HALF-YEAR FINANCIAL REPORT 2022

This document is a free non-binding translation into English prepared for the convenience of English-speaking readers, for information purposes only, of the French language Half-year Financial Report as filed with the Autorité des Marchés Financiers on September 27, 2022 in accordance with Article L 451-1-2 of the Monetary and Financial Code.

In the event of any ambiguity or conflict between corresponding statements or items contained in this English translation and the original French version, the relevant statements or items of the French version shall prevail. The free translations of the auditor's reports presented in this document apply to the French version of the financial statements.

Copies of this Half-Year Financial Report are available free of charge at the registered office of Aelis Farma SA, 146 rue Léo Saignat Institut François Magendie 33000 Bordeaux.
This half-year report is also available on the Company's website (https://www.aelisfarma.com) as well as on the centralized storage site for regulated information of listed companies managed by the French Department of legal and administrative information (https://www.info-financiere.fr).

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1.1. Person responsible for the half-year financial report

Pier Vincenzo Piazza, Chief Executive Officer of Aelis Farma.

1.2. Responsibility statement

« I certify, to the best of my knowledge, that the accounts have been drawn up in accordance with the applicable accounting standards and give a faithful representation of the assets, financial situation, and results of the Company and that the management report below presents a faithful picture of the development of the business, results and financial situation of the Company and that it describes the main risks and uncertainties that it faces ».

September 27, 2022,
Pier Vincenzo Piazza,
Chief Executive Officer of Aelis Farma

1.3. About Aelis Farma

Founded in 2013, Aelis Farma is a biopharmaceutical company that is developing a new class of drugs, the Signaling Specific inhibitors of the CB_1 receptor of the endocannabinoid system (CB_1-SSi). These new molecules hold great potential in the treatment of many brain diseases. CB_1-SSi were developed by Aelis Farma on the basis of the discovery of a new natural defense mechanism of the brain made by the team of Dr. Pier Vincenzo Piazza, CEO of the Company (Vallée & al. Science 2014).

Aelis Farma is developing two first-in-class drug candidates that are at the clinical stage, AEF0117 and AEF0217, and has a portfolio of new CB_1-SSi that are being developed for the treatment of other diseases associated with dysregulation of CB_1 receptor activity.

AEF0117, which targets the disorders due to excessive cannabis use (addiction and psychosis), has demonstrated efficacy in a phase 2a clinical trial and has entered a phase 2b clinical trial in the United States in the second quarter 2022. Aelis Farma has an exclusive option license agreement with Indivior PLC, a leading pharmaceutical company in the treatment of addiction, for the development and commercialization of AEF0117.

AEF0217, which targets various cognitive disorders including those associated with Down syndrome, is progressing successfully in its phase 1/2 program and could provide the first proof of activity in early 2023. This compound has undergone an extensive preclinical proof-of-concept program using highly innovative and predictive tests to assess cognitive functions. In this context, AEF0217 has demonstrated its ability to completely reverse deficits in several animal models of cognitive disorders such as Down syndrome and Fragile X syndrome, as well as in models of certain cognitive deficits associated with aging.

Based in Bordeaux, within the Inserm Magendie Neurocentre, Aelis Farma has a team of 23 highly qualified employees.

1.4. A word of the CEO

"*We are very happy with the progress made during the first six months of activity in 2022. Our listing on Euronext in February 2022 enabled us to raise €25.3 million, strengthening our financial structure considerably. It allows us, according to our projections, to deploy our strategy at least until the end of 2024. In this context, we are in line with the objectives announced to the market. AEF0117, our most advanced drug candidate, developed for the treatment of pathologies linked to excessive cannabis use, has started a phase 2b that will recruit 330 patients. For AEF0217, our second drug candidate, developed to treat cognitive deficits and in particular trisomy 21 (Down syndrome), the recruitment of the phase 1 program (studies in healthy volunteers) has been completed. The second part of the year promises to be also quite eventful, in particular with the acceleration of the recruitment of phase 2b patients for AEF0117 and the start of phase 1/2 in individuals with a trisomy 21 with AEF0217. This latest study aims to assess the safety and pharmacokinetics of AEF0217 in individuals with trisomy and could provide the first indications of activity during the first half of 2023.*"

Pier Vincenzo Piazza,
Chief Executive Officer of Aelis Farma

Section 2 - Comments on the activity during the first half of 2022

2.1. Situation and development of the Company's activity during the financial year

2.1.1. Research and development activity

The activities dedicated to the development of AEF0117 during the first half of 2022 were particularly focused on:

- the start of phase 2b and the progressive opening of nine clinical centers in the US participating to date to this study. This double-blind, placebo-controlled study will include 330 patients and aims to evaluate the ability of three doses of AEF0117 to reduce cannabis consumption in patients with cannabis use disorder (CUD), the medical definition of addiction to cannabis;
- the start of a monocentric "food effect" clinical study (Univ. of Columbia), which aims to evaluate the impact of food intake on the absorption of AEF0117;
- the consultation and positive feedback from the FDA on a preclinical study of juvenile toxicity that will allow AEF0117 to be administered to the adolescent populations;
- the conduction according to schedule of the additional toxicity (reprotoxicity and toxicity 6-9 months) and metabolism studies as well as the optimization of the pharmaceutical production (CMC).

The activities dedicated to the development of AEF0217, the Company's second drug candidate for the treatment of cognitive deficits and particularly the ones observed in Down syndrome, the first half of 2022 was focused on:

- submission of the regulatory files to the Spanish Medicines Agency (AEMPS) for authorization to start the phase 1/2 study in subjects with Down syndrome (trisomy 21). This double-blind study (one dose of AEF0217 versus placebo) aims to assess the safety, absorption and provide the first indications of activity of AEF0217 as a treatment for cognitive deficits in trisomy 21;
- the end of recruitment for the three studies of the phase I program of AEF0217 in healthy volunteers (Single Ascending Dose, SAD, Multiple Ascending Dose, MAD and Food Effect). No warning signs were observed in any of these studies. The complete results are being analyzed and audited and will be communicated in the second half of 2022;
- The running according to schedule of the additional pre-clinical toxicity (phototoxicity, reprotoxicity and toxicity 6-9 months) and metabolism studies as well as the pharmaceutical production (CMC), which will permit the entry of AEF0217 into phase 2b in 2023.

The discovery program has focused in particular on the further characterization of the mechanism of action of CB_1-SSi and on the characterization of new compounds in order to select a new drug candidate.

2.1.2. Human resources and governance

In terms of human resources, during the first half of 2022, a medicinal chemist manager was recruited on a permanent contract.

As at June 30, 2022, the Company had 22 full-time employees and an apprenticeship contract (quality).

As of the date of this report, all employees with more than one year's seniority, researchers with contract under the French “scientific competition” initiative and the main key consultants are shareholders of the Company and/or hold securities giving access to the Company’s capital (BSA or BSPCE).

2.1.3. Financial resources

On a financial level, the first half of 2022 was marked by the completion of the Company's initial public offering on the regulated Euronext Paris market (compartment B), which took place on February 18, 2022 and raised €25.3 million.

2.1.4. Investments

The main acquisitions during the first half of 2022 relate to laboratory equipment. The investments will enable the Company to work on the development of its new library of molecules for which it will hold full ownership of the new discoveries and patents that it will file.

2.2. Review of accounts and results

The financial information presented in this chapter is taken from the Company's half-year financial statements drawn up in accordance with the presentation rules and valuation methods provided for by the regulations in force.

Readers are invited to read this analysis of the Company's financial situation and results with the Company's financial statements and their accompanying notes presented in Section 3 of the Half-Year Financial Report and any other financial information included in the Half-Year Financial Report.

A reminder of the accounts for the previous period is provided for comparison purposes.

SUMMARY OF NET INCOME STATEMENT

In € thousands	06/30/22	06/30/21
Revenue	1,990	7,921
Other income from ordinary activities	2,261	450
Ordinary activities income	**4,251**	**8,371**
R&D costs	(7,093)	(3,157)
General and administrative costs	(1,800)	(569)
Current operating income	**(4,642)**	**4,647**
Other expenses and income	-	-
Operating income	**(4,642)**	**4,647**
Financial income	(5,710)	497
Pre-tax income	**(10,352)**	**5,145**
Tax	-	(1,365)
Net income	**(10,352)**	**3,781**
Earnings per share (€/share)	**(0.93)**	**9.46**
Diluted earnings per share (€/share)	**-**	**7.56**

Revenue from ordinary activities

During the first half of 2022, the Company recognized revenues of €1,990,000 relating to the share of revenue from the option license agreement with Indivior PLC.

Other income from ordinary activities amounts to €2,261,000 and corresponds to grants of €1,425,000 and a Research Tax Credit of €837,000.

Current operating income

Current operating income was -€4,642,000 (compared to €4,647,000 for June 30, 2021) considering:

- research and development costs of €7,093,000 (€3,157,000 for June 30, 2021), which break down as follows:
  - other purchase and external costs: €5,989,000 (€474,000 for June 30, 2021);
  - staff costs: €1,045,000 (€866,000 for June 30, 2021);
  - intellectual property costs: €58,000 (€1,817,000 for June 30, 2021).

