This is a free translation of Adocia's half year financial report issued in the French language, for informational purposes only.

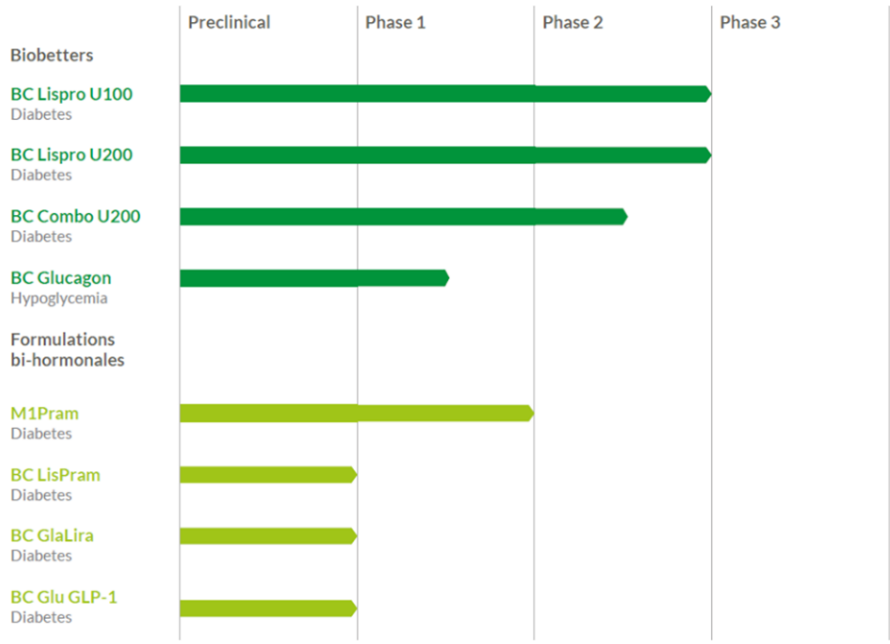
ADOCIA

Half year financial report 2020

Innovative Medicine for everyone everywhere

WHILE 463 MILLION PEOPLE LIVE WITH DIABETES IN 2020, ADOCIA'S COMMITMENT IS REFLECTED IN AN EVER EXTENDING PORTFOLIO ON IN INJECTABLE PRANDIAL INSULIN TREATMENTS FOR PEOPLE WITH TYPE 1 AND TYPE 2 DIABETES

Pipeline



BC: BioChaperone®; Lispro: insulin lispro; BC Combo: BC insulin glargine insulin lispro;
M1: A21G insulin human; Pram: pramlintide; GLP-1: GLP-1 receptor agonist; Gla: insulin glargine; Glu: Glucagon

ADOCIA, LEADER IN THE TREATMENT OF DIABETES BY INNOVATIVE INJECTABLE PRODUCTS

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 portfolio of injectable treatments is among the largest and most differentiated of the industry, featuring four clinical-stage products. Adocia aims to expand its portfolio towards the treatment of other metabolic diseases and their comorbidities.

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 four novel insulin formulations for prandial 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 one combination of a prandial insulin with amylin analog pramlintide M1Pram (ADO09).The clinical pipeline also includes an aqueous formulation of human glucagon (BioChaperone® Glucagon) for the treatment of hypoglycemia.

Adocia preclinical pipeline includes three products: a combination of rapid human insulin analogues and Pramlintide (BioChaperone LisPram), a combination of insulin glargine with GLP-1 receptor agonists (BioChaperone® Glargine GLP-1) for the treatment of diabetes and a readyto-use combination of glucagon and a GLP-1 receptor agonist (BioChaperone® Glucagon GLP1) for the treatment of obesity.

2020

Prandial treatments are at the very heart of our research.

Despite the COVID-19 peculiar period, Adocia and Tonghua Dongbao continued to work on industrialization of manufacturing processes for the BC Lispro product and filed with the Chinese regulatory authorities (Center for Drug Evaluation) in order to launch

a Phase 3 study in China. Adocia is also preparing a BC Lispro bridging clinical study to launch a Phase 3 clinical study in Europe and in the US wherever possible.

Adocia also presented at ADA 2020 the convincing results of the M1Pram bi-hormonal treatment demonstrating positive effects for the patient: a restoration of normal metabolism, a significant reduction in insulin consumption and finally weight loss in obese patients. .

First semester 2020 Events

January 11-12

The East / West CEO conference allows world leaders in the biopharma community to meet and share their vision and perspective on the coming year

February 19-22

ATTD aims to promote and enhance the development of novel technologies and treatments for diabetes and strives to change the lives of people with diabetes. We invite you to be a part of the continuously growing community that is moving our field forward..

