ADOCIA

This is a free translation of Adocia's universal registration document issued in the French language, for informational purposes only.

Universal Registration Document 2019

Innovative Medicine for everyone everywhere

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ADOCIA

innovative medicine
for everyone, everywhere

A French société anonyme (corporation) with €696,229.40 in share capital

Registered office: 115 avenue Lacassagne
69003 Lyon, France
Lyon Trade and Companies Registry No. 487 647 737

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

The universal registration document was filed on April 22, 2020 with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of that Regulation.

The universal registration document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a transaction note and if necessary, a summary and all the amendments to the universal registration document. The assembly then formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

Copies of this registration document are available free of charge from the Company at 115, Avenue Lacassagne, 69003 Lyon. In addition, an electronic version is available on the Company's website (www.adocia.com) and on the AMF website (www.amf-france.org).

NOTICE

In this registration document, the terms "Adocia" or the "Company" refer to Adocia, a French société anonyme (corporation) whose registered office is located at 115, Avenue Lacassagne, 69003 Lyon, France, and which is registered with the Lyon Trade and Companies Registry under number 487 647 737 and, when appropriate, its subsidiary, Adocia Inc., a company incorporated in the state of Delaware, whose head office is located at 2090 Dipinto Avenue, Henderson, NV 89052, U.S.A.

The consolidated financial statements prepared under IFRS for the fiscal year ended December 31, 2019 are presented on pages 126 to 159 of this registration document. The statutory auditors' report on the consolidated financial statements prepared under IFRS for the fiscal year ended December 31, 2019 is presented on pages 160 to 165 of this registration document.

The corporate financial statements prepared under French GAAP for the fiscal year ended December 31, 2019 are presented on pages 166 to 180 of this registration document. The statutory auditor's report on the corporate financial statements prepared under French GAAP for the fiscal year ended December 31, 2019 is presented on pages 181 to 186.

Pursuant to Article 19 of Commission Regulation (EC) No. 2017/1129 of June 14, 2017,

- The consolidated consolidated financial statements ended December 31, 2018 and the related statutory auditors' reports presented respectively in paragraph 4.1 and 4.2 of the 2018 registration document filed with the AMF on April 12th, 2019 with reference D.19-0328.
- The consolidated consolidated financial statements ended December 31, 2017 and the related statutory auditors' reports presented respectively in paragraph 4.1 and 4.2 of the 2017 registration document filed with the AMF on April 19th, 2018 with reference D.18-0347

Are incorporated by reference in this registration document.

The non-included parts of this(ese) document(s) are either irrelevant for the investor or covered elsewhere in the registration document.

A glossary containing the definitions of certain technical terms used in this registration document, as well as an index of abbreviations used, can be found in paragraph 6.6. Terms indicated by an asterisk (*) are defined in the glossary.

DISCLAIMER

Market and competition information

This registration document contains, in particular in section 1.3 "*Description of Activities*", information about the Company's markets and competitive position. This information is taken, in particular, from studies conducted by external sources. Publicly available information that the Company deems reliable has not been verified by independent experts, and the Company cannot guarantee that a third party using different methods to collect, analyze or calculate data on these markets would obtain the same results.

Forward-looking information

This registration document contains information on the Company's outlook and development priorities. At times, this information is identified by the use of the future or conditional tense or forward-looking words such as "consider", "plan", "think", "have as an objective", "expect", "intend", "should", "aspire to", "estimate", "believe", "wish", "could" or, where applicable, the negative form of these terms, or any variation thereof or similar terminology. This information is not historical data and should not be viewed as a guarantee that the facts and events described will occur. This information is based on data, assumptions and estimates that the Company deems reasonable. It may change or be modified due to uncertainties associated with, in particular, the economic, financial, competitive and regulatory environment. This information is provided in the various sections of this registration document and includes data related to the Company's intentions, estimates and objectives with respect to, among other things, the market in which it operates and its strategy, growth, results, financial position, cash position and forecasts. The forward-looking information in this registration document is provided only as of the date of this registration document. The Company operates in a constantly changing competitive environment. Therefore, it cannot anticipate all risks, uncertainties and other factors that may affect its business, the potential impact thereof on its business, or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those mentioned in any forward-looking information. It should be noted that none of this forward-looking information is a guarantee of actual results.

Risk factors

Investors are advised to carefully review the risk factors described in paragraph 1.5 "*Risk Factors*" of this registration document before making any investment decision. The occurrence of any or all of these risks may have a material adverse impact on the Company's business, financial position, results or outlook. Furthermore, other risks not yet identified or not deemed significant by the Company as of the date of this registration document may also have a material adverse impact.

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1 Presentation of ADOCIA and its activities

ADOCIA

Chapter 1

1 PRESENTATION OF ADOCIA AND ITS ACTIVITIES

1.1 About Adocia and its evolution

1.1.1 Legal presentation of the company

Commercial Code (*Code de Commerce*).

The company's legal name is Adocia.

It is registered with the Lyon Trade and Companies Registry under number 487 647 737.

It was incorporated on December 16, 2005 as a French *société à responsabilité limitée* (limited liability company) for a term of 50 years from the date of its registration with the Trade and Companies Registry on December 22, 2005, i.e., until December 22, 2055, unless such term is extended, or the Company is dissolved before its term expires.

It was converted into a *société par actions simplifiée* (simplified joint stock company) by a decision of the sole shareholder adopted on July 31, 2006, and then into a *société anonyme* (corporation) with a board of directors by decision of the general shareholders' meeting on October 24, 2011.

The company is a *société anonyme* governed by French law and, with respect to its operations, is primarily subject to Article L. 225-1 et seq. of the French December 31.

The closing date for its fiscal year is December 31.

The company's registered headquarters is located at 115 Avenue Lacassagne, 69003 Lyon, France.

The company's contact information is shown below:

Phone: +33 (0) 4 72 61 06 10

Fax: +33 (0) 4 72 36 39 67

Email: contactinvestisseurs@adocia.com

1.1.2 General presentation of Adocia

1.1.2.1 Mission

Adocia's goal is to deliver "Innovative medicines for everyone, everywhere."

Adocia is a clinical biotechnology company specializing in the development of innovative formulations of pre-approved therapeutic proteins and peptides. In the diabetes field, Adocia's portfolio of injectable products for treatment of diabetes, is among the largest and most differentiated of the industry, featuring five clinical-stage products and one in preclinical stage. Additionally, Adocia expanded its portfolio to include the development of treatments of obesity and short bowel syndrome.

The BioChaperone® patented technological platform aims to improve the efficacy and/or safety of therapeutic proteins, while also making them easier for patients to use. Adocia adapts BioChaperone for each protein for a given application. Adocia's clinical pipeline contains four innovative insulin formulations for the treatment of diabetes: two ultra-rapid insulin lispro analogs (BioChaperone® Lispro U100 and U200), a combination of long-acting insulin glargine and rapid-acting insulin lispro (BioChaperone® Combo) and a prandial combination of human insulin with amylin pramlintide (M1 Pram -ADO09). It also includes an aqueous formulation of human glucagon (BioChaperone® Glucagon) for the treatment of hypoglycemia. Adocia's preclinical pipeline includes combinations of insulin glargine with GLP-1 receptor agonists (BioChaperone® Glargine GLP-1) for the treatment of diabetes, a ready-to-use

combination of glucagon and a GLP-1 receptor agonist BioChaperone® Glucagon GLP1) for the treatment of obesity .. Adocia is also exploring in preclinic the potential of its M1 PRAM combination to treat people with type 2 diabetes suffering from neurological comorbidities, including Alzheimer's disease.

In 2018 Adocia and Chinese insulin leader Tonghua Dongbao Pharmaceuticals Co. Ltd entered into a strategic alliance. In April 2018, Adocia granted Tonghua Dongbao Pharmaceuticals Co. Ltd licenses to develop and commercialize BioChaperone Lispro and BioChaperone Combo in China and other Asian and Middle-Eastern territories. The licensing included 50 million dollars upfront and up to 85 million dollars development milestones, plus double-digit royalties on sales. In June 2018, Tonghua Dongbao agreed to manufacture and supply active pharmaceutical ingredients insulin lispro and insulin glargine to Adocia globally, excluding China, to support Adocia's portfolio development in these territories.

Detailed information on this partnership and on Tonghua Dongbao Pharmaceuticals Co. Ltd are available under section 1.3.7 of this registration document.

1.1.2.2 Significant events in the business development of the company

As the results of these research efforts and their commercial development take many years, for the first ten years the company's annual financial statements have mainly reflected research and development costs which, for the most part, have been financed by capital increases, Bpifrance repayable advances and grants and the research tax credit.

Since its inception on December 16, 2005, and before its IPO, the company raised over €27 million through capital increases subscribed, in particular, by the its founders, Messrs. Gérard, Olivier and Rémi Soula, and institutional investors (IdInvest, Amundi, Viveris, BioAm, SHAM and InnoBio). In 2012, the Company was listed on the Euronext Paris regulated market and raised more than €27.4 million (excluding transaction costs). In March 2015, it completed a private placement of nearly €32 million by issuing new shares to investors specialized in the healthcare sector, particularly in the United States.

In 2009, the Company recorded its first revenue when it concluded research and collaboration agreements. At the end of 2011, a major license agreement was signed with the Eli Lilly group, from which it received an up-front payment of €7.6 million in early 2012. In July 2013, the Company announced the end of this collaboration agreement, thereby recovering its rights to develop an ultra-rapid analog insulin and enabling it to conduct its own clinical studies to establish proof of concept.

Following the clinical results obtained in late 2013 and throughout 2014, Adocia convinced Eli Lilly to renew their collaboration. On December 19, 2014, the two companies signed a licensing agreement for the development of an ultra-rapid insulin called BioChaperone® Lispro. At the time the agreement was signed, the Company received a non-repayable up-front payment of $50 million (€41 million).

The years 2015 and 2016 were marked by intense activity under this partnership with the completion of six clinical studies on the BioChaperone Lispro formulation and the receipt of a $10 million milestone payment following the positive results of the bioequivalence study of the concentrated formulation of BioChaperone Lispro.

Throughout 2016, the Company focused its efforts entirely on diabetes by discontinuing its monoclonal antibodies and DriveIn programs and launching new BioChaperone Combo projects, combinations of long-acting insulin glargine with GLP-1 and, recently, combinations of prandial insulins.

On January 26, 2017, the Company announced that Eli Lilly was ending the collaboration on BioChaperone Lispro. Adocia has recovered all its rights to this product and is looking for a new partner to continue phase 3 development.

In 2017 Adocia achieved key milestones in the development of its products, by demonstrating a better fast-off profile for BioChaperone Lispro than for the Novo Nordisk ultra-rapid insulin Fiasp®, successfully completing the first clinical trial for the BioChaperone Glucagon project and demonstrating the dose linearity of BioChaperone Combo. The company also announced the expansion of its portfolio to new therapeutic fields other than diabetes, with the launch of two new projects for the treatment of obesity and short bowel system.

In April 2018, Adocia signed with the Chinese company, Tonghua Dongbao Pharmaceuticals Co. Ltd, a strategic alliance for the development and commercialization of BioChaperone® Combo and BioChaperone® Lispro in China and in certain other countries. These licensing agreements have a total potential value of $ 135 million (Adocia is expected to receive double-digit royalties on the future sales of both products) including $50 million when the partnership was signed. In June 2018, the companies also signed two global supply agreements for Insulin Lispro and

Insulin Glargine. Thus, Adocia will be able to carry out its BioChaperone Lispro et BioChaperone Combo projects in Europe, in the US and in Japan.

In 2018 and in 2019, Adocia carried on with the development of these products in this new partnership. The company also further developed its portfolio and in particular the project M1Pram, a co-formulation of synergic and therapeutic hormones Pramlintide and insuline M1.

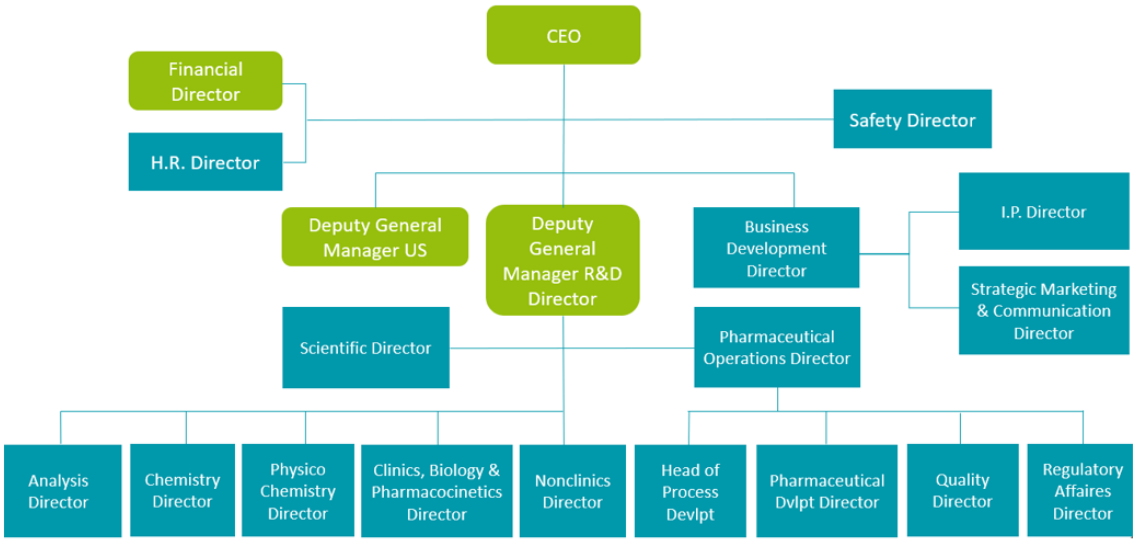
In legal affairs, 2019 was marked by the end of the legal procedures launched against Eli Lilly & Co., which are detailed in paragraph 1.2.7.3.

In October 2019, the Company established a debt financing plan,. This financing line consists in a bond issue, with attached warrants, for a total amount of EUR 15 million to finance the development of its portfolio. This financing allows the Company to have a better financial visibility and to be in a powerful position to sign new partnerships

1.1.3 Organizational chart

1.1.3.1 Organization of the Company

At the date of issue of this registration document, the organizational chart for the Company is as follows:



1.1.3.2 Subsidiaries, branches and secondary establishments

In February 2015, the company founded Adocia Inc., a subsidiary in the United States, a company incorporated in the state of Delaware, whose head office is located at 2090 Dipinto Avenue, Henderson, NV 89052, U.S.A. Adocia wholly owns its subsidiary Adocia Inc., which at the date of the present registration document had two employees: a marketing director and a business development director. The objective is for the subsidiary to facilitate interaction with the US market and to locate the Company's advocacy activities in the United States. M. Stephen Daly is US General Manager.

Stephen Daly has more than 30 years of experience in commercialization and business development for pharmaceutical and biotech products across multiple therapeutic categories. Before Adocia, he served as the Vice President of Commercial at Halozyme Therapeutics for their ultra-rapid insulin program. Stephen Daly's experience

in the diabetes field also includes several years at Amylin Pharmaceuticals in marketing and brand leadership for Byetta® and Symlin®.

At the date of this registration Document, the Company does not have a branch or a secondary establishment.

1.1.3.3 Management

ADOCIA is managed by an executive committee made up of four members: Gérard Soula, CEO, Valérie Danaguezian, CFO, Olivier Soula, Deputy General Manager – R&D Director, Rémi Soula, Business Development and Legal.

They have significant experience in managing technological innovation and partnerships with major biopharmaceutical groups, as well as in drug delivery of therapeutic proteins and in the development of medical devices.

Their experience is summarized below,

Dr. Gérard Soula, PhD, MBA – President and CEO (cf. paragraph 3.1.4)

Olivier Soula, PhD, MBA – Deputy General Manager – R&D Director (cf. paragraph 3.1.4)

Mrs. Valérie Danaguezian: Administrative and Financial Director

Valérie Danaguezian is a graduate of ISC and began her career in corporate auditing and financial consulting with Calan Ramonilo et Associés, a member of Deloitte & Touche, where she stayed for four years. In 1991, she joined Sanofi Pasteur where she was in charge of the group's financial consolidation, eventually being promoted as Director of the group's research and development expenditures management control. In 2003 she joined Flamel Technologies and held the position of administration and financial officer for 3 years. In 2006 Valérie Danaguezian joined Adocia as CFO and member of the Executive team. She is specialized in the financial management of innovative research and development projects, and has acquired extensive experience in management control systems, international standards and internal controls.

1.1.4 Investments and real estate

The company outsources a significant portion of its research and development activities. Its investments in fixed assets are therefore relatively low in value compared with its research and development expenditures, with the exception of the real estate investments presented in the section below.

En milliers d'euros	**FY 2019 (12 months)**	**FY 2018 (12 months)**	**FY 2017 (12 months)**
Intangible assets	13	70	77
Property, plant and equipment	234	5	861
Other tangible assets	1 798	764	709
Non-current financial assets	35	250	0
TOTAL	**2 081**	**1 089**	**1 648**

1.1.4.1 Major investments

- **Description of real estate**

The Company is headquartered in Lyon, 115 avenue Lacassagne in the 3rd *arrondissement* (district) of the city of Lyon.

The Company has been located at these premises since it was founded, initially as a tenant of the city of Lyon (Métropole de Lyon), and then as owner. In February 2016, to make its presence at this site permanent, the Company acquired the building with a total area of 7,120 m², the land on which the building is located and parking spaces. The acquisition of this property for a total of €5.5 million was financed by a bank loan. In 2017, the company added to its installation on the site by acquiring a hangar adjacent to the main building for €0.5 million and developing a green space in the interior courtyard for €0.3 million.

In 2018, after the signature of the partnership with the Chinese company Tonghua Dongbao Pharmaceuticals Co. Ltd, the Company initiated refurbishing on two floors of 450 sqm each, mainly dedicated to the Analytical Department. These works were finalized in 2019.

- **Other property, plant and equipment**

The principal property, plant and equipment that the company holds is described in note 2 to the notes to the corporate financial statements prepared in accordance with IFRS, in chapter 4 of this reference document.

1.1.4.2 Major current and future investments

Over the course of 2020, Adocia plans *a minima* investments to purchase the scientific material needed for the research and development activities of its current and future projects.

Further refurbishment of the building would require new financial income.

1

1.2 Description of activities

Adocia is a French biotechnology company founded in December 2005 by Gérard, Olivier and Remi Soula. It focuses on the treatment of diabetes and other metabolic diseases with innovative formulations of approved proteins and peptides, using its BioChaperone® technology. Adocia's portfolio of injectable treatments for diabetes, featuring five clinical-stage products and two preclinical products, is among the largest and most differentiated of the industry.

Adocia's mission is to 'Deliver more physiologic treatments to people with diabetes and other metabolic diseases in a simple and affordable way to help them avoid the long-term consequences of their disease.'

Diabetes is a global pandemic, affecting in 2017 more than 425 million people worldwide[1]. Despite significant progress made in the treatment of diabetes over the last 30 years, there is still a significant medical need, with it estimated that nearly 79% of people with diabetes experience severe complications[2]. The complexity of treatments and their costs place additional constraints on the lives of those who live with diabetes and may be responsible for a decline in their compliance, as well as a deterioration in the long term in quality of care (for example, linked to treatment abandonment).

For the same reasons, the capacity of healthcare systems to cope with the enormous costs of this disease is in question, in the context of an overall increase in pressure on healthcare costs. In 2012, in the United States, the costs associated with diabetes amounted to $245 billion, including $29 billion for drugs and medical devices[3]. In its annual results presentation for 2017, Novo Nordisk estimated that medicine and devices global costs for the treatment of diabetes were above $80 billion.

Adocia therefore believes that any new diabetes treatment must meet a threefold challenge:

- **Offer better** performance, through more 'physiologic' treatment approaches to address the disease in its complexity;
- **Facilitate the use of treatments**, to maximize the chances of patient compliance without placing further daily constraints on the patient;
- **Guarantee affordable prices**, to ensure the greatest number of patients can access the best treatment and to guarantee the sustainability of our healthcare systems.

To meet this threefold challenge, Adocia is adopting an original strategy which consists of improving the efficacy and/or safety of already-approved therapeutic proteins and peptides while facilitating their use by patients. To do this, Adocia has developed its proprietary formulation technology, BioChaperone®. The formulation approach is simple to implement and provides the opportunity to improve and combine in an original way already-approved protein. It also takes advantage of the track record of already-used therapeutic proteins in terms of safety, efficacy and production infrastructure. Thus, it enables Adocia to develop innovations by decreasing risk margins, accelerating clinical development and reducing the amount of investment required (at the clinical and production stages)

1 International Diabetes Federation, 2017

2 Hazel-Fernandez & al; American Journal of Managed Care. 2015

3 American Diabetes Association, 'Economic Costs of Diabetes in the US in 2012,' 2013.

compared to a strategy to develop novel proteins. Its relatively low cost-intensive business model enables Adocia to develop innovative treatments with improved performance while enabling attractive drug pricing in an extremely competitive environment.

By adapting BioChaperone to each protein to meet the technical challenges posed, Adocia has developed a portfolio of innovative formulations of metabolic hormones for the treatment of diabetes among the most differentiated on the market. Each product aims to meet the specific needs of people living with diabetes. Adocia's goal is to develop its products until their entry into phase 3 clinical studies in order to maximize the value of its projects prior to licensing out to potential partners in the field of diabetes and other metabolic diseases, whether this be one of the established leaders of the field, or new entrants wishing to immediately take position in the market with differentiated bio-betters rather than standard biosimilars.

Since April 2018, Adocia entered a partnership with Chinese company Tonghua Dongbao Pharmaceuticals Co. Ltd, which acquired the rights to develop and commercialize the BioChaperone Lispro et BioChaperone Combo insulin programs in China and other Asian and Middle East territories.

1.2.1 The BioChaperone® technological platform

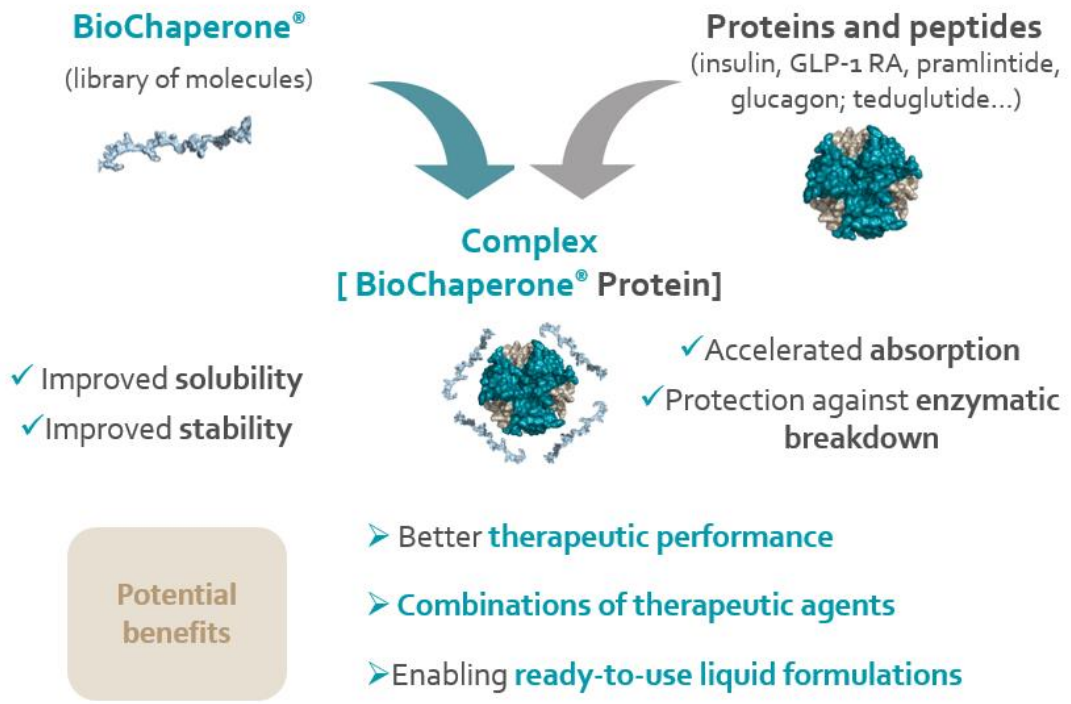
Adocia has designed and developed a technological platform based on novel polymers, oligomers, and innovative small molecules, called BioChaperone®. These compounds have the property of spontaneously combining with certain therapeutic proteins. This non-covalent combining helps increase the solubility and efficacy of the therapeutic protein and protects it from enzymatic breakdown.

BioChaperone technology is derived from the functional mechanism of heparin. This natural polysaccharide forms molecular complexes with growth factors, increasing their solubility, protecting them from enzymatic breakdown and thereby extending their time of action. The goal of the first generation of BioChaperone molecules developed by Adocia was to mimic the interaction properties of heparin with growth factors whilst avoiding its anticoagulant effect. It was also aimed at increasing reaction versatility in order to diversify the proteins with which BioChaperone could react.

The first innovative BioChaperone polymers were composed of a sugar backbone (e.g., dextran or pullulan) modified by both anionic groups* (carboxylates with a negative electric charge for instance) and by hydrophobic amino acids. Adocia then extended its BioChaperone family to include other shorter compounds (oligomers and small molecules) presenting the same properties. BioChaperone compounds have no intrinsic biological activity and should therefore be registered with regulatory authorities as new excipients.

BioChaperone compounds form complexes with proteins by binding non-covalently to their surface (adsorption). The complex forms spontaneously and is based on hydrophobic and electrostatic interactions and on the formation of hydrogen bonds. These BioChaperone polymers interact reversibly and non-degradatively with the proteins. The complex forms spontaneously when the two constituents are simply mixed in aqueous solution. This process occurs immediately and does not require heating or the use of an organic solvent.

The formulation-based approach presents the advantage of being easily industrializable as it relies on the addition of BioChaperone in the formulation process to the other excipients (preservatives, salt, etc.), and does not require adaptation of the industrial tools. Furthermore, the BioChaperone chemical synthesis processes are simple and low in cost compared to the therapeutic proteins themselves. These two aspects make it possible to envisage manufacturing costs for the BioChaperone formulations in par with those of the original formulations.



Four key properties of the BioChaperone technology, via the formation of the complex with the protein or peptide, have been demonstrated:

- increased solubility of proteins or peptides that are relatively insoluble at physiological pH;
- increased stability of proteins or peptides during storage;
- protection of proteins or peptides against enzymatic breakdown; and
- stabilization of the activity of proteins or peptides in the presence of cells.

Pharmaceutical products developed using BioChaperone technology are therefore designed to be more effective, easier to use and sometimes offer new uses at prices comparable to existing treatments.

At present, Adocia research teams have developed more than 500 BioChaperone compounds, an impressive collection that grows in size over time. The main distinctions among these compounds are their size, nature, and the number of anionic and hydrophobic grafts. This collection of molecules was rapidly extended to enable interactions with several classes of therapeutic proteins, notably the insulins and other metabolic hormones used in the treatment of diabetes.

BioChaperone technology is at present protected by 47 patent families for BioChaperone molecules and formulations. The first of the patents protecting formulations tested in clinical studies will expire in 2033.

1.2.2 Pipeline presentation

Since its creation, Adocia has developed a broad portfolio of injectable treatments for type 1 and 2 diabetes patients based on its BioChaperone technology. In January 2018, Adocia sought to extend its portfolio to include new therapeutic indications that could benefit from BioChaperone technology and the knowledge accumulated by the Company over the previous fourteen years.

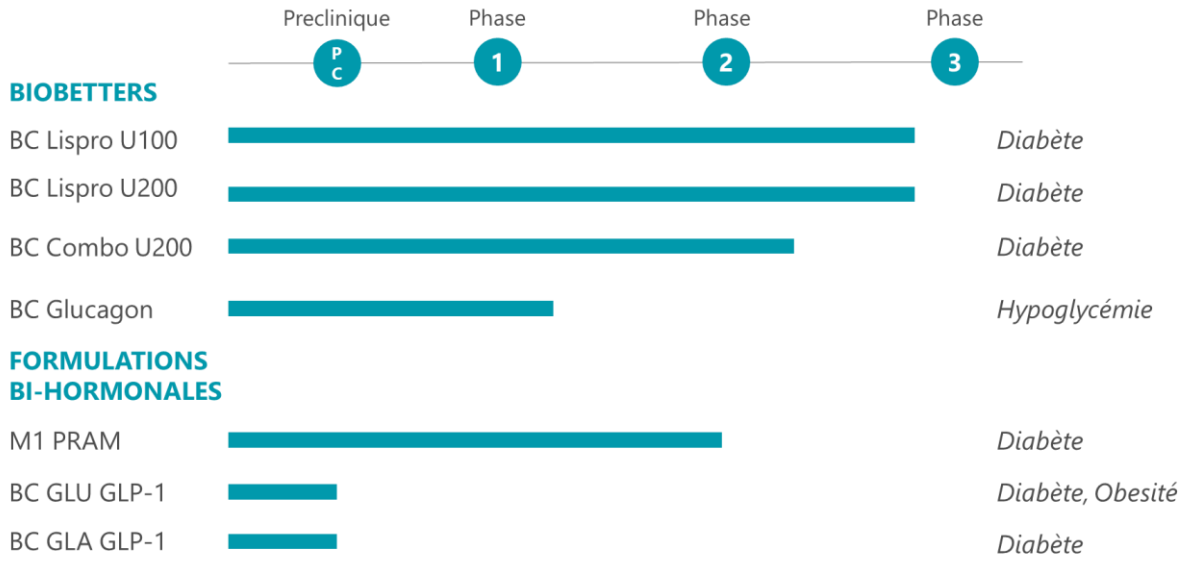
Adocia's portfolio revolves around two axes:

- **Biobetters**: these products make it possible to develop products with high medicval benefit on the basis of therapeutic proteins already approved;
- **Innovative bio-hormonal combinations**: by associating two hormones with complementary or synergistic effects, Adocia makes it possible to reveal new medical benefits for people suffering from metabolic diseases.

At present, Adocia's clinical portfolio features four innovative insulin formulations for the treatment of diabetes: two ultra-rapid insulin analogs (BioChaperone Lispro U100 and U200), a combination of long-acting insulin glargine and rapid-acting insulin lispro (BioChaperone Combo), a combination of human insulin with pramlintide, an amylin analog, amylin being a synergetic hormone to prandial insulin (BioChaperone Pramlintide Insulin) and a ready-to-use aqueous formulation of human glucagon (BioChaperone Glucagon).

In 2018, Adocia granted the Chinese company Tonghua Dongbao Pharmaceuticals Co. Ltd, two licenses for the development and commercialization of BioChaperone Lispro et BioChaperone Combo insulin programs. These two agreements cover China, and some Asian and Middle East territories. Adocia retains the rights to develop and license these two insulin programs in worldwide markets outside of the territories covered by these agreements, including the United States, Europe, Latin America and Japan.

Adocia also has in **preclinical development** two combinations of insulin glargine with GLP-1s (BioChaperone Glargine Dulaglutide and BioChaperone Glargine Liraglutide), a ready-to-use aqueous formulation of teduglutide, a GLP-2 analog for the treatment of short bowel syndrome (BioChaperone Teduglutide), and a combination of glucagon and a GLP-1 receptor agonist for the treatment of obesity (BioChaperone Glucagon GLP-1).



BC: BioChaperone; **Lispro/Lis:** insuline lispro; **BC Combo:** BC insuline glargine insuline lispro; **M1**: Insuline humaine A21G; **Pram**: pramlintide; **GLP-1**: Agoniste au récepteur du GLP-1; **Glu**: Glucagon; **Gla**: insuline glargine

1.2.3 BioChaperone portfolio for the treatment of diabetes

1.2.3.1 Diabetes

Using its proprietary BioChaperone technological platform, Adocia is developing innovative formulations of therapeutic proteins for the treatment of diabetes.

Adocia develops new, more effective, easier to use, and more affordable injectable treatment options to improve the long-term quality of life for people living with diabetes.

- Epidemiology

Diabetes represents a group of global chronic diseases with a high rate of expansion, in particular in emerging countries. The International Diabetes Federation[4] forecasts an increase by 48% of the number of people with diabetes worldwide between 2017 and 2045. (among people aged between 20 and 79 years), that is an increase from 425 million people with diabetes to 629 million. Although Europe (+15%) and North America (+36%) should experience

[4] Diabetes Atlas 8th edition (2017), Fédération Internationale du Diabète

growth rates inferior to the global average, emerging countries should face an acute raise of the number of people with diabetes.

By 2045 the proportion of people with diabetes should be over 8% in most regions of the world, except for Africa.

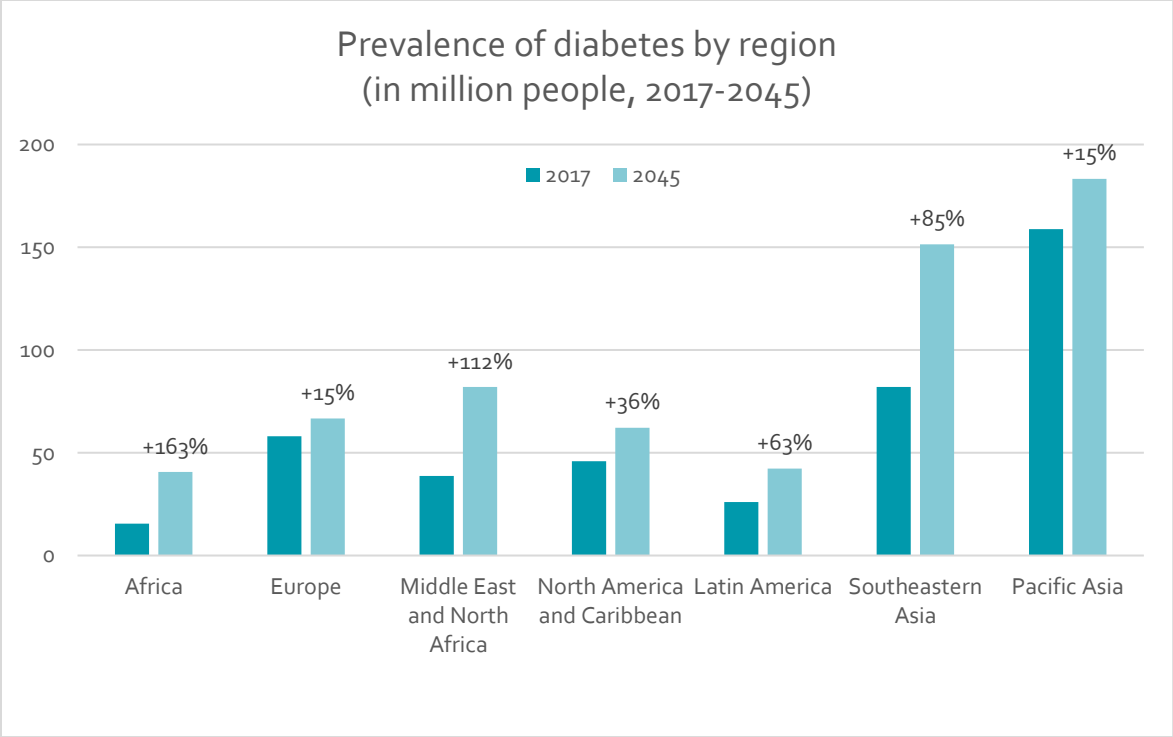


Figure 1 : Estimates of the number of people with diabetes (in millions) among people aged between 20 and 79 years worldwide in 2017 and forecasts for 2045. The percentages show growth rates from 2017 to 2045 per region. Source: International Diabetes Federation, 2017

▪ Disease and complications

Diabetes is a chronic disease where the patient experiences high levels of sugar in the blood (hyperglycemia) due to a deficiency or total lack of insulin, a pancreatic hormone.

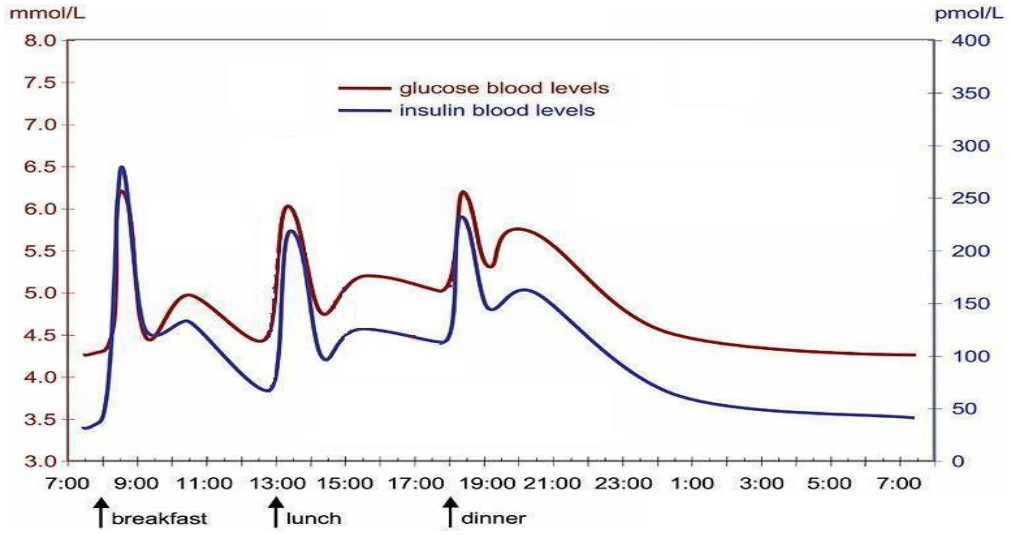


Figure 2 : Schematic representation of daily glycemic (red line) and insulin secretion (blue line) patterns in a person without diabetes

Insulin plays a major role in the control of glycemia, by enabling the capture of circulating glucose by cells. In a subject without diabetes, the surge of glycemia following the ingestion of a meal is immediately associated with a rapid

increase of endogenous insulin concentration in the blood, which enables the capture of the glucose by the cells and consequently maintains the glycemia level in the blood in a range comprised between 4.4 mmol/L (0.80 g/L) and 7 mmol/L (1.4 g/L). The control of glycemia is considered as ideal when blood glucose stays within this range.

However, if the blood glucose concentration dips under 0.80 g/L, the subject enters into an hypoglycemic state (which is hazardous, and could potentially be lethal) and when this concentration goes over 1.4g/L, she enters into an hyperglycemic state (which can lead to ketoacidosis in the short term and to numerous complications in the long term). In a person with diabetes, the regulation of blood glucose is deficient, which results in chronic exposure to hyperglycemic states. With time chronic hyperglycemia is responsible for micro- and macrovascular complications.

There are two main types of diabetes, known as type 1 and type 2 diabetes.

Different types of diabetes

Type 1 diabetes is an autoimmune disease, most commonly diagnosed in young people. Type 1 diabetes has been estimated to affect 10% of people with diabetes[5]. A person with type 1 diabetes makes antibodies which attack the beta cells of the pancreas, responsible for producing insulin in the islets of Langerhans. When a large majority of beta cells are destroyed (about 90%), treatment with insulin becomes unavoidable. Type 1 diabetes cannot be considered a 'genetic disease'; in 90% of new cases there is no parental history at all of type 1 diabetes and the risk of developing type 1 diabetes if one of the two parents has it is lower than 2–3%[6].

Type 2 diabetes is characterized primarily by resistance of cells to insulin, i.e., insulin resistance. Type 2 diabetes has been estimated to affect 90% of people with diabetes[7]. Type 2 diabetes is a progressive disease: insulin resistance leads firstly to excess insulin production, which degrades the islets of Langerhans. Once this degradation is initiated, the amount of insulin produced decreases. Type 2 diabetes is considered asymptomatic and is only discovered when measuring blood glucose levels (glycemia). It is estimated that the majority of patients to be diagnosed have already lost half of their beta cells. Genetic predisposition is a predominant factor and being overweight is an aggravating cause of type 2 diabetes.

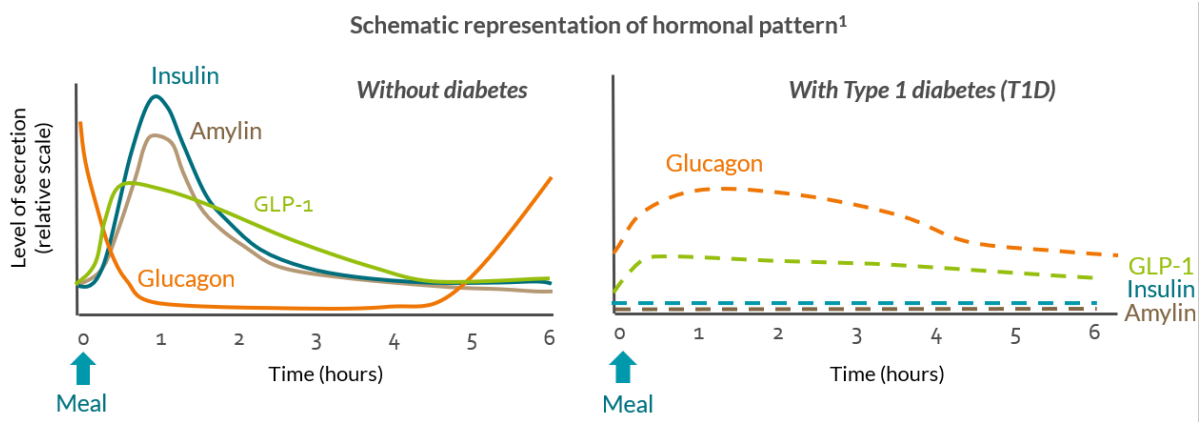
Other forms of diabetes called secondary forms (owing to the fact they are a consequence of other disorders or pathologies) do exist although their prevalence is marginal: genetic insulin secretion defects, genetic insulin sensitivity defects, diabetes due to pancreatitis or pancreatic cancer, drug-induced diabetes, etc. Pregnancy can also cause diabetes which, even if it disappears after childbirth, can nonetheless be a precursor to type 2 diabetes.

A complex hormonal disorder

Although insulin is a life-saving treatment for people with type 1 diabetes, , as insulin triggers the metabolization of ingested glucose, the reality of hormonal deregulations due to diabetes is more complex than a simple lack of insulin .

Indeed, in a person who does not have diabetes, glycemia is regulated by a multitude of metabolic hormones, including insulin, acting in synergy to keep glycemia levels within a very precise range.

Schematic representation of hormonal pattern[1]



5 Business Insights - The Diabetes Market Outlook to 2016–May 2011

6 Diabetology Department, Prof. Altman, Georges Pompidou European Hospital (http://www.hegp.fr/diabeto/causetype1.html)

7 Business Insights - The Diabetes Market Outlook to 2016–May 2011

Figure 3: Schematic representation of the secretion pattern of 4 key metabolic hormones around mealtime: insulin, amylin, GLP-1 and glucagon. Source: Adocia, adapted from Toff-Neilsen et al., J. Clin Endocrinol Metab 2001;86:3717-3723; Cummings DE et al., Diabetes 2001;50:1714-1719; Aronoff SL et al., Diabetes Spectrum 2004; 17(3): 183–190

In particular, four hormones play a key role in controlling glycemia levels: Insulin, amylin and GLP-1 are hypoglycemic agents, while glucagon is a hyperglycemic agent (Cf. figure 3)

- **Insulin and amylin** act in synergy. Insulin and amylin are co-secreted by the beta cells of the pancreas, at the 'basal' rate between meals, and at a higher level each time food is consumed, the so-called 'prandial' rate. Insulin acts on the liver, the muscles and the adipose tissues to promote uptake by these organs of sugar in the blood stream. Amylin works by suppressing the secretion of glucagon in the pancreas, promoting a sensation of satiety in the brain and slowing gastric emptying.
- **GLP-1** also has an action that works in synergy with those of insulin and amylin. It is mainly produced in the intestines following a meal. GLP-1 has several effects which all contribute to slowing the rate at which glucose enters the bloodstream. Firstly, via receptors in the pancreas, GLP-1 stimulates the secretion of insulin and suppresses the secretion of glucagon. Secondly, by affecting the central and peripheral nervous system, GLP-1 slows gastric emptying and induces a feeling of satiety.
- **Glucagon**, produced by alpha cells in the pancreas, is a hyperglycemic agent; that is, it promotes the release of glucose from the muscles and liver into the bloodstream. This is particularly useful between meals and during periods of exertion (physical or mental).

Combined, these four hormones keep glycemia levels within a very precise range, avoiding both hypoglycemia, which can be immediately debilitating or even fatal if severe, and hyperglycemia, responsible in the long-term for severe complications[8].

In each of these four classes, at least one compound has been approved by the FDA. We shall only mention here those with a short action, for postprandial use. These compounds are:

- Prandial insulins: recombinant human insulin (named also « rHI », several brands worldwide) or analogs (insulin lispro, Humalog®, Eli Lilly; or Admelog®, Sanofi), insulin aspart (Novolog/NovoRapid®, Novo Nordisk); insulin glulisine (Apidra®, Sanofi)
- Pramlintide (Symlin®, AstraZeneca), an amylin analog;
- GLP-1 receptor agonists: exenatide (Byetta®, AstraZeneca), lixisenatide (Lyxumia®, Sanofi)[9].
- Human glucagon (Glucagon®, Eli Lilly, and Glucagen®, Novo Nordisk)

In people with type 1 diabetes, this precise hormonal regulation is severely impaired (see figure 1): not only does the destruction of beta cells in the pancreas lead to the absence of insulin and amylin secretion, GLP-1 secretion by intestinal cells is also reduced. In the absence of glucagon suppressants i.e., GLP-1 and amylin, glucose is abnormally secreted at mealtimes.

Prandial hyperglycemia therefore has at least three causes: glucagon secretion, which leads to the release of sugars even before the person starts eating, faster gastric emptying resulting in a massive surge of glucose, and the absence of insulin, which prevents the uptake of these endogenous and exogenous sugars. This might explain in part why prandial insulin injection alone is not enough to completely control post-prandial hyperglycemia in a person with diabetes.

Complications of diabetes

Cardiovascular complications are the main cause of mortality in patients with type 2 diabetes: cardiovascular morbidity and mortality are multiplied by a factor of 2–3 in men and 4–5 in women. About 20% of cerebrovascular

[8] D.Nathan et al, Diabetes Care 2014 Jan; 37(1): 9-16 (overview of the Diabetes Control and Complications Trial)

[9] Among the GLP-1 receptor analogs, there are also long-acting products, whose action is pharmacologic but not physiological, in particular Ozempic® (Semaglutide, Novo Nordisk, weekly injection) Victoza® (liraglutide, Novo Nordisk, daily injection), Trulicity® (dulaglutide, Eli Lilly, weekly injection), Bydureon® (long-acting exenatide formulation, AstraZeneca, weekly injection), and Tanzeum® (abliglutide, GlaxoSmithKline, weekly injection).

accidents (stroke) occur in people with diabetes. In the long term, diabetes can damage the heart, blood vessels, eyes, kidneys and nerves[10,11]:

- Heart disease and strokes are responsible for the death of 50% of people with diabetes;
- Kidney failure is responsible for the death of 10–20% of people with diabetes;
- Diabetic retinopathy is a significant cause of blindness resulting from accumulating damage to the small vessels in the retina; after approximately 15 years, 2% of people with diabetes are losing their sight and about 10% have a serious visual impairment;
- Diabetic neuropathy is nerve damage caused by diabetes; up to 50% of people with diabetes experience it. Common symptoms are tingling, pain, numbness or weakness in the feet and hands. Neuropathy, associated with poor blood circulation, increases the risk of venous ulcers and foot ulcers, which may lead to amputation;
- The overall risk of death is at least twice as high in people with diabetes.
- Diabetes has also been associated with increased risks of neurological pathologies:
    - 21% of people with type 1 diabetes and 27% of those with type 2 diabetes have depressive symptoms[12];
    - 70% of people with type 2 diabetes will develop cognitive decline[13] in their lifetime, which can lead to Alzheimer's disease. Alzheimer's disease is sometimes referred to as "type 3 diabetes" in connection with the growing body of data implicating a metabolic brain disorder in this disease. Type 1 diabetes has also been associated with a 73%[14] increased risk of developing dementia.

1.2.3.2 Diabetes treatment - Insulinotherapy

Diabetes is a global pandemic affecting hundreds of millions of people which continues to grow at a significant rate, mainly due to changing lifestyles (more urban, more sedentary, with diets higher in fat and sugars) for many populations throughout the world. Historically, the injectable diabetes treatment market has been dominated by three major players: Eli Lilly, Novo Nordisk and Sanofi, with all three initially focusing on insulin and, more recently, on GLP-1s. However, the dominance of these three players may well come to change under the influence of several major trends, including treatment personalization and commoditization.

According to Novo Nordisk, the global market for diabetes treatment with injectable products (insulins, GLP-1 analogs, glucagon) grew by 18.1% per year between 2008 and 2018, accounting for $29 billion[15], i.e., more than 50% of the total market for antidiabetic medications. (cf. figure 4).

This domination of injectable medicinal products, particularly insulin, compared to other drug classes, is explained simply by the fact that insulin is absolutely needed to control glycemia in patients with type 1 diabetes, and that the use of insulin is also ultimately unavoidable for patients with type 2 diabetes.

[10] Diabetology Department, Prof. Altman, Georges Pompidou European Hospital (http://www.hegp.fr/diabeto/causetype1.html)

11 DTTC study, NEJM, 1993, 329(14); EDIC study NEJM, 2005, 353(25)

[12] De Groot et al, Am Psychol 2016 ; Roy et al J Aff Dis 2012

[13] Ott et al, Neurology 1999

[14] Roriz-Filho et al, Biochim Biophys Acra 2009

15 Estimations from annual reports. On the diagram below, this market is valued at $49 billion dollars according to IMS data, reported by Novo Nordisk, a figure that does not take into account discounts granted to payers.

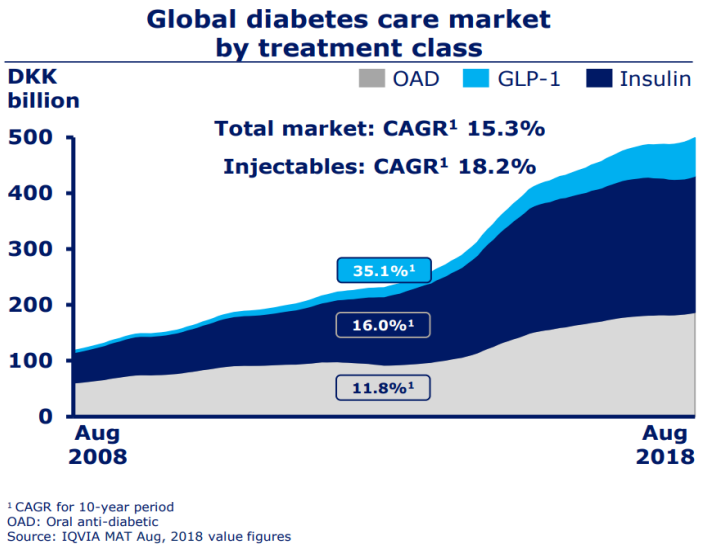


Figure 4: Global diabetes market per therapeutic class and changes between 2008 and 2018 OADs: Oral antidiabetic drugs; GLP-1: GLP-1 receptor agonists; insulin: insulin; CAGR: compound annual growth rate, over 10 years. The DKK-USD exchange rate on August 31, 2008, was DKK1 to $0.198. On August 31, 2018, the exchange rate was DKK1 to $0.156. (Source: Novo Nordisk, Investors Presentation First Nine Months of 2018, November 2018).

It is important to remember that treatments differ for type 1 and type 2 diabetes. In type 1 diabetes, treatment with insulin is unavoidable, as pancreatic beta cells are destroyed and there is no more production of insulin. The treatment should cover both the regulation of continuous glycemia due to hepatic glycogenesis between meals (basal glucose) and the regulation of post-prandial glycemia. This is achieved by two types of products: the so-called 'basal' or 'long-acting' insulins, injected once or twice per day, and the so-called 'rapid-acting' or 'prandial' insulins, injected with every meal. A third type of product, called 'premix,' injected twice per day, maintains both basal and prandial regulation. Premixes are based on prandial insulin, a part of which is rendered less rapid by coacervation with protamine. However, premixes are a suboptimal solution compared to individually using basal insulin (which lasts longer) and prandial insulin (which acts more rapidly).

Historically, purified animal insulin was used as the first insulinotherapy (early 20th century), followed in the 1980's by human recombinant insulin (Humulin®, Lilly; Novolin®, Novo Nordisk; Insuman®, Sanofi) and, more recently, since the end of 1990's bymodified insulin analogs to either accelerate their prandial action (insulin lispro: Humalog®, Lilly; Admelog®, Sanofi insulin aspart: Novolog®/NovoRapid® Novo Nordisk; insulin glulisine: Apidra®, Sanofi), or to lengthen their basal action (insulin glargine: Lantus® and Toujeo®, Sanofi and Abasaglar®, Lilly; insulin detemir: Levemir®, Novo Nordisk; insulin degludec: Tresiba®, Novo Nordisk). Premixed insulins made from human recombinant insulin and insulin analogs (Humalog® Mix, Eli Lilly and Novomix®, Novo Nordisk) have also been developed.

In people with type 2 diabetes, disease progression is accompanied by treatment intensification: patients at first receive oral antidiabetic drugs and then move onto GLP-1 receptor analogs (that promote the secretion of insulin) and insulins (basal at first, then basal and prandial or premix).

1.2.3.3 The injectable diabetes treatment market: challenges and trends.

Despite insulin treatment for people with type 1 diabetes, and the large range of treatments for those with type 2 diabetes, there is still a significant medical need in these two indications.

Trend #1: improve the quality of life and extend the lifespan of patients by focusing on more specific criteria

It has been demonstrated that improving glycemic control can help limit the disease's short- and long-term consequences[16]. Generally, there is a strong trend in the endocrinologist community to start evaluating new

[16] DTTC, NEJM study, 1993, 329(14); EDIC NEJM study, 2005, 353(25)

treatments on more diverse aspects than glycated hemoglobin (HbA1c) alone, which reflects only an average of glycemia over 3 months.

- For instance, it has been proposed[17] to pay closer attention to:
- Time-in-target-range: “time-in-range”, the glycemic range being typically set between 70-140mg/mL): the notion of time in range permits a more precise representation of the glycemic variations that patients endure and their impact on their quality of life;
- Risk of hypoglycemia (the definition of which was recently reviewed by several scientific societies):
- hypoglycemia is a major risk for patients treated for diabetes and presents related risks;
- Long-term benefits of certain drugs: for instance, cardiovascular benefits observed with new classes such as GLP-1 receptor agonists and and SGLT-2 inhibitors.

More generally there is also a need to actively promote and support patient involvement to avoid treatment misuse or discontinuation.

Trend #2: Integrate technologies and drug therapies

Interest given to finer indicators of glycemic variability has, amongst others, been made possible with the rapid evolution of technology: development of increasingly accurate continuous blood glucose monitoring (CGM) devices, ability to use Big Data data to address patient behavior, development of decision support algorithms (eg IBG Star Sanofi) or control pumps (eg BetaBionics), etc. For a short while, companies such as Eli or BigFoot in collaboration with other companies (like Dexcom) have been developing complete solutions (also known as "artificial pancreas" or "closed-loop systems") including a continuous blood glucose monitoring (CGM) system, an insulin pump and an algorithm that automatically takes into account blood glucose measurements and injects the right dose of insulin.

Similar systems using "smart" pens rather than pumps are also under development. More generally, the various major players in insulin have recently partnered with big data companies to develop new diabetes monitoring and management solutions (Sanofi-Google partnerships, Medtronic-IBM Watson, Novo Nordisk-Glooko ...). The development of these new solutions could have a significant impact on the market in the years to come.

Trend # 3: Market commoditization

At the same time, the diabetes market is becoming more commoditized given the combined effect of the approval of the first biosimilars and the pressure on healthcare systems to constrain rapidly increasing costs. Within the field of insulin, the first biosimilar of glargine, a basal insulin (Basaglar®, Eli Lilly) has recently been introduced to the European (2015) and American (2016) markets, a few years after similar products were introduced to the Chinese (Basalin®, Gan & Lee) and Indian (Basalog®, Biocon) markets. As of the third quarter of 2018, Basaglar had acquired an 11% market share of the global basal insulin market. That market actually lost 4% of its global value over a year following the introduction of Basaglar in the US and EU.

In April 2018, Sanofi also launched on the US market the first FDA-approved insulin lispro biosimilar, Admelog®. Several new entrants and historical players in insulin are positioning themselves globally in the biosimilars field, such as Mylan and Biocon (Semglee®, insulin glargine, approved in Europe in 2018 and launched in the UK in November 2018 and in Japan in 2017, in registration in the US), or Sandoz and Gan & Lee who signed in 2018 a partnership to develop and commercialize biosimilars of insulins glargine, aspart and lispro in multiple markets, including the US and Europe.

At a regional level, one should also mention TUL, Fosun WangBang or Tonghua Dongbao Pharmaceuticals Co. Ltd in China, or Biocon and Wockhardt in India. In the GLP-1 field, Teva announced in January 2017 its intention to marker a biosimilar of liraglutide (Victoza®, Novo Nordisk).

The commoditization of these markets has begun to have a downward impact on historical product revenues, particularly for basal insulins, but is also pushing for innovation, in order to develop products "immune" from the competition of biosimilars. For example, Novo Nordisk and Eli Lilly, world leaders in prandial insulins with Novolog and Humalog products, developed two high-speed insulins, Fiasp® (approved in 2018) and LY900014 (in Phase 3). Similarly, Novo Nordisk and Sanofi have developed a new generation of basal insulins, Degludec® and Toujeo®, which outperform the historic products Lantus® and Detemir®

[17] Travaux de consensus de l’ADA (American Diabetes Association) et de l’EASD (European Association for the study of diabetes), Travaux de l’EMA (European Medical Agency), interventions d’associations comme le JDRF (Juvenile Diabetes Research Foundation) ou DiaTribe…

By developing innovation using already-approved products, Adocia is responding to these two trends in the diabetes market, which should lead to offering better treatments to patients while making them affordable for as many people as possible.

1.2.3.4 BioChaperone Lispro U100 and U200

▪ Ultra-rapid insulins for a more physiologic action

Ultra-rapid insulin is an insulin that has a more rapid absorption profile than rapid-acting insulin analogs currently on the market. Currently marketed insulin analogs must be injected 5–15 minutes before meals, whilst human recombinant insulin must be injected 30 minutes before. This is in contrast to what happens in a non-diabetic person, for whom insulin secretion is immediate and proportionate to the meal, which limits glycemic excursion and its long-term effects. To mimic this 'physiologic' action profile, injected prandial insulins should ideally start acting very rapidly and for a duration limited to a few hours (to avoid any mismatch between insulin concentration in the blood and glycemia) .

A mealtime injection, or right-after-mealtime injection, would enable patients to better determine the appropriate insulin dose because the exact contents of the meal would be known, and also to avoid overdosing or delayed dosing, which can lead to hypo- or hyperglycemia respectively, which both have severe short and long-term consequences. This would also give patients some flexibility in terms of the time of injection, which is important in day-to-day life.

To respond to this need, **Adocia has developed two ultra-rapid insulin lispro formulations: BioChaperone Lispro U100 (standard insulin concentration: 100 IU/mL) and BioChaperone Lispro U200 (twice as concentrated solution, i.e., 200 IU/mL).** These two products could offer a significant medical benefit to all users of prandial insulin. They may, however, be of particular importance for specific populations of people with diabetes:

- **Children**: it is particularly difficult to predict exactly when a child will eat and in what quantities. To avoid the risk of severe hypoglycemia, parents tend to inject insulin to their children with diabetes at mealtimes or after meals, which, together with prandial insulins currently on the market, can result in hyperglycemia. In the long-term, chronic hyperglycemia is correlated to serious complications of diabetes.
- **Insulin pump users**: the development of ultra-rapid insulin is a key element to facilitate the development of fully-automated insulin pumps (also called an 'artificial pancreas' 'closed-loop systems' or 'automated insulin delivery systems') that deliver insulin automatically, in real time, depending on the patient's blood glucose levels. Concentrated ultra-rapid insulin may also facilitate the miniaturization of devices and/or increase autonomy between refills.
- **People with type 2 diabetes**: BC Lispro U200, an ultra-rapid insulin concentrate, may also improve glycemic control for these people whilst also limiting the volume required for each injection.

