capital increase following the exercise of BSA - April 2023	21,845	21,845				0.01	218.45
Share capital as of 30 June 2023	55,829,984	49,522 056	45,134	262,794	6,000 000	0.01	495,671.90

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 April 2023, the capital was increased:

- ✓ by 26,086.86 euros following the contribution of private funds. This capital increase gave rise to the issue of 2,608,686 new ordinary shares (“ABSA”) to each of which is attached a share subscription warrant ("BSA"). 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 was set at 8.63 euros. The issue price reflects (i) a 10% discount to the weighted average price of the Company's shares on the regulated

market of Euronext Paris over the last three trading days prior to the fixing of the issue price (the "3-Day VWAP"), i.e. 6.3878 euros, and (ii) a 20% discount to the 3-Day VWAP including the theoretical value of one BSA. One BSA is attached to each ABSA. Two BSAs grant the right to subscribe for one new ordinary share in the Company, at a price of 8.63 euros per share, i.e. 150% of the issue price of the ABSAs. The BSAs may be exercised from 1 January 2025 to 31 December 2030.
The ABSAs are equity instruments because the shares issued meet the criteria of IAS 32 and the BSAs (2 BSAs = Shares for €8.63) meet the "fixed to fixed" criterion.
The Capital Increase was made by a cash contribution of 11.5 million euros and by offsetting 3.5 million euros against receivables (of which 3 million in receivables related to the pre-financing of the research tax credit for the 2020 financial year and maturing in 2023, as well as approximately €430K of interest due to date under the convertible bonds issued in February 2022).
We took the view that IFRIC 19 did not apply because the receivable had been granted by an ordinary shareholder and the offsetting of the receivable by the issue of shares had been accepted in their capacity as shareholder, hence the recognition of the related capital increase for the carrying amount of the offset receivable.

- ✓ 218.45 euros following the exercise of share warrants, which had been recognised as equity at the time of subscription.

Furthermore, AB Science Group's capital, which amounted to 495,671.90 euros on 30 June 2023, takes into account the reclassification of the amount of the capital increase related to the issuance of (Class C) preference shares as financial liabilities (2,627,96 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 30 June 2023, the capital of AB Science Group consists of 49,567,190 shares, of which 17,210,676 shares have a double voting right.

12 Provisions

Provisions are broken down as follows:

	30.06.2023			31.12.2022		
(In thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Litigation		233	233		393	393
Restructuring provision		976	976			
Provision for employee benefits	928		928	916		916
TOTAL	928	1,209	2,137	916	393	1,309

The provision for disputes totalling €233K on 30 June 2023 relates mainly to:

- provision for three labour court disputes arising from the termination of employment contracts (€173K)
- provision for disputes with suppliers (€60K).

The restructuring provision of €976K relates to the filing of an employment protection plan with the French authorities in April 2023. This plan was approved by the DRIEETS (Regional Directorates for the Economy, Employment, Labour and Solidarity) in June 2023 and concerns the loss of 29 positions.

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%, unchanged from 31 December 2022.

The provision for retirement allowances is calculated in accordance with the new regulation (IFRS IC decision on the Interpretation of IAS 19), and concerns employees with more than three years of service at the end of the financial year.

13 Trade payables

This item is analysed as follows:

(In thousands of euros)	30.06.2023	31.12.2022
Suppliers	7,497	7,362
Suppliers - invoices not received	4,920	4,885
TOTAL	12,417	12,248

Accounts payable and similar accounts relate for the most part to invoices issued by research and development organisations.

Accounts payable and similar accounts are not discounted because none of the amounts are due in more than one year.

14 Financial liabilities

14.1. Current / non-current distribution

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

Financial liabilities at amortised cost:

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Conditional advances	12,236	0	11,584	0
Line of credit/bank loans	16,825	1,796	11,551	4,303
Bonds convertible into shares	0	0	7,045	0
D preference shares	60		60	0
Other financial liabilities	63		63	0
Payable incurred interest		1		31
Financial liabilities at amortised cost	29,184	1,797	30,302	4,334

Financial liabilities at fair value:

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
C preference shares	0	0	3,692	0
E preference shares	481	0	0	0
Conversion option (OCA)	0	0	570	
Financial liabilities at fair value	481	0	4,262	0

Change in financial liabilities

As at 30 June 2023:

