ADOCIA

Innovative
Medicine
for everyone
everywhere

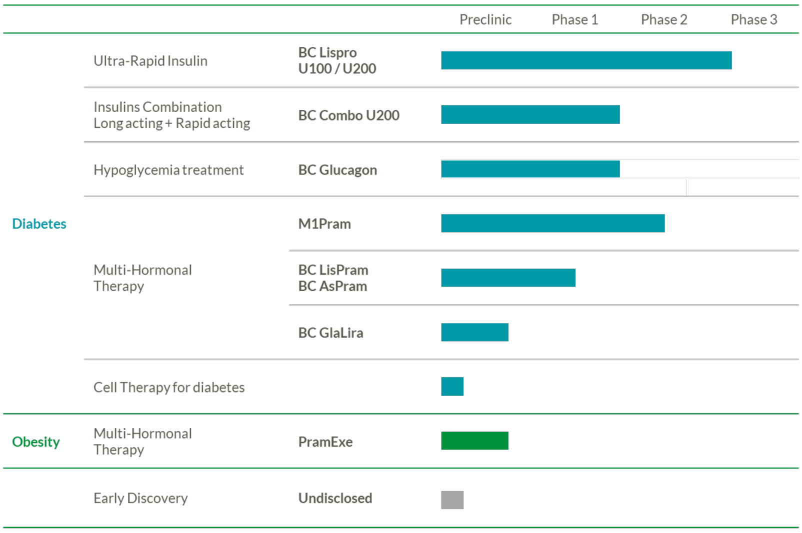
Half Year Financial Report 2021

Adocia strengthens its portfolio of diabetes treatments and expands it to obesity

With the diabetes pandemic affecting more than 463 million people worldwide, Adocia continues its commitment by strengthening its product pipeline based on prandial insulin[1].

Two approaches are prioritized: **multi-hormonal combinations** and **cell therapy.**

In 2021, the knowledge acquired on hormones of diabetes and their effects on weight loss led Adocia to expand its pipeline to **obesity treatment.**



BC: BioChaperone®; **BC Combo:** BC insulin glargine insulin lispro; **M1:** A21G human insulin; **Pram:** pramlintide; **Glu**: Glucagon; **Gla:** insulin glargine; **Exe:** exenatide

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of therapeutic proteins and peptides for the treatment of diabetes and metabolic diseases. In the diabetes field, Adocia's pipeline of injectable treatments is among the largest and most differentiated of the industry, featuring six clinical-stage products and several pre-clinical products.

The proprietary BioChaperone® technological platform is designed to enhance the effectiveness and/or safety of therapeutic proteins while making them easier for patients to use. Adocia customizes BioChaperone® to each protein for a given application.

Adocia's clinical pipeline includes five novel insulin formulations for treatment of diabetes: two ultra-rapid formulations of insulin analog lispro (BioChaperone® Lispro U100 and U200), a combination of basal insulin glargine and rapid acting insulin lispro (BioChaperone® Combo) and two combinations of prandial insulins with amylin analog pramlintide (M1Pram – ADO09 and BioChaperone® LisPram).

The clinical pipeline also includes an aqueous formulation of human glucagon (BioChaperone® Glucagon) for the treatment of hypoglycemia.

Adocia preclinical pipeline includes bi-hormonal combinations for diabetes treatment: a combination of rapid acting insulin analog and Pramlintide (BioChaperone® Aspart Pram), a combination of insulin glargine with GLP-1 receptor agonists (BioChaperone® Glargine Liraglutide). In addition, there are two bi-hormonal products for the treatment of obesity: a combination of glucagon and exenatide (BioChaperone® GluExe) and a combination of pramlintide and exenatide (PramExe).

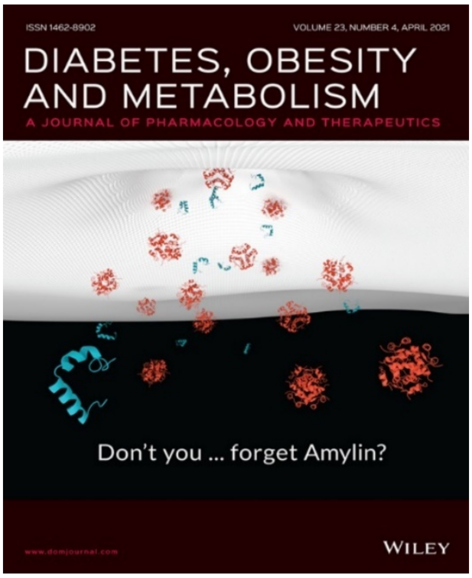
Adocia recently added a preclinical program to its pipeline with a cell therapy initiative focused on development of a hydrogel scaffold for use in people with type 1 diabetes. The first patent application supporting this program has been filed.

[1] *International Diabetes Federation, Atlas 9th edition 2019*

2021

Research on prandial insulins intensifies

Adocia and its partner, Tonghua Dongbao, have continued the industrialization of the BioChaperone® Lispro manufacturing process and announced positive clinical results confirming the Ultra-Rapid profile of BC Lispro containing insulin lispro from Tonghua Dongbao. The dossier has been submitted to the Chinese regulatory authorities (China Center for Drug Evaluation) for entry in Phase 3 in China. In parallel, Adocia continues the preparation of the Phase 3 clinical study in Europe and the United States.



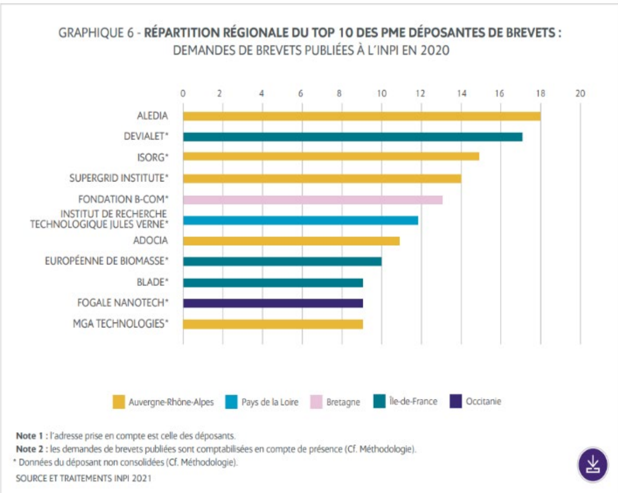
ADO09, a co-formulation of the amylin-analog pramlintide and the insulin analog A21G, lowers postprandial blood glucose versus insulin lispro in type 1 diabetes (T1D)
April 2021, Grit Andersen et al.

The development of hormone combinations based on insulin and amylin analogues intensifies.

The promising results of M1Pram have been published in the leading journal *Diabetes, Obesity and Metabolism*, and the program has even been selected for the cover. The results of the Phase 1b studies were also the subject of oral presentations at the ATTD and ADA meetings. These presentations were highly awaited by the scientific community and were selected by Closer Look as "Notable Orals" among more than 350 presentations. Another presentation will take place at the EASD 2021 meeting.