January 13-15

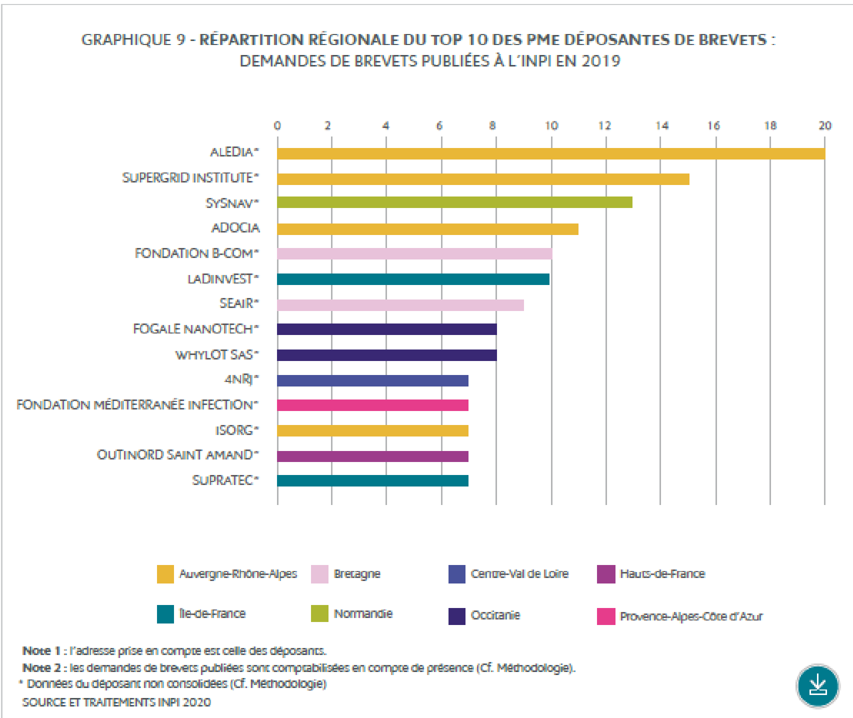
The annual J.P. Morgan Healthcare Conference is the largest and most informative healthcare investment symposium in the industry, bringing together industry leaders, emerging fast-growth companies, innovative technology creators, and members of the investment community.

April 23

Adocia announces positive topline results of the exploratory Phase 1b study of ADO09 (M1Pram) in people with type 1 diabetes

June 8

Adocia Announces M1Pram Clinical Data Presentation at the American Diabetes Association® 80th Scientific Sessions- Virtual session



Recently published: the INPI France 2019 prize list positions Adocia in 4th position for French SMEs thanks to the filing of 11 patents. Among the top ten French SMEs, four are based in the Auvergne-Rhône region

ADOCIA

CONTENTS

1 Interim management report

ADOCIA

Chapter 1

1

1 INTERIM MANAGEMENT REPORT

1.1 Selected financial information

The table below summarizes the condensed consolidated financial statements prepared for the six months periods ended June 30, 2020 and June 30, 2019:

In (€) thousands, Consolidated financial statements, IAS/IFRS	06/30/2020 (6 months)	06/30/2019 (6 months)
Revenue	622	1 710
Grants, research tax credits and others	2 950	3 044
Operating revenue	**3 572**	**4 752**
Operating expenses	**(14 713)**	**(18 142)**
OPERATING INCOME	**(11 140)**	**(13 388)**
FINANCIAL INCOME (LOSS)	**(773)**	**404**
Tax expense	(23)	(9)
NET INCOME	**(11 936)**	**(12 994)**

The financial results of the Company at June 30, 2020 are characterized by :

- **Revenue** of €0.6 million from the licensing agreements with Tonghua Dongbao Pharmaceuticals Co. Ltd, signed in April 2018, reflects the R&D services provided by Adocia for the transfer and development of licensed products.
- **Operating expenses** for the first six months of 2020 totaling €14.7 million. This decrease of €3.4 million compared to 2019 resulted from:
  - €2 million for legal proceedings against Eli Lilly, terminated in September 2019, which had impacted 2019
  - €0.8 million reduction in external R&D expenses (production of clinical batches realized in 2019 and frequency of patent fees)
  - €0.3 million in internal expenses, primarily travel costs, which were limited in the majority of the world following the global health measures.
- **Net loss** before tax of €11.9 million.
- **Cash position** of nearly €36 million as of June 30, 2020 compared to €43.7 million as of January 1, 2020. Cash consumption in the first six months of the year amounted to €7.8 million compared to €19.1 million over the same period in 2019. This decrease is primarily due to: (i) the receipt of the 2019 Research Tax Credit for €5.9 million in April 2020, following government measures linked to the COVID-19 epidemic, and (ii) the conclusion of legal proceedings against Eli Lilly which had impacted the cash position by €3.5 million in the first half of 2019.
- Restated for these two elements, cash consumption for the first half of 2020 is down by €2.2 million compared to the same period last year, primarily due to the decrease in R&D subcontracting expenses of €1.4 million.
- **Financial debts** amounted to €20.8 million as of June 30, 2020 and mainly consisted of the bond issue for €15 million subscribed with IPF Fund II in 2019 and bank loans to finance the acquisition and renovation of the Company's research center and corporate office.

1.2 Key events for the first half of 2020

The first half of 2020 was impacted by the COVID-19 pandemic and the containment measures implemented in France. In the challenging environment, Adocia quickly organized to manage the pandemic with a priority to limit the spread of the virus and ensure the safety of our employees, while maintaining the continuity of our research activities. Adocia prioritized timeline critical projects at the start of the health crisis, then gradually returned to a normal environment for all research and development activities in early May.

Subcontracting activities were also decreased due to limited resources at our subcontractors. However, most of the clinical and preclinical studies have been maintained and expected results were only slightly delayed.

The first half of 2020 was marked by significant technical and clinical advances on the bi-hormonal product **M1Pram** (ADO09), a combination of prandial insulin and pramlintide (an amylin analog).

In April 2020, the clinical results obtained on type 1 diabetic patients treated for three weeks showed that M1Pram restored some essential physiological functions during the digestion phase, such as the restoration of gastric emptying time, abnormally short in people with type 1 diabetes, the inhibition of the glucagon secretion (trigger of endogenous glucose synthesis) and a feeling of satiety. This restoration of normal metabolism results in improved control of post-prandial glycemia levels, with a significant reduction in insulin consumption and weight loss in overweight / obese patients.

Based on these results, Adocia plans to continue the clinical development of M1Pram with the launch of a Phase 2 clinical study with type 1 diabetic patients treated over a longer period (3 months). The results of this study should help to define the Phase 3 clinical development plan for the use of M1Pram in pen applications for type 1 diabetics.