(in thousands of euros)	31.12.2022	Receipts	Reimbursements/withdrawals/conversions	Current/non-current reclassifications	Discount effect/fair value variation preference shares/accrued interest	30.06.2023
Non-current	34,564	6,000	(11,191)	(1,018)	1,309	29,665
Current	4,334	0	(3,496)	1,018	(58)	1,797
Total	38,898	6,000	(14,687)	0	1,251	31,462

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
Total	25,119	16,718	(188)	28	(2,779)	38,898

The change in financial liabilities can be explained by the following:

- the drawing of the second tranche of the loan from the EIB of €6,000K
- the derecognition of the bond issued in 2022, measured at amortised cost, and of its "share conversion option" component, which was measured at fair value through profit or loss and converted into ordinary shares on 21 April 2023, at a different conversion ratio compared to the original terms. This agreement results in a substantial change to the original debt (€7,837K) (see accounting treatment in the relevant section 14.4 of these notes)
- the derecognition of the debt associated with the Class C preference shares following the agreement negotiated with the holders of Class C preference shares (the "ADPCs")) (see accounting treatment section14.5 of these notes)
- the discounting of conditional advances (€652k), see the relevant section 14.2 of these notes
- a recognition of the value of the preference dividend relating to Class E preference shares (€481K), see the relevant section 14.5 of these notes
- the reclassification of the part at less than one year of PGE and BPI loans (€1,018K).

The decrease in current financial liabilities amounted to €2,537K as of 30 June 2023 and can be mainly explained by the following:

- The CIR loan granted by historical shareholders in the amount of USD 3.38 million was converted into capital in the amount of €3,050k (i.e. 530,357 shares at a share price of €5.75).
- The reclassification of the part at less than one year of PGE and BPI loans (€1,018K).

Current financial liabilities amounted to €1,797K on 30 June 2023 and mainly concern the share of the BPI bank loan and PGE loans of less than one year.

14.2. Conditional and repayable advances

Conditional advances amounted 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.

The contractual terms of these advances do not meet the definition of a derivative requiring separate recognition, insofar as the cash flows are indexed to variables specific to one of the parties to the contract. At each closing date, these variables are reviewed and the new cash flows are discounted at the original EIR to give the new amortised cost of the debt (with an offsetting impact on net finance costs under the catch-up mechanism in IFRS 9 B5.4.6). There is no impact from the catch-up effect over the period.

Variation in conditional and repayable advances

As at 30 June 2023:

(in thousands of euros)	31.12.2022	Catch Up effect	Unwinding of discount effect	30.06.2023
Non-current	11,584		652	12,236
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 statement is a loss of €652K, with no impact on cash.

Schedule of conditional and repayable advances:

As at 30 June 2023:

(in thousands of euros)	30.06.2023	Less than 1 year	than 2 years	than 3 years	than 4 years	than 5 years	More than 5 years
Total advances	12,236						12,236

14.3. Bank loans

in January 2023, AB science drew down the second €6,000K tranche of the €12,000K global loan granted by the European Investment Bank (EIB).
The contract signed with the EIB comprises financing in two tranches of €6,00K. The first tranche, drawn down in December 2022, 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 second tranche 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 euros for 15 years.

The group has recorded a debt of €12,000K which will be increased by capitalised interest for each period. The BSA issued for an amount of 2,418,30 euros are accounted for as equity instruments.

14.4. Bond issues

At the beginning of 2022, AB Science had 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 financial restructuring of AB Science signed in April 2023 provides for the automatic conversion of the entire bond issue ($8,500K or €7,564K based on a share price of €5.75).
The amendment to the contract therefore removes the Company's obligation to repay the bonds in the event of non-conversion by the holders and records the conversion at a modified parity.
AB Science therefore applied the derecognition principles of IFRS 9, concluded that there would be a substantial modification of the contractual terms on 21 April 2023 and recognised in the financial statements the difference between the carrying amount of the extinguished bond (€7,564K) and the fair value of the new instrument.
As a result, the former debt (broken down into an amortised cost component and a conversion option) was removed from the balance sheet on 30 June 2023. The new instrument was recognised at its fair value on the restructuring date (21 April 2023) and qualified in its entirety as equity since it does not provide for any cash redemption and the conversion parity is fixed. The impact of these transactions is a financial loss of €985K as at 30 June 2023, with no impact on cash.