M1Pram is currently in Phase 2 in Type 1 diabetes patients, with results expected in the first quarter of 2022. In parallel, Adocia initiated a Phase 1 study of BC LisPram, which is conducted by Dr. Ahmad Haidar at McGill University, Canada.

Adocia instilled a new wave of innovation into its pipeline by expanding into cell therapy and the treatment of obesity



The INPI France 2020 ranking places Adocia in 7th position among French SMEs thanks to the filing of 11 patents. Among the top ten French SMEs, five are based in the Auvergne-Rhône-Alpes region.

Adocia has filed a patent for an innovative hydrogel matrix that maintains the activity of pancreatic cells implanted as part of a cell therapy procedure. This implant could restore long-term glycemic control without the need for insulin injections and immunosuppressive drugs administration. An academic collaboration has been established with a world specialist in islets transplantation Inserm team.

Following the filing of three patents families on new hormonal combinations: pramlintide-exenatide and glucagon-exenatide, Adocia has announced the expansion of its clinical development to obesity. These combinations have demonstrated promising and complementary effects on weight loss, and their administration via a pump would present a real paradigm shift, where patients would have the possibility to optimize the benefit-risk balance of their treatment to maximize long term benefits.

These new patents have contributed to once again position Adocia among the top 10 of SME patent filers.

Events of the First Half of 2021

January 11

Adocia Files Patent on a Hydrogel Scaffold for Cell Therapy in the Treatment of Type 1 Diabetes

January 25

Adocia Announces Positive Clinical Results Confirming the Ultra-Rapid Profile of a BioChaperone® Lispro Formulation Containing Insulin from Partner Tonghua Dongbao

March 10

Adocia Initiates Phase 2 Clinical Trial for M1Pram in Patients with Type 1 Diabetes

May 26

Adocia Expands Clinical Development to Obesity with Patent Applications on Short-Acting Multihormonal Combinations Administered by Pumps

June 1

Adocia Reinforces Its Board of Directors with the Appointment of Three New Independent Members

June 2

Adocia Presents Clinical Results on M1Pram at the 14th International Conference on Advanced Technologies and Treatments for Diabetes (ATTD 2021)

June 15

Adocia Announces M1Pram Clinical Data Presentation at the American Diabetes Association® 81st Scientific Sessions

June 29

Adocia Initiates BC LisPram Phase 1 Clinical Trial in Pump for People with Type 1 Diabetes

CONTENTS

1

Physical-chemical technician

Diane Schneider

Tests on the mechanical properties of a gel for the cell therapy project.

Chapter 1

1

1 Interim Management Report

1.1 Selected financial information

The table below compares the condensed consolidated financial statements prepared for the six months periods ended June 30, 2021, and June 30, 2020, respectively:

In (€) thousands, Consolidated financial statements, IAS/IFRS	**06/30/2021 6 months**	**06/30/2020 6 months**
Revenue	402	622
Grants, research tax credits and others	2 126	2 950
Operating revenue	**2 528**	**3 572**
Operating expenses	**(12 168)**	**(14 713)**
CURRENT OPERATING INCOME (LOSS)	**(9 639)**	**(11 140)**
OPERATING INCOME (LOSS)	**(9 639)**	**(11 140)**
FINANCIAL INCOME (LOSS)	**(965)**	**(773)**
Tax expense	0	(23)
NET INCOME (LOSS)	**(10 604)**	**(11 936)**

The financial results of the Company as of June 30, 2021, are characterized by:

- **Revenue** of €0.4 million, mostly deriving from the licensing agreements with Tonghua Dongbao Pharmaceuticals Co. Ltd (THDB). It reflects the contractual services provided for the transfer and development of licensed products (BioChaperone® Lispro and BioChaperone® Combo) as well as additional R&D services requested by the partner.

- **Other operating revenues** of €2.2 million, mainly from the research and development tax credit ("*Crédit d'Impôt Recherche*"), generated from expenses from the 2021 fiscal year.

- **Operating expenses** totaling €12.2 million for the first six months of 2021, a decrease of €2.5 million compared to the first six months of 2020. This was due to, on the one hand, a decrease in preclinical and clinical expenses, and on the other hand, a decrease in internal expenses, in particular payroll expenses due to the decrease in FTE[1] over the period.

- **Financial expenses** of almost €1 million, related to interest accruing from loans.

- **Net loss** before tax, taking into consideration all the previous elements, that amounts to €10.6 million compared with €11.9 million over the same period the previous year.

- **Cash position** of €20.7 million as of June 30, 2021, compared to €28.1 million as of December 31, 2020. Cash consumption for the first six months of 2021 was €7.4 million, slightly below last year's level (€7.8 million).

- **Financial debts** amounted to €28.1 million at the end of June 2021, compared to €28.2 million on December 31, 2020. This is primarily due to a bond debt of €15 million subscribed with IPF Fund II in 2019, State Guaranteed Loans (PGE) for a total of €7 million, and the bank loan contracted in 2016 to finance the acquisition and renovation of the Company's research center and corporate headquarters.

[1] *FTE: Full Time Equivalent*

Adocia recently opted for an additional one-year deferral of its PGE, with first repayments scheduled for August 2022 and an unchanged maturity (August 2026).

1.2 Half-year key events and perspectives for 2021

The first half of 2021 was marked by significant advances in our insulin pipeline, and by the initiation of new projects in cell therapy and obesity treatment.

Significant progress was made at every maturity level of our pipeline.

- **BioChaperone® Lispro to enter Phase 3 in China**

The Phase 3 application for the ultra-rapid insulin BC Lispro has been filed with the Chinese regulatory authorities by our partner Tonghua Dongbao. The response is expected in the third quarter of 2021. The start of the Phase 3 in China would trigger a milestone payment to Adocia. In parallel, the preparatory work for the Phase 3 studies in the United States and Europe has been successfully completed and our commercial activities are aimed at finding a partner capable of financing the pivotal program through marketing authorization for these territories.

- **M1Pram and BioChaperone® LisPram: first-in-class combinations with high added value**

Adocia has intensified the clinical development of its two candidates, M1Pram and BC LisPram, positioned respectively for the auto-injector and pump markets. These fixed-dose combinations of insulin and amylin analogs are intended to replace rapid-acting insulins, which are essential to the survival of many patients, and which generate more than $9 billion in revenues each year. These combinations are intended to improve glycemic control, while triggering weight loss in obese diabetic patients. In the United States, 65% of type 1 and 85% of type 2 diabetic patients are overweight or obese[2,3].

A Phase 2 study (CT041) has been initiated with M1Pram in auto-injector. This follows the establishment of the human proof of concept, the results of which were communicated in September 2020 (CT038 - part B). M1Pram had demonstrated, in just 3 weeks of treatment, an improvement in glycemic control and a very significant weight loss, compared to the reference rapid insulin aspart. The CT041 Phase 2 study, which aims to confirm these results over a 4-month period in patients with type 1 diabetes, has been designed to define all the parameters of the future Phase 3 program. Results are expected in the first half of 2022.

In parallel, a proof-of-concept study in humans has been initiated with BC LisPram. This combination has been specifically designed for Automated Insulin Delivery (pump). This study is being conducted in collaboration with Dr. Ahmad Haidar of McGill University (Canada) and results are expected in the first half of 2022.