▪ Results obtained with BC Lispro U100 & U200

To date, BioChaperone Lispro has been successfully tested in 9 clinical studies, in more that 250 people with type 1 or type 2 diabates. BioChaperone Lispro has been repeatedly shown to display an ultra-rapid prodile compared to reference analog insulins aspart and lispro, whereas it was injected via syringes or insulin pumps and also showed superiority on some pharmacodynamic and pharmacokinetic parameters over Fiasp®, the only commercialized ultra-rapid insulin.

Phase 2a clinical results – Pharmacokinetic and pharmacodynamic study in people with type 1 diabetes (n=36)

The objective of this study was to compare the pharmacokinetic and pharmacodynamic profiles of the BioChaperone Lispro U100 complex to those of Humalog® U100. In April 2014, Adocia announced the results of this study, which showed the **30% faster onset of action and 69% better early metabolic effect of BioChaperone Lispro compared to Humalog** in 36 patients with type 1 diabetes. These results are consistent with the pharmacokinetics of BioChaperone Lispro, which reaches its concentration peak 35% faster than Humalog; the amount of insulin present in the blood for the first 30 minutes is also 170% greater when it is formulated with BioChaperone.

Phase 2a clinical results – Second pharmacokinetic and pharmacodynamic dose-response study in people with type 1 diabetes (n=37)

In May 2014, Adocia initiated a second Phase 2a clinical study that aimed to evaluate the linearity of the effect of BioChaperone Lispro U100 for various doses in a range covering the needs of the majority of patients (0.1, 0.2 and 0.4 IU/kg). Positive results from this study were announced in September 2014. In this usual dose range, BioChaperone demonstrated the ultra-rapid linearity of its pharmacokinetic profile with respect to the dose (normalization test). The ultra-rapid effect was also observed in all pharmacodynamic profiles, whatever the dose tested.

The results of these two studies convinced Eli Lilly to enter into a new collaboration with Adocia. On December 19, 2014, Adocia and Eli Lilly announced they had signed a global licensing agreement for the development of an ultra-rapid insulin, BioChaperone Lispro. The agreement covered the development of two formulations: BioChaperone Lispro U100 and U200. Since signing the agreement, Eli Lilly and Adocia have successfully completed six clinical studies of BioChaperone Lispro U100 and U200. Lilly announced its decision to withdraw from this agreement on January 26, 2017[18] .

Phase 2a clinical results – Study of the response to a standardized meal in people with type 1 diabetes (n=38)

Adocia and Lilly jointly announced in January 2015 that Adocia would initiate the first clinical study under this partnership. This Phase 1b/2a study aimed to evaluate the improvement in postprandial glycemic control obtained with BioChaperone Lispro compared to Humalog in 38 patients with type 1 diabetes after a standardized meal. The results of this study were jointly announced by both companies in June 2015. They showed a 61% reduction in postprandial glycemic excursions compared to Humalog. This study also confirmed the ultra-rapid pharmacokinetic profile of BioChaperone Lispro by demonstrating that insulin lispro's speed of absorption was significantly faster. Early exposure also increased by 168% at the same dose for BioChaperone Lispro compared to Humalog.

The results of this study were the subject of an oral presentation given by Dr. Tim Heise (Profil Neuss) at the American Diabetes Association's 76th Scientific Sessions (June 2016, New Orleans, USA) and a further oral presentation by Dr. Heise at the European Association for the Study of Diabetes 52nd Annual Conference (September 2016, Munich, Germany).

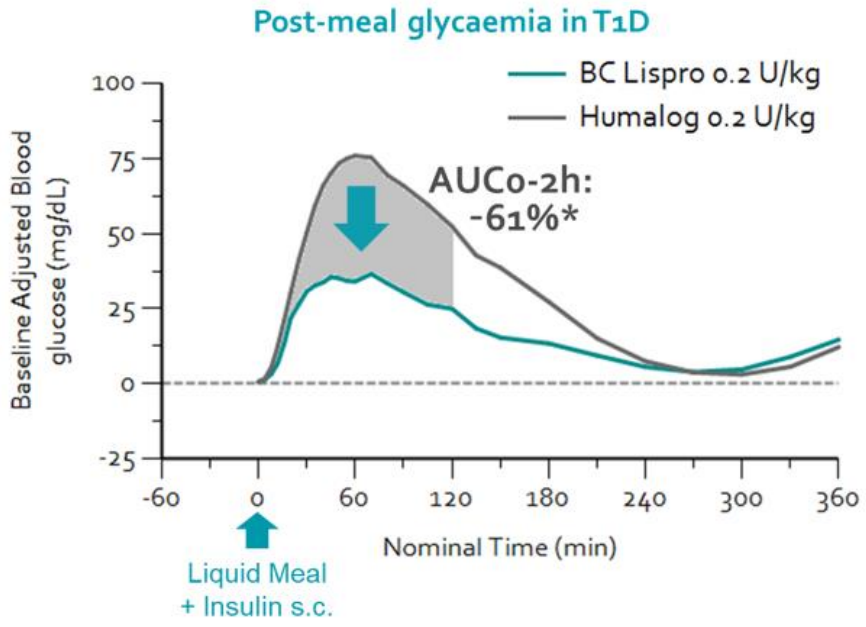


Figure 5: Comparison of the effect on postprandial glycemia of BioChaperone Lispro U100 vs. Humalog U100 in 38 people with type 1 diabetes. Glycemia is measured for six hours after injecting the treatment at the time of consuming a standardized liquid meal.

[18] For more information on legal procedures opposing Adocia and Lilly following the termination of this contract, please see section « Litigation » 1.2.7.3 of the present reference document

Phase 1b clinical results – Study evaluating the potential for bioequivalence of the BioChaperone Lispro U200 formulation compared to BioChaperone Lispro U100, based on their pharmacokinetic and pharmacodynamics profiles in healthy volunteers (n= 26)

In June 2014, Adocia announced it was developing BioChaperone® Lispro U300, a concentrated insulin lispro formulation at 300 IU/mL of insulin lispro with BioChaperone. Preclinical data demonstrated that BioChaperone Lispro U300 had an ultra-rapid action compared to Humalog 100 IU/mL. This ultra-rapid action was equivalent to that obtained with BioChaperone Lispro U100 in the same model.

As part of the partnership with Lilly, a 200 IU/mL formulation, BioChaperone® Lispro U200, was developed, with Eli Lilly marketing a Humalog formulation at this concentration, Humalog U200. Further to positive preclinical results, BioChaperone Lispro U200 was clinically tested in a pilot bioequivalence study comparing it to BioChaperone Lispro U100, the positive results of which were announced in December 2015.

This pilot study aimed to demonstrate the potential for bioequivalence between the two products.

BioChaperone Lispro U200 fulfilled all the study's predefined endpoints (two standard bioequivalence parameters, Cmax and $AUCLispro_{(0\text{-infinity})}$, and two parameters characterizing the ultra-rapid action ($AUCLispro_{(0-1\,h)}$ and early $t50\%_{Cmax\ Lispro}$). These positive feasibility results support the development of BioChaperone Lispro U200, based on the demonstration of bioequivalence.

These positive results led to a $10 million milestone payment from Eli Lilly in December 2015.

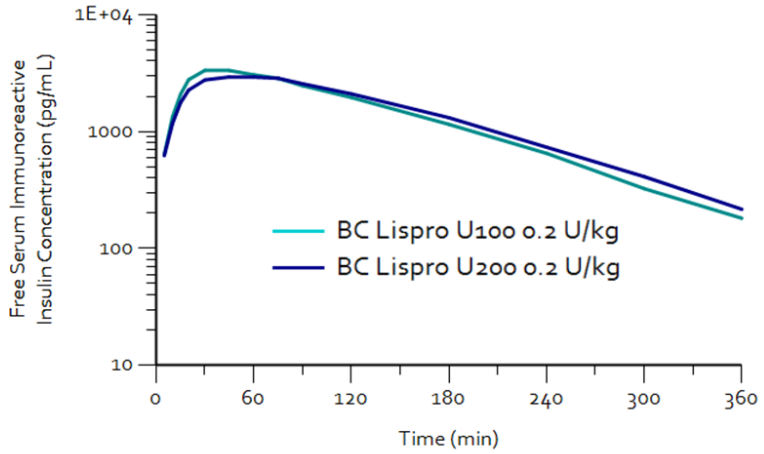


Figure 6: Mean pharmacokinetic profiles (variation in insulin level in the blood) of BioChaperone Lispro U100 (light blue curve) and BioChaperone Lispro U200 (dark blue curve) obtained from 26 healthy volunteers.

The results of this study were the subject of an abstract published in the Diabetes Care scientific journal at the American Diabetes Association's 76th Scientific Sessions (June 2016, New Orleans, USA).

Positive topline results for the Phase 1b clinical study: repeated administration of BioChaperone Lispro U100 in people with type 1 diabetes (n= 36)

In March 2016, Adocia and Lilly jointly announced the positive results of a Phase 1b clinical study comparing the effects of BioChaperone Lispro and Humalog injected daily, at each meal, either at the time of the meal, or 15 minutes before, or 15 minutes after, on postprandial glycemic control in people with type 1 diabetes over a period of two weeks. This study showed: (i) at the beginning of the 14-day treatment period, BioChaperone Lispro U100 showed a 31% reduction in glycemic excursions over the first two hours compared to Humalog, when the treatments where injected when a solid meal was consumed and; (ii) after 14 days of treatment, a reduction of 42% in glycemic excursions during the first two hours compared to Humalog, when the treatments were injected at the mealtimes. This study was presented during multiple scientific conferences and was also published in a peer-reviewed journal[19].

[19] Andersen G, Meiffren G, Lamers D, DeVries JH, Ranson A, Seroussi C, Alluis B, Gaudier M, Soula O, Heise T. Ultra-rapid BioChaperone Lispro improves postprandial blood glucose excursions vs insulin lispro in a 14-day crossover treatment study in people with type 1 diabetes. Diabetes Obes Metab. 2018 Nov;20(11):2627-2632

Positive topline results for the Phase 1b clinical study: repeated administration of BioChaperone Lispro U100 in people with type 2 diabetes (n=51)

In April 2016, Adocia and Lilly jointly announced the positive results of a Phase 1b study comparing the effects on postprandial glycemic control of BioChaperone Lispro and Humalog injected daily at mealtimes for 14 days in people with type 2 diabetes. BioChaperone Lispro demonstrated an ultra-rapid pharmacokinetic profile with a statistically significant increase of 83% in exposure to insulin lispro during the first 30 minutes post injection, compared to Humalog. On the basis of a post-hoc analysis including four meal tests per patient for each treatment (days 1, 2, 13 and 14), BioChaperone Lispro also showed a statistically significant decrease of 22% in glycemic excursions for the first two hours, compared to Humalog.

Main results from this study were published in Diabetes Care following the 77th Scientific Sessions of the American Diabetes Association (June 2017, San Diego, USA).

Positive topline results for a Phase 1 clinical study: evaluation of BioChaperone Lispro U100 in healthy Japanese subjects (n=15)

In May 2016, Adocia and Lilly jointly announced the positive results of a Phase 1 study evaluating BioChaperone Lispro U100 ultra-rapid insulin in Japanese subjects. This study aimed to compare the pharmacokinetic and pharmacodynamic profiles of BioChaperone Lispro to those of Humalog in 15 healthy Japanese subjects under euglycemic clamp conditions. Although the study was not designed to perform statistical analysis, the results show an acceleration in the pharmacokinetic and pharmacodynamic profiles of BioChaperone Lispro compared to Humalog, as well as the linearity of insulin exposure as a function of the dose administered. The results of the study should allow for the inclusion of Japanese diabetes patients into the Phase 3 program in compliance with the global registration plan planned for this product.

Positive topline results for Phase 1b clinical study: evaluation of BioChaperone Lispro U100 in people with type 1 diabetes using an insulin pump vs. Humalog® (n=44)

In December 2016, Adocia and Lilly jointly announced the success of a Phase 1b clinical study comparing the effects of BioChaperone Lispro and Humalog on postprandial glycemic control in people with type 1 diabetes using an insulin pump. During this study, BioChaperone Lispro U100 demonstrated a statistically significant increase in insulin exposure over the first 30 minutes after a mealtime bolus compared to Humalog. The accelerated absorption of BioChaperone Lispro U100 was also observed in the three insulin delivery devices tested (Roche Accu-Chek® Spirit, Medtronic Paradigm® Veo™ and a syringe with insulin).

Positive topline results for the Phase 1b clinical study: evaluation of BioChaperone Lispro U100 in people with type 1 diabetes using an insulin pump vs. Fiasp® and Novolog® (n=42)

In December 2017, Adocia announced the success of a Phase 1b clinical study comparing BioChaperone Lispro both to the rapid-acting insulin Novolog® (Novo Nordisk) and to the recently approved ultra-rapid insulin aspart formulation Fiasp® (Novo Nordisk) in patients with type 1 diabetes. This study was the first direct comparison of two ultra-rapid insulin formulations. Forty-two participants received, under euglycemic clamp conditions, single doses of these three products via an insulin pump during three separate visits. The objectives of the study included comparing the glucodynamic effects and pharmacokinetic profiles obtained with the three treatments.

BioChaperone Lispro satisfied the primary endpoint, showing a statistically significant increase of 63% in metabolic effect during the first hour compared to Novolog®. This result confirms the ultra-rapid profile observed in previous studies when compared to Humalog®. Furthermore, BioChaperone Lispro showed a statistically significant 'faster-off' metabolic profile compared to the other two products, reaching the late half-Tmax 18 minutes before Fiasp® and 22 minutes before Novolog®. BioChaperone Lispro also showed an early metabolic effect similar to that of Fiasp® during the first hour.

Thus, BioChaperone Lispro has demonstrated a reproducible absorption profile through several studies, several populations and several modes of administration.

Results from this study were made public in an abstract in the scientific journal Diabetes Care following the 78th Scientific Sessions of the American Diabetes Association (June 2018, Orlando, USA), an oral presentation during the

54th Annual Conference of the European Association for the Study of Diabetes (October 2018, Berlin, Germany) and in a peer-reviewed publication[20].

▪ Ongoing study using iLet™ bionic pancreas (n=30)

In January 2019, Adocia announced the initiation of a first home-use trial testing the ultra-rapid insulin BioBhaperone Lispro with BetaBionics automated insulin delivery system, the iLet™.

The iLet is a so called "Hybrid Closed-Loop" system, that consist of an autonomous, infusion pump that use clinically tested mathematical dosing algorithms driven by machine learning, to calculate and dose insulin as needed, based on data from a continuous glucose monitor. The iLet to be used in this trial will be set in an insulin-only configuration (another version allows the co-infusion of glucagon)

The use of an ultra-rapid insulin in a hybrid closed-loop system should improve the reactivity and so the efficiency of this system to control glycemia.

This, multi-arm, cross-over, USA-only clinical trial, will recruit up to 30 people with type 1 diabetes to participate in three 7-day study arms comparing the pharmacokinetic and pharmacodynamic profiles of insulin lispro, insulin aspart, and BioChaperone Lispro in the bionic pancreas between and within subjects. The co-primary outcomes will be mean continuous glucose monitoring glucose (CGMG) and fraction of time spent with CGMG <54 mg/dl.

Results initially expected in 2019, were delayed until 2020 due to a difficulty in supplying equipment by BetaBionics, independent of Adocia.

▪ Partnership with Tonghua Dongbao Pharmaceuticals Co. Ltd

Adocia and the Chinese insulin leader Tonghua Dongbao Pharmaceuticals Co. Ltd annonced in April 2018 a strategic partnership whereby Adocia granted exclusive development and commercialization rights to Tonghua Dongbao for BioChaperone® Combo and BioChaperone® Lispro in China and other Asian and Middle East countries.

Adocia received an upfront payment of $10 million for BioChaperone Lispro. Additionally, Adocia is entitled to receive development milestone payments up to $35 millions and to receive double-digit royalties on the sale of this product in the designated territories. Tonghua Dongbao will also reimburse some of Adocia's expenses for research and development activities performed during the terms of the agreements.

Adocia retains the rights to develop and license BioChaperone Lispro in worldwide markets outside of the territories covered by these agreements, including the United States, Europe and Japan. Adocia remains responsible for the development and the manufacturing of BioChaperone® pharmaceutical excipients.

In June 2018, Tonghua Dongbao Pharmaceuticals Co. Ltd also aggreed to manufacture and supply insulin glargine and insulin lispro to Adocia worldwide, excluding China, to support the development of Adocia programs in these regions. This agreement gives us full control, over the further development of BioChaperone Lispro. This also opens additional collaboration opportunities with biopharmaceutical companies focused in diabetes with no existing insulin manufacturing facilities and, also, device companies integrating synergies between innovative medicines, devices and care management systems.

Additional information about these contracts and the company Tonghua Dongbao Pharmaceuticals Co. Ltd are available in the section 1.3.7. of this document.

Achieved partnership with Eli Lilly:

BioChaperone Lispro program was previously licensed to the American company Eli Lilly: first between December 2011 and January 2013 (partnership terminated by common agreement) and then between December 2014 and January 2017 (partnership terminated by Eli Lilly, that gave priority to an internal project, LY90014). Some legal procedures are ongoing facing Adocia to Eli Lilly: they are detailed in the section "Litigations" 1.2.7.3 of this document.

Follow the termination of the second partnership, Adocia took back the full ownership of the rights that were licensed and continued the development of this product.

[20] Heise T, Meiffren G, Alluis B, Seroussi C, Ranson A, Arrubla J, Correia J, Gaudier M, Soula O, Soula R, DeVries JH, Klein O, Bode BW. Pharmacodynamic and pharmacokinetic properties of BioChaperone Lispro vs faster aspart and insulin aspart in patients with type 1 diabetes on continuous subcutaneous insulin infusion. A randomized euglycemic clamp study. Diabetes Obes Metab. 2018 Dec 18. [Epub ahead of print]

Next steps

Based on BioChaperone Lispro's strong clinical dossier, Adocia is seeking a new partner for entry into phase 3 and commercialization of the product in territories excluded from the licensing agreement with Tonghua Dongbao Pharmaceuticals Co. Ltd. (THDB), which is to say mainly the US, EU, Latin America and Japan.

Adocia intends to launch in the first quarter of 2020 a so-called “bridging study” enabling to demonstrate the comparability of THDB’s insulin lispro API with the one used in former formulations of BioChaperone Lispro (insulin lispro used in Humalog, Lilly). This will allow the use of all previous clinical data gathered for BioChaperone Lispro in its Phase 3 registration process. THDB intends to initiate the Phase 3progam of BC lispro in 2020.

Competition

Several companies have sought to develop an ultra-rapid insulin with an action profile close to the physiologic activity of insulin.

Novo Nordisk has developed a high-speed formulation of insulin aspart called Fiasp®. In 2016, Fiasp received the approval of the European Medicines Agency for its launch on the European market for the treatment of type 1 and type 2 diabetes. Following a request for additional information from FDA (Complete Response Letter), Novo Nordisk resubmitted its file early in 2017 and Fiasp was approved by the FDA in September 2017. Fiasp has been available in the United States since January 2018 at a price similar to that of Novolog. In the third quarter of 2018, Fiasp recorded $ 26 million in sales in Europe and the United States.

A Phase 1b study of Fiasp in 52 patients with type 1 diabetes showed that the product had early pharmacokinetic and pharmacodynamic profiles significantly faster than insulin aspart. On the other hand, this does not translate into a fast-out / fast-off effect (faster insulin release / shorter duration activity), as has been shown for BioChaperone Lispro U100 in several Phase Studies. 1b. This latter effect is desirable as it may reduce the risk of hypoglycaemia. In Phase 3 studies, Fiasp confirmed its high-speed absorption profile, but did not show superiority in terms of hypoglycaemia compared to insulin aspart.

In 2017, at the same time as the collaboration with Adocia ended, **Eli Lilly** announced that it had developed a competing high-speed insulin project LY900014 (insulin lispro formulated with treprostinil and citrate, among other excipients). The first results were presented at the ADA annual conference in June 2017. LY900014 has faster pharmacokinetic and pharmacodynamic profiles than Humalog (insulin lispro) in the first few minutes after injection. Nevertheless, Lilly has not demonstrated a more significant fast-out / fast-off effect than insulin lispro, unlike BioChaperone Lispro. Lilly announced in 2018 that it had achieved the primary objectives of the two Phase three trials in people with type 1 or type 2 diabetes. Thus, compared to Humalog, LY900014 met the non-inferiority criterion for the reduction. glycated hemoglobin (HbA1c) and demonstrated better glucose control after a meal. Lilly announced that the detailed results will be presented at a future conference and that the regulatory file will be submitted to the FDA in 2019.

Mannkind, founded in 1991, developed Afrezza, an inhalable human insulin with a high-speed profile, whose peak concentration is observed 12 to 15 minutes after inhalation. On June 27, 2014, the FDA approved the use of Afrezza to improve glycemic control in adults with diabetes. This approval, however, was accompanied by restrictions on patient populations (not recommended for smokers and patients with ketoacidosis) that could use Afrezza and a "black box warning" (warning about the potential risk of a drug, which should be included in the list). explicitly on the packaging), regarding the risk of bronchiospasm associated with treatment. In addition, the FDA requested that Mannkind carry out four postmarketing clinical trials. An Afrezza marketing agreement with Sanofi in 2014 was terminated on April 4, 2016. Since then, Mannkind has continued to market Afrezza by its own means. Afrezza's sales for the years 2016 to 2018 remained very weak, although slightly increasing.

Finally, in January 2019, the company **Arecor** announced the initiation of its first human study of its high-speed insulin (AT-247).

Other competing projects have been abandoned, in particular the association between human insulin and hyaluronidase developed by Halozyme (which refocused its activities on the applications of hyaluronidase in oncology at the end of 2014) and the high-speed formulations BIOD-250 and BIOD-238 developed by Biodel (which was the subject in 2016 of a "reverse-merger" operation by Albireo, which resulted in the deprioritization of Biodel's historical activities).

1.2.3.5 BioChaperone Combo: a safer alternative to premixed insulin for treatment intensification in people with type 2 diabetes.

Type 2 diabetes is a progressive disease requiring progressive treatment intensification. At present, 50% of patients on basal insulin do not meet their glycemic control targets[21].

To improve glycemic control, the patient may be recommended to add a prandial component to his/her treatment regimen. This can be achieved via the addition of prandial insulin to the basal insulin, or by replacing basal insulin with premixed insulin. Premixed insulin is a fixed combination of a soluble fraction and a precipitated fraction of the rapid-acting prandial insulin analog. It is usually injected twice per day. It is thus an easier regimen than multiple insulin injections: one product only, twice per day at a fixed ratio (rather than two products, four times per day at variable doses).

Premixed insulins are therefore particularly recommended for elderly patients. They are also widely used in emerging countries. However, they do not offer ideal medical performance owing to a delayed and prolonged prandial action, a basal action profile of less than 24 hours and an elevated risk of hypoglycemia.

To meet the medical need for a regimen as simple as that of premixed insulin but as effective as a multiple-injection regimen, Adocia has developed BioChaperone Combo, a combination of insulin glargine (basal, Lantus, Sanofi) and insulin lispro (prandial, Humalog, Eli Lilly) at neutral pH. For a longtime, it was technically impossible to actually combine the gold-standard basal acting insulin, insulin glargine, and a rapid acting insulin into the same product, as they could not be formulated in the same pH range. BioChaperone technology makes it possible to solubilize insulin glargine at neutral pH and thus make it compatible with any prandial insulin.

By truly combining a basal insulin and a prandial insulin without changing their individual pharmacodynamic profiles, BioChaperone Combo could advantageously replace premix insulins in populations using them.

- **Clinical results obtained with BioChaperone Combo**

To date, BioChaperone Combo has been successfully tested in 5 clinical studies in 143 people with type 1 or type 2 diabetes, and repeatedly showed a faster prandial profile and longer basal profile compared to an analog insulin premix (HumalogMix 75/25).

Phase 1b clinical results – First pharmacodynamic and pharmacokinetic study in people with type 1 diabetes (n=20)

In the first quarter of 2014, Adocia announced positive results for a study that had aimed to compare the pharmacodynamic and pharmacokinetic profiles of BioChaperone Combo to those of HumalogMix (insulin lispro premix 75/25, Eli Lilly) in people with type 1 diabetes under euglycemic clamp conditions. The following positive results were obtained: onset of action of BioChaperone was at least 30% faster than that of HumalogMix; the duration of action observed for BioChaperone Combo was longer than 30 hours in the majority of patients but only 18 hours with HumalogMix; and BioChaperone Combo was well tolerated.

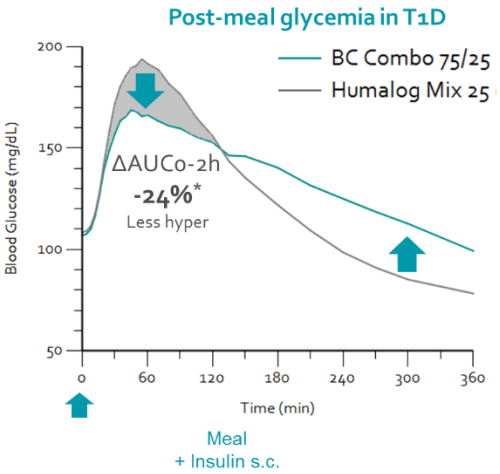
Phase 1b clinical results – Evaluation of the effects of BioChaperone Combo on postprandial glycemic control in people with type 1 diabetes (n=28)

In early November 2015, Adocia announced positive results for a Phase 1b clinical study evaluating postprandial effects of BioChaperone Combo in 28 patients with type 1 diabetes. This randomized double-blind crossover study compared the effect on postprandial glycemia of individualized doses of BioChaperone Combo and HumalogMix™75/25 (Eli Lilly), injected at the start of a standardized meal. The study fulfilled its primary endpoint, demonstrating that BioChaperone Combo decreased postprandial glycemia significantly more than Humalog Mix™75/25 during the first two hours ($\Delta AUC_{BG(0-2h)}$). The minimal blood glucose level observed during the period was also significantly better controlled with BioChaperone Combo *vs.* Humalog® Mix™ 75/25. Although this study was not designed to measure differences in the incidence of hypoglycemic episodes between the two treatment groups, a reduced number of hypoglycemic events was observed with BioChaperone Combo *vs.* Humalog® Mix™ 75/25

Figure 7: Pharmacodynamic profiles for BioChaperone Combo 75/25 and HumalogMix 25 after a liquid meal obtained from 28 people with type 1 diabetes (NCT#02514954). 1 p=3.10-3.2 p=8.10-3.

[21] Sanofi communicaion – Q3 2015 presentation

The results of this study were the subject of an oral presentation given by Dr. Steve Edelman (University of California, San Diego) at the American Diabetes Association's 76th Scientific Sessions (June 2016, New Orleans, USA) and a poster at the European Association for the Study of Diabetes 52nd Annual Conference (September 2016, Munich, Germany).



1

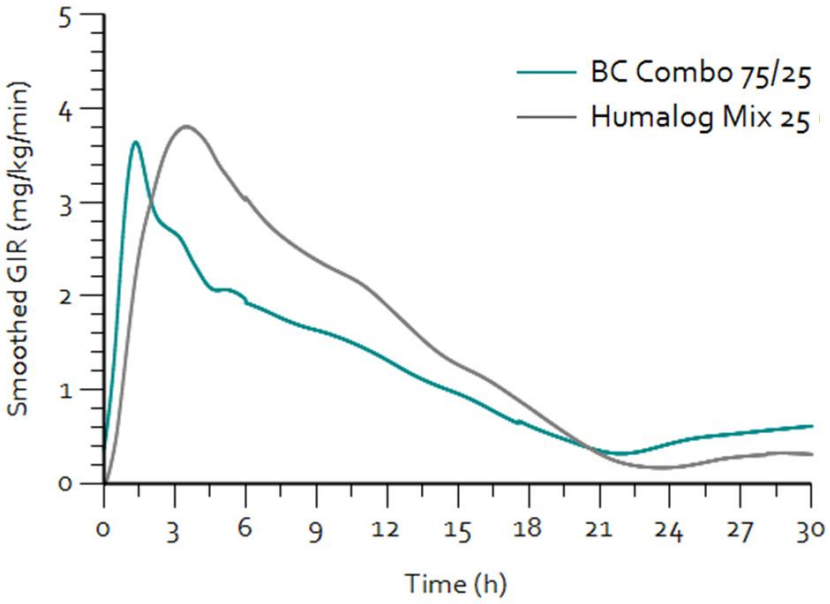
Phase 1b clinical results – Pharmacokinetic and pharmacodynamic study of people with type 2 diabetes comparing BioChaperone Combo to HumalogMix 75/25™ and to the dual injection of Lantus and Humalog. (n=24)

In late November 2015, Adocia announced positive topline results for a Phase 1b study comparing the pharmacokinetic and pharmacodynamic profiles of BioChaperone Combo to those of HumalogMix 75/25™ and to the dual injection of Lantus and Humalog in patients with type 2 diabetes.

This randomized, double-blind, crossover phase 1b clinical study evaluated BioChaperone Combo in 24 patients with type 2 diabetes under euglycemic clamp conditions. The topline results consisted of comparing the pharmacodynamic profile of BioChaperone Combo to that of Humalog Mix75/25™ (Eli Lilly) and to separate, simultaneous injections of Lantus (insulin glargine, Sanofi) and Humalog (insulin lispro, Eli Lilly). The two key parameters in this comparison were the early prandial effect ($AUC_{GIR(0-2\,h)}$) and the delayed basal effect ($AUC_{GIR(24-30\,h)}$) of these three treatments.

In this study, BioChaperone Combo demonstrated a significantly superior early prandial action and a longer metabolic effect compared to Humalog Mix75/25™, which confirms results previously obtained during the first pharmacokinetic and pharmacodynamics study conducted in patients with type 1 diabetes.

Figure 8: Pharmacodynamic profile (glucose infusion rate) of BioChaperone Combo 75/25 and Humalog Mix 25 for 30 h after injection in 24 subjects with type 2 diabetes under euglycemic clamp conditions (NCT#02514850).



Furthermore, this study also established the proof-of-concept that BioChaperone Combo has a similar effect to that of the dual injection of Lantus and Humalog on these two parameters in people with type 2 diabetes.

The results of this study were presented in a poster discussed by Dr. Eda Cengiz (Yale School of Medicine) at the American Diabetes Association's 76th Scientific Sessions (June 2016, New Orleans, USA) and an oral presentation by

Dr. Simon Bruce, Medical Director at Adocia, at the 52nd annual conference of the European Association for the Study of Diabetes (September 2016, Munich, Germany).

Phase 1b clinical results – Evaluation of the effects of BioChaperone Combo on postprandial glycemic control in people with type 2 diabetes. (n= 39)

In June 2017, Adocia announced the positive topline results for a study intended to measure the effect of BioChaperone Combo injected at mealtimes on postprandial glycemic control in patients presenting type 2 diabetes compared to that obtained with Humalog Mix25™ premixed insulin (Eli Lilly), and with separate injections of Lantus (Sanofi) and Humalog (Eli Lilly).

Firstly, BioChaperone Combo showed a statistically significant decrease of 18% in glycemic excursions for the first two hours after the meal compared to Humalog Mix25™. The number of hypoglycemic episodes per patient was also significantly lower with BioChaperone Combo than with Humalog Mix25™. Moreover, BioChaperone Combo led to at least as good postprandial glycemic control as that achieved with simultaneous and separate injections of Lantus and Humalog, and a similar number of hypoglycemic episodes per patient.

Phase 1b clinical results – BioChaperone Combo dose-proportionality study in people with type 2 diabetes. (n= 32)

In January 2018, Adocia announced positive topline results for a Phase 1b study evaluating the relationship between insulin exposure and hypoglycemic response to the BioChaperone Combo 75/25 dose for three different doses in people with type 2 diabetes. During his study, 32 participants were randomly allocated a sequence of four treatments: one of the three doses of BioChaperone Combo 75/25 (0.6 IU/kg; 0.8 IU/kg or 1.0 IU/kg) or a single dose of Humalog Mix25™ at 0.8 IU/kg. BioChaperone Combo exhibited dose-proportional exposure and a linear relationship of hypoglycemic response to the dose when tested at 0.6; 0.8 and 1.0 IU/kg in people with type 2 diabetes. These results are essential to complete the regulatory dossier. The study also confirmed previous results showing that BioChaperone Combo acts significantly faster (prandial effect) and lasts significantly longer (basal effect) than HumalogMix.

▪ Partnership with Tonghua Dongbao Pharmaceuticals Co. Ltd

In 2018, Adocia and the Chinese leader of insulin Tonghua Dongbao Pharmaceuticals Co. Ltd entered strategic alliance. In April 2018, Adocia granted Tonghua Dongbao Pharmaceuticals Co. Ltd two licensed for the development and commercialization rights of BioChaperone Lispro and BioChaperone Combo in China and in other Asian and Middle East territories.

The BioChaperone Combo agreement includes an upfront payment of $40 million, up to $50 million development milestone payments and double-digit royalties on the sale of this product in the designated territories. Tonghua Dongbao Pharmaceuticals Co. Ltd will also reimburse some of Adocia's expenses for research and development activities performed during the terms of the agreement.

Adocia retains the rights to develop and license BioChaperon Combo in worldwide markets outside of the territories covered by these agreements, including the United States, Europe, Latin America and Japan. Adocia remains responsible for the development and the manufacturing of BioChaperone® pharmaceutical excipients.

In June 2018, Tonghua Dongbao Pharmaceuticals Co. Ltd agreed to manufacture and supply insulin lispro and insulin glargine APIs to Adocia worldwide, excluding China, to support the development of Adocia's portfolio in these territories.

This agreement gives Adocia full control, outside China, over the further development of BioChaperone Combo. This also opens additional collaboration opportunities with biopharmaceutical companies focused in diabetes with no existing insulin manufacturing facilities.

Further details on these contracts and the company Tonghua Dongbao Pharmaceuticals Co. Ltd are available under the section 1.3.7 of the present reference document

▪ Next steps

Adocia is actively seeking a partner to further develop and market BioChaperone Combo, for territories non licensed to Tonghua Dongbao Pharmaceuticals Co. Ltd.

THDB intends to initiate in 2020 a first clinical study in China.

Competition

Premixed insulins, which are prandial insulins of which some is precipitated with protamine, should be considered as direct competitors to BioChaperone Combo. These products include: HumalogMix® (**Eli Lilly**, made from insulin lispro) NovoMix®/NovologMix® (**Novo Nordisk**, made from insulin aspart), in addition to, in emerging countries, premixed insulins made from human insulin, which remain widely used (e.g., Humulin® 70/30 for Eli Lilly and Novolin® 70/30 for Novo Nordisk, as well as many locally-developed products). These products now represent an estimated combined turnover of **$4 billion** for the three largest players, $2.2 billion for analog premixes[22] and $1.8 billion for human insulin premixes[23]. It should be noted that in China, 65% by volume of insulin sold consists of premixed insulin (according to estimates by IQVIA in 2017). Whilst the exact turnover of Chinese companies in the Chinese market is not known, it is acknowledged that the Chinese market is underestimated.

However, as previously explained, these products have several disadvantages, particularly in terms of:

- **A delayed prandial action** compared to their benchmark insulin (human or analog). This delay leads to reduced postprandial glycemic control and an elevated risk of hypoglycemia linked to an overly slow transition between the prandial and basal effects. In clinical studies published to date, BioChaperone Combo and Ryzodeg present a similar onset of action to prandial insulin analogs.
- **An overly slow basal action**, always less than 24h, meaning two injections per day are required. With BioChaperone Combo, it is possible to gradually intensify treatment, switching from basal insulin to a single daily injection of BC Combo (at the time of the main meal of the day), then to two injections when disease progression requires it.

BioChaperone Combo may thus represent a superior solution to premixed insulin, at a similar price, to facilitate patient access to a better-performing and safer treatment, particularly in emergent countries wherein these products remain dominant.

Novo Nordisk has developed Ryzodeg®, the only other product truly combining a basal insulin (insulin degludec) and a prandial insulin (insulin aspart), Ryzodeg was tested in multiple clinical studies, either against a premixed insulin aspart, NovoMix®, against Lantus, or against the combination of Levemir and NovoLog. These results demonstrated the Ryzodeg is well tolerated in patients with type 1 and type 2 diabetes, and that this product can improve glycemic control *vs.* Lantus and reduce the incidence of hypoglycemic episodes *vs.* Novomix, confirming the expected benefits of a 'true' combo compared to premixed insulin. In 2013, Novo Nordisk obtained marketing authorizations for Tresiba and Ryzodeg in Europe and Japan. Ryzodeg is the first dual insulin combo product to enter the market. Tresiba and Ryzodeg were only approved in the United States in September 2015 after Novo Nordisk published positive interim results from the additional cardiovascular safety studies of Tresiba which the FDA had requested during the first submission of the regulatory dossier. Ryzodeg is now available in more than 25 countries. The pricing strategy of Novo Nordisk takes into account the investment consented in developing Tresiba and Ryzodeg is currently sold at a premium compared to Novomix.

BioChaperone Combo, the formulation developed by Adocia combining insulin glargine and lispro, benefits from the large amount of positive data on the safety of insulin glargine and lispro (Lantus® and Humalog®). BioChaperone Combo may also benefit from a competitive advantage in terms of cost, as the product is based on two insulins which fell in the public domain and benefit from large manufacturing infrastructure.

In 2018, Adocia secured its sourcing of lispro and glargine insulins from Tonghua Dongbao Pharmaceuticals Co. Ltd. of China.

22 Overall turnover estimates for 2017, based on annual reports published by Eli Lilly and Novo Nordisk. NovoMix/NovologMix: Turnover in 2015 reported as10 257 MDKK, estimated at $1.552 billion (based on the $/DKK average exchange rate per trimester). HumalogMix: Turnover in 2017 for Humalog (prandial and premix) reported as $2.865 billion. After the survey of the ratios between Humalog and HumalogMix in volume based on IQVIA data from 2017 in Europe, in the US in Japon and in China. The estimated turnover of HumalogMix in 2017 was $629 million. This equates to a total of $2.181 billion. This figure is probably underestimated, as in emerging markets some players have already marketed analog insulin premixes, such as Gan & Lee in China (lispromix).

23 For premixed human insulin, we used the ratio between human prandial insulin and premixed human insulin reported in the same presentation by Novo Nordisk, i.e., 40% prandial and 60% premix. By applying this ratio to the total sales of Novo Nordisk's human insulin (Novolin DKK10,072million, i.e., $1.526 billion), Lilly (Humulin, $1.335 billion) and Sanofi (Insuman, $121 million), we obtain a total of $1.789 billion for premixed human insulin. This figure is probably underestimated, as in emergent markets, many other players are producing and marketing human insulin, in particular in premixed forms in the Asian and Latin American markets (e.g., Gan & Lee, DongBao, Fosun WangBang in China; Biocon in India; R-Pharm in Russia; Julpharm in the Middle East, etc.)

1.2.3.6 BioChaperone Glucagon

- **An aqueous formulation of human glucagon for the acute and chronic treatment of hypoglycemia**

Glucagon is one of the main hormones regulating the metabolism. Its role is schematically the opposite to that of insulin. In a person without diabetes, glucagon is secreted in the event of hypoglycemia or during exertion in order to keep blood glucose at a normal level.

Severe hypoglycemia is defined by a blood glucose lower than 50-54 mg/dL. It is insulin's most feared short-term adverse event (due to overdosing). Its symptoms may include dizziness, transient cognitive impairment, convulsion and, in the most severe cases, coma and death. Due to those symptoms, treating severe hypoglycemia very often requires the help of a third party. The prevalence of severe hypoglycemia per year is estimated at 34% in people with type 1 diabetes.[24]

In the therapeutic field, human glucagon is the only approved treatment for severe hypoglycemia. Unfortunately, human glucagon is very unstable in aqueous solution and the only commercially-available products at present are the emergency (rescue) kits composed of lyophilized human glucagon that can be reconstituted just prior to injection by following several steps. Recent studies evaluating the ease-of-use of these kits have shown that in 80% of cases, users fail to correctly reconstitute and/or administer the recommended dose[25].

By using proprietary BioChaperone® technology, Adocia intends to develop a stable aqueous solution of human glucagon. Such a solution could both be used as part of the emergency treatment of hypoglycemia (in a ready-to-use device) and in the context of a dual hormone artificial pancreas (DHAP). In the latter, using glucagon may help to significantly increase the time spent within the targeted glycemic range. Additionnally, the joint use of glucagon and insulin may help bring about devices that are completely autonomous, using algorithms that react automatically to glycemic variations, without the patient directly intervening. Recently, several research groups (academic and industrial, such as Beta Bionics or Inreda Therapeutics) have developed such "smart" pumps and have clinically demonstrated their potential benefits in comparison to pumps using insulin alone[26], particularly with regards to reduced glycemic variability and the reduced risk of hypoglycemia. However, all these teams are currently limited by the absence of a commercially available glucagon solution. Most of the studies up until now have been conducted using lyophilized glucagon reconstituted every day, what would not be acceptable for a daily use, or with developing products which are not yet approved by a regulatory authority Adocia is also seeking to develop BioChaperone Glucagon for other indications, including congenital hyperinsulinism and chronic hypoglycemia following bariatric surgery.

Adocia hopes to be able to soon offer an aqueous solution of human glucagon. Using human glucagon also presents Adocia the additional advantage of being able to take advantage of the track record of this approved peptide compared to glucagon analogs developed by some competitors (e.g. Eli Lilly, Zealand Pharma).

- **Clinical results obtained with BioChaperone Glucagon**

Phase 1 clinical results – Evaluation of the safety, pharmacokinetics, and pharmacodynamics of BioChaperone Glucagon in patients with type 1 diabetes (n=24)

In November 2017, Adocia announced positive topline results for this first study of BioChaperone Glucagon in human participants, A subcutaneous injection of 1 mg BioChaperone Glucagon showed acceptable safety and tolerability profiles, validating the primary objective of the study. In all groups, the most common adverse event was nausea, with eight events observed in 25 patients with BioChaperone Glucagon vs. five events in 24 patients with Glucagen® HypoKit®. The median time to reach a clinically risk-free level of glucose of 70 mg/dL was 11 min for BioChaperone Glucagon and almost 7 min for the reconstituted commercial product Glucagen®. All patients achieved hypoglycemic resolution within 35 minutes of injection.

[24] Frier Int. Dia. Monitor 2009

[25] Locemia, 2015

[26] *For example, c.f. El Khatib et al., 77-OR, ADA 76th Scientific Sessions June 10–14th, 2016, USA. et Russell et al, The Lancet (2016) 4(3):233-2*

Next steps

Adocia plans to initiate a second Phase 1/2 study during the second semester of 2020. This study could be the last one before starting the program in Phase 3 development. In parallel, Adocia is selecting a high quality and easy-to-use injection device for BioChaperone Glucagon.

Competition

Two major applications are envisaged for the BioChaperone Glucagon formulation.

- Treatment of severe hypoglycemia
- Chronic use (bi-hormonal artificial pancreas, indications in need of a glucagonotherapy

For the treatment of severe hypoglycemia, four products are currently on the market:

- "Historical" products that need a reconstitution: Glucagon® (**Eli Lilly**) and GlucaGen® Hypokit® (**Novo Nordisk**). These both come in emergency kits and require the real-time reconstitution of lyophilized glucagon and injection with a syringe. There are between seven and nine stages to the procedure. In a real emergency situation, wherein the patient is unconscious, these devices have proven to be extremely difficult to use for third parties, even more so if they have not been trained in their use. In a study of 130 parents of people with type 1 diabetes in a simulated hypoglycemic emergency, 69%of them had difficulty handling the emergency kit (Glucagen Hypokit)[27]. Due to the difficulty using these products, they remain under prescribed and underused, leading to frequent interventions by emergency teams. The response time can be fatal. Severe hypoglycemia results in more than 300,000 hospitalizations in the United States each year[28]. Several companies, including Adocia, are developing ready-to-use alternatives for emergency treatment. Eli Lilly recently (2019) received regulatory approval from American and European authorities for Baqsimi®, a presentation in the form of a single-use nasal spray, which is apparently easier to use for a naive user. At the same time, Eli Lilly ended the development of a soluble glucagon analog in 2018

Furthermore, several companies are developing liquid forms for use in emergency situations or for use with an artificial pancreas.

- **Xeris** developed a human glucagon liquid formulation with the help of the organic solvent DMSO. It intends to develop this product in the form of a pen for emergency situations, a mini-pen for moderate hypoglycemic episodes, and a cartridge for use in pumps (artificial pancreas or other chronic uses of glucagon). At this stage, two Phase 3 studies and a Phase 3b study have been successfully completed. Xeris entered pre-registration stage in the US in Q2 2018. Furthermore, the company completed a Phase 2 study using glucagon pumps to treat post-bariatric hypoglycemia and initiated in April 2018 a Phase 2 study using glucagon pumps in people with type 1 diabetes with hypoglycemia unawareness. Xeris has also obtained the 'orphan medicinal product' indication from the FDA for use in the treatment of congenital hyperinsulinemia and started a Phase 2 for this indication in December 2018.
- **Zealand Pharma** is developing a glucagon analog, dasiglucagon, for three main indications: for the treatment of severe hypoglycemia; for use in a DHAP; and for the chronic treatment of congenital hyperinsulinism (in a glucagon pump). At the end of 2017, it started Phase 3 studies on HypoPal®, a prefilled ready-to-use pen for the emergency treatment of severe hypoglycemia. Preliminary positive results for this study were announced in February 2018. Zealand plans to market HypoPal® in Europe and the United States in 2020/2021. Furthermore, it recently announced the preparation of a Phase 2b study using the Beta-Bionics artificial pancreas, iLet™. Finally, it has obtained an 'orphan drug' indication by the FDA for the use of dasiglucagon to treat congenital hyperinsulinism, a project which entered Phase 3 in December 2018.

Compared to an analog, BioChaperone Glucagon should offer the advantage of using human glucagon, the safety and efficacy of which have been demonstrated with the Glucagon® and Glucagen® products.

[27] Harris, G et al Practical Diabetes Int. 2001: 18;22-25.

[28] Report from the CDC, 2014

1.2.3.7 M1 PRAM: multi-hormonal prandial combinations for the treatment of type 1 diabetes

- **Provide high-performance, easy-to-use multi-hormone therapy for people with type 1 diabetes to improve long-term outcomes**

Although insulin is a vital treatment for people with type 1 diabetes, even the best-controlled patients present significant glycemic variations and frequently do not achieve the targets set by their physician. This may result in an increase in the risk of severe complications in the long term, such as cardiovascular disease, retinopathy, renal failure and neuropathy.

In fact, in people who do not have diabetes, insulin is secreted synchronously and acts in synergy with other hormones, such as amylin and GLP-1, to control glycemia. In type 1 diabetes, ultimately, neither insulin nor amylin are secreted, and GLP-1 secretion is deficient. It is therefore possible that the use of insulin alone cannot address all the metabolic deficiencies related to diabetes.

Pramlintide (Symlin®, AstraZeneca), a rapid-acting amylin analog, was approved in 2005 for the treatment of diabetes (type 1 and 2) as a supplement to intensive insulin therapy. In phase 3 clinical studies, this molecule has been shown, when used as a supplement to insulin therapy, to improve HbA1c (-0,2% by people with type 1 after 6 mo.) and reduce prandial insulin use (-22% in the same study) and weight gain compared to insulin alone (-3 kg in the same study)[29].

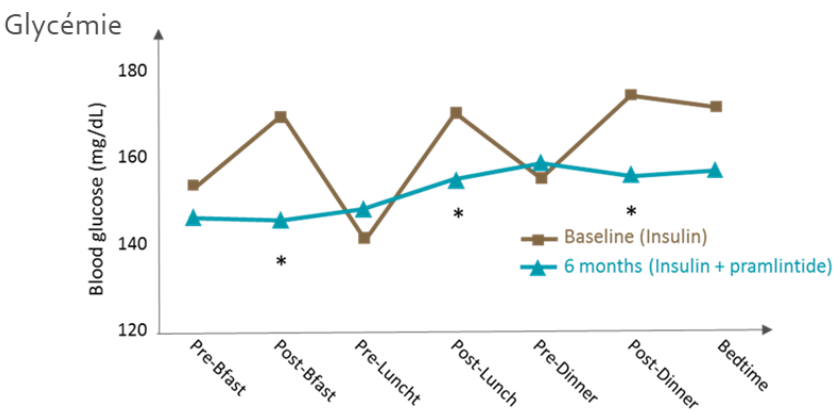


*Figure 9 : Average daytime glycemia in people with type 1 diabetes, treated by insulinotherapy alone (brown curve) or by insulinotherapy + Symlin®(pramlintide, blue curve), after a 6 months treatment period. Adapted from Guthrie R and al Diabetes 2005, 54(Suppl 1):A118, *P <.05. See also Pullman J and al Vasc Health Risk Manag. 2006, 2 (3), 203-212. And for type 2 diabetes : Karl D, and al. Diabetes Technol Ther 2007; 9(2):191-199 and the label of Symlin.*

Unfortunately, to the extent that insulin therapy for type 1 diabetes requires high patient compliance, with frequent glycemia monitoring and at least four injections of insulin daily, the introduction of an additional injectable treatment is often synonymous with a significant deterioration in quality of life and an increase in the cost of treatment, which can lead to its abandonment.

The combination of this molecule with insulin could therefore prove to be an elegant solution to maximize the medical benefit whilst maintaining patient compliance and controlling health costs. Developing such a combination is Adocia's objective for the M1 PRAM program.

Currently, the prandial insulin and pramlintide formulations are not compatible. Adocia therefore used its formulation expertise to identify a human insulin analog, M1, which can be co-formulated at neutral pH with pramlintide. M1 is the analog A21G of human insulin; it is also the main metabolite of the slow-acting insulin glargine. As a result, the millions of insulin glargine users worldwide have been exposed to M1 for years; without being an approved insulin, it is therefore a well-known insulin with an established action and tolerability profile[30].

Our formulation strategy, based on actual clinical results, showing a clear medical benefit when hormones are administered separately, could reduce development time. The M1 PRAM project could also support a competitive pricing strategy, taking advantage proteins already approved and in the public domain.

[29] Guthrie R and al Diabetes 2005, 54(Suppl 1):A118. See also Pullman J and al Vasc Health Risk Manag. 2006, 2 (3), 203-212

[30] Bolli et al. Diabetes Care. 2012 Dec; 35(12): 2626–2630. & Lucidi et al. Diabetes Care. 2012 Dec; 35(12): 2647–2649 & Lantus® label, Section 12.3

Clinical results obtained by BioChaperone Pramlintide Insuline

Considering the significant clinical benefit of a pramlintide insulin combination, Adocia has developed two co-formulation approaches. Currently, M1 PRAM is the lead formulation.

Phase 1 clinical results – Evaluation of safety, pharmacokinetics and pharmacodynamics of M1 PRAM in people with type 1 diabetes (n=24)

In September 2018, Adocia announced positive pharmacodynamic and safety topline results from the Phase 1 study of M1 PRAM, the ready-to-use co-formulation of pramlintide and human insulin. This randomized, double-blind, active comparator-controlled, three-period cross-over study, enrolled 24 participants with type 1 diabetes. Subjects were randomly allocated to a sequence of three treatments, administered at the time of the intake of a standardized mixed meal. This study aimed to investigate the pharmacokinetics, pharmacodynamics, and the safety and tolerability of a single fixed dose of BC Pram Ins (containing 7.5U insulin and 45 µg pramlintide), compared on the one hand to separate and simultaneous injections of human insulin (7.5U, Humulin®, Eli Lilly) and pramlintide (45 µg, Symlin®, AstraZeneca), and on the other hand to an injection of rapid-acting insulin analog lispro (7.5U, Humalog®, Eli Lilly).

Treatment with BC Pram Ins resulted in a statistically significant 97% reduction of blood glucose excursions over the first two hours compared to Humalog (Mean(±SD) DeltaAUCGIR 0_2h = 4 (63) mg*h/dL vs. 126(74) mg*h/dL; p<0.0001) and a comparable postprandial glycemic control to that of the separate injections of Humulin and Symlin (LS- Mean DeltaAUCGIR 0_2h = 21 (66) mg*h/dL, n.s.)

All treatments were well tolerated. Notably, the overall number of hypoglycemia was similar between treatments (BC Pram Ins: n=4; Symlin + Humulin: n=3; Humalog: n=3) and there were no warnings on gastro-intestinal side-effects with any of the administered treatments. As a reminder, hypoglycemia and gastro-intestinal side effects have been previously associated with Symlin® clinical use.

Clinical results Phase ½ – Repeated administration of M1 PRAM to people with type 1 diabetes (n = 24) for a period of 3 weeks, with a period in-clinic and a period on outpatient basis

In June 2019, Adocia initiated a three-week Phase 1b clinical study with M1 PRAM in subjects with type 1 diabetes. This study documents the safety and efficacy of M1 PRAM during a period of 24 days of repeated administration, including an outpatient period, to inform future clinical development. The primary endpoint is the effect of M1 PRAM on postprandial glycemic control at the end of the 24-day treatment period compared to Novolog® prandial insulin.

The results of this study are expected in the first quarter of 2020.

Next steps

Adocia plans to initiate a Phase 2 study and / or a pump study in 2020/2021.

Adocia also plans to explore additional indications for M1 PRAM. In particular, type 2 diabetes is associated with an increased risk of depression, dementia and Alzheimer's disease[31]. Furthermore, several preliminary studies suggest a potential neurological benefit associated with the use of pramlintide, which would lead on the one hand to a certain "well-being"[32] noted by the patients and on the other hand could have an effect on the accumulation of amyloid plaques in people with Alzheimer's disease[33]. Under these conditions, Adocia plans to conduct a first clinical trial in 2020 in people with diabetes and Alzheimer's disease, to test the hypothesis of a neuroprotective potential of M1 PRAM in this population.

Competition

To date and to our knowledge, only **Biozeus**, a Brazilian biotechnology company, and **Xeris** Pharmaceuticals, a biotech company known for its ready to use glucagon program for different indications, aredeveloping at the preclinical level a combination of insulin and amylin. Xeris has initiated a first clinical study in 2019.

[31] de Groot et al. Am Psychol 2016, Roy et al. J. Aff. Dis. 2012; Ott et al. Neurology1999

[32] Robin et al. Diabetes Educ 2009, Robin et all. Curr Med Res Opin 2007

[33] Zhu et al. Alzheimer and Dementia 2017

AstraZeneca, which owns the commercial product Symlin (pramlintide), has successfully conducted Phase 1 clinical trials on the joint administration, with two independent pumps, of prandial insulin and pramlintide. These studies were partially funded by the Juvenile Diabetes Research Foundation (JDRF). These results support Adocia's approach of combining the two products in a single formulation for better results[34].

Novo Nordisk is also developping a new long-acting amylin analog, which is currently tested in 2 Phase 1 clinial trials, alone and in combination with Novo Nordisk's last generation GLP-1, semaglutide. This product is intended for use in overweight or obese patients, but not in patients with diabetes.

Zealand Pharma in collaboration with Boehringer Ingelheim, is also developing a long-acting amylin analog for people with obesity as well as for peoplewith type 2 diabetes. A phase 1 study planned in 2017 was cancelled and the project is registered as in preclinical development.

1.2.3.8 BioChaperone Glargine GLP-1

▪ Combinations to intensify treatment in people with type 2 diabetes using basal insulin

Basal insulin remains an essential treatment for patients with uncontrolled type 2 diabetes using oral antidiabetic agents. However, according to some estimates, 50% of people with diabetes using basal insulin alone as an injectable treatment do not meet their glycemic target[35].

As the underlying mechanisms of action of basal insulin and GLP-1 receptor agonists (GLP-1s) are complementary, combinations of the two agents have been developed as one product, once-daily treatment intensification options for these patients. In Phase 3 clinical studies, these combinations demonstrated improved glycemic control whilst reducing the incidence of adverse reactions compared to each agent used separately (hypoglycemia level similar to or lower than basal insulin alone and less gastrointestinal adverse reactions GLP-1 alone)[2]. Two basal insulin-GLP-1 combinations were approved by the FDA in November 2016 (Xultophy® by Novo Nordisk and Soliqua® by Sanofi).

In September 2016, Adocia announced the launch of a new BioChaperone program to combine basal insulin and GLP-1. This program benefits from the expertise gained through the BioChaperone Combo project because it relies on BioChaperone's ability to solubilize insulin glargine at physiologic pH. This makes it possible to combine it with the two GLP-1 market leaders: liraglutide (Victoza®, Novo Nordisk, daily administration) and dulaglutide (Trulicity®, Eli Lilly, weekly administration), in order to develop two potential candidates:

- BioChaperone® Glargine Liraglutide, with a strong potential price advantage, as it is based on two proteins in, or about to enter, the public domain, and
- BioChaperone® Glargine Dulaglutide, with a strong potential for best-in-class performance, based on the excellent pharmacologic profile of dulaglutide and glargine.

These two candidates, which are intended for daily use, may help improve glycemic control whilst also reducing the number of injections and limiting costs for the patient.

▪ Preclinical results and next steps

Adocia generated positive stability and preclinical results for the program BioChaperone Glargine GLP-1 and pursues development by focusing on the priority activities of the project..

▪ Competition

Two combinations of basal insulin and a GLP-1 agonist were recently approved for the treatment of type 2 diabetes. Xultophy® (insulin degludec and liraglutide, **Novo Nordisk**) was approved in Europe in September 2014 and in the United States in November 2016. Soliqua®/Suliqua® (basal insulin and lixisenatide, **Sanofi**) was approved in the United States and Europe in November 2016.

In both cases, these products may be used to intensify treatment after using basal insulin or a GLP-1 agonist alone. The two combinations demonstrated in phase 3 clinical studies significant advantages compared to basal insulin:

[34] Control of Postprandial Hyperglycemia in Type 1 Diabetes by 24-Hour Fixed-Dose Coadministration of Pramlintide and Regular Human Insulin: A Randomized, Two-Way Crossover Study, Riddle et al., *Diabetes care*, 2018

[35] Sanofi, JP Morgan Healthcare Conference Presentation , San Francisco, January 12, 2015.

lower HbA1c, weight loss, less nausea than GLP-1 used alone. In the case of Xultophy, the product helps patients to lose weight. In the case of Soliqua, the product is neutral with regard to weight gain (compared to the increase in weight when using insulin). Furthermore, using a combination makes it possible to limit the number of injections to one per day and, in the American healthcare system, to also limit the cost borne by the patient (by requiring only a single "copay" payment per product).

The two companies launched their products on the US market in early 2017. While Novo Nordisk fixed a price for Xultophy corresponding to the sum of the Victoza and Tresiba prices, less a reduction of about 20%, Sanofi was more aggressive, fixing a pricing structure which is equivalent to the average price of a GLP-1, a price (before negotiations) about 33% lower than that of Xultophy. Indeed, as Sanofi had already amortized its investments in insulin glargine (now in the public domain), it has more leeway to set its prices. Conversely, Novo Nordisk must recoup the investments in the development of insulin degludec and liraglutide and must also protect the independent Tresiba (insulin degludec) and Victoza (liraglutide) brands.

Compared to these products, BioChaperone Basal GLP-1 formulations could be positioned at potentially similar performance levels. Moreover, in the case of BioChaperone Glargine Liraglutide, the product could have an advantage in terms of pricing similar to, or even higher than, Soliqua, by using two molecules that are going to be in the public domain.

One last competitor product in development is the combination developed by the Korean company **Hanmi** of a weekly insulin (LAPS-Insulin, currently in the phase 1) and a weekly GLP-1 (efpeglenatide). This combination was licensed to Sanofi in November 2015, as well as each component independently (including a once-monthly version of efpeglenatide), under an agreement including an initial payment of $434 million (€400 million) and expected to total $4.2 billion (€3.5 billion). In January 2017, Sanofi announced its was relinquishing the rights to LAPS-insulin and concentrating on the development of efpeglenatide (the weekly injectable version entered phase 3 in 2017). This announcement resulted in Hanmi refunding Sanofi $250 million (€196 million) and a reduction of the total potential amount of the agreement to €2.72 billion. For its part, Hanmi is responsible for the development of the weekly LAPS-insulin/efpeglenatide combination, a product for which Sanofi retains a licensing option. Hanmi also has to bear some of the development costs of efpeglenatide, which was not the case in the initial agreement. This combination of insulin and GLP-1 is currently in preclinical development.