  The increase in these costs compared to June 30, 2021 is mainly related to the R&D activities of our two compounds AEF0117 and AEF0217 (as described in § 2.1.1).
- general and administrative expenses of €1,800,000 (compared to €569,000 for June 30, 2021), which break down as follows:
  - other purchases and external charges: €1,127,000 (€251,000 for June 30, 2021);
  - staff costs: €673,000 (€318,000 for June 30, 2021).

  The increase in this item compared to June 30, 2021 is mainly related to the costs incurred in connection with the Company's initial public offering and which were not charged to the share premium.

Financial income

Financial income amounts to -€5,710,000 and is mainly made due to the financial expense, non-cash, reflecting the effect of the conversion of convertible bonds, in application of the IFRS standards relating to financial instruments.

Net income

The result for the period shows a deficit of €10,352,000.

SUMMARY STATEMENT OF FINANCIAL POSITION

In € thousands	06/30/22	12/31/21
Intangible assets	190	90
Fixed assets	185	196
Non-current financial assets	310	-
Total non-current assets	**686**	**287**
Receivables and prepaid expenses	4,618	3,299
Inventory	52	17
Cash and cash equivalents	39,789	24,710
Total current assets	**44,460**	**28,027**
TOTAL ASSETS	**45,145**	**28,313**
Equity	23,889	899
Commitments to employees	78	101
Non-current financial debts	3,289	5,254
Non-current deferred income	2,328	6,339
Passive derivatives	-	1,505
Total non-current liabilities	**5,695**	**13,199**
Current financial debts	965	1,158
Trade payables and related accounts	2,900	2,243
Social and tax debts	406	469
Tax debt due	-	-
Current deferred income	11,290	10,346
Total current liabilities	**15,561**	**14,216**
TOTAL LIABILITIES	**45,145**	**28,313**

As of June 30, 2022, the Company's balance sheet total amounted to €45,145,000, compared to €28,313,000 as at December 31, 2021.

Non-current assets

Non-current assets amounted to €686,000 against €287,000 for the previous year. They consist of intangible and tangible fixed assets of €190,000 and €185,000 respectively. The increase in intangible assets compared to December 31, 2021 is due to a royalty payment made to patent owners for the technical milestones that were reached.

Non-current financial assets, of €310,000, correspond to the cash balance of the liquidity contract implemented with Natixis ODDO-BHF.

Current assets

Current assets include receivables and prepaid expenses for €4,618,000 against €3,299,000 for the previous financial year. They correspond in particular to:

- prepaid expenses of €1,710,000 as at June 30, 2022 compared to €1,607,000 as at December 31, 2021;
- the research tax credit receivable, net of tax on profits, for 2021 and 2022 of €1,821,000 against €891,000 for the previous financial year;
- subsidies to be received for a total of €698,000 against €352,000 as of December 31, 2021;
- a VAT receivable refund of €302,000 against €368,000 for the previous financial year.

Taking into account the receivables and prepaid expenses described above, the value of inventory and cash at closing, respectively €4,618,000, €52,000 and €39,789,000, current assets amount to €44,460,000 compared to €28,027,000 for the previous financial year.

Equity

Equity amounted to €23,889,000 (compared to €899,000 for the previous financial year), which is mainly due to:

- the raising of €25.3 million during the initial public offering of the Company, which generated an increase in the share capital and the issue premium of €7,000 and €25,283,000 respectively;
- the capital increase linked to the conversion of convertible bonds, which generated an increase in the share capital and the issue premium of €4,000 and €9.290 million respectively;
- the stock split and the exercise of BSA and BSPCE warrants, which generated a net increase in share capital and issue premium of €35,000 and €219,000 respectively;
- costs related to the IPO capital transactions, deducted from the issue premium for €2,289,000;
- the result for the financial year of -€10,352,000 and the allocation to reserves of the result of the previous financial year of €3,356,000;
- the recognition, in “other comprehensive income”, of an impact of €916,000 linked to the fair value resulting from US dollar foreign exchange hedging instruments during the period.

Financial debt (current and non-current)

Financial debt amounted to €4,254,000 as at June 30, 2022, compared to €6,412,000 as of December 31, 2021. They break down into:

- non-current debts of €3,289,000, made of the Company’s long-term loans and repayable advances;
- current debts for €965,000, made of the Company’s short-term loans and repayable advances.

The decrease in financial debt is mainly due to the conversion of convertible bonds during the Company's IPO, which led to the conversion into capital of the bond loan as well as the passive derivative as of June 30, 2022.

Deferred income (current and non-current)

Deferred income amounted to €13,618,000 compared to €15,541,000, as at December 31, 2021. They correspond to the share of Indivior PLC income associated with the future performance obligation, recognized over time by the costs during the execution of phase 2b of program AEF0117. They are split between current and non-current deferred income of €11,290,000 and €2,325,000 respectively. The turnover recognized over the period amounts to €1,990, which explains the variation in deferred income.

2.3. Progress made and difficulties encountered

Please refer to § 2.1 above which describes in particular the progress of the research and development program for the first half and provides an update on the various resources and investments.

2.4. Main risks and uncertainties facing the Company

The objective of the Company's risk management policy is to identify and analyze the risks the Company faces, to define the limits within which the risks must be kept and the controls to be implemented to ensure this.

2.4.1. Risk management by governance and management bodies

The management of strategic, operational and financial risks, and of the Company's internal control, is carefully monitored and managed by the Company's Management, the Audit Committee and the Company's Board of Directors. As part of the IPO preparations, the Company's Management has initiated a broader and more structured project to identify risks, to assess them and to manage them.

The main mission of risk management is to identify, assess and prioritize risks as well as to assist the management of the Company in choosing the most appropriate risk management strategy and, in order to limit the significant residual risks, define and monitor related action plans.

The main objective of internal control is to enable the Company to achieve its objectives, by defining and implementing the appropriate internal controls in order to address the risks identified in the conduct of the Company's activities.

The identification and treatment of the major risks that the Company could face are carried out under the responsibility of the general management, the operations department, and the financial department. Risk management and internal controls are overseen by the Chief Executive Officer, the Director of Operations and the Financial Department.

The Company’s overall risk management and internal control system is based on several elements, in particular, the control of technological risks, the control of other operational risks, and the monitoring of the Company’s internal control system.

Systems put in place by the Company to respond to these challenges include in particular:

- the establishment of active governance, through a Board of Directors composed of members representing long-standing investors in the Company, and independent directors with recognized experience and skills in the field of biotechnology in which the Company operates. The Board of Directors meets at least 4 times a year but is convened when any

key development in the management or strategy of the Company justifies it; the points discussed during Board meetings include a legal and financial agenda, a progress report on research and development, a progress report on the Company's other operations such as, for example, human resources, actions taken in terms of communication, potential partnerships and search for dilutive and non-dilutive financing. Regular updates are carried out, as necessary, with the Chairman of the Board of Directors in order to ensure the quality and relevance of exchanges within the Board. The Chairman of the Board of Directors ensures that each member or censor expresses his opinion on the points presented.

- authorizations are obtained in the event of anticipated overspending of certain budget envelopes initially defined, of new studies programmed, or of reorientations in the scientific development programs, either through budget revisions, or through specific deliberations.

Committees have been set up and meet at least twice a year (Audit Committee and Compensation Committee):

- the Audit Committee deepens the budget preparation process at the end of the year to ensure the relevance and consistency of the proposed expenditure envelopes. It also meets for the review of the annual and half-year accounts, reviews the accounting options adopted, the differences between the expenses incurred and the expenses budgeted, and exchanges with the auditor on the content of its assignment, the key elements analyzed during its work the identified risks and their accounting translation;
- the Compensation Committee proposes to the Board the objectives of the Chief Executive Officer at the beginning of the year, on the basis of the Company's strategic and financial plan; these objectives may relate in particular to meeting deadlines for key scheduled studies, filing patents to improve the Company's industrial property protection, obtaining dilutive or non-dilutive financing, recruiting key personnel. At the end of the year, the Committee meets to assess whether the identified objectives have been achieved, also taking into account other events occurring during the year which would have focused the efforts of the management team and proposes to the Board of Directors the corresponding variable compensation. As of the admission of the Company's shares to the regulated market of Euronext Paris, the Compensation Committee is also in charge of appointments and social and environmental responsibility;
- on an operational level, the Company's internal control is based in particular on the separation of tasks and the strong involvement of managers in expenditure commitments, settlement authorizations and payments to third parties;
- the development and regular monitoring of the expenditure budget, with fine granularity, provides a predictive management tool for any budgetary changes thanks in particular to regular and frequent exchanges with the key operational players of the Company. The implementation of cost accounting and time tracking tools per employee strengthens the Company's ability to provide reliable and relevant information to the various stakeholders (shareholders, funders, banking partners, etc.).

2.4.2. Management of risks related to the development of the Company's products

The Company's R&D activities are focused on the development of AEF0117, its most advanced product candidate, and AEF0217, as well as the development of new drug candidates. The value

of the Company is significantly dependent on the conduct and success of preclinical studies and future clinical trials of present and future drug candidates.