- **Transforming islet transplantation**

In January 2021, Adocia announced the filing of patents on a hydrogel matrix designed to improve Langerhans islets transplantation techniques for cell therapy. The function of this matrix is to maintain the secretory activity of the transplanted cells, while protecting them from the immune system. Adocia's objective is to create an organoid capable of secreting insulin in response to glycemic variations, while avoiding the use of immunosuppressive drugs. An academic collaboration has been established with the Inserm team of Professor

2 Conway et al, Diabetes Med 2010 April; 27(4):398-404. BMI>25, Data for 2004-2007 period
3 Epidemiology of Obesity and Diabetes and Their Cardiovascular Complications

Pattou, a world specialist in islets transplantation. Animal trials are underway, prior to human implantation studies.

- **Hormone combinations for obesity treatment, a multi-billion euro market undergoing a major transformation**

Recently, Adocia initiated new projects in the field of obesity. Patient management is undergoing major transformation, due to the gradual recognition of obesity as a pandemic requiring drug treatment, and to the discovery of the efficacy of certain hormones - which are also involved in diabetes - in weight control. These treatments make it possible to avoid undergoing bariatric surgery.

Adocia has succeeded in combining hormones with synergistic effects and in formulating two hormonal combinations to address the different profiles of obese patients.
These products are intended to be administered by pump so that patients can initiate, with the support of their doctor, a personalized treatment adapted to their lifestyle.

Patents have been filed by Adocia on these hormonal combinations delivered by pump. A proof-of-concept study in humans will be initiated in 2022.

These products could also be developed in other indications such as NASH (Non-Alcoholic Steato-Hepatitis), and type 2 diabetes.

- **A stronger Board of Directors**

On the governance front, Adocia has strengthened its Board of Directors with the appointment of three new independent members: Dr. Claudia Mitchell, Senior Vice President of Portfolio Strategy at Astellas Pharma; Dr. Katherine Bowdish, President and CEO of PIC Therapeutics; and Stéphane Boissel, CEO of SparingVision.

1.3 Financial results as of June 30, 2021

1.3.1 Operating revenue

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

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Revenue (a)	**402**	**622**
Research and collaborative agreements	175	0
Licensing revenues	227	622
Grants, public financing, others (b)	**2 126**	**2 950**
OPERATING REVENUE (a) + (b)	**2 528**	**3 572**

Operating revenue resulted mainly from the licensing and research agreements as well as from the public financing of research and development expenses. As of June 30, 2021, they amounted to €2.5 million versus €3.6 million last year over the same period.

Revenue of €0.4 million as of June 30, 2021, resulted from the licensing agreements signed with Tonghua Dongbao (THDB) in April 2018, for the development, manufacturing, and commercialization of BioChaperone Lispro and BioChaperone Combo in China and other territories. It also resulted from re-invoiced activities requested by THDB.

Other operating income consisted of the French research and development tax credit amounting to **€2.1** million at the end of June 2021, compared to €2.9 million on June 30, 2020.

1.3.2 Operating expenses

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

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Research and development expenses	(9 188)	(11 630)
General and administrative expenses	(2 979)	(3 083)
CURRENT OPERATING EXPENSES	(12 168)	(14 713)

Research and development costs mainly include payroll costs assigned to research and development operations, subcontracting costs (including preclinical and clinical studies), intellectual property rights expenses, purchases of materials (reagents and other consumables), of pharmaceutical products and other raw materials. These expenditures amounted to €9.2 million for the first half of 2021, a decrease of €2.4 million compared to the first half of 2020. This is mainly due to a decrease in R&D external expenses due to lower activities in preclinical and clinical studies. These Research and development expenses represent 76% of the total operational expenses as of June 30, 2021.

General and administrative expenses primarily include expenses for employees not directly working on research and development, as well as services related to management, legal and business development of the Company and its subsidiary in the US. They amounted to €3 million on June 30, 2021, versus €3.1 million on June 30, 2020. The €0.1 million decrease is primarily explained by:

- for €0.3 million by the decrease of external expenses
- partially offset by the increase of depreciation, amortization, and provisions (€0.2 million)

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

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Purchases used in operations	(688)	(677)
Payroll expense	(5 771)	(6 196)
Share-based payments	(108)	(245)
External expenses	(4 892)	(6 802)
Taxes and contributions	(138)	(145)
Depreciation, amortization & provisions	(570)	(647)
OPERATING EXPENSES	(12 168)	(14 713)

Purchases used in operations amounted to €0.7, at a stable level compared to June 30, 2020.

Payroll expenses decreased between the two periods, from €6.2 million for the first half of 2020 to 5.8 million in 2021. The average workforce decreased from 133.9 Full Time Equivalents (FTE) in 2020 to 122.9 FTE on June 30,2021, amounting to an 8% decrease.

The €0.1 million **share-based payments** item on June 30, 2021 mainly includes the impact of the plans introduced in previous years, as there was no new plan granted to employees in the first half of 2021. In accordance with IFRS 2, share-based payments are recognized at the fair value of the equity instruments granted to the executives and employees. These elements had no impact on the Company's corporate financial statements or cash position.

External charges mainly included the costs of preclinical studies, clinical trials, subcontracting expenses, intellectual property costs, professional fees, and administrative expenses. These expenses amounted to €4.9 million on June 30, 2021, decreasing by €1.9 million compared to the same period in 2020. This is explained by:

- a €1.5 million decrease in R&D external expenses due to lower activities in preclinical and clinical studies
- a €0.5 million decrease in internal expenses, mainly due to the decrease in professional fees and travel costs

Taxes totaled €0.1 million on June 30, 2021, at a stable level compared to last year.

Depreciation and amortization amounted to €0.6 million on June 30, 2021, at a stable level compared to June 30, 2020.

1.3.3 Balance sheet items

In (€) thousands, Consolidated financial statements, IAS/IFRS	06/30/2021 6 months	12/31/2020 12 months
Net cash and cash equivalents	20 662	28 114
Total assets	33 782	45 166
Equity	(4 155)	6 334
Financial debts	28 113	28 194

The amount of cash and cash equivalents held by the Company amounted to €20.7 million on June 30, 2021, compared to €28.1 million on January 1, 2021.

Consolidated shareholder's equity decreased from €6.3 million on January 1, 2021 to €4.2 million on June 30, 2021. The decrease mostly reflects the negative result of the first half of 2021.

Financial debts amounted to €28.1 million on June 30, 2021, compared to €28.2 million on December 30, 2020. The debts mostly consist in the €15 million bond loan subscribed with IPF Fund II in 2019, State-Guaranteed loans contracted with BPI, HSBC, BNP and LCL for a total amount of €7 million and the 2016 loan to finance the purchase and renovation of the building where the research center and headquarters of the Company are located.

For the State-Guaranteed loans, the Company recently chose to postpone repayments for another year with the first reimbursements planned in August 2022 and an unchanged maturity (August 2026).

1.4 Risks and uncertainties relating to the Company's activities in the second half of 2021

Risk factors impacting the Company are described in paragraph 1.4 of the universal registration document for the fiscal year 2020, which was filed with the Autorité des Marchés Financiers (the « AMF ») on April 20, 2021. Main risks and uncertainties relating to the Company's activities in the second half of 2021 are the same as those described in the universal registration document available on the Company's website.

