ADOCIA

Half Year Financial Report 2023

Innovative Medicine for everyone everywhere

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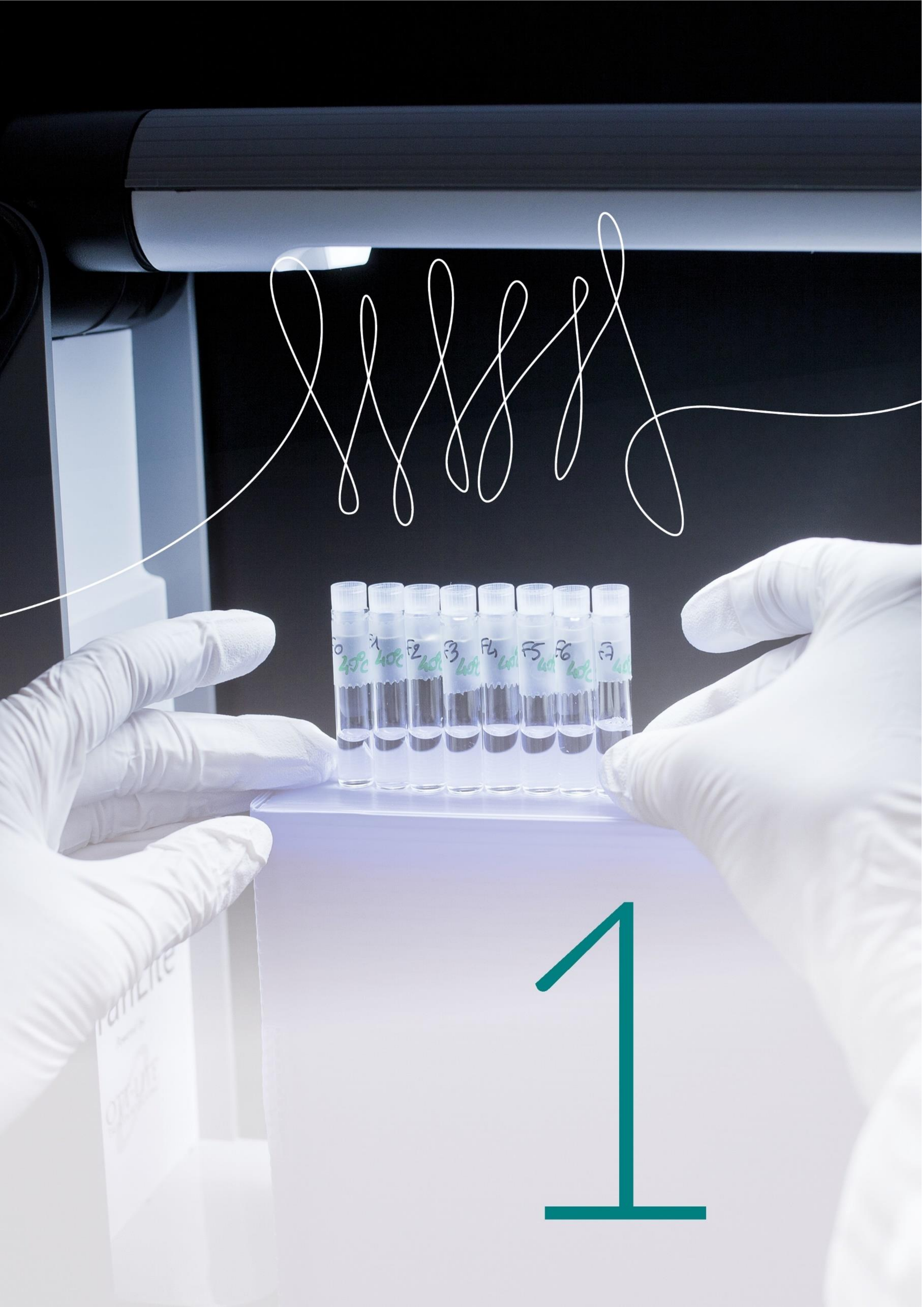

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Chapter 1

1 Half-Year Activity Report

1.1 Selected financial information

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The table below compares the condensed consolidated financial statements prepared for the six-month periods ended June 30, 2023, and June 30, 2022, respectively:

In (EUR) thousands, Consolidated financial statements, IAS/IFRS	06/30/2023 6 months	06/30/2022 6 months
Operating revenue	3,901	**10,418**
Revenue	1,627	7,349
Grants, research tax credits and others	2,274	3,069
Operating expenses excluding additions and reversals	(10,961)	(15,215)
Additions to and reversals of depreciation, amortization and provisions	(238)	(294)
CURRENT OPERATING INCOME (LOSS)	**(7,298)**	**(5,090)**
Other operating revenue and expenses	0	11,199
OPERATING INCOME (LOSS)	**(7,298)**	**6,108**
Financial income	63	227
Financial expenses	(2,155)	(1,605)
FINANCIAL INCOME (LOSS)	**(2,092)**	**(1,379)**
PROFIT (LOSS) BEFORE TAX	**(9,389)**	**(4,730)**
Tax expenses	(2)	(478)
NET INCOME (LOSS)	**(9,392)**	**4,252**

The financial results of the Company as of June 30, 2023, are characterized by the following main elements:

- **Revenue** of €1.6 million, mainly from licensing and collaboration agreements signed with Tonghua Dongbao (THDB).
  For the first half of 2023, sales include €1 million in services provided by Adocia teams as part of the collaboration signed with THDB on the BioChaperone® Combo project for the conduct of three clinical trials in Europe. Revenues for the half-year also reflect €0.5 million from the ongoing feasibility study on the AdOral® project.
  In 2022, over the same period, sales were impacted to the tune of €4.8 million by the receipt in May 2022 of the milestone payment generated following the recruitment and dosing of the first patient in the Phase 3 program launched with BioChaperone® Lispro by THDB in China.

- **Other current operating revenues** of €2.3 million, comprising the CIR (Research Tax Credit) of €1.8 million related to Adocia's R&D expenses for the first six months of the 2023 financial year, and the waiver of €0.5 million from Bpifrance on the Hinsbet program initiated in 2012 and discontinued.

- **Operating expenses** of €11.2 million, down €4.3 million compared with the first six months of 2022. This reduction was mainly due to lower external R&D expenditure, reflecting reduced activity on preclinical and clinical studies, in particular the BioChaperone® Combo studies carried out under the collaboration agreement with THDB.

- **Financial expenses** of almost €2.1 million, mainly due to interest on loans (including IPF for €1.1 million) and the impact of the revaluation at fair value of the OC1023 and OC1124 bonds (€0.6 million).

- **A before-tax deficit** which, taking into account the above items, amounts to €9.4 million, compared with a profit of €4.3 million for the same period last year. It should be noted that the profit for the first half of 2022 included non-recurring operating income of €11.2 million, linked exclusively to the capital gain realized from the sale of Adocia's headquarter building in March 2022.

- **Cash position** of €12.1 million as of June 30, 2023, compared with €17.4 million as of December 31, 2022. This position includes €4.3 million received in February 2023 as part of the mobilization of the 2022 research tax credit (CIR). On a comparable basis, cash consumption from operations for the first six months of the year came to €10.7 million, slightly higher than last year's figure for the same period (€10.2 million).

- **Net financial debt** (excluding IFRS 16 impacts and derivative instruments) stood at €19.6 million at end-June 2023, compared with €24.1 million as of December 31, 2022. The €4.6 million decrease in debt over the first half is essentially due to (i) the repayment of the quarterly maturity (March) of the IPF Partners loan, offset by the costs and interest associated with the early repayment of the debt made at the beginning of July, (ii) the conversion (for an amount of -€3.7 million at the end of June 2023) of the bonds convertible into shares known as "OC 1124" issued by the Company in December 2022, (iii) the repayment of maturities of PGE[1] loans (-€0.7 million) and (iv) the waiver of €0.5 million from Bpifrance on the Hinsbet program initiated in 2012 and discontinued.

Post-closure events

In July 2023, Adocia signed an exclusivity agreement with Sanofi for M1Pram for €10 million, which the Company received on July 20, 2023. This agreement secured a €10 million financing operation consisting of a €5 million private placement subscribed in particular by Gérard Soula, Chairman of Adocia's Board of Directors, and Bpifrance, supplemented by the issue of €5 million in convertible bonds underwritten by Vester Finance and European investors.

Following these agreements, at the beginning of July, the Company proceeded with the early repayment of its loan with IPF Partners for €10.2 million, including all debt and associated legal fees.

On August 4, 2023, an agreement was signed with the lenders of the PGE or a 12-month grace period on principal repayments from that date, generating a saving of €1.7 million.

Lastly, IPF Partners exercised part of its warrants for 409,838 shares, for which the Company received €1 million.

Consequently, since June 30, 2023, the company has significantly reduced its debt. Indeed, debts, which stood at €24.1m at the end of December 2022, amounted to €5.4m at the date of the half-year report (excluding IFRS 16 impacts and derivative debts).

1.2 First Half 2023 Program Update

The first half of 2023 was rich in partnerships, with the signing of an exclusivity agreement with Sanofi for M1Pram (combination of a prandial insulin and an amylin analog). At the same time, the collaboration with Tonghua Dongbao continued, with the progress of Phase 3 for BioChaperone® Lispro (ultra-rapid-acting insulin) and the completion of three qualification studies for BioChaperone® Combo (combination of basal and prandial insulins), paving the way for direct entry into Phase 3. A feasibility study is currently underway using the AdOral® technology platform on a partner's (undisclosed) peptide.

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[1] PGE : Prêt Garanti par l'Etat - State Guaranteed Loan

BIOCHAPERONE® LISPRO

Adocia's partner in China, Tonghua Dongbao, is currently conducting a pivotal Phase 3 program with BioChaperone Lispro. The clinical program, fully funded by Tonghua Dongbao, involves over 1,300 type 1 and 2 diabetes patients recruited from over 100 centers across China. With the first patient dosed in May 2022, this Phase 3 program should be completed in 2024. The last visit of the last patient (LPLV) would trigger a milestone payment of $10 million. Additional development milestone payments of up to $20 million remain on the contract, as well as double-digit royalties on future sales.