The Company's strategy for its Research and Development activities is based on the following steps:

- diversification of its product portfolio: in 2018 the Company initiated the development of AEF0217 in the cognitive deficits of Down syndrome (trisomy 21) in order to add a second drug candidate to the Company's pipeline. The entry into the clinical phase of this compound since October 2021 (phase 1 program) and the financing through the ICOD program (H2020), allow the Company to consider carrying out other phase 2 clinical studies to establish evidence of efficacy in other CB_1 receptor-mediated cognitive deficits. Finally, the Company aims to strengthen the development and qualification of its CB_1-SSi library with the aim of selecting a third drug candidate that can enter regulatory preclinical development;
- establishment of strategic partnerships with Key Opinion Leaders (KOL) and key institutions in the targeted areas. Thus, the development of AEF0117 in cannabis addiction has been part of a collaboration since 2014 with the NIDA (National Institute on Drug Abuse, an institute that is part of the NIH, the National Institutes of Health of the United States). Beyond the significant funding provided by NIDA, the Company has benefited from its support, particularly in the development of preclinical proofs of concept in monkeys, and in the definition of the clinical development strategy and in the interactions with regulatory authorities (FDA). In the case of AEF0217, the meeting of a scientific committee made up of KOLs in the field of cognitive disorders allowed the validation of the preclinical proofs of concept obtained by the Company and was a key step for the decision to initiate the studies necessary for the first administration of this compound in humans. Thanks to the ICOD project funded by the European Commission's H2020 scheme, the Company was able to bring together European KOLs and a network of clinical centers around its AEF0217 development project that will conduct the phase 2 study in cognitive deficits of Down syndrome;
- strengthening of clinical teams, under the aegis of Helle Mengel, Director of Clinical Development of the Company, in order to benefit from the expertise of specialists in clinical development and in regulatory issues specific to the field of neurosciences. The contribution of Ms. Mengel and the clinical team is also essential in the process of selecting external service providers to supervise the progress of the studies as well as in the choice of clinical centers to secure the recruitment and the realization operational studies. The Company believes that this team's in-depth knowledge of the characteristics of the innovative mechanism of action of the Company's drug candidates, proofs of preclinical concepts, and pharmacological safety studies, are all assets to allow the carrying out of studies targeting the right therapeutic objectives and minimizing the risks of execution. The clinical team's in-depth knowledge of best practices in the sector, particularly in the field of quality control and auditing, has enabled the implementation of internal procedures that comply with the standards of the sector in which the Company operates. Regular interaction with the Company's Operations Department ensures a process of exchange allowing the anticipation of difficulties, high degree of reactivity in the face of any operational hazards encountered, and the identification of and control over any delays and budget overruns that any project of this magnitude is faced with.
- the Company constantly monitors developments in the field of CB_1 receiver modulators in order to identify developments, markets, potential competitors, and to be in a position,

where appropriate, to establish partnerships with academic groups or private structures developing relevant technologies for its strategy.

2.4.3. Management of risks related to regulatory authorizations and the future marketing of the Company's products

Having the potential to be the first company able to develop and, if successful, market a drug in the two main indications targeted by the Company (cannabis addiction and cognitive deficits related to Down syndrome), the Company is faced with the risks inherent in the absence of a clear regulatory path with the regulatory agencies.

To meet these challenges, the Company has a policy of surrounding itself with external skills very early in the development process of its products. To this end, it works in close collaboration with renowned regulatory consulting firms, having participated in the marketing of numerous molecules. These interactions allow the Company to develop key supports for regulatory development, in particular the Quality Target Product Profile (QTPP), the Target Product Profile (TPP), as well as the anticipation of complete development plans detailing the interactions necessary with the regulatory agencies and considering the possibility of benefiting from accelerated regulatory procedures (fast track, orphan drug in particular).

In addition, for AEF0117, the Company thus requested, at the end of the phase 2a clinical study, a "type B meeting" with the FDA to discuss the overall development plan for this drug candidate for the treatment of disorders related to the excessive use of cannabis as well as the protocol for the future phase 2b. The signature of the industrial partnership with Indivior PLC in June 2021 allows it today to benefit from exchanges with a specialist in the addiction sector: the recurring Joint Steering Committees between the two parties allow the Company to benefit from the expertise of this Group in the “downstream” regulatory and commercial stages (including the future coverage of treatments by the health agencies of the various key target countries).

In the case of AEF0217 in Down syndrome deficits, the constitution of the ICOD consortium, financed by a European H2020 program, allows the Company to structure a development strategy shared with the most recognized European experts in this field, and thus to secure the areas of development selected.

These various exchanges, and participation in international congresses in the Company's areas of expertise, allow the Company to carry out scientific and strategic monitoring.

Issues relating to the competitive positioning of the Company's drug candidates and technologies are mainly analyzed internally, with the possible acquisition of relevant studies, and solicitation of the KOL network from which the Company benefits.

2.4.4. Management of legal, compliance and intellectual property risks

2.4.4.1. Product liability

In order to protect itself against the risk of incurring liability in the event of damage generated by the use of its products, specific insurance policies are taken out by the Company for each of the clinical trials for which the Company is the promoter. Pricing and guaranteed amounts depend on the regulations and local legislation applicable to the clinical investigation center concerned. In

France, the Public Health Code provides for an insurance obligation for sponsors of clinical trials. In countries where there is no such obligation, the Company has nevertheless taken out an insurance policy covering its liability for carrying out clinical trials. The overall amount of the premiums depends on the number of patients included in the trials and their geographical location. The Company believes that it is sufficiently covered for each of the trials in progress.

2.4.4.2. Intellectual property risk management

Since its creation, the Company has implemented an intellectual protection policy internally and with regards to third parties.

Internally, the teams of researchers are made aware of the key issues related to intellectual protection. Any exchange with potential partners, whether academic or commercial, is done in compliance with the rules of protection by the establishment of confidentiality agreements, MTA (Material Transfer Agreement, or agreements for the use of the Company's compounds) and review of the contractual clauses by the internal legal team of the Company, and by specialized consultants if necessary. Thus, the Company has two in-house employees combining legal and scientific skills to manage intellectual property issues and to be the expert interlocutors with industrial property consulting companies.

Externally, the Company has recourse to international consulting firms, including those based in the United States, to ensure the quality of the patent application files filed with regard to the regulations of the various countries, but also to exchange with the examiners during the period when applications are assessed.

Aelis Farma pursues an active strategy to protect its inventions and its intellectual property, favoring patents conferring strong protection on the drug candidate molecule itself (composition patent), and subsequently strengthening this intellectual property by filing patents of specific application in the therapeutic fields or therapeutic indications of interest.

By systematically protecting the structure of the molecules of drug candidates developed by the Company, and their main uses, the Company aims to prevent any commercial exploitation of its drug candidates by any third party in any field during the term of validity of composition patents and reinforced in the therapeutic applications of interest by application patents.

The Company also monitors the products marketed by its competitors and will take action for infringement if such actions are revealed.

All patent applications and external patents brought to the Company's attention, in particular during the Company's application assessment procedures, are subject to scrupulous examination as to their possible impact on the freedom to operate the Company's technologies.

2.4.4.3. Compliance with personal and medical data protection regulations

The Company also takes a legal approach to securing every project by protecting the rights of individuals in legal frameworks such as contracts, privacy statements and consent forms. The Company implements procedures to protect the personal data of its employees, patients, healthcare professionals and other partners with whom it interacts.

In the context of clinical trials carried out in the United States, the Company uses service providers who are compulsorily or voluntarily subject to the General Data Protection Regulations (GDPR) and as such have the level of data protection required by Europe.

2.4.5. Management of risks related to the Company's operations

Issues relating to the selection and monitoring of partners in charge of the production of the Company's products, and clinical and preclinical developments are closely managed by the Company's Operations Department. The process put in place is based on almost systematic competition between the main partners, the considering in this process of their financial strength, their ability to offer the Company scalable solutions to enable these relationships to develop over time (capitalization on the knowledge and know-how of the partners).

As far as possible, the Company uses first-rate service providers, whose size allows them to deal with any contingencies by relocating the activity in the event of force majeure, and who can ensure the implementation of rapid remediation plans if necessary. In accordance with practices in the pharmaceutical industry, the Company has implemented an internal quality process focused in particular on the evaluation of service providers and the monitoring of identified deviations. The Company carries out quality audits of the main service providers in accordance with the standards in force in the pharmaceutical industry.

The search for diversification of supply sources is underway to secure materials qualified as strategic.

Finally, the Company's recruitment policy, which makes it possible to diversify experience and integrate people with knowledge of the various players in the sector, makes it possible to benefit from feedback and to develop the Company's practices.

2.4.5.1. Risks related to the absence of a sales, marketing and distribution organization

The Company's business model is based on the development of a drug candidate until it is marketed and on finding, at least initially, partners for its marketing. Thus, for AEF0117, the Company has demonstrated its ability to implement such a strategy by signing an option license agreement for the marketing of this drug candidate in the field of pathologies induced by the excessive use of cannabis. The management team has therefore acquired valuable experience in negotiating and setting up partnerships, including through the use of specialized external advisers so that they are at its side if opportunities are identified for the other drug candidates.