Given the promising results obtained with this type of medical device during exploratory studies by universities, Adocia will plan a pump study of its two products M1Pram and BioChaperone® Pram associated with Lispro or Aspart in order to select the best formulation for the function of an artificial pancreas.

During this first half of 2020, Adocia continued its collaboration with **partner Tonghua Dongbao (THDB)**, in China. An important step has been taken with the ultra-fast **BioChaperone® Lispro insulin** (BC Lispro) for the Chinese market, with the submission of the clinical dossier to the Chinese regulatory authorities (Center for Drug Evaluation). Regarding **BioChaperone® Combo**, a co-formulation of glargine (basal insulin) and lispro (meal insulin), the technology transfer to our partner is complete and the industrialization of the manufacturing process is underway. Adocia is currently collaborating with Tonghua Dongbao on the clinical development and preparation of a regulatory filing for its commercialization in China, which is proving to be a high-potential market.

In July 2020, the regulatory authorities in Germany approved the launch of a "bridging study" which enables Adocia to validate the THDB insulin lispro API. Upon validation Adocia will launch **BC Lispro** Phase 3 clinical trials **in Europe and the United States.** Adocia is actively pursuing a partnership to secure funding for the Phase 3 trials and commercialization of BC Lispro.

The **BioChaperone® Glucagon** “ready-to-use” formulation for intramuscular injectable is still unique in its mode of administration. It is generally accepted that the intramuscular route is the safest and quickest route of administration when life-threatening conditions exist. Adocia is searching for a partner to develop and market this product.

In financial terms, in the context of the COVID-19 pandemic, the Company has approached its banking and regional partners to benefit from the measures announced by the French government in order to support businesses in this difficult environment. As such, Adocia received reimbursements for partial unemployment, commercial banks postponed the short-term payments for 6 months and a 2019 Research Tax Credit amounting to €5.9 million was paid earlier (received in April 2020).

1.3 Events subsequent to June 30, 2020

None

1.4 Financial results as June 30, 2020

1.4.1 Operating revenue

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

In (€) thousands	06/30/2020 (6 months)	06/30/201 (6 months)
Revenue (a)	622	1 710
Research and collaborative agreements	0	0
Licencing revenues	622	1 710
Grants, public financing, others (b)	2 950	3 044
OPERATING REVENUE (a) + (b)	3 572	4 754

Operating revenue mainly resulted from the licensing and research agreements and also from the public financing of research and development expenses. At June 30, 2020, they amounted to €3.6 million versus €4.8 million last year over the same period.

Revenue of €0.6 million at June 30, 2020 resulted primarily 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.

The non-refundable upfront payment provided for in the contract, for an amount of $50 million or €41.1 million, was partially recognized as revenue (€37.1 million at the end of June 2018). The remaining non-amortized amount of the initial payment is being recognized upon provision of research and development services by Adocia, related to the transfer and development of the products. Adocia recognized €0.6 million of revenues over the first semester of 2020.

Other operating income consisted primarily of the French research and development tax credit amounting to **€**3 million for the first half of 2020, at a stable level compared to the first half of 2019.

1.4.2 Operating expenses

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

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Research and development expenses	(11 630)	(12 322)
General and administrative expenses	(3 083)	(5 820)
CURRENT OPERATING EXPENSES	(14 713)	(18 142)

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 €11.6 million for the first half of 2020, a decrease of €0.7 million compared to the first half of 2019. This is mainly due to a decrease in R&D external expenses, (production of clinical batches carried out in 2019 and frequency of patent fees).These Research and developement expenses represent 79% of the total operational expenses as of end of June 2020.

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 €3.1 million at June 30, 2020 versus €5.8 million at June 30, 2019. The €2.8 million decrease is explained :

- for €2 million by the decrease of legal expenses supporting the terminated arbitrations against Eli Lilly which impacted the cost center in 2019
- for €0.4 million, by the decrease of personal expenses (employees more dedicated to R&D operations, decrease of the share-based expenses).
- For €0.3 million, by the decrease of travel expenses, which were limited by the 2020 global health crisis

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

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Purchases used in operations	(677)	(786)
Payroll expense	(6 196)	(6 235)
Share-based payments	(245)	(464)
External expenses	(6 802)	(9 985)
Taxes and contributions	(145)	(123)
Depreciation, amortization & provisions	(647)	(548)
OPERATING EXPENSES	**(14 713)**	**(18 142)**

Purchases used in operations decreased between the two periods, from €0.8 million over the first half of 2019 to €0.7 million in 2020.

Payroll expenses totaled €6.2 million at June 30, 2019, at a stable level compared to last year. The average workforce remained stable, from 132.1 Full Time Equivalents (FTE) in 2019 to 133.1 FTE in 2020.

The €0.2 million **share-based payments** item at June 30, 2020 mainly includes the impact of the plans introduced in previous years, as only one new plan, for two employees, was grated over the first six months of 2019. The €0.2 million decrease is explained by the vesting of several share-based plans between the last months of 2019 and June 30, 2020. 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 €6.8 million at June 30, 2020, decreasing by €3.2 million compared to the same period in 2019. It is primarily explained by :

- €2 million for legal proceedings against Eli Lilly, terminated in September 2019, which had impacted 2019
- €0.8 million reduction in external R&D expenses (production of clinical batches realized in 2019 and frequency of patent fees)
- €0.3 million in internal expenses, primarily travel costs, which were limited in the majority of the world following the global health measures.

Taxes totaled €0.1 million at June 30, 2020, at a stable level copared to last year.

Depreciation and amortization amounted to €0.5 million at June 30, 2020 compared to €0.5 million at June 30, 2019.