1.2.4 BioChaperone Glucagon GLP-1 for the treatment of obesity

▪ Providing a powerful and easy-to-use multi-hormonal treatment to optimize lasting weight loss in obese people

Obesity is defined as an excessive accumulation of fat in adipose tissue negatively impacting the well-being and health of the person. A person is diagnosed as obese when his or her body mass index (BMI) is more than 30 kg/m². The increase in weight is the consequence of an imbalance between energy intake and expenditure. This imbalance results from a complex combination of environmental, behavioral and genetic factors.

The World Health Organization (WHO) estimates that there were 650 million obese adults in the world in 2016, or 13% of the world's population. This number has nearly tripled since 1975 and continues to grow[36]. The obesity rate varies from one country to the next with, for example, 39.2% of adults obese (and 65% overweight) in the United States[37].

Obesity increases the risk of developing many other diseases, including type 2 diabetes, non-alcoholic steatohepatitis (NASH), dyslipidemia, sleep apnea, cardiovascular disease and several types of cancer. These risks increase for overweight people (BMI > 25 kg/m²) and increase with weight gain. The World Obesity Federation estimates that obesity and its complications led to nearly $800 billion in healthcare expenditure worldwide in 2017. This expenditure could reach $1,200 billion by 2025[38].

It is generally accepted that a 10–15% loss of body mass significantly reduces the comorbidities associated with obesity.[39] To lose weight, the first recommendation is to have enough regular physical activity and to follow a special diet. However, weight loss is often difficult to maintain, both because it requires often significant behavioral changes,

36 Key facts about being obese and overweight, WHO, October 2017

37 NCHS Data Brief, Prevalence of obesity among adults and youth: United States, 2015–2016

38 World Obesity Federation, 2017

39 Glandt & Raz, J. Obes, 2011;2011:636181

and because the body tends to return to the original weight, for various physiological reasons, which results in discouragement in obese people. Medical treatment is prescribed to patients with BMI greater than 30 kg/m² or, if there are two cardiovascular risk factors, a BMI > 27 kg/m². In the event of morbid obesity, bariatric surgery may be prescribed. This consists of reducing the volume of the stomach.

Today, only 2% of obese patients use medication. This low percentage is due to the limited efficacy of the medicinal products available and the lack of persistence of their effects over time. These treatments, oral or injected subcutaneously, can lead to a rapid loss of 3 to 10% of body weight, but this loss is rarely stabilized in the long term. Some of these treatments are also associated with adverse reactions (nausea, cardiac risk, diarrhea, etc.). Mechanisms of action include a decrease in the food bolus, a limitation of nutrient absorption, or an increase in energy expenditure.

Among the available treatments, one of the most effective is **Saxenda®** (liraglutide, GLP-1 receptor agonist, Novo Nordisk)[40]. Saxenda® is currently the only GLP-1 treatment for obesity and has met with significant commercial success.

Recent studies have shown that a multi-hormonal approach targeting both GLP-1 receptors and other metabolic hormone receptors, such as glucagon or GIP, could increase energy expenditure, promote significant weight loss and improve blood glucose control in obese people[41]. Based on these results, several companies have initiated the development of co-agonists or combinations allowing this multi-hormonal approach.

Based on this promising research and its BioChaperone Glucagon formulation, Adocia has developed BioChaperone Glucagon GLP-1, a two-in-one combination of human glucagon and exenatide (Byetta®, AstraZeneca), a GLP-1 receptor agonist. It has been previously shown that the combination of glucagon and GLP-1 RA works by increasing satiety, slowing gastric emptying and increasing energy expenditure (Figure 10). In contrast to the multi-agonist approaches, Adocia's formulation approach makes it possible to rely on the efficacy and safety profiles of two approved molecules, while favoring the choice of the best ratio between these two molecules to optimize the product profile.

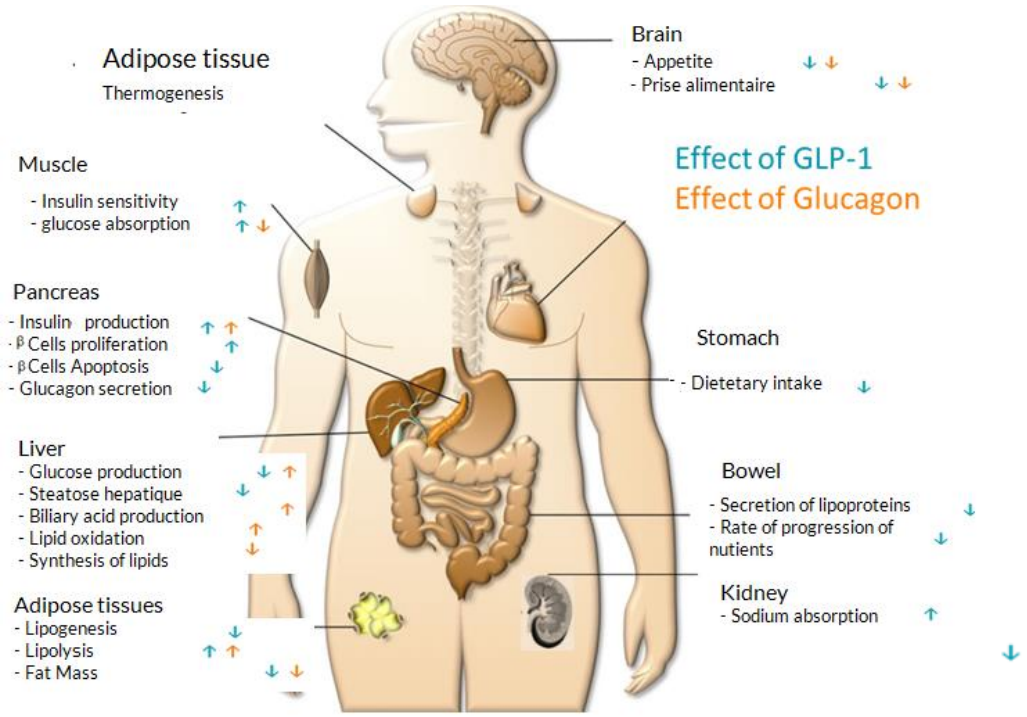


Figure 10: Combined effects of glucagon and GLP-1 on the human body

40 Liraglutide is also the active ingredient, used at a lower dose, in the hypoglycemic treatment Victoza® (Novo Nordisk) for the treatment of type 2 diabetes.

41 Cegla G. et al, Diabetes 2014;63:3711–3720 ; Henderson SJ. et al , Diabetes, Obesity and Metabolism 2016; 18: 1176–1190; Evers A. et al, J Med Chem. 2017 May 25;60(10):4293-4303.

In vitro results and next steps

On the basis of promising in vitro stability results, BioChaperone Glucagon GLP-1 is currently in preclinical development, with the goal of starting the first human clinical trial in 2020.

Competition

The competition includes both products already approved for the treatment of obesity, and multi-hormonal treatments currently under development.

This market of the treatment of obesity is growing strongly (+120% per year since the end of 2015), due to the rapid increase of the obese population, the emergence of more effective products like Saxenda® (liraglutide, Novo Nordisk) and growing awareness of the value of drug approaches. Five products are currently approved for the treatment of obesity, for a global market still relatively limited, $500 million in 2017.

- Saxenda® (liraglutide, Novo Nordisk), the only injectable treatment approved in the US since 2015, currently accounts for 75% of the value of the US market[42]. In clinical trials, Saxenda showed a decrease in body weight of 5-7.5% over 12 months.
- BelviQ® (API, Arena/Eisai) is an oral appetite suppressant enabling limited weight loss (around 3%). This treatment is only available in the United States.
- Qsymia® (phentermine and topiramate, Vivus) is an oral combination showing the best weight loss efficacy among oral treatments, but the effect disappears on average less than one year after the start of treatment.
- Xenical® (API, Roche) blocks the absorption of triglycerides.
- Contrave® (bupropion and naltrexone, Nalpropion) is an oral combination that reduces appetite and increases energy expenditure. Following the bankruptcy of Orexigen. The company Nalpropion acquired their assets (including Contrave) in April 2018.

There are currently 33 products in clinical development to treat obesity, with various approaches in terms of mechanism of action and expected efficacy.

Among the products in development, semaglutide from Novo Nordisk, a new GLP-1 agonist already approved for the treatment of diabetes, has shown positive weight loss results in Phase 2 studies. This product recently approved for patients with Type 2 diabetes entered into a Phase 3 for treating obese patients.

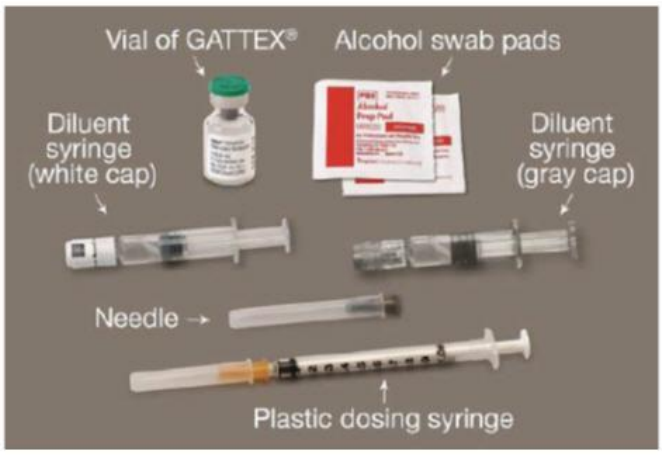
Eli Lilly also presented promising results of a co-agonist GLP-1 and GIP (the tirzepatide) by patients with type 2 diabetes during the EASD international conference in October 2018. Eli Lilly plans to start soon the clinical development of this product for obese patients in December 2019.

1.2.5 BioChaperone Teduglutide for the treatment of short bowel syndrome

Simplifying chronic treatment injections for people with severe short bowel syndrome

Short bowel syndrome (SBS) is a serious disease caused by either a congenital defect, intestinal obstruction or extensive surgical resection of the intestinal tract, resulting in a functional small intestine less than 200 cm in length (the average length of the small intestine is 6.1 m in a healthy person). Sufferers have an intestine which is too short to absorb enough ingested food, leading to not only malnutrition and weight loss but also dehydration, severe diarrhea, abdominal pain, and fatigue. In the long term, various complications may occur including anemia or hyperkeratosis. Short bowel syndrome is most often the result of resection of the small intestine, which is itself a result of inflammatory diseases or intestinal tumors. More rarely, there are cases of congenital short bowel syndrome (birth with a small intestine less than 75cm long).

42 Analysis of sales in the third quarter of 2017. $101 million in sales for Saxenda in a $139 million market (BelviQ + Saxenda + Qsymia + Contrave).



In its most severe forms (intestine less than 1 m), SBS requires supplementary parenteral or enteral nutrition to compensate for the effects of diarrhea, malabsorption of nutrients, intestinal dilatation and intestinal dysmotility. This supplementary nutrition can also sometimes lead to severe complications, particularly involving the liver. Approximately 20,000 people with SBS in the United States and Europe need parenteral nutrition. In these individuals, Gattex®/Revestive® (teduglutide, GLP-2 analog, Shire) can be prescribed to improve intestinal absorption and reduce the need for parenteral nutrition, which seriously disrupts patients' lives. Indeed, GLP-2 promotes the growth of intestinal villi, reduces intestinal flow and reduces acid secretions in the stomach. However, teduglutide is unstable in aqueous solution and is only available in the form of a lyophilized powder to be reconstituted before each daily injection. Reconstituting the product before injection involves 22 steps and the use of 6 different objects (syringes, needle, vial, Figure 13). This complicated procedure takes time and can result in mishandling, misinjection, or even injury. A ready-to-use solution could therefore have significant benefits for people with short bowel syndrome.

Figure 13: Detail of the material necessary for the reconstituting of Gattex®/Revestive®before injection. (Excerpt from the instruction leaflet).

- **In vitro results and next steps**

On the basis of promising in vitro results, BioChaperone Teduglutide is currently in preclinical development. To date, Adocia does not prioritize the entry in clinical for this project and is looking for a partner to continue the development of the project.

- **Competition**

Today, the only competitor product on the market is Gattex® (teduglutide) itself, which has recently addressed a significant medical need. Sales reached $219.4 million in 2016, and $335 million in 2017. The market has been growing strongly since the launch of Gattex and is expected to reach in excess of $500 million at its peak. The annual cost for medication with Gattex® is approximately $350,000 per year in the United States and €240,000 per year in France.

Two GLP-2 analog projects are currently in clinical development for the treatment of short bowel syndrome. Zealand Pharma is developing glepaglutide, a stable analog of GLP-2 in liquid form. Gelpaglutide entered Phase 3 in October 2018. In addition, Therachon acquired in September 2018 the apraglutide formerly developed by Glypharma. Apraglutide is a long-acting GLP-2 analog with the potential to reduce injections to once or twice a week. This compound has the same disadvantage as teduglutide i.e., instability in liquid form, and is being developed as a powder for reconstitution. Glypharma had announced positive toxicity and safety results in Phase 1 clinical study in healthy subjects. A new analog GLP-2 announced by Hanmi in January 2019 entered in Phase 1 during Q1 2019.

1.2.6 Intellectual property

1.2.6.1 Innovation policy

Adocia's mission is to create and develop inventions that are subsequently licensed.

These inventions involve in particular innovative therapeutic treatments based on the combination of our processing technology (BioChaperone®) with therapeutic protein agents.

Since its founding, Adocia has created inventions in several therapeutic domains based on its BioChaperone® technology, such as the healing of chronic wounds and the treatment of diabetes with insulin therapy. In 2016 the Company refocused its business on the treatment of diabetes, which is reflected in its patent portfolio.

The Company's innovation policy consists of all measures the Company takes in this area. The Company's innovative mission guides the recruitment of management employees and technicians, employee training, and its work methods. More specifically, researchers receive both internal and external training related to IP.

The inventions that Adocia develops are cross-disciplinary and cover various scientific fields, in particular chemistry, physical chemistry, analytics and biology. Teams of experts have therefore been formed, and then expanded, in each discipline. The various teams are coordinated during regular working meetings held for each project. In addition, each lead scientist presents a bimonthly report on scientific advances every two weeks.

Mr. Gérard Soula has significant research and innovation management experience, with over 30 years' experience in this field. Mr. Olivier Soula, Vice President and R&D Director has more than 15 years of experience in R&D management, first with Flamel Technologies and then with Adocia.

1.2.6.2 Procedures for the protection of intellectual property

▪ IP department and external Industrial Property consultancy

The Intellectual Property department is under the responsibility of Walter Roger, IP Director and comprises three people at the date of this universal registration document.

The Intellectual Property department, in collaboration with an intellectual property consulting firm, evaluates the patentability of inventions and, if applicable, conducts studies of freedom to operate for the products intended to be utilized, in particular via a license. Patent applications and examination procedures are conducted in collaboration with this consulting firm.

This intellectual property firm, Cabinet Tripoz, manages the Company's portfolio of patents.

▪ Designation of inventor and remuneration

An invention declaration form has been created to describe the invention and designate its inventor(s), specifying their respective contribution.

Besides, Adocia has set up an attractive compensation policy for inventions in order to promote innovation within the Company. An internal memorandum explains the conditions under which employee-inventors are entitled to the additional compensation prescribed by the French Intellectual Property Code, and provides for payment of attractive lump-sum fixed compensation after submission of a first patent application and granting of a patent in Europe or the United States, as well as variable compensation that increases in accordance with sales generated by the relevant invention.

Mr. Gérard Soula has assigned to the company, without any financial consideration, all of the rights he held for inventions within the Company's field of business at the date of this registration document. Assignment agreements are signed whenever required by national law (in particular, in the USA and Canada). Furthermore, Mr. Gérard Soula has undertaken to assign to the Company, also without any financial consideration, all new intellectual property rights within the company's field of business that he may hold in the future during the time he continues to be an officer of the Company.

▪ Communication and confidentiality

It is essential for an innovation company such as Adocia to manage communication and control the confidentiality of information.

Technical communication is therefore approved by the Intellectual Property department and, if applicable, subject to contracts suitable to the situation (see chapter relating to Contracts below).

1.2.6.3 Patents and patent applications

▪ Intellectual property protection policy

The success of the Company depends at least in part on its ability to protect its inventions, primarily by obtaining and renewing patents in Europe, the United States and the rest of the world.

Since March 16, 2013, priority applications are only submitted in France since it is no longer necessary to apply for a US patent in order for protection to be recognized in this country. Before the new regulation took effect in the United States on March 16, 2013, priority applications were filed simultaneously in France and the United States to implement protection as rapidly as possible.

However, direct extensions in the United States are often conducted simultaneously with PCT extensions to ensure direct and rapid US procedures.

Offensive, alternative and defensive strategies

An active policy is pursued to protect products under clinical development (offensive strategy) as well as products derived from alternative solutions (alternative strategy) and products corresponding to defensive solutions (defensive strategies). Patent applications are qualified as (i) protection of core business, (ii) protection of alternative solutions and (iii) defensive applications.

Territories

Patent coverages are examined with respect to the importance of inventions, and three predetermined strategies are implemented by the Company concerning the choice of countries in which the national phase of PCT applications are in force (no later than 30 months after submitting the priority application). These three predetermined strategies are:

- Strategy 1 for defensive applications: United States and Europe;
- Strategy 2 for alternative solutions: United States, Europe, China, India, and possibly Brazil, Canada, Japan, Australia and/or Israel;
- Strategy 3 for the core business: United States, Europe, Canada, China, Japan, India, Australia, Israel, Mexico, Brazil, Russia (or Eurasia), South Africa, Singapore and South Korea, even additional territories depending on the market

Patents Applications in the sole name of Adocia

Patents applications submitted by the Company are filed in the name of the Company if their inventors are all employees, with the exception of Mr. Gérard Soula. In the case of company employees, every employment contract for staff contributing to invention contains a clause covering inventions, and all inventions legally belong to the Company as stipulated in article L.611-7 of the French Intellectual Property Code. Transfer agreements are systematically signed for each invention whenever required by government regulation.

Types of patent application

There are two main types of patent:

- Patents concerning an object (also known as “composition of matter” patents) may involve polymers, composites or compositions;
- Patents concerning actions, such as utilizations or procedures.

In addition, depending on the evolution of legislation, patent applications relating to specific therapeutic applications, dosages and / or methods of treatment are also filed to supplement the protections.

Portfolio

A review of the portfolio is carried out regularly and notably led to the discontinuation of certain patents granted which were no longer relevant to ongoing projects.

To date inventions are protected by patent application filings comprising 49 distinct families. Adocia's portfolio contains more than 200 patents and patent applications belonging to the Company, of which 171 are being examined by patent authorities. The table below indicates the number of patents granted as well as the patent applications currently underway, by territory, as of December 31, 2019:

Territoiries	Patents	Ongoing patent application
France	*14*	*30*
USA	*20*	*22*

Europe (Brevet Européen)	*9*	*18*
South Africa	*0*	*4*
Saudi Arabia	*2*	*3*
Australia	*1*	*5*
Brazil	*0*	*8*
Cambodge	*0*	*1*
Canada	*0*	*4*
China	*4*	*8*
South Korea	*0*	*4*
Egypt	*0*	*1*
Eurasia (Eurasian patent)	*0*	*4*
Hong Kong	*1*	*7*
India	*0*	*6*
Indonesia	*0*	*1*
Israël	*1*	*2*
Japan	*2*	*5*
Malaisia	*0*	*1*
Mexico	*1*	*6*
New Zealand	*0*	*2*
Pakistan	*0*	*2*
Philippines	*0*	*1*
Russia	*1*	*0*
Singapour	*1*	*5*
Taiwan	*0*	*2*
PCT	*NA*	*21*
TOTAL	**57**	**171**

Adocia's portfolio is primarily composed of "composition of matter" patents. More specifically, the families involving prandial or basal insulin, amylin receptor agonists (RA) and glucagon rely on polymers, composites and/or compositions.

The FAST insulin project (BC Lispro and HinsBet) comprises tens of families of patent that include many delivered patents.

It includes in particular, the WO2014076422 and WO2014076423 families currently under review for which patent applications have been submitted in Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, Israel, India, Japan, South Korea, Mexico, Saudi Arabia, Singapore, the United States and South Africa. The WO2014076423 application led indeed to the issuance of the patents US9700599 in the United States, EP2918804 in Europe, CN104902922 in China and JP6322642 in Japan.

The patents for these families, subject to their delivery and to payment of annuities, will confer protection until 2033.

The project for the combination of basal insulin, notably glargine insulin, and prandial insulin, comprises around 15 families of patents.

We can cite among these the WO2017211916 and WO201721903 applications submitted in 2017, involving new composites and new compositions combining a basal insulin, like glargine insulin and a prandial insulin. These families have patents pending in the following countries or regions: South Africa, Saudi Arabia, Brazil Cambodia, China, Egypt, Europe, India, Indonesia, Japan, Mexico, Eurasia, Singapore and United States. Subject to payment of annuities, the patents of this family will provide protection until 2037.

We may also mention the applications WO12019110773, WO2019110774.

The glucagon project involves in particular the applications WO2017211917 et WO2017211917 submitted in2017. These families have patents pending in the following countries or regions: Australia, Brazil, Canada, China, South Korea, Europe, Japan, Mexico, New-Zealand, and Singapore. Subject to payment of annuities, the patents of this family will provide protection until 2037. The applications WO2019110837 et WO2019110836 concern also the glucagon.

- ADOCIA is still developing a project involving a composition combining amylin, an agonist of amylin or an agonist of amylin receptor, in particular Pramlintide, formulated at physiological pH value. This project involves notably the applications WO2018122278, WO2019110788 et WO2019110797.
- Another project involves combinations of prandial insulins with GLP-1 RA, which includes the application WO2019020820.

Eventually Adocia developed a formulation including a combination of prandial insulin and glucagon suppressor with prandial effect. This works leads to the application WO2019020820, which is going to enter in regional and national phases.

It should be noted that published patent applications and PCT applications as well as patents granted can be found on the internet using free patent databases, such as Espacenet or USPair (USPTO).

▪ Portfolio management

The portfolio is examined periodically for patent applications made for inventions that are no longer under development and that can neither be sold nor licensed. These are terminated to reduce costs. This is the case of applications concerning nanoparticles, for example.

1.2.7 Legal

1.2.7.1 Major Contracts

▪ Protection of proprietary technologies

Before any exchange of information or material of a confidential nature with a third party, a suitable contract is drafted that systematically includes confidentiality and restriction of use clauses. A confidentiality contract is generally signed first when assessing the relevance of entering into a possible commercial relationship or collaboration. There will follow, depending on the situation, one or more contracts for transfer of equipment, service provision, consulting or collaboration, which will ensure, among other provisions, that Adocia retains full ownership of the results (related to Adocia's proprietary technologies) arising from these contracts and of the intellectual property rights attached to these results.

▪ Cooperation agreements

Starting in November 2007, the Company begin signing cooperation agreements with various major pharmaceutical groups.

The Company did not assign intellectual property rights to its technology with any of the agreements it signed, and no implicit license can arise from any of the cooperation agreements with its partners, as this is a prerequisite demanded by Adocia upon signing any such agreement.

Partners may hold rights only to inventions developed strictly within the scope of the cooperation that is the subject of these agreements, and to no other inventions. Depending on the partner, title may be held jointly with the company or outright by the partner.

Most of these cooperation agreements involve evaluating BioChaperone® technology with respect to active pharmaceutical ingredients that are already marketed or are under pharmaceutical development.

Studies are conducted in either the Company's or the partners' laboratories, and the costs of such trials are either fully paid by the Company's partners or shared between the partner and Adocia.

Because the Company's partners have demanded confidentiality about the very existence of these agreements, neither the areas of cooperation nor the partners' identities may be disclosed in this reference document.

1.2.7.2 Licenses

▪ License granted by Adocia to Eli Lilly

On December 14, 2011, the Company signed a licensing and cooperation agreement with the Eli Lilly group. This agreement concerned the development and marketing of Lispro rapid-acting insulin analog in conjunction with BioChaperone® technology ("BioChaperone® Lispro"). The company granted Eli Lilly exclusive worldwide rights to BioChaperone® for the purpose of developing, manufacturing and marketing BioChaperone® Lispro. This agreement covered all potential indications for BioChaperone® Lispro. The license rights granted were based on the WO2008038111 and WO2010122385 families of patent applications and patents. In July 2013, Adocia and Eli Lilly decided to terminate their licensing and cooperation agreement, and Adocia recovered its rights to develop ultra-rapid insulin analogs.

On December 19, 2014, Adocia and Eli Lilly announced the signature of a licensing agreement for the development of an ultra-rapid insulin based on insulin lispro (commercial product from Eli Lilly, Humalog®) with BioChaperone® technology ("BioChaperone Lispro").

Adocia's and Eli Lilly 's goal was to develop BioChaperone Lispro with the goal of optimizing glucose levels during and after meals. The expected benefits of BioChaperone Lispro for patients with diabetes included greater flexibility in the timing of insulin injections, lower variability of postprandial glycemic levels, lower rates of hypoglycemia and better overall glycemic control.

Under the terms of the agreement, Lilly was responsible for future development, manufacturing, and commercialization of BioChaperone Lispro. The total upfront and milestone payments could have reached $570 million. Adocia had received an upfront payment of $50 million, and a $10 million milestone payment in December 2015.

No joint patent applications were submitted during this collaboration.

By letter dated January 26, 2017, Eli Lilly announced its decision to terminate the 2014 licensing contract. As a result, the rights that Adocia has licensed to Lilly reverted to Adocia at no cost (see Adocia press release of January 27, 2017 available on the website of the Company).

▪ Licenses granted by Adocia to Tonghua Dongbao Pharmaceuticals Co. Ltd

April 26th, 2018, Adocia and Tonghua Dongbao Pharmaceuticals Co. Ltd Pharmaceuticals a strategic partnership, whereby Adocia granted the exclusive development and commercialization rights to Tonghua Dongbao Pharmaceuticals Co. Ltd for the fixed-ratio insulin glargine and insulinlispro combination, BioChaperone® Combo, and ultra-rapid insulin, BioChaperone® Lispro, in China and other designated Asian and middle -East countries.

Under the terms of the Licensing Agreements, Tonghua Dongbao is responsible for the future development, manufacturing, and commercialization of BioChaperone Combo and BioChaperone Lispro in China and certain other countries. Adocia received a total upfront payment of $50 million, including $40 million for BioChaperone Combo and $10 million for BioChaperone Lispro. Additionally, Adocia is entitled to receive development milestone payments up to $85 million, including $50 million for BioChaperone Combo and $35 million for BioChaperone Lispro. Finally, Adocia is expected to receive double-digit royalties on the sale of both products in the territories. Tonghua Dongbao will also reimburse some of Adocia's expenses for research and development activities performed during the terms of the agreements.

Adocia retains the rights to develop and license these two insulin programs in worldwide markets outside of the territories covered by these agreements, including the United States, Europe and Japan. Adocia remains responsible for the development and the manufacturing of BioChaperone® pharmaceutical excipients.

Tonghua Dongbao Pharmaceutical Co., Ltd. is a China-based company with over 2.000 employees, principally engaged in the research and development, manufacture and distribution of pharmaceuticals. The Company provides biological products, traditional Chinese medicines and chemical supplements, applied in the treatment of diabetes and cardiovascular and cerebrovascular diseases, among others. The Company produces 10 different types of products with over 100 specific pharmaceutical products in production. Tonghua Dongbao Pharmaceutical Co., Ltd. main products portfolio consists, at the time of the signature of the partneship with Adocia, of recombinant human insulin crystal API, regular recombinant human insulin injection Gansulin R, isophane protamine recombinant human insulin injection Gansulin N, 30/70 mixture recombinant human insulin injection Gansulin 30R, 3 50/50 mixture recombinant human insulin injection Gansulin 50R, 40/60 mixture recombinant human insulin injection Gansulin 40R, Zhen Nao

Ning capsules and Dongbao Gantai tablets, among others. Tonghua Dongbao Pharmaceutical Co., Ltd.also provides medical instruments. The Company distributes its products within domestic markets and to overseas markets.

1.2.7.3 Litigation

▪ Arbitrations

In October 2017, Adocia announced in a press release its filing of an arbitration claim against Eli Lilly & Co related to a research and licensing agreement signed in 2014. This proceeding concerns some $11 million and other specific compensation for changes made to the development plan during the collaboration. The arbitration court finds in favor of Adocia in first phase of arbitration against Eli Lilly in August 2018 and Adocia announced via a press release the same month that the company will separately seek interest, litigation fees and costs in addition to the damages awarded. In October 2018, the arbitration court granted Adocia fees' interests on the amount cited above accruing from March 30, 2017.

In February 2018 Adocia announced additional arbitration claims against Eli Lilly & Company arising out of Lilly's misappropriation and improper use of Adocia's confidential information and discoveries as well as Lilly's breaches of several collaboration and confidentiality agreements. Adocia is seeking monetary damages in excess of $1.3 billion (before taking into account the interests pre-and post-judgement) as well as others specific relief. In this second phase of this arbitration, Lilly has filed counterclaims againts Adocia seeking approximately 188 million including prejudgment interest. These counterclaims are based on an allegation that Adocia concealed its discoveries and confidential information which are at issue in Adocia's claims. Adocia denies Lilly's claims.

In August 2019, the American Arbitration Association Panel rejected the additional claims submitted by Adocia as well as the counterclaims of Eli Lilly.

On September 30, 2019, Adocia announced receipt of the payment of USD 14.3 million corresponds to the USD 11.6 million in damages plus interest awarded to Adocia in August 2018 by an American Arbitration Association Panel presiding over Adocia's arbitration claims against Eli Lilly as compensation of a contractual milestone payment disputed by Lilly.

The arbitration procedure is now finalized.

▪ Civil Action

Eli Lilly and Company ("Lilly") filed a complaint against Adocia in the United States District Court of the Southern District of Indiana on October 9th, 2018. Lilly's complaint seeks a declaratory judgment that "the designations of inventorship currently appearing on [Lilly's] United States Patent Nos. 9,901,623 and 9,993,555 are complete and correct, as required by the patent laws of the United States." US Patent No.9,901,623 is entitled "Rapid-acting insulin compositions"and was issued February 27, 2018. US Patent No 9,993,555 is entitled "Rapid-acting insulin compositions" and was issued June 12, 2018. Lilly contends in its complaint that it filed the action because Adocia has asserted that Lilly's patents reflect Adocia's inventive contributions.

In September 2019, Adocia and Eli Lilly together agreed to file a consent judgment to conclude the civil litigation initiated by Eli Lilly at the Court of the Southern District of Indiana in October 2018. The consent judgement was registered by the Court of the Southern District of Indiana in October 2019 and then concludes this litigation. Each party will cover its own legal fees and associated costs, without any further financial consequence.

Consequently, the litigation in the Court of the Southern District of Indiana is now fully concluded.

1.2.7.4 Insulin supply agreements

Adocia and Tonghua Dongbao Pharmaceuticals Co. Ltd announced on June 1st, 2018 an expansion of their strategic alliance with Tonghua Dongbao. "(see section 1.3.8.2 « *Licences granted by Adocia toTonghua Dongbao Co.Ltd* » above) by signing with the Chinese company two supply agreements in insulin,under the terms of the agreements, Tonghua Dongbao Pharmaceuticals Co. Ltd will manufacture and supply insulin lispro and insulin glargine APIs to Adocia worldwide, excludingChina in accordance with Adocia's specifications and established quality standards.

Local leader on the Chinese insulin market, Tonghua Dongbao Pharmaceuticals Co. Ltd can currently produce several tons of insulin per year divided on numerous outstanding production plants. While the Chinese company commercializes already human insulin products in China and in other market, Tonghua Dongbao Pharmaceuticals Co.

Ltd develop in parallel several insulin analogs. Notably, its insulin glargine was approved in China at the end of 2019, and its insulin lispro is expected to enter Phase 3 trials in the near future. Insulin lispro from Tonghua Dongbao Pharmaceuticals Co. Ltd. is produced in the same plant as human insulin used in its commercial products; this plant has recently passed a cGMP standard audit allowing Phase 3 entry into Europe of this human insulin from Tonghua Dongbao Pharmaceuticals Co. Ltd.

1.2.7.5 Bond loan concluded with IPF Fund II

On October 11th, 2019, the Company signed a bond financial line with IPF Fund II to finance its growth.

This financing line consists in a bond issue, structured in two tranches of equal amounts, of a total number of for a EUR 15 million of bonds ("Bonds") to each of which is attached a warrant (the "BSA"), hereinafter collectively referred to as the "OBSA", for a maximum amount of principal loan of 15 million euros.

The Bonds were issued in two tranches each for a principal amount of 7,500,000 euro (the « Tranche A » and "the Tranche B" and together the "Issue" entirely reserved for IPF Fund II SCA, SICAV FIAR (hereinafter referred to as "IPF Fund II").

The first tranche (Tranche A), amounting to 7.5 million euros, was subscribed on October 11, 2019, at the signing of the contract. The second tranche (Tranche B) was subscribed on December 10, 2019.

In return for this loan, the Company issued BSA giving right to Adocia's shares (1 Bond = 1 BSA) with characteristics detailed below.

In addition, the Company granted IPF Fund II a pledge on part of its assets (bank accounts, securities accounts, trade receivables, stock) as well as a pledge of certain key Adocia patents (« *Core IP* »).

- **The terms and conditions of the Bonds are as follows :**
  - Nominal Amount of the bond issue: Tranche A: EUR 7,500,000; Tranche B: EUR 7,500,000.
  - Initial par value: EUR 1 euro per Bond.
  - Issue date: Tranche A: October 11, 2019 and Tranche B: December 10, 2019.
  - Maturity: the twentieth quarter falling after the issue date of each tranche.
  - Interest: EURIBOR + 8% (Cash margin) +3% (PIK margin).
  - First redemption of the capital deferred for a 12-month period, then the reimbursement will be of 10%, then 20%, finally 30% and at last 40% the last year.
  - Early redemption possible at any time, subject to early redemption fee, for an amount of 8% if the exit occurs during the first year, 7% in the course of the second year and finally 6% the third year.
  - Security: customary security interests granted to the benefit of the bondholders' body. (pledge of the bank accounts and securities accounts, pledge of the trade receivables, pledge of the stock, and pledge of Adocia's key patents registered in France, in Europe, in the United States and in China.
  - Assignment: the bonds can be freely assigned to any fund or financial institution, to the exclusion of any competitor of the Company or any fund managing or having invested in a competitor of the Company.
- **The main terms and conditions of the warrants are as follows:**
  - Number of warrants: 15,000,000, i.e. 7,500,000 under Tranche A and 7,500,000 under Tranche B, creating the right for each tranche to subscribe to a number of ordinary shares of the Company equals to 15% of the amount drawn, i.e. an amount of 1,125,000 EUR each tranche, divided by the share strike price .
  - Exercise price: EUR 8.57, it being specified that, in the event the Company issues new shares (excluding employee and manager incentive scheme) at a lower price during the warrants' exercise period, the IPF warrants exercise price shall be reduced to 95% of the lower of the said issue prices, it being specified that the issue price cannot be lower than 80% of the average of weighted average market price over the three stock market sessions preceding a new share issue.

- Number of shares that may be issued upon exercise of the warrants: in respect of each tranche, 131,271 ordinary shares representing 1.89% of the Company's share capital as of the date of the press release, i.e. on October 14, 2019, in respect of each tranche[43].
- Exercise period: in whole or in part, for a minimum aggregate exercise price of EUR 100,000 euros, once or several times, at any time from their issue date until October 10, 2026.
- Listing of the warrants: the warrants shall not be listed but can be detached from the OBSAs at any time and, from that date, freely assigned under the same conditions as the Bonds.

▪ Granted security

The Company consented a pledge on certain of its assets in order to secure the repayment of the bonds issued by the Company, in particular:

- a pledge on French law of the bank accounts and share accounts of the Company;
- a pledge of the key IP rights (Core IP) of the Company registered in France, in Europe, in the USA and in China insured by the conclusion of a patents deed of plegde on French law, a deed of pledge on New York State law and a pledge deed on Chinese Law on the following families of patents :
  - Insuline FAST (BC lispro and HinsBet) : WO2014076423
  - Combination of basal insulin, notably glargine insulin, and prandial insulin : WO2019110773
  - Combination of prandial insulin and suppressor of glucagon with prandial effect : WO2019020820
- a pledge of the trade receivables of the Company evidenced in the form of a deed of pledge of receivables on French law ;

being specified that the implementation of additional security could in the future be required by IPF Fund II, in particular on stock/inventory with a value greater than 250,000EUR and intellectual property rights developed or acquired in the future.

This security may be implemented by IPF Fund II in the event of default of payment by the Company or at the request of IPF Fund II in the event of any event of default stipulated in the issued contract. The implementation of this security would result in the judicial allocation, the forced sale or, as the case may be, the transfer of ownership of the pledged asset to the benefit of IPF Fund II.

Commitment made

Under the terms of the loan obtained, the Company notably made a commitment to comply with the following obligations **:**

- no contract of new debt (beyond a threshold by type of debt and an overall ceiling of 6.5 million EUR in debt),
- no grant of new security or guarantee,
- have an amount of cash to cover 6 months of operating cash flow including debt service (cash covenant)
- no change in activity substantially
- no sell of assets other than in the ordinary course of business, to acquire or create joint ventures without the prior consent of IPF Fund II
- respect all legal and regulatory obligations that are applicable to the Company.

Le non-respect de ces engagements, auxquels il ne serait pas rémédié dans les 10 jours ouvrés de la survenance ou de leur notification par IPF Fund II (ou immédiatement en ce qui concerne un non-respect du *cash covenant*) pourrait conduire IPF Fund II à déclarer l'exigibilité anticipée du prêt et à procéder à la mise en œuvre des suretés décrites ci-dessus.

[43] Excluded adjustment of the price of the BSA as detailed above

Failure to comply with these commitments, to which it would not be remedied within 10 working days of the occurrence or of their notification by IPF Fund II (or immediately with regard to non-compliance with the cash covenant) could lead IPF Fund II to declare the early payment of the lease and to proceed with the implementation of the security described above.

1.2.7.6 OSEO Innovation agreements of April 25, 2012

As part of the Insulin project, the company signed an agreement with OSEO on April 25, 2012 under which the company received a reimbursable advance totaling €800,000 for the development of a fast-acting "human" insulin formulation and the Phase 2a clinical trial. After fulfilling all the technical and financial conditions, the company received the full amount of this reimbursable assistance on April 30, 2012.

In the event of the program's success, the company agreed to repay OSEO the sum of €800,000 according to the following terms:

The company agreed to repay OSEO the full amount lent based on the following payment schedule:

- €130,000 for the year 2017 (€32,500 per quarter),
- €150,000 for the year 2018 (€37,500 per quarter),
- €200,000 for the year 2019, and
- €320,000 for the year 2020.

In the event of assignments of licenses or marketing, the company agreed to pay OSEO, by March 31 of each year and starting on January 1, 2014:

- 44.82% of income, excluding tax, from assignments or concessions of licenses, patents or know-how received during the previous calendar year, when such assignments or concessions concern all or part of the results of the financed program, and
- 44.82% of income, excluding tax, generated by the marketing and particularly the sale to a third party or the use by the company for its own purposes of the prototypes, pilot products and samples developed under the financed program.

In this case, the sums paid will first be deducted, by the same amount, from the last payment owed to OSEO Innovation, as specified in the above payment schedule, and, where applicable, from the next to last payment.

In the event of the program's commercial failure, even if such failure is partial, given the nature of the work carried out under the fast-acting human insulin project, the company agreed to repay OSEO a minimum sum of €280,000 corresponding to the amounts due for 2017 and 2018 as described above. In 2017 and 2018, the Company reimbursed accordingly to the plan.

If the company fails to fulfil its obligations, OSEO would have a right to demand the repayment of the advance granted.

In 2015, the Company noted the end of the program and proceeded with the reimbursements provided in the event of commercial failure of the program in 2017 and in 2018. An expertise commissioned by BpiFrance is planned for the year 2020 and should make it possible to close this file.

1.3 Analysis and comments on activities during the year

Readers are invited to read this analysis of the Company's financial position and results along with the financial statements prepared under IFRS for the fiscal years ended December 31, 2018 and December 31, 2019, as well as the notes to the consolidated financial statements prepared under IFRS and presented in section 4.1 of this registration document and all other financial information included herein. Readers may also review the description of the Company in section 1.2 "Presentation of Adocia and its activities."

The consolidated financial statements prepared under IFRS are presented in section 4.1 of this registration document. Only the corporate financial statements prepared under French GAAP have legal force and are reproduced in the notes to this registration document along with the statutory auditors' reports.

1.3.1 Main activities during the year

In 2019, Adocia continued **the development activities of the two licensed products** BioChaperone Lispro and BioChaperone Combo with its Chinese partner, Tonghua Dongbao (THDB), in order to support the planned Phase 3 programs in China for both programs.

The Company also continued to **develop its other projects** independently, particularly M1 PRAM (ADO09), a combination of prandial insulin with pramlintide. ADO09 was developed to improve postprandial glycemic control and long-term effects for people requiring treatment with prandial insulin, by allowing the combination of two complementary and synergistic hormones, pramlintide (an amylin analog) and prandial insulin.

In April 2019, Adocia announced the first positive clinical results of M1 PRAM (ADO09), obtained in a study of people with type 1 diabetes. In this study, the treatment with M1 PRAM (ADO09) resulted in a significant 85% reduction of the glycemic excursions during the first two hours after the meal, compared to a treatment with Humalog® (lispro insulin, p <0.0001) and led to a postprandial glycemic control similar to that of separate injections with Humulin® (human insulin) and Symlin® (pramlintide).

Following these very encouraging clinical results, the Company launched in June 2019 a new Phase 1b clinical study to assess the safety and efficacy of M1 PRAM (ADO09) in subjects with type 1 diabetes over a 24-day treatment period. The study results are expected in the first quarter of 2020.

From a financial perspective, the Company obtained a bond issue from IPF Fund II to finance its growth in October 2019.

The IPF loan consists in the issue, in two equal tranches, of a total number of 15 million bonds, to each of which is attached a share subscription warrant (BSA), for a maximum amount of bond issue in principal of €15 million. The first tranche (Tranche A), amounting to €7.5 million, was subscribed on October 11, 2019, at the signing of the contract. The second tranche (Tranche B) was subscribed on December 10, 2019.

In terms of the organization, Adocia announced the departure of Dr. Rémi Soula, Director of Business Development and Legal Affairs to pursue other professional objectives. As a co-founder of Adocia, Rémi Soula contributed with talent and energy to the development of the company for 14 years.

Finally, **from a legal point of view**, 2019 was marked by the conclusion of legal proceedings initiated against Eli Lilly & Company in October 2017.

In August 2019, the Court of the American Arbitration Association (AAA) dismissed additional claims submitted by Adocia, valued at approximately $1.3 billion, for Eli Lilly's appropriation and misuse of confidential information and discoveries belonging to Adocia, as well as for the violation by Eli Lilly of several collaboration and confidentiality agreements. Eli Lilly's counterclaims, which totaled $188 million, were also dismissed by the Tribunal. On September 30, 2019, Adocia announced that it had received payment of $14.3 million from Eli Lilly corresponding to the $11.6 million in damages, plus interest, which had been awarded to Adocia in August 2018 by the AAA, as payment for a contractual milestone payment disputed by Eli Lilly.

In September 2019, Adocia and Eli Lilly jointly filed a consent judgment to conclude the civil litigation initiated by Eli Lilly at the Court of the Southern District of Indiana in October 2018. The consent judgment was registered by this very same Court on October 6, 2019, each party bearing its own legal fees and costs, with no other financial consequence.

Arbitration proceedings and civil action in the District Court of the Southern District of Indiana are concluded and final.

1.3.2 Presentation of the financial statements

1.3.2.1 General information

The Company's principal activity is research and development of innovative formulations of pre-approved therapeutic proteins. It has a high level of expertise in the field of insulin. The proprietary technology platform, called BioChaperone®, aims to improve the efficacy of therapeutic proteins and their ease of use for patients.

1.3.2.2 Main accounting principles

▪ Revenue recognition

Adocia generates revenue from collaboration and licensing agreements signed with other companies operating in its sector and from public funding of research costs (grants and research tax credit).

▪ Research and development costs

Research and development costs are recognized as expenses on the income statement in the year in which they are incurred. Development costs are capitalized only when the conditions required by IAS 38 are met. As of the date of this registration document, these conditions had not been met and the Company therefore did not capitalize its development costs.

1.3.3 Financial position and appropriation of profit

1.3.3.1 Components of income

The following table summarizes the Company's income statement under IFRS for the fiscal year ended December 31st, 2019 and provides a comparison with fiscal year 2018.

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Revenue (a)	**2 143**	**47 389**
Research and collaborative agreements	0	0
Licencing revenues	2 143	47 389
Other revenue (b)	**5 992**	**6 541**
Research tax credit	5 861	6 368
Grants, public financing, others	131	173
Operating revenue (a) + (b)	**8 134**	**53 930**
Research and development expenses	(23 307)	(25 760)
General and administrative expenses	(6 848)	(18 463)
Operating expenses	**(30 155)**	**(44 223)**
OPERATING INCOME (LOSS)	**(22 021)**	**9 707**
FINANCIAL INCOME (LOSS)	**455**	**2 051**
Tax	2 963	(4 144)
NET INCOME (LOSS)	**(18 603)**	**7 615**
Base earning per share (€)	(2,7)	1,1
Diluted earning per share (€)	(2,7)	1,0
GROUP NET PROFIT (LOSS)	**(18 603)**	**7 615**

▪ Operating income

The Company's operating income resulted from collaboration and licensing agreements and public funding of research costs. In 2019, operating income amounted €8.1 million compared to €53.9 million in 2018, based on the following breakdown:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Revenue (a)	**2 143**	**47 389**
Research and collaborative agreements	0	0

Licencing revenues	2 143	47 389
Grants, public financing, others (b)	**5 992**	**6 541**
OPERATING REVENUE (a) + (b)	**8 134**	**53 930**

In 2018, revenue resulted in €37.1 million from the partnership and licensing agreement with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB) for the development, production and marketing of BioChaperone® Lispro and BioChaperone® Combo in China and other territories.

In 2018, revenue also included $11.6 million, or €10.3 million, corresponding to a contractual milestone payment contested by Eli Lilly, for which Adocia obtained a favorable arbitration judgment in August 2018. The Company received $14.3 million, or €13 million, from Eli Lilly in September 2019.

In 2019, the Company recognized revenue of €2.1 million corresponding to a partial upfront payment of the $50 million, or€41.1 million, that was received in April 2018 upon signature of the two licensing agreements with Tonghua Dongbao. The revenue recognized in 2019, are related to research and development services provided by Adocia to Tonghua Dongbao, and recognized based on progress, in accordance with IFRS 15, by comparison between the costs incurred by Adocia and the total budget estimated to date over the duration of the contract.

As of December 31, 2019, another portion of the upfront payment will €1.9 million was accounted for as unearned income. The portion of the upfront payment still to be recognized as revenue, as of December 31, 2019, amounts to €1.9 million a accounted for as unearned income.

Other operating income in 2019 included a research tax credit for €5.9 million, compared to €6.4 million in 2018. The decrease of €0.6 million is in line with the reduced amount of research and development expenses recorded in 2019.

▪ Operating expenses

The table below shows a breakdown of operating expenses by function for the fiscal years ended December 31st, 2019 and December 31st, 2018:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Research and development expenses	(23 307)	(25 760)
General and administrative expenses	(6 848)	(18 463)
OPERATING EXPENSES	**(30 155)**	**(44 223)**

Research and development expenses mainly consisted of payroll costs of research and development employees, subcontracting costs (including preclinical studies and clinical trials), intellectual property costs and purchases of materials (reagents and other consumables), pharmaceutical products and other raw materials. In 2019, these expenses amounted to €23.3 million compared to €25.8 million in 2018.

The activities in the 2019 financial year focused mainly on the support for the of BC Lispro and BC Combo in partnership with Tonghua Dongbao as well as the development of the Company's portfolio, including the clinical development of the M1 PRAM (ADO09) project with two clinical studies conducted during the year.

General and administrative expenses mainly included payroll costs of non-research and development employees, as well as the cost of services related to the management and business development of the Company and its subsidiary in the United States. These expenses also included fees and expenses related to the arbitration procedure against Lilly, which had a significant impact in fiscal 2018. In 2019, these expenses were lower and offset by insurance reimbursements, related to the absence of a gain in the second stage of the arbitration, obtained in November 2019 for $4 million or €3.6 million.

General and administrative expenses amounted to €6.8 million in 2019 compared to €18.5 million in 2018. This decrease of €11.7 million is explained by the evolution of expenses related to the legal proceedings against Eli Lilly, which ended in September 2019.

Research and Development expenses represented 75.3% of the operating expenses in 2019 compared to 76.4% in 2018, when restated for the costs related to the arbitration proceedings against Lilly.

The table below shows a breakdown of operating expenses by type of expense for the fiscal years ended December 31st, 2019 and December 31st, 2018:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Purchases used in operations	(1 706)	(2 188)
Payroll expense	(13 054)	(13 327)
Share-based payments	(890)	(1 574)
External expenses	(13 110)	(25 537)
Taxes and contributions	(235)	(553)
Depreciation, amortization & provisions	(1 159)	(1 044)
OPERATING EXPENSES	**(30 155)**	**(44 223)**

The cost of materials, products and supplies decreased to €1.7 million in 2019 compared to 2018, as a result of additional purchases of raw materials needed for the manufacturing of clinical batches in 2018.

Payroll expenses totaled €13.1 million in 2019 compared to €13.3 million in 2018. Given the recruitments conducted in 2019, the average workforce rose from 129.4 full-time equivalents (FTE) in 2018 to 133.4 FTE in 2019, an increase of 3%. In 2019, personnel expenses remained at a level comparable to 2018.

The share-based payments item of €0.9 million in 2019 reflects the impact of the plans implemented in previous years. The €0.7 million decrease is related to the vesting of several share-based plans in 2018 and driven by a lower valuation of the plans granted in 2018 and 2019. In accordance with IFRS 2, these expenses correspond to the fair value of the equity instruments granted to managers and employees. These elements had no impact on the Company's corporate financial statements or cash position.

External charges include the costs of preclinical studies, clinical trials, subcontracting expenses, intellectual property costs, professional fees and administrative expenses and amounted to €13.1 million in 2019, decreasing by €12.4 million compared to 2018. This is mainly due to the lower legal fees incurred for the proceedings against Eli Lilly as well as insurance reimbursements obtained in 2019. External expenses restated for these fees and reimbursements thus amounted to €14.1 million in 2019, compared to €15 million in 2018.

Taxes totaled €0.2 million in 2019 compared to €0.6 million in 2018.

Depreciation and amortization increased by €0.2 million to €1.2 million in 2019.

▪ Net financial income/expense

The net income was €0.5 million in 2019, compared to €2.1 million in the previous year, due to the following:

- Recognition of €0.8 million, compared to €1.6 million in 2018, for the accrued interest calculated on the contractual milestone payment of $11.6 million. Eli Lilly made a total payment of $14.3 million or €13 million in September 2019;

- An increase in interest of €0.3 million on borrowings related to the subscription of the bond issue with IPF Fund II;

- Revaluation of the fair value of the warrants granted to IPF of €0.2 million, with no impact to the Company's cash position.

The Company's investment policy focuses on liquidity, the absence of capital risk and, to the extent possible, guaranteed performance.

▪ Corporation tax

In 2019, the Company was successful in its claim for corporate income tax related to the tax treatment of the upfront payment for a contract signed with Eli Lilly in 2014. In September 2019, the Company received €3.4 million including €0.1 million in interest on arrears. As a result, the Company cancelled its carry-back receivable of €0.3 million and recognized a tax income of €3.0 million.

The carryforward tax losses, after allocation of the fiscal deficit subject to the standard tax rate for the 2019 financial year, was €136.4 million. This carryforward loss is not limited in time. Since the company cannot determine with sufficient reliability when it will be able to absorb its accumulated tax loss, it did not recognize a deferred tax asset for this loss.

▪ Net profit/loss

The net loss for 2019 totaled €18.6 million compared to a net profit of €7.6 million in 2018. The net loss per share for 2019 amounted to €2.68 per share, compared to a net profit of €1.10 per share in 2018.

1.3.3.2 Balance sheet analysis

▪ Non-current assets

Non-current assets amounted to €9.7 million at the end of 2019, compared with €9.1 million in 2018. The investments in 2019 of €2 million are mainly due to the completion of the renovation work on two 450 m² platforms intended for the activities of the Analysis department (€1.8 million including external fittings and furniture) and the purchase of scientific and IT equipment (€0.2 million). These investments are partially offset by depreciation for the year amounting to €1.2 million.

▪ Current assets

Current assets amounted to €52.2 million at December 31st, 2019 compared to €61.0 million at December 31st, 2018, consisting of the following items:

- "Cash and cash equivalents" increased from €39.8 million at December 31st, 2018 to €43.7 million at December 31st, 2019. The €3.8 million increase in 2019 reflects (i) the subscription of a bond issue from IPF for a total of €15 million, (ii) the collection of $14.3 million, or €13 million, from Eli Lilly for the first part of the arbitration proceedings completed in September 2019, (iii) a level of expenditure similar to that of last year, after restating expenses related to the legal proceedings against Eli Lilly.

- Other current assets amounted to €8 million at December 31st, 2019 and consisted mainly of the receivable related to the research tax credit (CIR) of €5.9 million. At December 31st, 2018, this item amounted to €21 million. The €13 million decrease is mainly due to the collection of the receivable resulting from the favorable outcome of the first part of the arbitration proceedings initiated by Adocia against Eli Lilly, amounting to €11.9 million at the end of 2018, and the decrease in the Research Tax Credit, which amounted to €6.4 million in 2018.

▪ Current and non-current liabilities

Liabilities consisted mainly of four items presented on the balance sheet according to their maturity:

- "Trade payables" under current liabilities amount to €5.3 million at December 31st, 2019, compared to €7.5 million at December 31st, 2018, which reflect the intense activity at the end of the year 2018 and legal fees incurred in connection with the proceedings against Lilly.
- "Financial debt" totaling €21.2 million at December 31st, 2019, increasing by €14.1 million compared to the previous year. This increase is mainly due to the subscription of a bond issue in two tranches in October 2019 and December 2019, with warrants, for a total of €15 million from IPF Fund II. The Company also subscribed to a bank loan for €1.2 million for building renovation. The short-term "current financial debts" amounted to €2.6 million as of December 31st, 2019 compared to €2.2 million for the previous year.
- "Long-term provisions" mainly comprise provisions of retirement benefits, which totaled €3.1 million for fiscal year 2019 versus €2.8 million for fiscal year 2018.
- "Other liabilities" for 2019 included tax and social security liabilities which amounted to €2.4 million, a decrease of €0.3 million from the previous year due to the absence of a provision, at the end of 2019, for the

added value contribution. In 2019, other liabilities also included €1.9 million, versus €4 million last year, in deferred revenue related to the agreement signed with THDB in April 2018.

1.3.4 Cash, financing and equity

Readers are invited to review notes 9 and 10 to the consolidated financial statements prepared under IFRS for the fiscal years ended December 31, 2018 and December 31, 2019, which are presented in section 4.1.6 and Chapter 5 of this universal registration document.

1.3.4.1 Debt financing

Historically, in order to finance its research activities, the Company benefited from repayable loans obtained from Bpifrance and COFACE, which do not bear interests, for a total of €4.1 million.

As of December 31st, 2019, the outstanding amount of these loans were €0.5 million and relates solely to the repayable advance of €0.8 million received in 2012 for the development of a formulation of fast-acting "human" insulin and the Phase 2a clinical study. In 2015, the Company noted the end of the program and proceeded with the reimbursements provided in the event of commercial failure of the program in 2017 and 2018. An expert commissioned by BpiFrance is planned for 2020 and should make it possible to close this dossier.

In addition, the Company uses other financial liabilities to finance the acquisition of lab equipment and materials as well as a company car. Future obligations under these leasing contracts amounted to €0.4 million as of December 31st, 2019.

The Company contracted a first bank loan, in 2016, to finance the purchase of the building that it has occupied since its creation as well as adjoining parking and a second one, in 2019, to finance building renovations. At the end of 2019, the outstanding capital of these bank loans amounted to €5.5 million.

In 2019, the Company also subscribed to a bond issue, with warrants, for a total of €15 million from IPF Fund II, through two tranches of €7.5 million each, on October 11, 2019 and December 10, 2019.

As of December 31st, 2019, Adocia's financial debt was €21.1 million, with a short-term (less than a year) portion of €2.6 million.

1.3.4.2 Cash flows

In (€) thousands, Consolidated financial statements, IAS/IFRS	**FY 2019 (12 months)**	**FY 2018 (12 months)**
Net cash flow generated by operating activities	(9 655)	6 313
Net cash flow in connection with investment transactions	(2 054)	(1 034)
Net cash flow in connection with financing transactions	15 529	(216)
Changes in net cash	**3 820**	**5 063**
Cash and cash equivalents at the start of the year	39 841	34 778
Cash and cash equivalents at year-end	43 661	39 841

▪ Net cash flow from operations

For fiscal year 2019, net cash outflows related to operations amounted to €9.7 million compared to a net cash inflow of €6.3 million in the previous year.

Net cash flow in 2019 included:

- Collection of $14.3 million, or €13 million), from Eli Lilly following the favorable outcome of the first part of the arbitration proceedings,
- Reimbursement of insurance of $4 million, or €3.6 million, following the absence of a gain in the second part of the arbitration against Eli Lilly,

- Collection of €3.4 million relating to the corporate income tax claim for year 2014 and the treatment of the upfront payment paid by Eli Lilly.

In 2018, the collection of an upfront payment from Tonghua Dongbao Pharmaceuticals Co. Ltd amounted to €37.2 million, or $45 million, net of withholding tax in China.

- **Net cash flow from investments**

Cash consumption related to investment transactions was €2.1 million in 2019, compared to €1 million in the previous year.

In 2019, the Company renovated two 450 m² platforms intended mainly for the activities of the Analysis department, including exterior fittings and furniture for €1.8 million.

- **Net cash flow from financing transactions**

In 2019, net cash flow from financing transactions resulted primarily from the subscription of a bond issue from IPF for a total of €15 million.

1.3.4.3 Funding sources needed in the future

With nearly €40 million in cash and cash equivalents at December 31, 2018, the Company believes that it has the necessary resources to finance its operating expenses for at least the next 12 months from the date of this registration document.

Including financial debt, net cash at the end of 2018 was €37.2 million. This level of cash enables the Company to fund its planned clinical development (see section 1.3.2 of this registration document) and the development of its new programs.

The Company believes that it is able to make its next repayments of the loans and the Bpifrance repayable advances, which are estimated at €2.2 million for 2018 being precised that no reimbursements are expected within Bpifrance (see note 10 to the Company's consolidated financial statements prepared under IFRS in section 4.1 of this registration document).

1.3.5 Growth prospects, outlook and significant events after the close of the fiscal year

1.3.5.1 Trend information

See section 1.3 of this registration document which describes the epidemiological data for the pathologies targeted by the BioChaperone® technology platform, and, for certain pathologies, market trends and size.

1.3.5.2 Profit forecasts and estimates

The Company does not plan to make profit forecasts or estimates.

1.3.5.3 Significant change in the financial or trading position

None.

1.4 Risk factors

The Group operates in a changing environment involving risks, some of which are beyond its control Investors are invited to take into consideration all of the information contained in this universal registration document, including the risk factors described in the this chapter before deciding to acquire or subscribe for shares in the Company.

The Company has carried out a review of the risks which could have a significant unfavorable effect on the Company, its activity, its financial situation, its results, its prospects or on its capacity to achieve its objectives and which, in this context are important before make any investment decision. As of the date of this universal registration document, the Company is not aware of any significant risks other than those presented in this section.