In order to implement this partner search strategy, the Company monitors players in the sector and communicates regularly to publicize its compounds. Its ambition is to intensify its participation in numerous congresses and meetings in the biotechnology sector to strengthen its visibility. Listing on the regulated market is part of this strategy.

2.4.5.2. Key employee management policy

The Company has implemented a recent recruitment policy allowing it to duplicate the Company's key positions, diversify the profiles of its employees and cope with the evolution of its Research and Development programs. In this context, its salary policy aims to position its remuneration at

market level in order to attract talent on a national or even international level. Aelis Farma also plans to continue its policy of granting profit-sharing tools in the Company's capital, open to all employees of the Company, with the main criterion of retaining employees over time. In the current context of changing working methods following the Covid-19 pandemic, the Company has also put in place arrangements and the necessary technical means allowing it to switch to remote working mode without loss of efficiency as soon as that might be necessary.

2.4.5.3. Cybersecurity risks

The organization of the Company's data is structured around a third-party data solution in the cloud, reducing exposure to a targeted attack through the security and redundancy systems implemented by this service provider. Strict internal procedures for changing passwords, updating security software, and backing up redundant systems have been put in place.

For the security of its means of exchange and storage of clinical data, the Company uses service providers with procedures that comply with the GDPR allowing the security of clinical data, including their backup and their integrity.

2.4.5.4. Risks linked to the health crisis for general and clinical operations

During the Covid-19 pandemic, the Company implemented a remote working policy favoring remote work in accordance with government recommendations. This change was accompanied by the provision of all the necessary tools and materials to facilitate remote working, as well as the establishment of frequent and structured interactions to integrate new employees and strengthen cohesion and team spirit. At the level of its service providers, it has set up frequent communication with its subcontractors to ensure the continuity of services under the best possible conditions, or, where applicable, their discontinuation or controlled postponement. With clinical service providers, regular contacts are in place to assess their level of preparation, exposure and anticipation of risks related to clinical studies in a Covid environment.

2.4.6. Financial risk management

2.4.6.1. Funding and liquidity

The Company's highly capital-intensive activity has led it to develop approaches based on identifying and anticipating financial needs. The management of these risks is based on:

- a regular budget process, mainly oriented towards cash management and control of the evolution of the R&D budget, shared internally between the various players within the Company, and regularly supervised by the governance of the Company (Board of Directors, Audit Committee);
- the search for non-dilutive financing by the management team, with national, European and international partners. This search for funding has enabled the Company to benefit from funding from Bpifrance, the Conseil Régional Nouvelle-Aquitaine and banking partners, as well as subsidies from the European Union and the NIDA-NIH;
- the search for dilutive financing from specialized investors and funds that have historically supported the Company;

- the initial public offering on the regulated market of Euronext (compartment B), carried out after the closing in February 2022, allows the Company to diversify its sources of equity financing by having the possibility of having recourse to the financial markets.

When significant financing is set up (fundraising, industrial partnerships), the funds made available are placed with the Company's banking partners, on risk-free instruments.

2.4.6.2. The research tax credit (CIR)

The research tax credit constitutes a significant source of financing for the Company. In order to respond in the most appropriate way to the evolution of the regulations and the complexity of the applicable rules, the Company has set up an internal organization aimed at managing these issues as well as possible, in particular for the purposes of selecting expenses and eligible service providers, drawing up the appropriate documentation, and anticipating any adverse developments.

This organization is based on:

- the use of external expertise (accountant and firm specializing in this field and in particular in relation to the health sector);
- the establishment of regular regulatory monitoring to anticipate changes, learn about case law, ensure the quality of the documentation produced;
- the implementation of a risk management process within the operational teams, in order to identify, as soon as the order is placed, the eligibility of service providers and services for the CIR mechanisms at the instigation of the Finance Department;
- the qualification of the potential eligibility of expenditure as soon as the budget is drawn up, making it possible to control the issues of financial flows linked to this mechanism;
- the implementation of a time monitoring network adapted to the particularities of the Company's research activity and the eligibility or not of each of the milestones as defined by the French Ministry of Research.

2.5. Use of financial instruments by the Company

The Company's exposure to foreign exchange risk is linked to the existence of expenses in a currency other than the euro (mainly in US dollars), the Company's functional currency and the presentation currency of the financial statements.

In 2021, the Company chose to set up auto-hedging in dollars following the receipt of the $30 million for the license option agreed with Indivior PLC. Thus, these funds in dollars will be used to finance the future costs of the research program carried out in this currency (studies related to AEF0117 in the United States), thus constituting a natural exchange rate hedge.

In 2022, currency hedging in dollars will continue in order to finance the cost of studies related to AEF0117 carried out in the United States and denominated in dollars.

2.6. Company activity in terms of research and development

The Company has developed a new pharmacological class, Signaling Specific inhibitors of the type 1 receptor of the endocannabinoid system (CB_1-SSi), which could make it possible to offer

viable treatments for certain pathological conditions linked to hyperactivity of the CB_1 receptor, the main receptor of the endocannabinoid system. CB_1-SSi mimic a natural mechanism the brain uses to combat CB_1 receptor overactivity. This receptor is involved in the regulation of several physiological functions and therefore in the occurrence of several brain diseases, thus giving access to multiple therapeutic areas.

CB_1-SSi seem capable of inhibiting only the cellular signals involved in the pathology while sparing the normal physiological activity of the receptor. Thanks to this very innovative mode of action, never tested before in humans, Aelis Farma was able to show that CB_1-SSi are, to date, not only effective but also well tolerated and devoid of significant side effects. This mode of action is very different from that of previous generations of CB_1 antagonists which blocked all receptor activity resulting in severe side effects which made their use in humans difficult. For these reasons, CB_1-SSi promise to provide therapeutic solutions for diseases that currently have no treatment.

The products developed by Aelis Farma are new molecular entities (NMEs) belonging to the general chemical class of small molecules and to the new pharmacological class called Signaling Specific inhibitors of the CB_1 receptor of the endocannabinoid system (CB_1-SSi).

Aelis Farma has two clinical-stage drug candidates:

- AEF0117, the most advanced drug candidate, to combat the harmful effects of cannabis and in particular Cannabis Use Disorders (CUD) which is the current definition of cannabis addiction in the diagnostic manual reference DSM-5. It is estimated that in the European Union, United States, Canada and Australia, 7.2 million individuals have been diagnosed with CUD. The Company's animal and human studies with AEF0117 suggest that this compound may decrease both motivations to use cannabis and the negative impact of cannabis on the brain. In addition, AEF0117 demonstrated favorable pharmacokinetic, toxicological, pharmaceutical and tolerability characteristics confirming its potential for the treatment of CUD. The current development program of AEF0117, carried out in collaboration with Indivior PLC, the leader in addiction medicine, aims to carry out a phase 2b study, that started in the first half of 2022, in patients suffering from CUD and to conduct additional clinical and non-clinical studies in order to prepare the entry of AEF0117 into confirmatory phase 3 studies.
- AEF0217, the second drug candidate, is being developed for the treatment of cognitive disorders, with the primary target being Down syndrome cognitive impairment (trisomy 21), a significant unmet medical need. An estimated 0.8 million people are living with Down syndrome in the European Union, United States, Canada, Australia and Japan, with an increasing prevalence due to late pregnancy and longer life expectancy for these people. AEF0217 was able to restore working memory deficit in Down syndrome mice, a key cognitive deficit in Down syndrome, without inducing identifiable behavioral or physiological side effects within the therapeutic dose range. Thanks to this unique combination of efficacy and safety, particularly important for the fragile Down syndrome population, AEF0217 could allow a prodigious leap in the quality of life and social integration of people living with Down syndrome. AEF0217 is currently in a phase 1 study in healthy volunteers, with no major adverse effects reported to date, and is expected to enter phase 1/2 in subjects with Down syndrome in the fourth quarter of 2022/first quarter of 2023.

Disorders linked to excessive cannabis use and cognitive deficits associated with Down syndrome have been selected as a priority by Aelis Farma because they represent major unmet medical needs, thus potentially opening up access to large markets. Aelis Farma is also

developing several new CB_1-SSi, now in early pre-clinical research, which could offer therapeutic solutions for other brain diseases involving the CB_1 receptor, such as attention deficit hyperactivity disorder (ADHD), autism spectrum disorders, 22q11 deletion syndrome (an orphan disease associated with hyperactivity and psychosis).

Aelis Farma has developed and operates a Research and Development (R&D) platform, which enables the Company to discover drug candidates that act as specific modulators of target receptor signaling. The Aelis Farma R&D platform is made up of three major components:

- a library of new original molecules which modify the activity of the CB_1 receptor in a specific and selective way of certain signaling pathways of this receptor. This library has already generated two drug candidates that are now in the clinical stage: AEF0117 for cannabis-related disorders and AEF0217 for cognitive deficits. It also contains several new compounds that Aelis Farma is developing to treat other brain diseases that involve the CB_1 receptor;
- an efficient research platform composed of: i. A screening laboratory using High Content Screening techniques, which gives Aelis Farma the ability to identify molecules that act as signaling specific inhibitors; ii. An original multifactorial screening procedure, which assesses toxicity, bioavailability and formulation upstream in order to reduce the attrition rate of the drug development pipeline; iii. Innovative behavioral models that aim to improve the prediction of therapeutic efficacy in humans;
- structuring partnerships with prestigious national and international partners who offer Aelis Farma the best environment to implement the Company's programs.