1.4.3 Balance sheet items

In (€) thousands, Consolidated financial statements, IAS/IFRS	06/30/2020	12/31/2019
Net cash and cash equivalents	35 854	43 661
Total assets	50 056	61 953
Equity	16 326	28 040
Financial debt	20 952	21 154

The amount of cash and cash equivalents held by the Company amounted to €35.9 million at June 30, 2020 compared to €43.7 million at January 1, 2020.

Consolidated shareholder's equity decreased from €28 million at January 1, 2020 to €16.3 million at June 30, 2020. The decrease reflects the negative result at the end of June 2020.

Financial debt amounted to €21 million at June 30, 2020 which represents a net decrease of €0.2 million compared to the beginning of the year. The company obtained a 6-month postponement of its loan and leasing maturities from the banks in line with the measures taken in the banking sector in the context of the COVID-19 pandemic. The positive impact on the Company's cash position amounted to €0.4 million at the end of June 2020.

1.5 Risks and uncertainties relating to the Company's activities in the second half of 2020

Risk factors impacting the Company are described in paragraph 1.4 of the universal registration document for the fiscal year 2019, which was filed with the Autorité des Marchés Financiers (the « AMF ») on April 22, 2020. Main risks and uncertainties relating to the Company's activities in the second half of 2019 are the same as those described in the universal registration document availaible on the Company's website.

1.6 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. 2019

2 Interim consolidated financial statements

ADOCIA

Chapter 2

2

2 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated financial statements

2.1.1 Consolidated balance sheet, IFRS

Assets IFRS

In (€) thousands	Notes	06/30/2020	12/31/2019
Current assets		**40 839**	**52 218**
Inventories		150	181
Trade and similar receivables	3		360
Deferred tax	2		
Other current assets	4	4 835	8 016
Cash and cash equivalents	5	35 854	43 661
Non-current assets		**9 217**	**9 735**
Other non-current assets		58	70
Land	1	2 032	2 032
Land development	1	343	363
Buildings and constructions	1	3 405	3 511
Laboratory equipment	1	503	579
Other property, plant and equipment	1	2 756	3 049
Non-current financial assets		121	130
TOTAL ASSETS		50 056	61 953

Liabilities and Equities IFRS

In (€) thousands	Notes	06/30/2020	12/31/2019
Current liabilities		**10 904**	**11 234**
Short-term financial debt	7	2 352	2 637
Trade and similar payables	9	5 067	5 326
Other current liabilities	9	3 485	3 271
Non-current liabilities		**22 826**	**22 680**
Long-term financial debt	7	18 600	18 518
Long-term provisions	8	3 360	3 122
Other non-current liabilities		867	1 040
Equity	**6**	**16 326**	**28 040**
Share capital		698	696
Share premium		78 691	78 788
Group translation gains and losses		77	3
Group reserves		(51 204)	(32 844)
Group net profit/loss		(11 936)	(18 603)
TOTAL LIABILITIES		50 056	61 953

2.1.2 Consolidated income statement, IFRS

In (€) thousands	Notes	06/30/2020 (6 months)	06/30/2019 (6 months)
Operating revenue		**3 572**	**4 754**
Revenue	11	622	1 710
Grants, research tax credits and others	12	2 950	3 044
Operating expenses excluding additions and reversals	**13-14**	**(14 066)**	**(17 594)**
Additions to and reversals of depreciation, amortization and provisions	**15**	**(647)**	**(548)**
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**10**	(11 140)	(13 388)
Financial income		111	491
Financial expense		(884)	(87)
FINANCIAL INCOME (LOSS)	**16**	(773)	404
PROFIT (LOSS) BEFORE TAX		(11 913)	(12 984)
Tax expense		(23)	(9)
NET PROFIT (LOSS)		(11 936)	(12 994)
Base earnings per share (€)	17	(1,7)	(1,9)
Diluted earnings per share (€)		(1,7)	(1,9)
GROUP NET PROFIT (LOSS)		(11 936)	(12 994)
Actuarial adjustments on defined pension liabilities		0	(556)
Unclassified elements in the Group net profit (loss)		**0**	**(556)**
TOTAL PROFIT (LOSS) FOR THE YEAR		(11 936)	(13 549)

2.1.3 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 12/31/2019	6 960 069	696	78 788	(31 584)	(1 257)	(18 603)	28 040
Profit for the year 2020						(11 936)	11 936
Gain (losses) on actuarial adjustments on defined pension liabilities							
Comprehensive income for the period						**(11 936)**	(11 936)
Allocation of profit for the year 2018				(18 603)		18 603	
Exercise of equity instruments (warrants)	16 385	2	(2)				
Share-based payment				230			230
Liquidity Contract - Elimination of treasury shares			(95)	86			(9)
Others				2			2
Total shareholder relations	16 385	2	(97)	(18 285)		18 603	223
BALANCE AT 06/30/2020	6 976 454	698	78 691	(49 870)	(1 257)	(11 936)	16 326