1.5 Relations with related parties

Relations with related parties during the period are presented in note 23 of paragraph 4.1.6.3 of the universal registration document of the financial year ended December, 31 20


2

Chapter 2

2 Interim consolidated financial statements

2.1 Consolidated financial statements

2.1.1 Consolidated balance sheet, IFRS

Assets IFRS

In (€) thousands	Notes	06/30/2021 6 months	12/31/2020 12 months
Current assets		**25 392**	**36 446**
Inventories		488	569
Trade and similar receivables	3	176	0
Deferred tax	2	0	0
Other current assets	4	4 066	7 763
Cash and cash equivalents	5	20 662	28 114
Goodwill			
Non-current assets		**8 390**	**8 720**
Other non-current assets		43	46
Land	1	2 032	2 032
Land development	1	302	322
Buildings and constructions	1	3 191	3 298
Laboratory equipment	1	368	378
Other property, plant and equipment	1	2 317	2 502
Non-current financial assets		138	142
TOTAL ASSETS		**33 782**	**45 166**

Liabilities and Equities IFRS

In (€) thousands	Notes	06/30/2021 6 months	12/31/2020 12 months
Current liabilities		**10 410**	**10 723**
Short-term financial debt	7	3 461	3 014
Trade and similar payables	9	3 868	4 943
Other current liabilities	9	3 080	2 766
Non-current liabilities		**27 528**	**28 110**
Long-term financial debt	7	24 652	25 180
Long-term provisions	8	2 358	2 214
Other non-current liabilities		517	715
Equity	6	**(4 155)**	**6 334**
Share capital		702	702
Share premium		78 662	78 731
Group translation gains and losses		(17)	(29)
Group reserves		(72 898)	(49 746)
Group net profit/loss		(10 604)	(23 324)
TOTAL LIABILITIES		**33 782**	**45 166**

2.1.2 Consolidated income statement, IFRS

In (€) thousands	Notes	06/30/2021 6 months	06/30/2020 6 months
Operating revenue		**2 528**	**3 572**
Revenue	11	402	622
Grants, research tax credits and others	12	2 126	2 950
Operating expenses excluding additions and reversals	**13-14**	**(11 598)**	**(14 066)**
Additions to and reversals of depreciation, amortization and provisions	**15**	**(570)**	**(647)**
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**10**	**(9 639)**	**(11 140)**
Financial income		132	111
Financial expense		(1 097)	(884)
FINANCIAL INCOME (LOSS)	**16**	**(965)**	**(773)**
PROFIT (LOSS) BEFORE TAX		**(10 604)**	**(11 913)**
Tax expense		0	(23)
NET PROFIT (LOSS)		**(10 604)**	**(11 936)**
Base earnings per share (€)	17	(1,5)	(1,7)
Diluted earnings per share (€)		(1,5)	(1,7)
GROUP NET PROFIT (LOSS)		**(10 604)**	**(11 936)**
Actuarial adjustments on defined pension liabilities		0	0
Unclassified elements in the Group net profit (loss)		**0**	**0**
TOTAL PROFIT (LOSS) FOR THE YEAR		**(10 604)**	**(11 936)**

2

2.1.3 Statement of changes in equity, IFRS

In (€) thousands	Number of Shares	Amount	Paid-in cappital	Reserve	Other comprehensive income (OCI)	Net profit (loss)	Total equity
BALANCE AT 12/31/2020	**7 020 629**	**702**	**78 731**	**(49 901)**	**126**	**(23 324)**	**6 334**
Profit for the year 2021						(10 604)	10 604
Gain (losses) on actuarial adjustments on defined pension liabilities					0		
Translation adjustment				11			
Comprehensive income for the period				**11**	**0**	**(10 604)**	**(10 593)**
Allocation of profit for the year 2020				(23 324)		23 324	
Increase in capital							
Increase in capital cost							
Exercise of equity instruments (warrants)	1 125	0	(0)				0
Share-based payment				108			108
Liquidity Contract - Elimination of treasury shares			(68)	64			(4)
Others				1			1
Total shareholder relations	1 125	0	(68)	(23 151)		23 324	105
BALANCE AT 06/30/2021	**7 021 754**	**702,175**	**78 662**	**(73 041)**	**126**	**(10 604)**	**(4 155)**

2.1.4 Consolidated statement of cash-flow, IFRS

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Net profit	(10 604)	(11 936)
Net depreciation, amortization & provisions (excl. current assets)	520	672
Capital gains and losses on non-current assets	0	(0)
Calculated income and expenses	1 559	1 013
Tax paid	0	0
Cash flow from operations before cost of net financial debt and tax	**(8 524)**	**(10 251)**
Cost of gross financial debt	(916)	(785)
Change in deferred revenues	**(98)**	**(520)**
Change in working capital requirement (including employee benefits)	**2 759**	**3 878**
NET CASH FLOW RELATED TO OPERATING ACTIVITES	**(6 779)**	**(7 677)**
Acquisitions of property, plant and equipment & intangible assets	(212)	(166)
Disposals of property, plant and equipment & intangible assets	0	0
Acquisitions of non-current financial assets	0	0
Disposals of non-current financial assets	0	0
Other cash flows related to investing activities	0	0
NET CASH FLOW RELATED TO INVESTING ACTIVITES	**(212)**	**(166)**
Capital increase	0	0
New loans and reimbursable advances	0	383
Repayments of loans and reimbursable advances	(461)	(346)
Other cash flows related to financing activities	0	0
NET CASH FLOW RELATED TO FINANCING ACTIVITES	**(461)**	**37**
	0	0
CHANGE IN NET CASH AND EQUIVALENTS	**(7 452)**	**(7 807)**
Opening cash	28 114	43 661
Closing cash	20 662	35 854

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

In (€) thousands	Variation 2021 / 2020
Inventories	(81)
Trade and similar receivables	176
Other receivables and advances	(3 953)
Pre-paid expenses / other receivables	247
Trade and similar payables	1 058
Other debt	(206)
CHANGE IN WORKING CAPITAL REQUIREMENT	**(2 759)**

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

In (€) thousands	06/30/2021	12/31/2030
Short-term investment securities (due in < 3 months)	4 104	4 103
Cash on hand	16 558	24 011
NET CASH AND CASH EQUIVALENTS	**20 662**	**28 114**

2

2.2 Events subsequent to June 30, 2021

None.

2.3 Key events

The first half of 2021 was marked by significant advances in our insulin pipeline, and by the initiation of new projects in cell therapy and obesity treatment.

Significant progress was made at every maturity level of our pipeline.

- **BioChaperone® Lispro to enter Phase 3 in China**

The Phase 3 application for the ultra-rapid insulin BC Lispro has been filed with the Chinese regulatory authorities by our partner Tonghua Dongbao. The response is expected in the third quarter of 2021. The start of the Phase 3 in China would trigger a milestone payment to Adocia. In parallel, the preparatory work for the Phase 3 studies in the United States and Europe has been successfully completed and our commercial activities are aimed at finding a partner capable of financing the pivotal program through marketing authorization for these territories.