These risks are grouped according to 4 categories, without hierarchy between them: business-related risks, financial risks, risks of dependence on third parties and regulatory and legal risks, it being specified that within each of among them, the most important risk factors are presented, according to the Company's assessment on the date of the Universal Registration Document, first. The occurrence of new events, either internal to the Company or external, is therefore likely to modify this order of importance in the future.

The section below presents the summary of the main risk factors identified by the Company and indicates for each of them, the probability of occurrence as well as their negative impact on the Company on the date of filing of this reference document. The probability of occurrence is assessed on four levels ("Very likely", "Likely", "Fairly likely" and "Unlikely") and the consequences in terms of negative impact are assessed on three levels ("High", " Medium "and" Low "). In each section below, the risk factors are presented in decreasing order of importance, according to the Company's assessment as of the date of this reference document. The occurrence of new events, either internal to the Company or external, is likely to modify this order of importance in the future.

Referen-ce	Risk factor	Occurrence probability	Impact
1.4.1	**Risks linked to the company's activity**		
1.4.1.1	The Company is dependent on its capacity to innovate and conclude partnership agreements	likely	high
1.4.1.2	Research and development programs are long, time consuming and expensive and may have an uncertain outcome	likely	high
1.4.1.3	The spread of a Covid-19 pandemic can disrupt the activity of the Company, in particular the development of its research programs	likely	high
1.4.1.4	The products resulting from the Company's research are positioned in competitive and rapidly changing markets	likely	high
1.4.2	**Risks related to the financial position of the company**		
1.4.2.1	The company has a history of significant operating losses that could continue	likely	high
1.4.2.2	The Company may need to strengthen its equity or to resort to additional financing in order to ensure its development	likely	high
1.4.2.3	The Company is exposed to the risk of an increase in interest rates	unlikely	medium
1.4.2.4	The market price of the Company's shares is likely to be affected by significant volatility	very likely	medium
1.4.2.5	The Company risks being more exposed to currency risks	fairly likely	low
1.4.3	**Risks related to dependence on third parties**		
1.4.3.1	The marketing of the Company's product candidates depends on the actions taken by its partners, which are beyond the Company's control	likely	high
1.4.3.2	The Company sources from third parties to obtain specific proteins in sufficient quantity and quality	fairly likely	high
1.4.3.3	The Company is dependent on its subcontractors to carry out its preclinical, clinical activities and manufacture of clinical batches	fairly likely	medium
1.4.4	**Regulatory and legal risks**		
1.4.4.1	The Company operates in an increasingly restrictive regulatory environment	likely	high
1.4.4.2	The protection of the Company's patents and other intellectual property rights is uncertain and may be insufficient to protect it from its competitors.	likely	high
1.4.4.3	Third parties could assert property rights over the inventions that the Company develops	fairly likely	medium
1.4.4.4	The responsibility of the Company could be brought into play for product liability	unlikely	low
1.4.4.5	Following the pledge made for the benefit of IPF, the Company may not have its intellectual property	fairly likely	medium
1.4.4.6	The use of chemicals and hazardous substances could lead to accidents	nlikely	low

1.4.1 Risks associated with the Company's activity

1.4.1.1 The Company is dependent on its capacity to innovate and conclude partnerships agreements.

The Company does not plan to develop or market therapeutic products from its research. The Company's main strategy is to develop innovative formulations for various therapeutic proteins and then to license use thereof to major players in the pharmaceutical, biotechnology and medical devices industries for the development and marketing of therapeutic products.

As of the date of this reference document, the Company has licensed two of its products (BC lispro and BC Combo) to a Chinese partner, the company Tonghua Dongbao, which continues to develop, in particular clinical and regulatory, and which must then ensure the production and the marketing in China and in other territories as defined in the contract.

The Company has developed a portfolio of products based on its BioChaperone ® technology and focused on the treatment of diabetes, mainly based on insulin. Based on the experience and expertise of its teams, it seeks to enrich its portfolio of innovative products, in particular by working on combinations of hormones or by seeking to extend the application of its innovations outside of diabetes. But theses research programs aiming to identify new product candidates require substantial technical, financial and human resources. Research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development that would be attractive to potential partners, for a number of reasons, including:

- The research methodology used may not be successful in identifying potential product candidates; or
- Product candidates may, on further study or through clinical trials, show inadequate efficacy, harmful side effects, undifferentiated features or other characteristics suggesting that they are unlikely to be effective or safe products.

Therefore, it is not certain that the Company will be able to identify new product candidates through its internal research. The Company could also focus its efforts and its human and financial resources on candidates who could prove unsuccessful.

Finally, the products developed by the Company may not be sufficiently reliable, effective and innovative to attract major players in the pharmaceutical, biotechnology and medical device industry and convince them to conclude license and collaboration agreements relating to products and technologies of the Company

If despite of all these efforts the Company is unable to conclude license and collaboration partnerships for these innovative products, it may lack the necessary funding to continue the internal development of its leading products. Failure to enter into such agreements could further delay or even imped the development, manufacture and / or marketing of attractive leading products or any other product, and have a significant adverse effect on the financial position and operational results of the Company, insofar as income from license agreements on candidate products could be delayed or even never materialize. In such a case, the Company could choose not to market, nor to continue the development of the leading products.

1.4.1.2 Research and development programs are lengthy, time-consuming and costly processes, the outcome of which remains uncertain

Research programs are designed to identify new product candidates and require substantial technical, financial and human resources. Only a small minority of all research programs result in product candidates, and completion of preclinical studies does not guarantee that we will initiate additional studies or trials for our product candidates.

If a product candidate passes the preclinical stage, the Company must then develop and design clinical trials to test specific characteristics of the candidate. In order to carry out clinical trials, the Company must first obtain appropriate authorizations to conduct clinical trials in the countries where the Company will seek market authorization. The Company cannot predict the time that will be necessary for regulatory authorities to review the trial protocol and approve the files submitted to them. For example, for its phase 3 clinical trials for the treatment of diabetic foot ulcers conducted in India, the Company submitted the authorization request to the Drug Controller General of India (Indian drug regulation body) in September 2012. However, processing of this request was delayed by the internal restructuring of the Indian regulatory agency, and the Company was only granted final authorization in August 2014.

The completion of clinical trials will depend on various factors, such as the therapeutic indication in question, the size of the population affected, clinical trial design, qualification and initialization of clinical trial sites, availability of the investigational product, the proximity of patients to clinical test sites, the eligibility criteria for trials, recruitment rates and competition for the recruitment of patients, and compliance with and changes in regulatory requirements.

Moreover, the Company cannot guarantee that clinical trials that are authorized will be completed within the planned timeframes. In addition, the data obtained from these clinical trials may be subject to differing interpretations, which may delay, restrict or prevent obtaining regulatory authorization, in particular if the clinical data is deemed incomplete.

Lastly, at each stage of a product's progress through the clinical trials, there will be a significant risk of failure that may prevent continued development of a drug candidate, such as intolerance to the product, insufficient therapeutic benefits, and inability to meet prespecified primary endpoints or side effects. Even if the Company obtains positive results from preclinical or early clinical studies, the Company may not achieve success in future studies. Furthermore, the Company, its relevant partners or the regulatory authorities may suspend or terminate clinical trials if they deem that the subjects participating in the trials are exposed to health risks.

The innovative therapeutic protein formulations that the Company currently provides and intends in the future to provide its current and future industrial partners for incorporation into their own products may also not prove to be sufficiently effective and/or have a sufficient safety profile to justify marketing them.

The inability of the Company and/or its partners to successfully complete the necessary clinical trials, including obtaining positive results, and meet certain other requirements for regulatory approval, could cause the development of the Company's research programs and technologies to be delayed or abandoned. As a result, the Company may never realize revenues from certain product candidates, despite significant investments.

The Company's medium and long-term business, financial position, income, expansion and outlook could be materially impacted by the occurrence of one or more of these risks.

1.4.1.3 The spread of a Covid-19-type pandemic could disrupt the Company's business, in particular the development of its research programs

An epidemic of acute respiratory infections and pneumonia emerged in China in December 2019. This coronavirus called "Covid-19" then spread around the world, leading the World Health Organization to declare a situation in March 2020 of a global pandemic. As of the date of this universal registration document, containment measures have been implemented in France and in several countries around the world, including those where the Company operates. Although the impact of this pandemic on the Company's activity is at this stage difficult to quantify, if global spread and containment measures were to continue in particular in France, Germany or the United States, the development of Society's research programs could be severely disrupted:

. On one hand, by limiting the personnel who can travel to the Company's research site, and by disrupting the continuity of supplies of raw materials, consumables and protections necessary for the personnel to ensure the development of the Company's research programs; and

. On the other hand, by affecting the activity of the subcontractors on which the Company is dependent (see in this sense the risk described in section 1.4.3 of this document), and by generating in particular:

- delays in the transmission and analysis of the results obtained on the completed preclinical and clinical studies;
- difficulties in the continuation of clinical and preclinical studies launched by the Company or the delay or cancellation of new studies already planned, due in particular to a delay in the recruitment of patients;
- a limitation of the human resources available for the conduct of these studies or, concerning preclinical studies, difficulties in supplying animals,
- difficulties in convincing future partners of the effectiveness of its drug candidates in the absence of new clinical or preclinical results.
- delays on the part of the administrative authorities in obtaining the authorizations necessary to launch the Company's clinical trials,
- slowdowns in the necessary interactions with local authorities, ethics committees or other regulatory authorities due, in particular, to limitations in human resources or forced holidays of employees of said

authorities, or the refusal of these administrative authorities , such as the FDA, ANSM or EMA, to accept data from clinical trials conducted in affected geographic areas;

- changes in local regulations due to the measures taken with regard to the COVID-19 coronavirus epidemic, which could force the Company to modify the protocols and modalities of its clinical trials, which could thus result in unforeseen costs, or even interruption of these.

Furthermore, the collaboration between the Company and its partner in China could be impacted by difficulties or delays in the activities carried out by its partner to bring the licensed products of BC lispro and BC Combo to the market, within the deadlines initially provided.

In addition, the difficulties or even the inability for the employees, collaborators or partners of the Company to travel taking into account travel restrictions in order to ensure the latest method transfers, technical assistance and validation of regulatory advancements and clinics could also slow the development of the Company's research programs.

Similarly, given the containment measures, the Company could be penalized by a lack of visibility with the scientific and financial community due to the cancellation of international congresses and conferences.

Finally, this situation could make it more difficult for the Company to obtain, in due time, the additional funds necessary for its development (see section 1.5.2.2 of this universal registration document).

In conclusion, in a context of crisis that could persist, the Company cannot be assured that its research program, in particular the preclinical and clinical studies, can be implemented under the conditions and within the deadlines provided if the one or more of the risks mentioned above should materialize. The materialization of these risks could thus have a significant unfavorable effect on the activity of the Company, in particular by lowering the level of forecast expenditure, as well as expected income from collaborations, difficult to quantify with precision at the date of this document. universal registration

1.4.1.4 The products resulting from the Company's research are positioned in competitive and rapidly changing markets

Research on products incorporating the Company's technologies is positioned in markets in which there are already therapeutic products, the use of which is sometimes very widespread. In addition, competing therapeutic products or technologies, whether existing, under development or even unknown to date, could, in the more or less near future, take significant market shares and limit the__ Company's capacity and its partners to market products incorporating the Company's technologies successfully.

The markets in which the Company and its current and future partners are present and intend to develop are experiencing and should continue to experience rapid and significant technological upheavals. In fact, the diabetes market in which the Company is positioning itself is undergoing strong change with the development of increasingly precise blood glucose monitoring (CGM) devices, with the use of Big data type to measure patient behavior and the development of algorithms to assist in decision-making or pump monitoring. The Company must therefore integrate market research and technologies into its search for candidate products in order to license innovations that meet market needs.

Competitors of the Company and its current and future partners could develop new therapeutic products and innovative technologies that are more effective, more reliable and / or less expensive than those developed by the Company or its partners, likely to make the products candidates. and / or the Company's current or future technologies that are not competitive, obsolete or unprofitable.

The Company's competitors could benefit:

- considerably greater financial, technical and human resources than those available to the Company at each stage of the discovery, development, manufacturing and marketing process;
- greater experience in the field of preclinical trials, in the conduct of clinical studies, in obtaining regulatory authorizations, in the marketing of drugs, in patent disputes and in the manufacture and marketing of pharmaceutical products ;
- products already approved or in an advanced stage of development;
- recommendations or decisions regarding reimbursements which would be more favorable for products of comparable efficiency;

- stronger protection thanks to their patents;
- more innovative drug delivery technologies or devices; and or
- collaboration agreements with key players and major research organizations in the Company's target markets.

Furthermore, even if the leading products of the Company and its partners obtain the required regulatory authorizations, their acceptance by the targeted medical community is in no way guaranteed. The Company cannot guarantee that the marketing of products incorporating its technologies will take place, a fortiori, within the estimated deadlines, or that the medical community will give them a favorable reception or that its partners will deploy the resources necessary for the success of their marketing

If the Company and its partners fail to market the product for lack of sufficient acceptance by the market or of the means implemented for the marketing or the resolution of other problems post-marketing, the Company and its partners will have devoted financial means, development resources and precious time to research programs that will not ultimately have produced commercially viable products. The activity of the Company, its operating results and its prospects could under these conditions be significantly affected.

1.4.2 Financial risks

1.4.2.1 The Company has a risk of significant operating losses that could persist

The Company has posted operating losses every year since its creation in 2005. As of December 31, 2019, its cumulative net losses presented under IFRS rules (including losses carried forward) were €51.4 million.

These losses are mainly due to internal and external research and development expenses, in particular in connection with the numerous in vivo and clinical trials conducted. As its research and development activities continue, the Company may experience additional operating losses in future years, which may be higher than in the past, in particular due to:

- increased research and development costs associated with the development of its projects as they progress (due, in particular, to the need to conduct clinical trials, without any guarantee as to the point at which such costs may be assumed by the partners with which the Company plans to enter into license agreements);
- stricter regulatory requirements governing the manufacturing of its products;
- a larger project portfolio; and
- expanded research and development activities and, perhaps, the acquisition of new technologies, products or licenses.

An increase in such expenses could have a material adverse impact on the Company and its business, financial position, income, expansion and outlook.

To limit its operating losses or become profitable in the long term, the Company must manage to collect revenues which, at this stage, could be from two sources:

- **Income related to the conclusion of license and collaboration agreements**

  The business model of the Company is based on the signing of partnerships which must generate income in the form of initial payments, milestone payments and then royalties on sales made by the partner.

  The conclusion of a major license and collaboration contract with a partner can have a n immediate effect on the profitability of a given fiscal year.

  Thus, the signing in 2018 of the partnership with the Chinese company Tonghua Dongbao was accompanied by the payment of an initial amount of $ 50 million and enabled the Company to generate a net profit and a positive change in cash flow on the exercise.

  This type of income depends on our ability to enter into such agreements.

  On the other hand, the next income expected under this contract are payments which depend on the achievement of scientific objectives (payment in stages) which do not depend solely on the actions of the Company, insofar as certain activities are carried out directly by the partner. If the project does not meet the planned objectives, the Company could therefore not receive all of the revenues provided for in the contract.

To ensure its financial profitability, and pending the potential income provided for in this contract, the Company must enter into other partnerships, which may not be achieved or may not be done under reasonable conditions.

In addition, in France, the allocation of loss carryforwards is capped at 1 million euros, increased by 50% of the fraction of profits exceeding this ceiling. The unused balance of the deficit remains transferable to the following years, and is chargeable under the same conditions without limitation in time. It cannot be excluded that future tax developments in the area of corporate taxation will call into question, in whole or in part, the allocation of these previous deficits to future profits or limit them over time. Such a change would have a significant impact on the level of net losses displayed by the Company

- **Research tax credit**

To finance its activities, the Company benefits from certain tax advantages such as the Research Tax Credit ("CIR"), which consists for the French State in offering a tax credit to companies investing significantly in research and development. Research expenses eligible for the CIR include, in particular, salaries and wages, depreciation of research equipment, provision of subcontracted services to approved research organizations (public or private) and intellectual property costs.

The Company has benefited from the research tax credit each year since its creation, which has been systematically reimbursed after the filing of the corresponding application given its status as a European SME. The loss of this status would no longer open the right to immediate reimbursement but to reimbursement at the end of the three-year period.

Thus, in 2019, the Company received the sum of 6.5 million euros in reimbursement of the CIR declared as expenses generated in 2018.

For 2019, the Company recorded an amount of CIR of 5.9 million euros which appears in its receivables and for which it will request reimbursement in 2020.

Concerning 2019 and the years to come, a questioning by the tax administration of the methods of calculation of research and development expenses retained by the Company, or the loss of the profit of the CIR following a change of regulations or to a dispute from the tax administration cannot be totally excluded, even if the Company considers that it is in order with the requirements of documentation and eligibility of expenses. If such situations occur, it could have a material adverse effect on the results, financial condition and prospects of the Company.

Failing to become profitable and to remain profitable, the Company risks seeing the stock market price of its shares decline, and its ability to raise funds, develop its activity, diversify its product offering or continue its altered operations.

1.4.2.2 The Company may need to strengthen its equity or resort to additional financing in order to ensure its development

The Company will continue to have significant financing needs in the future for the development of its technologies and the pursuit of its strategy. The Company may be unable to self-finance its growth, which would lead it to seek other sources of financing, by means of strengthening its equity by way of capital increase and / or taking out loans banking.

The Company may not be able to raise additional capital when it needs it, or it may not be available on financially acceptable terms to the Company. If the necessary funds are not available, the Company may have to:

- postpone, reduce or cancel research programs;
- obtain funds through partnership agreements which could force it to renounce rights to certain of its technologies or certain of its products;
- grant licenses on all or part of its portfolio to partners or third parties; or
- conclude new collaboration agreements which could be less favorable to it than those which it could have obtained in a different context.

In addition, to the extent that the Company raises capital by issuing new shares, the participation of its shareholders could be diluted, particularly in a context where the value of the Company's share has reached a historically low level, which could result in a potentially significant dilution of the current shareholders.

Historically, the Company has financed its growth mainly by strengthening its equity capital, in the form of capital increases. For the acquisition of the building carried out in February 2016, the Company contracted conventional bank loans which were then completed to finance the renovation works of the building.

At the end of 2019, the Company resorted to financing up to 15 million euros through a bond issue associated with share subscription warrants (BSA). This funding allows the Company to have greater financial visibility and to be in a position of strength to sign new partnerships.

However, it is possible that the Company may not be able to sign a new partnership contract on schedule and that it will be forced to respect the commitments made and / or renegotiate the loan with its lender. In this context, new debt financing, to the extent that it is available, could include more restrictive conditions for the Company and its shareholders. If the Company needs additional financing and is unable to obtain acceptable conditions, it would then have to reduce, delay or discontinue certain projects in its portfolio.

The Company is not currently exposed to a liquidity risk resulting from the implementation of early repayment clauses for these loans.

The Company's cash and cash equivalents amounted to almost € 44 million as of December 31, 2019 and almost € 40 million as of December 31, 2018.

The Company has carried out a specific review of its liquidity risk and considers that it is able to meet its future maturities over the next 12 months. Including its financial debts and loans totaling € 21.2 million as of December 31, 2019, net cash for this same period stood at € 22.5 million. This level of cash allows the Company to finance its future clinical program (see paragraph 1.3 of this reference document) and to develop its new programs.

The Company considers, in particular, to be able to meet its next repayments in respect of its financial debts.

The Company is actively seeking partners for mature projects in its portfolio and continues to develop them, while nonetheless focusing its spending on priority projects and activities. In the absence of the signing of a new partnership contract, if the Company fails to obtain additional financing, in particular through a capital increase, or a renegotiation of the bond financing obtained last year, it could then resize its expenses, in particular by delaying or limiting research and development programs.

The possibility of anticipating the collection of the research tax credit and of prioritizing operational expenses, if this proves to be necessary, allows the Company to finance a redefined operational plan and thus to meet its financial commitments at least in the 12 coming months. The assumption of the exploitation continuity was thus adopted.

1.4.2.3 The company is exposed to an increase in interest rates

In 2015, the Company contracted a loan from two banks to finance the acquisition of the building in which its research center and head office are located. These loan contracts were negotiated at a fixed rate over a period of 12 years.

In 2019, the Company contracted a loan from IPF Fund II (IPF) for an amount of 15 million euros with an interest rate calculated on the Euribor + margin and a maturity of 5 years. Since the signing of the contract, taking into account a negative Euribor, a floor at 0% has been applied. However, over the term of the loan, the Company could be impacted if the Euribor were to rise and rise above the floor.

In addition, the Company is exposed to variations in interest rates in the context of the management of its cash and cash equivalents. The Company's cash and cash equivalents amounted to € 43.6 million as of December 31, 2019 and nearly € 40 million as of December 31, 2018. This item is made up of term deposits, accounts paid at fixed rate and investments in monetary SICAVs. The Company's investment policy is based exclusively on liquid products without capital risk.

The Company strives to reduce the credit risk associated with its cash and cash equivalents by ensuring the quality of the financial institutions to which it entrusts its investments.

The Company is not guaranteed to benefit from the same rates when renewing its term accounts when they mature.

1.4.2.4 The price of the Company's shares is subject to significant volatility.

The price of the Company's shares is subject to significant volatility. For example, on December 31, 2018 the Company's share price traded at €16.54, compared with €9.90 on December 31, 2019. The average daily trading

volume of 19 615 shares traded per day in 2018 increased to 22 383 shares traded per day in 2019. The public float remained steady in 2019 and was around 60% at the end of December 2019.

As of April 15th,2020, shares traded at €8.74 with an average volume of 54 140 shares traded since the beginning of the year.

In addition to the occurrence of the risks described herein, the market price of the Company's shares could be significantly affected by various factors that may impact the Company, its competitors, general economic conditions and the biotechnology sector. In particular, the following factors may have a significant impact on the share price:

- an unfavorable movement in market conditions specific to the Company's business sector;
- announcements by the Company, its competitors or other companies that engage in similar businesses and/or announcements concerning the biotechnology market, including announcements about the financial and operating performance or scientific results of such companies;
- changes, from one period to another, in the forecasts or outlook of the Company or its competitors;
- changes concerning patents or intellectual property rights of the Company or its competitors;
- announcements regarding results of the Company's clinical trials or other scientific developments;
- changes in the political, economic and monetary context, in particular unfavorable changes in the applicable regulatory environment in countries or markets specific to the Company's business sector or to the Company itself;
- announcements concerning changes to the Company's shareholder structure;
- announcements concerning the signature of new partnership agreements or the end of existing partnership agreements;

1.4.2.5 The Company risks being more exposed to currency risks

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's strategy is to enter into agreements denominated in euros, because its expenditures are also largely denominated in euros.

However, as a result of the agreement signed with Tonghua Dongbao Pharmaceuticals Co. Ltd in April 2018, a major part of the Company's revenues, such as the upfront payment received in connection with that agreement, were denominated in US dollars. As a result, the Company was exposed to risk in relation to fluctuations in the euro-US dollar exchange rate.

If the Company signs further licensing and collaboration agreements with US pharmaceutical companies, it may be exposed to additional euro-US dollar exchange rate risks.

The Company cannot rule out that significant growth in its business may create greater exposure to exchange rate risk. In such case, the Company will consider adopting a new policy appropriate to hedging such risk such as currency hedging transactions and the purchase of currency forwards.

The company cannot rule out the possibility that a significant increase in its activity may result in greater exposure to foreign exchange risk. The company will therefore again consider developing an appropriate policy to hedge these risks.

1.4.3 Risks associated with dependence on third parties

1.4.3.1 The commercialization of the Company's products depends on the actions taken by its partners which are beyond the Company's control

The Company is structurally dependent on the interest of its partners in its technology, as well as their diligence in pursuing the development of products incorporating its technology.

The current and future partners of the Company could also encounter difficulties in obtaining technical and clinical validations for products incorporating its technology. Delays or failures resulting therefrom could delay or even jeopardize the marketing of the products concerned.

The success of the Corporation's partnership agreements rests on the efforts and activities of its current and future partners, who benefit froma great latitude in determining the methods for pursuing planned activities, as well as the quality and nature of the efforts and means that will apply to partnership agreements. These partners may also be unable to successfully develop and market the Company's product candidates.

The Company cannot guarantee its ability to form and renew partnerships. Nor can it guarantee the scientific and/or commercial success of a partnership, nor have the assurance of receiving income on the basis of one of these agreements. For example, in December 2011, the Company entered into a first license and collaboration agreement with Eli Lilly for the development of a fast-acting analog insulin (BC lispro). In 2013, the Company and Eli Lilly decided to terminate the said license agreement. In 2014, in light of the clinical results obtained, Eli Lilly signed a new license agreement with Adocia, again for the formulation of a fast-acting analog insulin (BC Lispro). In January 2017, Eli Lilly announced its decision to end this collaboration.

The Company relies on specialized healthcare institutions, including clinical research organizations and clinical investigators to conduct clinical trials of its product candidates, which are necessary to obtaining proof of concept in order to license the Company's technologies. Although the Company relies on these parties for high quality execution of the Company's clinical trials, the Company is unable to control all aspects of their activities.

If these third parties do not carry out their contractual duties or obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to failure to adhere to the Company's clinical protocols or good clinical practices or for other reasons, the Company's current or planned clinical studies may be extended, delayed or terminated.

Any extension, delay or termination of any of the clinical trials would have a significant negative impact on the Company's business and would compromise the Company's ability to license or commercialize its product candidates. Distance from or geographical distribution of the clinical or preclinical trial centers may also create operating and logistical difficulties, which may generate additional costs and delays.

The following factors are particularly likely to cause the collaborations established by the Company to fail:

- the partners may not use all the means necessary to obtain the expected results within the framework of the agreements concluded with the Company. Budget restrictions within these partners or priority given to other development programs, in particular, could delay or even prevent the validation of the potential of products incorporating the Company's technology, an essential step for the success of its commercial policy;
- conflicts could arise between the Company and some of its industrial partners. There is a risk that the Company's partners will conceive or seek to establish a commercial activity using technology that competes with that of the Company or all or part of the Company's technology, or decide to favor the internal development of products intended for markets in competition with the candidate products of the Company, which would be de facto competitors of the activity of the Company (refer to the paragraph on the risks linked to competition below);
- current or future partners could limit or even terminate their collaboration with the Company, which could lead to additional costs, delays and development difficulties, obtaining authorizations by regulatory authorities and successful marketing of product candidates of the Company, and have a significant unfavorable effect on its activity, its financial situation, its revenues, its development and its prospects. Such restrictions or stops could impede the Company in its efforts to attract new partners or seriously damage its image in the industry and the financial community. They could also cause a loss of expertise for the Company and even lead to the disclosure of important confidential information in the research and development system of the Company, even though the partners concerned would be contractually bound to an obligation of confidentiality towards it .

In addition, the Company derived a large part of its 2018 revenues from the license and collaboration agreement concluded with the Chinese company Tonghua Dongbao Pharmaceuticals Co. Ltd. Following the signature in April 2018 of two contracts relating to the development of an ultra-rapid formulation of insulin called BioChaperone Lispro and a formulation of slow and fast insulin called BioChaperone Combo, Adocia received a total initial amount of $ 50 million. Under the terms of this agreement, the Company was likely to receive (i) subsequent payments of up to $ 85 million (if the product successfully passed certain major clinical and regulatory phases) and (ii) royalties on sales. (for more information on this partnership, see section 1.3.7.2 "Licenses granted by Adocia to Tonghua Dongbao Co. Ltd" above).

The Company cannot guarantee that collaboration with a partner will make it possible to reach the clinical and regulatory stages determining the payment of expected income. When Eli Lilly decided to terminate the contract in January 2017, the Company was faced with a difficult situation that forced it to review its development plan. Any decision by a future partner to terminate their agreement with the Company could jeopardize their business, operating results and prospects.

If the partnerships do not generate the benefits expected by the Company, its business, operating results and prospects could be significantly affected.

1.4.3.2 The Company sources from third parties the supply of specific proteins in sufficient quality and quantity.

In connection with the progression of the Company's pipeline and the initiation of later stage clinical trials for BC Lispro U100, BC Combo and other product candidates, the Company will need to purchase greater quantities of the specific proteins required to develop its formulations to meet the needs of larger clinical trials. The Company may be unable to find suppliers able to supply the appropriate quantities and qualities of proteins at a competitive price, which could delay the start or completion of clinical trials.

In addition, the innovative therapeutic protein formulations that the Company develops require an association of polymers developed by the Company with specific proteins supplied by third parties. The Company's general policy is to diversify its supply sources and to identify at least two suppliers for each type of purchase. Nevertheless, for certain proteins, the various sources of supply are not interchangeable due to the specificities of each protein. Consistent with current practices in the Company's business sector, a single supply source is maintained for each protein. The Company has developed alternative solutions but implementing them could delay the development of its innovative formulations and generate additional costs.

Finally, within the framework of its partnership with the company Tonghua Dongbao, Adocia benefits from a supply contract for insulin lispro (API) and glargine (API) according to which it is expected that the Chinese company will produce and supply Adocia with insulin according to defined specifications and agreed quality standards. However, the Company does not control the ability of its partner to comply with European and American regulatory standards and to supply, within the required deadlines, quantities of products of sufficient quality.

As a result, the Company may not always have access to the specific proteins necessary for the future development of its projects, nor can it guarantee access thereto under acceptable terms.

The inability of the Company or its partners to obtain, on financially acceptable terms, or at all, one or more specific proteins of sufficient quality necessary for the development of its projects could have a material adverse impact on the Company's business, income, financial position, expansion and outlook.

1.4.3.3 The Company is dependent on its subcontractors to carry out its preclinical and clinical activities, and the manufacture of clinical batches.

The Company relies on specialized healthcare institutions, including clinical research organizations and clinical investigators to conduct clinical trials of its product candidates, which are necessary to obtaining proof of concept in order to license the Company's technologies. Although the Company relies on these parties for high quality execution of the Company's clinical trials, the Company is unable to control all aspects of their activities.

If these third parties do not carry out their contractual duties or obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to failure to adhere to the Company's clinical protocols or good clinical practices or for other reasons, the Company's current or planned clinical studies may be extended, delayed or terminated.

Any extension, delay or termination of any of the clinical trials would have a significant negative impact on the Company's business and would compromise the Company's ability to license or commercialize its product candidates. Distance from or geographical distribution of the clinical or preclinical trial centers may also create operating and logistical difficulties, which may generate additional costs and delays.

1.4.4 Regulatory and legal risks

1.4.4.1 The protection of the Company's patents and other intellectual property rights is uncertain and may be sufficient to protect it against its competitor

To protect its innovative therapeutic protein formulations and technologies, the Company relies on the protection afforded by intellectual property rights, such as patents, patent applications, trademarks and trademark applications, as well as the protection afforded to its trade secrets and know-how by confidentiality agreements and other contracts. However, these means offer only limited protection and may not be successful in preventing unlawful use of the Company's products or technologies.

The patents and patent applications that the Company has filed and that aim to protect its technologies are recent and many are still being examined by patent authorities. These patents and patent applications afford protection that varies in duration from one country to another. For example, in France and in Europe, this duration is 20 years from the date patent applications are filed. The Company devotes significant financial and human resources to protecting its technologies, and employs means commonly used in the industry (such as filing additional results to expand one or more patent claims) to extend the protection of its technologies beyond application periods, although it cannot guarantee the results thereof.

The outcome of patent applications for biotechnology and pharmaceutical products are generally very uncertain, raising complex legal and scientific questions. The standards applied by patent offices to grant patents in different countries, or to define the subject and scope of admissible applications, are not always applied in a predictable or uniform manner and may be amended without warning. Neither the Company nor its partners can be assured that the Company was the first to claim a given invention among its current patent applications, nor that it or its partners were the first to submit applications to protect these inventions. The Company may therefore encounter difficulties in gaining approval for some of its current or future patent or trademark applications currently under examination or that may be examined in the future.

Furthermore, the fact that a patent or trademark is granted does not guarantee that it will be valid or enforceable. In fact, the Company's competitors could at any time successfully challenge the validity or enforceability of the Company's patents, patent applications, trademarks and trademark applications before the courts or in other proceedings, which, depending on the outcome of such disputes, may result in their scope being limited, their revocation or their circumvention by competitors. Consequently, the Company's rights under its patents, patent applications, trademarks and trademark applications may not afford the expected protection from competitors.

In addition, the Company may also in-license certain technologies, such as the DriveIn® technology which it has since abandoned. The patents licensed to the Company could be challenged, discovered to have been issued on the basis of insufficient and/or incorrect documentation or disclosure, or held to be unenforceable.

Therefore, the Company cannot guarantee with certainty that:

- the Company's patent and trademark registration applications undergoing examination will, in fact, result in patents and trademarks being granted; and
- the patents and trademarks granted to the Company will not be disputed or revoked

If the Company fails to protect and maintain the intellectual property of its products or its candidate products, and to protect its know-how, it could lose its competitive advantage and be exposed to more intense competition likely to have a significant unfavorable effect on its business, operating results and prospects.

Furthermore, the Company cannot guarantee the adequate protection of its technologies and its innovative formulations of therapeutic proteins developed from its technologies, which are closely linked to its know-how and its trade secrets, against competitors or against risk of usurpation or circumvention. In fact, in the collaboration and research contracts that it concludes, the Company may be required to provide its contracting parties, in different forms, certain elements of its know-how, protected or not by patents, and in particular information , data or information regarding its research, technologies or products.

The Company seeks to limit the communication of key elements of its know-how to third parties to only the information strictly necessary for the collaboration it maintains with them and it ensures contractually that these third parties undertake not divert, use or communicate this information, in particular by means of confidentiality clauses. The Company cannot however guarantee that these third parties comply with these agreements, that it will

be informed of a violation of these clauses, or that the compensation that it could possibly obtain will be sufficient with regard to the damage suffered.

In addition, these collaboration and research contracts expose the Company to the risk of seeing its contracting parties claim the benefit of intellectual property rights over its inventions, its knowledge or its results. Finally, these agreements could give rise to intellectual property rights held in co-ownership or in exclusive operating concessions under conditions unfavorable to the Company.

Thus, the Company cannot guarantee with certainty that:

- its know-how and trade secrets will not be usurped or circumvented;
- its competitors have not already developed a technology or products similar to its own;
- the extent of the protection conferred by patents and trademarks is sufficient to protect it against competition and the patents and trademarks of third parties covering similar products or devices; and
- no contracting partner will claim the benefit of intellectual property rights over his inventions, his knowledge or his results

The protection by the Company of its intellectual property rights represents a significant cost linked, in particular, to the costs of filing and maintaining patents and to the management of its other intellectual property rights. This cost could increase, especially if the Company is forced to take legal action to assert its rights. In addition to these costs, any legal action proving necessary for the purposes of enforcing the Company's intellectual property rights, protecting its or its know-how, or determining the validity and scope of its intellectual property rights, could have a significant unfavorable effect on the Company's income and financial position and not provide the protection sought.

Thus, the Company was engaged in legal proceedings against its former partner, the company Eli Lilly in order to defend its rights following the appropriation and misuse by Lilly of confidential information and discoveries belonging to Adocia, as well as for the violation by Lilly of several collaboration and confidentiality agreements. The Tribunal issued its decision in August 2019 and dismissed Adocia's request.

Similarly, monitoring unauthorized use of products and technologies is difficult, and the Company cannot be certain that it will be able to prevent unauthorized diversion or use of its products and technologies, especially in foreign countries where his rights would be less well protected.

1.4.4.2 The Company is operating in an increasingly restrictive regulatory environment

One of the most significant challenges faced by a growth company like Adocia is to succeed, with the assistance of its partners, in developing products incorporating its technologies in an increasingly strict regulatory environment.

The statutory and regulatory provisions adopted by the AFSSAPS*, European Commission, EMA*, FDA* and equivalent regulatory authorities in other countries govern research and development work, preclinical trials, clinical trials, the regulation of institutions, and the production and marketing of drugs.

The trend toward stricter statutory and regulatory supervision is worldwide, although requirements vary from one country to another. The health authorities, in particular the FDA and EMA, have imposed increasingly strict requirements to prove the effectiveness and safety of products, in particular with respect to the volume of data requested.

The authorization process is therefore long and costly, possibly taking several years, the outcome of which remains unpredictable. Failure by a Company partner to obtain marketing authorization for one or more products incorporating its technologies, or obtaining authorization once the deadlines have passed could significantly affect the Company's ability to generate income

The delays in obtaining regulatory authorization could:

- - significantly affect the commercial exploitation of a product developed by the Company or by its partners;
- - impose costly procedures on the Company or its partners;
- - reduce the competitive advantages that the Company or its partners may hold; and
- - significantly affect the collection of revenues and fees by the Company.

Under these conditions, several years could elapse before the end user is made available, if necessary, mainly due to the time required for carrying out clinical trials, developing products and obtaining a marketing authorization.

Once the marketing authorization has been obtained, the Company still runs the risk of having the product approved for a less broad indication than that requested, or that the authorization includes restrictions on the use of the product, such as example a "black-box" type mention or when the authorization is subsequently suspended, in the event, for example, of non-compliance with the manufacturing rules or discovery of an undesirable side effect in particular. All of these risks can have a substantial effect on the ability of the Company and its partners to generate revenue.

1.4.4.3 Third parties could assert property rights over the inventions that the Company develops

The Company may infringe or violate the intellectual property rights of others with technologies, product candidates or products that the Company or its partners seek to use, target or develop and commercialize. These third parties could bring claims against the Company or the Company's collaborative partners, which could cause the Company to incur substantial expense, and if successful, could require the payment of substantial damages. The Company or its partners could be forced to cease or delay research, development, manufacturing or sales of the product or product candidate or technology that is the subject of the suit.

The Company cannot guarantee that there are no prior patents owned by third parties that may provide grounds for an infringement action against the Company.

In addition, the Company cannot guarantee that there are no prior third-party trademark rights that may provide grounds for an infringement action against it.

The Company's domain names could also be the subject of Uniform Dispute Resolution Policy (UDRP) proceedings or an infringement action brought by a third party claiming prior trademark rights. Therefore, the Company cannot guarantee with certainty that its products do not infringe patents or trademarks owned by third parties.

The realization of one or more of these risks could have a significant unfavorable effect on the activity of the Company, its financial situation, its results, its development and its prospects

1.4.4.4 Following the pledge granted to IPF, the Company may not have all of its intellectual property

In order to guarantee the repayment of the obligations subscribed by IPF on October 14, 2019, the Company has granted a pledge on some of its assets and in particular its intellectual property rights in France, Europe, United States of America and China (see paragraph 1.3.7.5 of this universal registration document).

In the event of non-compliance by the Company with the commitments made for the benefit of IPF, the latter could obtain the allocation of the pledged intellectual property rights.

The Company has the option of requesting the lifting of this pledge in the context of certain transactions and subject to certain conditions related to the cash position.

In the event that the Company does not meet the required conditions, and in the case of such a transfer of ownership, the ability of the Company to grant a license to the products covered by these intellectual property rights could be found. affected or delayed, which could therefore have a material adverse effect on the activity of the Company, its financial situation, its results, its development and its prospects.

1.4.4.5 Risks associated with liability arising from products

The Company's business exposes it to potential liability, in particular to patients or healthy volunteers who take part or have taken part in clinical trials conducted under its direction, if they suffer side effects in connection with such trials, even when the instructions in the protocols have been followed.

The Company may also be liable in the event of commercial use of products incorporating its technologies. Criminal or civil actions could be filed or initiated against the Company by users (patients, practitioners, researchers and other

healthcare or research professionals), the regulatory authorities, distributors or any other third party that uses or markets products incorporating its technologies.

Product liability claims may be expensive to defend and may result in judgments against the Company that are material. Although the Company has taken out specific insurance policies to cover the resulting financial risk (see section 1.5.7 of the registration document, "Insurance and risk coverage"), and believes that this coverage is appropriate for its business and stage of development, it cannot be certain that the insurance policies will be sufficient to cover all claims made against it. Product liability insurance is expensive, difficult to obtain, and may not be available in the future on acceptable terms. However, any such claims, regardless of merit, could be time-consuming and expensive to defend, could divert management's attention and resources, and could materially adversely affect the Company's reputation, business, results of operations and prospects.

1.4.4.6 The use of chemicals and hazardous substances could lead to accidents

The Company is subject to a set of environmental, health and safety laws and regulations. Biological research and development activities require the use of certain biological materials or hazardous chemicals, which produce waste which must be eliminated. The Company has contracted with a specialized company for the management and disposal of this waste.

Although the Company has adopted a policy adapted to this type of risk traditionally identified in biological research laboratories, it cannot exclude the risk of injury, accidental contamination or occupational diseases linked to the handling of chemical materials. in his laboratories. In the event of an accident, the Company could be held liable and be forced to pay significant damages to the personnel concerned.

Likewise, the regulations currently in force could be subject to major changes leading to significant compliance costs borne by the Company.

The activity, financial situation, results, development and prospects of the Company in the medium and long term could be significantly affected by the realization of one or more of these risks.

1.4.5 Insurance and risk coverage

The company has adopted a policy to cover the main risks to which it is exposed, when possible, by taking out coverage amounts that it deems consistent with its cash consumption requirements.

For all of the insurance policies referred to above, the company's total expenses remained stable in the fiscal years ended on December 31, 2018 and 2019.

The main insurance policies are:

- a "property damage" policy, which generally covers the risks of fire, explosion, lightning, electrical damage, special risks, IT risks, loss of goods in refrigerated chambers, goods in transit, theft, machinery breakdowns and loss of use;
- a "business liability" policy, which covers risks in connection with business operations for all damage, including bodily injury;
- a "key person" insurance policy that insures against the death of the chairman and chief executive officer due to illness or accident;
- a "directors' and officers' liability" insurance policy, which covers the liability of the company's senior managers if their liability is alleged in connection with the performance of their duties.

For all the policies, the Company and the insurer determine together the maximum coverage in adequacy with the specificities of the Company and in line with the practices of companies in a similar field of activity.

The company's liability in connection with clinical trials is covered by specific policies whose rates and coverage amounts depend on the local laws applicable to the relevant clinical research center. The total amount of premiums and coverage taken out for these trials depends in particular on the number of trials, their location and the number of patients to be included in each trial.

The company considers that these insurance policies adequately cover the insurable risks inherent to its business activities, and that its policy with respect to insurance is consistent with practices in its business sector. The company

does not foresee any particular difficulty in maintaining adequate insurance levels in the future, subject to market conditions.

Nevertheless, the company cannot guarantee that it will always be able to maintain or, if necessary, obtain similar insurance coverage at an acceptable cost, which may oblige it to take out more expensive insurance policies and/or to assume greater risks, in particular as its business activities expand.

1.4.6 Extraordinary events and disputes

Except as noted below, during the 12-month period preceding the filing date of this registration document, the company has not been involved in any administrative, criminal, judicial or arbitration proceedings that may have a material adverse impact on the company, its business, financial position, income or expansion and that is not reflected in its financial statements. Furthermore, to the company's knowledge, as of the date of this registration document, the company is not threatened with any such proceedings.

To the Company's knowledge, no exceptional event arose during the same period that would generate additional risk or additional unplanned costs.

However, it must be noted that all of the legal proceedings against Eli Lilly, the two arbitration proceedings launched by Adocia and the civil action proceedings launched by Eli Lilly, ended during the 2019 financial year (see section 1.3 .7 of this universal registration document).

2 Social, environmental and societal information

ADOCIA

Chapter 2

2 SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

2.1 Methodology note

This report uses indicators selected to represent the main economic, social and environmental impacts of the Company's activities.

The social, environmental and safety indicators that were collected, calculated and consolidated may be subject to inherent limits in terms of the practical modalities of collection and consolidation of this data.

The data presented covers all the Company's activities and all the group's employees, unless otherwise indicated.

2.1.1 Definition of labor indicators

Workforce: Number of employees on staff at December 31 of the year N, under permanent or fixed term contract (including work-study contracts). Contracts terminating on December 31 are not included in the workforce. This calculation is not prorated for part-time workers.

New hires: Number of employees hired under permanent or fixed term contract between January 1 and December 31 of the year N. This calculation is not prorated for part-time workers. Transitions from fixed term to permanent contracts are not included in new hires. A transition from a work-study to a fixed term or permanent contract is counted as a new hire.

Departures: Number of employees who left the company between January 1 and December 31 of the year N. This calculation is not prorated for part-time workers.

Absenteeism rate: The ratio of the number of days of absence due to illness, sick child or workplace accident to the number of theoretical days worked. This figure only covers the France scope.

Number of hours worked: This indicator only covers the Company's activities located in France from January 1 to December 31 of the year N. It corresponds to the number of hours of effective work. Interns are excluded from the calculation.

2.1.2 Definition of safety indicators

These indicators only cover the Group's activities located in France.

Frequency rate (FR): (number of workplace accidents and commuting accidents resulting in medical leave / hours worked) x 1,000,000

Severity rate (SR): (number of days lost due to temporary disabilities as a result of a workplace accident or commuting accident / hours worked) x 1,000,000

2.2 Social data

2.2.1 Group remuneration policy

2.2.1.1 Remuneration

The Company has to be competitive and attractive to attract and retain top talent. It therefore applies an ambitious remuneration policy, reflected in particular in a payroll of €8.7 million (French GAAP) for 2019 and significant annual increases. Over the last three years, average general and individual increases fell within a 2% to 4% range (excluding corporate officers), plus bonuses based on collective and individual performance. However, in a more challenging

economic environment, the Company reserves the possibility of revising its remuneration policy to adapt to economic and financial constraints and issues.

Allocation of pay raises and/or bonuses is based on objective criteria and individual merit. Employees enjoy workplace equality regardless of race, sex, color, religion, disability, family status, sexual orientation, age and ethnicity.

Adocia supplements its remuneration policy with plans launched in 2008 to award free corporate shares and BSPCE founders' warrants. Initially intended for key Company managers (directors and service line heads), and then project managers, this policy was extended to technicians and managers at the expert and senior level in 2015. To mark certain occasions, such as the Company's 10th anniversary or the signing of a partnership, Adocia's management may decide to allocate free shares to all staff. This was the case in December 2015, June 2018 and December 2019.

2.2.1.2 Equity interests held by employees

To the Company's knowledge, at December 31, 2019, the Company's employees (including Olivier) held 425,905 shares, i.e. 6.1% of equity and 8.4% of voting rights in the Company. The proportion of capital represented by the shares held by Company employees, including corporate officers, that are subject to collective management (PEE or FPCE accounts), calculated in accordance with Article L. 225-102 of the French Code of Commerce, was zero. The shares held by employees or corporate officers following free allocation as per Article L. 225-197 of the French Code of Commerce represented 1.9% of equity.

2.2.1.3 Employee savings

ADOCIA has implemented various employee savings schemes. Such schemes are instruments in the company's labor policy that can meet various objectives, such as strengthening the connection between employee performance and business results, retaining and motivating employees.

- Profit sharing (*participation*) implemented by an agreement signed December 11, 2013 between management and the employees represented by the Single Employee Representative Body. There was no profit sharing at December 31, 2019, given the fiscal loss registered for fiscal year 2019.
- A company savings plan (PEE) and collective retirement savings plan (PERCO) created on July 28, 2014 by agreement of management and the employees represented by the Single Employee Representative Body.
- The time savings account (CET) set up by an agreement signed June 30, 2014 between management and the employees represented by the Single Employee Representative Body.

The Company has not signed a profit sharing (*intéressement*) agreement to date.

2.2.2 Employment

The main objectives of Adocia's human resources policy are to:

- attract, retain and motivate the best talent to support the development of the company's ambitious and innovative projects;
- provide training opportunities to employees;
- promote internal mobility and promotions, so as to offer employees a broader scope of activities and enable them to gain new expertise.

2.2.3 Workforce

At the end of December 2019, the Company had 138 employees (full-time and part-time), of which 136 work in France in the parent company and two are based in the US subsidiary Adocia Inc. At December 31, 2019, the breakdown of the workforce by socio-professional categories and gender is as follows:

Workforce by socio-professional categories and gender	12/31/2019	12/31/2018	12/31/2017
Executives	**77**	**74**	**70**
Of which permanent contracts	75	72	68
Non Executives	**61**	**58**	**59**
Of which permanent contracts	46	46	46
Workforce (number)	**138**	**132**	**129**
Workforce breakdown by gender M/F (in %)	**51/49**	**52/48**	**50/50**
Men (number)	70	69	65
Women (number)	68	63	64

At the end of December 2019, the company employed 52 researchers who hold a doctorate in science, medicine or pharmacy, or more than one-third of the total.

As of December 31, 2019, close to 80% of the workforce was assigned directly to research and development, with the remaining employees performing support functions, such as finance, administrative services, quality, security and human resources.

At December 31, 2019, the average employee age was 37 years and the breakdown of the workforce by age bracket was as follows:

Age pyramid 2019	Men	Women	Total	Percentage
Younger than 25 years old	6	7	**13**	**9%**
25 to 34 years old	22	25	**47**	**34%**
35 to 44 years old	26	21	**47**	**34%**
Older than 44 years old	16	15	**31**	**22%**

The Company's R&D and SG&A workforce has evolved as follows:

	12/31/2019	12/31/2018	12/31/2017
R&D Workforce	106	104	101
SG&A workforce	32	28	28
total Workforce	**138**	**132**	**129**

2.2.4 Personnel movements in 2019

The table below presents the evolution of the workforce from January 1 to December 31, 2019:

	12/31/2019	12/31/2018	12/31/2017
Number of hires	**22**	**25**	**22**
Number of Employee departures	**16**	**22**	**18**
Net increase of workforce	**+6**	**+3**	**+4**
Of which permanent contracts	0	0	1
Of which short- term contracts for additional activity	2	3	0
Of which short- term contracts for replacement	2	0	3
Of which work study contracts	2	0	0

The Company registered 16 departures during 2019, including:

- 12 departures at the end of fixed term contracts (including 5 work-study contracts)
- 4 approved conventional breaks

2.2.5 Work organization

The employment contracts of the French employees are governed by that country's collective bargaining agreement for pharmaceutical industries.

Those employed by the Adocia Inc. subsidiary are governed by US law.

On July 22, 2010 the Company reached an agreement on the organization of working time with employee representatives, whose details were developed with a view to the agility and flexibility needed in the research field. This agreement was approved by the French National Joint Committee for the pharmaceutical industry on September 29, 2010.

Pursuant to this agreement, the working time of management-level employees (groups VI to IX of the pharmaceutical industries collective bargaining agreement classification) is counted in days and the working time of technicians (employees in groups I to V) is counted in hours. For these latter, effective working time is 36.25 hours per week, with allocation of compensatory days to result in an average working time of 35 hours per week.

In 2019, 11 employees worked part time, 3 of which under a parental leave contract. All these employees choose to work part time to deal with family responsibilities.

The main reasons for absences in 2019 were illness and maternity or paternity leaves.

The absenteeism rate was 2.53% in 2019 compared with 1.62% in 2018. The number of days of absence due to sickness, workplace accident and sick child for 2019 was 859 days, compared with 522 days the previous year. The 63% increase is primarily due to the increase of the sick leaves exceeding 40 days, which impacted the year 2017. Planned absences such as maternity leave or paternity leave are not included in this calculation.

2.2.6 Labor relations

The Company decided to create a single employee representative body in 2013 after arriving at the legal thresholds in 2012. In November 2016, the single staff delegation was renewed.

Following the new legal provisions of article L2311-2 of the Labor Code and article 9 of Ordinance 2017-1386 of September 22, 2017, the company had the obligation to set up a Social and Economic Committee and before December 31, 2019.

In this context, the Management and the members of the current DUP have agreed to reduce the current mandates, as of December 31, 2019.

The elections for the new CSE were organized in advance, before the annual closure of the company, on December 05, 2019 and 12 members were elected (6 members, 6 alternates) including 5 women and 7 men.

The Company ensures that the rights and freedoms of representatives of employee representative bodies are strictly

The company ensures that the rights and freedoms of the delegates to employee representative bodies are scrupulously respected, and that these delegates enjoy the same career prospects and training opportunities as other employees.

Management and the employee representative bodies jointly and freely decide the common measures to be taken to guarantee the development of a progressive, high quality industrial relations policy by maintaining ongoing and constructive labor-management dialogue.

The company complies with the fundamental conventions of the International Labor Organization on respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labor, and the abolition of child labor.

2.2.7 Health and safety

The Company has a Health, Safety and Environment department comprising three people. This department also relies on 16 individuals with occupational first aid training in the various departments of the Company. Individual and collective safety equipment has been installed and is inspected regularly. Evacuation drills are held according to a predetermined schedule. Fire safety equipment and electrical systems are inspected annually by certified organizations.

Since November 2016, the missions of the health, safety and working conditions committee have been assigned to the single employee representative body.

Quarterly meetings are held, which are attended by the Health and Safety department.

A workplace accident means any accident that is suffered due to or during work by any person who is a company employee or who is performing work for the company. Workplace accidents also include commuting accidents that occur in the course of ordinary travel by an employee between their home and workplace (round trip).

The Company registered 32 accidents during the year. In relation to the average workforce in 2019, the rate of workplace accidents per employee is 0.25 compared with 0.36 the previous year, remaining at a rate that is considered as low. Five of these accidents resulted in medical leave of maximum one week, compared with 4 days in 2018 for a maximal duration of 93.5 days, compared to 8 days in 2018.

The frequency rate in 2019 was 26.86 and the 2019 severity rate was 0.5.

	31/12/2019	31/12/2018	31/12/2017
Frequency rate	26.86	21.56	16.22
Severy rate	0.5	0.09	0 .08

No occupational or work-related illness was reported in 2019 or during the previous four fiscal years. An occupational illness means an illness due to a person's exposure to a risk in connection with his/her employment position. The company has not been informed of any permanent disability in this fiscal year or prior fiscal years.

The Company provides a medical examination for all of its workers, with different frequencies depending on the nature of the position: laboratory staff are examined at least once every two years. Being less exposed, administrative staff and some scientists are examined at least every five years for not working in the laboratories.

administrative staff have a medical visit at least once every five years.

To date, no agreement on occupational health and safety has been signed with the labor unions or employee representatives.

2.2.8 Training

Staff members have extensive training and the company places particular importance on maintaining each employee's knowledge and expertise at a high level. Continuing education is primarily focused on scientific and technical training to develop the skills of laboratory staff (researchers and laboratory technicians) but it can also involve all staff on topics such as management, communication in English, the use of computer software, accounting and human resources training, training for new tools and materials, or regulatory monitoring. Each year, employees also receive general training targeting all staff around a theme whose underlying focus has been the same for several years: "better self-knowledge, better knowledge of others."

A total of 1,563.75 hours of training were dispensed in 2019.

Number of employees trained in 2019	Men	Women	Total
Executives	37	29	66
Non executives	24	23	47
Total workforce	**61**	**52**	**113**
Breakdown by gender (in %)	54%	46%	

Personnel in the Company as of 12/31/2019	Men	Women	Average number
Average number of training actions taken per employee in 2019	1,69	1,24	1,47
Average number of training hours per employee in 2019	12,52	9,81	11,17

To develop individual skills and maintain a high level of expertise, the company also encourages all researchers to attend international conferences and seminars. In 2019, Adocia participated in 30 conferences and scientific seminars (involving 57 participants).

2.2.9 Workplace equality

2.2.9.1 Measures taken to support gender equality

After consultation with the Single Employee Representative Body in December 2013, an action plan took effect on January 1, 2014, in accordance with Article L. 2242-5-1 of the French Labor Code and Decree no. 2011-822 of July 7, 2011 on the implementation of companies' gender equality obligations (Articles R. 2242-2 to R. 2242-8 of the French Labor Code).

This plan focuses primarily on three points:

- Workforce: The Company will continue to hire its employees on the basis of objective expertise criteria and individual merit, keeping in mind gender equality.
- Training: The Company will ensure that training, whether to develop each employee's business skills or to enable them to adapt to changes in the company, is accessible to and equal for both men and women.
- Compensation: The Company will continue its policy of compensating men and women equally.

The Company seeks to ensure that there is no discrimination in employment and career, via annual performance and skill reviews.

At December 31, 2019, the breakdown of men and women in the workforce was perfectly balanced, with 68 women and 70 men.

2.2.9.2 Measures taken to support employment and integration of workers with disabilities

To promote the recruitment of workers with disabilities, the company has taken steps to such workers, in particular holding meetings with CAP Emploi, the French national placement network for people with disabilities. Despite these actions and the fact that all positions are open to people with disabilities, the company has received few applicants (an issue of skills not matching the position profile). At the end of December 2019, the Company had one employee in its workforce recognized as having disabled worker status.

The Company utilizes supported employment agencies for workers with disabilities (ESAT) for its supply of stationery, maintenance and cleaning. Since 2017, the Company outsources to 2 companies in the supported employment sector: ELISE specialized in paper recycling, and ALGED which intervenes monthly for the cleaning of green spaces .

2.3 Environmental data

2.3.1 General environmental policy required by Article R225-105-1 of the French Code of Commerce

In light of its business (drug research and development) and its geographical location (laboratories located at a single site in Lyon), the Company considers that its environmental impact is low. No provisions or guarantees for environmental risks have been recognized to date. Its activities do not include industrial production or distribution, or significant discharges of effluents into the environment. Its activities do not require the use of the ground as a resource and employ few raw materials.

On February 21, 2016, the Company acquired the building located at 115, avenue Lacassagne, Lyon, in which its laboratories and offices are located. The building has a total surface area of 6,874 m² (excluding the basement) of which 1,602 m² is occupied by three companies to which Adocia has granted commercial leases until the end of 2019.

On June 28, 2017, the Company completed its installation on the site with the purchase of a storage building with delivery bay, with a total surface area of 2,092 m², of which 1,650 m² underground. Following this acquisition, the Company converted the former courtyard into a garden.

In 2018, the Company initiated the development of two floors of 450 m2 each, previously unoccupied. One will be destined for offices and the other for laboratories for the Analysis Department. The works are carried out with a view

to improving energy consumption with an interior insulation made with 45 cm of hemp, new exterior joinery and lighting provided by LED luminaires. The works were finalized in the first semester 2019.

The following factors are not discussed in this report because they were deemed irrelevant or because the Company does not have significant information in light of the quantities and interests at stake:

- Greenhouse gas emissions
- Adaptation to climate change
- Biodiversity
- Ground use
- Visual environmental impact of the business

The two employees based in the subsidiary Adocia Inc. have a low environmental impact due to their activity, limited to business travel. These two employees are excluded permanently from environmental indicators.

Despite the Company's low environmental impact, from the outset, it has focused on environmental protection and appointed two individuals to manage environmental aspects, one of whom, the HSQE manager, is a member of senior management. with the objective of piloting the environmental aspects .

The Company has made the treatment and recycling of chemical substances one of its priorities.

2.3.2 Pollution and waste management

The Company purchases chemicals that are used in research and development operations. However, given the Company's size, only limited quantities of chemicals are handled, all of which are carefully monitored. The traceability of chemicals is strictly ensured from the time they arrive (a register kept by each department tracks raw materials). After their use in research operations, waste is recovered and stored under specific conditions until it is collected by a specialized company.

The Company has no regulatory obligation to monitor solvents used or emissions of volatile organic compounds (VOC) for effluents linked to the use of volatile solvents used with extractors. The Company has appointed a service provider that specializes in removing and recycling chemical waste. Before collection, which takes place at least once per month, the Company stores its waste in appropriate containers in dedicated premises and in compliance with the relevant safety standards.

In 2019, the quantity of hazardous laboratory waste sent to a specific center (soiled packaging and glass, chemical waste) totaled 30.2 metric tons. The Company considers that the quantity of waste that it discharges into the city of Lyon's wastewater treatment system is low, as most waste is recovered during handling. The Company emits no liquid effluent in wastewater.

Furthermore, the Company has initiated the following recycling actions:

- sorting of plastics and caps
- sorting of paper and cardboard
- sorting of ink cartridges
- sorting of coffee pods
- recycling of vials, and
- sorting of batteries.

In 2019, the quantity of paper and cardboard removed totaled approximately 7.3 metric tons compared to 5.5 tons in 2018. Sorting and packaging are undertaken by the company ELISE for recycling in the paper industry, which generated in average 134 hours of work for employees with disabilities in 2019.