2.1.4 Consolidated statement of cash-flow, IFRS

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Net profit	(11 936)	(12 994)
Net depreciation, amortization & provisions (excl. current assets)	672	521
Capital gains and losses on non-current assets	(0)	10
Calculated income and expenses	1 013	316
Tax paid	0	0
Cash flow from operations before cost of net financial debt and tax	**(10 251)**	**(12 146)**
Cost of gross financial debt	(785)	413
Change in deferred revenues	**(520)**	**(1 703)**
Change in working capital requirement (including employee benefits)	**3 878**	**(5 122)**
NET CASH FLOW RELATED TO OPERATING ACTIVITES	(7 677)	(18 558)
Acquisitions of property, plant and equipment & intangible assets	(166)	(1 514)
Disposals of property, plant and equipment & intangible assets	0	0
Acquisitions of non-current financial assets	0	(35)
Disposals of non-current financial assets	0	0
Other cash flows related to investing activities	0	0
NET CASH FLOW RELATED TO INVESTING ACTIVITES	(166)	(1 549)
Capital increase	0	0
New loans and reimbursable advances	383	1 351
Repayments of loans and reimbursable advances	(346)	(394)
Other cash flows related to financing activities	0	0
NET CASH FLOW RELATED TO FINANCING ACTIVITES	37	956
CHANGE IN NET CASH AND EQUIVALENTS	(7 807)	(19 151)
Opening cash	43 661	39 841
Closing cash	35 854	20 690

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

In (€) thousands	Variation 2020 / 2019
Inventories	(31)
Trade and similar receivables	(360)
Other receivables and advances	(2 855)
Pre-paid expenses / other receivables	(330)
Trade and similar payables	255
Other debt	(555)
CHANGE IN WORKING CAPITAL REQUIREMENT	(3 878)

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

In (€) thousands	06/30/2020	12/31/2019
Short-term investment securities (due in < 3 months)	4 116	4 120
Cash on hand	31 738	39 541
NET CASH AND CASH EQUIVALENTS	35 854	43 661

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

2.2.1 Basis of preparation

Adocia's 2020 half-year consolidated financial statements were approved by the board of directors on July 20, 2020 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 the interim condensed consolidated financials at June 30, 2020 are the same as the ones applied for the fiscal year ended December 31, 2019 as described in paragraph 4.1.6. of the 2019 Universal registration document, which was filed with the Autorité des Marchés Financiers (the « AMF ») on April 22, 2020.

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.

2.2.2 Accounting standards

Main comment

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, 2019, 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, 2020 :

Standards, standard amendments and interpretations applicable from open fiscal year at January 1, 2020

- 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
- Annual improvements to IFRS standards (2015-2017 cycle)
- Amendments to IFRS 3 - Business combinations & IFRS 11 Partnerships
- Amendments to IAS 12 - Income taxes
- Amendments to IAS 23 - Borrowing costs
- Amendments to IAS 1 et IAS 8 – Définitionof the word « significant »
- Amendments to IAS 39, IFRS 7 and IFRS 9 – Interest rates of reference

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

Standards, standard amendments and interpretations applied by the European Union but not yet mandatory for 2020 interim financials

- None

Standards and interpretations applied by IASB but not yet applied by the European Union au June 30, 2020

- IFRS 17 – Insurance contracts
- Amendments to IFRS 3 – Definition of a business
- Amendments to IFRS 4 – Insurance Contracts
- Amendments to IFRS 16 – Leases

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

2.2.3 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 past experience and various other factors deemed reasonable which from 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, 2019. These assumptions fall of IFRS 2 (« Share-based payment ») and IFRS 15 (« Revenue from contracts with customers »).

2.2.4 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. which was fully consolidated at the end of June 20.

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

2.3 Notes to the consolidated financial statements as of June 30, 2020

NOTE 1 Tangible assets

In (€) thousands	12/31/2019	Acquisitions / Additions	Disposals / reversals	06/30/2020
Land	2 032			2 032
Land development	409			409
Building	4 276			4 276
Laboratory equipment	3 550	134	(58)	3 627
Fixtures and facilities	3 755	9	(28)	3 736
Furniture, office equipment	1 558	19	(8)	1 569
GROSS AMOUNT	**15 580**	**163**	**(94)**	**15 648**
Land	0			0
Land development	46	20		66
Building	764	107		871
Laboratory equipment	2 972	210	(58)	3 124
Fixtures and facilities	1 134	189		1 324
Furniture, office equipment	1 125	104	(8)	1 220
DEPRECIATION AND IMPAIRMENT	**6 040**	**631**	**(66)**	**6 605**
Land	2 032	0	0	2 032
Land development	363	(20)	0	343
Building	3 511	(107)	0	3 405
Laboratory equipment	579	(76)	0	503
Fixtures and facilities	2 619	(181)	(28)	2 410
Furniture, office equipment	431	(84)	(0)	346
NET AMOUNT	**9 535**	**(468)**	**(28)**	**9 038**

Net tangible fixed assets decreased by €0.5 million between December 2019 and June 2020. 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 2020.

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, 2020 amounts to €136.4 million.
This loss carryforward is not limited in time.

NOTE 3 Trade receivables

In (€) thousands	06/30/2020	12/31/2019
Gross amount	0	360
Impairment		
TOTAL NET VALUE	0	360

2

NOTE 4 Other current assets

In (€) thousands	06/30/2020	12/31/2018
Research tax credit	2 950	5 861
VAT claims	685	791
Receivables from suppliers	550	519
Pre-paid expenses	465	795
Miscellaneous	186	49
TOTAL NET VALUE	**4 835**	**8 016**

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. At June 30, 2020, the balance of Research Tax Credit receivables includes €3 million of tax credit generated by the research and development spendings of the first half of 2020. 2019 Research Tax Credit, amounting to €5.9 million was received in April 2020. This reimbursment happened earlier thah the former years because of the measures taken by the government in regards to the COVID-19 pandemic.

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 assest 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 constitue level 1 financial assets at fair value.

Note 6 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.

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 bellow provides the evolution of the share capital during the period.

	Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (euros)
AT 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

	Number of shares (*)	Ordinary shares	Preferred shares - cat. A	Preferred shares - cat. B	Nominal amount (euros)
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
06/04/2018 - Exercice 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
AT JUNE 30, 2020	**6 976 454**	**6 976 454**	**0**	**0**	**697 645**

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 independants 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 2019 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 €0.02 million as of June 30, 2020 compared to€ 0.12 million for the first half year of 2019.