- **M1Pram and BioChaperone® LisPram: first-in-class combinations with high added value**

Adocia has intensified the clinical development of its two candidates, M1Pram and BC LisPram, positioned respectively for the auto-injector and pump markets. These fixed-dose combinations of insulin and amylin analogs are intended to replace rapid-acting insulins, which are essential to the survival of many patients, and which generate more than $9 billion in revenues each year. These combinations are intended to improve glycemic control, while triggering weight loss in obese diabetic patients. In the United States, 65% of type 1 and 85% of type 2 diabetic patients are overweight or obese[5,6].

A Phase 2 study (CT041) has been initiated with M1Pram in auto-injector. This follows the establishment of the human proof of concept, the results of which were communicated in September 2020 (CT038 - part B). M1Pram had demonstrated, in just 3 weeks of treatment, an improvement in glycemic control and a very significant weight loss, compared to the reference rapid insulin aspart. The CT041 Phase 2 study, which aims to confirm these results over a 4-month period in patients with type 1 diabetes, has been designed to define all the parameters of the future Phase 3 program. Results are expected in the first half of 2022.

5 Conway et al, Diabetes Med 2010 April; 27(4):398-404. BMI>25, Data for 2004-2007 period
6 Epidemiology of Obesity and Diabetes and Their Cardiovascular Complications

In parallel, a proof-of-concept study in humans has been initiated with BC LisPram. This combination has been specifically designed for Automated Insulin Delivery (pump). This study is being conducted in collaboration with Dr. Ahmad Haidar of McGill University (Canada) and results are expected in the first half of 2022.

- **Transforming islet transplantation**

In January 2021, Adocia announced the filing of patents on a hydrogel matrix designed to improve Langerhans islets transplantation techniques for cell therapy. The function of this matrix is to maintain the secretory activity of the transplanted cells, while protecting them from the immune system. Adocia's objective is to create an organoid capable of secreting insulin in response to glycemic variations, while avoiding the use of immunosuppressive drugs. An academic collaboration has been established with the Inserm team of Professor Pattou, a world specialist in islets transplantation. Animal trials are underway, prior to human implantation studies.

- **Hormone combinations for obesity treatment, a multi-billion euro market undergoing a major transformation**

Recently, Adocia initiated new projects in the field of obesity. Patient management is undergoing major transformation, due to the gradual recognition of obesity as a pandemic requiring drug treatment, and to the discovery of the efficacy of certain hormones - which are also involved in diabetes - in weight control. These treatments make it possible to avoid undergoing bariatric surgery.

Adocia has succeeded in combining hormones with synergistic effects and in formulating two hormonal combinations to address the different profiles of obese patients.
These products are intended to be administered by pump so that patients can initiate, with the support of their doctor, a personalized treatment adapted to their lifestyle.

Patents have been filed by Adocia on these hormonal combinations delivered by pump. A proof-of-concept study in humans will be initiated in 2022.

These products could also be developed in other indications such as NASH (Non-Alcoholic Steato-Hepatitis), and type 2 diabetes.

- **A stronger Board of Directors**

On the governance front, Adocia has strengthened its Board of Directors with the appointment of three new independent members: Dr. Claudia Mitchell, Senior Vice President of Portfolio Strategy at Astellas Pharma; Dr. Katherine Bowdish, President and CEO of PIC Therapeutics; and Stéphane Boissel, CEO of SparingVision.

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

2.4.1 Basis of preparation of the financial statements

Adocia's 2021 half-year consolidated financial statements were approved by the board of directors on September 7, 2021 They were prepared in compliance with IAS 34 standard, « Interim financial reporting » as part of the IFRS standards as adopted by the European Union. The accounting principles applied to the interim condensed consolidated financials on June 30, 2021, are the same as the ones applied for the fiscal year ended December 31, 2020, as described in paragraph 4.1.6. of the 2020 Universal registration document, which was filed with the Autorité des Marchés Financiers (the « AMF ») on April 20, 2021.

In September 2021, the company obtained from its lenders a temporary adjustment of the financial ratios to be respected in the context of the loans it was granted (see note 7 Financial debts).

To meet its financial obligations and taking into account its cash flow position of €20.7 million as of June 30, 2021, during the fourth quarter of 2021, the company will have to (i) implement the delegation granted to the board of directors by the AG (General Meeting) of May 20, 2021, for the purpose of raising a maximum amount of M€ 8 and (ii) enter into a licensing agreement for the rights attached to its products under development or, failing that, sell its real estate assets.

In view of the elements currently at its disposal, management is confident in the fulfillment of these operations.

The going concern assumption has consequently been retained.

2

2.4.2 Accounting standards

The accounting principles and methods used by the Company for the interim financial statements are the same as those used in the financial statements for the year ended December 31, 2020, except for the following application of new standards, standard amendments and interpretations applied by the European Union, which application is mandatory for the Company starting January 1, 2021:

Standards, standard amendments, and interpretations applicable from fiscal year opening on January 1, 2021

- Amendments to IFRS 4 – report of IFRS 9
- Amendments to IFRS 4, 7, 9, 16, 39 – Interest rates of reference – Part 2

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

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

There are no significant standards, amendments, and interpretations, applied or not yet applied by the EU, coming into effect after June 30, 2021, of which early implementation would have been possible.

Standards, amendments, and interpretations applied by IASB that will come into effect after fiscal years opened from January 1, 2021, and that are currently in the process of being adopted by the EU, are as follows:

- Annual improvements to standards 2018-2020 (amendments to standards IFRS 1, IFRS 9, IFRS 16 and IAS 41 published by IASB in May 2020) (a),
- Amendments to IFRS 3 - reference to the conceptual framework, published by IASB in May 2020 (a),
- Amendments to IAS 37 - loss-making contracts - contract performance costs, published by IASB in May 2020 (a),
- Amendments to IAS 16 - property, plant, and equipment - proceeds in advance of intended use, published by IASB in May 2020 (b),
- Amendments to IAS 1 - classification of liabilities as current or non-current, published by IASB in January and July 2020 (b),
- Amendments to IAS 1 - disclosure of accounting methods, published by IASB in February 2021 (b),
- Amendments to IAS 8 - definition of accounting estimates, published by IASB in February 2021 (b),
- Amendments to IAS 12 - deferred taxes related to assets and liabilities arising from a single transaction (b),
- IFRS 17 – insurance contract (b),

  (a) applicable to fiscal years beginning after January 1, 2022,

  (b) applicable to fiscal years beginning after January 1, 2023.

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

2.4.3 Basis of preparation of the financial statements

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

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

In preparing its half-year statements, the main judgments made by the management and the main assumptions used are the same as those used to prepare the financial statements for the fiscal year ended December 31, 2020. These assumptions fall within IFRS 2 (« Share-based payment ») and IFRS 15 (« Revenue from contracts with customers »).

2.4.4 Consolidation principles

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

In March 2015, the company created a wholly owned subsidiary called Adocia Inc., 100% owned and fully consolidated at the end of June 2021.