All staff are made aware of waste management and this resulted in better control of this position in 2019, in particular with the organization of a specific operation aimed at sorting and eliminating paper archives

The resources devoted to waste management issues are of two types:

- external resources, comprising purchases of specific containers and expenses associated with services subcontracted to waste specialists, amounting to €41.4 thousand in 2019;
- internal resources, consisting of involving all employees in sorting waste and reducing energy consumption.

Training is regularly provided, in particular at the time employees are hired. Each new employee receives onboarding during which the Safety/Environment Department provides information on environmental practices that are implemented. During this training, employees are provided with a waste management procedure.

The Company has set up a shared space that includes refrigerators for meals. This favors meal brought from home rather than the establishment of a catering service, to limit food waste.

Since 2016, under the impetus of the employee representative body (DUP), the Company installed a composter for the organic waste employees create during their lunchtime meals. This initiative was carried out with the help of a local firm.

In terms of noise pollution, only the laboratories' fume chamber extractors are potential sources of noise. This equipment, which is installed on the roof, is fitted with a soundproofing casing. Accordingly, the Company deems that it has minimized the risk of noise pollution.

2.3.3 Sustainable use of resources

The Company is attentive to management of its water and energy consumption.

2.3.3.1 Water

The company's consumption of municipal water is mainly for sanitary purposes.

The Company also uses water for its research activities, and in particular for cleaning its laboratory equipment. Water is thus used to supply the washing machines and sinks installed in the various laboratories and shared spaces in the Company. It is discharged after use in conventional drainage systems. For some of its activities, the Company also consumes water for the production of distilled water.

Until 2015, the Company purchased bottled water for the staff to drink. Since 2016, to reduce its environmental impact, drinking fountains are available in the lobby, considerably reducing the use of water bottles and hence plastic waste. As a result, the quantities purchased are negligible and are no longer monitored. Running water consumption is calculated from actual consumption based on invoices. Lastly, certain research operations require purified water, which the Company purchases in canisters.

Consumption en M³	31/12/2019	31/12/2018
Bottled water	NS	NS
Distilled water	7	12
Current consumption water (*)	3 986	2 919
Water total	**3 993**	**2 931**

(*) prorated to the surface occupied by the Company

The increase in running water consumption between 2018 and 2019 is mainly explained by the installation of watering of green spaces. The Company is studying the possibility of recovering rainwater and, for this, returning to service an existing well that would be dedicated to watering.

2.3.3.2 Electricity and natural gas

With respect to energy, the Company consumes electricity only.

Electrical invoices received are for the entire building. In the absence of individual meters for each of the tenants, the company estimated its own consumption according to the occupied surface area:

Consumption in KWh	12/31/2019	12/21/2018	12/31/2017
Electricity total (*)	**1 223 023**	**1 275 467**	**1 360 363**

(*) prorated to the surface occupied by the Company

The increase of the consumption is due to the extension of laboratories and offices by 900 m². The departure of the two tenant companies in 2019 should lower electricity consumption over the coming months.

Gas consumption exists, it is negligible.

The Company has set up a consumption monitoring program and, at the end of each day, has a person check and turn off electrical equipment that has been left on and adjust the temperature of heating and cooling systems. Motion detectors that automatically turn off lights have been installed in some locations. The Company has also adopted and is gradually implementing a plan to replace older light bulbs with new generation low consumption bulbs.

2.3.3.3 Climate change

According to an initial analysis, the Company's production of greenhouse gas emissions is primarily from its purchasing of raw materials and consumables. In 2019, the Company received from its provider its emissions related to business travel (1,376 metric tons of CO^2). Compared to 2018, this consumption is increasing due to the increase of the travels to China as part of the partnership signed mid 2018 with the Tonghua Dongbao Company.

Given the elements above, the Company's impacts were judged too minimal to justify recognition of provisions or guarantees for environmental risks.

2.4 Social data: information on social responsibility in favor of sustainable development

2.4.1 Territorial, economic and social impact of business

Because of its activity (drug research and development), the Company considers that its environmental impact is low. The activities of the Company generate no particular noise or visual pollution for its employees or for neighboring residents.

Adocia has been based in Lyon since its creation and endeavors to be active and involved in its local area. In 13 years, the company hired over 130 people, most of them are coming from the Lyon area. The company's ongoing policy is to recruit and train young people. Each year, the company accepts workers under apprenticeship or work-training contracts (8 at the end of December 2018) and a certain number of trainees (10 during 2018). The Company is therefore attractive to and offers professional prospects for scientists, researchers and technicians in the life sciences.

In 2019, the Company's payroll expenses, and social security contributions accounted for nearly 46.1% of the operating expenses.

The company maintains close ties with education institutions. In this regard, it is sponsoring the 135th graduating class of ESPCI Paris Tech in order to create and maintain multiple contacts with students during their four-year course of study, i.e. till 2020.

2.4.2 Relations with its shareholders and investors

The Company's financial communication is intended to guarantee access to complete, transparent and clear information for all. To this end, the Company publishes a number of documents for its shareholders to explain its strategy, research being conducted, and the results obtained.

These documents are accessible on the Company's website in the Investors section, in French and in English. An email address (contactinvestisseurs@adocia.com) is also available for investors.

The Company also complies with its obligations as a listed company. It disseminates annual information supplemented by periodic information and press releases to the financial community and more generally to the public. It also organizes regular telephone conferences to comment on its results and answer questions from shareholders.

In 2019, the Company participated in the Agora Biotech conference organized in November 2019 to meet individual shareholders. She has also participated in numerous investor fairs in France, Europe and the United States, to meet her institutional investors.

2.4.3 Subcontracting and suppliers

The Company appoints external suppliers to perform a significant portion of its activities, in particular, activities that require specific accreditations (Good Laboratory or Manufacturing Practices), particular facilities (animal housing unit) or organizations specialized in conducting clinical trials, known as contract research organizations (CROs). These external expenses account for 22% in average of the Company's total expenses.

The supplier selection process complies with pharmaceutical regulations and takes into account criteria such as proximity, excellence and research ethics. Due to its size and the corresponding social and environmental stakes, the Company does not audit its suppliers on CSR issues.

At the local level, the Company has created partnerships with the Lyon Veterinary School and Namsa for conducting its preclinical studies. The main service provider, Namsa, as well as ICB (dependent on the veterinary school of lyon) are AAALAC accredited.

These two organizations comply with ethics legislation and have an animal welfare structure, an independent ethics committee and socialization and enrichment programs for the two models used by the company (dog and pig). They also have programs for animal outplacement to comply with the 3Rs rule when study conditions permit.

The Company also uses the services of numerous consulting firms in the region (patents, finance, lawyers).

2.4.4 Fair practices

The Company has set up mechanisms to prevent risks of corruption. Separating tasks associated with payments is one of the means put in place for avoiding possible errors or misappropriation.

Concerning the choice of suppliers, comparative bids are requested above a certain expenditure threshold. As part of its research and development activities, the company is obliged to comply with current standards (Good Laboratory Practice, Good Manufacturing Practice), as well as with the regulations adopted by public health protection agencies, such as the European Medicines Agency (EMA) and the Food and Drug Administration (FDA) in the United States.

The Company has been listed on the regulated Euronext stock exchange in Paris since February 2012. Accordingly, purchases and sales of securities and, in particular, bonus shares and business founders' stock warrants (BSPCE), are subject to strict rules.

Adocia has adopted a corporate disclosure policy and a code of ethics, which are in compliance with AMF recommendation no. 2010-07 of November 3, 2010, as well as the MiddleNext guide, which set forth and explain the rules applicable to privileged information and the duties owed by insiders.

2.4.5 Public health issues

Health and consumer safety is at the core of the Company's business: developing innovative medicines for everyone, all over the world.

The Company develops drugs based on therapeutic molecules that have already been approved. Using its proprietary BioChaperone technology, it improves the effectiveness of such molecules, thereby simplifying and expanding their therapeutic use, while improving patients' quality of life.

In a worldwide pharmacological and economic context marked by the adoption of policies designed to control health costs, the products that Adocia develops may improve the effectiveness of therapeutic molecules, while reducing the dosage, number of applications and/or duration of treatment.

Lastly, despite the fact that the demand for pharmaceutical products in emerging countries is expanding, access to healthcare and drugs remains problematic, even critical, in certain countries. The World Health Organization estimates that over 80% of the deaths due to chronic pathologies occur in low- or medium-income countries. By offering pharmaceutical products destined to become best-in-class and at lower prices than existing products, Adocia's strategy seems particularly suited to meet the mass needs of these emerging countries.

Given the stage of development of its entire project portfolio, no drug containing BioChaperone technology developed by the Company has been marketed to date.

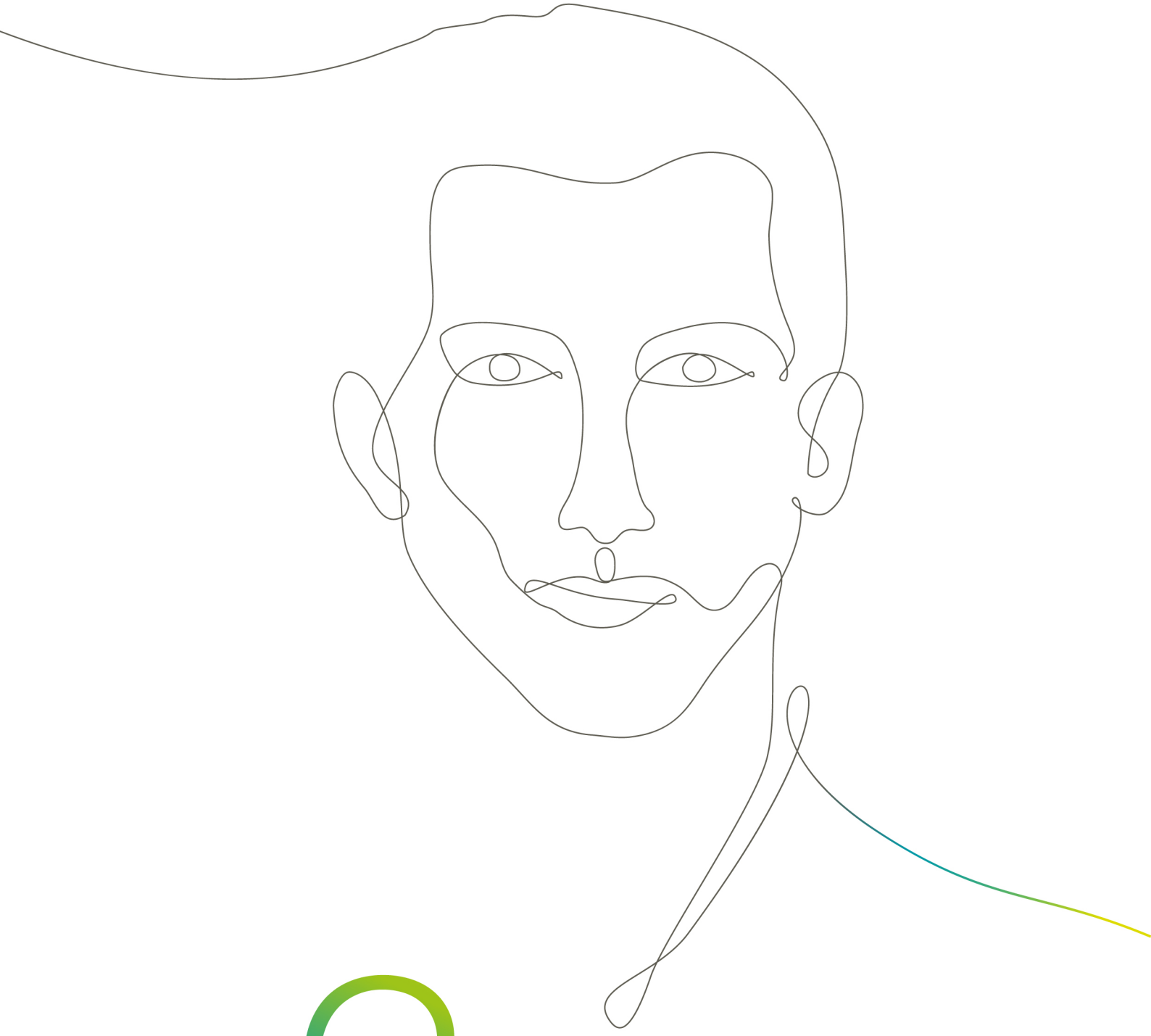
The development of the Company's projects is strictly regulated. Thus, for studies using animal models (preclinical development) and studies using human participants (clinical development), it submits its dossiers to various approval committees: regulatory affairs authorities (e.g. Bfarm for clinical studies in Germany) and ethics committees.

2.4.6 Actions taken to promote human rights

The Company endeavors to comply with prevailing regulations and is not aware of any specific issues in this regard.

The information concerning labor issues required by Article R. 225-105-1 of the French Commercial Code is provided in sections 2.2 and 2.3 of this universal registration document.

2



3 Corporate governance

ADOCIA

Chapter 3

3 CORPORATE GOVERNANCE

3.1 Governance Code

Until October 24, 2011, the Company was incorporated as a *société par actions simplifiée* (simplified joint stock company). At the time of its initial public offering, the Company was converted, on October 24, 2011, into a *société anonyme* (corporation) with a Board of Directors, and adopted new governance rules. Shareholders appointed a six-member Board of Directors, five of whom had been members of the Board of Directors of the Company in its previous form as a *société par actions simplifiée*.

The Board of Directors, at its meeting of October 24, 2011, adopted its own Rules of Procedure which specify, *inter alia*, the role and composition of the Board, the principles of conduct and the obligations of members of the Company's Board of Directors, and the operating procedures of the Board of Directors and its committees, as well as the rules for determining the compensation received by their members. The Board's Rules of Procedure can be accessed on the Company's website (www.adocia.fr).

To structure its governance, the Company has chosen to refer to the corporate governance code for small and midcaps as published in September 2016 by MiddleNext (the "MidleNext Code").

3.1.1 Methods of corporate governance

On October 24, 2011, the Board of Directors decided to appoint Mr. Gérard Soula as Chairman of the Board of Directors and Chief Executive Officer. As Chairman, he is responsible for organizing and directing the work of the Board of Directors, reporting on this to the Shareholders' Meeting, and for ensuring the proper functioning of the Company's bodies. As Chief Executive Officer, he is responsible for the executive management of the Company, represents the Company in its relations with third parties, and has the powers granted to him by law to act in all circumstances on the Company's behalf.

On December 19, 2012, the Board of Directors decided to appoint Mr. Olivier Soula as Deputy General Manager. The Deputy General Manager has the same powers as the Chief Executive Officer with regard to third parties.

A brief description of the main provisions of the Company's Articles of Incorporation and Bylaws and its Rules of Procedure governing its specialized committees is provided in this registration document, in section 5.3 'Articles of Incorporation' and section 3.1.5 'Operation of the governing and management bodies' .

3.1.2 Members of the Board of Directors

As of the filing date of this universal registration document, the members of the Company's Board of Directors are:

Name	Office	Main functions within the Company	Main functions outside the Company	Starting and ending dates of terms of office
Mr. Gérard Soula	Chairman of the board of directors	Chairman and chief executive officer	None	Appointed director by the shareholders' meeting held on October 24, 2011. Renewed by the combined shareholders' meeting of June 27, 2017 for a term of three years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2019. Renewed as chairman and chief executive officer by the board of directors' meeting held on June 27, 2017 for the duration of his term of office as director.
Mr. Olivier Soula	Deputy chief executive officer, Director	R&D Director VP	None	Appointed director by the shareholders' meeting held on October 24, 2011. Renewed by the combined shareholders' meeting of May 16, 2019 for a term of two years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2021. Renewed as deputy chief executive officer by the board of directors' meeting held on May 16, 2019 for the duration of his term of office as director.
Mr. Olivier Martinez	Director	Member of the audit committee	Investment Manager, Bpifrance Investissement	Appointed director by the shareholders' meeting held on October 24, 2011. Renewed by the combined shareholders' meeting of May 16, 2019 for a term of two years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2021.
BPI France Investissement, represented by Mr. Laurent Arthaud	Director	President of the remuneration committee	Deputy Chief Executive Officer, Bpifrance Investissement	Appointed director by the shareholders' meeting held on October 24, 2011. Renewed by the combined shareholders' meeting of June 27, 2017 for a term of three years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2019.
Ms. Dominique Takizawa	Director (*)	President of the audit committee	Secretary General, Institut Mérieux	Appointed director by the shareholders' meeting held on October 24, 2011. Renewed by the combined shareholders' meeting of June 27, 2017 for a term of three years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2019.
Ms. Ekaterina Smirnyagina	Director (*)	Member of the remuneration committee	Investment Director, Capricorn Venture Partners	Appointed director by the shareholders' meeting held on June 18, 2013. Renewed by the shareholders' meeting of May 16, 2019 for a term of three years which will expire at the conclusion of the shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2021.

* Independent board member

3.1.2.1 Business address

The business address of the Chairman and Chief Executive Officer and of the Deputy General Manager is the address of Company's registered office.

The business addresses of the other directors are:

Mr. Olivier Martinez, c/o Bpifrance Investissement, 6-8 Boulevard Haussmann, 75009 Paris;

Mr. Laurent Arthaud, c/o Bpifrance Investissement, 6-8 boulevard Hausman, 75009 Paris;

Ms. Dominique Takizawa, c/o Institut Mérieux, 17 rue Bourgelat, 69002 Lyon ;

Ms. Ekaterina Smirnyagina, c/o Capricorn Venture Partners, De Jonge Saint Jacob, Lei 19/1-B-3000 Leuven, Belgium.

3.1.2.2 Other corporate offices currently held by the directors

Name	Office held	Company
Mr. Gérard Soula	Director	Glowbl
Mr. Olivier Soula	Chairman of the board of directors	Glowbl
Mr. Olivier Martinez	Permanent representative of Bpifrance Investissement Board observer	POXEL
	Permanent representative of Bpifrance Investissement Director	HalioDx
	Board observer	Innate Pharma
	Permanent representative of Bpifrance Investissement Board observer	Alize Pharma III
	Board observer	Cerenis Therapeutics
Mr. Laurent Arthaud	Member of the supervisory board	Kurma Partners
	Director	Cellectis SA
	Chairman of the board of directors	Sparingvision SA
	Director	Aledia SA
	Director	Enyo Pharma SA.
	Director	Ribogenics Inc.
Ms. Dominique Takizawa	Director, permanent representative and member of the audit committee	Transgène (*)
	Director and chair of the audit committee	Mérieux Nutrisciences (USA) (*)
	Director and member of the audit committee	ABL Inc. (USA) (*)
	Director and vice-chairman	Lyon Place Financière
	Director	Lyon Pôle Bourse
	Employee director	Institut Mérieux
Ms. Ekaterina Smirnyagina	Director	Istar Medical SA (Belgique)
	Director	ConfoTherapeutics NV (Belgique)
	Director	InvestEurope (Belgique)
	Director	HalioDx (France)

(*) Institut Mérieux group

In line with recommendation no. 1 of the MiddleNext Code, executive directors do not hold more than two other offices, including in foreign companies.

3.1.2.3 Other corporate offices, now expired, held by the directors during the last five fiscal years

Name	Office held	Company
Mr. Gérard Soula	Director	Life Cycle Pharma A/S
Mr. Olivier Martinez	Director	Cerenis Therapeutics
	Permanent representative of Bpifrance Investissement, Director	Alize Pharma
	Permanent representative of Bpifrance Investissement, Director	Poxel
	Permanent representative of Bpifrance Investissement, Member of the supervisory board	Genticel
	Permanent representative of Bpifrance Investissement, Member of the executive committee	Fab Pharma
	Member of the supervisory board	Cytheris
	Board observer	Millendo Therapeutics Inc.
Mr. Laurent Arthaud	Director	Scynexis Inc.
	Member of the supervisory board	Emertec gestion SA
	Directot	Calyxt Inc.
	Board observer	TxCell
Ms. Ekaterina Smirnyagina	Director	Nexstim plc (FINLANDE)
Madame Dominique Takizawa	Director, audit committee chairman and investment committee member	April Group
	Director and chairman	ElsaLys (*)
	Director and audit committee member	Theradiag

3.1.2.4 Biographies of the directors

Gérard Soula PhD, 75 years old, holds a doctorate in organic chemistry and is a graduate of IAE (Aix Marseille).

He founded Flamel Technologies (1990), a company listed on NASDAQ that specializes in drug delivery. He held the positions of chairman and chief executive officer and research director in the Company until June 2005. When he left Flamel Technologies, the Company employed 250 persons and had a market valuation of $500 million. Flamel Technologies' success was largely due to the performances of its Micropump and Medusa platforms.

Gérard Soula has lengthy experience in negotiating licensing agreements for technological innovations with major biopharmaceutical groups (Novo Nordisk, Bristol Myers Squibb, GlaxoSmithKline, etc.).

Olivier Soula PhD, 50 years old, holds a doctorate in polymer physical chemistry, and is a graduate of ENSIC Mulhouse. He also obtained an MBA from IAE in Lyon.

He began his career with Flamel Technologies, where he stayed for eight years and was *inter alia* nanotechnologies research manager. He directed the development of Medusa, a therapeutic protein sustained release platform, and successfully conducted clinical studies for three such projects. He is co-holder of over 40 patents.

Olivier Martinez, 49 years old, Senior Investment Director within the Innovation Division of Investment Bpifrance.

Olivier Martinez started his career with CapGemini Consulting where he worked on transformation projects in the pharmaceutical and health sectors. In 2000, he joined Bioam, a management company that invests in life science start-ups, as project manager; he was subsequently appointed investment manager and member of the management board. In 2010, Bioam was taken over by Bpifrance Investissement (previously known as CDC Entreprises). At Bpifrance, Olivier is in charge of investments in companies in the life sciences sector (start-ups, venture capital, listed companies). Olivier is an alumnus of the Ecole Normale Supérieure (Ulm) in Paris, holds a PhD in Cell Biology from the University of Paris XI, and an MBA from College des Ingénieurs.

Laurent Arthaud, 57 years old, is a graduate of the Ecole Polytechnique and the National Statistics and Economic Administration School (ENSAE).

He started his career in 1986 with INSEE, and then joined the economic forecasts division of the Economy and Finance Ministry. In 1993, he was appointed technical advisor to the Labor Ministry and, in 1995, technical advisor to Prime Minister Alain Juppé, in charge of employment issues. He created the system of personal services vouchers (*chèque emploi service*). In 1997, Laurent Arthaud joined Rhône-Poulenc as secretary general of the group's scientific division, in charge *inter alia* of external collaborations. In 1999, he created Aventis Capital within the Aventis group, the group's venture capital structure, and then created the Genavent venture capital fund in partnership with Société Générale. In 2004, Laurent Arthaud became the chairman of PharmaVent Partners, a newly created venture capital fund management company. In 2006, he joined CDC Entreprises as deputy chief executive officer for new developments. In 2009, he took over all CDC Entreprises life sciences activities and the InnoBio investment fund. He is currently in charge of Bpifrance's investments in life sciences, environmentally friendly technologies and French Tech.

Dominique Takizawa, 63 years old, has held the office of Secretary General of Institut Mérieux since 2006. She joined Merieux Group in 2001 and has been involved in its strategic development, especially in merger and acquisition transactions and relationships with other shareholders and investors. She also managed the IPO of bioMerieux. Previously, she was the Chief Financial Officer of a number of companies: Pasteur Merieux Connaught (since renamed Sanofi Pasteur), Rhône Merieux/Mérial etc.

Dominique Takizawa is a graduate of the HEC Business School and holds a degree in Accounting and Financial Studies (DECF).

Ekaterina Smirnyagina, 53 years old, holds a doctorate in cellular and molecular biology.

After having completed her training by obtaining a master's degree in biochemistry and attending Stanford Medical School, she began her career with the Biotechnology Business Development Council. She then worked for Alta Partners, an investment fund company in San Francisco that specializes in the health field, from 2002 to 2012. Since then, she has held the position of manager with the Capricorn Venture Partners investment fund in Belgium.

3.1.3 Retained principles for composition of the board

3.1.3.1 Gender balance

Two of the Board's six members are women, which is consistent with the Law of January 27, 2011 on the gender balance on boards, as the difference in terms of the number of male and female board members is not greater than two.

3.1.3.2 Independent directors

In accordance with its Rules of Procedure, the Board of Directors has decided to apply the definition of independence proposed in the MiddleNext Code's recommendation no. 3 "Composition of the Board", which requires satisfaction of the following five criteria:

the director is not an employee or executive corporate officer of the Company, nor an employee or executive corporate officer of a company in its group, and must not have held such a position within the last five years;

- be neither an employee or executive officer of the Company, nor an employee or executive officer of one of the companies in his group and have not been in the past five years
- the director is not, and must not have been within the last two years, in a significant business relationship with the Company or its group (client, supplier, competitor, service provider, creditor, banker, etc.);
- the director is not a reference shareholder of the Company and does not hold a significant percentage of its voting rights;
- the director does not have close family ties with a corporate officer or reference shareholder of the Company; and
- the director has not been an auditor of the Company within the last six years.

At its meeting of March 12, 2020, the Board of Directors confirmed that two of its members met all the above criteria, namely Ms. Dominique Takizawa and Ms. Ekaterina Smirnyagina. Every year, the Board of Directors reviews the position of each of its members in light of the above criteria.

3.1.3.3 Term of office

Members of the Board of Directors are appointed by an Ordinary General Shareholders' Meeting for a three-year term of office. In line with recommendation no.9 of the MiddleNext Code a first staggered renewal of the directors was carried out last year following the resolutions adopted by the General Meeting held in June 2017.

3.1.3.4 Rules of Conduct

The Rules of Procedure, the Code of Conduct and the Financial Reporting Charter have been approved by the Board of Directors. These documents set out the rules to be followed by Board members, in line with recommendation no. 1 of the MiddleNext Code.

3.1.3.5 Choice of Directors

When a Director is appointed or reappointed, information on his or her experience, skills and offices held is published in the reference document and presented to the Shareholders' Meeting. This information is also published on the Company website, in line with recommendation no. 8 of the MiddleNext Code. A separate resolution is put to the shareholders for the appointment or reappointment of each individual Director. These persons have gained expertise and management experience in the various salaried and management positions they have previously held (see section 3.1.4 “Biographies of the directors”).

There are no family ties between the persons listed above, except in the case of Messrs. Gérard Soula and Olivier Soula, who are both members of the Board of Directors.

Furthermore, to the best of the Company’s knowledge as of the date of this reference document, no member of the Board of Directors:

- Has been convicted of fraud during the past five years;
- Has been associated in his/her capacity as corporate officer or director with any bankruptcy, receivership or liquidation during the past five years;
- Has been deprived by a court of the right to exercise the function of member of an administrative, management or supervisory body of an issuer or to intervene in the management or the conduct of the affairs of a transmitter

There are no service contracts between the members of the Company’s Board of Directors or officers and the Company.

3.1.4 Operation of the governing and management bodies

3.1.4.1 Conditions for the preparation and organization of the work of the Board

The Board of Directors has its own Rules of Procedure, in line with the MiddleNext Code's recommendation no. 7. This document was approved by the Board of Directors at its meeting of October 24, 2011 and amended by the Board of Directors at its meeting of March 7, 2017. It is available on the Company's website.

In line with recommendation no. 2, the article of the Rules of Procedure on the prevention of conflicts of interest entitled "Disclosure Obligation" requires Directors to inform the other Board members whenever they are in a conflict-of-interest situation, so that it can be ascertained whether the Director should refrain from voting and/or may take part in deliberations.

In addition, the Rules of Procedure explain the regulations in force concerning the disclosure and use of privileged information, and state that the directors must refrain from carrying out transactions in the Company's shares if they hold privileged information. Each Board of Directors member is required to report to the Company and to the AMF any transactions in the Company's shares that they carry out directly or indirectly.

Prior to each meeting of the Board of Directors, and in accordance with the Rules of Procedure, the agenda for the meeting and the preparatory documents are sent to the Board members in a timely manner, informing them of the agenda and the matters which the Board will be asked to consider. In line with recommendation no. 4 of the MiddleNext Code, Directors will regularly receive key information concerning the Company that may have an impact on its commitments and financial situation, outside of scheduled Board meetings and whenever justified by events affecting the Company. They may request explanations or additional information and, more generally, request access to any information they consider relevant.

3.1.4.2 Operation of the Board of Directors

The Board of Directors operates (notices of meetings, meetings, quorum, information for Directors) in compliance with the applicable laws and the Company's Articles of Incorporation and Bylaws, as set out in its Rules of Procedure.

The Board of Directors is responsible for determining the Company's business strategy and overseeing its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limit of the corporate purpose, it considers all issues relating to the Company's operations and makes decisions on matters affecting the Company. It also appoints the Chairman of the Board, the Chief Executive Officer and the Deputy General Managers, and determines their compensation. Its duties also include closing of the financial statements and consolidated financial statements, convening shareholders' meetings, and determining the agenda of any meeting and the wording of the resolutions. Lastly, it carries out those checks and controls it considers appropriate and authorizes agreements falling within the scope of Article L. 225-38 *et seq.* of the French Commercial Code (*Code de commerce*).

During the past fiscal year, the Company's Board of Directors held nine meetings (in line with recommendation no. 5 of the MiddleNext Code), on March 11, June 25, July 12, July 17, August 27, October 3, and December10, 2019. The Chairman of the Board chaired all 7 meetings, and the attendance rate was 98%.

The following main points were addressed at the meetings:

- Updates on Company financing;
- Opportunity to a complementary financing and potential alternatives (discussion over a stock loan with IPF partners and conclusion of an agreement);
- Follow up in regard to the legal proceedings against Eli Lilly (arbitrations and civil action);
- Current negotiations with potential partners;
- Progress reports on projects and main results;
- Financial matters: quarterly reviews, 2020-2022 three-year plan, examination and closure of 2018 corporate financial statements and consolidated financial statements, presentation and approval of 2020 budget;

- Matters relating to compensation: Approval of compensation for the fiscal year, award of BSPCE founders' warrants, award of bonus shares, award of stock options, record of acquisition of vested bonus shares, determination of directors' fees;
- Convocation of the General Shareholders' Meeting: agenda and wording of resolutions.

In line with recommendation no. 14 of the MiddleNext Code, most of these matters are dealt with at Board meetings. However, the possibility of the Company CEO suffering an accident, or his sudden unavailability and the related issues were not discussed during fiscal year 2019 were discussed when deciding the amendment of the articles of association which provide for an age limit of 75 for the Chairman of the Board.

Documents were sent to the directors prior to each meeting, to enable them to prepare for the meeting. Minutes are drawn up summarizing the deliberations at each Board meeting.

In line with recommendation no. 11 of the MiddleNext Code, it is being precised that, in fiscal year 2017, the Board carried out a self-assessment of its composition, organization and operating procedures. A questionnaire was sent to the Board members, and the results were commented upon. No self-assessment was done in 2018, nor in 2019.

Lastly, recommendation no. 12 advises managers to give minority shareholders an opportunity to meet with them and discuss the Company's affairs during 2019. They were given this opportunity on two separate occasions: at the Agora Biotech on November 2019, and at the General Shareholders' Meeting held in Paris on May 16, 2019.

3.1.4.3 Organization of committees

In line with recommendation no. 6 of the MiddleNext Code, the Board of Directors decided:

- to set up two specialized committees: the Audit Committee and the Compensation Committee
- that the Chairman of the audit Committe is entrusted to an independent director. If the Company were to appoint a new independent director to the Board of Directors, based on its specific expertise, it could appoint the Chairman of the Compensation Committee.

▪ Audit Committee

The Board of Directors of the Company, in its previous form as a *société par actions*, set up an Audit Committee. The Board of Directors of the Company, in its new form as a *société anonyme*, decided at its meeting of October 24, 2011 to maintain the existing Audit Committee.

The Audit Committee, which is independent from the Company's executive management team, is responsible for assisting the Board of Directors and verifying the fairness of the financial statements, the quality of internal control, the relevance of the information provided and the proper performance by the auditors of their duties.

The Audit Committee is composed of at least two members appointed by the Board of Directors. The term of office of the Audit Committee members is concurrent with their term of office as members of the Board of Directors. Members of the Audit Committee are chosen from among the members of the Board of Directors and, to the extent possible, two-thirds are independent members, including one with specific financial or accounting expertise; all members have a minimum level of expertise in finance and accounting.

As of the date of this report, the members of the Audit Committee are:

- Ms. Dominique Takizawa, independent member with financial and accounting expertise, and
- Mr. Olivier Martinez, Director.

Ms. Dominique Takizawa chairs this committee. Ms. Takizawa is the member of the Board with "specific financial or accounting expertise," due to her nearly 25 years of experience in the pharmaceutical industry and the positions she held at Sanofi Pasteur, Biomérieux and Institut Mérieux as financial director and company secretary.

The Audit Committee met three times in 2019, on January 3rd , March 7, and July 16th .

The Audit Committee's duties include:

- monitoring the process for preparing financial information;
- ensuring the effectiveness of the internal control and risk management systems;

- ensuring that the statutory auditors perform their duties with respect to the legal certification of the annual financial statements and, if applicable, the consolidated financial statements;
- making recommendations on the statutory auditors proposed for appointment to general shareholders' meetings, and reviewing the terms of their compensation;
- ensuring the independence of the statutory auditors;cdg('
- examining the conditions under which derivatives are used;
- regularly reviewing the status of major disputes; and
- in general, providing advice and making appropriate recommendations in connection with the above matters.

The Audit Committee's rules of procedure, which were adopted on October 24, 2011 after having been approved by the Board of Directors, describe the duties of the Audit Committee and its operating procedures, in particular the minimum number of meetings per year. These rules of procedure also state that the committee may interview any member of the Company's Board of Directors and conduct any internal or external audits on any matter it deems to come within the scope of its duties. If it does so, the Audit Committee chair must give prior notice to the Board of Directors. In particular, the Audit Committee may interview any person involved in preparing or verifying the financial statements (the Chief Financial Officer, the Administrative and Financial Manager and the principal financial managers). The committee has the right to directly, independently and confidentially consult with the statutory auditors.

Compensation Committee

The Board of Directors of the Company, in its previous form as a *société par actions simplifiée*, set up a Compensation Committee in June 2008. The Board of Directors of the Company, in its new form as a *société anonyme*, decided at its meeting of October 24, 2011 to maintain the existing Committee.

The Compensation Committee is responsible *inter alia* for examining the compensation policy proposed by Executive Management for the Company's executive corporate officers and employees. It presents its recommendations and proposals concerning said (fixed, variable, and exceptional) compensation to the Board of Directors. It validates the targets set for the award of long-term incentives (bonus shares, BSPCE founders' warrants, stock options, and BSA stock warrants) and assesses performance at year-end.

The Compensation Committee is composed of at least two members appointed by the Board of Directors; no member of the Board of Directors serving in a management capacity within the Company may be a member of this committee. The term of office of each Compensation Committee member is concurrent with his/her term of office as a member of the Board of Directors.

As of the date of this report, the members of the Compensation Committee are:

- Ms. Ekaterina Smirnyagina, independent member, and
- Mr. Laurent Arthaud, director.

Mr. Laurent Arthaud chairs this committee.

The Committee met two times in 2019: on August 27th and November 22nd 2019.

The Compensation Committee's duties include:

- reviewing the main objectives proposed by executive management with respect to compensation of Company managers who are not corporate officers, including bonus share plans and stock subscription or purchase options;
- reviewing the compensation of Company managers who are not corporate officers, including bonus share plans and stock subscription or purchase options, retirement and insurance plans and non-cash benefits;
- submitting recommendations and proposals to the Board of Directors concerning:
- the compensation, retirement and insurance plans, non-cash benefits, and other financial rights, including severance pay, of members of the Board of Directors. The committee proposes compensation amounts and structures, in particular the rules for calculating the variable component of compensation, taking into account the Company's strategies, objectives and performance, as well as market practices, and bonus share plans, stock subscription or purchase options, and any other similar incentive plan, in particular benefits granted to specific members of the Board of Directors;

- reviewing the total amount of directors' fees and the method for distributing them among the members of the Board of Directors, as well as the requirements for obtaining reimbursement of expenses that Board members may incur,
- preparing and submitting to the Board of Directors any reports that may be required by the Rules of Procedure; and
- preparing any other compensation-related recommendations that may be requested by the Board of Directors.

In general, the Compensation Committee provides advice and makes appropriate recommendations in connection with the above matters.

The Compensation Committee meets at least twice a year, in accordance with a schedule set by the chair, pursuant to an agenda prepared by its chair and sent to the Compensation Committee members at least seven days before the date of the meeting. The committee may also meet at the request of its chair, two of its members, or the Board of Directors.

Non-executive Board of Directors members, who are not Compensation Committee members may attend the committee's meetings without restriction.

The chairman of the Company's Board of Directors, if he is not a committee member, may be invited to attend committee meetings. The committee may request that the chairman submit proposals to it. The chairman is not entitled to vote and may not be present during discussions concerning his personal situation.

The Compensation Committee may request the chairman of the Board of Directors to provide it with the assistance of any senior manager of the Company whose expertise may facilitate dealing with a matter of business on the agenda. The Compensation Committee chair or the meeting chair informs all persons who attend meetings that they are bound by a duty of confidentiality.

The Compensation Committee chair ensures that the reports on its work that it presents to the Board of Directors provide complete information to the board, thus facilitating its decision-making process.

The annual report includes a presentation of the committee's work during the past fiscal year.

In particular, the Compensation Committee reviews the draft Company report on executive compensation.

3.1.5 Conflicts of interest at the level of the governing and management bodies

The Chairman and the directors are direct or indirect shareholders of the Company (see Chapter 5.4 "Major Shareholders").

There are no related-party agreements.

To the Company's knowledge, none of the Company's directors or officers was appointed pursuant to any contract or agreement with shareholders, customers, suppliers or other parties.

To the Company's knowledge, as of the filing date of this reference document, none of the persons listed in section 3.1.2 "Members of the Board of Directors" of this reference document has agreed to any restriction on the disposal of their equity interest in the Company, other than the collective undertaking to keep their Company securities (known as a "Dutreil" agreement), concluded by Gérard Soula, Olivier Soula, Rémi Soula and Laure Soula pursuant to Article 787 B of the French Tax Code (*Code général des impôts*).

To the Company's knowledge, there is no actual or potential conflict of interest between the obligations towards the Company and the private interests and/or other obligations of the persons who are members of the Company's governance and management bodies or members of the executive management team, as listed in section 3.1.2 "Members of the Board of Directors" above.

3.1.6 Modalities of participation in the general meeting of shareholders or provision of the articles of association that provides for such modalities

There are no specific provisions for the participation of shareholders to the shareholders' meeting other than those provided for in article 19 of the bylaws (see chapter 5.3.5.1 of this universal registration document).

3.1.7 Information that is likely to have an impact in the event of a public offering

Pursuant to Article L.225-37-5 of the French Commercial Code, the points likely to have an impact in the event of a public offer are specified below:

- Shareholder structure of the Company : See Chapter 5 of this reference document.
- Restrictions imposed by the Articles of Incorporation and Bylaws on exercising voting rights and share transfers or similar clauses of which the Company is aware, as required by Article L. 233-11 of the French Commercial Code
- None.
- Direct or indirect equity stakes in the Company of which the Company is aware, as required by Articles L. 233-7 and L. 233-12 of the French Commercial Code : See Chapter 5 of this reference document.
- List of holders of any securities with special control rights and a description of such rights
- The Company is not aware of the existence of any special control rights.
- Control mechanisms included in any employee share plan in which the control rights are not exercised by the employees
- The Company has not set up any employee share plan that may contain control mechanisms in which the control rights are not exercised by the employees.
- Shareholder agreements of which the Company is aware that may impose restrictions on share transfers and exercising voting rights
- None.
- Rules governing the appointment and replacement of Board of Directors members and amendments to the Articles of Incorporation and Bylaws
- The rules governing these matters are set out in the Articles of Incorporation and Bylaws and are in compliance with the law.
- Powers of the Board of Directors, in particular the power to issue or redeem shares
- The general shareholders' meeting held on May 16, 2019 renewed the authority granted to the Board of Directors to carry out :
    - for a period of 18 months as of the date of the meeting, a share buy-back program, in accordance with the provisions of Article L. 225-209 *et seq.* of the French Commercial Code and market practices accepted by the AMF (see sections 5.4.1, 5.4.2 and 5.1.4 of this universal reference document).
    - issue shares by capital increasing under the conditions defined below in paragraph 3.2.8.
- Agreements entered into by the Company that will be amended or terminated in the event of a change of control of the Company: None.
- Agreements that provide for compensation to members of the Board of Directors or employees if they resign or are terminated without just cause or if their employment ends due to a takeover bid: None.

3.1.8 Summary table of valid delegations granted by the shareholders' general meeting in matters of capital increase

Nature de la délégation ou de l'autorisation	Date d'expiration	Plafond (valeur nominale)	Modalités de fixation du prix	Dates et modalités d'utilisation par le conseil d'administration
Date de l'assemblée générale : le 17 mai 2018				
Authorization granted to the board of directors to carry out a capital increase, immediately or in the future, by issuing ordinary shares or any securities conferring equity rights, cancelling shareholder's preemptive subscription	May 16, 2019	138 000 (6)	(4)	The board did not use this authorization

Nature de la délégation ou de l'autorisation	Date d'expiration	Plafond (valeur nominale)	Modalités de fixation du prix	Dates et modalités d'utilisation par le conseil d'administration
rights, by making an offer to qualified investors or a limited circle of investors within the meaning of Article L. 411-2, paragraph II, of the French monetary and financial code(private placement)				
Delegation to the Board to increase the number of securities to be issued in the event of a capital increase without a preemptive subscription right	May 16, 2019	15% of the original issue (6) (7))	Same price as the original issue price	The board did not use this authorization
If shares or any equity securities without a preemptive subscription right for shareholders are issued, authorization to be granted to the Board to determine the issue price for up to 10% of stated capital and up to the limits specified by the shareholders	May 16, 2019	up to 10% of the capital (6)	(5)	The board did not use this authorization
Authorization granted to the board of directors to carry out a capital increase by issuing ordinary shares or any securities convertible into shares, cancelling preemptive subscription rights for the benefit of a class of persons, in connection with an equity financing line	May 16, 2019	68 000€ (6)	(8)	The board did not use this authorization
Authorization granted to the board of directors to issue BSA stock warrants to (i) the members of the Company's board of directors in office on the date the warrants are awarded and who are not employees or officers of the Company or any of its subsidiaries, (ii) persons who have entered into a services or consulting contract with the Company, or (iii) members of any committee the board of directors may set up, and who are not employees or officers of the Company or any of its subsidiaries	May 16, 2019	100.000 BSA giving rights to 100.000 shares (1)	(9)	The board did not use this authorization
Authorization given to the Board of Directors to grant options to subscribe or purchase shares of the Company	38 months July 16 2021	200.000 shares (1)	(2)	The board used this authorization by attributing 2,000 shares on December10, 2019
Delegation of authority to the Board of Directors to grant free shares of existing or future shares	May 16, 2019	200,000 shares up to 10% of the capital at the moment of the attribution (1)	N/A	The board did not use this authorization
Date de l'assemblée générale : le 16 mai 2019				
Delegation of authority to be granted to the Board to increase capital by issuing common shares and/or equity securities with preemptive subscription right for shareholders	26 months July 15 2021	210.000€ (3)	n/a	The board did not use this authorization
Delegation of authority to be granted to the Board to increase capital by issuing common shares and/or equity securities without a preemptive subscription right for shareholders and offer them to the general public	26 months July 15 2021	137.000€ (3)	(4)	The board did not use this authorization
Delegation of authority to be granted to the Board to increase capital by issuing common shares and/or equity securities without a preemptive subscription right for shareholders within the framework of an offer for the benefit of qualified investors or of a restricted circle of investors as defined in II de l'article L. 411-2 of the French Financial and Monetary code	26 months July 15 2021	137.000€ (3)	(4)	The board did not use this authorization

Nature de la délégation ou de l'autorisation	Date d'expiration	Plafond (valeur nominale)	Modalités de fixation du prix	Dates et modalités d'utilisation par le conseil d'administration
Authorization to be granted to the Board to determine the issue price for up to 10% of stated capital, if shares or any equity securities are issued without a preemptive subscription right for shareholders and within the limits planned by the board	26 months July 15 2021	In the limit of 10% of the capital (3)	(5)	The board did not use this authorization
Delegation of authority to be granted to the Board to increase capital by issuing common shares and/or equity securities giving access to capital or giving access to securities representing receivables granting access to capital, without a preemptive subscription right for shareholders, for the benefit of a category of persons that satisfy specified characteristics	18 months November 15 2020	137.000€ (3)	(4)	The board made use of this authorization on October 3, 2019 for the establishment of a bond financing line by issuing a total number of 15,000,000 bonds, each with a BSA, for a total amount loan of 15,000,000 euros. The warrants attached to the bonds will allow the issue of a maximum number of 1,370,000 shares with a nominal value of 0.10 euro/action
Delegation of authority to be granted to the Board to increase capital immediately or in the future by issuing common shares and/or equity securities giving access to capital or giving access to securities representing receivables granting access to capital, without a preemptive subscription right for shareholders, in favor of a certain category of persons ensuring the underwriting of Company's equity securities within a specific equity or bond financing program	18 months November 15 2020	68 000€ (3)	(4)	The board did not use this authorization
Delegation to the board to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights	26 months July 15 2021	15% of the initial issue (3) (6)	Same price as the original issue price	The board did not use this authorization
Delegation of authority to the Board to issue ordinary shares and/or securities convertible into shares of the Company, in case of public offer with an exchange component initiated by the Company	26 months July 15 2021	68.000€ (3)	n /a	The board did not use this authorization
Delegation of power to be granted to the board for purposes of issuing ordinary shares and securities of the Company immediately and/or in the future conferring access by all means to ordinary shares of the Company, within 10% of the capital, in order to remunerate a contribution in kind of securities or equities giving rights to the share capital of third-party companies, except in the event of a public exchange offer	26 months July 15 2021	€68 000 and within the limit of 10%of the social capital per year (3)	n/a	The board did not use this authorization
Delegation of competence to be granted to the Board to increase the capital by incorporating premiums, reserves, benefits or others.	26 months July 15 2021	100.000€	n/a	The board did not use this authorization
Delegation of authority to be granted to the Board to issue and grant warrants to (i) members and observers of the Board of the Company who held office on the warrant grant date who are not employees or officers of the Company or one of its subsidiaries, (ii) persons who have signed a services or consultancy contract with the Company, or (iii) members of any committee that the	18 months November 15 2020	100 000 BSA giving right to 100 000 shares (1)	(7)	The board did not use this authorization

Nature de la délégation ou de l'autorisation	Date d'expiration	Plafond (valeur nominale)	Modalités de fixation du prix	Dates et modalités d'utilisation par le conseil d'administration
Board of Directors decides to create who are not employees or officers of the Company or one of its subsidiaries				
Authorization to consent to the board to proceed to grant free existing shares or newly - issued shares	38 months July 15 2022	€200 000 within 10%of the capital at the time of issuing (1)	N/A	The board made use of this authorization by issuing: 3,600 shares on October 3, 2019 40,600 shares on December 10, 2019

(1)The sum (i) of the shares likely to be issued or acquired upon exercise of the options granted, (ii) of the shares which would be allocated free of charge, (iii) of the shares which may be issued on exercise of the creator share subscription warrants corporate and (iv) shares likely to be issued upon exercise of share subscription warrants may not exceed 250,000 shares, it being specified that will be added to this ceiling the additional amount of shares to be issued to preserve, in accordance with applicable contractual stipulations, the rights of holders of securities and other rights giving access to shares

(2) The purchase or subscription price per share will be set by the board of directors on the day the option is granted within the limits provided for by law and this resolution, without being less than ninety-five percent (95 %) of the average of the prices quoted at the twenty trading sessions preceding the day of the decision of the board to grant the options rounded down to the lower euro, nor, in the case of stock options, to 80% the average purchase price of treasury shares rounded up to the nearest euro.

(3) These amounts are not cumulative. The maximum cumulative ceiling authorized for capital increases at nominal value is set at € 210,000. The overall nominal amount of issues of transferable securities representing claims on the Company giving access to the Company's capital may not, for its part, exceed €50,000,000.

x(4) The issue price will be the issue price of the shares will be at least equal to the weighted average of the quoted prices for the last three trading days preceding its fixing, as if reduced by the discount authorized by law (i.e., currently 5%) and corrected in the event of a difference in the dividend date, it being specified that the issue price of the securities giving access to the capital will be such as the amount received immediately by the Company, increased, if necessary, by that likely to be received subsequently by it, that is, for each share issued as a result of the issue of these securities, at least equal to the issue price defined above.

(5) Within the limit of 10% of the capital of the Company (as existing on the date of the transaction) per period of 12 months, the board may waive the conditions for fixing the price provided for in the aforementioned resolutions and fix the issue price of ordinary shares and / or securities giving immediate or future access to the issued capital, according to the following methods:

- the issue price of ordinary shares will be at least equal to the weighted average of the prices of the last 3 trading sessions preceding its fixing, possibly reduced by a maximum discount of 20%, it being recalled that it cannot in any condition due to being lower than the nominal value of a share in the Company on the date of issue of the shares concerned, it being specified that in the event of the issue of securities giving access to capital, the issue price of actions likely to result from their exercise, conversion or exchange may, if necessary, be fixed, at the discretion of the board of directors, by reference to a calculation formula defined by it and applicable after the issue said securities (for example during their exercise, conversion or exchange) in which case the aforementioned maximum discount may be assessed, if the Board judges it timely, on the date of application of this formula (and not on the date of fixing of the price of the issue), and

- the issue price of the securities giving access to the capital will be such that the sum received immediately by the Company, increased, if necessary, by that likely to be received subsequently by it, ie, for each share issued as a result of the issue of these securities, at least equal to the issue price defined in the paragraph above,

(6) 15% or any other fraction which would have been determined by decree.

(7) The issue price of a BSA will be determined by the board of directors on the day of issue of said BSA based on the characteristics of the latter and will be at least 5% of the average weighted average price by the volumes of the last five (5) stock market sessions on the regulated market of Euronext Paris preceding the date of allocation of said warrant by the board. The subscription price for one ordinary share of the Company upon exercise of a BSA will be determined by the board of directors at the time of the allocation of the BSA and must be at least equal to the higher of the following two values:

- the sale price of a share at the close on the regulated market on the day preceding that of the decision of the board to allocate the BSA; and

- the weighted average of the prices quoted during the twenty trading sessions preceding the day of the board's decision to award the BSA.

3.2 Compensation and benefits received by officers and directors

3.2.1 Compensation paid to corporate officers

All tables referred to in MiddleNext Code.AMF Positions. Templates mentioned in appendix 2 of the AMF Recommendations n° 2014-14 are presented below.

3.2.1.1 Breakdown of compensation, stock options and bonus shares granted to each corporate officer

In € thousands IFRS	FY 2019	FY 2018

Gérard Soula - Chairman and chief executive officer		
Compensation due in respect of the year	365 381	583 387
Value of the BSPCE founders' warrants granted during the year	none	none
Value of the bonus shares granted during the year	none	none
TOTAL	**365 381**	**583 387**

including benefits in kind (see section 3.2.1.2 "Summary table of the remuneration of each executive director" below).

In € thousands IFRS	FY 2019	FY 2018
Olivier Soula - Deputy chief executive officer		
Compensation due in respect of the year	285 580	401 157
Value of the share subscription or purchase options granted during the year	none	none
Value of the bonus shares granted during the year	3 356	3 000
TOTAL	**288 580**	**404 157**

including benefits in kind (see section 3.2.1.2 "Summary table of the remuneration of each executive director" below).

It is specified that all of the compensation elements paid to Mr. Olivier Soula are paid under his employment contract and in his capacity as R&D director.

3.2.1.2 Breakdown of compensation paid to each corporate officer

The tables below show the compensation owed to the executive corporate officers for the fiscal years ended December 31, 2018 and December 31, 2019, as well as the compensation such persons received during those same fiscal years.

In € thousands IFRS	FY 2019		FY 2018	
Gérard Soula - Chairman and chief executive officer	Amounts owed (1)	Amounts paid (2)	Amounts owed (1)	Amounts paid (2)
Fixed compensation	356 993	356 993	349 999	349 999
Variable compensation *	none	none	225 000	225 000
Extraordinary compensation *	none	none	none	none
Directors' fees	none	none	none	none
Non-cash benefits *	8 388	8 388	8 388	8 388
TOTAL	**365 381**	**365 381**	**583 387**	**583 387**

In € thousands IFRS	FY 2019		FY 2018	
Olivier Soula - Deputy chief executive officer	Amounts owed (1)	Amounts paid (2)	Amounts owed (1)	Amounts paid (2)
Fixed compensation (including paid vacation)	283 680	283 680	270 157	270 157
Variable compensation *	none	none	130 000	130 000
Extraordinary compensation *	none	none	none	none
Invention premium	1 900	1 900	1 000	1 000
Directors' fees	none	none	none	none
Non-cash benefits *	none	none	none	none
TOTAL	**285 580**	**285 580**	**401 157**	**401 157**

(1) Amounts owed for the fiscal year (2) Amounts paid during the fiscal year

(*) The compensation of each corporate officer is determined by the Board of Directors upon the recommendation of the Compensation Committee. It includes a fixed component, a variable component and an extraordinary component:

- The fixed component is the officer's reference compensation. It compensates his/her responsibilities, experience and technical and managerial skills.
- The variable component is tied to performance. It is based on the fixed salary and achievement of all the predetermined qualitative objectives, which may relate to signing license agreements, developing partnerships, launching clinical trials, signing feasibility contracts, cash levels and, more generally, the development and the growth of the Company.
- The extraordinary component rewards exceptional achievements that have a significant positive impact on the Company's development.

It is being specified that all the elements of remuneration paid to Mr. Olivier Soula are under the terms of his employment contract and as R&D director.

3.2.1.3 Details of the compensations in the form of shares

▪ BSPCE , BSA or SO granted to each executive corporate officer during the fiscal years 2018 and 2019 to each executive corporate officer

None.

▪ BSA or BSPCE or SO exercised during the fiscal years 2018 and 2019 by each executive corporate officer

None.

▪ Bonus shares granted to each executive corporate officer during the fiscal years 2018 and 2019

In accordance with the provisions of Article L. 225-197-1 of the Commercial Code, the Deputy Chief Executive Officer will be required to keep registered shares, until the termination of his duties, 10% of the shares allocated.

Full year	Executive corporate officer name	Plan date and number	Value of bonus shares according to the method used for consolidated financial statements	Number of bonus shares granted during the fiscal year	Vesting date	Earliest selling date	Performance conditions
2018	Olivier SOULA	Plan 2018 n°2.2	3 000	150	17/05/2020	05/17/2020	None
2019	Olivier SOULA	Plan 2019 n°2.2	3 340	400	12/10/2020	10/12/2021	None

▪ Bonus shares that have become available to each corporate officer during the fiscal years 2018 and 2019

Full Year	Executive corporate officer name	Plan date and number	Number of available shares	Performing conditions	Vesting date
2019	Olivier SOULA	2016 Plan corporate Officers board as of 03/15/2016	2 000	no	03/15/2019
2018	Olivier SOULA	2016 Plan corporate Officers board as of 03/15/2016	2 000	no	03/15/2018
2018	Olivier SOULA	2016 Plan corporate Officers board as of 03/15/2016	4 000	yes	03/15/2018

History of BSA stock warrants awarded to each corporate officer

	Plan 2015 dirigeants	Plan 2016 dirigeants		Plan 2018 N°2.2	Plan 2019 n°2.2
Date of the board meeting	12/16/2015	03/05/2016		05/17/2018	12/10/2019
Total Number of free granted shares	5 000	8 000	12 000	150	400
Beneficiary	Olivier Soula	Olivier Soula	Olivier Soula	Olivier Soula	Olivier Soula
Date of the definite acquisition of the shares	12/16/2016	2 000 : 03/15/2017 2 000 : 03/15/2018 2 000 : 03/15/2019 2 000 : 03/15/2020	03/15/2018 if achievement of performance criteria	05/17/2020	12/10/2020
Retention period end date	12/16/2017	2 000 : 03/15/2018 2 000 : 03/15/2019 2 000 : 03/15/2020 2 000 : 03/15/2021	03/15/2018	05/17/2020	12/10/2021
Number of shares acquired at the end of the financial year	5 000	6 000	4 000	0	0
Cumulative number of canceled or lapsed shares	none	none	8 000		
Free shares granted during the acquisition at the end of the financial year	0	2 000	0	150	400

History of BSPCE, BSPCE and/or SO founders' warrants awarded to each corporate officer

See tables on section 5.1.5 of the current universal reference document.

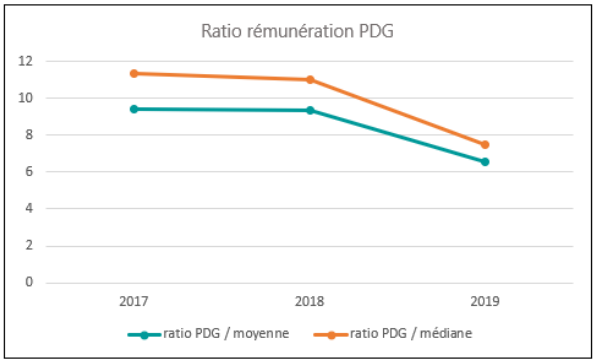
History of compensation and other benefits awarded to executive corporate officers

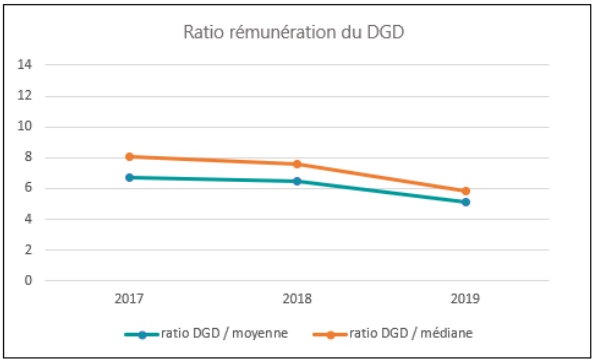
Executive corporate officers	Employment contract		Supplemental retirement plan		Severance pay or benefits that will or may be due in the event the officer's position is terminated or changed		Payments in consideration for a covenant not to compete	
	Yes	No	Yes	No	Yes	No	Yes	No
Gérard Soula Chairman and chief executive officer		X		X		X		X
Term of office starting date	First appointment by the board of directors' meeting of October 24, 2011, renewed by the combined general meeting of June 24, 2014 and of June 27, 2017							
Term of office end date	Ordinary general shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2019							
Olivier Soula Deputy chief executive officer	X			X		X		X
Term of office starting date	First appointment by the board of directors' meeting of December 19, 2012, renewed by the combined general meeting of June 24, 2014, of June 27, 2017, and May 16, 2019							
Term of office end date	Ordinary general shareholders' meeting convened to vote on the financial statements for the fiscal year ending December 31, 2021							

- Equity ratio between the level of compensation of the two executive corporate officers and the average and median compensation of the employees of the Company

In accordance with the terms of law n ° 2019-486 of May 22, 2019 relating to the growth and transformation of companies known as "Pacte", the equity ratios were calculated on the basis of fixed, variable and exceptional compensation paid within of the Company during the fiscal years mentioned:

		FY 2019	FY 2018	FY 2017
Gérard Soula CEO	Ratio with average compensation	6.6	9.4	9.4
	Ratio with median compensation	7.5	11.0	11.3
Olivier Soula Deputy general director	Ratio with average compensation	5.1	6.4	6.7
	Ratio with median compensation	5.8	7.6	8.0





3.2.2 Amounts that the Company has provisioned for payment of pensions, retirement allowances and other benefits to corporate officers

As of December 31, 2019, the Company recognized provisions of €95,266 for the payment of retirement benefits to Olivier Soula. (see note 11 appearing in appendix to the consolidated accounts established according to IFRS standards of the Company appearing chapter 4.1 of this document of universal registration) With the exception of the above, the Company has not provisioned sums for the purpose of payment of pensions, retirement and other benefits for the benefit of its members of the management and the board of directors

The Company has not granted Mr. Soula any hiring or termination bonuses.

3.2.3 Compensation policy for corporate officers

3.2.3.1 Compensation policy for corporate officers for the 2020 fiscal year

In accordance with Article L225-37-2 of the French Commercial Code, the Board of Directors will submit for approval by the shareholders' meeting called to vote on the financial statements for the 2019 fiscal year the compensation policy for the corporate officers.