BIOCHAPERONE® COMBO

In April 2022, Tonghua Dongbao and Adocia initiated 3 clinical studies in Europe (CT046 - 47 and 48) with BioChaperone Combo, to qualify Tonghua Dongbao's insulins. The clinical part of these studies has now been completed, and the results are currently being analyzed. The data obtained should enable Tonghua Dongbao to submit the BioChaperone Combo dossier to the Chinese Drug Agency (CDE), in order to obtain authorization to start a pivotal Phase 3 program in China. The start of Phase 3 would give way to a payment of $10 million to Adocia. Under the terms of the agreement, a further $40 million in milestone payments are still to be expected, as well as double-digit royalties on future sales of the product in China and other territories licensed to Tonghua Dongbao.

M1PRAM

In the first half of 2023, discussions were initiated with Sanofi. These led to the granting of exclusive rights to negotiate a worldwide licensing agreement for M1Pram (and related insulin-pramlintide combinations developed by Adocia). This agreement was accompanied by a payment of €10 million on July 20, 2023. The objective is to conclude a licensing agreement by the end of 2023.

M1Pram is the only insulin developed to date for people suffering from obesity and insulin-dependent diabetes. With a weight loss of -5.5 kg achieved in 16 weeks in people with type 1 diabetes and a BMI>30kg/m², M1Pram is the first drug to deliver this level of performance in patients on intensive insulin therapy. A Phase 2b clinical program for people with obesity and Type 1 diabetes is currently in preparation in the USA.

ADOSHELL® ISLETS, FOR CELL THERAPY OF DIABETES

AdoShell® Islets is an immunoprotective synthetic biomaterial containing islets of Langerhans for the treatment of type 1 diabetes by cell therapy. Preclinical work carried out in the first half of 2023 demonstrated the efficacy of AdoShell Islets®, as well as its excellent biocompatibility and tolerance. Results presented at the ADA (83rd Scientific Sessions of the American Diabetes Association) showed that, after a 7-month implantation period in the peritoneal cavity of rats (immunocompetent diabetic models), AdoShell® Islets containing rats islets demonstrated excellent tolerance without triggering inflammatory reactions or fibrosis. In particular, no biodegradation or penetration of immune cells was observed, reinforcing its potential as a novel solution for patients suffering from type 1 diabetes.

Adocia is actively working to initiate clinical trials and is preparing interactions with the EMA (European Medicines Agency) in order to validate the proposed development plan. At the same time, Adocia is pursuing its search for partners for AdoShell®.

ADORAL®: ORAL PEPTIDE DELIVERY

In response to a strong market need for new formulations to improve patient compliance and quality of life, Adocia has developed AdOral®. This technological platform aims to increase peptide absorption in the gastrointestinal tract, based on a new family of permeation enhancers.

Applied to semaglutide, AdOral® technology increases its oral bioavailability by up to 5 times, compared with the reference technology used on Rybelsus® (oral semaglutide, Novo).

These groundbreaking results have led to discussions with a number of players potentially interested in the oral GLP-1 market.

The innovative AdOral® technology has also been tested on a pharmaceutical partner's peptide, to study the feasibility of an oral formulation. This study could lead to the conclusion of a licensing agreement.

Governance

On May 15, 2023, Adocia announced the appointment of Olivier Soula as Chief Executive Officer and Gérard Soula was renewed as Chairman of the Board of Directors.

Olivier Soula, PhD, MBA, co-founder of Adocia, is co-author of over 40 patents on protein delivery, and has worked for over 20 years in the field of innovative formulations. He has also played a central role in the signing of numerous partnerships. Olivier's first objectives in his new role as CEO were to sign a partnership agreement for M1Pram and to renegotiate agreements with Adocia's lenders.

The General Shareholder Meeting set on May 11th, 2023 has appointed Mads Dall as a Director of Adocia, decided by the Company's Board of Directors on December 14, 2022, and renewed his term of office for a further 3 years. Mads Dall is CEO and founder of Dall & Company, a strategic business development company in the life sciences field, based in Copenhagen. Mads has extensive international experience of the diabetes industry and has worked with pharmaceutical, biotech and MedTech companies in executive, advisory and board positions.

1.3 Financial results as of June 30, 2023

1.3.1 Operating revenue

The table below provides details on operating revenue for each period:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Revenue (a)	**1 627**	**7 349**
Research and collaborative agreements	1 466	4 896
Licencing revenues	161	2 453
Grants, public financing, others (b)	**2 274**	**3 069**
OPERATING REVENUE (a) + (b)	**3 901**	**10 418**

Operating revenue resulted mainly from collaboration and licensing agreements, as well as public funding of research expenditure. As of June 30, 2023, they amounted to €3.9 million, compared with €10.4 million for the same period last year.

Revenue of €1.6 million, mainly from licensing and collaboration agreements signed with Tonghua Dongbao (THDB). For the first half of 2023, sales include €1 million in services provided by Adocia teams as part of the collaboration signed with THDB on the BioChaperone® Combo project for the conduct of three clinical trials in Europe. Revenues for the half-year also reflect €0.5 million from the ongoing feasibility study on the AdOral® project. In 2022, over the same period, sales were impacted to the tune of €4.8 million by the receipt in May 2022 of the milestone payment generated following the recruitment and dosing of the first patient in the Phase 3 program launched with BioChaperone® Lispro by THDB in China.

Other current operating revenues of €2.3 million, comprising the CIR (Research Tax Credit) of €1.8 million generated on expenses for the first six months of the 2023 financial year, and the waiver of €0.5 million from Bpifrance on the Hinsbet program initiated in 2012 and discontinued.

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1.3.2 Operating expenses

The table below provides details on operating expenses by function for each period:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Research and development expenses	(8 565)	(12 794)
General and administrative expenses	(2 634)	(2 715)
CURRENT OPERATING EXPENSES	**(11 199)**	**(15 509)**

Research and development costs mainly comprise payroll costs allocated to research and development, subcontracting costs (including preclinical studies and clinical trials), intellectual property expenses, and purchases of materials (reagents and other consumables), pharmaceutical products and other raw materials.

These expenses totaled €8.6 million for the first half of 2023, down €4.2 million on the first half of 2022. This change is mainly due to a reduction in external R&D expenditure linked to lower activity on preclinical and clinical studies, notably the BioChaperone® Combo studies carried out under the collaboration contract with THDB. These R&D expenses represent 76% of operating expenses as of June 30, 2023.

General and administrative expenses include payroll costs not allocated to research and development, as well as service provision costs relating to the management and development of the Company's commercial affairs, and those of its US subsidiary. These amounted to €2.6 million as of June 30, 2023, compared with €2.7 million at June 30, 2022. This €0.1 million reduction is mainly due to lower internal expenses, notably personnel costs, in line with the reduction in FTEs over the period.

The table below analyses current operating expenses by type of expense, for each period:

In (€) thousands	30/06/2023 (6 month)	30/06/2022 (6 month)
Purchases used in operations	(412)	(1 143)
Payroll expense	(4 709)	(5 308)
Share-based payments	(54)	(82)
External expenses	(5 689)	(8 551)
Taxes and contributions	(96)	(130)
Depreciation, amortization & provisions	(238)	(294)
OPERATING EXPENSES	**(11 199)**	**(15 509)**

Purchases of materials, products and supplies totaled €0.4m, compared with €1.1m as of June 30, 2022. This change is due to the decline in R&D activities, resulting in lower consumption of materials.

Payroll expenses fell between the two periods, from €5.3 million in the first half of 2022 to €4.7 million in 2023. Average headcount fell from 109 Full-Time Equivalents (FTEs) at the end of June 2022 to 97 FTEs as of June 30, 2023, a decrease of 11%.

Share-based payments of €0.1 million as of June 30, 2023 mainly reflect the impact of plans set up in previous years, as no new plans were granted in the first half of 2023. In accordance with IFRS 2, these expenses correspond to the fair value of equity instruments granted to executives and employees. These items have no impact on the Company's financial statements or cash position.

External expenses mainly comprise the costs of preclinical studies, clinical trials, subcontracting expenses, intellectual property expenses, professional fees and general overheads. These expenses amounted to €5.7 million as of June 30, 2023, down €2.9 million on the same period in 2022. This decrease is mainly due to the end of clinical development work on BC Combo as part of the collaboration with THDB.

Taxes amounted to €0.1 million as of June 30, 2023, remaining stable compared with the previous year.

Depreciation and amortization stood at €0.2 million as of June 30, 2023. The decrease is mainly due to the sale of the building at the end of the first quarter of 2022.

1.3.3 Balance sheet items

In (€) thousands, Consolidated financial statements, IAS/IFRS	30/06/2023 (6 month)	Exercice 2022 (12 month)
Net cash and cash equivalents	**12 128**	**17 422**
Total assets	**21 000**	**30 613**
Equity	**(18 433)**	**(12 970)**
Financial debts	**28 593**	**33 210**

The Company's cash position as of June 30, 2023 was €12.1 million, compared with €17.4 million at January 1, 2023.

Consolidated shareholders' equity rose from €-13 million at January 1, 2022 to €-18.4 million at the end of June 2023, the decrease corresponding mainly to the loss for the first half of 2023.

Financial debt at the end of June 2023 totaled €28.6 million, compared with €33.2 million as of December 31, 2022. They mainly comprise the €10.2 million bond issue taken out with IPF Fund II in 2019, rental debt in accordance with IFRS 16 as part of the sale and leaseback transaction (€7.1 million), PGE loans taken out with BPI, HSBC, BNP and LCL for a total of €5.9 million, and bonds convertible into shares taken out in October 2021 and December 2022 with Vester Finance (€3.5 million at fair value in accordance with IAS 32).

1.4 Risks and uncertainties relating to the Company's activities in the second half of 2023

The risk factors impacting the Company have been updated in sections 3.4 and 3.3 respectively of the two Amendments to the 2022 universal registration document relating to the financial statements for the year ended December 31, 2022, filed with the Autorité des Marchés Financiers ("**AMF**") on July 26, 2023 and on September 13, 2023 ("Amended Universal Registration Document"). The main risks and uncertainties that the Company may face in the remaining six months of the financial year are identical to those presented in the Amended Universal Registration Document, available on the Company's website.