2.7. Activity of subsidiaries and controlled companies

The Company has no subsidiary and does not control any company.

2.8. Foreseeable development and prospects

The Company's 2021-2024 development program includes a large number of clinical and preclinical studies to advance research programs and enable them to reach the next stage of value creation:

- for AEF0117:
  - a phase 2b clinical study in the United States in cannabis use disorders (CUD) which, consistent with forecasts, started in the second quarter of 2022 with the results expected in 2024;
  - in parallel, clinical and preclinical studies are and will be conducted to prepare for the transition of AEF0117 to phase 3 clinical studies;
- for AEF0217:
  - the recruitment for the phase 1 clinical program in healthy volunteers was achieved in the second quarter of 2022 and the audited results are expected to be communicated in the fourth quarter of 2022;
  - a phase 1/2 in Down syndrome individuals is projected to start in the last quarter of 2022/first quarter of 2023 and results should be available at the end of the first semester 2023;
  - a phase 2b, evaluating the efficacy of AEF0217 for the treatment of cognitive deficits in Down syndrome (trisomy 21), is planned to start, in the event of success of the phase 1/2, in the last quarter of 2023. The Company is also considering an additional clinical study to assess the development of AEF0217 for the treatment of another cognitive deficit;

- for the next drug candidate that will stem from the Discovery program of the Company: early preclinical and regulatory studies to select the molecule that can start development and be administered to humans.

As of June 30, 2022, the Company estimates that it has sufficient cash (according to its current forecasts) to carry out its R&D program at least until the end of 2024, and to repay the financing contracted with third parties.

In 2024 the Company could be in a position to receive the $100 M corresponding to the license fee of the option-license contract for AEF0117 with Indivior PLC. The Company could also have recourse to other financing by capital increase and/or borrowing. In addition, to ensure its financing, the Company may also count on the payment of the CIR as well as repayable advances and subsidies that it could request in the future as it has been able to do in the past.

2.9. Important events since the end of the financial year

2.9.1. Attribution of warrants

On April 1, 2022, the Board of Directors made use of the delegations granted under the terms of the thirty-eighth and thirty-ninth resolutions of the combined general meeting of January 11, 2022.

It thus decided to issue 5,000 BSA-$_{2022}$ for the benefit of a named beneficiary, according to the main terms and conditions set in a specific contract, and 155,500 BSPCE-$_{2022}$ for the benefit of beneficiaries also named according to the main terms and conditions of a specific contract. This is equivalent to an overall nominal amount of €662 representing 1.32% of the share capital out of the maximum of 4% authorized by the delegations.

As of July 1, 2022, 5,000 BSA-$_{2022}$ and 149,500 BSPCE-$_{2022}$ have been allocated. They will be assessed and accounted for in the second half of 2022.

2.9.2. Situation in Ukraine

The conflict initiated in February 2022 between Russia and Ukraine has no direct significant impact on the Company's operational activity, as it has no service provider or ongoing operation in these two countries. At this stage, the Company is analyzing the potential impacts associated with this conflict (inflation, rate hikes, etc.) but has not identified any major impact on its financial statements.

2.10. Change to the composition of capital during the first half of 2022

2.10.1. Adjustment to the nominal unit value of the Company's shares

The General Meeting of January 11, 2022 decided to divide the par value of the shares by 24. It was thus reduced from €0.096 to €0.004, thus increasing the number of Company shares from 399,698 to 9,592,752.

2.10.2. IPO and capital increase

On February 15, 2022, the Company announced the success of its IPO on compartment B of the regulated market of Euronext Paris, carried out by way of an open price offer (the "OPO") and of a global placement (the "Global Placement", together with the OPO, the "Offer"). The Offer price was set at €14.02 per new ordinary share. 1,822,794 ordinary shares were allocated under the Offer, representing an amount of €25.55 million. The capital increase of an initial amount of €25 million, i.e., 1,783,167 new shares, was increased to approximately €25.3 million after partial exercise of the over-allotment option by issuing 20,691 additional new shares. This last capital increase was carried out on March 17, 2022, on the decision of the Chief Executive Officer acting within the framework of the sub-delegation, granted by the Board of Directors by its decision dated February 15, 2022, within the framework of the delegation made to it by the Combined General Meeting of January 11, 2022.

The start of listing on the Euronext market took place on February 18, 2022, after completion of the capital increase and implementation of settlement-delivery on February 17, 2022.

This IPO also involved:

- the conversion into ordinary shares of the ABSA B resulting in the cancellation of the BSA Ratchet 2017 and 2019;
- the issue, on the date of completion of the initial public offering, of new ordinary shares, because of:

- the conversion of the Convertible Bonds issued previously (OC2017 and OC2019), for respective amounts of €700,002 and €1,500,022.93 into ordinary shares of the Company. It was therefore considered that this conversion had no impact on the maturity of the CBs at the end of the financial year: the 2017 CBs are presented with a maturity of less than one year and the 2019 CBs are presented with a maturity of one to five years;
- the exercise of 600 BSA_{2019}, 2,682 BSA_{2020}, 20 $BSPCE_{2017\text{-}1}$ and 300 $BSPCE_{OCT2020}$;

- allocation to the issue premium of costs related to the fundraising occurred during the IPO, for a total amount of €2.3 million. These costs concern both the costs directly linked to the capital increase and the “mixed” costs relating to the issue of new shares and the listing of the shares, distributed in proportion to the shares issued over the total shares. The other costs were recognized as expenses over the period.

2.10.3. Post IPO capital increase

On March 17, 2022, the Chief Executive Officer made use of the sub-delegation granted to him by the Board of Directors of the Company on February 15, 2022, using of the delegations granted to the board by the general meeting, to carry out a capital increase.

The Stabilizing Agent, acting in the name and on behalf of the Banks, has decided to partially exercise the Over-allotment Option granted to it for the subscription of 20,691 New Shares representing approximately 1.16% of the number of Initial New Shares as results from the notification sent by the Stabilizing Agent to the Company in accordance with article 2.5 of the Placement Agreement dated February 15, 2022.

Thus, the Chief Executive Officer decided to proceed with an additional capital increase in cash of the Company with cancellation of the preferential subscription right in accordance with the provisions of the French Commercial Code, and in particular its articles L. 225-135-1, L. 225-138,

and R. 225-118, for a nominal amount of €82.764 resulting from the issue of 20,691 New Shares to be subscribed in cash at a unit price of €14.02 (i.e. 0.004 euro nominal value and 14.016 euros issue premium), identical to that of the unit price of the Initial New Shares and to be fully paid up at the time of subscription, i.e. a capital increase of a total amount (issue premium included) of €290,087.82.

Section 3 - Financial statements prepared in accordance with IFRS as of June 30, 2022

CONDENSED STATEMENT OF NET INCOME

In thousands of euros	Note	06/30/22	06/30/21
Revenue	3.5.2	1,990	7,921
Other operating income	3.5.3	2,261	450
Revenue from ordinary activities		**4,251**	**8,371**
Research and Development costs	3.5.4	(7,093)	(3,157)
General and administrative costs	3.5.5	(1,800)	(569)
Recurring operating profit (loss)		**(4,642)**	**4,647**
Other operating income and expenses	-	-	-
Operating profit (loss)		**(4,642)**	**4,647**
Financial income (loss)	3.5.6	(5,710)	497
Profit (loss) before tax		**(10,352)**	**5,145**
Income tax expense	3.5.7	-	(1,365)
Net income (loss)		**(10,352)**	**3,781**
Earnings per share (€/share)	**3.5.8**	**(0.93)**	**9.46**
Diluted earnings per share (€/share)	**3.5.8**	**-**	**7.56**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	06/30/22	06/30/21
Net income (loss)	(10,352)	3,781
Items that will not be reclassified subsequently to profit or loss	**40**	**(4)**
Actuarial gain (loss) on employee benefit obligation	40	(4)
Tax effect	-	-
Items that may be reclassified subsequently to profit or loss	**916**	**-**
Fair value gain/(loss) arising on hedging instruments during the period	916	-
Tax effect	-	-
Comprehensive profit (loss)	**(9,397)**	**3,777**

CONDENSED STATEMENT OF FINANCIAL POSITION

In thousands of euros	Note	06/30/22	12/31/21
Intangible assets	3.4.1	190	90
Fixed assets	3.4.1	185	196
Non-current financial assets	3.4.1	310	-
Total non-current assets		**686**	**287**
Receivables and prepaid expenses	3.4.2	4,618	3,299
Inventory		52	17
Cash and cash equivalents	3.4.3	39,789	24,710
Total current assets		**44,460**	**28,027**
TOTAL ASSETS		**45,145**	**28,313**
Equity	3.4.4	23,889	899
Employee commitments		78	101
Non-current financial debts	3.4.6	3,289	5,254
Non-current deferred income	3.4.8	2,328	6,339
Passive derivatives	3.4.7	-	1,505
Total non-current liabilities		**5,695**	**13,199**
Current financial liabilities	3.4.6	965	1,158
Trade payables and related accounts	3.4.8	2,900	2,243
Fiscal and social debts	3.4.8	406	469
Current tax debt	3.4.8	-	-
Current deferred income	3.4.8	11,290	10,346
Total current liabilities		**15,561**	**14,216**
TOTAL EQUITY AND LIABILITIES		**45,145**	**28,313**