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

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

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

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

2

2.5 Notes to the consolidated financial statements as of June 30, 2021

NOTE 1 Tangible assets

In (€) thousands	12/31/2020	Acquisitions / Additions	Disposals / reversals	06/30/2021
Land	2 032			2 032
Land development	409			409
Building	4 276			4 276
Laboratory equipment	3 630	108	(1)	3 737
Fixtures and facilities	3 753	67	0	3 820
Furniture, office equipment	1 573	10	0	1 583
GROSS AMOUNT	**15 673**	**185**	**(1)**	**15 858**
Land	0			0
Land development	87	20		107
Building	978	107		1 085
Laboratory equipment	3 252	117	(1)	3 369
Fixtures and facilities	1 512	191		1 703
Furniture, office equipment	1 308	71	0	1 379
DEPRECIATION AND IMPAIRMENT	**7 136**	**507**	**(1)**	**7 643**
Land	2 032	0	0	2 032
Land development	322	(20)	0	302
Building	3 298	(107)	0	3 191
Laboratory equipment	378	(10)	0	369
Fixtures and facilities	2 239	(124)	0	2 115
Furniture, office equipment	263	(61)	0	202
NET AMOUNT	**8 532**	**(322)**	**0**	**8 210**

Net tangible fixed assets decreased by €0.3 million between December 2020 and June 2021. The decrease reflects the depreciation of fixed assets for the period as well as a low level of investment during the first six months of 2021.

NOTE 2 Additional information regarding deferred taxes

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

As a reminder, the amount of tax losses carried forward as of June 30, 2021, amounts to €164.8 million.
This loss carryforward is not limited in time.

NOTE 3 Trade receivables

In (€) thousands	06/30/2021	12/31/2020
Gross amount	176	0
Impairment		
TOTAL NET VALUE	**176**	**0**

2

2

NOTE 4 Other current assets

In (€) thousands	06/30/2021	12/31/2020
Research tax credit	2 126	5 992
VAT claims	450	618
Receivables from suppliers	617	513
Pre-paid expenses	798	551
Miscellaneous	75	90
TOTAL NET VALUE	**4 066**	**7 763**

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

Since its inception, the company has been entitled to a research tax credit (CIR). At the end of each period, it therefore recognizes as a receivable the amount of the tax credit calculated for the eligible expenses during the period. As of June 30, 2021, the balance of Research Tax Credit receivables amounts to €2.1 million of tax credit generated by the research and development spending of the first half of 2021. 2020 Research Tax Credit, amounting to €6 million was received in April 2021.

Prepaid expenses relate to current expenses.

The miscellaneous item includes social security claims and other creditors.

Note 5 Classification and fair value of financial assets

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

Note 6 Equity

Share capital

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

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

	Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (euros)
AS OF 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 - Exercise of BSPCE	700	700			70
03/27/2015 - Exercise 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 - Exercise of BSPCE	2 800	2 800			280
12/16/2015 - Grant of bonus shares	1 400	1 400			140
06/21/2016 - Exercise 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
06/04/2018 - Exercise of stock-options	91	91			9
13/12/2018 - Grant of bonus shares	9 325	9 325			933
14/12/2018 - Grant of bonus shares	2 375	2 375			238
16/12/2018 - Grant of bonus shares	2 700	2 700			270
08/02/2019 - Grant of bonus shares	675	675			68
15/03/2019 - Grant of bonus shares	2 000	2 000			200
17/05/2019 - Grant of bonus shares	5 400	5 400			540
25/09/2019 - Grant of bonus shares	1 400	1 400			140
03/10/2019 - Grant of bonus shares	5 000	5 000			500
05/12/2019 - Grant of bonus shares	2 900	2 900			290
13/12/2019 - Grant of bonus shares	6 375	6 375			638
14/12/2019 - Grant of bonus shares	2 375	2 375			238
16/12/2019 - Grant of bonus shares	2 700	2 700			270
08/02/2020 - Grant of bonus shares	225	225			23
16/03/2020 - Grant of bonus shares	2 000	2 000			200
17/05/2020 - Grant of bonus shares	14 160	14 160			1 416
25/09/2020 - Grant of bonus shares	1 400	1 400			140
03/10/2020 - Grant of bonus shares	900	900			90
05/12/2020 - Grant of bonus shares	2 675	2 675			268
10/12/2020 - Grant of bonus shares	29 450	29 450			2 945
10/12/2020 - Grant of bonus shares	1 825	1 825			183
13/12/2020 - Grant of bonus shares	5 775	5 775			578
14/12/2020 - Grant of bonus shares	2 150	2 150			215
08/02/2021 - Grant of bonus shares	225	225			23
12/03/2021 - Grant of bonus shares	900	900			90
AS OF JUNE 30, 2021	**7 021 754**	**7 021 754**	**0**	**0**	**702 175**

2

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 the 2020 universal registration document.

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

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

The cost of services rendered is recognized as an expense over the vesting period. This expense amounted to €0.01million as of June 30, 2021, compared to€ 0.02 million for the first half year of 2020.

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	74,60
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	19,00
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
BSA IPF 2020	IPF Partners	Non	immediate on 07/20/2020	7,70

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

Plan date and number	Number of granted warrants	Number of cancelled warrants	Number of exercised warrants	Warrants not yet vested	Warrants not yet vested	Initial value (in € thousands)

BSPCE 2013 N°1	28 000		4 900	23 100		107
BSPCE 2013 N°2	22 400	2 100	700	19 600		85
BSA 2013	20 000			20 000		69
BSPCE 2014 N°1	14 000	5 600		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	13 000				375
SO 2017 N°2	40 000	39 909	91			375
BSPCE 2017	150 000	100 000		50 000		579
SO 2018	23 000	3 000		16 000	4 000	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	1 000		500	500	8
BSA IPF 2020	35 005			35 005		128
TOTAL	**859 547**	**245 209**	**5 691**	**581 947**	**29 500**	**11 224**

Bonus shares

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

Plan date and number	Number of shares initially granted	Number of cancelled shares	Number of vested shares	Number of shares with ongoing vesting
Plan 2008 N°1	42 000	2 100	39 900	
Plan 2008 N°2	5 600		5 600	
Plan 2009	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2015 N°1 - 10 ans	39 150	2 860	36 290	
Plan 2015 N°2.1	5 000		5 000	
Plan 2015 N°2.2	12 600	1 800	10 800	
2015 Plan Corporate officers	5 000		5 000	
2016 Plan Corporate officers	20 000	8 000	12 000	
Plan 2016 N°2	40 000	3 525	36 475	
Plan 2017	9 500	675	6 900	1 925
Plan 2018 N°1	2 700	1 350	1 350	
Plan 2018 N°2	19 050	2 290	16 760	
Plan 2018 N°3	5 600	2 800	2 800	

Plan 2018 N°4	5 600		2 800	2 800
Plan 2018 N°5	11 600	675	5 575	5 350
Plan 2019 N°1	3 600	2 700	900	
Plan 2019 N°2	33 300	3 850	29 450	
Plan 2019 N°3	7 300		1 825	5 475
Plan 2020 N°1	9 600	6 000	900	2 700
Plan 2020 N°2	11 600			11 600
Plan 2020 N°3	2 700			2 700
Plan 2020 N°4	4 800			4 800
Plan 2020 N°5	22 000			22 000
TOTAL	**335 100**	**38 625**	**237 125**	**59 350**

Movements in bonus shares are as follows :

Number of shares	**1st half year 2021**	**Year 2020**
Number of shares with ongoing vesting at the beginning of the year	63 400	89 770
Shares granted during the year	0	50 700
Shares vested during the year	1 125	60 785
Shares cancelled during the year	2 925	16 285
Number of shares with ongoing vesting at the end of the period	**59 350**	**63 400**

The cost of services rendered is recognized as a payroll expense over the vesting period. This expense amounted to €0.1 million for the first half of 2021 compared to €0.2 million for the same period in 2020.