These principles and criteria, which were determined by the Board of Directors on the basis of recommendations by the Compensation Committee, are set out below:

- For the members of the Board, excluding the Chief Executive Officer and the Deputy General Manager

The members of the board of directors can receive:

- remunerations for specific missions which could be entrusted to them by the board of directors and would be the subject of regulated agreements which would be submitted to the vote of the general meeting of shareholders. The amount of this compensation will be set by the board of directors according to the nature of the specific mission entrusted to the administrator;
- a global annual fixed sum set by the general meeting of shareholders. The board of directors determines (within the limit of the envelope voted by the general meeting) the amount due to each director according to the principles described below, it being specified that only independent directors receive remuneration
    - participation in the Board of Directors: lump sum of 4,000 euros per session for a physical presence (and 2,000 euros for participation on the phone),
    - chairmanship of a committee: lump sum of € 6,000 per session for physical presence (and € 3,000 for participation on the phone).

The maximum amount of total compensation allocated annually to directors was set by the combined general meeting of June 27, 2017 at 100,000 euros.

Travel expenses are reimbursed for each actual presence on presentation of an expense report.

Finally, directors who are not employees or managers of the Company or one of its subsidiaries could be offered the option of subscribing, at market conditions, to share subscription warrants whose price issue date will be determined on the day of issue of the vouchers according to their characteristics, if necessary with the help of an independent expert.

For Mr. Gérard Soula, Chairman and Chief Executive Officer:

Compensation components	Principles	Determination criteria
Fixed compensation	The chairman and chief executive officer receives fixed compensation.	The annual gross amount of this fixed compensation is set at €356,993. It has been risen to €364,130 for 2020 (a 2% raise)
Variable compensation	The chairman and chief executive officer receives variable compensation that may equal 75% of his fixed compensation.	This variable compensation is based on defined qualitative objectives, which may be tied to signing licensing agreements, developing collaborations, launching clinical trials, signing feasibility contracts, cash levels and, more generally, the development and growth of the Company. Whether these objectives are met will be determined by the board of directors.
Extraordinary compensation	The chairman and chief executive officer may be awarded extraordinary compensation.	This extraordinary compensation is intended to compensate a specific performance that has a major impact on the Company's development.
Non-cash benefits	The chairman and chief executive officer is provided with a company car.	The annual value of this non-cash benefit is €8,388.
Supplemental retirement plan	None	None

The Chairman and Chief Executive Officer may also receive BSPCE founders' warrants, stock options and/or bonus shares, subject to continued employment and performance conditions.

For Mr. Olivier Soula, Deputy General Manager:

It is being specified that all the elements of remuneration paid to Mr. Olivier Soula are under the terms of his employment contract and as R&D director

Compensation components	Principles	Determination criteria
Fixed compensation	The deputy chief executive officer receives fixed compensation.	The annual gross amount of this fixed compensation is set at €272,350 (impact of paid vacation excluded). It has been risen to €277,797 for 2020 (a 2% raise).
Variable compensation	The deputy chief executive officer receives variable compensation that may equal 60% of his fixed compensation.	This variable compensation is based on defined qualitative objectives, which may be tied to signing licensing agreements, developing collaborations, launching clinical trials, signing feasibility contracts, cash levels and, more generally, the development and growth of the Company. Whether these objectives are met will be determined by the board of directors.
Extraordinary compensation	The deputy chief executive officer may be awarded extraordinary compensation.	This extraordinary compensation is intended to compensate a specific performance that has a major impact on the Company's development.
Non-cash benefits	None	None
Supplemental retirement plan	None	None
Patent bonus	The deputy chief executive officer may be awarded patent bonus	Contribution to innovation and nomination as inventor

The Deputy General Manager may also receive BSPCE founders' warrants, stock options and/or bonus shares, subject to continued employment and/or performance conditions.

In accordance with Article L225-100 of the French Commercial Code, the shareholders will be asked to approve the amounts obtained by implementing the above principles and criteria at the shareholders' meeting called to vote on the financial statements for the 2020 fiscal year.

3.2.3.2 Approval of compensation owed or awarded to the Chairman and Chief Executive Officer and the Deputy General Manager for the 2019 fiscal year

In accordance with Article L225-100, sub-section II of the French Commercial Code, at the general shareholders' meeting called to vote on the financial statements for the 2019 fiscal year, the shareholders will be asked to approve the fixed, variable and extraordinary compensation awarded or to be awarded for the 2019 fiscal year to the Chairman and Chief Executive Officer and the Deputy General Manager in connection with said offices, as determined by the Board of Directors in accordance with the principles and criteria approved by the shareholders at the Company shareholders' meeting of May 16, 2019 in the tenth and eleventh resolutions, described in detail in section 3.3.1 above, will be submitted to the approval of the shareholders' meeting that will be held on May 28, 2020 in order to validate the financial statements for the fiscal year 2019.

3.2.4 Compensation and benefits of non- executive corporate officers

3.2.4.1 Compensation held by the non-executive corporate officers

The maximum amount of compensation allocated annually to directors was set by the combined general meeting of June 27, 2017 at 100,000 euros.

The total amount actually paid to all directors (non-executive corporate officers) for the 2019 financial year amounted to € 63,000 in 2019 compared to € 65,000 in 2018.

Among the non-executive directors, only Ms. Dominique Takizawa and Ekaterina Smirnyagina received directors 'fees insofar as the Board of Directors of the Company decided to grant directors' fees only to independent directors.

The amount of directors' fees was calculated and paid according to the scale set out in article 3.2.3.1 above.

Travel expenses are reimbursed for each actual presence on presentation of an expense report.

The amounts thus paid to non-executive corporate officers were as follows:

Non- executive corporate officers	**sums paid during fiscal year 2019**	**sums paid during fiscal year 2018**
M. Olivier Martinez – Board Administrator		
Attendance fees (*)	-	-
Other compensation	-	-
Bpifrance Investissement represented by Mr Laurent Arthaud – Board Administrator		
Attendance fees	-	-
Other compensation	-	-
Mrs Dominique Takizawa - Board Administrator		
Attendance fees	37 000	37 000
Other compensation	-	-
Mrs Ekaterina Smirnyagina - Board Administrator		
Attendance fees	26 000	28 000
Other compensation	-	-

TOTAL	63 000	65 000

3.2.4.2 BSPCE and BSA granted and SO granted to the first 10 employees who are not corporate officers, powers and options exercised by them

Options for subscription or purchase of shares granted to the first ten employees who are not corporate officers and options exercised by them	Total number of options allocated / shares subscribed or purchased	Weighted average price (euros)	Plan SO 2015 n°1	Plan SO 2015 n°2	Plan SO 2017 n°1	Plan SO 2017 n°2	Plan SO 2018	Plan SO 2019
Total number of options accumulated at the start of the financial year	77 000	31.1	20 000	4 000	13 000	40 000	0	
Stock subscription options granted during the financial year	23 000	17.0					23 000	2 000
Options exercised during the fiscal year	91	none	none	none	none	91		
Total number of options canceled during the fiscal year	63 909		20 000	4 000	none	39 909		
Total number of options accumulated at the end of the financial fiscal year	36 000	17.4	0	0	13 000	0	23 000	2 000

3.2.5 Summary of the operations of the directors and of the persons mentioned in article L.621-18-2 of the Monetary and Financial Code on the securities of the Company carried out during the past financial year

Persons	Operation nature	Date of the operation	Amount of the operation (in euros)
Olivier Soula	Acquisition	03/15/2019	N/A (*)
Rémi Soula	Acquisition	05/17/2019	N/A (*)
Bioam 1B CII	Cession	12/17/2019	2 318.40
Bioam 1B CII	Cession	12/18/2019	49 255.01
Bioam 1B CII	Cession	12/19/2019	19 160.18
Bioam 1B CII	Cession	12/20/2019	14 876.40
Bioam 1B CII	Cession	12/23/2019	48 355.12
Bioam 1B CII	Cession	12/24/2019	19 772.22

* Final acquisition of shares allocated free of charge by the Company to the person concerned.

3.3 Risk management and internal control procedures implemented by the Company

When preparing this part of the report, the Company followed the guide on implementation of the reference framework on internal control adapted for midcaps and small-caps published by the AMF on July 22, 2010.

3.3.1 General risk management principles

3.3.1.1 Definition

Adocia continues to formalize its risk management system. The Company's work initially focused on management of the financial risks, with the creation of a number of official written procedures and the introduction of key control points.

The Company aims to extend this process to all risks and risk factors that may impact on the Company's activities and processes, via a documented risk mapping process, and to subsequently formalize its risk control procedures.

3.3.1.2 Goals of risk management

Adocia has adopted the definition of risk management proposed by the French financial regulator, the AMF[44],which states that risk management is a management tool of the Company that helps:

- create and protect the Company's value, assets and reputation;
- secure decision-making and the Company's processes to attain its objectives;
- achieve consistency between the Company's actions and its values; and
- ensure that the Company's employees have a shared vision of the main risks.

3.3.1.3 Components of the risk management system

The risk factors the Company has identified to date are detailed in section 1.5 of the universal reference document.

3.3.2 Coordination of risk management with internal control

Risk management aims to identify and analyze the main risks and risk factors that could affect the Company's activities, processes and objectives and define the resources to be used to keep these risks at an acceptable level, in particular by implementing the preventive measures and controls that are part of the internal control system.

At the same time, the internal control system relies on risk management to identify the main risks that need to be controlled. The Company has always had an internal control system, which it has continued to develop, while the formalization of the risk management system is more recent. The Company is now committed to an initiative to coordinate the two systems, which aims to identify the control procedures to be addressed in the key processes of the Company that are likely to be affected by risks qualified as "major".

3.3.3 General principles of internal control

3.3.3.1 Definition

Adocia has adopted the definition of internal control proposed by the AMF[45], which states that internal control is a system that the Company implements in order to ensure:

- compliance with laws and regulations;
- implementation of the instructions and directions given by Executive Management;
- proper functioning of the Company's internal processes;
- reliability of financial information; and

[44] Implementation guide for the reference framework on internal control adapted for midcaps and small-caps and updated on July 22, 2010

[45] Implementation guide for the reference framework on internal control adapted for midcaps and small-caps and updated on July 22, 2010

- in general that helps it to control its activities, improve the efficiency of its operations and use its resources efficiently.

The internal control system helps to prevent and control risks that the objectives set by the Company are not achieved, and therefore plays a key role in the conduct and management of its business activities.

Over the course of the fiscal year, Adocia continued to implement an internal control process aimed at "internally ensuring the relevance and reliability of the information used in and disseminated in the course of the Company's activities".

3.3.3.2 Components of internal control and stakeholders

▪ Organization

The internal control system is based on a clear organization of responsibilities, standards, resources, and procedures implemented. In addition, the Company has always had a quality assurance system. The processes for all business segments are described in procedures (*Standard Operating Procedures, or SOPs)*, work instructions, notices and forms. These written documents describe the conduct of business, define the resources and responsibilities of the stakeholders, specify the Company's know-how and provide specific instructions on how to carry out a particular operation.

All of the Company's stakeholders are involved in the internal control system.

▪ Project management and business monitoring procedures.

The Company has set up a specific organization to monitor projects and ensure that the objectives set by Executive Management are met within the specified time frames and budgets. For each project it develops, the Company names a project leader who reports to the R&D director and who may seek out the expertise of the different departments within the Company, in order to complete the work defined by Executive Management. He or she is responsible for defining the research programs, validating the objectives with Executive Management, ensuring they are achieved on schedule and coordinating with any partners.

▪ Operational process procedures

All documentation relating to the quality system is saved to a dedicated intranet in order to maximize access to the documents and their ongoing adaptation to changes in the business (document lifecycle management). The objective is the continual improvement in the quality of the Company's or the group's business processes, for operational, management, and support processes alike.

The quality assurance system covers the following areas:

- quality assurance, health and safety, operational risk management;
- administrative, legal, social, and financial matters, including internal control. The intention is to also include communications and rules relating to the Company's listing on Euronext;
- pharmaceutical, pre-clinical and clinical research and development.

With respect to information systems, procedures that have been incorporated into the quality system define the rules relating to access to and the protection and storage of information. An IT Charter has also been put in place.

3.3.3.3 Financial reporting procedures

The Company has set up the following organization to limit its financial management risks:

- The Company's Executive Management and, more specifically, the employees of the Finance Department are tasked with improving internal control and incorporating the recommendations of the external auditors and the Audit Committee;
- The Company maintains an internal separation between the production and oversight of the financial statements and brings in independent experts to value complex accounting items;
- If necessary, a chartered accountant is asked to verify the half-yearly and annual work for the corporate financial statements and the financial statements presented under IFRS;

- Payroll management is outsourced to an independent specialized firm.

▪ Oversight of internal control, regular reviews

The Company's Executive Management has put in place specific internal control procedures that consist of regular reviews of key information for each activity. For each of the areas listed below, information deemed material for the corresponding activities has been identified and selected. It must reflect the reality of the activity and be used to track this activity both quantitatively and qualitatively, including compliance with the standards that govern it. This key information must be verifiable and documented. It should be updated every month by the people who conduct the work. This system covers the following areas:

- information about Research and Development projects (pre-clinical, clinical, pharmaceutical);
- financial reporting and transactions involving the capital;
- the Company's legal aspects, regulatory aspects and intellectual property;
- communication of accounting and financial information, as well as scientific and corporate information;
- quality and information systems;
- human resources and payroll.

These reviews are first conducted by the Company's Management Committee, which is composed of the Chairman and Chief Executive Officer, the R&D director, the Chief Financial Officer, and the Business Development director. This committee meets at least once a week. If needed, it reviews data using the "Weekly Flash" report. The purpose of these reviews is to ensure that information on each of the separate areas truly and fairly reflects the Group's activities and situation.

The Operations Committee (COMOP) also reviews the key information for each activity. It meets every month and is made up of the members of the Management Committee and all of the Company's department heads.

In general, all of the Company's accounting options are defined by the Chief Financial Officer, discussed with Executive Management and the Statutory Auditors and then presented to the Audit Committee and discussed. This ensures that the Company's practices are fully compliant with French and international (IFRS) standards and that the financial statements are presented in a consistent manner.

At the end of each year, the Chief Financial Officer prepares a detailed budget for the following fiscal year, which is then approved by Executive Management. This budget is presented to the Board of Directors. At the end of each quarter, the accounting teams prepare the closing of the Group companies' individual financial statements.

The budget reviews conducted with all operational managers ensure an analytical validation of the entries and a review of all expenditures, and the Chief Financial Officer prepares a report for Executive Management and the directors. This report is presented and discussed periodically at the meetings of the Board of Directors.

However, it should be noted that the internal control system implemented by the Company cannot provide an absolute guarantee that its objectives will be met.

▪ Internal control stakeholders

All of the Company's stakeholders, governance bodies and employees are involved in the internal control system.

Since the Company's creation, Executive Management has played a leading role in defining and implementing the internal control system and subsequently in risk management.

3.3.4 Limitations on risk management and internal control and areas of improvement

The Company will continue to move forward with its risk management system and to improve its monitoring of the identified action plans. At the same time, the Company will work to update its internal control system in order to reflect changes in its internal organization and its business, and the closer coordination with the risk management process.

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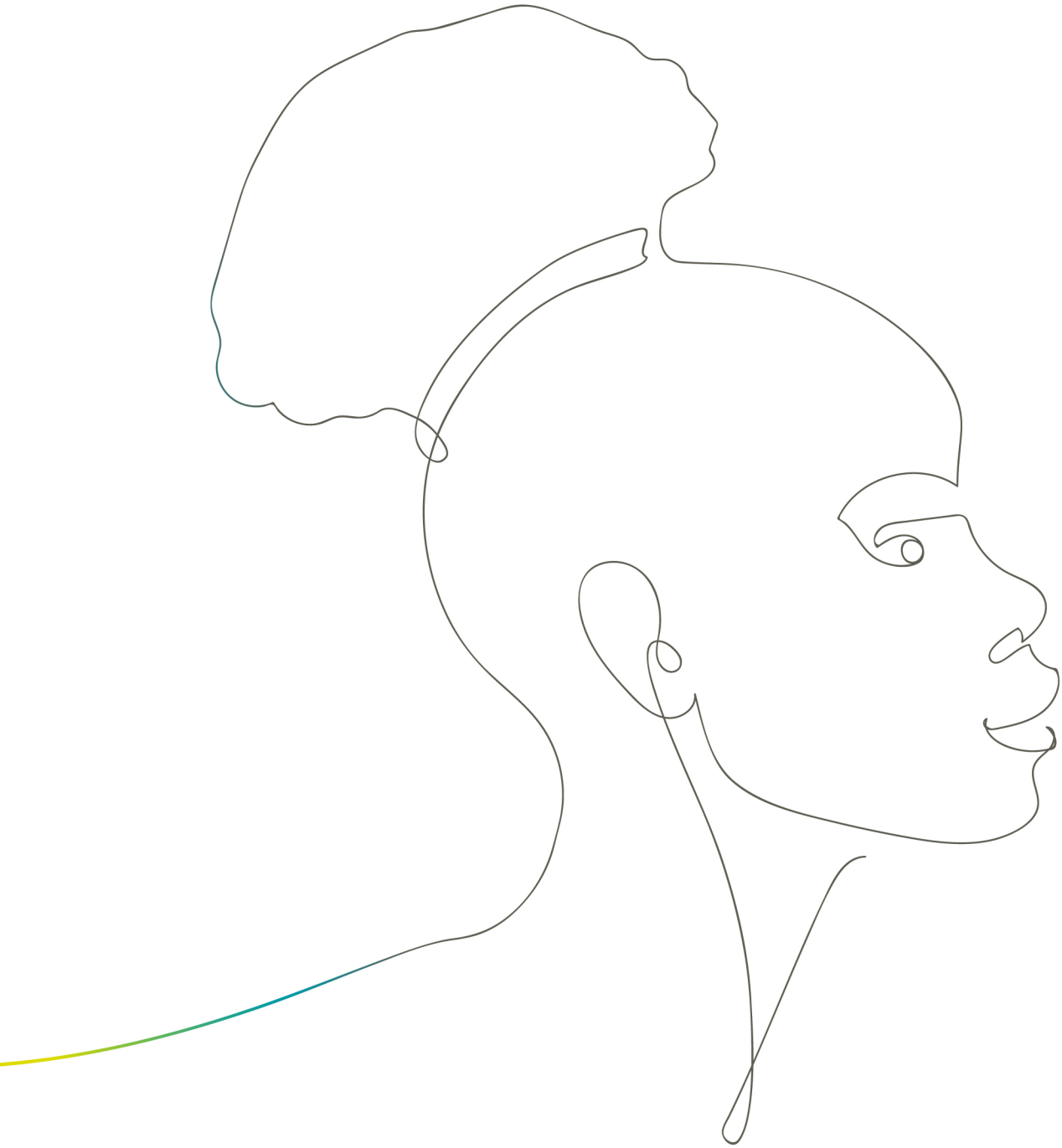

4 Annual financial statements at december 31 2019

ADOCIA

Chapter 4

4 ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2019

4.1 Consolidated Financial Statements

4.1.1 Consolidated Balance Sheet, IFRS

4.1.1.1 Assets, IFRS

In (€) thousands	Notes	FY 2019 (12 months)	FY 2018 (12 months)
Current assets		**52 218**	**60 984**
Inventory	5	181	131
Trade and similar receivables	6	360	3
Other current assets	7	8 016	21 009
Cash and cash equivalents	8	43 661	39 841
Non-current assets		**9 735**	**9 058**
Other intangible assets	1	70	115
Land	2	2 032	2 032
Land development	2	363	157
Buildings and constructions	2	3 511	3 725
Laboratory equipment	2	579	942
Other property, plant and equipment	2	3 049	1 870
Non-current financial assets	3	130	217
TOTAL ASSETS		**61 953**	**70 043**

4.1.2 Liabilities and Equity, IFRS

In (€) thousands	Notes	FY 2019 (12 months)	FY 2018 (12 months)
Current liabilities		**11 234**	**14 854**
Short-term financial debt	10	2 637	2 224
Trade and similar payables	12	5 326	7 546
Other current liabilities	12	3 271	5 084
Non-current liabilities		**22 680**	**9 340**
Long-term financial debt	10	18 518	4 892
Long-term provisions	11	3 122	2 756
Other non-current liabilities	13	1 040	1 692
Equity	**9**	**28 040**	**45 848**
Share capital		696	693
Share premium		78 788	78 849
Group translation gains and losses		3	(2)
Group reserves		(32 844)	(41 306)
Group net profit/loss		(18 603)	7 615
TOTAL LIABILITIES		**61 953**	**70 043**

4.1.3 Consolidated Income Statement, IFRS

In (€) thousands	Notes	FY 2019 (12 months)	FY 2018 (12 months)
Operating revenue		**8 134**	**53 930**
Revenue	15	2 143	47 389
Grants, research tax credits and others	16	5 992	6 541
Operating expenses excluding additions and reversals	**14**	**(28 996)**	**(43 179)**
Additions to and reversals of depreciation, amortization and provisions	**19**	**(1 159)**	**(1 044)**
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	**14**	**(22 021)**	**9 707**
Financial income		1 310	2 388
Financial expense		(856)	(338)
FINANCIAL INCOME (LOSS)	**20**	**455**	**2 051**
PROFIT (LOSS) BEFORE TAX		**(21 566)**	**11 758**
Tax expense	21	2 963	(4 144)
NET PROFIT (LOSS)		**(18 603)**	**7 615**
Base earnings per share (€)	22	(2,7)	1,1
Diluted earnings per share (€)	22	(2,7)	1,0
GROUP NET PROFIT (LOSS)		**(18 603)**	**7 615**
Actuarial adjustments on defined pension liabilities	11	81	(156)
Unclassified elements in the Group net profit (loss)		**81**	**(156)**
TOTAL PROFIT (LOSS) FOR THE YEAR		**(18 522)**	**7 458**

4.1.4 Statement of Changes in Equity, IFRS

In (€) thousands	Nomber of Shares	Amount	Paid-in cappital	Reserve	Other comprehensive income (OCI)	Net profit (loss)	Total equity
BALANCE AT 12/31/2018	**6 931 244**	**693**	**78 849**	**(39 971)**	**(1 338)**	**7 615**	**45 848**
Profit for the year 2019						(18 603)	18 603
Gain (losses) on actuarial adjustments on defined pension liabilities					81		81
Comprehensive income for the period					**81**	**(18 603)**	**(18 522)**
Allocation of profit for the year 2018				7 615		(7 615)	
Exercise of equity instruments (warrants)	28 825	3	(3)	0			0
Share-based payment				830			830
Liquidity Contract - Elimination of treasury shares			(59)	(63)			(122)
Others				6			6
Total shareholder relations	28 825	3	(62)	8 388		(7 615)	715
BALANCE AT 12/31/2019	**6 960 069**	**696**	**78 788**	**(31 584)**	**(1 257)**	**(18 603)**	**28 040**

4.1.5 Cash Flow Statement, IFRS

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Net profit	(18 603)	7 615
Net depreciation, amortization & provisions (excl. current assets)	1 157	1 044
Capital gains and losses on non-current assets	18	0
Calculated income and expenses	(862)	(528)
Tax paid	0	0
Cash flow from operations before cost of net financial debt and tax	**(18 290)**	**8 131**
Cost of gross financial debt	672	2 239
Change in deferred revenues	**(2 138)**	**4 007**
Change in working capital requirement (including employee benefits)	**10 101**	**(8 064)**
NET CASH FLOW RELATED TO OPERATING ACTIVITES	**(9 655)**	**6 313**
Acquisitions of property, plant and equipment & intangible assets	(2 019)	(784)
Disposals of property, plant and equipment & intangible assets	0	0
Acquisitions of non-current financial assets	(35)	0
Disposals of non-current financial assets	0	0
Other cash flows related to investing activities	0	(250)
NET CASH FLOW RELATED TO INVESTING ACTIVITES	**(2 054)**	**(1 034)**
Capital increase	0	2
New loans and reimbursable advances	16 444	1 310
Repayments of loans and reimbursable advances	(915)	(1 528)
Other cash flows related to financing activities	0	0
NET CASH FLOW RELATED TO FINANCING ACTIVITES	**15 529**	**(216)**
		0
CHANGE IN NET CASH AND EQUIVALENTS	**3 820**	**5 063**
Opening cash	39 841	34 778
Closing cash	43 661	39 841

4.1.5.1 Detailed Analysis of WCR:

In (€) thousands	Change 2019/ 2018
Inventory	50
Trade and similar receivables	357
Other receivables and advances	(12 738)
Pre-paid expenses / other receivables	(251)
Trade and similar payables	2 157
Other debt	323
CHANGE IN WORKING CAPITAL REQUIREMENT	**(10 101)**

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

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Short-term investment securities (due in < 3 months)	4 120	7 093
Cash on hand	39 541	32 748
NET CASH AND CASH EQUIVALENTS	**43 661**	**39 841**

4.1.6 Notes to the Consolidated Financial Statements

Unless specified otherwise, the amounts indicated in these notes are in thousands of euros.

4.1.6.1 Information about the company

Adocia is a biotechnology company specializing in the development of innovative formulations of pre-approved therapeutic proteins. It has a high level of expertise in the field of insulin. The proprietary technology platform, called BioChaperone®, aims to improve the efficacy of therapeutic proteins and their ease of use for patients.

Adocia is a limited company (société anonyme) under French law created on December 22, 2005.

The company has been listed on NYSE Euronext (compartment B) since February 20, 2012.

It has a wholly-owned subsidiary (Adocia Inc.) established in March 2015 which aims to represent the company in the US.

The financial statements under IFRS for the period from January 1 to December 31, 2019 are presented on a consolidated basis for Adocia and its subsidiary (Adocia Inc.), the whole being called "the Company". The financial statements were approved by the Board of Directors on March 5, 2018 and authorized for publication.

▪ Main events of 2019

In 2019, Adocia continued **the development activities of the two licensed products** BioChaperone Lispro and BioChaperone Combo with its Chinese partner, Tonghua Dongbao (THDB), in order to support the planned Phase 3 programs in China for both programs.

The Company also continued to **develop its other projects** independently, particularly M1 PRAM (ADO09), a combination of prandial insulin with pramlintide. ADO09 was developed to improve postprandial glycemic control and long-term effects for people requiring treatment with prandial insulin, by allowing the combination of two complementary and synergistic hormones, pramlintide (an amylin analog) and prandial insulin.

In April 2019, Adocia announced the first positive clinical results of M1 PRAM (ADO09), obtained in a study of people with type 1 diabetes. In this study, the treatment with M1 PRAM (ADO09) resulted in a significant 85% reduction of the glycemic excursions during the first two hours after the meal, compared to a treatment with Humalog® (lispro insulin, $p < 0.0001$) and led to a postprandial glycemic control similar to that of separate injections with Humulin® (human insulin) and Symlin® (pramlintide).

Following these very encouraging clinical results, the Company launched in June 2019 a new Phase 1b clinical study to assess the safety and efficacy of M1 PRAM (ADO09) in subjects with type 1 diabetes over a 24-day treatment period. The study results are expected in the first quarter of 2020.

From a financial perspective, the Company obtained a bond issue from IPF Fund II to finance its growth in October 2019.

The IPF loan consists in the issue, in two equal tranches, of a total number of 15 million bonds, to each of which is attached a share subscription warrant (BSA), for a maximum amount of bond issue in principal of €15 million. The first tranche (Tranche A), amounting to €7.5 million, was subscribed on October 11, 2019, at the signing of the contract. The second tranche (Tranche B) was subscribed on December 10, 2019.

In terms of the organization, Adocia announced the departure of Dr. Rémi Soula, Director of Business Development and Legal Affairs to pursue other professional objectives. As a co-founder of Adocia, Rémi Soula contributed with talent and energy to the development of the company for 14 years.

Finally, **from a legal point of view**, 2019 was marked by the conclusion of legal proceedings initiated against Eli Lilly & Company in October 2017.

In August 2019, the Court of the American Arbitration Association (AAA) dismissed additional claims submitted by Adocia, valued at approximately $1.3 billion, for Eli Lilly's appropriation and misuse of confidential information and discoveries belonging to Adocia, as well as for the violation by Eli Lilly of several collaboration and confidentiality agreements. Eli Lilly's counterclaims, which totaled $188 million, were also dismissed by the Tribunal. On September 30, 2019, Adocia announced that it had received payment of $14.3 million from Eli Lilly corresponding to the $11.6 million in damages, plus interest, which had been awarded to Adocia in August 2018 by the AAA, as payment for a contractual milestone payment disputed by Eli Lilly.

In September 2019, Adocia and Eli Lilly jointly filed a consent judgment to conclude the civil litigation initiated by Eli Lilly at the Court of the Southern District of Indiana in October 2018. The consent judgment was registered by this very same Court on October 6, 2019, each party bearing its own legal fees and costs, with no other financial consequence.

Arbitration proceedings and civil action in the District Court of the Southern District of Indiana are concluded and final.

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

▪ Accounting standards

In accordance with EU Regulation 1606/2002 of July 19, 2002 on international standards, the company's consolidated financial statements for the period ended December 31, 2017 were prepared according to the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union as of the reporting date.

These standards are available on the European Commission website at the following address:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm

They include the international accounting standards (IAS and IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

The accounting principles and methods used by the company for the consolidated financial statements are the same as those used for the financial statements for the year ended December 31, 2017.

In addition, the new mandatory texts applicable to fiscal years beginning on or after January 1, 2018 are as follows:

Standards, amendments to standards and interpretations applicable as of January 1, 2019:

- IFRS 16 - Leases
- IFRIC 23 – Uncertainty over income tax treatments
- Amendments to IFRS 9 – Prepayment features with negative compensation
- Amendments to IAS 28 – Long-term interests in associates and joint ventures
- Amendments to IAS 19 – Plan amendment, curtailment or settlement
- Annual improvement of IFRS standards
- IFRS 3 – Business combinations – Previously held interests
- IFRS 11 – Joint arrangements - Previously held interests
- IAS 12 – Income taxes - Tax consequences of payments on financial instruments classified in equity
- IAS 23 – Borrowing costs - Borrowing costs eligible for capitalisation

Standards, amendments to standards and interpretations adopted by the European Union but not yet mandatory for 2019 annual financial statements:

- Amendments to IAS 1 and IAS 8 - Definition of material
- Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7

Standards and interpretations published by the IASB and not yet adopted by the European Union as of December 31, 2019:

- IFRS 17 – Insurance contracts
- Amendments to IFRS 3 – Definition of a business
- Amendments to IAS 1 - Classification of liabilities as current or non-current

The Company assessed the impacts of the first application of these new standards and does not expect a material impact on its financial statements.

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▪ Application of the IAS 32 standard for the loan contract signed with IPF Fund II

On October 3, 2019, the Company's board of directors, acting under delegation from the general meeting of shareholders of May 16, 2019, authorized the issue of a bond loan with attached warrants (BSA) for a maximum amount of €15 million. The loan was subscribed with IPF Fund II through two tranches of €7.5 million each, respectively on October 11, 2019 and December 10, 2019.

The bonds issued by the Company contain a contractual commitment to pay principal and interest repayments in the form of cash flows. In accordance with IAS 32, these bonds are considered as financial liabilities and must be recognized as debt at the date of each drawdown.

The exercise price of the warrants is contractually fixed at €8.57. It may, however, be revised downwards in the event of a new share issue at a lower price. The warrants issued will therefore be settled by the exchange of a variable number of shares for a fixed amount of cash (€1,125,000 per tranche) and are qualified, in accordance with IAS 32, as derivative liabilities.

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

▪ Basis for preparation of the financial statements

Since the creation of the Adocia Inc. subsidiary in March 2015, the company has published consolidated financial statements. The methods used for consolidation and translation of the financial statements are specified below (Consolidation methods).

The company's financial statements were prepared based on the historical cost principle, with the exception of certain categories of assets and liabilities according to the rules set out in the IFRS. The relevant categories are indicated in the following notes.

The possibility of anticipating the collection of the research tax credit and of prioritizing operational expenses, if this proves to be necessary, allows the Company to finance a redefined operational plan and thus to meet its financial commitments at least in the 12 coming months. The going concern assumption has been retained.

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 assessed continuously based on past 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 annual financial statements, the main judgments made by management and the main assumptions used are the same as those used to prepare the financial statements for the fiscal year ended December 31, 2019. These assumptions mainly relate to IFRS 2 ("Share-based Payment"), IFRS 15 ("Revenue from Contracts with Customers") and, for the first year, to IAS 32 (“Financial Instruments : Presentation) and are explained in the following sections.

▪ 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., which was fully consolidated at the end of December 2017.

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 balance sheet items and on the income statement, are included in equity under "Translation differences".

▪ Current/non-current distinction

The balance sheet presentation used by the company makes a distinction between current and non-current assets and liabilities.

This distinction is made based on the following rules:

assets and liabilities that fall within the scope of the company's operating working capital requirement are classified as "current";

assets and liabilities that are not part of the company's normal operations are presented as "current" or "non-current" based on whether their due date is more than or less than one year.

▪ Intangible assets

Research and development

In accordance with IAS 38, internal research costs are recognized as expenses as soon as they are incurred. Development costs are capitalized if and only if the following criteria are met:

- technical feasibility needed to complete the development project is established,
- the company intends to complete the project,
- the company is able to use the intangible asset,
- the company is able to demonstrate the probability that the asset will generate future economic benefits,
- the company has the technical, financial and other resources to complete the project, and
- the development costs are measured reliably.

Patents

The costs incurred prior to filing and obtaining patents are capitalized by the company under the same conditions as those applicable to capitalizing development costs.

Other intangible assets

Intangible assets acquired separately by the company are recognized at historical cost and those acquired through a business combination are recognized at fair value.

Concessions, licenses and software are amortized over the expected useful life (three to five years depending on the type of software).

▪ Property, plant and equipment

Property, plant and equipment are recognized at their original cost. They are then measured at cost less any accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis according to the estimated useful life of the assets and, if applicable, the residual values:

Type of asset	Useful life
Land development	10 years
Buildings	20 years
Fixtures and facilities	3 à 10 years
Laboratory equipment	3 à 5 years
Furniture, office equipment	5 years

Land is not depreciated.

An item of property, plant and equipment is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of an asset (difference between the net proceeds and carrying amount of the asset) is included in the income statement for the year in which derecognition occurs.

The residual values, useful lives and depreciation methods of assets are reviewed and, if necessary, adjusted at each year-end closing. Such adjustments are treated as changes in estimate.

The depreciation of property, plant and equipment is recognized in profit or loss under depreciation and amortization.

▪ Leasing (including lease financing)

According to IFRS 16 (“Leases”), an asset held under a finance lease (which substantially transfers all the risks and rewards of ownership of the asset to the company) is recorded as an asset and a liability (in the same amount) on the balance sheet at the lower of the fair value of the asset and the sum of the discounted payments.

These assets are depreciated according to the same methods and rules described above in the previous section. The corresponding liabilities are recorded on the balance sheet and repaid in an amount equal to the theoretical amortization of loans whose characteristics are comparable to those of the lease agreements.

As of December 31, 2019, only lease contracts fall within the scope of IFRS 16. As the accounting treatment is identical to that made last year under IAS 17, the application of IFRS 16 has no impact on the Company's consolidated financial statements.

▪ Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial amount of time to prepare for its intended use or sale are included in the cost of the asset. All other borrowing costs are recorded as financial expenses for the fiscal year in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to borrow funds.

▪ Recoverable amount of non-current assets

Assets with an indefinite useful life are not depreciated and are subject to an annual impairment test. Depreciated assets are subject to an impairment test whenever there is an internal or external indicator that an asset may be impaired.

Impairment testing entails comparing the net carrying amount of the tested asset to its recoverable amount. The test is performed at the cash generating unit level, which is the smallest group of assets that includes the asset and whose continuous use generates cash inflows that are largely independent of those generated by other assets or groups of assets.

Impairment is recorded in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Fair value less costs of disposal is the amount that can be obtained from the sale of an asset in an arm's length transaction between well-informed, consenting parties, less costs of disposal.

Value in use is the present value of the estimated future cash flows expected to be derived from the continuous use of an asset and from its disposal at the end of its useful life. Value in use is determined according to cash flow projections generally made on the basis of five-year budgets or forecasts. For periods after five years, cash flows are extrapolated using a steady or declining growth rate and discounted at long-term after-tax market rates that reflect market estimates of the time value of money and the risks specific to the asset. The terminal value is determined based on the discounting to infinity of the last cash flow of the test.

As of December 31, 2019, there were no internal or external impairment indicators for any non-current assets.

▪ Basis of measurement of inventories

Inventories are recognized at the lower of cost and net realizable value. They may be impaired if the expiration date has passed and/or if the project to which they refer was discontinued by the company and considered a failure. The cost of inventories is determined using the first-in first-out method.

▪ Financial assets

Financial assets are classified into four categories based on their type and the intention of holding them:

- Held-to-maturity investments,
- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Available-for-sale financial assets.

With the exception of assets at fair value through profit or loss, all financial assets are initially recognized at cost, which corresponds to the fair value of the price paid plus acquisition costs.

All regular way purchases and sales of financial assets are recognized on the settlement date.

Held-to-maturity investments

Held-to-maturity investments are financial assets which the company intends and is able to hold to maturity. After their initial recognition, these assets are measured at amortized cost, using the effective interest method, less the amount of any impairment.

Financial assets at fair value through profit or loss:

This category represents assets held for trading, i.e. assets acquired by the company for the purpose of selling them in the short term. They are measured at fair value and changes in fair value are recorded in profit or loss. Certain assets can also be voluntarily classified in this category.

Loans and receivables:

Non-current financial assets include advances and guarantee deposits given to third parties. Advances and guarantee deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized at amortized cost using the effective interest method. Gains and losses are recorded in profit or loss when the loans and receivables are derecognized or impaired.

Available-for-sale financial assets:

This category includes all other financial assets. They are measured at fair value and changes in fair value are recorded in profit or loss until the asset is sold, cashed in or disposed of in any other way or until it is shown that the asset has been impaired in a prolonged and significant manner. In such cases, the profit or loss, recognized until then in equity, is transferred to profit or loss.

Available-for-sale financial assets are tested for impairment when impairment indicators exist.

When the available-for-sale financial asset is an equity instrument, impairment is final. Subsequent increases in fair value are recognized directly in equity.

When the available-for-sale financial asset is a debt instrument, any subsequent increase is recorded in profit or loss in an amount equal to the impairment loss previously recorded in profit or loss.

Purchases and sales of financial assets are generally recognized on the trade date.

The only financial assets measured at fair value are cash and cash equivalents, which include short-term investment securities (money market mutual funds in euros) quoted in an active market. They therefore constitute level 1 financial assets at fair value.

Cash reserve of the liquidity agreement:

The cash reserve related to the liquidity agreement for the buyback of the company's own shares is recorded as non-current financial assets.

▪ Cash and cash equivalents

Cash and short-term deposits recorded on the balance sheet include bank balances, cash on hand and short-term deposits with an initial maturity of less than three months.

Cash equivalents are held for trading purposes, readily convertible to a known cash amount and subject to an insignificant risk of change in value. They are measured at fair value and changes in value are recorded in financial income/expense.

For the purposes of the cash flow statement, net cash includes cash and cash equivalents as defined above, net of bank overdraft facilities. In the balance sheet, bank overdrafts are shown in current financial liabilities.

▪ Repayable advances

The company receives a certain amount of government assistance in the form of repayable advances.

Government grants are recognized as assets when there is reasonable assurance that:

The company will comply with the conditions attached to the grants; and

The grants are received.

Repayable advances are recognized as “Long-term financial debt" or “Short-term financial debt" depending on their due date. In case of failure to repay the grant, the debt write-off is recognized in "Grants, government financing and tax credits".

These advances were recognized in accordance with IAS 39: as financial advances granted at interest rates below the market rates, the difference between the applied rate and the market rate is valuated according to IAS 20, if the impacts are material.

▪ Equity

Classification in equity depends on the specific analysis of the characteristics of each instrument issued. Ordinary shares and preferred shares have therefore been classified as equity instruments.

The incidental costs directly attributable to the issue of shares or stock options are accounted for as a deduction from equity, net of tax.

Treasury shares held by the company under a liquidity agreement are recognized at their acquisition cost as a reduction in equity. The gain or loss on disposal of these treasury shares is also recognized directly in equity.

▪ Share-based payments

In accordance with IFRS 2, benefits granted to certain employees in the form of share-based payments are measured at the fair value of the instruments granted.

This payment can take the form of equity-settled instruments or cash-settled instruments.

The company has introduced several equity-settled payment plans.

For example, stock options are granted to senior managers, certain company employees and other private individuals.

The company uses the Black-Scholes model to measure the fair value of these options. This model takes into account the features of the plan (strike price, exercise period), market data on the grant date (risk-free interest rate, volatility, expected dividends) and grantee behavior assumptions. Changes in value subsequent to the grant date have no impact on this initial measurement.

The value of the options is based on their expected term. This value is recorded as payroll expense or external charges as follows: the fair value of the options granted is determined on the grant date and recognized in profit or loss over the vesting period (period between the grant date and the plan maturity date).

For bonus shares, the fair value is also determined based on the features of the plan, market data on the grant date and an assumption of continued employment at the end of the vesting period. If the plan does not specify vesting conditions, the expense is recognized in full when the plan is granted; otherwise, the expense is recorded over the vesting period based on the conditions being met.

▪ Provisions

Provisions are recorded when the company has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources representing economic benefits will be needed to settle the obligation, and the amount of the obligation can be measured reliably. If the company expects the full or partial reimbursement of the provision (for example under an insurance policy), the reimbursement is recognized as a separate asset, but only if the reimbursement is virtually certain. The expense related to the provision is shown in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision related to the passage of time is recognized as a borrowing cost.

Provisions correspond to risks and charges that are specifically identified. They are classified as non-current or current liabilities based on their nature, purpose and duration.

▪ Social commitments

In accordance with IAS 19R, retirement plans, similar payments and other employee benefits that are considered defined benefit plans (plan in which the company agrees to guarantee a defined amount or benefit level) are recorded in the balance sheet based on an actuarial assessment of the obligations on the closing date, reduced by the fair value of the plan assets. These calculations mainly include:

- an assumption related to the benefit payment date;
- a financial discount rate;
- an inflation rate;
- assumptions related to salary increases, employee turnover rate and mortality rate.

The main actuarial assumptions made at December 31, 2019 are described in note 11 to the financial statements.

Actuarial gains and losses include the effects on the obligation of changes in the calculation assumptions and experience adjustments to the obligation. These gains and losses are recognized in other comprehensive income for post-employment benefits.

The provision shown on a specific line of the balance sheet represents the total obligation on the closing date, adjusted, where appropriate, for past service costs. Past service costs related to a plan change are recognized immediately in the income statement for the portion of rights already acquired and are spread out over the average period remaining until the corresponding benefits are vested.

The expense for the year consists of the cost of services rendered, which represents an operating expense, and the accretion expense, which represents a financial expense.

▪ Financial liabilities

Financial liabilities are classified into two categories and include:

- financial liabilities recognized at amortized cost, and
- financial liabilities recognized at fair value through profit or loss.

Financial liabilities recognized at amortized cost:

Loans and other financial liabilities, such as conditional advances, are generally recognized at amortized cost calculated using the effective interest rate.

Loans and conditional advances are initially recorded at the fair value of the amount received, less directly attributable transaction costs. After the initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method.

The portion of debt due in less than one year is presented as a current liability.

Financial liabilities at fair value through profit or loss:

This category represents liabilities held for trading, i.e. liabilities that are intended to be sold in the short term. They are measured at fair value and changes in fair value are recorded in the income statement.

▪ Receivables and liabilities denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies are recognized at the exchange rate at the time of the initial transaction. At the end of the fiscal year, the items corresponding to assets and liabilities are measured at the closing rate or at the hedging rate, where appropriate.

▪ Current and deferred tax

Current tax assets and liabilities for the fiscal year and previous fiscal years are measured at the amount expected to be collected from or paid to the tax authorities. The tax rates and tax laws used to determine these amounts are those enacted or substantively enacted as of the closing date.

Deferred taxes are recognized using the balance sheet liability method for all temporary differences existing as of the closing date between the tax base of the assets and liabilities and their carrying amount on the balance sheet, and for carryforward losses.

A deferred tax asset, generated by tax losses, is recognized when there is persuasive evidence that a sufficient taxable profit will be available.

▪ Revenue

Revenue corresponds to the fair value of the consideration received or receivable for goods and services sold in the normal course of the company's business. Revenue is shown net of value-added tax, returns of merchandise, rebates and discounts.

In the normal course of its business, the company may enter into commercial agreements with pharmaceutical groups. Payment under these agreements may generally be based on:

- The payment of a signing bonus (access fees or up-front payment)
- Payment for specific developments based on the attainment of technical milestones (milestone payments)
- Payment for research and development efforts (collaborative agreements)
- Future sales of products (royalties).

The company recognizes revenue when the amount can be measured reliably, it is probable that future economic benefits will flow to the company, and specific criteria are met for each of the company's activities.

With regard to licenses and feasibility studies, contracts are analyzed on a case by case basis in order to recognized revenue according to the IFRS 15 standard (cf. section 4.1.6.3).

The licences sold by the Company correspond to rights of use. As a consequence, the revenue generated from these licences is recognized immediately from the date the customer can start using the licence.

When the payment of a licence is a milestone payment depending on the achievement of a development, regulatory or commercial objective, the corresponding revenue is recognized when the objective achievement becomes highly probable.

When the payment of a licence is royalties calculated on sales made by the customer, the Company applies the exception to the general principle provided by the IFRS 15 standard on variable payments. Royalties are recognized as revenue when the customer sales occur.

The Company provides research and development services to customers as part of development projects which final objective is the grant of a marketing authorization. The revenue from these services is recognized according to the percentage of completion of the project, as the customer benefits from the services progressively. The percentage of completion is calculated from costs.

If the licence and the services are sold together, the contract price is allocated to the different elements of the contract proportionally to their fair value.

If the costs of one of the contract elements are not completely offset by the revenue calculated from fair values, the Company applies the residual method.

▪ Other income

Grants:

Due to its innovative nature, since its creation the company has received a certain amount of assistance and grants from the French government and public authorities to help finance its operation or recruit specific individuals.

These grants are recognized as income over the fiscal year in which the corresponding costs or expenses are recorded.

Research tax credit:

The French government grants research tax credits to companies to encourage them to conduct technical and scientific research. Companies that can substantiate expenditures meeting the required criteria (research costs in France or, since January 1, 2005, within the European Community or in another State that is part of the Agreement on the European Economic Area and has signed a tax treaty with France containing an administrative assistance clause) are eligible for a tax credit that can be used to pay the corporation tax due for the fiscal year in which the expenses are incurred and the following three fiscal years or, where appropriate, be reimbursed for the excess share of such tax.

▪ Segment information

To date, the company has not identified distinct operating segments. For the most part, the company's operations involve regenerative medicine for the treatment of chronic diseases. All the assets and operating income presented are located in France.

▪ Presentation of the income statement

The company presents its income statement by nature.

The purpose of the expenses is provided in note 14 to the financial statements.

Research and development costs:

Internal and external costs related to the research and development of new products.

Administrative expenses:

Total costs of the support and central management functions.

Other operating income and expenses:

Information appears in this item when a significant event occurring during the accounting period could give a distorted view of the company's performance.

Other operating income and expenses include income and expenses that are very limited in number and unusual given their frequency, nature or amount.

Operating profit/loss:

Operating profit/loss includes all income and expenses directly related to the company's activities, whether such income and expenses are recurrent or result from one-time decisions or operations.

Financial income/expense:

Financial income/expense includes all:

- Expenses related to financing the company: interest paid and accretion expense on repayable advances
- Income related to interest received.

Foreign-exchange gains and losses are also recognized in financial income/expense.

Taxes:

Income tax: This item includes tax recorded for the year on any taxable income (French GAAP).

Deferred taxes are recognized for all temporary differences arising from the difference between the tax basis and accounting basis of the assets and liabilities shown in the financial statements. The main temporary differences relate to carryforward tax losses. The statutory tax rate on the closing date is used to determine deferred taxes.

Deferred tax assets are recognized only to the extent that it is probable that future earnings will be sufficient to absorb carryforward losses. Given its stage of development, which does not allow sufficiently reliable income projections to be made, the company did not recognize deferred tax assets on the balance sheet for carryforward losses.

▪ Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to holders of the company's shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

▪ Fair value of financial instruments

Fair value measurements are detailed by level according to the following fair value hierarchy:

- the instrument is quoted in an active market (level 1);
- measurement uses valuation techniques based on observable inputs, either directly (price) or indirectly (price derivatives) (level 2);
- at least one material component of fair value is based on unobservable inputs (level 3).

Fair value of financial instruments traded in active markets is based on quoted prices on the balance sheet date. A market is considered active if quoted prices are easily and regularly available from an exchange, trading officers, brokers, an appraiser or a regulatory agency and such prices are based on regular trades. These instruments are classified as level 1.

Fair value of financial instruments that are not quoted in an active market (for example, over-the-counter derivatives) is determined based on valuation techniques. These methods maximize the use of observable market inputs, if available, and, for the most part, are not based on the company's own estimates. If all the elements required to calculate the fair value of the instrument are observable, this instrument is classified as level 2.

If one or more of the main calculation elements are not based on observable market inputs, the instrument is classified as level 3.

4.1.6.3 Notes to the financial statements

Summary of notes

NOTE 1 Intangible assets

In (€) thousands	12/31/2018	Acquisitions / Additions	Disposals / reversals	12/31/2019
Gross amount	207	13	(29)	191
Depreciation and impairment	92	29	0	121
NET AMOUNT	**115**	**(16)**	**(29)**	**70**

Given the risks and uncertainties related to regulatory authorizations and the R&D process, the six criteria for recognition of intangible assets are not considered as being met for any of the pending development projects. As a result, all costs incurred by the company are recognized as expenses. The treatment is the same for costs related to patents (see note 14).

NOTE 2 Property, plant and equipment

In (€) thousands	12/31/2018	Acquisitions / Additions	Disposals / reversals	12/31/2019
Lands	2 032	0	0	2 032
Land development	175	234	0	409
Buildings	4 276	0	0	4 276
Laboratory equipment	3 658	129	(236)	3 550
Fixtures and facilities	2 409	1 346	0	3 755
Furniture, office equipment	1 369	324	(136)	1 558
GROSS AMOUNT	**13 920**	**2 032**	**(372)**	**15 580**
Lands	0	0	0	0
Land development	18	28	0	46
Buildings	550	214	0	764
Laboratory equipment	2 716	406	(151)	2 972
Fixtures and facilities	924	210	0	1 134
Furniture, office equipment	981	277	(134)	1 125
DEPRECIATION AND IMPAIRMENT	**5 189**	**1 136**	**(284)**	**6 040**
Lands	2 032	0	0	2 032
Land development	157	206	0	363
Buildings	3 725	(214)	0	3 511
Laboratory equipment	942	(278)	(85)	579
Fixtures and facilities	1 483	1 135	0	2 619
Furniture, office equipment	386	47	(2)	431
NET AMOUNT	**8 727**	**897**	**(88)**	**9 535**

Net property, plant and equipment increased by €0.8 million between 2018 and 2019, due mainly to the restructuring works on the building for €1.9 million (including furniture and outside works), partially offset by the depreciation recorded for 2018 for €1.1 million.

NOTE 3 Non-current financial assets

The company's non-current financial assets were as follows:

In (€) thousands	12/31/2018	Acquisitions / Additions	Disposals / reversals	12/31/2019
Gross amount	217	35	(122)	130
Amortization and impairment				
NET AMOUNT	**217**	**35**	**0**	**130**

Non-current financial assets consist mainly of guarantee deposits paid under operating lease agreements and the cash reserve related to the liquidity agreement (refer to section "Capital management" in note 9).

NOTE 4 Additional information regarding deferred taxes

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

Prior carryforward losses that may give rise to deferred tax assets totaled €109.7 million at December 31, 2018 and €136.4 million at December 31, 2019.

NOTE 5 Inventories

In (€) thousands	12/31/2019	12/31/2018
Raw materials	181	131
Semi-finished products		
Finished products		
TOTAL NET VALUE	**181**	**131**

The net value of inventories was €131 thousand at December 31, 2018 and €181 thousand at December 31, 2019.

Impairment was recorded for the inventory, mainly for products related to a project which the company recognized as a failure.

NOTE 6 Trade receivables

In (€) thousands	12/31/2019	12/31/2018
Gross amount	360	3
Impairment		
TOTAL NET VALUE	**360**	**3**

At the end of 2019, trade receivables mainly included the rebilling of a toxicity study to Tonghua Dongbao, which payment was received on 21 January 2020.

NOTE 7 Other current assets

In (€) thousands	12/31/2019	12/31/2018
Research tax credit	5 861	6 368
Accrued income - Eli Lilly arbitration	0	11 915
VAT claims	791	1 001
Receivables from suppliers	519	247
Pre-paid expenses	795	1 046
Carry-back	0	333
Miscellaneous	49	100
TOTAL NET VALUE	**8 016**	**21 009**

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 year. In 2018 and 2019, the company cannot apply its CIR to any tax liability. It therefore requested immediate reimbursement of the CIR (because of its status as a European SME) and recognized the amounts of €6.4 million and €5.9 million, respectively, under current assets.

The first phase the arbitration proceedings initiated by Adocia against Lilly outcame favorably for the Company. The Arbitration Tribunal ordered Lilly to pay the disputed milestone payment of $11.6 million, or €10.3 million, plus interests (accrued end of 2018 for $1.6 million). The total claim was settled in September 2019 for a total amount of $14.3 million, or €13 million.

Prepaid expenses relate to current expenses.

In addition to social security claims and other creditors, the miscellaneous item includes grants receivable.

NOTE 8 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.

In (€) thousands	12/31/2019	Value on the balance sheet under IAS 39				12/31/2019
	Balance sheet value	Assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Fair value
Cash on hand	39 541	39 541				39 541
Cash equivalents (UCITS)	4 120	4 120				4 120
TOTAL ASSETS	**43 661**	**43 661**				**43 661**

NOTE 9 Equity

For easier cross-reference between the periods, the number of shares in fiscal year 2011 has been restated to reflect the decision by the shareholders' meeting on October 24, 2011 to approve a 10-for-1 stock split and to grant 10 shares, each with a par value of €0.10, for a previously held share with a par value of €1.

	Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (euros)
AT JANUARY 1, 2007	**140 000**			**140 000**	**1 400 000**
10/19/2007 - Capital increase	93 339		93 339		933 390
12/20/2007 - Capital increase	46 668		46 668		466 680
10/22/2009 - Reduction of par value					(2 520 063)
10/22/2009 - Capital increase	119 007		119 007		119 007
01/20/2010 - Grant of bonus shares	1 050	1 050			1 050
04/06/2010 - Capital increase	5 424		5 424		5 424
06/06/2010 - Grant of bonus shares	140	140			140
06/18/2010 - Capital increase	1 283		1 283		1 283
12/10/2010 - Capital increase	37 630		37 630		37 630
03/04/2011 - Grant of bonus shares	1 050	1 050			1 050
06/17/2011 - Grant of bonus shares	140	140			140
10/24/2011 - Reduction of par value and increase of number of shares	4 011 579	21 420	2 730 159	1 260 000	0
12/15/2011 - Grant of bonus shares	1 400	1 400			140
02/14/2012 - Issue of IPO shares	1 592 798	1 592 798			159 280
02/14/2012 - Conversion of preferred shares to ordinary shares		4 433 510	(3 033 510)	(1 400 000)	0
03/07/2012 - Grant of bonus shares	10 500	10 500			1 050
03/17/2012 - Issue of IPO shares	130 268	130 268			13 027
06/15/2012 - Grant of bonus shares	2 800	2 800			280
12/19/2012 - Grant of bonus shares	2 800	2 800			280
03/26/2013 - Grant of bonus shares	8 400	8 400			840
06/18/2013 - Grant of bonus shares	2 800	2 800			280
12/13/2013 - Grant of bonus shares	2 800	2 800			280
12/13/2013 - Grant of bonus shares	1 400	1 400			140
12/07/2014 - Grant of bonus shares	1 400	1 400			140
12/15/2014 - Grant of bonus shares	1 400	1 400			140
02/12/2015 - Grant of BSA	700	700			70
03/03/2015 - Exercice of BSPCE	700	700			70
03/27/2015 - Exercice of BSPCE	1 400	1 400			140
03/31/2015 - Issue of IPO Shares by private placement	621 887	621 887			62 189
03/31/2015 - Grant of bonus shares	1 400	1 400			140
07/28/2015 - Exercice of BSPCE	2 800	2 800			280
12/16/2015 - Grant of bonus shares	1 400	1 400			140
06/21/2016 - Exercice of BSPCE	700	700			70
12/13/2016 - Grant of bonus shares	12 700	12 700			1 270
06/27/2017 - Grant of bonus shares	2 000	2 000			200
12/10/2017 - Grant of bonus shares	36 290	36 290			3 629
12/13/2017 - Grant of bonus shares	10 000	10 000			1 000
12/16/2017 - Grant of bonus shares	2 700	2 700			270
03/15/2018 - Grant of bonus shares	6 000	6 000			600
04/06/2018 - Exercise of bonus shares	91	91			9
12/13/2018 - Grant of bonus shares	9 325	9 325			933
12/14/2018 - Grant of bonus shares	2 375	2 375			238
12/16/2018 - Grant of bonus shares	2 700	2 700			270
02/08/2019 - Grant of bonus shares	675	675			68
03/15/2019 - Grant of bonus shares	2 000	2 000			200
05/17/2019 - Grant of bonus shares	5 400	5 400			540
09/25/2019 - Grant of bonus shares	1 400	1 400			140

	Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (euros)
10/03/2019 - Grant of bonus shares	5 000	5 000			500
12/05/2019 - Grant of bonus shares	2 900	2 900			290
12/13/2019 - Grant of bonus shares	6 375	6 375			638
12/14/2019 - Grant of bonus shares	2 375	2 375			238
12/16/2019 - Grant of bonus shares	2 700	2 700			270
AT DECEMBER 31, 2019	**6 960 069**	**6 960 069**	**0**	**0**	**696 007**

Share capital

4

The company was created on December 22, 2005. All the shares issued are fully paid-up.

The company owns treasury shares under its liquidity agreement.

Following the initial public offering, preferred shares were converted into ordinary shares and the Ratchet stock warrants became null and void.

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”).

The main characteristics of these share-based compensation plans are described in detail in section 5.1.5 of this registration document.

Operating expenses related to the stock option plans are calculated on the basis of a Black-Scholes 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 over the vesting period, according to IFRS 2. This expense amounted to €0.1 million in 2019 compared to €0.6 million in 2018.