14.5. Preference shares

- Class C preference shares

As at 31 December 2022, the first three tranches have been converted and the balance of Class C preference shares amounted to 262,704 shares for a total of €3,700K.
The financial restructuring signed in April 2023 stipulates that:

- the ADPCs wil 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) be issued in place of the ADPCs.
- in addition, still in place of the ADPCs, a new class of preference shares be created, benefiting from a priority dividend (equal to 1.25% of the net sales of masitinib or of any licencing royalties, up to a limit of 9.0 million euros) and convertible into 750,000 ordinary shares of AB Science if the share price of AB Science exceeds a threshold of 30 euros for more than 90 consecutive days.

The replacement of the ADPCs by the issue of ADPEs gave rise to net financial income of €784K, corresponding to the difference between the carrying value of the ADPC debt as at 21 April 2023 (€3,692K) and the fair value of the newly issued ADPEs (€2,908K).

- Class E preference shares

AB Science has no obligation to "redeem" the ADPEs and they are convertible into a fixed number (750,000) of ordinary shares.
Only the preferred dividend (equal to 1.25% of net sales of masitinib or any licencing royalties, up to a maximum of 9.0 million euros) is not payable by AB Science.
In accordance with IAS 32, these ADPE shares should therefore be split into an equity component and a debt component.

At 21 April 2023, the ADPEs were valued as follows:
- Price 21.04.2023: €6.44
- Risk-free rate 21.04.2023: 3% (source CNO)
- Term 20 years to infinity
- Valuation: €2,908,177 for 750,000 ADPEs

The valuation of the preference dividend amounts to 481,059 euros, recorded under financial liabilities.
This valuation is based on an expert appraisal and is based on the following assumptions:
- Obtaining a licencing agreement within 12 months of the date of the previous report

- o The signing of a licencing agreement would necessarily imply a share price above €10
- o The liability is estimated at 3.5 million euros, which would be triggered in the event of a share price above €10 and below €30

- Class D preference shares

On 1 September 2020, the Board of Directors, using the delegation granted by the General Meeting of 31 August 2020, authorised the issue of 6,000,000 preference shares (class D) with a nominal value of 0.01 euros each.

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.

Preference D shares are recorded as liabilities, as the "fixed to fixed" criterion is not met for their original value (€60K).

15 Other current and non-current liabilities

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

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Social liabilities	-	4,269	-	4,367
Tax liabilities	-	492	-	536
Other debts	-	899	255	839
TOTAL	0	5,660	255	5,742

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

Other liabilities relate mainly to the sanction imposed by the AMF (Financial Markets Authority) (see section 6.3.1 of the management report of the annual financial report as at 31 December 2022).

16 Rental obligations

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

(In thousands of euros)	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Rental obligations	449	298	697	361
TOTAL	449	298	697	361

17 Turnover

The Company turnover from the commercial operation of masitinib in veterinary medicine amounted to €448K.

18 Public subsidies and funding

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

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

18.1. Conditional subsidies and funding

Conditional advances are shown in the section 14.2of these notes

18.2. Research tax credit

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

(In thousands of euros)	30.06.2023	30.06.2022
Research Tax Credit 2023	2,073	
Research Tax Credit 2022		1,440
TOTAL	2,073	1,440

19 Personnel costs

19.1. Workforce

On 30 June 2023, the Group had 89 employees compared to 100 employees on 30 June 2022. The average number of employees in the first half of the year was 99, the same as in the first half of 2022.
The breakdown of the workforce is as follows:

	30.06.2023	30.06.2022
Sales Department	3	3
Drug Discovery and Clinical Department	78	87
Executive & Management Department	8	10
TOTAL	89	100

19.2. Personnel costs

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

(In thousands of euros)	30.06.2023	30.06.2022
Wages and salaries	3,551	3,570
Social contributions	1,243	1,342
Share-based payments	543	70
Personnel costs	5,336	4,982

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

(In thousands of euros)	30.06.2023	30.06.2022
Marketing expenses	86	95
Administrative costs	749	585
Research and development costs	4,502	4,301
Personnel costs	5,336	4,982

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)	30.06.2023	30.06.2022
Stock option plans	8	3
BSPCE and BSA plans	478	10
AGAP plan	57	57
Total	543	70

The Combined General Meeting of 30 June 2023 decided to amend the terms and conditions for exercising the 2012 and 2013 BSPCE plans and the exercise period for some share subscription options (SO 2019A and B). As these options are analysed as employee benefits (IFRS2) and given that they are vested, the change in fair value has been recognised in full in profit or loss as at 30 June 2023. As at 30 June 2023, an expense of €478K was recognised in respect of BSPCEs and an additional expense of €5K in respect of stock options.