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	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	Non	Immediate at October 11, 2019	8.57
BSA IPF 2019 - Tranche B	IPF Partners	Non	Immediate at December 10, 2019	8.57
SO 2019	Employees	Non	Until December 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	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		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			100 000		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	100 000	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	1 000			2 000	8
TOTAL	824 542	179 409	5 691	552 192	88 250	11 096

2

Bonus shares

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

Plan date and number	Number of shares initially granted	Number of cancelled shares	Number of vested shares	Number of shares with ongoing vesting
Plan 2008 N°1	42 000	2 100	39 900	
Plan 2008 N°2	5 600		5 600	
Plan 2009	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2010 N°1	5 600		5 600	
Plan 2015 N°1 - 10 years	39 150	2 860	36 290	
Plan 2015 N°2.1	5 000		5 000	
Plan 2015 N°2.2	12 600	1 800	8 100	2 700
Plan 2015 Corporate Officer	5 000		5 000	
Plan 2016 Corporate Officer	20 000	8 000	10 000	2 000
Plan 2016 N°2	40 000	2 025	19 325	18 650
Plan 2017	9 500		2 375	7 125
Plan 2018 N°1	2 700		675	2 025
Plan 2018 N°2	19 050	1 430	4 000	13 620
Plan 2018 N°3	5 600		1 400	4 200
Plan 2018 N°4	5 600			5 600
Plan 2018 N°5	11 600			11 600
Plan 2019 N°1	3 600			3 600
Plan 2019 N°2	33 300	2 200		31 100
Plan 2019 N°3	7 300			7 300
Plan 2020 N°1	9 600	6 000		3 600
TOTAL	**294 000**	**34 050**	**191 600**	**68 350**

Movements in bonus shares are as follows :

Number of shares	1st half year 2020	FY 2019
Number of shares with ongoing vesting at the beginning of the year	89 770	75 695
Shares granted during the year	9 600	44 200
Shares vested during the year	16 385	28 825
Shares cancelled during the year	14 635	1 300
Number of shares with ongoing vesting at the end of the period	**68 350**	**89 770**

The cost of services rendered is recognized as a payroll expense over the vesting period. This expense amounted to €0.2 million for the first half year 2020 compared to €0.3million for the same period in 2019.

Dividends

The company has not paid out any dividends in the first half year of 2020.

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 aggrement 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.

At June 30, 2020, 32,541 shares have been accounted for in deduction of equity and €83,332.92 in cash appeared in the non-current financial assets.

Note 7 Financial debts

Financial debts include bank loans, repayable advances as other financial debts (leases).

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.

During the first half year 2019, the Company obtained a €1.2 million loan to finance some part of the development work of 1,000 m² of the building, dedicated to the analysis service.

These loans, in the same way as the leasing contracts taken out by the Company, were subject in 2020 to a postponement of maturities for a period of 6 months, following measures taken by the banking sector to support companies in the context of the COVID-19 pandemic.

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.

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.

At the end of June 2020, the total amount of **financial debt** amounted to €21 million, of which €18.6 million are long-term debt.

At the end of June 2020, the classification as current and non-current was as follows :

In (€) thousands	Current	Non-current	Total	Bank overdrafts
Reimbursable advances	515	0	515	
Bank Loan	470	4 775	5 246	
IPF loan	317	13 727	14 044	
Fair value of the BSA granetd to IPF	890		890	
Other financial debts	159	98	257	
TOTAL FINANCIAL ASSETS	2 352	18 600	20 952	0

Details about advances granted and repaid for the first half year 2020 :

In (€) thousands	Amount	Historical cost	
VALUE AT DECEMBER 31, 2019	**511**	**520**	
Long term portion	0		
Short term portion	511		
Grant during the year			
Repayment during the year			
Discount on grant during the year			
Financial expenses	5		
VALUE AT JUNE 30, 2020	**515**	**520**	(*)
Long term portion	0		
Short term portion	515		

(*) in € thousands	06/30/2020	Less than 1 year	1 to 5 years	More than 5 years
Insuline advance (2012)	520	520		
TOTAL	**520**	**520**		

In 2015, the Company noted the end of the program with Bpifrance 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 expert was commissioned by Bpifrance, scheduled in 2020 to enable to close this file by the end of the year.

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, 2019	3 122	0	0	**3 122**
Additions	237			237
Reversal of used provisions				0
Reversal of unused provisions				0
VALUE AT JUNE 30, 2020	3 360	0	0	**3 360**

The provision for retirement benefits was estimated on the basis of the disposition of the applicable collective agreement, namely the collective agreement 176 (« convention collective 176 »). This provision increased by €0.2 million over the first half of 2020.

Note 9 Trade payables and other current liabilities

The company's current liabilities are as follows :

In (€) thousands	06/30/2020	12/31/2019
Trade payables	**5 067**	**5 326**
Subsidiary accounts	1 680	2 645
Invoices pending	3 387	2 681
Other current liabilities	**3 485**	**3 271**
Tax and social security liabilities	2 989	2 420
Other debt	14	23
Unearned income	482	829
TOTAL CURRENT OPERATING LIABILITIES	8 552	8 597

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 à €8.6 million as of June 30, 2020, a stable level compared to December 31, 2019.