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	Employees	No	Until 01/01/2018	5.76
BSPCE 2013 N°2	Employees	No	Until 01/01/2018	5.76
BSA 2013	Independant directors	No	Until 01/01/2016	5.88
BSPCE 2014 N°1	Employees	No	Until 01/01/2018	34.99
BSPCE 2014 N°2	Employees	No	Until 01/01/2019	34.99
BSPCE 2014	Employees et corporate officers	Yes	Immediate vesting upon fulfillment of relevant performance criteria	34.99
SO 2015 N°1	Employees	No	Until 01/01/2019	55.64
SO 2015 N°2	Employees	No	Until 01/01/2020	71.12
BSPCE 2015	Corporate officer	Yes	Immediate vesting upon fulfillment of relevant performance criteria	74.6
BSPCE 2016	Corporate officer	Yes	Immediate vesting upon fulfillment of relevant performance criteria	61.73

BSA 2017	Consultant	Yes	Immediate vesting upon fulfillment of relevant performance criteria	20.65
SO 2017 N°1	Employee	No	Until 01/01/2020	18.00
SO 2017 N°2	Employee	No	Until 01/01/2021	18.00
BSPCE 2017	Corporate officer	Yes	Immediate vesting upon fulfillment of relevant performance criteria	16.00
SO 2018	Employees	No	Until 05/02/2022	17.00
BSA IPF 2019 - Tranche A	IPF Partners	No	Immediate vesting upon fulfillment of relevant performance criteria	8.57
BSA IPF 2019 - Tranche B	IPF Partners	No	Immediate vesting upon fulfillment of relevant performance criteria	8.57
SO 2019	Employees	No	Until 12/10/2021	8.00

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	Number of vested warrants	Warrants not yet vested	Initial value (in € thousands)
BSPCE 2013 N°1	28 000		4 900	23 100		107
BSPCE 2013 N°2	22 400		700	21 700		85
BSA 2013	20 000			20 000		69
BSPCE 2014 N°1	14 000	2 800		11 200		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			9 750	3 250	375
SO 2017 N°2	40 000	39 909	91			375
BSPCE 2017	150 000	50 000		50 000	50 000	579
SO 2018	23 000			11 000	12 000	217
BSA IPF 2019 - Tranche A (*)	131 271			131 271		478
BSA IPF 2019 - Tranche B (*)	131 271			131 271		442
SO 2019	2 000				2 000	8
TOTAL	**824 542**	**173 309**	**5 691**	**553 292**	**92 250**	**11 096**

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
2008 Plan N°1	42 000	2 100	39 900	
2008 Plan N°2	5 600		5 600	

2009 Plan	5 600		5 600	
2010 Plan N°1	5 600		5 600	
2010 Plan N°2	5 600		5 600	
2015 Plan N°1 - 10 years	39 150	2 860	36 290	
2015 Plan N°2.1	5 000		5 000	
2015 Plan N°2.2	12 600	1 800	10 800	
2015 Plan Corporate officers	5 000		5 000	
2016 Plan Corporate officers	20 000	8 000	10 000	2 000
2016 Plan N°2	40 000	2 925	30 700	6 375
2017 Plan	9 500		4 750	4 750
2018 Plan N°1	2 700		675	2 025
2018 Plan N°2	19 050	1 730	4 000	13 320
2018 Plan N°3	5 600		1 400	4 200
2018 Plan N°4	5 600		1 400	4 200
2018 Plan N°5	11 600		2 900	8 700
Plan 2019 N°1	3 600			3 600
Plan 2019 N°2	33 300			33 300
Plan 2019 N°3	7 300			7 300
TOTAL	**284 400**	**19 415**	**175 215**	**89 770**

Movements in bonus shares are as follows:

Number of shares	FY 2019	FY 2018
Number of shares with ongoing vesting at the beginning of the year	75 695	62 900
Shares granted during the year	44 200	44 550
Shares vested during the year	28 825	20 400
Shares cancelled during the year	1 300	11 355
NUMBER OF SHARES WITH ONGOING VESTING AT THE END OF THE YEAR	**89 770**	**75 695**

The cost of services rendered is recognized as a payroll expense over the vesting period. This expense amounted to €0.8 million in 2019 compared to €0.9 million in 2018.

Dividends

The company has not paid out any dividends over the last three years.

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. The resources made available under the liquidity agreement with Kepler Capital Markets S.A. were increased by €200,000 on September 10, 2015 and by €250,000 on February 12, 2018.

Over the course of 2019, 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 December 31, 2019, the company had 21,544 shares and €92,681.56 allocated to the liquidity account under this agreement.

NOTE 10 Long-term financial debt

Long-term financial debt includes bank loans and repayable advances.

Bank loans in the amount of €5.5 million were obtained in 2016 to finance the purchase of the building in which the company's research center and head office are located. An additional amount of €0.3 million was released in 2017.

Between March and May 2019, the Company contracted a loan of €1.2 million to finance the development of two 450 m² floors for the analysis department, one composed of offices, the other of laboratories.

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.

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.

At end-December 2019, the amount of financial debt was €21.2 million, €18.5 million of which was long-term.

At the end of 2019, the classification as current and non-current was as follows:

In (€) thousands	Current	Non-current	Total	Bank overdrafts
Reimbursable advances	511	0	511	0
Bank Loans	713	4 757	5 470	0
IPF loan	0	13 661	13 661	0
Fair value of share subscription warrants granted to IPF	1 143	0	1 143	0
Other financial debts	270	100	369	0
TOTAL FINANCIAL DEBT	**2 637**	**18 518**	**21 154**	**0**

In (€) thousands	12/31/2019		
	Balance sheet value	Breakdown by category of instrument	
		Fair value through the income statement	Debt at amortized cost
Reimbursable advances	511		511
Banks loans	5 470		5 470
IPF loan	13 661		13 661
Fair value of share subscription warrants granted to IPF	1 143	1 143	
Other financial debts	369		369
TOTAL FINANCIAL DEBT	**21 154**	**1 143**	**20 011**

Details about advances granted and repaid in 2018:

In (€) thousands	Amount	Historical cost
VALUE AT DECEMBER 31, 2018	**496**	**520**
Long term portion	302	
Short term portion	194	

Grant during the year			
Repayment during the year		0	0
Discount on grant during the year			
Financial expenses		15	
VALUE AT DECEMBER 31, 2019		**511**	**520** (*)
	Long term portion	0	
	Short term portion	511	

(*) in € thousands	12/31/2019	Less than 1 year	1 to 5 years	More than 5 years
Avance Insuline (2012)	520	520	0	
TOTAL	**520**	**520**	**0**	

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In 2015, the Company recognized the end of the program and made the scheduled repayments in the event of commercial failure of the program over the years 2017 and 2018. An expertise commissioned by BpiFrance is planned for 2020 and should make it possible to close this file.

NOTE 11 Provisions

In (€) thousands	Employee benefits	Other long-term provisions	Provisions for risks and charges - less than one year	TOTAL
VALUE AT DECEMBER 31, 2018	**2 756**	**0**	**0**	**2 756**
Additions	367			367
Reversal of used provisions				0
Reversal of unused provisions				0
VALUE AT DECEMBER 31, 2019	**3 122**	**0**	**0**	**3 122**

Provisions consist mainly of the provision for retirement benefits. This provision was estimated based on the terms of the applicable collective agreement, i.e. collective agreement 176.

The main actuarial assumptions used to value retirement benefits are as follows:

In (€) thousands	12/31/2019	12/31/2018
Economic assumptions		
Discount rate	0.70%	1.55%
Rate of annual salary increase	5%	5%
Demographic assumptions		
Retirement age	between 62 and 67 years	between 62 and 67 years
Type of retirement	Initiated by employee	Initiated by employee
Mortality table	INSEE 13-15	INSEE 11-13
Rate of tax and social security charges	44.50%	44.50%
Annual mobility	Average or High depending on category	Average or High depending on category
Present value of obligations	3 122	2 756
Payments to a fund		
Provision recorded on the balance sheet	**3 122**	**2 756**
Past service costs for the period	399	324
Financial expense	49	33

Actuarial gains and losses	81	(156)
Annual expense	447	358

NOTE 12 Trade payables and other current liabilities

The company's current liabilities are as follows:

In (€) thousands	12/31/2019	12/31/2018
Trade payables	**5 326**	**7 546**
Subsidiary accounts	2 645	3 657
Notes payable		
Invoices pending	2 681	3 889
Other current liabilities	**3 271**	**5 084**
Customer credit balances		
Tax and social security liabilities	2 420	2 750
Other debt	23	20
Unearned income	829	2 314
TOTAL CURRENT OPERATING LIABILITIES	**8 597**	**12 630**

Trade payables reached €5.3 million as of December 31, 2019 compared to €7.5 million as of December 31, 2018 which reflects the intense activity at the end of 2018 with, mainly, the Arbitration Tribunal hearings that held in December 2018 as part of the arbitration procedure launched against Eli Lilly.

Unearned income accounted for at the end of 2019, for €0.8 million, corresponds to the short-term part of the not-yet recognized revenue from Tonhua Dongbao's upfront payment.

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

Tax and staff cost liabilities are as follows:

In (€) thousands	12/31/2019	12/31/2018
Compensation owed	966	959
Debt owed to social welfare agencies	1 196	1 311
Other tax and social security liabilities	257	480
TOTAL TAX AND SOCIAL DEBTS	**2 420**	**2 750**

Other tax and staff cost liabilities at December 31, 2018 included an accrual for the value-added contribution tax (CVAE) for €0.3 million, compared to none at the end of 2019.

NOTE 13 Other non-current liabilities

Other non-current liabilities amounted to €1 million at December 31, 2019 and include the long-term part of the unearned revenue from Tonghua Dongbao's upfront payment in April 2018.

NOTE 14 Operating profit/loss

In (€) thousands	Notes	FY 2019 (12 months)	FY 2018 (12 months)
Operating revenue		**8 134**	**53 930**
Revenue	15	2 143	47 389

Grants, research tax credits and others	16	5 992	6 541
Operating expenses		**(30 155)**	**(44 223)**
Purchases used in operations		(1 706)	(2 188)
Payroll expense	18	(13 908)	(14 807)
External expenses	17	(13 147)	(25 630)
Taxes and contributions		(235)	(553)
Dotation aux amortissements et provisions	19	(1 159)	(1 044)
Other current operating income and expenses		0	0
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES		**(22 021)**	**9 707**

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Breakdown of expenses by function:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Research and development expenses	(23 307)	(25 760)
General and administrative expenses	(6 848)	(18 463)
OPERATING EXPENSES	**(30 155)**	**(44 223)**

General and administrative expenses amounted to €6.8 million in 2019 compared to €18.5 million in 2018. This decrease of €11.6 million is mainly due to :

- the decrease of legal expenses related to the legal proceedings against Eli Lilly which were completed in the course of the year 2019, in the amount of €8.1 million. Most of the costs related to these procedures was recognized in 2018, with hearings for both parts of the arbitration procedure.
- the receipt of $4 million, , or €3.6 million, from insurance companies, triggered by the absence of a gain in the second part of the arbitration.

Research and development costs were as follows:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Purchases used in operations	(1 706)	(2 188)
Payroll expense	(8 515)	(9 142)
Share-based payments	(537)	(722)
External expenses	(11 567)	(12 567)
Taxes and contributions	(104)	(339)
Depreciation, amortization & provisions	(877)	(801)
OPERATING EXPENSES	**(23 307)**	**(25 760)**

NOTE 15 Revenue

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Research and collaborative agreements	0	0
Licencing revenues	2 143	47 389
REVENUE	**2 143**	**47 389**

In 2018, revenue resulted up to €37.1 million from the partnership and licensing agreement signed with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB) in April 2018. This agreement cover two products : BioChaperone® Lispro and BioChaperone® Combo in China and other territories.

By the end of December 2018, licensing revenues also included an amount of $11.6 million (€10.3 million) corresponding to a contractual milestone payment contested by Lilly, for which Adocia obtained a favorable arbitration judgement in August 2018. The Company received $14.3 million (€13 million) from Eli Lilly for this purpose in September 2019.

In 2019, the Company recognizes revenue of €2.1 million corresponding to a portion of the payment of $50 million (€41.1 million), received in April 2018 at the signing of the two licensing contracts with Tonghua Dongbao. These revenues, which relate to research and development services provided by Adocia to Tonghua Dongbao, are recognized using the percentage of completion method, in accordance with IFRS 15, by comparison between the costs incurred by Adocia and the total estimated budget to date over the duration of the contract.

The portion of the initial payment still to be recognized in revenue at December 31, 2019 amounts to €1.9 million and is recorded as deferred income.

NOTE 16 Other income

NOTE 16 Other income

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Research tax credit	5 861	6 368
Other	131	173
OTHER INCOME	**5 992**	**6 541**

The Research Tax Credit amounted to €5.9 million at December 31, 2019 compared to €6.5 million at December 31, 2018. This decrease is in line with the smaller amount of research and development costs recorded for the year and eligible to the tax credit.

A portion of the premises owned by Adocia was leased to companies, resulting in €0.1 million of lease income shown on the "other income" line. As of December, 31, 2019, the premises have been vacated by tenants and the Company will no longer receive revenues as a result.

NOTE 17 Other purchases and external charges

Purchases and external charges mainly consist of the company's in-vivo studies, preclinical and clinical studies, subcontracting and all its operating expenses, including the expenses for claim procedures against Eli Lilly.

NOTE 18 Payroll expense

Payroll expense was as follows:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Wages and salaries	9 402	9 473
Social contributions	3 653	3 854
Share-based payment	854	1 480
PAYROLL EXPENSE	**13 908**	**14 807**

	31/12/2019	31/12/2018
Technicians	61	58
Management personnel	77	74
STAFF	**138**	**132**

At December 31, 2019, the company had 52 postdoctoral researchers. Nearly 80% of employees are directly assigned to research and development activities.

NOTE 19 Depreciation, amortization and impairment

Net depreciation, amortization and provisions were as follows:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Depreciation, amortization and provisions for fixed assets	**1 161**	**1 038**
Depreciation of property, plant and equipment	823	768
Amortization of intangible assets	25	20
Depreciation of leased assets	314	250
Depreciation, amortization and provisions for fixed assets	**(2)**	**6**
Provisions for current assets (additions)	(2)	6
DEPRECIATION, AMOTIZATION AND IMPAIRMENT	**1 159**	**1 044**

NOTE 20 Financial income/expense

The cost of net financial debt was as follows:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
Cost of net financial debt	**170**	**1 510**
Cash and cash equivalents income	809	1 659
Interest on conditional advances	(416)	(149)
Fair value revaluation of IPF's share subscription warrants	(223)	
Foreign exchange gains and losses	**238**	**574**
Other financial income and expenses	**47**	**(33)**
FINANCIAL INCOME (LOSS)	**455**	**2 051**

The financial income of €0.5 million is mainly due to the interests awarded by the Arbitration Tribunal in the first phase of the arbitration procedure initiated by Adocia against Lilly. They amounted to €0.8 million for the period from January 1, 2019 until the date of settlement by Eli Lilly in September 2019 (versus €1.6 million in accrued interest at the end of December 2018).

The revaluation, at 31 December 2019, of the warrants granted to IPF Fund II in the context of the bond issue subscribed in October and December 2019 led to the recognition of a financial expense of €0.2 million. The subscription of this loan also explains the increase in interest on loans and conditional advances, which reached €0.4 million at the end of 2019 compared to €0.1 million at the end of 2018.

Exchange rates had a positive impact of €0.2 million

NOTE 21 Corporation tax

The Company was successful in its claim for corporate income tax relating to 2014 and the tax treatment of the initial payment under the contract signed with Eli Lilly. In September 2019, it received a total of €3.4 million, including €0.1 million in interest on arrears. As a result, the Company cancelled its carry-back receivable of €0.3 million and recognized a tax profit of €3 million.

In 2019, the Company recognized a tax loss of €26.7 million.

The amount of carryforward tax losses amounted to €136.4 million. This carryforward loss is not limited in time. Since the company cannot determine with sufficient reliability when it will be able to absorb its accumulated tax loss, it did not recognize a deferred tax asset for this loss.

The difference between pre-tax profit/loss and the actual tax expense in the consolidated financial statements under IFRS is shown below:

In (€) thousands	FY 2019 (12 months)	FY 2018 (12 months)
PROFIT (LOSS) BEFORE TAX	**(21 566)**	**11 758**
National tax at the period standard rate	6 686	(4 048)
Permanent differences	4 510	11 512
Uncapitalized tax loss adjusted for deferred tax	(8 232)	(11 607)
ACTUAL TAX EXPENSE	**2 963**	**(4 144)**

NOTE 22 Earnings per share

	FY 2019 (12 months)	FY 2018 (12 months)
CONSOLIDATED NET PROFIT / LOSS (in euros thousands)	**(18 603)**	**7 615**
Average number of shares	6 939 148	6 916 270
NET EARNINGS (LOSS) PER SHARE (in euros)	**(2,7)**	**1,1**
NET EARNINGS (LOSS) PER SHARE FULY DILUTED (in euros)	**(2,7)**	**1,0**

NOTE 23 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	FY 2019 (12 months)	FY 2018 (12 months)
Short-term benefits	939	1 035
Posterior employment benefits	95	107
Share-based payment	(14)	517
TOTAL COMPENSATION PAID TO CORPORATE OFFICERS	**1 020**	**1 658**

NOTE 24 Financial risk management objectives and policies

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The company's strategy is to enter into agreements denominated in euros, because its expenditures are also largely denominated in euros.

However, as a result of the partnership and licensing agreement signed with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB) to develop, manufacture, and commercialize BioChaperone® Lispro and BioChaperone® Combo in China and other territories in Asia and the Middle-East, a major part of the company's revenues, in addition to the upfront payment received in connection with that agreement, were denominated in US dollars. As a result, the company was exposed to risk in relation to fluctuations in the euro-US dollar exchange rate, as it had been during the collaborative and licensing agreements with Eli Lilly, between December 2011 and July 2013 and between December 2014 and January 2017.

If the Company were to enter into additional licensing and collaboration agreements with U.S. pharmaceutical groups, it could be exposed to additional Euro-US dollar exchange rate risk.

Significant growth in the company's business may create more exposure to foreign exchange risk. In that case, the company will consider adopting a new policy appropriate to hedging this risk, such as currency hedging transactions and the purchase of foreign exchange forward contracts.

Credit risk

The receivables related to government grants and the research tax credit pose a credit risk that is considered immaterial in light of the company's history.

Credit risk related to cash, cash equivalents and current financial instruments is immaterial given the quality of the contracting financial institutions.

Regarding its customers, the company believes it is not very exposed to credit risk given the types of customers with whom it has partnership agreements (large global pharmaceutical companies). Furthermore, it has implemented policies that ensure that its customers have an appropriate level of credit risk.

Liquidity risk

The company obtains financing under a policy implemented by the Finance Department.

The structure of the company's financing is based primarily on equity, the use of public financing (Bpifrance Financement – ex OSEO) and an initial public offering.

Interest rate risk

In 2016, the company took out a loan from two banks to finance the acquisition of the building in which its research center and headquarters are located. Between March and May 2019, the Company contracted a bank loan of €1.2 million to finance the development of two 450 m² floors, one consisting of offices and the other of laboratories.

These loan contracts were negotiated at a fixed rate.

The bond loan contracted with IPF Fund II generates two types of interest: interest to be repaid quarterly and capitalized interest to be repaid *in fine*. The applicable interest rates are indexed to Euribor (with a minimum set at 0%).

The company is exposed to changes in interest rates in the course of managing its cash and cash equivalents. The company's cash and cash equivalents totaled close to €40 million at December 31, 2018 and close to €44 million at December 31, 2019. This item includes term deposits, accounts that pay fixed interest and investments in money market mutual funds. The company's policy is to invest exclusively in liquid products with no capital risk.

The company strives to reduce the credit risk to which its cash and cash equivalents are exposed by monitoring the quality of the financial institutions to which it entrusts its investments.

The company has no guarantee that it will obtain the same interest rates when it renews its time-deposit accounts at maturity.

Equity risk

The company has no non-consolidated holdings or investment securities tradable on a regulated market.

NOTE 25 Off-balance sheet commitments

When obtaining the loans used to purchase the building and parking spaces, the company provided the following guarantees:

- a lender's lien and subrogation in the seller's lien for the purchase amount of the building,
- a mortgage on the construction budget,
- a mortgage on the building

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

- a pledge under French law of the Company's bank accounts and securities accounts,
- a pledge of the Company's main intellectual property rights (Core IP) registered in France, Europe, the United States and China secured by the conclusion of a deed of pledge of patents under French law, a deed of pledge under New York State law and a deed of pledge under Chinese law on the following patent families:
    - FAST Insulin (BC lispro and HinsBet): WO2014076423
    - Combination of basal insulin, especially insulin glargine, and prandial insulin : WO2019110773
    - Combination of prandial insulin and prandial glucagon suppressor : WO2019020820
- a pledge of the Company's trade receivables secured by the conclusion of a deed of pledge of Receivables under French law,

being specified that the creation of additional securities may in the future be required by IPF Fund II, in particular on inventory with a value of more than €250,000 and 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, transfer of ownership of the pledged assets to IPF Fund II.

NOTE 26 Events subsequent to year end

Since its emergence in China in December 2019, the coronavirus called "Covid-19" has spread worldwide, leading the World Health Organization to declare a global pandemic situation in March 2020. As of the date of this document, containment measures have been put in place in France and in several countries around the world.

If the situation were to persist, the impact of the disease and the containment measures adopted could seriously disrupt the development of the research programs developed by the Company and impact the progress of the BC lispro and BC Combo projects licensed in Tonghua Dongbao.

The potential impacts of such a development are detailed in paragraph 1.4.1.3 of this universal registration document.

In a context of a crisis that could persist, the Company cannot be certain that its research program, including pre-clinical and clinical studies, can be conducted under the conditions and time schedule set if one or more of the risks detailed in paragraph 1.4.1.3 of this document of universal registration was to materialize.

The materialization of these risks could also have a downward impact on the Company's projected level of expenses, as well as on expected revenues from collaborations, which are difficult to quantify precisely at the date of this document.

Finally, the Company contacted its banking and regional partners to benefit from the measures announced by the government to support businesses in this exceptional context.

4.2 Statutory auditors' report on the consolidated financial statements

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Adocia

Year ended December 31, 2019

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Adocia,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Adocia for the year ended December 31, 2019. These consolidated financial statements were approved by the Board of Directors, on March 12, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

- **Audit Framework**

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

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

■ **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

■ **Going concern**

Risk identified	Our response
Fiscal year 2018 ended with a profit of MEUR 7.6 and an increase in cash of MEUR 5.1 over the year. At 2019 year-end, your Group had negative reserves of MEUR 32.8 and a loss of MEUR 18.6 but an increase in cash of MEUR 3.9 (closing cash amounted to MEUR 43.7). As indicated in Note 4.1.6.1 to the consolidated financial statements, the Company obtained, on October 11, 2019, a bond financing line to finance its growth. This financing line was subscribed in two tranches for a total amount of MEUR 15, collected for half in October and then in December 2019. In addition, the arbitration litigation initiated by your Company against Eli Lilly & Company ended in 2019. The first part of this arbitration, in favor of your Company, generated MUSD 14 million in cash. In this context, and as set out in the "Basis of preparation of financial statements" section of Note 4.1.6.2 to the consolidated financial statements, the going concern principle was adopted when the accounts were approved due to the possibility of anticipating the collection of the research tax credit and of re-prioritizing operational expenses if necessary.	As part of our audit of the consolidated financial statements, we familiarized ourselves with the financial statement forecasts presented to the Board of Directors and analyzed the detailed cash flow forecasts prepared by the General Management for the period from January 1, 2020 to June 30, 2021. Our analyses consisted in: ► assessing the consistency of the forecasts with the historical data; ► evaluating the assumptions used by Management; ► for a selection of planned outflows in respect of external expenditures for which your Company made contractual commitments, reconciling the amounts applied with the agreements concerned; ► for a selection of outflows relating to external expenses on studies for which your Company has not yet entered into agreements with suppliers, comparing the amounts applied with the data underlying the budgets approved by your Board of Directors and with the historical data relating to studies of the same type, to assess the frequency of invoicing;

We considered the application of this principle to be a key audit matter as it is based on cash flow forecasts, which present a risk of not being achieved.	▶ analyzing the main data and assumptions (personnel expenses, external and internal expenditures) on which your Company's calculation of the research tax credit is based, and the expected date on which it will be received. Lastly, we assessed whether the information provided in note 4.1.6.1 "Information about the company" and in the section "Basis of preparation of the financial statements" in Note 4.1.6.2 o to the consolidated financial statements was representative of your Company's situation.

■ Treatment of the IPF bond loan in the IFRS framework

Risk identified	Our response
In October 2019, your Company announced by press release that it had obtained a financing line from IPF Partners. This financing line concerns the issue, in two equal parts, of a bond loan for a total amount of MEUR 15. The first tranche, amounting to MEUR 7.5, was subscribed last October and the second, of the same amount, in December of the same year. A warrant is attached to each bond ("BSA"). Also, the exercise of the total of 7,500,000 warrants issued for each tranche would give right to a number of shares for a total fixed amount of MEUR 1,125 per slice. As described in Note 4.1.6.2 to the consolidated financial statements, your Company considered that these share subscription warrants must be qualified as passive derivative instruments according to IFRS 32.16b.ii. In this framework, they are thus recorded at their initial fair value, as a reduction in the initial fair value of the debt, and will be reassessed at each closing date. We considered this subject as a key point of the audit because of the level of judgment required to assess the accounting treatment of these warrants and their fair value evaluation.	As part of our audit of the financial statements, our work mainly consisted in: ▶ familiarizing ourselves with the analysis issued by your Company concerning these share subscription warrants, of the corresponding documentation and examining, if necessary, the written consultations of external counsel; ▶ assessing the assumptions used by Management to justify their accounting treatment and their valuation; ▶ examining the appropriateness of the information relating to this risk presented in the Notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors management report, as approved on March 12, 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

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

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Report on Other Legal and Regulatory Requirements

- Appointment of the Statutory Auditors

We were appointed as statutory auditors of Adocia by Decision of the Sole Shareholder on December 10, 2011 for ODICEO and by your Annual General Meeting held on October 24, 2011 for ERNST & YOUNG et Autres.

As at December 31, 2019, ODICEO and ERNST & YOUNG et Autres were in the ninth year of total uninterrupted engagement, which is the eighth year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

■ Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Villeurbanne and Lyon, April 21, 2020

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Agnès Lamoine	Mohamed Mabrouk

4.3 Corporate annual financial statements

4.3.1 Balance sheet, French GAAP

In € thousands French gaap	12/31/2019	12/31/2018
Intangible assets - Gross amount	169	157
(Cumulated depreciation and amortization)	(121)	(92)
Intangible assets - Net amount	48	**65**
Tangible fixed assets	0	
Lands	2 441	2 207
Constructions	4 275	4 275
Fixtures & fittings, industrial equipement	2 244	2 545
Other tangible fixed assets	5 172	3 127
Construction work in progress	106	699
Total tangible fixed assets	14 239	12 853
(Cumulated depreciation and amortization)	(5 058)	(4 522)
Total tangible fixed assets - Net amount	9 181	**8 330**
Fiancial assets - Net amount	315	**344**
Long term assets	**9 544**	**8 739**
Inventory and work in progress	**181**	**131**
Receivables		
Advance payments made on orders	62	57
Trade and similar receivables	360	3
Other receivables	7 159	19 907
Total receivables	**7 581**	**19 966**
Cash assets and miscellaneous		
Short-term investment securities	4 077	7 057
Cash assets	39 499	32 725
Pre-paid expenses	765	952
Total Cash assets and Miscellaneousm	**44 341**	**40 734**
Current assets	**52 104**	**60 832**
Translation losses	35	31
TOTAL ASSETS	**61 682**	**69 602**

In € thousands French gaap	12/31/2019	12/31/2018
Paid-up capital	696	693
Additional paid-in capital	79 621	79 624
Balance brought forward	(32 031)	(41 454)
Profit.loss for the year	(17 652)	9 423
Equity	**30 634**	**48 286**
Conditional advances	**520**	**520**
Provisions for risks and charges	**35**	**31**
Loans and debt with credit institutions	20 532	6 174
Misc.loans and financial debt	2	12
Total financial debt	**20 534**	**6 185**
Trade and similar payables	5 651	7 741
Tax and social security liabilities	2 395	2 729
Debt on fixed assets and similar accounts	16	79
Other debt	23	20
Total miscellaneous debt	**8 085**	**10 570**
Unearned income	**1 869**	**4 007**
Translation gain	**5**	**3**
TOTAL LIABILITIES	**61 682**	**69 602**

4.3.2 Income statement, French GAAP

In € thousands French gaap	FY 2019 (12 months)	FY 2018 (12 months)
Net revenue	2 622	47 562
Reversals of depr./amort.and prov., transfers of charges	3 858	204
Other income	17	261
Operating income	**6 498**	**48 028**
Purchase of raw materials ans other supplies (incl. change in inventory)	(1 706)	(2 188)
Other purchases and external charges	(18 626)	(26 724)
Taxes and similar payments	(235)	(553)
Wages and salaries	(8 659)	(8 682)
Social contributions	(3 555)	(3 740)
Depreciation and provisions for fixed assets	(866)	(788)
Provisions for current assets	2	(6)
Other operating expenses	(99)	(220)
Operating expenses	**(33 744)**	**(42 901)**
Operating profit / loss	**(27 246)**	**5 126**
Financial profit / loss	**750**	**2 104**
Profit / loss from ordinary activities before tax	**(26 496)**	**7 230**
Extraordinary profit / loss	**4**	**(49)**
Income tax	8 840	2 242
PROFIT / LOSS	**(17 652)**	**9 423**

4.3.3 Notes to the corporate annual financial statements

4.3.3.1 Accounting rules and methods

(Decree 83-1020 of 11/29/1983 – Articles 7, 21, 24 beginning, 24-1, 24-2 and 24-3)

The total balance sheet before allocation for the fiscal year ended December 31, 2019 was €61.7 million.

The net accounting loss was €17.7 million.

The following notes and tables form an integral part of the annual financial statements, which were approved by the Board of Directors on March 12, 2020.

The financial statements were prepared in accordance with:

- the 1999 General Chart of Accounts approved by the ministerial order of June 22, 1999
- Law 83 353 of April 30, 1983
- Decree 83 1020 of November 29, 1983
- accounting regulations:
    - 2000-06 and 2003-07 on liabilities
    - 2002-10 on depreciation, amortization and impairment of assets
    - 2004-06 on the definition, recognition and valuation of assets
    - 2015-05 on foreign exchange gains and losses.

General accounting conventions have been applied based on the principle of conservatism in accordance with the following basic assumptions:

- going concern,
- consistency of the accounting methods used from one year to the next,
- independence of fiscal years, and

in accordance with the general rules regarding the preparation and presentation of annual financial statements.

To prepare its financial statements, the company used the going concern assumption.

The possibility of anticipating the collection of the research tax credit and of prioritizing operational expenses, if this proves to be necessary, allows the Company to finance a redefined operational plan and thus to meet its financial commitments at least in the 12 coming months.

The basic method used to determine the value of the items accounted for is the historical cost method.

▪ Intangible assets

Start-up costs were capitalized and amortized over a three-year period.

Research and development costs are not capitalized and are recorded as expenses in the company's income statement.

▪ Property, plant and equipment

Tangible fixed assets are recorded at their acquisition cost (purchase price and incidental expenses).

The company took advantage of the leeway offered and opted to depreciate assets that cannot be broken down into components based on their useful lives.

The company has no assets that can be broken down into components.

Depreciation is calculated on a straight-line basis according to the expected useful life:

Type of asset	Useful life
Software	3 to 5 years
Land development	10 years
Buildings	20 years
Technical installations	3 to 5 years (used – new)
Fixture and fittings	7 to 10 years
Office equipment	3 to 5 years
Furniture	5 years

Other purchases of property, plant and equipment correspond to the acquisition of land, for which no impairment was recorded.

▪ Equity holdings and other long-term investments

As of the filing date of this registration document, the company had a subsidiary in the United States called Adocia Inc. which employs two people: a medical director and a marketing director.

The subsidiary's share capital is $1 and is composed of 100 shares, all of which are owned by Adocia.

▪ Short-term investment securities

The company invests its funds in short-term investment securities (money market mutual funds) measured at their acquisition cost. It has also invested a portion of its liquidity in short-term term deposits at a guaranteed fixed rate.

At the end of fiscal year 2019, the unrealized capital gain on these investments was €43 thousand.

▪ Inventories

Inventories are measured using the "first-in first-out" method. They may be impaired if the expiration date has passed and/or if the project to which they refer was discontinued by the company and considered a failure.

▪ Tax Credit for Employment Competitiveness

The Tax Credit for Employment Competitiveness was €0.1 million in 2018 and remained stable compared to 2017. This amount is recognized as a deduction from payroll expense.

▪ Revenue

In 2018, revenue resulted up to €37.1 million from the partnership and licensing agreement signed with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB) in April 2018. This agreement cover two products : BioChaperone® Lispro and BioChaperone® Combo in China and other territories.

By the end of December 2018, licensing revenues also included an amount of $11.6 million (€10.3 million) corresponding to a contractual milestone payment contested by Lilly, for which Adocia obtained a favorable arbitration judgement in August 2018. The Company received $14.3 million (€13 million) from Eli Lilly for this purpose in September 2019.

In 2019, the Company recognizes revenue of €2.1 million corresponding to a portion of the payment of $50 million (€41.1 million), received in April 2018 at the signing of the two licensing contracts with Tonghua Dongbao. These revenues, which relate to research and development services provided by Adocia to Tonghua Dongbao, are recognized using the percentage of completion method by comparison between the costs incurred by Adocia and the total estimated budget to date over the duration of the contract.

The portion of the initial payment still to be recognized in revenue at December 31, 2019 amounts to €1.9 million and is recorded as deferred income.

The Company also re-invoiced Tonghua Dongbao in December 2019 for a toxicology study for an amount of €0.3 million.

- Change in methods

None.

4.3.3.2 Highlights of the fiscal year

In 2019, Adocia continued **the development activities of the two licensed products** BioChaperone Lispro and BioChaperone Combo with its Chinese partner, Tonghua Dongbao (THDB), in order to support the planned Phase 3 programs in China for both programs.

The Company also continued to **develop its other projects** independently, particularly M1 PRAM (ADO09), a combination of prandial insulin with pramlintide. ADO09 was developed to improve postprandial glycemic control and long-term effects for people requiring treatment with prandial insulin, by allowing the combination of two complementary and synergistic hormones, pramlintide (an amylin analog) and prandial insulin.

In April 2019, Adocia announced the first positive clinical results of M1 PRAM (ADO09), obtained in a study of people with type 1 diabetes. In this study, the treatment with M1 PRAM (ADO09) resulted in a significant 85% reduction of the glycemic excursions during the first two hours after the meal, compared to a treatment with Humalog® (lispro insulin, p <0.0001) and led to a postprandial glycemic control similar to that of separate injections with Humulin® (human insulin) and Symlin® (pramlintide).

Following these very encouraging clinical results, the Company launched in June 2019 a new Phase 1b clinical study to assess the safety and efficacy of M1 PRAM (ADO09) in subjects with type 1 diabetes over a 24-day treatment period. The study results are expected in the first quarter of 2020.

From a financial perspective, the Company obtained a bond issue from IPF Fund II to finance its growth in October 2019.

The IPF loan consists in the issue, in two equal tranches, of a total number of 15 million bonds, to each of which is attached a share subscription warrant (BSA), for a maximum amount of bond issue in principal of €15 million. The first tranche (Tranche A), amounting to €7.5 million, was subscribed on October 11, 2019, at the signing of the contract. The second tranche (Tranche B) was subscribed on December 10, 2019.

In terms of the organization, Adocia announced the departure of Dr. Rémi Soula, Director of Business Development and Legal Affairs to pursue other professional objectives. As a co-founder of Adocia, Rémi Soula contributed with talent and energy to the development of the company for 14 years.

Finally, **from a legal point of view**, 2019 was marked by the conclusion of legal proceedings initiated against Eli Lilly & Company in October 2017.

In August 2019, the Court of the American Arbitration Association (AAA) dismissed additional claims submitted by Adocia, valued at approximately $1.3 billion, for Eli Lilly's appropriation and misuse of confidential information and discoveries belonging to Adocia, as well as for the violation by Eli Lilly of several collaboration and confidentiality agreements. Eli Lilly's counterclaims, which totaled $188 million, were also dismissed by the Tribunal. On September 30, 2019, Adocia announced that it had received payment of $14.3 million from Eli Lilly corresponding to the $11.6 million in damages, plus interest, which had been awarded to Adocia in August 2018 by the AAA, as payment for a contractual milestone payment disputed by Eli Lilly.

In September 2019, Adocia and Eli Lilly jointly filed a consent judgment to conclude the civil litigation initiated by Eli Lilly at the Court of the Southern District of Indiana in October 2018. The consent judgment was registered by this very same Court on October 6, 2019, each party bearing its own legal fees and costs, with no other financial consequence.

Arbitration proceedings and civil action in the District Court of the Southern District of Indiana are concluded and final.

4.3.3.3 Notes to the financial statements, French GAAP

Summary of notes

4

NOTE 1 Intangible assets

	12/31/2018	Acquisitions, contributions, creation, transfers	Decreases	12/31/2019
Start-up and development costs	11			11
Other intangible assets	146	11	0	157
GROSS AMOUNT	**157**	**11**	**0**	**169**
Start-up and development costs	(11)			(11)
Other intangible assets	(81)	(29)	0	(110)
DEPRECIATION / AMORTIZATION	**(92)**	**(29)**	**0**	**(121)**
Start-up and development costs	0			0
Other intangible assets	65	(18)		48
NET AMOUNT	**65**	**(18)**	**0**	**48**

NOTE 2 Property, plant and equipment

	12/31/2018	Acquisitions, contributions, creation, transfers	Decreases	12/31/2019
Lands	2 032	0	0	2 032
Land development	175	234	0	409
Buildings	4 275	0	0	4 275
Laboratory equipment	2 545	20	(321)	2 244
Fixtures and facilities	1 765	1 928	(37)	3 656
Furniture, office equipment	1 362	324	(169)	1 516
Advances and payment on account	698	(561)	(31)	106
GROSS AMOUNT	**12 853**	**1 945**	**(558)**	**14 239**
Lands	0	0	0	0
Land development	18	28	0	46
Buildings	550	214	0	764
Laboratory equipment	2 049	130	(164)	2 015
Fixtures and facilities	925	200	(3)	1 122
Furniture, office equipment	980	265	(134)	1 111
DEPRECIATION / AMORTIZATION	**4 522**	**836**	**(300)**	**5 058**

Lands	2 032	0	0	2 032
Land development	157	206	0	363
Buildings	3 725	(214)	0	3 511
Laboratory equipment	496	(110)	(157)	229
Fixtures and facilities	840	1 728	(34)	2 534
Furniture, office equipment	382	59	(36)	405
Advances and payment on account	698	(561)	(31)	106
NET AMOUNT	**8 331**	**1 109**	**(258)**	**9 181**

NOTE 3 Receivables and debts

Receivables *In € thousands French gaap*	**Gross amount**	**Up to 1 year**	**1 year or more**
Long-term financials assets	**315**		**315**
Other trade receivables	360	360	
Social security and other social agencies	17	17	
Government - Income tax (including CICE et CIR)	5 894	5 894	
Government - Value added tax	791	791	
Miscellaneous debtors	519	519	
Current assets	**7 581**	**7 581**	
Pre-paid expenses	**765**	**765**	
TOTAL	**8 662**	**8 347**	**315**

Debts *In € thousands French gaap*	**Gross amount**	**Up to 1 year**	**1 year or more**
Loans and debt with credit institutions	20 532	1 088	19 443
Miscellaneous loans and financial debt	2	2	
Financial debts	**20 534**	**1 090**	**19 443**
Trade and similar payables	5 307	5 307	
Staff and similar accounts	942	942	
Social security and other agencies	1 196	1 196	
Value added tax	1	1	
Other taxes and similar	256	256	
Debt on fixed assets and similar accounts*	16	16	
Group and partners	344	344	
Other debt	23	23	
Miscellaneous debt	**8 085**	**8 085**	
Unearned income	**1 869**	**829**	**1 040**
TOTAL GENERAL	**30 488**	**10 005**	**20 484**

NOTE 4 Accrued expenses

In € thousands French gaap	**12/31/2019**	**12/31/2018**
Trade and similar payables	2 681	3 889

Tax and social security liabilities	1 471	1 845
TOTAL	**4 152**	**5 734**

NOTE 5 Revenue accruals

In € thousands French gaap	12/31/2019	12/31/2018
Trade and similar receivables	0	3
Government	33	85
Other receivables	536	262
Cash assets	0	0
TOTAL	**568**	**350**

NOTE 6 Prepaid expenses and unearned income

In € thousands French gaap	12/31/2019	12/31/2018
Operating income or expense	(1 104)	(3 055)
Financial income or expense		
Extraordinary income or expense		
TOTAL	**(1 104)**	**(3 055)**

NOTE 7 Share capital structure

	As of January 1st, 2019	Capital increase (in euros)	As of December 31st, 2019	Share capital (in euros)
Common shares	6 931 244	28 825	6 960 069	696 007

NOTE 8 Workforce

	12/31/2019	12/31/2018
Technicians	61	58
Management personnel	75	72
Total employees	**136**	**130**

NOTE 9 Repayable advances and Bpifrance grants

Bpifrance (ex-OSEO Innovation) agreement of April 25, 2012

As part of the Insulin project, the company signed an agreement with Bpifrance Financement on April 25, 2012 under which it received a repayable advance totaling €0.8 million for the development of a fast-acting "human" insulin formulation and the Phase 2a clinical trial. After fulfilling all the technical and financial conditions, the company received the full amount of this repayable assistance on April 30, 2012.

In the event of commercial failure of the program, even partial, given the nature of the work carried out as part of the Rapid Human Insulin project, the Company has committed to reimburse OSEO a minimum sum of €280,000, corresponding to the 2017 and 2018 deadlines.

In 2015, the Company recognized the end of the program and made the scheduled repayments in the event of commercial failure of the program over the years 2017 and 2018. An expertise commissioned by BpiFrance is planned for 2020 and should make it possible to close this file.

NOTE 10 Income statement

The Company's revenue of €2.6 million mostly results from:

- the contracts signed with Tonghua Dongbao in April 2018, for €2.1 million,
- the re-invoicing to Tonghua Dongbao, in December 2019, of a toxicology study for an amount of 0.3 million euros.

In € thousands French gaap	FY 2019 (12 months)	FY 2018 (12 months)
Net revenue	2 622	47 562
Reversals of depr./amort.and prov., transfers of charges	3 858	204
Other income	17	261
Operating income	**6 498**	**48 028**

Operating expenses totaled €33.7 million compared to €42.9 million in 2018 and included the following items:

In € thousands French gaap	FY 2019 (12 months)	FY 2018 (12 months)
Purchase of raw materials ans other supplies	(1 706)	(2 188)
Other purchases and external charges	(18 626)	(26 724)
Taxes and similar payments	(235)	(553)
Payroll expense	(12 214)	(12 422)
Depreciation and provisions	(863)	(795)
Other operating expenses	(99)	(220)
Operating expenses	**(33 744)**	**(42 901)**

There was an operating loss of €27.2 million versus a profit of €5.1 million the previous year.

A net financial profit of €0.8 million was recorded in 2019 compared to a profit of €2.1 million the previous year. It is mainly due to the interests awarded by the Arbitration Tribunal in the first phase of the arbitration procedure initiated by Adocia against Lilly. They amounted to €0.8 million for the period from January 1, 2019 until the date of settlement by Eli Lilly in September 2019 (versus €1.6 million in accrued interest at the end of December 2018).

As a result, there was a pre-tax loss on ordinary activities of €26.5 million versus a profit of €7.2 million the previous year.

The Company was successful in its claim for corporate income tax relating to 2014 and the tax treatment of the initial payment under the contract signed with Eli Lilly. In September 2019, it received a total of €3.4 million. As a result, the Company cancelled its carry-back receivable of €0.3 million.

After taking into account this tax profit and the Research Tax Credit of €5.9 million, fiscal year 2019 ended with a net loss after tax of €17.7 million compared to a profit of €9.4 million the previous year.

NOTE 11 Balance sheet

Assets

Non-current assets amounted to €9.5 million at December 31, 2019 compared to €8.7 million at December 31, 2018. The net increase of €0.8 million resulted primarily from the restructuring works on two floors of 450 m² each, mainly dedicated to the Analytical Department, for an amount of €1.4 million at 31 December 2018. This amount was partially offset by the amortization of the period.

Current assets totaled €52.1 million compared to €60.8 million a year earlier. They consisted of the following items:

- "Cash and cash equivalents" rose from €39.8 million at December 31, 2018 to €43.6 million at December 31, 2019. The €3.8 million in cash improvement during the year reflects mostly (i) the subscription of a bond issue with IPF Fund II for a total amount of 15 million euros, (ii) the collection of $14.3 million (€13 million) from Eli Lilly in connection with the first part of the arbitration proceedings completed in September 2019, (iii) a level of expenses similar to last year, after restatement of expenses related to the legal proceedings against Eli Lilly.
- The "other receivables" item amounted to €7.2 million at December 31, 2019 compared to €19.9 million a year earlier. It includes receivables from the government, such as the Research Tax Credit (CIR) for the year in the amount of €5.9 million, the VAT credit and credit notes receivable from suppliers. It also included, at the end of 2018, the €11.9 receivable related to the first part of the arbitration proceedings initiated by Adocia against Eli Lilly.

In accordance with Article L. 441-6-1 of the French Commercial Code, invoices issued for which payment was in arrears on the balance sheet date were as follows:

***Receivables** in € thousands*	**Invoices received with passed due date but not paid at the end of the year**				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
(A) Periods of payment delay					
Number of concerned invoices	1 (*)	0	1 (*)	0	2
Total amount of concerned invoices, tax included	352	0	8	0	360
Percentage of the turnover of the year, tax included	13%	0%	0%	0%	14%
(B) Invoices excluded from (A) due to contentious or unrecognized debts and receivables					
Number of invoices excluded			0		
Total amount of invoices excluded, tax included			0		
(C) Standard payment delay used					
Payment term used to calculate the payment delay	Contract term : upon invoice reception				

(*) Invoices issued and outstanding at December 31, 2019 were paid during the first quarter of 2020.

Prepaid expenses amounted to €0.8 million in 2019 compared to €1 million a year earlier.

Liabilities

The company's **equity** totaled €30.6 million compared to €48.2 million a year earlier. Share capital amounted to €696,007 at December 31, 2019 versus €693,124 at the end of the previous year. The share premium of €79.6 million at the end of 2019 was stable compared to 2018.

At the end of 2019, carryforward losses totaled €32 million compared to €41.5 million at the end of 2018, with the difference coming from the allocation of the €9.4 million profit of the fiscal year closed end of 2018.

The conditional advances were stable at €0.5 million at December 31, 2019 (see note 9 on repayable advances).

The company's debt position based on business volume and complexity

Financial debt totaled €20.5 million at end-December 2019, increasing by €14.3 million compared to December 31, 2018. This increase results from the subscription of the bond issue with IPF Fund II for a total amount of €15 million.

"Tax and staff cost liabilities" amounted to €2.4 million, decreasing by €0.3 million compared to the previous year. This is explained by the recognition, at December 31, 2018, of a provision of €0.3 million for the value-added contribution tax (CVAE). Given the loss recorded in 2019, no provision was recorded at December 31, 2019.

"Trade payables" totaled €5.7 million compared to €7.7 million at end-December 2018, which reflects the intense activity at the end of 2018 with, mainly, the Arbitration Tribunal hearings that held in December 2018 as part of the arbitration procedure launched against Eli Lilly.

In accordance with Article L. 441-6-1 of the French Commercial Code, invoices received for which payment was in arrears on the balance sheet date were as follows:

	Invoices received with passed due date but not paid at the end of the year				
***Debts** in € thousands*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
(A) Periods of payment delay					
Number of concerned invoices	20	4	6	1	31
Total amount of concerned invoices, tax included	64	13	32	2	112
Percentage of total puchases amount for the year, tax included	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) due to contentious or unrecognized debts and receivables					
Number of invoices excluded	30				
Total amount of invoices excluded, tax included	545				
(C) Standard payment delay used					
Payment term used to calculate the payment delay	Contract term : depending on the supplier, upon invoice reception, within 30 days, within 45 days, etc.				

4.3.3.4 Proposed allocation of losses for fiscal year 2019

A proposal is made to allocate the loss for the fiscal year ended December 31, 2019 in the amount of €17,651,813.09 to retained earnings.

As a reminder, the company did not paid out dividends over the last three years.

4.3.3.5 Non-tax-deductible expenses

In accordance with Article 223 (4) of the French General Tax Code (Code Général des Impôts), the company did not incur any luxury expenditure and non-deductible expense referred to in Article 39-4 of this code for the fiscal year ended December 31, 2019.

4.3.3.6 Off-balance sheet commitments

Retirement obligation

The company decided not to recognize a provision for its retirement obligations.

However, it chose to quantify these obligations in the financial statements prepared under IFRS in the amount of €3.1 million at December 31, 2019 compared to €2.7 million at December 31, 2018. (See note 11 to the consolidated financial statements prepared under IFRS in section 4.16 of this registration document

Signing of financial leases

The company owns several assets financed through leasing. At the end of December 2019, it had six agreements. These agreements cover equipment for which the total acquisition cost is €1.2 million. Three of the agreements have a financing term of four years (€0.8 million) and the three other agreements have a financing term of three years (€0.4 million). Four agreements will expire in 2020.

Guarantees provided

When obtaining the loans used to purchase the building and parking spaces, the company provided the following guarantees:

- a lender's lien and subrogation in the seller's lien for the purchase amount of the building,
- a mortgage on the construction budget,
- a mortgage on the building

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

- a pledge under French law of the Company's bank accounts and securities accounts,
- a pledge of the Company's main intellectual property rights (Core IP) registered in France, Europe, the United States and China secured by the conclusion of a deed of pledge of patents under French law, a deed of pledge under New York State law and a deed of pledge under Chinese law on the following patent families:
    - FAST Insulin (BC lispro and HinsBet): WO2014076423
    - Combination of basal insulin, especially insulin glargine, and prandial insulin : WO2019110773
    - Combination of prandial insulin and prandial glucagon suppressor : WO2019020820
- a pledge of the Company's trade receivables secured by the conclusion of a deed of pledge of Receivables under French law,

being specified that the creation of additional securities may in the future be required by IPF Fund II, in particular on inventory with a value of more than €250,000 and 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, transfer of ownership of the pledged assets to IPF Fund II.

Bonus shares, ordinary stock warrants and start-up company stock warrants

Information regarding grants of bonus shares, start-up company stock warrants, stock options and ordinary stock warrants is provided in section 5.1.5 of this universal registration document.

4.3.3.7 Statutory auditors' fees

The table below shows the statutory auditors' fees paid by the company over the last two years:

	Ernst & Young		Odicéo	
In € thousands French gaap	**FY 2019 (12 months)**	**FY 2018 (12 months)**	**FY 2019 (12 months)**	**FY 2018 (12 months)**
Statutory auditor services, certification, review of individual and consolidated financial statements	46	43	39	43
Other services and due diligence directly related to the statutory audit assignement				
Subtotal audit services	**46**	**43**	**39**	**43**
Tax services				
Other services				
Subtotal other services	**0**	**0**	**0**	**0**
TOTAL	**46**	**43**	**39**	**43**

4.3.3.8 Events subsequent to year end

Since its emergence in China in December 2019, the coronavirus called "Covid-19" has spread worldwide, leading the World Health Organization to declare a global pandemic situation in March 2020. As of the date of this document, containment measures have been put in place in France and in several countries around the world.

If the situation were to persist, the impact of the disease and the containment measures adopted could seriously disrupt the development of the research programs developed by the Company and impact the progress of the BC lispro and BC Combo projects licensed in Tonghua Dongbao.

The potential impacts of such a development are detailed in paragraph 1.4.1.3 of this universal registration document.

In a context of a crisis that could persist, the Company cannot be certain that its research program, including pre-clinical and clinical studies, can be conducted under the conditions and time schedule set if one or more of the risks detailed in paragraph 1.4.1.3 of this document of universal registration was to materialize.

The materialization of these risks could also have a downward impact on the Company's projected level of expenses, as well as on expected revenues from collaborations, which are difficult to quantify precisely at the date of this document.

Finally, the Company contacted its banking and regional partners to benefit from the measures announced by the government to support businesses in this exceptional context.

4.3.3.9 Table showing results over the last five fiscal years

In € thousands French gaap	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Capital during the fiscal year *(in euros)*					
Share capital	696 007	693 124	691 075	685 976	684 636
Number of existing ordinary shares	6 960 069	6 931 244	6 910 753	6 859 763	6 846 363
Number of existing ordinary shares cum dividend	6 960 069	6 931 244	6 910 753	6 859 763	6 846 363
Maximum number of future shares to be created					
by bond conversion					
by exercise of subscription rights	89 770	75 695	62 900	105 755	61 750
Transactions and results for the fiscal year					
Pre-tax revenue	2 622	47 562	938	11 976	26 189
Profit/loss before tax, employee profit-sharing, depreciation, amortization and provisions	(25 629)	7 976	(31 424)	(21 096)	(2 131)
Income tax	(8 840)	(2 242)	(7 535)	(7 812)	(7 101)
Employee profit-sharing owed for the year					
Profit/loss after tax, employee profit-sharing, depreciation, amortization and provisions	(17 652)	9 423	(24 667)	(13 993)	4 478
Distributed profit					
Earnings per sahre (in euros per share)					
Profit/loss after tax and employee profit-sharing, but before depreciation, amortization and provisions	(2)	1	(3)	(2)	1
Profit/loss after tax, employee profit-sharing, depreciation, amortization and provisions	(3)	1	(4)	(2)	1
Dividend per share					
Staff (in thousands of euros)					
Average number of employees during the year	136	131	126	120	95
Total payroll for the year	8 659	8 682	7 372	7 622	6 410
Total employee benefits paid for the year (social security, social agencies, etc.)	3 638	3 732	3 593	3 502	2 953

4.4 Statutory auditors' report on the corporate financial statements

ODICEO
115, boulevard de Stalingrad
C.S. 52038
69616 Villeubanne Cedex
S.A. au capital de € 275000
430 130 393 R.C.S. Lyon

Commissaire aux Comptes
Membre de la compagnie
régionale de Lyon

ERNST & YOUNG et Autres
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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Adocia

Year ended December 31, 2019

Statutory auditors' report on the financial statements

To the Annual General Meeting of Adocia,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Adocia for the year ended December 31, 2019. These financial statements were approved by the Board of Directors, on March 12, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

- **Audit Framework**

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

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

■ **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

■ **Going concern**

Risk identified	Our response
Fiscal year 2018 ended with a profit of MEUR 9.4 and an increase in cash of MEUR 5.1 over the year. At 2019 year-end, your Company had negative reserves of MEUR 32 and a loss of MEUR 17.6 but an increase in cash of MEUR 3.8 (closing cash amounted to MEUR 43.6). As indicated in Note 4.3.3.2 to the financial statements, the Company obtained, on October 11, 2019, a bond financing line to finance its growth. This financing line was subscribed in two tranches for a total amount of MEUR 15, collected for half in October and then in December 2019. In addition, the arbitration litigation initiated by your Company against Eli Lilly & Company ended in 2019. The first part of this arbitration, in favor of your Company, generated MUSD 14 in cash. In this context, and as set out in the "Basis of preparation of financial statements" section of Note 4.3.3.1 to the financial statements, the going concern principle was accepted when the accounts were approved due to the possibility of anticipating the collection of the research tax credit and of re-prioritizing operational expenses if necessary.	As part of our audit of the financial statements, we familiarized ourselves with the financial statement forecasts presented to the Board of Directors and analyzed the detailed cash flow forecasts prepared by the General Management for the period from January 1, 2020 to June 30, 2021. Our analyses consisted in: ► assessing the consistency of the forecasts with the historical data; ► evaluating the assumptions used by Management; ► for a selection of planned outflows in respect of external expenditures for which your Company made contractual commitments, reconciling the amounts applied with the agreements concerned; ► for a selection of outflows relating to external expenses on studies for which your Company has not yet entered into agreements with suppliers, comparing the amounts applied with the data underlying the budgets approved by your Board of Directors and with the historical data relating to studies of the same type, to assess the frequency of invoicing;

We considered the application of this principle to be a key audit matter as it is based on cash flow forecasts, which present a risk of not being achieved.

- analyzing the main data and assumptions (personnel expenses, external and internal expenditures) on which your Company's calculation of the research tax credit is based, and the expected date on which it will be received.

Lastly, we assessed whether the information provided in Note 4.3.3.1 "Accounting rules and methods" to the annual financial statements was representative of your Company's situation.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

- **Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report, as approved on March 12, 2020, and in the other documents with respect to the financial position and the financial statements provided to the shareholders. Regarding the events that occurred and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

- Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

- **Other information**

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

- **Appointment of the Statutory Auditors**

We were appointed as statutory auditors of Adocia by Decision of the Sole Shareholder of December 10, 2011 for ODICEO and by your Annual General Meeting held on October 24, 2011 for ERNST & YOUNG et Autres.

As at December 31, 2019, ODICEO and ERNST & YOUNG et Autres were in the ninth year of total uninterrupted engagement, which is the eighth year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Villeurbanne and Lyon, April 21, 2020

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Agnès Lamoine	Mohamed Mabrouk

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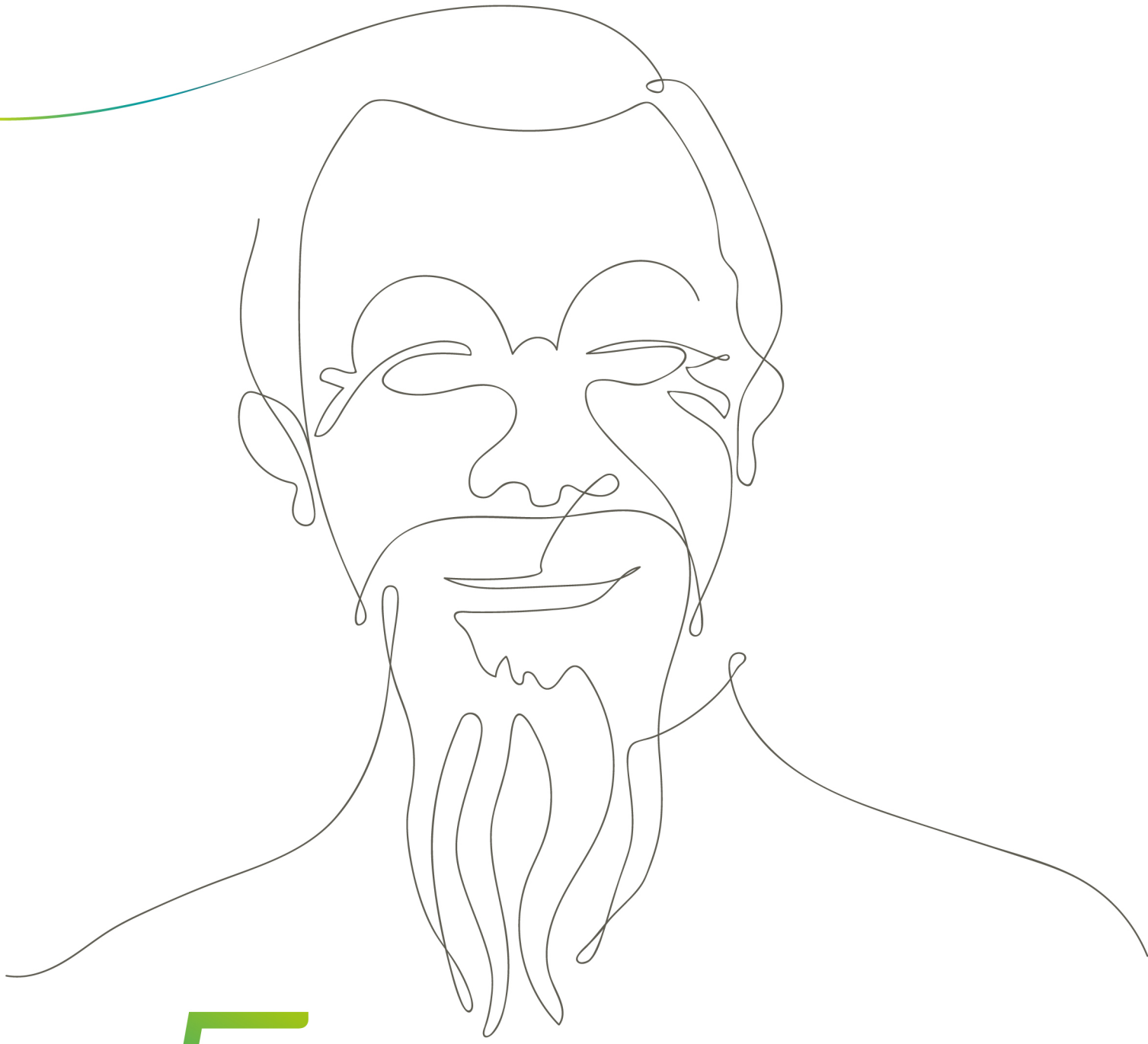


5 Information on the company and the corporate capital

ADOCIA

Chapter 5

5 INFORMATION ON THE COMPANY AND THE CORPORATE CAPITAL

5.1 Corporate capital

5.1.1. Amount of corporate capital

As of December 31, 2019, the Company's capital was €696,006.90, divided into 6,960,069 fully paid-in common shares, with a par value of €0.10 each.