1.5 Relations with related parties

Relations with related parties during the period are presented in note 23 of section 4.1.5.4 of the Amended Universal Registration Document.

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Chapter 2

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2 Interim consolidated financial statements

2.1 Consolidated financial statements

2.1.1 Consolidated balance sheet, IFRS

Assets IFRS

In (€) thousands	Notes	06/30/2023 (6 month)	12/31/2022 (12 month)
Current assets		**16 640**	**26 260**
Inventories		121	137
Trade and similar receivables	3	328	467
Deferred tax	2	0	0
Other current assets	4	4 063	8 234
Cash and cash equivalents	5	12 128	17 422
Goodwill			0
Non-current assets		**4 360**	**4 353**
Other non-current assets		22	32
Land	1	0	0
Land development	1	(0)	(0)
Buildings and constructions	1	1 959	2 050
Laboratory equipment	1	279	310
Other property, plant and equipment	1	535	492
Non-current financial assets		1 566	1 469
TOTAL ASSETS		**21 000**	**30 613**

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Liabilities and Equities IFRS

In (€) thousands	Notes	06/30/2023 (6 month)	12/31/2022 (12 month)
Current liabilities		**27 886**	**25 077**
Short-term financial debt	7	18 073	15 671
Trade and similar payables	9	6 550	6 414
Other current liabilities	9	3 263	2 992
Non-current liabilities		**11 547**	**18 506**
Long-term financial debt	7	10 519	17 539
Long-term provisions	8	1 027	967
Other non-current liabilities		0	0
Equity	**6**	**(18 433)**	**(12 970)**
Share capital		975	873
Share premium		2 047	86 123
Group translation gains and losses		18	26
Group reserves		(12 081)	(93 090)
Group net profit/loss		(9 392)	(6 901)
TOTAL LIABILITIES		**21 000**	**30 613**

2.1.2 Consolidated income statement, IFRS

In (€) thousands	Notes	06/30/2023 (6 month)	06/30/2022 (6 month)
Operating revenue		**3 901**	**10 418**
Revenue	11	1 627	7 349
Grants, research tax credits and others	12	2 274	3 069
Operating expenses excluding additions and reversals	**13-14**	**(10 961)**	**(15 215)**
Additions to and reversals of depreciation, amortization and provisions	**15**	**(238)**	**(294)**
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES		**(7 298)**	**(5 090)**
Other operating revenue and expenses	1	0	11 199
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**10**	**(7 298)**	**6 108**
Financial income		63	227
Financial expense		(2 155)	(1 605)
FINANCIAL INCOME (LOSS)	**16**	**(2 092)**	**(1 379)**
PROFIT (LOSS) BEFORE TAX		**(9 389)**	**4 730**
Tax expense		(2)	(478)
NET PROFIT (LOSS)		**(9 392)**	**4 252**
Base earnings per share (€)	17	(1,0)	0,6
Diluted earnings per share (€)		(1,0)	0,5
GROUP NET PROFIT (LOSS)		**(9 392)**	**4 252**
Actuarial adjustments on defined pension liabilities		0	454
Unclassified elements in the Group net profit (loss)		**0**	**454**
TOTAL PROFIT (LOSS) FOR THE YEAR		**(9 392)**	**4 705**

2.1.3 Statement of changes in equity, IFRS

In (€) thousands	Number of Shares	Amount	Paid-in capital	Reserves	Other comprehensive income (OCI)	Net profit (loss)	Total equity
BALANCE AT 12/31/2022	**8 726 317**	**872,632**	**86 123**	**(94 086)**	**1 022**	**(6 901)**	**(12 970)**
Profit for the year 2023						(9 392)	(9 392)
Gain (losses) on actuarial adjustments on defined pension liabilities					0		0
Comprehensive income for the period					**0**	**(9 392)**	**(9 392)**
Translation adjustment				**(9)**			(9)
Allocation of profit for the year 2021				(6 901)		6 901	0
Increase in capital							0
Capital increase costs							0
Increase through conversion of convertible instruments (OCA1023/OCA1124)	1 021 523	102	2 598	1 105			3 805
Exercise of equity instruments (warrants)	900	0,1	(0,1)				0
Share-based payment				52			52
Liquidity Contract - Elimination of treasury shares			56	24			80
Others			(86 729)	86 729			0
Total shareholder relations	1 022 423	102	(84 076)	81 000	0	6 901	3 928
BALANCE AT 06/30/2023	**9 748 740**	**975**	**2 047**	**(13 086)**	**1 022**	**(9 392)**	**(18 433)**

2.1.4 Consolidated statement of cash-flow, IFRS

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Net profit	(9 392)	4 252
Net depreciation, amortization & provisions (excl. current assets)	238	227
Capital gains and losses on non-current assets	0	(16 560)
Calculated income and expenses	3 206	7 410
Tax paid	0	0
Cash flow from operations before cost of net financial debt and tax	**(5 947)**	**(4 672)**
Cost of gross financial debt	(2 071)	(1 423)
Change in deferred revenues	**(554)**	**3 041**
Change in working capital requirement (including employee benefits)	**5 288**	**(3 843)**
NET CASH FLOW RELATED TO OPERATING ACTIVITES	**(3 285)**	**(6 896)**
Acquisitions of property, plant and equipment & intangible assets	(138)	(74)
Disposals of property, plant and equipment & intangible assets	0	23 320
Acquisitions of non-current financial assets	(17)	(1 303)
Disposals of non-current financial assets	0	0
Other cash flows related to investing activities	0	0
NET CASH FLOW RELATED TO INVESTING ACTIVITES	**(155)**	**21 942**
Capital increase	0	0
New loans and reimbursable advances	0	0
Repayments of loans and reimbursable advances	(1 854)	(6 283)
Other cash flows related to financing activities	0	0
NET CASH FLOW RELATED TO FINANCING ACTIVITES	**(1 854)**	**(6 283)**
CHANGE IN NET CASH AND EQUIVALENTS	**(5 294)**	**8 764**
Opening cash	17 422	17 422
Closing cash	12 128	23 926

2.1.5 Detailed analysis of changes in working capital requirements (WCR)

In (€) thousands	Variation 2022/ 2023
Inventories	16
Trade and similar receivables	139
Other receivables and advances	3 666
Pre-paid expenses / other receivables	505
Trade and similar payables	(136)
Other debt	(826)
CHANGE IN WORKING CAPITAL REQUIREMENT	**5 288**

Components of net cash and cash equivalents analyzed by type and reconciliation with the balance sheet:

In (€) thousands	06/30/2023	12/31/2022
Short-term investment securities (due in < 3 months)	4 194	4 132
Cash on hand	7 934	13 289
NET CASH AND CASH EQUIVALENTS	**12 128**	**17 422**

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2.2 Events subsequent to June 30, 2023

On July 13, 2023, Adocia repaid in full its loan from IPF Partners in the amount of 10.2 million euros, corresponding to the total amount outstanding and accrued interest on the bond loan, plus associated legal fees. This repayment releases Adocia from all pledges and security interests associated with this debt.

In July 2023, Adocia signed an agreement with Sanofi for an exclusivity contract on M1Pram for 10 million euros, which was cashed by the Company on July 20, 2023. This agreement made it possible to secure a €10 million financing operation consisting of:

- 5 million euros through the issue of 1,101,320 new ordinary shares reserved for subscription by investors, including Bpifrance and Gérard Soula, at a price per share of 4.54 euros, corresponding to the volume-weighted average share price over the last three trading sessions, with no discount.

- 5 million through the issue of convertible bonds (OC0725) to European investors including Vester Finance.

Lastly, IPF Partners exercised part of its warrants for 409,838 shares, for which the Company received €1 million.

All the bonds convertible into shares issued by the Company, known as "OC1023", "OC1124" and "OC0725", were fully converted on September 1, 2023. These conversions reduced the Company's financial debt by 8 million euros and had an impact of 171,000 euros on its share capital.

Consequently, since June 30, 2023, the company has significantly reduced its debt. Indeed, debts, which stood at €24.1 million at the end of December 2022, amounted to €5.4 million at the date of the half-year report (excluding IFRS 16 impacts and derivative debts).

On September 1st, 2023, Adocia's financial debt (excluding the impact of IFRS 16 and derivative instruments) mainly comprises the PGE contracted with Bpifrance, HSBC, BNP and LCL. As part of the discussions with its bankers that began at the end of March, the Company requested an adjustment to the PGE debt. On August 4, 2023, an agreement was signed with the lenders of the PGE (state-guaranteed loans) contracting a 12-month grace period on principal repayments from that date, generating savings of 1.7 million euros.

2.3 Key events

The first half of 2023 was rich in partnerships, with the signing of an exclusivity agreement with Sanofi for M1Pram (combination of a prandial insulin and an amylin analog). At the same time, the collaboration with Tonghua Dongbao continued, with the progress of Phase 3 for BioChaperone® Lispro (ultra-rapid-acting insulin) and the completion of three qualification studies for BioChaperone® Combo (combination of basal and prandial insulins), paving the way for direct entry into Phase 3. A feasibility study is currently underway using the AdOral® technology platform on a partner's (undisclosed) peptide.

BIOCHAPERONE® LISPRO

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Additional development milestone payments of up to $20 million remain on the contract, as well as double-digit royalties on future sales.

BIOCHAPERONE® COMBO

In April 2022, Tonghua Dongbao and Adocia initiated 3 clinical studies in Europe (CT046 - 47 and 48) with BioChaperone Combo, to qualify Tonghua Dongbao's insulins. The clinical part of these studies has now been completed, and the results are currently being analyzed. The data obtained should enable Tonghua Dongbao to submit the BioChaperone Combo dossier to the Chinese Drug Agency (CDE), in order to obtain authorization to start a pivotal Phase 3 program in China. The start of Phase 3 would give way to a payment of $10 million to Adocia. Under the terms of the agreement, a further $40 million in milestone payments are still to be expected, as well as double-digit royalties on future sales of the product in China and other territories licensed to Tonghua Dongbao.