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

Note 10 Operating profit / loss

In (€) thousands	Notes	06/30/2020 (6 months)	06/30/2019 (6 months)
Operating revenue		**3 572**	**4 754**
Revenue	11	622	1 710
Grants, research tax credits and others	12	2 950	3 044
Operating expenses		**(14 713)**	**(18 142)**
Purchases used in operations		(677)	(786)
Payroll expense	14	(6 442)	(6 699)
External expenses	13	(6 802)	(9 985)
Taxes and contributions		(145)	(123)
Allocation to depreciation and provisions	15	(647)	(548)
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES		(11 140)	(13 388)

Breakdown of expenses by function:

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Research and development expenses	(11 630)	(12 322)
General and administrative expenses	(3 083)	(5 820)
OPERATING EXPENSES	(14 713)	(18 142)

Research and development costs were as follows:

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Purchases used in operations	(677)	(786)
Payroll expense	(4 530)	(4 319)
Share-based payments	(212)	(283)
External expenses	(5 631)	(6 478)
Taxes and contributions	(70)	(48)
Depreciation, amortization & provisions	(510)	(407)
OPERATING EXPENSES	(11 630)	(12 322)

Note 11 Revenue

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Research and collaborative agreements	0	0
Licencing revenues	622	1 710
REVENUE	622	1 710

In the first half of 2020, the Company recognizes revenue of €0.6 million, compared to €1.7 million last year, corresponding to a part of the upfront payment of $50 million dollars (€41.1 million), received in April 2018 upon signing of the two licensing agreements with Tonghua Dongbao. 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, 2020, amounts to € 1.3 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,
- is expected to receive royalties on the sale of both products in the territories.

Note 12 Other income

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Research tax credit	2 950	2 960
Other	0	84
OTHER INCOME	2 950	3 044

The research Tax Credit amounted to €3 million at June 30, 2020 at a stable level compared to June 30, 2019.

In 2019, part of the building, which is owned by Adocia, was leased to several companies. Therefore, Adocia recognized leasing revenue for €84 thousand at the end of June 2019, which appear on the “other” line of the chart above. At the end of 2019, the tenants vacated the premises and the Company does not receive any more rents.

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 €6.8 million as of June 30, 2020, decreasing by €3.2 million compared to the same period in 2019. It is primarily explained by :

- €2 million from the legal proceedings against Eli Lilly, terminated in September 2019, which had impacted 2019,
- €0.8 million reduction in external R&D expenses (production of clinical batches carried out in 2019 and frequency of patent fees).
- €0.3 million on internal expenses, primarily travel costs, which were limited by the health measures taken in almost every country.

Note 14 Payroll expense

Payroll expense was as follows:

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Wages and salaries	4 408	4 434
Social contributions	1 788	1 801
Share-based payment	245	464
PAYROLL EXPENSE	6 442	6 699

	06/30/2020	12/31/2019
Technicians	60	60
Management	72	78
STAFF	132	138

At June 30, 2020, the company had 50 postdoctoral researchers in science, medicine or pharmacy, nearly 40% of the staff. Nearly 79% of employees are directly assigned to research and development activities.

Payroll expenses, share-based payments excluded, amounted to €6.2 million at June 30, 2020 at a stable level compared to June 30, 2019. The average workforce is stable, from 132.1 full time equivalents (FTE) in 2019 to 133.1 FTE in 2020.

2

Note 15 Depreciation, amortization and impairment losses

Net depreciation, amortization and provisions are as follows:

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Depreciation, amortization and provisions for fixed assets	**644**	**542**
Depreciation of property, plant and equipment	487	381
Amortization of intangible assets	13	13
Depreciation of leased assets	145	148
Depreciation, amortization and provisions for fixed assets	**3**	**6**
Provisions for current assets (additions)	3	6
DEPRECIATION, AMOTIZATION AND IMPAIRMENT	647	548

Note 16 Financial income / loss

The cost of net financial debt was as follow:

In (€) thousands	06/30/2020 (6 months)	06/30/2019 (6 months)
Cost of net financial debt	(785)	391
Cash and cash equivalents income	(4)	469
Interest on conditional advances	(781)	(78)
Foreign exchange gains and losses	26	8
Other financial income and expenses	(14)	5
FINANCIAL INCOME (LOSS)	(773)	404

The negative financial result of €0.8 million at June 30, 2020 is primarily explained by the interest from the bond issue subscribed with IPF Fund II in October 2019. The positive financial result of €0.4 million at June 30, 2019 was primarily explained by the accrued interest awarded by the Amercian Arbitration Association Tribunal related to the first phase of the arbitration proceedings against Eli Lilly.

Note 17 Earnings per share

	06/30/2020 (6 months)	06/30/2019 (6 months)
CONSOLIDATED NET PROFIT / LOSS (in euros thousands)	(11 936)	(12 994)
Average number of shares	6 971 689	6 934 269
NET EARNINGS (LOSS) PER SHARE (in euros)	(1,71)	(1,87)
NET EARNINGS (LOSS) PER SHARE FULY DILUTED (in euros)	(1,71)	(1,87)

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	06/30/2020 (6 months)	06/30/2019 (6 months)
Short-term benefits	318	329
Posterior employment benefits	54	54
Other long term benefits	0	0
Termination benefits employment contract	0	0
Share-based payment	(25)	92
TOTAL COMPENSATION PAID TO COPORATE OFFICERS	**347**	**475**

Note 19 Off-balance sheet commitments

When obtaining the loans used to purchase the building and parking spaces and to carry out the development of the building, 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 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.

Note 20 Consequences of the COVID-19 Pandemic

The COVID-19 pandemic and the containment measures put in place in France disrupted the Company's activities in the first half of the year.

As of March 2020, Adocia quickly organized itself to face the pandemic with the priority of limiting the spread of the virus and ensuring the safety of its employees, while maintaining the continuity of its research activities as much as possible.These activities initially focused on priority activities at the start of the health crisis, then gradually intensified to return to a normal pace in early May.