Dividends

The company has not paid out any dividends in the first half year of 2021.

Capital management

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

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

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

Over the course of 2020, the share buyback program was used only in connection with the liquidity agreement to meet the objective of making a market in the company's shares and increasing their liquidity.

As of June 30, 2021, the Company held 33,978 shares in relation to this contract as well as €100,306.46 in cash in the non-current financial assets.

Note 7 Financial debts

Financial debts include bank loans and bonds as well as 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 obtained a €1.2 million loan to finance the development of two 450 m² spaces dedicated to the analysis service, one for offices and one for laboratories.

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

The valuation of these warrants on the subscription date was entrusted to an independent actuary. Taking into account this valuation and the costs incurred by the Company in direct connection with this bond issue, an effective interest rate (EIR) has been calculated and will be used, at each accounting closing, to update the amount of the debt. recognized in the Company's consolidated accounts.

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

- not to take on a new debt (beyond a threshold by type of debt and a global ceiling of € 6.5 million of debt)
- not to grant new security or guarantees,
- maintain a minimum cash position equivalent to $16 million,
- have a cash amount to cover 7 months of operating cash flow including debt service (cash covenant),
- not to change activity substantially,
- not to proceed with asset disposals other than in the normal course of business, acquisitions, or joint ventures without the prior approval of IPF Fund II,
- comply with all legal and regulatory obligations applicable to the Company,

Failure to comply with these commitments, which would not be remedied within 10 working days of the occurrence or notification by IPF Fund II (or immediately with respect to non-compliance with the cash covenant) could lead IPF Fund II to declare the loan's anticipated due date and to proceed with the implementation of the security detailed above.

As of June 30, 2021, the Group was in compliance with the commitments described above.

In September 2021, the Company obtained from its lenders a temporary adjustment of the financial ratios to be respected in the context of the loans granted. The cash flow threshold that was initially set at €16 million has been lowered to €10 million.

Finally, in August 2020, Adocia was granted a bank loan of € 7 million by BNP, HSBC, LCL and Bpifrance in the form of a State Guaranteed Loan (PGE). There was no repayment due for these loans in the first year. In June 2021, Adocia chose to defer repayment for another year, with the first capital repayments planned in August 2022 and an unchanged maturity in August 2016.

At the end of June 2021, the total amount of **financial debt** amounted to €28.1 million, of which €24.7 million are long-term debt.

As of June 30, 2021, the classification as current and non-current was as follows:

In (€) thousands	Current	Non-current	Total	Bank overdrafts
Reimbursable advances	520	0	520	
Bank Loans	741	4 060	4 801	
PGE	13	7 059	7 072	
IPF loan	1 243	13 516	14 759	
Fair value of share subscription warrants granted to IPF	863		863	
Other financial debts	81	17	98	
TOTAL FINANCIAL ASSETS	**3 461**	**24 652**	**28 113**	**0**

Details about advances granted and repaid for the first half of 2021:

2

In (€) thousands	Amount	Historical cost	
VALUE AT DECEMBER 31, 2020	**520**	**520**	
Long term portion	0		
Short term portion	520		
Grant during the year			
Repayment during the year			
Discount on grant during the year			
Financial expenses	0		
VALUE AT JUNE 30, 2021	**520**	**520**	(*)
Long term portion	0		
Short term portion	520		

(*) In (€) thousands	06/30/2021	Less than 1 year	1 to 5 years	More than 5 years
	520	520	0	0
Total	**520**	**520**	**0**	**0**

In 2015, the Company noted the end of the program and proceeded to the planned reimbursements in the event of a technical and commercial failure of the program in 2017 and in 2018. An independent expertise was commissioned by Bpifrance in 2020 and should enable the closing of this file in 2021.

Note 8 Provisions

In (€) thousands	Employee benefits	Other long-term provisions	Provisions for risks and charges - less than one year	TOTAL
VALUE AT DECEMBER 31, 2020	**2 214**	**0**	**0**	**2 214**
Additions	144			144
Reversal of used provisions				0
Reversal of unused provisions				0
VALUE AT JUNE 30, 2021	**2 358**	**0**	**0**	**2 358**

The provisions mainly consist in the provision for retirement benefits. They were estimated on the basis of the disposition of the applicable collective agreement, namely the collective agreement 176 (« convention collective 176 »). This provision increased by €0.1 million over the first half of 2021.

Note 9 Trade payables and other current liabilities

The company's current liabilities are as follows:

In (€) thousands	06/30/2021	12/31/2020
Trade payables	**3 868**	**4 943**
Subsidiary accounts	1 809	2 433
Invoices pending	2 059	2 510

Other current liabilities	**3 080**	**2 766**
Tax and social security liabilities	2 534	2 321
Other debt	28	27
Unearned income	518	418
TOTAL CURRENT OPERATING LIABILITIES	**6 949**	**7 709**

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

The "tax and social security liabilities" include social and fiscal accruals.

The current operating liabilities amounted to €6.9 million as of June 30, 2021, compared to €7.7 million on December 31, 2020.

Pending invoices called "accrued invoices", relate to current expenses.

2

Note 10 Operating profit / loss

In (€) thousands	Notes	06/30/2021 6 months	06/30/2020 6 months
Operating revenue		**2 528**	**3 572**
Revenue	11	402	622
Grants, research tax credits and others	12	2 126	2 950
Operating expenses		**(12 168)**	**(14 713)**
Purchases used in operations		(688)	(677)
Payroll expense	14	(5 880)	(6 442)
External expenses	13	(4 892)	(6 802)
Taxes and contributions		(138)	(145)
Depreciation, amortization and provisions	15	(570)	(647)
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES		**(9 639)**	**(11 140)**

Breakdown of expenses by function:

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Research and development expenses	(9 188)	(11 630)
General and administrative expenses	(2 979)	(3 083)
OPERATING EXPENSES	**(12 168)**	**(14 713)**

Research and development costs were as follows:

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Purchases used in operations	(520)	(677)
Payroll expense	(4 358)	(4 530)
Share-based payments	(82)	(212)
External expenses	(3 694)	(5 631)
Taxes and contributions	(104)	(70)
Depreciation, amortization & provisions	(430)	(510)
OPERATING EXPENSES	**(9 188)**	**(11 630)**

2

Note 11 Revenue

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Research and collaborative agreements	175	0
Licensing revenues	227	622
REVENUE	**402**	**622**

In the first half of 2021, the Company recognizes revenue of €0.4 million, compared to €0.6 million last year.