- Share subscription option plans

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	-77,090	38,525
	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		-49,020	30,920
	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		-63,680	46,960
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	31/12/2024	274,000			274,000
28/06/2019	10/07/2019	SO2019-B	1	12	31/07/2019	31/12/2024	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		-29,740	113,910
30/06/2021	28/09/2021	SO2021-A	1	13	28/09/25	27/09/2031	138,000		-40,000	98,000
	28/04/2022	SO-2022A	1	12.65	28/04/2026	27/04/2032	5,000			5,000
Total							**1,386,110**	**-720**	**-489,480**	**895,910**

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 2023 or 2022 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	31/12/2024	12.00	5.17	50%	N/A	2,555	€0.40	N/A
SO2019-B	59,000	31/07/2019	31/12/2024	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 at 30 June 2023 and 30 June 2022 is as follows:

Security	Initial plan valuation	Accounted expense (€K)	
		30/06/2023	30/06/2022
SO2019-A	110.2	4.0	0.0
SO2019-B	23.7	1.0	0.0
SO-7A	1.3	0.0	0.1
SO-9A	0.4	0.0	0.0
SO2020-A	2.7	0.3	0.3
SO2020-B	6.4	0.8	0.8
SO2021-A	13.0	1.6	1.6
SO-2022A	0.8	0.1	0.0

- Plans for subscription warrants for business creator shares

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		-110	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	12.50	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**	**-196**	**-81,223**	**3,192,780**

The beneficiaries of the BCE are employees of AB Science The BCEs are associated with the following performance conditions:

Resolution 17 of the AGM of 30 March 2012, resolutions 3 and 4 of the AGM of 15 December 2017 and resolution 37
of the AGM of 30 June 2023

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	*20%*	*10%*	*10%*	*10%*	*50.0%*

The term of the 2012 and 2013 BSPCEs will be automatically extended by five years (i.e. until 31 December 2032) should one of AB Science's molecules be granted marketing authorisation (conditionally or otherwise) before 31 December 2027.

On 30 June 2023, the conditions met make 12.5% of these BSPCE and BSA exercisable.

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 underlyin g**	**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 at 30 June 2023 and 30 June 2022 is as follows:

Security	Initial plan valuation	Accounted expense (€K)	
		30/06/2023	30/06/2022
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	472.0	9.5
BCE2013	2.4	6.0	0.1

- 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 conversion conditions for free shares are as follows:

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.

The amount of the expense relating to these options and recorded at 30 June 2023 and 30 June 2022 is as follows:

Security	**Initial plan valuation**	**Accounted expense (€K)**	
		30/06/2023	30/06/2022
AGAP - B1 and B2	744.5	41.9	41.9
AGAP - B3	207.6	14.8	14.8
AGAP - B4	4.0	0.5	0.5

20 Financial income and expenses

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

(In thousands of euros)	30.06.2023	30.06.2022
Income from financial assets and cash investments	99	0
Currency gains	158	472
Currency losses	(18)	(88)
Unwinding of discount effect conditional advances	(652)	(634)
Catch Up effect conditional advances	0	1,123
Interest on loans and debts	(947)	(688)
Other financial income	784	2,252
Other financial costs	(994)	(13)
Total	(1,569)	2,424

The financial profit/loss as at 30 June 2023 was a loss of €1,569K compared with a profit of €2,424K a year earlier.
As at 30 June 2023, other financial income (€784K) corresponds mainly to the difference between the derecognition of the ADPC debts following their cancellation (see section 14.4 in these notes) for €3,692K and the recognition of the new E shares, created to replace the ADPCs and with a value of

€2,908K as at 30 June 2023 (see section 14.5 in these notes). This transaction generated net proceeds of €784K. Other financial costs mainly relate to the valuation of the "share conversion option" component of the bond issue for €985K (see section 14.4 of these notes). These effects are without impact on cash.