The Company encouraged every employee, for whom it was possible, to work from home . All operations have been adapted, in particular the support functions for research activities and those related to administrative functions.

Employees who were not present on site were either working at home, at home for childcare, or in partial unemployment (it were mainly laboratory technicians who were unable to work off site).

Thus, in the first half of 2020, the use of these measures generated savings of €0.2 million (wages and social charges included). The Company also postponed the payment of social charges due in April to July, with an impact of €0.4 million on cash.

In addition, the Company requested the rapid collection of its 2019 Research Tax Credit (nearly € 6 million, which is usually collected in September) and the postponement of the maturities on its current bank loans for 6 months.

The Company is closely following the development of this pandemic and, in particular, its possible consequences for the Company and will communicate to the market any significant development on the subject.

3

Statutory auditor's review report on interim consolidated financial statements

ADOCIA

Chapter 3

3 STATUTORY AUDITOR'S REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ODICEO

ERNST & YOUNG et Autres

3

This is a 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

Period from January 1 to June 30, 2020

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

ODICEO
115, boulevard de Stalingrad
CS 52038
69616 Villeurbanne 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

Adocia

Period from January 1 to June 30, 2020

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, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility were prepared under the Board of Directors' responsibility on July 20, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. 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.

2. Specific verification

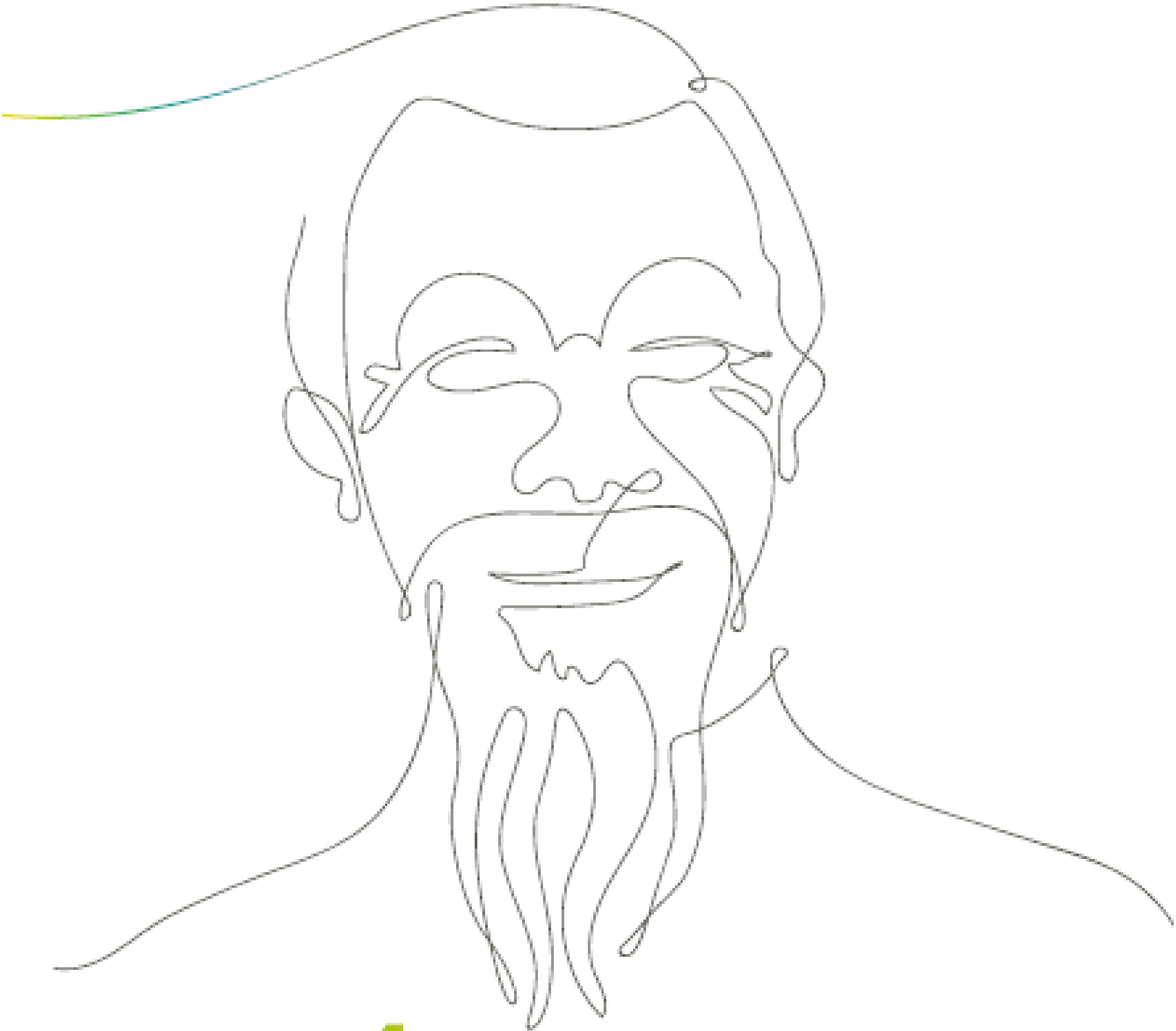
We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 20, 2020.

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

Villeurbanne and Lyon, July 21, 2020

The Statutory Auditors
French original signed by

ODICEO	ERNST & YOUNG et Autres
Agnès Lamoine	Mohamed Mabrouk



4 Responsability statement in respect of the interim financial report

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, 2020 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 July 21st, 2020

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 a capital of 619,227.60 Euros – RCS Lyon 487 647 737 00021