5.1.2. Shares not representing capital

On October 14, 2019, the Company obtained a bond financing line from IPF Fund II. This bond loan is divided into two tranches, each with a principal amount of 7.5 million euros. All of these tranches, for a total amount of € 15 million, were subscribed by IPF Fund II SCA, SICAV FIAR (for more details on the characteristics of these bonds, see section 1.3.7.5 of this universal registration document).

5.1.3. Company shares pledged as collateral, guarantees or security

None.

5.1.4. Acquisition by the Company of its own shares

The combined general meeting of the Company' shareholders held on May 16, 2019 authorized the board of directors, for an 18-month period from the date of the meeting, to implement a share buyback program under Article L. 225-209 of the French Commercial Code (*Code de commerce*) and in accordance with the General Regulation of the *Autorité des marchés financiers* (AMF) under the conditions described below. This authorization supersedes the authorization granted on June 27, 2017 for the same purpose, under the same terms and conditions as those adopted on May 17, 2018.

Maximum number of shares that may be purchased: 10% of the corporate capital on the share buyback date. If the shares are acquired for the purpose of stimulating the market and increasing liquidity, the number of shares included in the calculation of the 10% limit specified above corresponds to the number of shares purchased, less the number of shares resold over the duration of the authorization.

Objectives of the share buyback program:

- To ensure the liquidity of the Company's shares under a liquidity agreement to be entered into with an investment services provider, in accordance with the code of conduct recognized by the AMF;
- To honor obligations under stock option, bonus share or employee savings plans or other allocations of shares to employees and managers of the Company or its affiliates;
- To deliver shares when the rights attached to marketable securities conferring equity rights are exercised;
- To purchase shares for the purpose of holding them for subsequent delivery as a means of exchange or payment for a potential acquisition; or
- To cancel all or some of the repurchased shares, in accordance of the reduction of the share capital.
- More, generally, operate for any purpose that may be authorized by law or any market practice that may be accepted by the market authorities, it being specified that, in such a case, the Company would inform its shareholders by press release

Maximum purchase price: €150 per share. This purchase price will be adjusted, if necessary, to reflect transactions involving the capital (including capitalization of reserves and bonus issues, grants of bonus shares, reverse stock splits or stock consolidations) that may have occurred during the authorization period;

The number of shares acquired by the Company for the purpose of holding them for subsequent delivery as a means of payment or exchange in a merger, demerger or contribution of assets may not exceed 5% of the Company's capital.

Maximum amount of funds that may be used for share buybacks: €5,000,000. The repurchased shares may be canceled.

As of the date of the current universal reference document, this stock option purchase program was exclusively used in the context of the Liquidity agreement with Kepler Cheuvreux- concluded May 19, 2014 - see below.

5.1.4.1 Liquidity contract signed with Kepler Cheuvreux:

The aforementioned liquidity agreement entered into for a period of 12 months, renewable annually by tacit agreement, relates to the Company's shares listed on Compartment C of the regulated market of Euronext in Paris. At the signature of the liquidity agreement, the liquidity account was allocated [an amount of € 300,000 and a number of 15,026 shares.

5.1.4.2 The grant of shares to the employees:

During the year ended December 31, 2019, the Company did not purchase any of its own shares for the purpose of allocating them to its employees under a stock option program, free allocation of shares, employee savings plans or other share allocations to employees and officers of the Company or its affiliates or associates thereof with the Liquidity agreement with Kepler Cheuvreux.

5.1.4.3 Report on the liquidity contract with Kepler Cheuvreux

	FY 2019	FY 2018
Number of shares purchased	91 774	119 493
Average price of the purchases (euros)	14.81	16.00
Number of shares sold	80 785	116 454
Average price of the sales (euros))	15.319	15.89
Number of shares used during the year	none	none
Number of shares owned at year end and percentage of control	21 544 0.32% of capital	10 555 0.15% of capital
Value estimated at the average price of the purchases (euros)	214 159.28	126 830.48
Total trading fees (euros)	22 500	22 500

As of December 31, 2019, in connection with this contract, the Company held 21,544 shares, i.e. 0.32% of its capital and € 92 681.56 euros in cash.

5.1.5. Potential capital

As of the date of this universal reference document, there were four types of shares conferring equity rights.

5.1.5.1. BSA stock warrants plan

	BSA 06-2011	BSA 09-2011	BSA 12-2013	BSA 03-2017	BSA 2019 IPF
Date of shareholders' meeting	06/17/2011	06/17/2011	06/18/2013	11/12/2015	05/16/2019
Date of board of directors' decision	06/17/2011	09/27/2011	12/13/2013	03/07/2017	10/03//2019
Number of BSA stock warrants authorized	140	70	20 000	40 000	15 000 000
Number of BSA stock warrants issued	140	70	20 000	40 000	15 000 000
Total number of shares that may be subscribed (1)	1 400	700	20 000	40 000	262 542 (5)
Of which, number that may be subscribed by corporate officers	-	-	20 000	-	-
Earliest BSA stock warrant exercise date	06/17/2011	09/27/2011	1/1/2014	03/07/2017	10/11//2019
BSA stock warrant expiration date	06/17/2021	09/27/2021	12/13/2023	07/03/2027	12/11/2026
BSA stock warrant issue price (euros)	free	free	0,588	1	free
Exercise conditions	8,571 (1)	8,571 (1)	5,88	20,65	8,57 (5)
Number of subscribed shares at the filing date of this registration document	(2)	(2)	(2)	(3)	(5)
Number of lapsed or cancelled warrants at the filing date of this registration document	0	700	0	0	0
Number of lapsed or cancelled warrants at the filing date of this registration document	0	0	0	0	0
Remaining warrants at the filing date of this registration document	140	0	20 000	40 000	15 000 000
Total number of shares that may be subscribed at the filing date of this registration document	1 400	0	20 000	40 000	262 542

(1) The exercise conditions for the BSA stock warrants have been adjusted to reflect the 10-for-1 stock split approved by the general shareholders' meeting of October 24, 2011. The phrase "Total number of shares that could originally be subscribed" corresponds to figures after accounting for this split.

(2) In principle, the BSA stock warrants may be exercised at any time over a 10-year period from the date they are granted, provided the holder of the BSA stock warrants has served continuously, until the BSA stock warrants are exercised, as an external scientific advisor to the Company.

(3) All BSA12-2013 stock warrants may be exercised as of the date of this reference document and for a period of 10 years.

(4) 15,000 BSA 03-2017 stock warrants can be exercised at the date of the current document the remaining balance, ie 25,000 BSA will be, provided the terms and conditions and performance objectives set out in the "Warrants Agreement" and approved by the board of directors have been met.

(5) The exercise price of the warrants is set at 8.57 euros, it being specified that in the event of the issue by the Company of new shares (excluding employee and manager profit-sharing) at a price below this amount for the duration of the 'exercise of the BSA, their exercise price will be reduced to 95% of the lowest of the said issue prices.

As of the date of the present reference document, 15,060,140 BSA may be exercised, provided the terms and conditions and performance objectives, the full exercise of the BSA would result into the creation of 323,942 shares with a par value of € 0.10.

5.1.5.2 Bonus shares

	2008 Plans		2009 Plan	2010 Plans	
	managers		managers	managers	
Date of shareholders' meeting	01/23/2008	06/06/2008	12/15/2009	03/05/2010	12/07/2010
Recipients	Employees	Employees	Employees	Employees	Employees
Vesting date	01/23/2012 (1)	06/06/2012 (1)	12/15/2013 (1)	03/05/2015 (3)	12/07/2015 (3)
End of retention period	01/23/2014 (2)	06/06/2014 (2)	12/15/2015 (2)	03/05/2017 (2)	12/07/2017 (2)
Total number of bonus shares	42 000	5 600	5 600	5 600	5 600
Number of cancelled bonus shares at the end of the year	2 100	0	0	0	0
Number of shares with ongoing vesting at the end of the year	0	0	0	0	0

	2015 Plans			
	n°1 10 years	n°2.1 managers	n°2.2 employees	corporate officer
Date of shareholders' meeting	12/10/2015	12/16/2015	12/16/2015	12/16/2015
Recipients	Employees	Employees	Employees	Olivier Soula
Vesting date	12/10/2017 (4)	12/16/2016 (5)	12/16/2019 (1)	12/16/2016 (5)
End of retention period	12/10/2017 (4)	12/16/2017 (5)	12/16/2020 (6)	12/16/2017 (5)
Total number of bonus shares	39 150	5 000	12 600	5 000
Number of cancelled bonus shares at the end of the year	2 860	0	1 800	0
Number of shares with ongoing vesting at the end of the year	0	0	2 700	0

	2016 Plans			2017 Plan
	corporate officers	corporate officers	employees	managers
Date of shareholders' meeting	03/15/2016	03/15/2016	12/15/2016	12/14/2017
Recipients	Olivier Soula	Olivier Soula	Employees	Employees
Vesting date	03/15/2020 (1)	03/15/2018 (7)	12/15/2020 (1)	12/15/2021 (1)
End of retention period	03/15/2021 (6)	03/15/2018 (7)	12/15/2021 (6)	12/15/2022 (2)
Total number of bonus shares	8 000	12 000	40 000	9 500
Number of cancelled bonus shares at the end of the year	0	8000	2025	0
Number of shares with ongoing vesting at the end of the year	4 000	0	18 650	7 125

	Plans 2018						
	n°1 employees	n°2.1 employees	n°2.2 employees	n°2.2 managers	n°3 employees	n°4 employees	n°5 employees
Date of shareholders' meeting	02/08/2018	05/17/2018	05/17/2018	05/17/2018	05/17/2018	09/25/2018	12/05/2018
Recipients	employees	employees	employees	Olivier Soula	employees	employees	employees
Vesting date	02/08/2018 (1)	05/17/2019 (8)	05/17/2020 (4)	05/17/2020 (4)	05/17/2022 (1)	09/25/2022 (1)	12/05/2022 (1)
End of retention period	02/08/2018 (6)	05/17/2020 (6)	05/17/2020 (4)	05/17/2020 (4)	02/08/2023 (6)	09/25/2023 (6)	12/05/2023 (6)
Total number of bonus shares	2 700	4 000	14 900	150 (9)	5 600	5 600	11 600
Number of cancelled bonus shares at the end of the year	0	0	1 770		0	0	675
Number of shares with ongoing vesting at the end of the year	675	0	13 130	150	4 200	4 200	8 025

	Plans 2019			
	n°1 employees	n°2.1 employees	n°2.2 managers	n°3 employees
Date of shareholders' meeting	10/03/2019	12/10/2019	12/10/2019	12/10/2019
Recipients	employees	employees	Olivier Soula	employees
Vesting date	10/03/2023 (1)	12/10/2020 (8)	12/10/2020 (8)	12/10/2023 (1)
End of retention period	10/03/2024 (6)	12/10/2021 (6)	12/10/2021 (6)	12/10/2024 (6)
Total number of bonus shares	3 600	32 900	400 (9)	7 300
Number of cancelled bonus shares at the end of the year	0	0	0	0
Number of shares with ongoing vesting at the end of the year	3 600	32 900	400	7 300

(1) The vesting period is four years, with a block of one-quarter vesting on each anniversary date. The date stated is the latest date for the last one-quarter block.

(2) The retention period is two years from the vesting date.

(3) The vesting period is five years, with a block of one-quarter vesting on each anniversary date starting from the second anniversary. The date stated is the latest date for the last one-quarter block.

(4) The vesting period is two years, without retention period (ten-year plan only).

(5) Vesting is conditioned on meeting the performance objectives set for the year. The vesting date is the date the board of directors validates these objectives. Thereafter, a one-year retention period ensues.

(6) The retention period is one year from the vesting date.

(7) Vesting is conditioned on meeting the performance objectives set for a two-year period. The vesting date is the date the board of directors validates these objectives. There is no retention period.

(8) the vesting period is 1 year starting with the board of directors' validation date of these objectives.

(9The final acquisition of AGA is not subject to the achievement of performance conditions.

As of the date of this universal reference document, 87,705 bonus shares were in the process of being acquired, which may result in the creation of 87,705 shares with a par value of €0.10.

5.1.5.3 BSPCE founders' warrants

	2013 Plans		2014 Plans		
	n°1 managers	n°2 managers	n°1 managers	n°2 managers	corporate officers
Date of shareholders' meeting	06/18/2013	06/18/2013	06/24/2014	06/24/2014	06/24/2014
Date of board of directors' decision	12/13/2013	12/13/2013	09/25/2014	09/25/2014	09/25/2014
Number of BSPCE stock warrants authorized	28 000	22 400	14 000	5 600	100 000
Number of BSPCE stock warrants issued	28 000	22 400	14 000	5 600	100 000
Total number of shares that may be subscribed	28 000	22 400	14 000	5 600	100 000
Of which by Gérard Soula	-	-	-	-	*20 000*
Of which by Olivier Soula	-	-	-	-	*45 000*
Earliest BSPCE stock warrant exercise date	12/13/2014 (1)	12/13/2015 (1)	06/24/2015 (1)	06/24/2015 (1)	Fulfillment of performance criterias approved by the Board of directors meeting of 12/23/2014
BSPCE stock warrant expiration date	12/13/2023	12/13/2023	09/25/2024	09/25/2024	09/24/2024
BSPCE stock warrant issue price (euros)	free	free	free	free	free
BSPCE stock warrant strike price (euros)	5.76	5.76	34.99	34.99	34.99
Exercise conditions	(1)	(1)	(1)	(1)	Immediate vesting upon fulfillment of relevant performance criteria
Number of subscribed shares at the end of the year	4 900	700	0	0	0
Number of lapsed or cancelled warrants at the end of the year	0	0	2 800	5 600	35 000
Remaining warrants at the end of the year	23 100	21 700	11 200	0	65 000

	BSPCE Corporate officers 2015	BSPCE Corporate officers 2016	BSPCE Corporate officers 2017
Date of shareholders' meeting	12/11/2015	11/12/2015	11/12/2015
Date of board of directors' decision	12/16/2015	03/15/2016	09/08/2017
Number of BSPCE stock warrants authorized	40 000	40 000	150 000
Number of BSPCE stock warrants issued	40 000	40 000	150 000
Total number of shares that may be subscribed	40 000	40 000	150 000
Of which by Gérard Soula	*40 000*	*40 000*	*75 000*
Of which by Olivier Soula	-	-	*75 000*
Earliest BSPCE stock warrant exercise date	Fulfillment of performance criterias approved by the Board of directors meeting of 12/16/2015	Fulfillment of performance criterias approved by the Board of directors meeting of 12/13/2016	Upon achievement of performance criteria defined for 3 years)
BSPCE stock warrant expiration date	12/16/2025	03/15/2026	09/08/2027
BSPCE stock warrant issue price (euros)	free	free	free
BSPCE stock warrant strike price (euros)	74.60	61.73	16.00
Exercise conditions	Immediate vesting upon fulfillment of relevant performance criteria	Immediate vesting upon fulfillment of relevant performance criteria	Immediate vesting upon fulfillment of relevant performance criteria
Number of subscribed shares at the filing date of this registration document	0	0	0
Number of lapsed or cancelled warrants at the filing date of this registration document	0	16 000	5 0000
Remaining warrants at the end of the year	40 000	24 000	100 000

(1) These performance criteria were validated by the Board of Directors on May 17, 2018, concerning 20,000 BSPCE, the latter being exercisable on the date of this Registration Document.

As of the date of this reference document, 285,000 BSPCE founders' warrants are exercisable (provided the performance objectives are met), and the exercise of all of these BSPCE founders' warrants would lead to the creation of 285,000 shares of 0.10 par value.

5.1.5.4 Stock options

	Plan SO 2015 n°1	Plan SO 2015 n°2	Plan SO 2017 n°1	Plan SO 2017 n°2	Plan SO 2018	Plan SO 2019
Date of shareholders' meeting	06/18/2013	11/12/2015	11/12/2015	11/12/2015	05/17/2018	05//2018
Date of board of directors' decision	03/31/2015	12/16/2015	04/14/2017	07/19/2017	05/17/2018	12/10/2019
Number of stock options authorized	20 000	4 000	13 000	40 000	23 000	2 000
Of which corporate officers	-	-	-	-	-	-
Earliest stock option exercise date			04/14/2017	07/19/2017	05/17/2018	12/10/2020
Stock option expiration date			04/14/2027	07/19/2027	05/17/2028	10/09/2029
Stock option strike price (euros)	55,64	71,12	18,00	19,00	17,00	8,00
Number of subscribed shares at the end of the year				91		
Number of lapsed or cancelled stock options at the end of the year	20 000	4 000		39 909		
Remaining stock options at the end of the year	0	0	13 000	0	23 000	2 000

(1) the 20,000 BSA granted on May 17, 2018 to an employee can be exercised by their beneficiary according to the following exercising agenda:

- 20% of the BSA starting August 3rd, 2018;

- 20% of the BSA starting May 2nd, 2019;
- 20% of the BSA starting May 2nd, 2020;
- 20% of the BSA starting May 2nd, 2021; and
- The remaining balance, i.e. 20% of the BSA starting May 2nd, 2022.

Therefore, as of the date of the present universal reference document, 40% of the BSA can be exercised.

(2) the 3,000 BSA granted to an employee can be exercised as of the date of the present universal reference document.

As of the filing date of this reference document, 38,000 stock options are exercisable, which, if fully exercised, would result in the creation of 38,000 shares with a par value of €0.10.

5.1.5.5 Synthèse des instruments dilutifs

At the date of this Reference Document, the total number of ordinary shares that may be created by full exercise of all rights giving access to the Company's share capital amounts to 734, 647 shares, i.e. a maximum dilution of 9.54% based on fully diluted capital. Dilution in voting rights is identical and stands at 7.05% on the basis of fully diluted voting rights.

5.2 Authorized capital

5.2.1 Information about the Company's capital which is under option or subject to a conditional or unconditional agreement to be placed under option

To the Company's knowledge, there are no call or put options or other commitments to the Company shareholders, or granted by the Company's shareholders, concerning the Company's shares.

5.2.2 History of the corporate capital

5.2.3.1 Historical evolution since January 1st, 2017

Date	Nature des opérations	Capital	Prime d'émission	Nombre actions crées	Nombre d'actions composant le capital social	Valeur nomi-nale	Capital social	Prix émission par action
June-17	Acquisition of AGA	200€	(200)€	2 000	6 861, 763	0,1€	686 176€	-
Dec.-17	Acquisition of AGA	3 629€	(3, 629)€	36 ,290	6 898, 053	0,1€	689 805€	-
Dec.-17	Acquisition of AGA	270€	(270)€	2 ,700	6 900, 753	0,1€	690 075€	-
Dec.-17	Acquisition of AGA	1, 000€	(1, 000)€	10, 000	6 910, 753	0,1€	691 075€	-
March-18	Acquisition of AGA	600€	(600)€	6, 000	6 916, 753	0,1€	691 675€	-
June-18	Exercice of SO	9€	1, 720€	91	6 916, 844	0,1€	691 684€	19€
Dec.-18	Acquisition of AGA	1, 440€	(1, 476)€	14, 400	6 931, 244	0,1€	693 124€	-
March-19	Acquisition of AGA	268€	(268)€	2 675	6 933, 919	0,1€	693 392€	-
June-19	Acquisition of AGA	540€	(540)€	5 400	6 939, 319	0,1€	693 932€	-
Oct.-19	Acquisition of AGA	640€	(640)€	6 400	6 945, 719	0,1€	694 572€	-
Dec.-19	Acquisition of AGA	1, 435€	(1, 435)€	14, 350	6 960, 069	0€	696 007€	-

▪ Share price variation – Risk of price variation

The securities of the Company were listed on the regulated market of Euronext Paris on February 14, 2012 at the introductory price of € 15.88.

During the 2019 financial year, the stock market price reached its highest level on June 25, 2019 at 22.15 euros and its lowest level on December 12, 2019 at 8.26 euros. At the end of December 2019, the price stood at 9.90 euros, leading to a market capitalization of 68.9 million euros.

In the early months of 2020, the share price decreased from €10.78 on January 1, 2020 to €8.74 on April 15, 2020, giving the Company a market capitalization of €61 million.

5.3 Articles of incorporation and statutes

5.3.1 Corporate purposes

The Company's purposes, directly or indirectly, both in France and abroad, are:

- Research and development of polymer materials to create controlled-release systems for peptides and proteins of pharmaceutical interest;
- The registration, study, acquisition and granting of all patents, licenses, processes, trademarks and protection of specialized knowledge in any way arising from or relating to the domains or technologies falling within the scope of the corporate purposes;
- The design, development, manufacture, distribution, import, export and use, by any means, of medicines, proprietary drugs and other healthcare goods;
- Creating, buying, renting and taking all businesses pursuant to lease-management arrangements, and leasing, installing and operating all establishments, businesses, factories and workshops in relation with any of the activities specified above;
- The Company's direct or indirect participation in all financial, real or personal property transactions and in any civil, commercial or industrial companies that may come within the scope of the corporate purposes, or any similar, related or complementary purpose.

5.3.2 Rights, privileges and restrictions pertaining to the Company's shares

None

5.3.3 Requirements for amending shareholders' rights

The rights of shareholders as described in the Company's articles of incorporation may only be amended by an extraordinary general meeting of the Company's shareholders.

5.3.4 General shareholder's meetings

5.3.4.1 Holding of shareholder's meetings (Article 19 of the articles of incorporation)

General shareholders' meetings shall be convened and shall meet in the manner prescribed by law.

If the Company wishes to give notice of meetings electronically, instead of by mail, it must first obtain the agreement of the shareholders concerned, who shall provide their email address.

Meetings shall be held at the registered office or at any other location specified in the notice of meeting.

The right to attend meetings is governed by the applicable statutes and regulations and requires, in particular, registration of the shares in the name of the shareholder or of the intermediary registered on his behalf, by midnight, Paris time, on the second business day before the meeting, either in the registered securities accounts held by the Company or in the bearer share accounts held by the authorized intermediary.

Shareholders who do not attend a general shareholders' meeting personally may choose one of three following options:

- appointing a proxy under the conditions permitted by the statutes and regulations;

- voting by mail; or
- sending a proxy form to the Company without naming a proxy;
- in accordance with the requirements prescribed by the laws and regulations.

In accordance with the requirements prescribed by the statutes and regulations in force, the board of directors may arrange for shareholders to participate and vote by videoconference or means of telecommunication that allow them to be identified. If the board of directors decides to exercise this right for a particular shareholders' meeting, such board decision shall be mentioned in the announcement and/or notice of the meeting. Shareholders who participate in shareholders' meetings by videoconference or any of the other means of telecommunication referred to above, as selected by the board of directors, shall be deemed present for the purposes of calculating the quorum and majority.

Shareholders' meetings shall be chaired by the chairman of the board of directors or, in the absence thereof, by the chief executive officer, by a deputy chief executive officer if he is a director, or by a director specifically appointed for such purpose by the board. Failing that, the shareholders' meeting shall elect its own chairman.

The duties of vote counter shall be performed by the two participants at the shareholders' meeting who are present and hold the highest number of votes, and who agree to perform such duties. The officers shall appoint a secretary, who may but is not required to be a shareholder.

An attendance sheet shall be kept, in accordance with the requirements prescribed by law.

An ordinary general shareholders' meeting can be validly conducted pursuant to a first notice of meeting only if the shareholders present or represented hold at least one-fifth of the shares having the right to vote. An ordinary general shareholders' meeting convened pursuant to a second notice of meeting may deliberate validly regardless of the number of shareholders present or represented.

Decisions of ordinary general meetings shall be adopted by a simple majority of the votes cast by the shareholders present or represented.

An extraordinary general shareholders' meeting can be validly conducted pursuant to a first notice of meeting only if the shareholders present or represented hold at least one-fourth of the shares having the right to vote. An extraordinary general shareholders' meeting can be validly conducted pursuant to a second notice of meeting only if the shareholders present or represented hold at least one-fifth of the shares having the right to vote.

Decisions of extraordinary general meetings shall be adopted by a two-thirds majority of the votes cast by the shareholders present or represented.

Copies or extracts of shareholder meeting minutes may be validly certified by the chairman of the board of directors, a director who holds the position of chief executive officer or the secretary of the meeting.

5.3.4.2 Powers of shareholders' meetings

Ordinary and extraordinary general shareholders' meetings shall exercise their respective powers in accordance with the requirements prescribed by law.

5.3.5 Provisions that may have the effect of delaying, deferring or preventing a change of control

The Company's articles of incorporation contain no provisions that may have the effect of delaying, deferring or preventing a change of control.

5.4 Major shareholders

5.4.1 Change in the Company's capital structure over the past two years on an undiluted basis

	Situation as of December 31 2019			Situation as of December 31 2018			Situation as of December 31 2017		
	Number of shares	% of capital	% of voting rights (1)	Number of shares	% of the capital	% of the voting rights	Number of shares	% of the capital	% of the voting rights (1)
Soula Family	**1 536 983**	**22.1%**	**31.5%**	**1 527 983**	**22.0%**	**31.6%**	**1 519 483**	**22.0%**	**31.6%**
Gérard Soula (*)	898 463	**12.9%**	**18.5%**	898 463	13.0%	18.7%	898 463	13.0%	18.7%
Olivier Soula (*)	307 490	**4.4%**	**6.3%**	305 490	4.4%	6.3%	299 490	4.3%	6.2%
Rémi Soula	313 540	**4.5%**	**6.4%**	306 540	4.4%	6.3%	304 040	4.4%	6.3%
Laure Soula	17 490	**0.3%**	**0.4%**	17 490	0.3%	0.4%	17 490	0.3%	0.4%
Financial investors	**1 178 856**	**16.9%**	**23.9%**	**1 178 856**	**17.0%**	**23.9%**	**1 133 138**	**16.4%**	**23.5%**
Innobio *(a)*	671 641	**9.6%**	**1.4%**	671 641	9.7%	13.5%	625 923	9.1%	13.1%
Fund BioAM *(b)*	112 716	**1.6%**	**2.3%**	112 716	1,6%	2,3%	112 716	1,6%	2,4%
Bpi France Investissement Subtotal (a)+(b)	784 357	**11.3%**	**15.7%**	784 357	11.3%	15.8%	738 639	10.7%	15.4%
Fund Amundi	1 570	**0.0%**	**0.0%**	1 570	0.0%	0.0%	1 570	0.0%	0.0%
Fund Viveris	32 368	**0.5%**	**0.7%**	32 368	0.5%	0.6%	32 368	0.5%	0.6%
Oréo Finance	40 561	**0.6%**	**0.8%**	40 561	0.6%	0.8%	40 561	0.6%	0.8%
SHAM (2)	320 000	**4.6%**	**6.6%**	320 000	4.6%	6.7%	320 000	4.6%	6.7%
Employees	**118 415**	**1.7%**	**2.2%**	**104 305**	**1.5%**	**1.6%**	**89 310**	**1.3%**	**1.3%**
Scientific comittee (BSA)	**700**	**0.0%**	**0.0%**	**700**	**0.0%**	**0.0%**	**700**	**0.0%**	**0.0%**
MrsTakizawa (*)	**0**	**0.0%**	**0.0%**	**0**	**0.0%**	**0.0%**	**0**	**0.0%**	**0.0%**
Mrs Smirnyagina (*)	**0**	**0.0%**	**0.0%**	**0**	**0.0%**	**0.0%**	**0**	**0.0%**	**0.0%**
Auto-control (3)	**21 544**	**0.3%**	**0.0%**	**10 555**	**0.2%**	**0.0%**	**7 516**	**0.1%**	**0.0%**
Other shareholders (2)	**4 103 571**	**5.0%**	**42.4%**	**4 108 845**	**59.3%**	**42.8%**	**4 160 606**	**60.2%**	**43.5%**
TOTAL	**6 960 069**	**100,0%**	**100,0%**	**6 931 244**	**100,0%**	**100,0%**	**6 910 753**	**100,0%**	**100,0%**

(*) Directors of the Company

(1) A voting right double that conferred on other shares, having regard to the share of the share capital they represent, is allocated to all fully paid-up shares (whatever their category) for which it will be justified to registered registration for at least two years in the name of the same shareholder

(2) SHAM: Société Hospitalière d'Assurance Mutuelles

Including any shares held in bearer form by the Company's historical financial investors, as well as shares held by investors who took part in the private placement carried out in March 2015 (KKR filed a threshold crossing declaration).

(3) Self-owned shares under the liquidity contract with Kepler Cheuvreux

(4) Including, if applicable, bearer shares held by the Company's historic financial investors, as well as those held by investors who participated in the private placement carried out in March 2015 (KKR having in particular made a declaration of crossing of threshold).

As of the date of this universal reference document, the Company is not aware of any significant changes in its shareholding structure since December 31, 2019.

5.4.2 Distribution of capital and voting rights as of December 31, 2019 on a fully diluted basis

	Situation as of December 31 2019 (base non diluted)			Situation as of December 31 2019 (base diluted) (2)		
	Number of actions	% of capital	% of voting rights (1)	Number of actions	% of capital	% of voting rights (1)
Soula Family	**1 536 983**	**22,1%**	**31,5%**	**1 768 533**	**23,0%**	**31,6%**
Gérard Soula (*)	898 463	**12,9%**	**18,5%**	1 032 463	13,4%	18,5%
Olivier Soula (*)	307 490	**4,4%**	**6,3%**	405 040	5,3%	6,8%
Rémi Soula	313 540	**4,5%**	**6,4%**	313 540	4,1%	5,9%
Laure Soula	17 490	**0,3%**	**0,4%**	17 490	0,2%	0,3%
Financial investors	**1 178 856**	**16,9%**	**23,9%**	**1 178 856**	**15,3%**	**22,2%**
Innobio *(a)*	671 641	**9,6%**	**13,4%**	671 641	8,7%	12,5%
Fund BioAM *(b)*	112 716	**1,6%**	**2,3%**	112 716	1,5%	2,2%
Bpi France investissement Subtotal (a)+(b)	784 357	**11,3%**	**15,7%**	784 357	10,2%	14,6%
Fund Amundi	1 570	**0,0%**	**0,0%**	1 570	0,0%	0,0%
Funs Viveris	32 368	**0,5%**	**0,7%**	32 368	0,4%	0,6%
Oréo Finance	40 561	**0,6%**	**0,8%**	40 561	0,5%	0,8%
SHAM [3]	320 000	**4,6%**	**6,6%**	320 000	4,2%	6,1%
Employees	**118 415**	**1,7%**	**2,2%**	**297 570**	**3,9%**	**3,7%**
Scientific comittee, consultants (BSA)	**700**	**0,0%**	**0,0%**	**42 100**	**0,5%**	**0,4%**
Mrs Takizawa (*)	**0**	**0,0%**	**0,0%**	**10 000**	**0,1%**	**0,1%**
Mrs Smirnyagina (*)	**0**	**0,0%**	**0,0%**	**10 000**	**0,1%**	**0,1%**
Auto-control [4]	**21 544**	**0,3%**	**0,0%**	**21 544**	**0,3%**	**0,0%**
Other shareholders [5]	**4 103 571**	**59,0%**	**42,4%**	**4 366 113**	**56,8%**	**42,0%**
TOTAL	6 960 069	100,0%	100,0%	7 684 716	100,0%	100,0%

(1) A voting right double that conferred on other shares, having regard to the share of the share capital they represent, is allocated to all fully paid-up shares (whatever their category) for which it will be justified to registered registration for at least two years in the name of the same shareholder

(2) As of December 31, 2017, the dilutive instruments issued by the Company consist of (i) 75, 695 shares (after accounting for the 10-for-1 stock split decided by the general shareholders' meeting of October 24, 2011), which were issued as bonus shares by the Company to key employees and are in the vesting period, as more fully described in section 5.1.5 of this reference document; (ii) 41,400 BSA stock warrants conferring the right to subscribe for 41,400 shares (after accounting for the 10-for-1 stock split decided by the general shareholders' meeting of October 24, 2011); (iii) 20,000 BSA stock warrants conferring the right to subscribe for 20,000 shares granted to independent directors; (iv) 370,000 BSPCE founders' warrants conferring the right to subscribe for 370,000 shares; and (v) 36,000 stock options conferring the right to subscribe for 36,000 shares.

(3) SHAM : Hospital Mutual Insurance Company

(4) Self-owned shares under the liquidity contract with Kepler Cheuvreux

(5) Including bearer shares, if any, held by the Company's historic financial investors

5.4.2 Major shareholders not represented on the board of directors

The Innobio and Bioam Funds are major shareholders of the Company, holding 11.3% of the capital and 15.7% of the voting rights as of December 31, 2019. They are represented on the board of directors by their management company Bpifrance Investments.

Société Hospitalière d'Assurance Mutuelles (SHAM) holds 4.6% of the Company's capital and 6.6% of its voting rights. It is not represented on the board of directors.

5.4.3 Voting rights of major shareholders

A voting right equal to twice the voting right attributed to other shares, based on the proportion of the corporate capital they represent, is granted to all fully paid-in shares (regardless of their class) that can be proved to have been registered in the name of the same shareholder for at least two years.

This right is also conferred at the time of issue, in the event of a capital increase carried out by capitalizing reserves, profits or issue premiums, to registered shares granted as bonus shares to a shareholder for existing shares that already entitled him to this right.

5.4.4 Control of the Company

As of the date of this reference document, no single shareholder owned a percentage of the capital sufficient to create a presumption that it controls the Company, within the meaning of Article L. 233-3 of the French Commercial Code.

The Company has therefore not been required to take measures to ensure that such control is not improperly exercised.

No shareholders' agreement is in force as of the date of this reference document, other than the collective undertaking to retain their securities in the Company (known as a "Dutreil" agreement) concluded by Gérard Soula, Olivier Soula, Rémi Soula and Laure Soula pursuant to Article 787 B of the French General Tax Code.

The Company's main shareholder is the Soula family group, which currently includes Gérard Soula (the chairman and CEO), Olivier Soula (the deputy CEO), Remi Soula, Laure Soula and Sylvie Soula. Gérard Soula and Olivier Soula are members of the Company's board of directors, respectively as chairman and director, along with four other directors (Olivier Martinez, Laurent Arthaud representing Bpifrance Investment, Dominique Takizawa and Ekaterina Smirnyagina). The Soula family group files consolidated declarations and has requested and obtained a waiver from the obligation to launch a public offer triggered by the fact that the Soula family group has crossed the 30% threshold.

5.4.5 Agreements that may lead to a change in control

No specific provision of the issuer's articles of incorporation, or of any charter or rules of procedure could have the effect of delaying, deferring or preventing a change in its control.

5.4.6 Pledges of the Company's shares

None.

5.5 Regulated agreements

The regulated agreements that exist to date are described in the statutory auditors' special reports presented below.

No agreement was entered into during the past fiscal year between (i) the chief executive officer, the deputy chief executive officer, any director or any shareholder of the Company holding more than 10% of the voting rights, and (ii) the Company's subsidiary.

5.5.1 Intra-group agreement

An annual contract for services ("Services Agreement") was entered into between Adocia and Adocia Inc. in March 2015. That contract provides for the re-invoicing of costs incurred by the Company in connection with its business, plus a 10% fee to cover the operating costs of the U.S. subsidiary.

The impact of the creation of this new company on the financial statements as of December 31, 2019 is limited. Expenses totaling €0.9 million are for the payroll costs of two employees and their travel and entertainment expenses.

5.5.2 Related-party transactions

None.

5.5.3 Statutory auditors' report on regulated agreements made in the fiscal year ended December 31, 2019

ODICEO
115, boulevard de Stalingrad
C.S. 52038
69616 Villeubanne cedex
S.A. au capital de € 275 000
430 130 393 R.C.S. Lyon

Commissaire aux Comptes
Membre de la compagnie
régionale de Lyon

ERNST & YOUNG et Autres
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon cedex 03
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

5

Adocia

Annual General Meeting held to approve the financial statements for the year ended December 31, 2019

Statutory auditors' report
on related party agreements

To the Shareholders of Adocia,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2019, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized and concluded during the year ended December 31, 2019 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

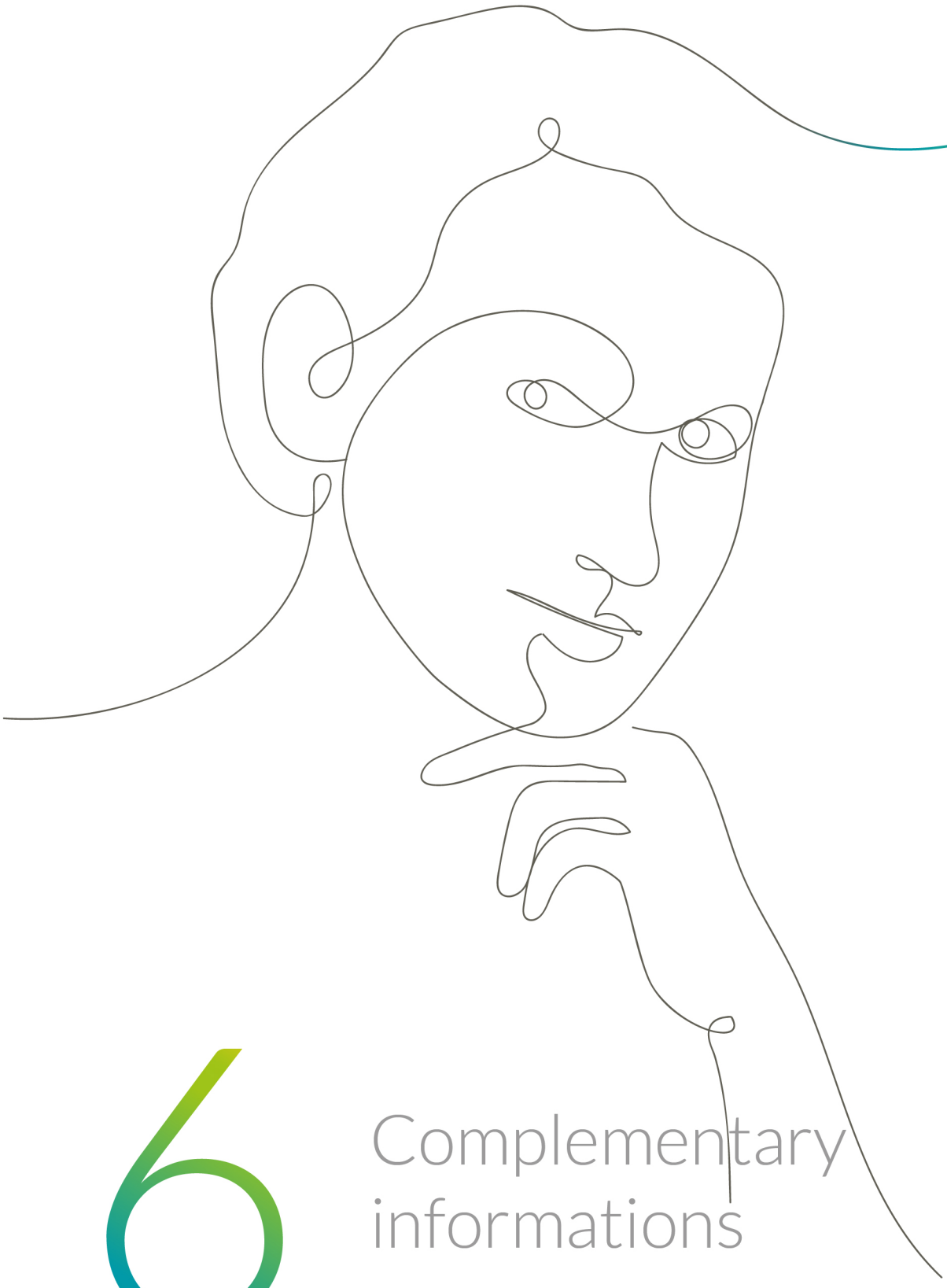
Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2019.

Villeurbanne and Lyon, April 21, 2020

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Agnès Lamoine	Mohamed Mabrouk



6 Complementary informations

ADOCIA

Chapter 6

6 COMPLEMETARY INFORMATIONS

6.1 Persons responsible

6.1.1 Persons responsible for the registration document

Gérard Soula, Chairman and Chief Executive Officer

6.1.2 Responsibility statement

"Having taken all reasonable measures to this effect, I hereby certify that the information contained in this registration document is, to my knowledge, accurate and contains no omissions likely to affect its import.

I hereby certify, to the best of my knowledge, that the accounts have been drawn up in accordance with the applicable accounting standards and give a true picture of the assets, the financial situation and the result of the company and of all the companies included in the consolidation, and that the management report included in this registration document presents a true picture of the development of the business, results and financial situation of the company and of all the companies included in the consolidation and that it describes the main risks and uncertainties they face

April 21st, 2020.

Gérard Soula

Chairman and Chief Executive Officer

6.1.3 Person responsible for financial information

Ms. Valérie Danaguezian

Chief Financial Officer

Address: 115, Avenue Lacassagne, 69003 Lyon

Telephone: +33 (0) 4 72 61 06 10

Fax: 33 (0) 4 72 36 39 67

Email: contactinvestisseurs@adocia.com

6.2 Statutory Auditors

6.2.1 Principal Statutory Auditors

ODICEO

represented by Mrs. Agnes Lamoine, partner

115, Boulevard Stalingrad, 69100 Villeurbanne,

member of the Lyon regional statutory auditors' association,

Appointed through a decision of the sole shareholder on July 31, 2006 until the shareholders' meeting convened to vote on the financial statements for the fiscal year ended December 31, 2011. This term of office was renewed for the first time by the shareholders' meeting held on June 15, 2012 and a second time by the sharehoolders' meeting held on May 17th, 2018, for a period of six fiscal years, expiring at the end of the ordinary shareholders' meeting convened to vote on the financial statements for the fiscal year ended December 31, 2023.

Ernst & Young et Autres

represented by Mr. Mohamed Mabrouk, partner

1-2 place des saisons, 92400 Courbevoie La Défense,

member of the Versailles regional statutory auditors' association,

Appointed at the combined shareholders' meeting held on October 24, 2011 for a period of six fiscal years, which will expire at the end of the ordinary shareholders' meeting convened to vote on the financial statements for the fiscal year ended December 31, 2016. This term of office was renewed by the shareholders' meeting held on June 27, 2017 for a period of six fiscal years, which will expire at the end of the ordinary shareholders' meeting convened to vote on the financial statements for the fiscal year ended December 31, 2022.

6.2.2 Attestation of the fees of the statutory auditors

	Ernst & Young		Odicéo	
In thousands of €(French GAAP)	**Fiscal year 2019 (12 months)**	Fiscal year 2018 (12 months)	**Fiscal year 2019 (12 months)**	Fiscal year 2018 (12 months)
Statutory auditor, certification, examination of individual accounts and consolidated accounts	46	43	39	43
Other services and diligence directly related to the mission of the statutory auditor				
under total audit	**46**	**43**	**39**	**43**
Other fiscal services				
Other services and diligence directly related to the mission of the statutory auditor				
Under total -other services	**0**	**0**	**0**	**0**
TOTAL	**46**	**43**	**39**	**43**

6.3 Information form third parties, experts' statements and declaration of interests

None

6.4 Documents available to the public

Copies of this registration document are available free of charge at the Company's registered office at 115 Avenue Lacassagne, 69003 Lyon. In addition, an electronic version is available on the Company's website (www.adocia.com) and the AMF website (www.amf-france.org).

The articles of incorporation, minutes of shareholders' meetings and other corporate documents of the Company, as well as historical financial information and any assessment or statement made by an expert at the Company's request which must be made available to shareholders pursuant to the applicable legislation may be consulted free of charge at the Company's headquarters.

Regulatory information within the meaning of the General Regulation of the AMF is also available on the Company's website (www.adocia.com) :

- The last version of the bylaws of the Company
- And more generally, the regulated information within the meaning of the provisions of the AMF general regulations

6.5 Cross Reference tables

6.5.1 Annual financial report cross reference table

	Annual financial report	Chapter(s)/Section(s)
1	Responsability statement	6.1
2	Corporate annual financial statements -French GAAP	4.3
3	Consolidated annual financial statements –IFRS	4.1
4	Management report	see index below
5	Corporate governance report	Chapitre 3
6	Annual information document	1.4
7	Information on statutory auditors' fee	4.3.3.7
8	Statutory auditors' report on the annual financial statements prepared under French GAAP and IFRS	4.2 et 4.4

6.5.2 Management report cross reference table

	Annual management report	Chapter(s)/Section(s)
1	Position and business of the Company during the past fiscal year	1.4
2	Review of financial statements and results	Chapter 4
	Appropriation of income -Information on dividends distributed	4.3.3.4
	Non -tax deductible expenses	4.3.3.5
3	Information on supplier payment term	4.3.3.3 Note 11
4	Progress made or difficulties encountered	1.3
5	Major risks and uncertainties faced by the Company / Use of financial instruments by the Company	1.5
6	Research and development activities	1.3
7	Foreseeable changes and outlook	1.3
8	Significant events since the fiscal year-end	4.3.3.8
9	Equity interests held by employees	2.2.1.2 et 5.1.5

	Annual management report	Chapter(s)/Section(s)
10	Acquisition of significant equity interests in, or control of, companies headquartered in France; disposals of such equity interest	1.2.3.2
11	Activities of subsidiaries and controlled entities	Chapters 4 et 1
12	Information on shareholder structure and treasury shares – Share buyback program	5.1.4
13	Changes in the shareholder structure during the fiscal year	5.2.3
14	Changes in the share price –Risk of price change	5.2.3
15	Summary of transactions in the Company's securities during the past fiscal year by executives and persons referred to in Article L.621-18-2 of the French Monetary and Financial Code	3.2.3
16	Employment and environmental information	Chapter 2
17	Table showing results over the last five fiscal years	4.3.3.9
18	Internal control and risk management procedures implemented by the Company	3.3

6.5.3 Cross-reference table of the universal registration document

Sections of appendices 1 and 2 of the delegated regulations (UE) 2019/980 from March 14, 2019		Chapter(s) /Section(s)
1.	RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTY, EXPERT REPORTS AND APPROVAL OF THE COMPETENT AUTHORITY	Chapter 6
1.1	Identity of the responsible persons	6.1.1
1.2	Declaration of the responsible persons	6.1.2
1.3	Declaration or expert report, information related to the expert and declaration of consent	6.1.3
1.4	Attestation related to information from third party	
1.5	Declaration without former approbation	
2	LEGAL AUDITORS	6.2.1
2.1	Identity of legal auditors	6.2.1
2.2	Possible changes	
3	RISK FACTORS	1.5
4	INFORMATION RELATED TO THE COMPANY	Chapter 1
4.1	Company and commercial name of the Company	1.5.1, 1.5.3
4.2	Company Links, Registration Number and LEI	1.5.2
4.3	Date of incorporation and life of the Company	1.5.5
4.4	Headquarters and legal form of the Company, legislation governing its activities, country in which it is incorporated, address and telephone number of the head office, website	1.5.4
5	OVERVIEW OF THE ACTIVITIES	Chapter 1
5.1	Main activities	1.2.2
5.1.1	Nature of the operations	1.2.1
5.1.2	New products and main services	1.2.1
5.2	Main markets	1.2.1
5.3	Main events	1.2.1
5.4	Strategy and goals	1.2.2.2
5.5	Dependance of the Group related to patents or licenses , industrial contracts, commercials or financial or new manufacturing processes	1.2.4
5.6	Competitive positioning indicators	
5.7	Investments	1.2.4
5.7.1	Major Investments achieved in the last three fiscal years	1.2.4

Sections of appendices 1 and 2 of the delegated regulations (UE) 2019/980 from March 14, 2019		Chapter(s) /Section(s)
5.7.2	Main investments in progress or that the Company intends to make in the future and for which its management bodies have already made firm commitments and financing methods	1.2.4
5.7.3	Joint ventures and commitments for which the Company holds a significant portion of the capital	1.2.3.1
5.7.4	Environmental issues	Chapter 2
6	ORGANIZATIONAL STRUCTURE	Chapter 1
6.1	Brief description of the Group	1.4.2
6.2	List of the major subsidiaries	1.2.3.2
7	EXAMINATION OF FINANCIAL POSITION AND RESULT	Chapter 1 .4.2
7.1	Financial situation	1 .4.2
7.1.1	Evolution of the results and the financial situation of the Company	1.4.2
7.1.2	Future development forecasts and research and development activities	1.4.1
7.2	Operating results	1.4.2
72.1	Important factors, unusual, infrequent events or new developments significantly influencing the Group's result	1.4.2
7.2.2	Reasons for significant changes in the Group's net sales or net revenues	1.4.2
8	CASH AND CAPITAL	Chapters 1 et 2
8.1	Information on the Company's capital	1.4.4
8.2	Source and amount of cash flows	2.3
8.3	Information on the financing needs and the financing structure of the Company	
8.4	Information regarding any restrictions on the use of capital that may affect the operations of the Company	5.3.6
8.5	Expected sources of funding necessary to honor the commitments referred to in 5.7.2 above	
9	REGULATORY ENVIRONMENT	Chapter 1
10	TREND INFORMATION	1.4.5
10.1	Description of the main trends and of any significant change in the Group's financial performance since the end of the last financial year	
10.2	Event likely to have a significant impact on the Group's outlook	
11	PREVISIONS OR BENEFIT ESTIMATION	None
11.1	Profit forecasts or estimates published	
11.2	Statement setting out the main forecast assumptions	
11.3	Declaration of compatibility with historical financial information and compliance with accounting methods	
12	MANAGEMENT AND SUPERVISORY BODIES	Chapter 3
12.1	Administrative, management and supervisory bodies	3.2
12.2	Conflicts of interest at the level of administrative, management and supervisory bodies	3.2.5
13	COMPENSATIONS AND ADVANTAGES	1.4.5
13.1	Amount of remuneration paid and benefits in kind	3.3.1
13.2	Amounts provisioned by the Company for the purpose of pension, retirement or other benefits for the benefit of corporate officers	3.3.2
14	FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES	Chapter 3
14.1	Dates and expiration of the terms of office of the members of the administrative and management bodies for the last financial year	3.1.2
14.2	Service contracts binding the members of the Company's administrative, management or supervisory bodies	3.1.6
14.3	Information on the Company's specialized committees	3.2.4.3
14.4	Corporate governance	Chapter 3
14.5	Potential significant impacts on corporate governance	
15	EMPLOYEES	Chapter2 and chapter 3
15.1	Number of employees	2.2.3
15.2	Investments and stock -options of the persons referred to in 12.1 above	3.3.1.3
15.3	Agreement providing for employee participation in the capital of the Company	none

Sections of appendices 1 and 2 of the delegated regulations (UE) 2019/980 from March 14, 2019		Chapter(s) /Section(s)
16	MAJOR SHAREHOLDERS	Chapter 5
16.1	Shareholders owning more than 5% of social capital or voting rights of the Company	5.4
16.2	Existence of different voting rights	5.4
16.3	Direct or indirect control of the Company	5.4
16.4	Agreement whose implementation could lead to a change of control	None
17	TRANSACTIONS WITH RELATED PARTIES	5.5
18	FINANCIAL INFORMATION RELATED TO THE ASSETS AND LIABILITIES, THE FINANCIAL SITUATION AND THE RESULTS OF THE COMPANY	Chapter 4
18.1	Historical financial information	
18.1.1	audited historical financial information for the last three financial years and the audit report	
18.1.2	Change of accounting reference date	
18.1.3	Accounting standards	
18.1.4	Changes in accounting standards	
18.1.5	Balance sheet, income statement, change in equity, cash flow tables, accounting methods and explanatory notes	
18.1.6	Consolidated financial statements	
18.1.7	Date of the last financial information	
18.2	Interim and other financial information	
18.3	Audit of historical annual financial information	
18.3.1	Independent audit of historical annual financial information	
18.3.2	Other audited information	
18.3.3	Source of unaudited information and reasons for non-audit	
18.4	Pro forma financial information	
18.5	Dividend policy	
18.51	Description of the dividend distribution policy and any applicable restrictions	
18.5.2	Amount of dividends per share for the last three financial years	
18.6	Legal and arbitration proceedings	
18.7	Significant change in the financial position of the Company	
19	ADDITIONAL INFORMATION	5.5
19.1	Social capital	5.1
19.1.1	Amount of subscribed capital, number of shares issued and fully paid up and nominal value per share, number of shares authorized	5.1
19.1.2	Information relating to shares not representing capital	5.1.2
19.1.3	Number, book value and nominal value of shares held by the Company	5.1.4
19.1.4	Information relating to convertible, exchangeable securities or warrants	5.1.5.3
19.1.5	Information on the conditions governing any right of acquisition and / or any obligation attached to the authorized capital, not issued, or on any company aiming to increase the capital	
19.1.6	Information on the capital of any member of the Group who is the subject of an option or a conditional or unconditional agreement providing for placing it under option	none
19.1.7	History of share capital	5.1
19.2	Constitution and statutes	5.3
19.2.1	Register and corporate object	5.3.1
19.2.2	Rights, privileges, and restrictions attached to each class of shares	5.3.3
19.2.3	Provision having the effect of delaying, deferring, or preventing a change of control	5.3.6
20	MAJOR CONTRACTS	1.3.7.1
21	DOCUMENTS AVAILABLE	

6.6 Glossary

AFSSAPS	Agence Française de Sécurité Sanitaire et Produits de Santé/*French Agency for the Safety of Health Products*. This authority evaluates the safety of use of health products, monitors them, controls their quality in the laboratory and inspects their sites of manufacturing, distribution and testing, and also circulates information for the correct use of health products.
Amphiphile	Chemical compound simultaneously possessing a hydrophilic group (soluble in water or a solvent) and a hydrophobic group (insoluble in water or a solvent). The hydrophilic or hydrophobic characters of the groups are related in particular to their capacity or lack thereof to form electrostatic interactions with water or a solvent.
Anionic group	Negatively charged group of ions (anions)
Ankylosis	Immobility of a joint caused by injury or disease.
Arteriopathy	Any diseases of arteries.
Bedsore (eschar)	Skin lesion resulting from decreased blood flow following an ischemic process
Biosimilar	Generic form a drug whose patent has expired.
Chronic lesion	Significant loss of superficial skin tissues (dermis and epidermis), generally characterized by the absence of healing after 6 weeks of its occurrence and regardless of the conditions of patient management.
Coacervation	The separation of certain macromolecular solutions into two phases.
Complex	Structure formed from several independent chemical entities.
Compliance	The extent to which a patient follows the treatment prescribed.
Crohn's disease	Chronic inflammatory disease of the digestive tract.
Deamidation of asparagine	Non-enzymatic and spontaneous process that converts asparagine, an amino acid of proteins, into aspartic acid.
Dermatitis	A skin reaction caused by exposure to substances that are allergens or irritants.
EMA	European Medicines Agency. This authority evaluates and supervises the development of new drugs for human and veterinary use in the European Union.
Endothelial barrier	Selective permeability barrier enabling and regulating exchanges of molecules of varying sizes (water, salts, proteins, etc.) between the blood and tissues
Enzymatic breakdown	This process involves the destruction of intramolecular bonds of a protein and generally results in the production of smaller molecules. Enzymes, that

	are also proteins, accelerate the natural phenomenon of protein degradation in the body.
Epidermoid carcinoma	A form of skin cancer.
Erysipelas	Non-necrosing infection of the dermis or epidermis.
European Pharmacopoeia	Collection of quality control requirements of medicinal preparations drafted by the European Directorate for the Quality of Medicines and Healthcare, an organization of the European Council.
Excipient	Any substance in a drug product other than the drug substance(s).
FDA	Food and Drug Administration. American agency responsible for approving drugs and medical devices for marketing.
Glucose clamp technique	Reference method used in clinical research to measure sensitivity to insulin.
Glycoregulation	Regulation of the level of blood glucose, or glycemia, by the endocrine system.
Good Manufacturing Practices	Notion of quality assurance, established by the European Commission and applied to the manufacturing of drugs for human or veterinary use.
Graft	A chemical group bound to the molecule in question.
Granulation tissue	Temporary tissue covering a lesion during the healing process.
Growth factor	Protein required for the growth or regeneration of a tissue or organ.
Heparin	Anticoagulant substance present in the body.
ICH	International Conference of Harmonization. International body composed of American, European and Asian health authorities, as well as pharmaceutical companies.
Immunogenicity	Capacity of an antibody to cause an immune reaction.
Incidence	Number of new cases of a pathology found during a given period and for a given population.
Ischemia	Reduced blood flow to an extremity or an organ.
Islets of Langerhans	Located in the pancreas, they contain three types of cells, each secreting a different hormone: i) insulin that lowers blood glucose levels, ii) glucagon that raises blood glucose and iii) gastrin that controls the process of digestion.
IU	International Unit. In pharmacology it is the unit of measurement of the quantity of a substance, based on its biological activity. One IU of insulin is the biological equivalent of about 45.5 µg of pure crystallized insulin.

kDa (kiloDalton)	Unit used to measure the molecular weight of molecules and atoms. The value of one Dalton is the atomic weight of the hydrogen atom.
Leukemia	Bone marrow cancer with anarchic proliferation of white blood cells.
Ligand	In chemistry, this is an atom, ion or molecule having the capacity to bind to one or several central atoms or ions.
Lymphoma	Malignant tumor of the lymphatic system.
Marketing Authorization (MA)	Approval of a medicine by health authorities prior to its commercialization.
Multiple sclerosis	Disease of the central nervous system, in particular the brain, optic nerves and spinal cord.
Muscular dystrophy	A progressive degenerative disease of the body's muscles.
Muscular hypoxia	Insufficient oxygenation of muscle tissues.
National Consultative Ethics Committee	Independent French advisory body whose principal mission is to provide opinions and reports dealing with ethics as pertaining to scientific progress.
Necrotizing fasciitis	Infection caused by group A *Streptococcus*.
Nerve fiber (axon)	Single extension emerging from the cell body of neurons whose function is to transport nerve impulses.
Neuropathy	Any disease of the nervous system.
Osteoarticular lesion	A lesion involving both bones and joints.
Pancreas	Gland in proximity to the stomach.
Pharmacodynamics	Study of the effects of a drug on the body, in particular the interaction between its cell receptor and the therapeutic substance.
Pharmacokinetics	Study of the fate of a drug in the body and the body's effect on the drug as a function of time. The pharmacokinetics of a drug can be broken down into four phases: absorption, diffusion in the body, metabolism of the drug and its elimination by the body.
Polymer	Chemical compound formed by molecules whose feature is the repetition of one or several atoms or groups of atoms.
Polysaccharide	Complex sugar composed of several simple sugars of the same family of polymers.
Prevalence	A measure of the health status of a population at a given time, expressed as the ratio of the number of patients to the total population.

Primary dressing	Different types of dressings that are in direct contact with the lesion: sheets cut to size, paste, powder, that keep the lesion warm and moist and enable exudates to be absorbed.
Proof of concept	Demonstration of the feasibility and efficacy of a therapeutic product.
Protein	Macromolecule composed of amino acids linked by peptide bonds and that ensure myriad functions in the body.
Regenerative medicine	The use of human cells to repair or improve the functions of a damaged organ.
Rheumatoid arthritis	Chronic, inflammatory, degenerative disease characterized by the inflammation of several joints.
Sanies	Fetid purulent matter mixed with blood.
Somatic cells	All cells except germ, or sex cells.
SOP	Standard Operating Procedure. A written detailed procedure to ensure the comparability and uniformity of studies of the performance of a given pharmaceutical product.
Sorbitol	A sugar-alcohol.
Stasis	Reduction or cessation of the circulation of a fluid.
Streptococcus	A genus of bacteria, certain species of which are pathogens, i.e. sources of infections.
Transgenesis	The set of techniques used to introduce a foreign gene in the genome of an organism to obtain a genetically modified organism.
Tryptophan	An amino acid forming proteins. It is called essential because it cannot be synthesized by the body and must be provided by the diet.
UDRP procedure	Uniform Dispute Resolution Policy. Principles of the Internet Corporation for Assigned Names and Numbers (ICANN) to resolve disputes involving domain names.
United States Pharmacopeia – National Formulary	Collection of quality control requirements of medicinal preparations, excipients and medical devices drafted by the United States Pharmacopeial Convention. The FDA is responsible for ensuring compliance with these requirements in the United States. These standards have been developed and used in more than 130 counties in the world.

ADOCIA

innovative medicine
for everyone, everywhere

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