M1PRAM

In the first half of 2023, discussions were initiated with Sanofi. These led to the granting of exclusive rights to negotiate a worldwide licensing agreement for M1Pram (and related insulin-pramlintide combinations developed by Adocia). This agreement was accompanied by a payment of €10 million on July 20, 2023. The objective is to conclude a licensing agreement by the end of 2023.

M1Pram is the only insulin developed to date for people suffering from obesity and insulin-dependent diabetes. With a weight loss of -5.5 kg achieved in 16 weeks in people with type 1 diabetes and a BMI>30kg/m², M1Pram is the first drug to deliver this level of performance in patients on intensive insulin therapy. A Phase 2b clinical program for people with obesity and Type 1 diabetes is currently in preparation in the USA.

ADOSHELL® ISLETS, FOR CELL THERAPY OF DIABETES

AdoShell® Islets is an immunoprotective synthetic biomaterial containing islets of Langerhans for the treatment of type 1 diabetes by cell therapy. Preclinical work carried out in the first half of 2023 demonstrated the efficacy of AdoShell Islets®, as well as its excellent biocompatibility and tolerance. Results presented at the ADA (83rd Scientific Sessions of the American Diabetes Association) showed that, after a 7-month implantation period in the peritoneal cavity of rats (immunocompetent diabetic models), AdoShell® Islets containing rats islets demonstrated excellent tolerance without triggering inflammatory reactions or fibrosis. In particular, no biodegradation or penetration of immune cells was observed, reinforcing its potential as a novel solution for patients suffering from type 1 diabetes.

Adocia is actively working to initiate clinical trials and is preparing interactions with the EMA (European Medicines Agency) in order to validate the proposed development plan. At the same time, Adocia is pursuing its search for partners for AdoShell®.

ADORAL®: ORAL PEPTIDE DELIVERY

In response to a strong market need for new formulations to improve patient compliance and quality of life, Adocia has developed AdOral®. This technological platform aims to increase peptide absorption in the gastrointestinal tract, based on a new family of permeation enhancers.

Applied to semaglutide, AdOral® technology increases its oral bioavailability by up to 5 times, compared with the reference technology used on Rybelsus® (oral semaglutide, Novo).

These groundbreaking results have led to discussions with a number of players potentially interested in the oral GLP-1 market.The innovative AdOral® technology has also been tested on a pharmaceutical partner's peptide, to study the feasibility of an oral formulation. This study could lead to the conclusion of a licensing agreement.

Governance

On May 15, 2023, Adocia announced the appointment of Olivier Soula as Chief Executive Officer and Gérard Soula was renewed as Chairman of the Board of Directors.

Olivier Soula, PhD, MBA, co-founder of Adocia, is co-author of over 40 patents on protein delivery, and has worked for over 20 years in the field of innovative formulations. He has also played a central role in the signing of numerous partnerships. Olivier's first objectives in his new role as CEO were to sign a partnership agreement for M1Pram and to renegotiate agreements with Adocia's lenders.

The General Shareholder Meeting set on May 11th, 2023 has appointed Mads Dall as a Director of Adocia, decided by the Company's Board of Directors on December 14, 2022, and renewed his term of office for a further 3 years. Mads Dall is CEO and founder of Dall & Company, a strategic business development company in the life sciences field, based in Copenhagen. Mads has extensive international experience of the diabetes industry and has worked with pharmaceutical, biotech and MedTech companies in executive, advisory and board positions.

2.4 Accounting methods and principles used to draw up the financial statements

2.4.1 Basis of preparation of the financial statements

Adocia's 2023 half-year consolidated financial statements were approved by the board of directors on September 14, 2023. They were prepared in compliance with IAS 34 standard, « Interim financial reporting » as part of the IFRS standards as adopted by the European Union. The accounting principles applied to the interim condensed consolidated financials on June 30, 2023, are the same as the ones applied for the fiscal year ended December 31, 2022, as described in section 4.1.6. of the Amended Universal Registration Document, which was filed with the Autorité des Marchés Financiers (the « AMF ») on April 26, 2023.

In July 2023, Adocia signed an exclusivity agreement with Sanofi for M1Pram for €10 million, which the Company received on July 20, 2023. This agreement secured a €10 million financing operation consisting of a €5 million private placement subscribed in particular by Gérard Soula, Chairman of Adocia's Board of Directors, and Bpifrance, supplemented by the issue of €5 million in convertible bonds underwritten by Vester Finance and European investors.

Following these agreements, at the beginning of July, the Company proceeded with the early repayment of its loan with IPF Partners for €10.2 million, including all debt and associated legal fees.

On August 04, 2023, an agreement was signed with the lenders of the PGE ("*Prêt Garanti par l'Etat*") for a 12-month grace period on principal repayments from that date, generating savings of 1.7 million euros.

Lastly, on August 29, 2023, IPF Partners exercised a first portion of the share subscription warrants for 204,919 shares. The Company received 500,000 euros in proceeds.

Consequently, since June 30, 2023, the company has significantly reduced its debt. Indeed, debts, which stood at €24.1m at the end of December 2022, amounted to €5.4m at the date of the half-year report (excluding IFRS 16 impacts and derivative debts).

After all these transactions, the Company had cash and cash equivalents of nearly 16 million euros at the end of August 2023, compared with 12.1 million euros on June 30, 2023, and considers that these resources will enable it to finance its activities until the end of June 2024. Without any new financial inflows, this level of cash is not sufficient to enable the Company to meet its obligations over the 12 months following the closing date of the condensed interim consolidated financial statements: the Company estimates that the net amount of additional cash needed to meet its cash requirements over the next 12 months is around 3.5 million euros.

To extend this cash horizon beyond June 2024, the Company is considering the potential financing sources described below:

- The remaining IPF Partners share subscription warrants, representing 840,162 shares, may be exercised by IPF Partners until October 2026 in return for a total payment to the Company of 2 million euros.

- The Company has 2 partnerships, one with Tonghua Dongbao and the other with Sanofi, which are likely to generate probable revenues over the period:

- The agreement signed with Sanofi is a first step. The aim is to sign a global partnership agreement for the development, production and marketing of M1Pram, which would significantly strengthen the Company's cash position; and

- As part of the partnership entered into with Tonghua Dongbao ("**THDB**") on BioChaperone® Lispro and BioChaperone® Combo in 2018, the Company is eligible to receive $80 million in milestone payments, including $20 million expected from the second quarter of 2024 : the end of the current phase 3 on BioChaperone® Lispro is expected to generate a $10 million milestone payment (not conditional on results obtained), while the entry into phase 3 of BioChaperone® Combo is expected to generate a $10 million milestone payment.

- The Company intends to pursue the development of its other technological platforms: AdoShell® Islets, AdOral® and AdoGel®, for which feasibility studies are underway or at the negotiation stage. The aim of these studies is to lead to the signature of partnerships. Without partner financing, development would either be halted or continued *at a minimum*. Action would also be taken to reduce the Company's operating expenses.

Consequently, over the next twelve months, the Company has reason to believe that further additional financing (new partnerships, new fund-raising, etc.) is likely to be obtained, although the probabilities depend on factors beyond the Company's control.

Management is actively working on all these sources of financing in parallel and remains confident that it will be able to extend its cash flow horizon.

Should any of the potential sources of financing described above fail to materialize, this would affect the Company's ability to achieve some of its objectives, or even its ability to continue as a going concern.

The going concern assumption has therefore been adopted.

2.4.2 Accounting standards

The accounting principles and methods used by the Company for the interim financial statements are the same as those used in the financial statements for the year ended December 31, 2022, except for the following application of new standards, standard amendments and interpretations applied by the European Union, which application is mandatory for the Company starting January 1, 2023:

Standards, standard amendments, and interpretations applicable from fiscal year opening on January 1, 2023

- Amendments to IAS 1 - Presentation of Financial Statements: Disclosure of Accounting Policies, published by IASB in February 2021;
- Amendments to IAS 8 - Definition of Accounting Estimates, published by IASB in February 2021;
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules
- IFRS 17 - Insurance contracts
- Amendments to IFRS17 - Insurance contracts: Initial Application of IFRS17 and IFRS9 – comparative information

These new texts applied by the European Union do not have a significant impact on the Company's financial statements.

Standards, standard amendments, and interpretations not yet applied by the Company

There are no significant standards, amendments, and interpretations, applied or not yet applied by the EU, coming into effect after June 30, 2023, of which early implementation would have been possible.

Standards, amendments, and interpretations applied by IASB that will come into effect after fiscal years opened from January 1, 2023, and that are currently in the process of being adopted by the EU, are as follows:

- Amendments to IAS 1 - classification of liabilities as current or non-current, published by IASB in January and July 2020 (a),

- Amendments to IAS 1 – Non-current liabilities with covenants (a),
- Amendments to IFRS16 - Lease Liability in a Sale and Leaseback (a),
- Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments - Disclosures: Supplier Finance Arrangements (a).

(a) applicable to fiscal years beginning after January 1, 2024.

The Company is currently assessing the consequential impacts of the first application of these new texts. It does not anticipate any significant impact on its financial statements.

2.4.3 Basis of preparation of the financial statements

To prepare the financial statements in accordance with IFRS, certain estimates, judgments and assumptions have been made by the company's management, which may have affected the amounts shown for the assets, liabilities, and contingent liabilities as of the date of preparation of the financial statements, and the amounts shown for income and expenses during the year.

These estimates are based on the going concern assumption and on the information available at the time they were made. They are continuously assessed based on experience and various other factors deemed reasonable which form the basis of the estimates of the carrying amount of the assets and liabilities The estimates may be revised if the circumstances on which they were based change or as a result of new information. Actual results may differ significantly from these estimates based on different assumptions or conditions.

In preparing its half-year statements, the main judgments made by the management and the main assumptions used are the same as those used to prepare the financial statements for the fiscal year ended December 31, 2022. These assumptions fall within IFRS 16 (sale and lease back transaction), IFRS 2 (« Share-based payment »), IFRS 15 (« Revenue from contracts with customers ») and IAS 32 & IFRS 9 (treatment of convertible bonds).