CONDENSED STATEMENT OF CASH FLOWS

In thousands of euros	Note	06/30/22	06/30/21
Net income (loss)		**(10,352)**	**3,781**
(+) Depreciation and amortization of intangible and tangible assets		34	16
(+) Expenses related to share-based payments	3.4.5	41	183
(+) Expenses related to defined benefit plans		16	12
(+) Neutralization of the impact of the restatement of public subsidies on net income		-	38
(+) Reclassification of interest income and expenses	3.5.6	22	(511)
(+) Change in fair value of financial instruments	3.5.6	5,688	-
(+) Income tax expense	3.5.7	-	1,364
Net cash flow from operating activities before changes in working capital requirements, financial interest and income taxes		**(4,550)**	**4,883**
Change in working capital requirement (net of impairments of trade receivables and inventories)		(2,881)	19,515
(-) Research tax credit and income taxes for the half-year		(946)	(130)
Net Cash flows from operating activities		**(8,377)**	**24,268**
Acquisitions of intangible and tangible assets		(123)	(3)
Financial interest received on investment		2	0
Net Cash flows from investing activities		**(122)**	**(2)**
Capital increase net of the conversion of bonds	3.4.4	25,544	-
Costs relating to the capital increase	3.4.4	(2,289)	-
Subscription of BSA		-	22
Repayment of innovation advances and loans	3.4.6	(70)	(70)
Repayment of debt on lease obligations	3.4.6	(13)	(12)
Bank loan repayments		-	(63)
Gross financial interest paid	3.4.6	(29)	(20)
Other funding flows	3.4.6	(500)	-
Net Cash flows from financing activities		**22,644**	**(143)**
Effect of exchange rate changes	3.5.6	933	598
Changes in cash		**15,078**	**24,721**
Cash and cash equivalents at beginning of period		24,710	4,538
Cash and cash equivalents at end of period		39,789	29,258

STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Share Capital	Capital related premi-ums	Other elements from overall results	Own shares	Re-serves	Result	Equity
Equity at 12/31/20	**4**	**935**	**(22)**	**-**	**638**	**(2,266)**	**(711)**
Result of the half-year	-	-	-	-	-	574	574
Other elements from overall results	-	-	525	-	-	-	525
Overall result	**-**	**-**	**525**	**-**	**-**	**574**	**1,099**
Increase of capital net of fees	-	35	-	-	-	-	35
Payment in shares	-	-	-	-	443	-	443
Others	-	-	-	-	34	-	34
Allocation of result N-1	-	(935)	-	-	(1,849)	2,784	-
Equity at 12/31/21	**4**	**35**	**503**	**-**	**(734)**	**1,092**	**899**
Result of the half-year	-	-	-	-	-	(10,352)	(10,352)
Other elements from overall results	-	-	955	-	-	-	955
Overall result	**-**	**-**	**955**	**-**	**-**	**(10,352)**	**(9,396)**
Increase of capital net of fees	46	32,503	-	-	-	-	32,549
Own shares	-	-	-	(190)	-	-	(190)
Payment in shares	-	-	-	-	41	-	41
Others	-	-	-	-	(15)	-	(15)
Allocation of result N-1	-	-	-	-	3,356	(3,356)	-
Equity at 06/30/22	**50**	**32,538**	**1,458**	**(190)**	**2,649**	**(12,615)**	**23,889**

3.1. General information

As at the date of these financial statements, the simplified joint-stock Company Aelis Farma (hereinafter "Aelis Farma" or "the Company"), incorporated in October 2013, is a Company domiciled in France, whose registered office is located in Bordeaux (33000) at 146, rue Léo Saignat, and registered with the Bordeaux Trade and Companies Register under number 797 707 627.

Aelis Farma is a biotechnology Company specializing in the research and development of treatments related to brain diseases.

The Company has not, since its creation, taken control of any other entity within the meaning of IFRS 10 "Consolidated Financial Statements". These financial statements are therefore not consolidated financial statements but individual financial statements of Aelis Farma only.

On September 23, 2022, the Board of Directors approved and authorized the publication of the condensed financial statements under IFRS for the half-year period ended on June 30, 2022.

3.2. Highlights of the period

Transformation into a public limited company with a Board of Directors

The General Meeting of January 11, 2022 approved the transformation of the Company into a public limited company with a Board of Directors (société anonyme à conseil d'administration under French law), which took effect on the same day.

Change in the nominal unit value of the Company's shares

The General Meeting of January 11, 2022 decided to divide the par value of each share by 24. It was thus reduced from €0.096 to €0.004, thus increasing the number of Company shares from 399,698 to 9,592,752.

IPO and capital increase

On February 15, 2022, the Company announced the success of its IPO on compartment B of the regulated market of Euronext Paris, carried out by way of an open price offer (the "OPO") and of a global placement (the "Global Placement", together with the OPO, the "Offer").

The Offer price was set at €14.02 per new ordinary share. 1,822,794 ordinary shares were allocated under the Offer, representing an amount of €25.55 million. The capital increase of an initial amount of €25 million, i.e. 1,783,167 new shares, was increased to approximately 25.3 million euros after partial exercise of the over-allotment option by issue of 20,691 additional new shares. This latest capital increase was carried out on March 17, 2022, by decision of the Chief Executive Officer acting within the framework of the sub-delegation, granted by the Board of Directors by its decision dated February 15, 2022, within the framework of the delegation granted to it by the Combined General Meeting of January 11, 2022.

The start of listing on the Euronext market took place on February 18, 2022, after finalization of the capital increase and implementation of the settlement-delivery on February 17, 2022.

Conversion of Convertible Bonds (OC_{2017} and OC_{2019}) into ordinary shares

Concurrently with the IPO, the Convertible Bonds previously issued (OC_{2017} and OC_{2019}) were converted into ordinary shares of the Company. The accounting impacts associated with this operation are as follows:

- OCA 2017:
  - The initial debt was converted for a total amount of €700,002, representing 357,600 new shares, with a total nominal value of €1,430 and including an issue premium for a total amount of €698,572.
  - The charge remaining to be amortized, of €14,600 on the date of conversion, was thus deducted from the consolidated reserves. The impact on the financial result for the period is €2,200, corresponding to the amount of residual interest up to the conversion date.
- OCABSA 2019:
  - The initial debt was converted for a total amount of €1,500,022.93, representing 612,984 new shares, with a total nominal value of €2,452 and including an issue premium for a total amount of €1,497,571.
  - The fair value of the conversion option, considered as a derivative incorporated in the contract, was valued at a total amount of €8,594,000, taking into account the market value of the share at the time of the IPO, i.e. €14.02. The difference between the fair value thus determined on the date of introduction and the initial value of the debt, i.e. €7,094,000, was charged to shareholders' equity, to the issue premium.

- The impact on the financial result for the period amounts to €5,686,000 and corresponds to:
    - The charge remaining to be amortized, plus the amount of interest due until the date of conversion, for a total of €97,000,
    - The difference between the valuation of the fair value of the OCABSA conversion option, determined in relation to the share price at the time of the IPO, and the value of the debt, for a total of €5,589,000.

Allocation to the issue premium of the costs related to the capital transaction

In accordance with IAS 32, the external costs incurred in connection with the capital increase during the initial public offering were analyzed to determine:

- Costs directly related to the capital increase and the issue of new shares: these costs were fully charged to the issue premium,
- "Mixed" costs relating to both the issue of new shares and the listing of the shares: these costs were charged to the issue premium in proportion to the proportion of new shares issued relative to the total number of shares after issue.
- Costs not directly related: these costs were recognized as expenses for the financial year.

Thus, as of June 30, 2022, the costs allocated to the issue premium amounted to €2,289,000.

Costs related solely to the listing of “old” shares and costs not directly related to the Company were recognized as expenses for a total amount of €700,000.

Implementation of a liquidity contract with Natixis ODDO-BHF

On March 18, 2022, the Company implemented a liquidity contract with Natixis ODDO BHF SCA by making €500,000 available. The purpose of this contract is to support the trading and to ensure liquidity of the securities, in accordance with the requirements of paragraph 1 of Article 4 of AMF Decision No. 2021-01 of June 22, 2021.

Under this contract, the shares held by the Company as well as the results generated on the purchase or sale of treasury shares are reclassified in equity. The cash portion of this contract is classified as “Non-current financial assets”.

During the first half of 2022, the Company, through Natixis ODDO BHF:

- Purchased 17,189 shares for a total amount of €221,390;
- Sold 2,455 shares for a total amount of €31,511.

As of June 30, 2022, the Company held 14,734 shares under this contract, i.e. 0.12% of the capital.