Part of the revenue (50%) corresponds to part of the upfront payment of $50 million dollars (€41.1 million), received in April 2018. These revenues, which are related to Research & Development services provided by Adocia to Tonghua Dongbao, are recognized on completion, in accordance with IFRS 15, with a comparison of the costs incurred by Adocia and the total budget estimated to date over the term of the contract.

The part of the upfront payment yet to be recognized as revenue, as of June 30, 2021, amounts to € 0.9 million and is recognized as deferred income.

These agreements relate to the combinations of BioChaperone Lispro and BioChaperone Combo in China and in other designated countries.

According to them, the Company :

- receives upfront payments amounting to $40 million (BC Combo) and $10 million (BC Lispro), paying for licenses and exclusive rights granted to Tonghua Dongbao as well as the transfer of know-how and related services,
- could benefit from the reimbursement of specific research and development expenses initiated at the request of Tonghua Dongbao,
- is entitled to receive development milestone payments up to $50 million for BC Combo and $35 million for BC Lispro,
- could receive royalties on the sale of both products in the territories.

The other part of the revenue corresponds to the re-invoicing of activities asked for by THDB. For the first half of 2021, revenues amounted to 0.2 million euros.

Note 12 Other income

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Research tax credit	2 126	2 950
Other	0	0
OTHER INCOME	**2 126**	**2 950**

The research Tax Credit amounted to €2.1million as of June 30, 2021, compared to €3 million on June 30, 2020, in line with the decrease in operating costs.

Note 13 Other purchases and external charges

Other purchases and external charges mainly include preclinical studies, clinical trials, subcontracting expenses, intellectual property costs, professional fees, and administrative expenses.

These expenses amounted to €4.9 million as of June 30, 2021, decreasing by €1.9 million compared to the same period in 2020. It is primarily explained by:

- a €1.5 million decrease in external R&D expenses due to lower activities on preclinical and clinical studies
- a €0.5 million decrease on internal expenses, primarily due to the decrease in professional fees and travel costs

Note 14 Payroll expense

Payroll expense was as follows:

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Wages and salaries	4 048	4 408
Social contributions	1 723	1 788
Share-based payment	108	245
PAYROLL EXPENSE	5 880	6 442

	06/30/2021 6 months	06/30/2020 6 months
Technicians	56	60
Management personnel	71	72
STAFF	127	132

As of June 30, 2021, the company had 43 postdoctoral researchers in science, medicine, or pharmacy, nearly 35% of the whole staff. Almost 75% of employees are directly assigned to research and development activities.

Payroll expenses, share-based payments excluded, amounted to €5.7 million as of June 30, 2021, an 8% decrease compared to June 30, 2020. This corresponds to a workforce decrease from 133.9 full time equivalents (FTE) in 2020 to 122.9 FTE on June 30, 2021.

Note 15 Depreciation, amortization, and impairment losses

Net depreciation, amortization and provisions are as follows:

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Depreciation, amortization, and provisions for fixed assets	**528**	**644**
Depreciation of property, plant, and equipment	443	487
Amortization of intangible assets	13	13
Depreciation of leased assets	72	145
Depreciation, amortization, and provisions for fixed assets	**42**	**3**
Provisions for current assets (additions)	42	3
DEPRECIATION, AMOTIZATION AND IMPAIRMENT	570	647

2

Note 16 Financial income / loss

The cost of net financial debt was as follows:

In (€) thousands	06/30/2021 6 months	06/30/2021 6 months
Cost of net financial debt	**(1 047)**	**(785)**
Cash and cash equivalents income	0	(4)
Interest on conditional advances	(1 047)	(781)
Foreign exchange gains and losses	**89**	26
Other financial income and expenses	**(7)**	(14)
FINANCIAL INCOME (LOSS)	**(965)**	**(773)**

The negative financial result of €1 million on June 30, 2021, and €0.8 million on June 30, 2020, is primarily explained by the interest from the bond issue subscribed with IPF Fund II in October 2019.

Note 17 Earnings per share

	06/30/2021 6 months	06/30/2020 6 months
CONSOLIDATED NET PROFIT / LOSS (in euros thousands)	**(10 604)**	**(11 936)**
Average number of shares	7 021 352	6 971 689
NET EARNINGS (LOSS) PER SHARE (in euros)	**(1,51)**	**(1,71)**
NET EARNINGS (LOSS) PER SHARE FULY DILUTED (in euros)	**(1,51)**	**(1,71)**

Note 18 Related parties and compensation of the corporate officers

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

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

In (€) thousands	06/30/2021 6 months	06/30/2020 6 months
Short-term benefits	335	318
Posterior employment benefits	61	54
Other long-term benefits	0	0
Termination benefits employment contract	0	0
Share-based payment	0	(25)
TOTAL COMPENSATION PAID TO COPORATE OFFICERS	**396**	**347**

Note 19 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, Adocia has granted a pledge on some of its current assets and in particular:

- a pledge under French law of the Company's bank accounts and securities accounts,
- a pledge of the main intellectual property rights (Core IP) of the Company registered in France, Europe, the USA, and China ensured by the conclusion of a deed of pledge of patents under French law, a deed of pledge of law of the state of New York and a deed of pledge under Chinese law on the following families:
    - Insulin FAST (BC lispro and HinsBet): WO2014076423
    - Combination of basal insulin, including insulin glargine, and prandial insulin: WO2019110773
    - Combination of prandial insulin and glucagon suppressor with prandial effect: WO2019020820
- a pledge of the Company's trade receivables ensured by the conclusion of a deed of pledge of French law,

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

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


3

Chapter 3

3 Statutory auditor’s review report on interim consolidated financial statements

ODICEO ERNST & YOUNG et Autres

3

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

Adocia

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

ODICEO
115, boulevard Stalingrad
CS 52038
69616 Villeurbanne
S.A au capital de € 275.000
430 130 393

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

Adocia

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Adocia, for the period from January 1 to June 30, 2021,

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

Due to the global crisis related to the Covid-19 pandemic, the (condensed) half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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

1. Conclusion on the financial statements

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

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

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

2. Specific verification

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

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

Villeurbanne and Lyon, 30 septembre 2021

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Agnès Lemoine	Mohamed Mabrouk


4

Chapter 4

4 Responsability statement in respect of the interim financial report

I hereby certify that, to my knowledge, the consolidated condensed financial statements for the six months ended June 30, 2021 have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company and its subsidiaries included in the consolidated account assets and liabilities, financial position and income, and that the accompanying interim management report gives a true and fair view of the significant events of the first six months of the year, their impact on the financial statements, major related-party transactions and a description of the major risks and uncertainties for the remaining six months of the year.

On September 30th, 2021

Gérard Soula
Chief Executive Officer

ADOCIA

innovative medicine
for everyone, everywhere

115 avenue Lacassagne
69 003 Lyon – FRANCE
Tél. +33 4 72 610 610
Fax. +33 4 72 363 967
www.adocia.com

SA with share capital of 702,175.40 Euros – RCS Lyon 487 647 737 00021