21 Earnings per share

21.1. Basic earnings per share

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

	30.06.2023	30.06.2022
Net result (in thousands of euros)	(10,411)	(7,141)
Weighted average number of shares outstanding during the year	47,576,913	47,124,123
Earnings per share	(0.22)	(0.15)

21.2. Diluted earnings per share

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

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

22 Related parties

Transactions with main executives:

<u>Remuneration of the company's main executives and corporate officers</u>:

Under his employment contract, Mr Alain Moussy, Chairman and Chief Executive Officer, benefits from remuneration approved by the Board of Directors. He also benefited from the allocation of BSPCEs and AGAPs, described below.

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
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

The conditions for exercising AGAPs and BCEs are provided in section 19.2 of these notes.

Furthermore, Mr Alain Moussy has 1,617,614 BSARs 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 under the terms of his employment contract has been recorded as an expense in the periods presented:

(In thousands of euros)	30.06.2023	30.06.2022
Short-term benefits	325	195
Share-based payments	337	48
Total	663	243

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.

- With Mr Alain Moussy:

An agreement for the provision of premises by Mr Alain Moussy for the benefit of the Company has been signed.

On 3 February 2010, the Board of Directors authorised its Chairman to conclude an agreement for the provision of premises between the Company and Mr Alain Moussy, under the terms of which Mr Alain Moussy makes available to the Company:

- premises of 57 m2 for office use on the 2nd floor on the right, in a building located at 3, avenue George V in Paris 8th,
- at the annual price, rental charges included, of 21,026 euros in 2022. The rent, including charges, amounted to 10,602 euros for the first half of 2023.

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.

23 Off-balance sheet commitments

Off-balance sheet commitments are broken down as follows:

(in thousands of euros)	30.06.2023	31.12.2022
Commitments given:	40	40
Guarantee given (1)	*40*	*40*
Commitments received:	50,000	56,000
Loan with the EIB (2)	*0*	*6,000*
Commitments of historical shareholders (3)	*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 as the conditions for payment of this third instalment were not met by the contractually agreed date.

(3) An agreement with historical shareholders to implement a joint value creation strategy for masitinib was signed in June 2021. This agreement was accompanied by a firm financing option for an amount of 25 million euros at the initiative of AB Science. The exercise of this financing option has resulted in two capital raises of 20.5 million euros in February 2022 and April 2023.
The above-mentioned financing commitment may be increased by a further 50 million euros until the end of June 2024, subject to there being no significant adverse event.

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 have agreed that this commitment is subject to the implementation of the strategic alliance research strategy and, like any underwriting commitment, is subject to counterparty risk.

24 Events after closure

Details of the European Medicines Agency (EMA) timetable for the review of the marketing authorisation application for masitinib in the treatment of amyotrophic lateral sclerosis (ALS).

AB Science has provided details of the timetable for the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) regarding the review of the marketing authorisation application for masitinib in the treatment of amyotrophic lateral sclerosis (ALS).

An extension to the timetable was requested by AB Science in order to be able to answer a question from the CHMP that arose following the implementation of an EMA directive, updated on 28 July 2023. This directive requires all marketing authorisation holders to reassess their manufacturing processes for all products containing chemically or biologically synthesised active substances in order to identify and, if necessary, mitigate the risk of the presence of nitrosamine impurities.

As this work was not compatible with the conventional stop-clock period of 30 days, AB Science requested that this period be extended in order to complete this study that assesses the risk of nitrosamine formation in the active ingredient and the finished product.

An extension of the suspension of proceedings is not automatic. A request for an extension accompanied by scientific justification must be submitted by the applicant and discussed at the CHMP plenary meeting. AB Science's application was accepted at the CHMP meeting of 11-14 September 2023.
On the basis of this updated timetable, the CHMP's decision on the marketing authorisation application for masitinib in the treatment of ALS is expected in the first quarter of 2024.

Based on the current stage of work in progress, AB Science is confident that the current manufacturing process for masitinib complies with this new EMA directive.
No other events have occurred since the closing date that are likely to have an impact on the Group's financial position.

C. REPORT FROM THE AUDITORS ON THE REVIEW OF THE CONDENSED SIX-MONTH CONSOLIDATED ACCOUNTS CONSOLIDATED AS AT 30 JUNE 2023