2.4.4 Consolidation principles

The consolidated financial statements include the financial statements of all the fully consolidated subsidiaries that Adocia directly or indirectly controls. In accordance with IFRS 10, control is determined on the basis of three criteria: power, exposure to variable returns and the relationship between power and these returns.

In March 2015, the company created a wholly owned subsidiary called Adocia Inc., 100% owned and fully consolidated at the end of June 2023.

The addition of the Adocia Inc. Subsidiary to the scope of consolidation was effective on the date of creation. Income and expenses are recorded in the consolidated income statement from the date of creation.

All transactions between the Adocia Inc. Subsidiary and the Company and internal results within the consolidated group are eliminated.

The company's financial statements are prepared in euros, which is the presentation currency and functional currency of the parent company and its subsidiary.

The method used by the company is that of the closing rate. This method entails translating the balance sheet items at the closing rate and the income items at the average rate for the year; the translation differences, both on the opening balances sheet items and on the income statement, are included in equity under « translation differences ».

2.5 Notes to the consolidated financial statements as of June 30, 2023

NOTE 1 Tangible assets and financials

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NOTE 1 Tangible assets and financials

In (€) thousands	12/31/2022	Acquisitions / Additions	Disposals / reversals	06/30/2023
Land	(0)			(0)
Land development	0			0
Building	2 050			2 050
Laboratory equipment	3 870	22	(1)	3 891
Fixtures and facilities	665	110	0	775
Furniture, office equipment	1 633	3	0	1 637
GROSS AMOUNT	**8 218**	**135**	**(1)**	**8 352**
Land	0			0
Land development	0	0		0
Building	(0)	91		91
Laboratory equipment	3 560	53	(1)	3 612
Fixtures and facilities	266	33	0	299
Furniture, office equipment	1 536	37		1 573
DEPRECIATION AND IMPAIRMENT	**5 361**	**215**	**(1)**	**5 576**
Land	(0)	0	0	(0)
Land development	0	0	0	0
Building	2 050	(91)	0	1 959
Laboratory equipment	310	(32)	0	279
Fixtures and facilities	397	77	0	474
Furniture, office equipment	95	(34)	0	61
NET AMOUNT	**2 853**	**(80)**	**0**	**2 772**

Net tangible fixed assets are stable between December 2022 and June 2023.

In a favorable real estate context, Adocia carried out a sale and leaseback transaction on 28 March 2022 of the building at 115 rue Lacassagne (Lyon). The sale of the building for EUR 23.3 million enabled Adocia to support its growth while securing its occupancy at its historic site. This is a long-term lease contract for 12 years (renewable for a further 9 years) with no purchase option. The sale of the building resulted in a net cash inflow of EUR 18.9 million (after repayment of loans).

As of December 31, 2021, in accordance with IFRS 5, the net book value of the assets (€6.9m) had been reclassified as "held for sale" under current items, in a separate sub-heading. Following the sale in March 2022, these assets have been written off in full.

The application of IFRS 16 and IFRS 5 to the Sale and Leaseback transaction is described in section 4.1.5.3 "Accounting methods and principles used to prepare the financial statements" of the Amended Universal Registration Document.

At June 30, 2023, the right of use representing Adocia's share of the asset's value through its lease is valued at €2 million. The right of use is amortized pro rata temporis over the term of the contract (12 years), amounting to €229K at June 30, 2023.

IFRS 16 restatements at June 30, 2023 notably entail taking into account the impact on net income (neutralization of rental income, recognition of depreciation and amortization expense and interest expense). For the record, the fixed annual rent is €1 million.

Financial assets amounted to 1.6 million euros at June 30, 2023. This item mainly comprises the guarantees provided as part of the sale-leaseback transaction (deposit of 3 months' rent and first-demand guarantee deposit totaling €1.3 million).

NOTE 2 Additional information regarding deferred taxes

The company cannot determine with sufficient reliability when it will be able to absorb its accumulated tax losses. Therefore, no deferred tax asset related to these losses was recognized.

As a reminder, the amount of tax losses carried forward as of June 30, 2023, amounts to €196 million.
This loss carryforward is not limited in time.

NOTE 3 Trade receivables

In (€) thousands	06/30/2023	12/31/2022
Gross amount	328	467
Impairment		
TOTAL NET VALUE	**328**	**467**

NOTE 4 Other current assets

In (€) thousands	06/30/2023	12/31/2022
Research tax credit	2 366	5 914
VAT claims	843	889
Receivables from suppliers	105	183
Pre-paid expenses	688	1 194
Miscellaneous	60	55
TOTAL NET VALUE	**4 063**	**8 234**

All other current assets have a maturity of less than one year.

Since its inception, the company has been entitled to a research tax credit (CIR). At the end of each period, it therefore recognizes as a receivable the amount of the tax credit calculated for the eligible expenses during the period. The CIR 2022, amounting to 5.9 million euros, has been partially cashed in over the first half of 2023 in the amount of 5.3 million euros as part of a pre-financing arrangement with BNP. As of June 30, 2023, 0.6 million euros remain to be received. The balance of the 2022 CIR was received in early September 2023.

Prepaid expenses relate to current expenses. The decrease in this item is mainly due to the progress of clinical studies on the BC Combo project which are nearing completion, in the context of the collaboration with THDB.

The miscellaneous item includes social security claims and other creditors.

NOTE 5 Classification and fair value of financial assets

The only financial assets measured at fair value are cash and cash equivalents, which include mutual funds, time accounts quoted in an active market and interest-bearing accounts. They therefore constitute level 1 financial assets at fair value.

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NOTE 6 Equity

Share capital

The company was created on December 22, 2005. All the shares issued are fully paid-up. The company owns treasury shares under the liquidity agreement.

Following the initial public offering, preferred shares were converted into ordinary shares and the Ratchet stock warrants became null and void. The table below provides the evolution of the share capital during the period.

			Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (Euros)
AT JUNE 30, 2021			**7 021 754**	**7 021 754**	**0**	**0**	**702 175**
9/30/2021	-	Grant of bonus shares	2 900	2 900			290
9/30/2021	-	Grant of bonus shares	675	675			68
9/30/2021	-	Grant of bonus shares	1 400	1 400			140
7/23/2021	-	Exercise of BSPCE	2 800	2 800			280
10/27/2021	-	Issue of IPO Shares by private placement	107 992	107 992			10 799
10/28/2021	-	Issue of shares following conversion of bond OCA	14 303	14 303			1 430
11/3/2021	-	Issue of shares following conversion of bond OCA	23 256	23 256			2 326
11/8/2021	-	Issue of shares following conversion of bond OCA	31 980	31 980			3 198
11/30/2021	-	Issue of shares following conversion of bond OCA	17 241	17 241			1 724
12/16/2021	-	Issue of shares following conversion of bond OCA	12 212	12 212			1 221
12/20/2021	-	Issue of shares following conversion of bond OCA	8 231	8 231			823
12/27/2020	-	Issue of shares following conversion of bond OCA	16 737	16 737			1 674
12/31/2021	-	Grant of bonus shares	9 475	9 475			948
1/4/2022	-	Issue of shares following conversion of bond OCA	33 472	33 472			3 347
1/21/2022	-	Issue of shares following conversion of bond OCA	1 378	1 378			138
1/27/2022	-	Issue of shares following conversion of bond OCA	21 084	21 084			2 108
2/4/2022	-	Issue of shares following conversion of bond OCA	18 433	18 433			1 843
2/8/2022	-	Grant of bonus shares	225	225			23
2/17/2022	-	Issue of shares following conversion of bond OCA	10 768	10 768			1 077
2/21/2022	-	Issue of shares following conversion of bond OCA	3 076	3 076			308
3/1/2022	-	Issue of shares following conversion of bond OCA	19 012	19 012			1 901
3/7/2022	-	Issue of shares following conversion of bond OCA	5 385	5 385			539
3/8/2022	-	Issue of shares following conversion of bond OCA	38 167	38 167			3 817
3/9/2022	-	Issue of shares following conversion of bond OCA	38 167	38 167			3 817
3/11/2022	-	Issue of shares following conversion of bond OCA	61 069	61 069			6 107
3/12/2022	-	Grant of bonus shares	900	900			90
3/14/2022	-	Issue of shares following conversion of bond OCA	157 760	157 760			15 776
3/21/2022	-	Issue of shares following conversion of bond OCA	58 035	58 035			5 804
3/24/2022	-	Issue of shares following conversion of bond OCA	70 064	70 064			7 006
4/7/2022	-	Issue of shares following conversion of bond OCA	16 460	16 460			1 646
4/21/2022	-	Issue of shares following conversion of bond OCA	28 103	28 103			2 810
5/6/2022	-	Issue of shares following conversion of bond OCA	28 777	28 777			2 878
5/16/2022	-	Issue of shares following conversion of bond OCA	29 197	29 197			2 920
5/18/2022	-	Issue of shares following conversion of bond OCA	92 457	92 457			9 246