3.3. General accounting rules and policies

3.3.1. Basis of preparation

The Company's financial statements have been prepared in accordance with the principles defined by the IASB (International Accounting Standards Board), as adopted by the European Union. This normative reference is available on the website of the European Commission: http://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX%3A02008R1126-20160101.

The international framework includes IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), as well as their interpretations in accordance with SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).

These condensed half-year financial statements as at June 30, 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The significant accounting rules and policies applied in the half-year financial statements are similar to those used by the Company in the financial statements as at December 31, 2021, with the exception of the standards and interpretations adopted by the European Union, applicable from January 1, 2022 and described below:

- Amendments to IAS 16: “Tangible fixed assets - proceeds prior to their intended use”;
- Amendments to IAS 37: Onerous contracts - Costs to be retained when performing the contract;
- “Annual improvements to IFRS standards 2018 – 2020”.

These amendments to standards or interpretations do not have a material impact on the half-year financial statements ended June 30, 2022.

For the first half of 2022, the Company has not decided on the early application of any standard, interpretation or amendment. The standards, interpretations and amendments published with mandatory application after January 1, 2023 that may have an impact on the Company's accounts are as follows:

- IFRS 17: Insurance contracts;
- Amendments to IFRS 17: First application of IFRS 17 and IFRS 9 – comparative information;
- Amendments to IAS 1: Presentation of financial statements - Classification of liabilities as current or non-current;
- Amendments to IAS 1 and the Statement of Practice in IFRS 2: Disclosures of Accounting Policies;
- Amendments to IAS 8: “Definition of Accounting Estimates”;
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.

3.3.2. Principles specific to half-year financial statements

In preparing these condensed half-year financial statements, the main judgments made by the management and the main assumptions used are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2021.

The methods for determining revenue are subject to the estimation of the allocate of the 30 million USD in advance payments (option fee) received between the two performance obligations as of June 30, 2022. The accounting rules and methods relating to the recognition of revenue are identical to those applied at December 31, 2021 and are detailed in Section 3.5.2. “Turnover”.

These estimates are established on the basis of the information available at the time of their establishment.

The Company has been structurally loss-making since its creation, with the exception of the 2021 financial year following the signing of the option license agreement. Cash and cash equivalents amounted to €39.8 million as of June 30, 2022 compared to €29.2 million as of June 30, 2021, reflecting the financing generated by the capital increase during the IPO of the Company in the first half of 2022.

The subsequent phases of development of the Company's drug candidates will require significant financing. Given its current development plans, the Company estimates that the cash and cash equivalents available to it as of June 30, 2022, i.e. €39.8 million, will enable it to cover its cash requirements beyond twelve months following the filing of its next Universal Registration Document.

In this context, the principle of continuity of operation has been retained for the preparation of the accounts as of June 30, 2022.

In addition, the Company's activities are not seasonal or cyclical in nature.

Unless otherwise indicated, financial data is presented in thousands of euros without decimals, the euro being the presentation currency of the Company.

3.4. Notes to the statement of financial position

3.4.1. Non-current assets

NON-CURRENT ASSETS

In thousands of euros	06/30/22	12/31/21
Intangible assets	190	90
Tangible fixed assets	185	196
Non-current financial assets	310	-
Total non-current assets	**686**	**287**

The increase in intangible assets of €100,000 corresponds to the payment of a milestone by the Company to the owners of the patents upon reaching of a technical milestone.

Non-current financial assets consist of the cash balance of the liquidity contract.

The Company has not found any indication of impairment of fixed assets (tangible or intangible).

3.4.2. Receivables and prepaid expenses

RECEIVABLES AND PREPAID EXPENSES

In thousands of euros	06/30/22	12/31/21
Tax receivables	317	368
Prepaid expenses	1,710	1,607
Research tax credit (CIR)	1,821	891
Receivable grants	698	352
Others	72	81
Total other current assets	**4,618**	**3,299**

Other current assets mainly include:

- Prepaid expenses for €1,710,000,
- The 2022 CIR claim for €837,000 and the 2021 CIR claim net of corporate taxes for €984,000,
- Deductible VAT receivables for €304,000,
- Grants to be received for €698,000.

3.4.3. Cash and cash equivalents

CASH AND CASH EQUIVALENTS

In thousands of euros	06/30/22	12/31/21
Cash and cash equivalents	39,789	24,710
Subtotal cash and cash equivalents	39,789	24,710
Bank competitions	-	-
Net cash	**39,789**	**24,710**

The increase in cash is mainly explained by the capital increase during the IPO of the Company, carried out during the first half of 2022.

3.4.4. Share capital and share premium

EVOLUTION OF SHARE CAPITAL AND SHARE PREMIUM

In euros	Number of shares	Share capital	Capital related premium
At 12/31/21	**399,698**	**3,997**	**35,049**
Division of the par value of the share by 24	9,193,054	34,734	-34,734
Shares issued during the year – BSA/BSPCE exercise	133,968	536	253,465
Shares issued during the year – CB conversion	970,584	3,882	9,290,066
Shares issued during the year – initial public offering	1,803,858	7,215	22,994,087
At 06/30/22	**12,501,192**	**50,005**	**32,538,293**

As of June 30, 2022, the capital of the Company is made of 12,501,192 shares resulting from:

- Dividing the par value of the share by 24: prior to the IPO, the Company's capital therefore consisted of 9,592,752 shares;
- The exercise of 600 BSA_{2019}, 2,682 BSA_{2020}, 20 $BSPCE_{2017\text{-}1}$ and 300 $BSPCE_{OCT2020}$ representing 133,968 new shares;
- The conversion of 249 OC_{2017} and 25,541 OC_{2019} representing 970,584 new shares;
- The initial public offering and the exercise of the over-allotment option, representing1,803,853 new shares.

The Company did not distribute any dividends during the first half of 2022.

3.4.5. Share-based payments

3.4.5.1. Plan details

CHARACTERISTICS OF PLANS BENEFITING FROM THE IFRS1 EXEMPTION

Type	Grant date	Characteristics of IFRS 1-exempted plans			
		Total number of awarded share subscription warrants	Maturity date	Exercise price	Maximum acquisition period in years
BSA	12/19/2013	355	12/31/2023	€ 400.00	immediately
TOTAL		**355**			

CHARACTERISTICS OF PLANS AND VALUATION HYPOTHESES

Type	Date of attribution	Characteristics of the plans							
		Total number of granted warrants	Maturity date	Exercise price	Maximum acquisition period in years	Underlying share value (euros)	Volatility	Risk-free rate	Initial valuation of the plan in thousands of euros (1)
BSA 2017	06/27/18	800	12/20/27	€ 46.98	4 years	€ 46.98	73.16%	0.74%	2
BSA 2018	12/18/18	150	12/20/27	€ 46.98	immediate	€ 46.98	73.16%	0.74%	-
BSA 2019	03/19/19	600	12/20/27	€ 46.98	4 years	€ 56.66	61.80%	0.71%	10
BSA 2020	10/23/20	2,400	10/23/30	€ 58.73	4 years	€ 58.73	62.07%	-0.10%	35
BSA 2021	04/29/21	1,500	10/21/30	€ 58.73	4 years	€ 173.77	45.63%	-0.19%	160
BSPCE*	06/13/17	40	06/13/23	€ 25.34	2,5 years	€ 40.04	61.07%	0.62%	68
BSPCE 2017	06/27/18	15,000	12/20/17	€ 46.98	4 years	€ 46.98	73.16%	0.74%	92
BSPCE 2019	03/04/19	9,400	12/20/27	€ 46.98	4 years	€ 56.66	61.80%	0.71%	159
BSPCE 02.2020	02/21/20	6,200	12/20/27	€ 58.73	4 years	€ 58.73	62.07%	-0.10%	125
BSPCE 10.2020	10/21/20	4,400	12/20/27	€ 58.73	4 years	€ 58.73	62.07%	-0.10%	72
BSPCE 2021	04/29/21	1,789	10/21/30	€ 58.73	4 years	€ 173.77	45.63%	-0.19%	179
TOTAL		**42,279**							**904**

(*) amounts expressed after change in Capital Parity
(1) Black & Scholes model

EVOLUTION OF THE NUMBER OF WARRANTS IN CIRCULATION

Type	Grant date	Number of outstanding warrants					Maximum number of shares that can be subscribed for
		12/31/21	Granted	Exercised	Obsolete	06/30/22	
BSA	12/19/13	315	-	-	-	315	756,000
BSA 2017	06/27/18	800	-	-	-	800	19,200
BSA 2018	12/18/18	150	-	-	-	150	3,600
BSA 2019	03/19/19	600	-	(600)	-	-	-
BSA 2020	10/23/20	2,400	-	(1,400)	-	1,000	24,000
BSA 2021	04/29/21	1,282	-	(1,282)	-	-	-
BSPCE	06/13/17	20	-	(20)	-	-	-
BSPCE 2017	06/27/18	15,000	-	-	-	15,000	360,000
BSPCE 2019	03/04/19	3,917	-	-	-	3,917	94,008
BSPCE 02.2020	02/21/20	6,200	-	-	-	6,200	148,800
BSPCE 10.2020	10/21/20	4,400	-	(300)	-	4,100	98,400
BSPCE 2021	04/29/21	1,789	-	-	-	1,789	42,936
TOTAL		**36,873**	**-**	**(3,602)**	**-**	**33,271**	**1,546,944**