5/30/2022	-	Issue of shares following conversion of bond OCA	57 417	57 417			5 742
6/21/2022	-	Issue of shares following conversion of bond OCA	63 660	63 660			6 366
7/7/2022	-	Issue of shares following conversion of bond OCA	2 820	2 820			282
7/20/2022	-	Grant of bonus shares	2 900	2 900			290
8/8/2022	-	Issue of shares following conversion of bond OCA	51 948	51 948			5 195
8/11/2022	-	Issue of shares following conversion of bond OCA	75 567	75 567			7 557
9/8/2022	-	Issue of shares following conversion of bond OCA	48 077	48 077			4 808
9/22/2022	-	Issue of shares following conversion of bond OCA	15 424	15 424			1 542
9/25/2022	-	Grant of bonus shares	1 400	1 400			140
9/26/2022	-	Issue of shares following conversion of bond OCA	18 127	18 127			1 813
9/27/2022	-	Issue of shares following conversion of bond OCA	19 048	19 048			1 905
9/29/2022	-	Grant of bonus shares	225	225			23
10/6/2022	-	Issue of shares following conversion of bond OCA	103 806	103 806			10 381
10/19/2022	-	Issue of shares following conversion of bond OCA	88 816	88 816			8 882
12/5/2022	-	Grant of bonus shares	1 675	1 675			168
12/10/2022	-	Grant of bonus shares	1 275	1 275			128
12/16/2022	-	Grant of bonus shares	1 200	1 200			120
12/17/2022	-	Grant of bonus shares	6 425	6 425			643
12/17/2022	-	Grant of bonus shares	1 200	1 200			120
12/29/2022	-	Issue of shares following conversion of bond OCA (OCA1124)	88 561	88 561			8 856
12/29/2022	-	Issue of shares following conversion of bond OCA	73 801	73 801			7 380
1/2/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	203 390	203 390			20 339
2/3/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	9 464	9 464			946
3/12/2023	-	Grant of bonus shares	900	900			90
3/28/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	14 815	14 815			1 482
4/6/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	15 565	15 565			1 557
5/2/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	9 302	9 302			930
5/4/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	37 210	37 210			3 721
5/8/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	348 838	348 838			34 884
5/16/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	136 364	136 364			13 636
5/26/2023	-	Issue of shares following conversion of bond OCA (OCA1124)	246 575	246 575			24 658
AT JUNE 30, 2023			**9 748 740**	**9 748 740**	**0**	**0**	**974 874**

Stock warrants

Stock-options were granted to (i) certain employees in the form of start-up company stock warrants (« BSPCE ») and stock-options (« SO ») (ii) two independent directors on the Board of Directors in the form of ordinary stock warrants (« BSA ») and (iii) scientific consultants in the form of ordinary stock warrants (« BSA ») (iv) to IPF in connection with the bond financing issued in October 2019 and in connection with the debt restructuring in July 2020.

The main characteristics of these share-based compensation plans are described in detail in section 4.3.3.7 of the Amended Universal Registration Document.

The issuance convertible bonds and the fair value treatment of the conversions in share of convertible bonds (Bonds OCA1023 & OC1124) are detailed in note 7 and in Chapter 4 of the Amended Universal Registration Document.

Operating expenses related to the stock option plans are calculated on the basis of a Black-Sholes model. The following parameters are used:

- volatility takes into account both the historical volatility observed in the stock market over a five-year period and implied volatility as measured by the options exchange. Periods of abnormal volatility are excluded from the observations,
- the risk-free interest rate used is the long-term government borrowing rate.

The cost of services rendered is recognized as an expense (IFRS 2) over the vesting period. This expense amounted to €0.01million as of June 30, 2023.

The BSAs granted to IPF are treated differently as they are an integral part of the €15 million financing that the Company has received. The cost of BSAs at the date of attribution has been included in the calculation of the amortized cost of debt, in accordance with IAS 32. The revaluation of the fair value of BSAs on the closing date of the BSAs affects the financial result of the period. For the record, the exercise price of the BSA is contractually set at 8.57 euros. However, it may be revised downwards in the case of a new share issue at a lower price. The issued BSAs will therefore be resolved by exchanging a variable number of shares against a fixed amount of cash (€1,125,000 per tranche) and are qualified, in accordance with IAS 32, as passive derivatives. In July 2020, the Company obtained a debt restructuring with a further deferral of payment of the maturities of an additional 12 months, with the final maturities of the two tranches remaining unchanged. In return for this development, the Company's Board of Directors awarded a total of 35,005 share warrants (BSA) free of charge to the IPF Fund II SCA SICAV FIAR fund, with a BSA exercise price of €7.70. The fair value of the BSAs was recorded in LP on 06/30/2023.

At the end of August 2023, IPF exercised part of the warrants and the Company received €500,000. This exercise resulted in the issue of 204,919 new ordinary shares of the Company with a par value of 0.10 euros each, at a price of 2.44 euros per share, representing a total nominal amount of 20,491.90 euros and a total amount (including issue premium) of 500,002.36 euros.

The following table shows the main characteristics of the payment plans giving a right to stock options:

Plan date and number	Recipients	Performance conditions	Vesting period	Strike price (euros)
BSPCE 2013 N°1	Salariés	Non	Until 01/01/2018	5,76
BSPCE 2013 N°2	Salariés	Non	Until 01/01/2018	5,76
BSA 2013	Administrateurs indépendants	Non	Until 01/01/2018	5,88
BSPCE 2014 N°1	Salariés	Non	Until 01/01/2018	34,99
BSPCE 2014 N°2	Salariés	Non	Until 01/01/2019	34,99
BSPCE 2014	Salariés et Dirigeants	Oui	Immediate vesting upon fulfillment of relevant performance criteria	34,99
SO 2015 N°1	Salariés	Non	Until 01/01/2019	55,64
SO 2015 N°2	Salariés	Non	Until 01/01/2020	71,12
BSPCE 2015	Dirigeant	Oui	Immediate vesting upon fulfillment of relevant performance criteria	74,60
BSPCE 2016	Dirigeant	Oui	Immediate vesting upon fulfillment of relevant performance criteria	61,73
BSA 2017	Consultant	Oui	Immediate vesting upon fulfillment of relevant performance criteria	20,65
SO 2017 N°1	Salarié	Non	Until 01/01/2020	18,00
SO 2017 N°2	Salarié	Non	Until 01/01/2021	19,00
BSPCE 2017	Dirigeant	Oui	Immediate vesting upon fulfillment of relevant performance criteria	16,00
SO 2018	Salariés	Non	Until 05/02/2022	17,00
BSA IPF 2019 - Tranche A	IPF Partners	Non	immédiate au 11 octobre 2019	8,57
BSA IPF 2019 - Tranche B	IPF Partners	Non	immédiate au 10 décembre 2019	8,57
SO 2019	Salariés	Non	Until 12/10/2022	8,00
BSA IPF 2020	IPF Partners	Non	immédiate au 20 juillet 2020	7,70

BSA 2021	Administrateurs indépendants	Non	Until 05/19/2024	8,93
OCA 2021	Vester Finance	Non	immédiate au 26 octobre 2021	0,12
BSA 2022	Administrateurs indépendants	Non	Until 12/14/2025	3,62
OCA 2022	Vester Finances	Non	immédiate au 30 novembre 2022	0,33

The number of options granted are presented in the following table:

Plan date and number	Number of granted warrants	Number of cancelled warrants	Number of exercised warrants	Warrants not yet vested	Warrants not yet vested	Initial value (in € thousands)
BSPCE 2013 N°1	28 000		7 700	20 300		107
BSPCE 2013 N°2	22 400	2 100	700	19 600		85
BSA 2013	20 000			20 000		69
BSPCE 2014 N°1	14 000	8 400		5 600		429
BSPCE 2014 N°2	5 600	5 600				172
BSPCE 2014	100 000	35 000		65 000		3 063
SO 2015 N°1	20 000	20 000				732
SO 2015 N°2	4 000	4 000				201
BSPCE 2015	40 000			40 000		2 220
BSPCE 2016	40 000	16 000		24 000		1 238
BSA 2017	40 000			15 000	25 000	307
SO 2017 N°1	13 000	13 000				375
SO 2017 N°2	40 000	39 909	91			375
BSPCE 2017	150 000	100 000		50 000		579
SO 2018	23 000	3 000		20 000		217
BSA IPF 2019 - Tranche A (*)	384 615			384 615		478
BSA IPF 2019 - Tranche B (*)	384 615			384 615		442
SO 2019	2 000	1 000		1 000		8
BSA IPF 2020	102 564			102 564		128
BSA 2021	10 215			6 810	3 405	91
OCA 2021 (oc1023)	6 568 422		6 405 132	163 290		171
BSA 2022	4 500				4 500	16
OCA 2022	6 568 422		3 050 000	3 518 422		3 351
TOTAL	**14 585 354**	**248 009**	**9 463 623**	**4 840 817**	**28 405**	**14 853**

Bonus shares

Bonus shares have been granted to certain employees and managers of the company since 2008. The number of shares granted are presented in the following table:

Plan date and number	Number of shares initially granted	Number of cancelled shares	Number of vested shares	Number of shares with ongoing vesting
Plan 2008 N°1	42 000	2 100	39 900	

Plan 2008 N°2	5 600		5 600	
Plan 2009	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2015 N°1 - 10 years	39 150	2 860	36 290	
Plan 2015 N°2.1	5 000		5 000	
Plan 2015 N°2.2	12 600	1 800	10 800	
Plan 2015 Executive Managers	5 000		5 000	
Plan 2016 Executive Managers	20 000	8 000	12 000	
Plan 2016 N°2	40 000	3 525	36 475	
Plan 2017	9 500	900	8 600	
Plan 2018 N°1	2 700	1 350	1 350	
Plan 2018 N°2	19 050	2 290	16 760	
Plan 2018 N°3	5 600	2 800	2 800	
Plan 2018 N°4	5 600		5 600	
Plan 2018 N°5	11 600	1 900	9 700	
Plan 2019 N°1	3 600	2 700	900	
Plan 2019 N°2	33 300	3 850	29 450	
Plan 2019 N°3	7 300	1 425	4 600	1 275
Plan 2020 N°1	9 600	6 000	2 700	900
Plan 2020 N°2	11 600		5 800	5 800
Plan 2020 N°3	2 700	1 350	900	450
Plan 2020 N°4	4 800	900	2 400	1 500
Plan 2020 N°5	22 000	2 000	9 050	10 950
Plan 2021 N°1	5 700	900	1 200	3 600
Plan 2022 N°1	6 200	550		5 650
Plan 2022 N°2	5 000			5 000
Plan 2022 N°3	16 400			16 400
TOTAL	**368 400**	**47 200**	**269 675**	**51 525**

Movements in bonus shares are as follows:

Number of shares	Year 2023 (6 month)	Year 2022
Number of shares with ongoing vesting at the beginning of the year	53 875	47 175
Shares granted during the year	0	27 600
Shares vested during the year	900	17 425
Shares cancelled during the year	1 450	3 475
Number of shares with ongoing vesting at the end of the period	**51 525**	**53 875**

The cost of services rendered is recognized as a payroll expense over the vesting period. This expense amounted to €0.1 million for the first half of 2023.

Dividends

The company has not paid out any dividends in the first half year of 2023.

Capital management

The group's policy is to maintain a solid capital base in order to safeguard investor and creditor confidence and support future business development.

On May 19, 2014, Adocia signed a liquidity agreement with Kepler Capital Market following the termination of a previous agreement with DSF Markets. Adocia allocated 15,026 Adocia shares and €300,000 in cash to this new agreement.

Under the terms of the liquidity agreement, on February 10, 2015, the company decided to reduce the resources allocated to this agreement by €700,000. On September 10, 2015, the resources made available under the liquidity agreement with Kepler Capital Markets S.A. were increased by € 200,000 and by €250,000 on February 12, 2018.

Over the course of 2023, the share buyback program was used only in connection with the liquidity agreement to meet the objective of making a market in the company's shares and increasing their liquidity.

As of June 30, 2023, the Company held 9,988 shares in relation to this contract as well as €208,309.04 in cash in the non-current financial assets.

Note 7 Financial debts

Financial debts include bank loans and bonds as well as repayable advances.

Financial debts include two bond issues contracted in October 2021 and December 2022. As a reminder, on October 26, 2021, the Company issued 6,568,422 bonds convertible into shares with a par value of one euro each (the "OC1023"). On December 1, 2022, the Company again issued 6,568,422 bonds convertible into shares with a par value of one euro each (the "OC1124"). The contractual terms of the OC1124 are identical to those of the OC1023, i.e. :

These Convertible Bonds (OC1124) were issued at a price equal to 95% of their nominal value. The Convertible Bonds will not bear interest and may be converted into ordinary shares at the request of the holder, at any time and at a subscription price per share (the "Conversion Price") equal to the lower of (i) EUR 4.4 (11.87 for the OC1123) and (ii) 93% of the lowest of the daily VWAPs over a period of 15 days preceding each conversion request, in compliance with the limit set by the General Meeting, that is 80% of the volume-weighted average price of the last three trading sessions preceding the conversion request.

Convertible Bonds may also be converted or redeemed (in cash or in convertible bonds) at the request of the holder should an event of default occur.

In the event that the Convertible Bonds have not been fully converted and/or redeemed at the end of the initial duration of 24 months (extendable under certain conditions), they will be fully redeemed by the Company at 100% of their nominal value.

As of June 30, 2023, 6,405,132 OC1023 bonds (or 98%) and 3,050,000 OC1124 bonds (or 46%) had been converted. The balance of the bonds has been included in liabilities and measured at fair value through profit or loss as a whole in accordance with IFRS 9 and IAS 32.

The valuation of these convertible bonds at the subscription date and at the closing of accounts was entrusted to an independent actuary. The convertible bonds not bearing interest rates, they are similar to a call option with a variable exercise price. In order to reflect the characteristics of the convertible bonds (variable conversion price, depending on the share price at the time of conversion), our actuary used the so-called "Monte-Carlo" approach.

On the basis of this approach, the fair value of the convertible bonds amounts to €3.5 million as of June 30, 2023.

In July 2023, the Company issued new convertible bonds (OC0725), and all the bonds convertible into shares issued by the Company, known as "OC1023", "OC1124" and "OC0725", were fully converted on September 1, 2023 (see events subsequent to June 30, 2023).

The Company also subscribed to a **bond loan**, with attached warrants (BSA), for a total amount of €15 million from IPF Fund II, through two tranches of €7.5 million each, respectively on 11 October 2019 and 10 December 2019. The exercise price of the warrants is contractually fixed at €8.57. However, it may be revised downwards in the event of a new issue of shares at a lower price. In July 2020, the Company obtained a debt restructuring from IPF Partners. In return for this development, the Company's Board of Directors awarded a free grant to the BSA IPF Fund, under terms and conditions similar to those of the BSAs awarded under the main contract, with a BSA exercise price of 7.70 euros.

The valuation of these warrants on the subscription date was entrusted to an independent actuary. In view of this valuation and the costs incurred by the Company, directly related to this bond issue, an interest rate calculation (EIR) has been carried out and will be used, at each balance sheet date, to discount the amount of the debt recognized in the Company's consolidated financial statements.

On August 29, 2023, IPF Partners exercised part of its warrants for 204,919 shares, for which the Company received €500,000 (including issue premium).

Under the terms of the bank loan obtained from IPF Partners and following its rescheduling in July 2020, the Company has, among other things, committed to meet the following obligations:

- not to take on a new debt (beyond a threshold by type of debt and a global ceiling of € 6.5 million of debt)
- do not grant new security or guarantees,
- maintain a minimum cash position equivalent to €10 million;
- have a cash amount to cover 6 months of operating cash flow including debt service (cash covenant),
- not to change activity substantially,
- do not proceed with asset disposals other than in the normal course of business, acquisitions or joint ventures without the prior approval of IPF Fund II,
- comply with all legal and regulatory obligations applying to the Company,

At June 30, 2023, the Group was no longer in compliance with the commitments described above. However, on July 13, 2023, the company repaid in full its loan from IPF Partners in the amount of 10.2 million euros, corresponding to the total amount outstanding and accrued interest on the bond loan, plus the associated legal fees (see events subsequent to June 30, 2022). This repayment releases Adocia from all pledges and securities associated with this debt.

As a result, IPF debt amounting to 10.2 million euros has been reclassified in full as short-term at June 30, 2023.

In August 2020, Adocia was granted a bank loan of € 7 million by BNP, HSBC, LCL and Bpifrance in the form of a State Guaranteed Loan (PGE). These loans do not require any repayment in the first year. In June 2021, the Company chose to differ for another year, the first repayments in capital being planned for August 2022 with an unchanged maturity in August 2026. At June 30, 2023, the outstanding principal amounts to 5.9 million euros. As part of the discussions with its bankers that began at the end of March, the Company requested an adjustment to the PGE debt. On August 4, 2023, an agreement was signed with the lenders of the PGE (state-guaranteed loans) contracting a 12-month grace period on principal repayments from that date, generating saving of €1.7 million.

Finally, in accordance with IFRS 16, a lease liability of EUR 7.5 million was recognised in the context of the Sale and Lease Back transaction carried out in March 2022 (see Note 1 of this document). This liability corresponds to the discounting of the contractual rental payments over 12 years using a discount rate of 10%. As at June 30, 2023, the outstanding principal amounted to 6.9 million euros and the accrued interest payable for the period amounted to 0.2 million euros, giving a total debt of 7.1 million euros.

At the end of June 2023, the amount of financial debt was €28.6 million, €10.5 million of which was long-term.

Since June 30, 2023, the company has significantly reduced its debt (see events subsequent to June 30, 2023). Indeed, debts, which stood at €24.1m at the end of December 2022, amounted to €5.4m at the date of the half-year report (excluding IFRS16 and derivatives).

As of June 30, 2022, the classification as current and non-current was as follows:

In (€) thousands	Current	Non-current	Total 06/30/2023	Total 12/31/2022
Reimbursable advances	0	0	0	520
Bank Loan	0	0	0	0
State-guaranteed bank loan	1 902	3 983	5 885	6 623
IPF loan	10 157	0	10 157	10 210
Fair value of share subscription warrants granted to IPF	1 937		1 937	1 829
Fair value of OCA 1023	171		171	167
Fair value of OCA 1124	3 351		3 351	6 584
Debt Leaseback (IFRS 16)	555	6 536	7 092	6 584

Other financial debts	0	0	0	7 277
TOTAL FINANCIAL ASSETS	**18 073**	**10 519**	**28 593**	**33 210**

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The following is a breakdown of the changes in the fair value of the OCA1023 and OC1124 over the first half of 2023 under IFRS:

OC 1023

VALUE AT DECEMBER 31, 2022	**167**
Share conversions	0
Other (including change in fair value)	4
VALUE AT JUNE 30, 2023	**171**

OC 1124

VALUE AT DECEMBER 31, 2022	**6 584**
Share conversions	(2 892)
Other (including change in fair value)	(341)
	3 351
VALUE AT JUNE 30, 2023	**3 351**

Details about advances granted and repaid for the first half of 2023:

In (€) thousands	Amount	Historical cost
VALUE AT DECEMBER 31, 2022	**520**	**0**
Long term portion	0	
Short term portion	520	
Abandon de créance	(520)	
Grant during the year		
Repayment during the year		
Discount on grant during the year		
Financial expenses	0	
VALUE AT JUNE 30, 2023	**0**	**0**
Long term portion	0	
Short term portion	0	

On January 16, 2023, the Company received a letter from Bpifrance (formerly OSEO) certifying the total technical failure of the program and declaring the abandonment of the remaining debt to be repaid, i.e. a total of 520,000 euros. As a result, the Company is fully released from its commitments to Bpifrance under its innovation support contract signed on April 25, 2012.

Note 8 Provisions

In (€) thousands	Employee benefits	Other long-term provisions	Provisions for risks and charges - less than one year	TOTAL
VALUE AT DECEMBER 31, 2022	**967**	**0**	**(0)**	**967**
Additions	60			60
Reversal of used provisions			0	0
Reversal of unused provisions				0
VALUE AT JUNE 30, 2023	**1 027**	**0**	**0**	**1 027**

The provisions mainly consist in the provision for retirement benefits. They were estimated on the basis of the disposition of the applicable collective agreement, namely the collective agreement 176 (« convention collective 176 »). This provision increased during the first six months of 2023 by 0.1 million euros.

Note 9 Trade payables and other current liabilities

The company's current liabilities are as follows:

In (€) thousands	06/30/2023	12/31/2022
Trade payables	**6 550**	**6 414**
Subsidiary accounts	3 824	3 757
Invoices pending	2 726	2 657
Other current liabilities	**3 263**	**2 992**
Tax and social security liabilities	2 805	2 080
Other debt	190	89
Unearned income	269	823
TOTAL CURRENT OPERATING LIABILITIES	**9 813**	**9 406**

All trade payables and other current liabilities have a maturity of less than one year.

The current operating liabilities amounted to €6.6 million as of June 30, 2023, compared to €6.4 million on December 31, 2022.

The "tax and social security liabilities" include social and fiscal accruals. It amounted to 2.8 million euros at June 30, 2023, compared with 2.1 million euros at December 31, 2022. This increase is mainly due to the exceptional postponement of payment dates for employer social security contributions relating to the second quarter of 2023.

Other liabilities" include directors' fees payable, which amounted to 0.2 million euros at June 30, 2023, compared with 0.1 million euros at December 31, 2022.

Current operating liabilities amounted to 9.8 million euros at June 30, 2023, compared with 9.4 million euros at December 31, 2022.

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Note 10 Operating profit / loss

In (€) thousands	Notes	06/30/2023 (6 month)	06/30/2022 (6 month)
Operating revenue		**3 901**	**10 418**
Revenue	11	1 627	7 349
Grants, research tax credits and others	12	2 274	3 069
Operating expenses		**(11 199)**	**(15 509)**
Purchases used in operations		(412)	(1 143)
Payroll expense	14	(4 763)	(5 391)
External expenses	13	(5 689)	(8 551)
Taxes and contributions		(96)	(130)
Dotation aux amortissements et provisions	15	(238)	(294)
RESULTAT OPERATIONNEL COURANT		**(7 298)**	**(5 090)**
Charges et produits opérationnels non courants	1	0	11 199
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES		**(7 298)**	**6 108**

Breakdown of expenses by function:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Research and development expenses	(8 565)	(12 794)
General and administrative expenses	(2 634)	(2 715)
OPERATING EXPENSES	**(11 199)**	**(15 509)**

Research and development costs were as follows:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Purchases used in operations	(412)	(1 143)
Payroll expense	(4 709)	(5 308)
Share-based payments	(54)	(82)
External expenses	(5 689)	(8 551)
Taxes and contributions	(96)	(130)
Depreciation, amortization & provisions	(238)	(294)
OPERATING EXPENSES	**(11 199)**	**(15 509)**

Note 11 Revenue

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Research and collaborative agreements	161	2 453
Licencing revenues	1 466	4 896
REVENUE	**1 627**	**7 349**

Revenue mostly deriving from the licensing agreements with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB) for the development, manufacturing and commercialization of BioChaperone® Lispro and BioChaperone® Combo in China and other territories in Asia.

Revenue of €1.6 million, mainly from licensing and collaboration agreements signed with Tonghua Dongbao (THDB). For the first half of 2023, sales include €1 million in services provided by Adocia teams as part of the collaboration signed with THDB on the BioChaperone® Combo project for the conduct of three clinical trials in Europe. Revenues for the half-year also reflect €0.5 million from the ongoing feasibility study on the AdOral® project.

In 2022, over the same period, sales were impacted to the tune of €4.8 million by the receipt in May 2022 of the milestone payment generated following the recruitment and dosing of the first patient in the Phase 3 program launched with BioChaperone® Lispro by THDB in China.

Finally, licensing revenues include the impact of the application of IFRS 15 on the treatment of the upfront payment received from THDB in 2018, upon signature of the license agreements. This payment has been recognized over the initial expected development period with an impact of EUR 161K euros in 2023, compared to 159K euros in 2022.

Note 12 Other income

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Research tax credit	1 754	3 069
Other	520	0
OTHER INCOME	**2 274**	**3 069**

The research Tax Credit amounted to €1.8million as of June 30, 2023, compared to €3.1 million on June 30, 2022, in line with the decrease in operating costs during the first semester of 2023. Other income also includes the 0.5 million euro debt waiver of Bpifrance's claim on the Hinsbet program initiated in 2012 and discontinued.

Note 13 Other purchases and external charges

Other purchases and external charges mainly include preclinical studies, clinical trials, subcontracting expenses, intellectual property costs, professional fees, and administrative expenses. These expenses amounted to 5.7 million euros at June 30, 2023, down 2.9 million euros on the same period in 2022. This decrease is mainly due to the end of clinical development work on BC Combo as part of the collaboration with THDB.

Note 14 Payroll expense

Payroll expense was as follows:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Wages and salaries	3 345	3 745
Social contributions	1 364	1 563
Share-based payment	54	82
PAYROLL EXPENSE	**4 763**	**5 391**

	06/30/2023	06/30/2022
Technicians	46	52
Management personnel	54	60
STAFF	**100**	**112**

As of June 30, 2023, the company had 35 postdoctoral researchers in science, medicine, or pharmacy, nearly 35% of the whole staff. Almost 75% of employees are directly assigned to research and development activities.

Payroll expenses, share-based payments excluded, amounted to €4.7 million as of June 30, 2023, an 11% decrease compared to June 30, 2022. This corresponds to a workforce decrease from 109 full time equivalents (FTE) in 2022 to 97 FTE on June 30, 2023.

2

Note 15 Depreciation, amortization, and impairment losses

Net depreciation, amortization and provisions are as follows:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Depreciation, amortization and provisions for fixed assets	**228**	**341**
Depreciation of property, plant and equipment	124	274
Amortization of intangible assets	13	3
Depreciation of leased assets	0	17
Depreciation of lease back assets	91	47
Depreciation, amortization and provisions for fixed assets	**10**	**(47)**
Provisions for risks and charges	(8)	(45)
Provisions for current assets (additions)	12	(3)
DEPRECIATION, AMOTIZATION AND IMPAIRMENT	**238**	**294**

Note 16 Financial income / loss

The cost of net financial debt was as follows:

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Cost of net financial debt	**(2 010)**	**(1 417)**
Cash and cash equivalents income	61	5
Interest on conditional advances	(1 393)	(1 342)
Fair value revaluation of OCA 1023	(4)	(248)
Fair value revaluation of OCA 1124	(565)	0
Fair value revaluation of IPF's share subscription warrants	(109)	167
Foreign exchange gains and losses	**(79)**	221
Other financial income and expenses	**(3)**	(182)
FINANCIAL INCOME (LOSS)	**(2 092)**	**(1 379)**

The negative financial result of 2.1 million euros at June 30, 2023 and 1.4 million euros at June 30, 2022 is mainly due to the interest generated by the bond issue taken out with IPF Fund II in October 2019 and to the impact of the remeasurement at fair value of the OCAs (-0.3 million euros vs. 2022).

Note 17 Earnings per share

	06/30/2023 (6 month)	06/30/2022 (6 month)
CONSOLIDATED NET PROFIT / LOSS (in euros thousands)	**(9 392)**	**4 252**
Average number of shares	9 149 175	7 683 919
NET EARNINGS (LOSS) PER SHARE (in euros)	**(1,03)**	**0,55**
NET EARNINGS (LOSS) PER SHARE FULY DILUTED (in euros)	**(1,03)**	**0,51**

Note 18 Related parties and compensation of the corporate officers

The main related parties are the key executives of the company and its directors.

Remuneration paid to related parties is described in the table below.

In (€) thousands	06/30/2023 (6 month)	06/30/2022 (6 month)
Short-term benefits	463	552
Posterior employment benefits	132	137
Other long term benefits	0	0
Termination benefits employment contract	0	0
Share-based payment	0	0
TOTAL COMPENSATION PAID TO COPORATE OFFICERS	**595**	**689**

Note 19 Off-balance sheet commitments

In order to guarantee the repayment of the bonds issued by the Company for the benefit of IPF Fund II, Adocia has granted a pledge on some of its current assets and in particular:

- a pledge under French law of the Company's bank accounts and securities accounts,

- a pledge of the main intellectual property rights (Core IP) of the Company registered in France, Europe, the USA, and China ensured by the conclusion of a deed of pledge of patents under French law, a deed of pledge of law of the state of New York and a deed of pledge under Chinese law on the following families:

  - Insulin FAST (BC lispro and HinsBet): WO2014076423
  - Combination of basal insulin, including insulin glargine, and prandial insulin: WO2019110773
  - Combination of prandial insulin and glucagon suppressor with prandial effect: WO2019020820

- a pledge of the Company's trade receivables ensured by the conclusion of a deed of pledge of French law,

Being specified that the constitution of additional securities could in the future be required by IPF Fund II, in particular on stocks with a value above €250,000 and on intellectual property rights developed or acquired in the future.

These securities may be enforced by IPF Fund II in the event of default by the Company or at the request of IPF Fund II in the event of the occurrence of any event of default stipulated in the contract of issue. The implementation of such security interests would result in the judicial attribution, forced sale or, as the case may be, the transfer of ownership of the pledged assets to the benefit of IPF Fund II.

At June 30, 2023, the Group was no longer in compliance with the commitments described above. However, on July 13, 2023, the company repaid in full its loan from IPF Partners in the amount of 10.2 million euros, corresponding to the total amount outstanding and accrued interest on the bond loan, plus the associated legal fees (see post-balance sheet events).

This repayment releases Adocia from all pledges and securities associated with this debt.

3

Chapter 3

3

3 Statutory auditors' report on the interim financial information for 2023

ODICEO | ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Adocia

Statutory auditors' review report on the half-yearly financial information

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Membre de la compagnie
régionale de Versailles

Adocia

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Adocia, for the period from January 1 to June 30, 2023,

- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying our conclusion, we draw your attention to the matter set out in note "2.4.1 Base de preparation des états financiers" to the condensed half-yearly consolidated financial statements regarding the going concern assumptions.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Villeurbanne Cedex and Lyon, September 18, 2023

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Xavier Graz	Sylvain Lauria

4

Chapter 4

4

4 Responsibility statement in respect of the interim financial report

"I hereby certify that, to my knowledge, the consolidated condensed financial statements for the six months ended June 30, 2023 have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company and its subsidiaries included in the consolidated account assets and liabilities, financial position and income, and that the accompanying interim management report gives a true and fair view of the significant events of the first six months of the year, their impact on the financial statements, major related-party transactions and a description of the major risks and uncertainties for the remaining six months of the year."

On September 18, 2023

Olivier Soula
Chief Executive Officer

Comments

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