EVOLUTION OF THE NUMBER OF WARRANTS IN CIRCULATION AND WEIGHTED AVERAGE EXERCICE PRICE

Warrants depending on the period	06/30/22		12/31/21	
	Number of options	Exercise weighted average price	Number of options	Exercise weighted average price
Outstanding at opening	**36,873**	**€ 55.11**	**33,802**	**€ 54.78**
Obsolete during the period	0	€ 0	0	€ 0
Exercised during the period	(3,602)	€ 56.59	(218)	€ 58.73
Granted during the period	0	0 €	3,289	€ 58.73
Outstanding at closing	33,271	€ 54 .94	36,873	€ 55.11
Exercisable at closing	**29,018**	**€ 54.39**	**28,632**	**€ 54.13**

The share-based payment expense recognized as personnel expenses includes the following amounts:

SHARE-BASED PAYMENT EXPENSE

In thousands of euros	30/06/22	30/06/21
BSA 2017	-	0
BSA 2018	-	-
BSA 2019	0	2
BSA 2020	3	15
BSA 2021	20	20

BSPCE	-	-
BSPCE 2017	-	4
BSPCE 2019	-	-
BSPCE 02.2020	5	30
BSPCE 10.2020	3	20
BSPCE 2021	11	92
Share-based payment	**41**	**183**

Because of the Company's IPO, the vesting period for the rights relating to the various share-based payment instruments had been reviewed in fiscal year 2021. This resulted in an acceleration of the pace of recognition of the related expense for the year ended December 31, 2021. During the first half of 2022, the residual portion of the expense associated with the historical BSA and BSPCE plans was recognized.

3.4.6. Financing and financial instruments

GROSS FINANCIAL DEBT

In thousands of euros	06/30/22	12/31/21
Non-current bonds loans	-	1,403
Bank loans	1,622	1,858
Lease liabilities	-	-
Repayable advances	1,668	1,958
Derivative financial instruments (liabilities)	-	1,505
Accrued interests	-	34
Subtotal other non-current financial liabilities	**3,290**	**6,758**
Current bond loans	-	683
Bank debts	428	192
Repayable advances	525	260
Lease liabilities	8	21
Accrued interests	2	2
Sub-total other current financial liabilities	**964**	**1,158**
Gross financial debt	**4,254**	**7,917**

The change in gross financial debt during the first half of 2022 is mainly explained by the conversion into capital of short-term (OC_{2017}) and long-term (OC_{2019}) bond debt, as well as the derivative financial instrument (liability), linked to the conversion of the bonds during the initial public offering of the Company.

FINANCIAL DEBTS

In thousands of euros	06/30/22	12/31/21
Less than a year	964	1,158
Between 1 and 5 years	3,086	6,433
More than 5 years	204	326
Total	**4,254**	**7,917**

LEASE LIABILITIES

In thousands of euros	06/30/22	12/31/21
Less than a year	8	21
Between 1 and 5 years	-	-
More than 5 years	-	-
Total	**8**	**21**

FINANCIAL DEBTS EXCLUDING LEASE LIABILITIES

In thousands of euros	30/06/22	31/12/21
Less than a year	955	1,137
Between 1 and 5 years	3,086	6,433
More than 5 years	204	326
Total	**4,245**	**7,896**

Reconciliation of changes in gross financial debt and cash flow from financing activities

The variation in borrowing and financial debts can be analyzed as follows:

CHANGE IN INDEBTEDNESS

In thousands of euros	06/30/22	12/31/21
Balance at the beginning of the period	**7,917**	**6,336**
Loan subscription	-	429
Loan repayments	(70)	(203)
Repayment of lease liabilities	(13)	(25)
Financial interest paid	(29)	(55)
Cash flow from financing activities through financial debts	**(111)**	146
Cost of financial debt	73	152
Changes in derivatives	(1,505)	1,283
Conversion of convertible bonds	(2,120)	-
Balance at the end of the period	**4,254**	**7,917**

3.4.7. Other current and non-current liabilities

BOOK VALUES AND FAIR VALUES BY LEVEL OF FINANCIAL ASSETS AND LIABILITIES

In thousands of euros	06/30/22						12/31/21
	Hierarchy of fair values	Book value	Fair value	Fair value by results	Fair Value by other items of comprehensive income	Financial instrument at amortized cost	Book value
Other non-current financial assets	Level 1	310	310	-	-	310	-
Receivables	Level 3	1,072	1,072	-	-	1,072	800
Other current financial assets	Level 3	-	-	-	-	-	-
Cash and cash equivalent	Level 1	39,789	39,789	39,789	-	-	24,710
Total financial assets	**-**	**41,171**	**41,171**	**39,789**	**0**	**1,382**	**25,510**
Bank debt – Non-current	Level 3	3,289	3,289	-	-	3,289	5,254
Derivative financial instruments (liabilities)	Level 1	0	0	0	-	-	1,505
Accounts payable (suppliers and related accounts)	Level 3	2,900	2,900	-	-	2,900	2,243
Bank debt - current and passive cash	Level 3	965	965	-	-	965	1,158
Other debts	Level 3	406	406	-	-	406	469
Total financial liabilities	**-**	**7,560**	**7,560**	**0**	**0**	**7,560**	**10,629**

3.4.8. Other current and non-current liabilities

OTHER LIABILITIES

In thousands of euros	06/30/22	12/31/21
Non-current contract liabilities	2,328	6,339
Subtotal other non-current liabilities	**2,328**	**6,339**
Accounts payable (suppliers and related accounts)	2,900	2,243
Social debts	341	344
Fiscal debts	65	125
Others	-	-
Current contract liabilities	11,290	10,346
Subtotal other current liabilities	**14,596**	**13,058**
Total other liabilities	**16,924**	**19,397**

Liabilities on current and non-current contracts mainly consist of the share of Indivior PLC income (payment of the option) corresponding to the research performance obligations described in part 3.5.2 Revenue. It is recognized over time by costs during the execution of phase 2b of the AEF0117 program from the second half of 2021 until 2023.

The increase in accounts payable stems in particular from the launch of the phase 2b clinical study of AEF0117 in the United States.

3.5. Notes to the statement of profit or loss

3.5.1. Segment information

In accordance with IFRS 8, segment information is established on the basis of internal management data used for operational performance analysis and resource allocation.

An operating segment is a distinct component of the entity that is engaged in the provision of distinct products and services and is exposed to risks and returns that differ from the risks and returns of other operating segments.

The Company only operates in one operating segment corresponding to the research and development of treatments for brain diseases. The assets, liabilities and operating loss presented in the financial statements relate to the activities of the Company located in France.

3.5.2. Revenue

In June 2021, the Company entered into a sublicense option agreement for AEF0117 with Indivior PLC, a leading group in the treatment of addictions, whereby Aelis Farma granted an option for an exclusive sublicense on the families of patents EP12194704.8 and EP18305177.0 and on the associated know-how. This agreement allows Indivior PLC to exploit worldwide a pharmaceutical product containing the compound AEF0117 or certain other pregnenolone derivatives covered by these patent families, in disorders related to cannabis use, addictions and other compulsive behaviors.

Remuneration for Aelis is as follows:

- Upon signature of the contract, the Company received a lump sum payment of $30 million (option fee);
- If the option is exercised by Indivior PLC, the Company will receive a second lump sum payment of $100 million (license fee);
- Conditional payments based on technical then commercial milestones potentially up to $340 million;
- Royalties ranging between 12 and 20%, on sales to third parties if the project leads to the marketing of the drug candidate.

The accounting principles applied to the income from these contracts are taken from the IFRS 15 standard. The detailed analysis of the contract has enabled the identification of two performance obligations within this contract during the option period:

- 1: The communication of data relating to the performance of the phase 2b study and one toxicity study, during the option period, for which Aelis Farma must make its best efforts, and whose additional data will allow Indivior PLC to exercise the option. The income was allocated to this performance obligation by projecting the future costs relating to the completion of phase 2b, including the direct costs of subcontracting, the direct costs of the teams assigned to the completion of these studies and a share of indirect structural costs, as well as a margin.

- 2: The sub-license granted to Indivior PLC with right of return, involving the provision, on the date of signature of the contract, of information relating to the Research and Development program drawn up since the origin of the project. Under the residual method, the income related to this performance obligation is measured as the difference between the total amount received of 30 million USD and the income associated with obligation 1. It is recognized as revenue at the signing of the contract.

Thus, the recognition of option income of 30 million USD, i.e. €24,616,000, follows the following schedule:

- Upon signature of the contract, in June 2021: €7,921,000
- And, for the balance, i.e. €16,695,000, as the costs relating to the completion of the phase 2b study and the toxicity study are recognized, i.e. from the second half of 2021 for the preparatory phases, and until the results expected in the first half of 2024 are obtained. In the second half of 2021, an additional €1,154,000 had been recognized in this way.

In the 1st half of 2022, taking into account progress in incurring costs, an additional €1,990,000 was recognized in revenue.

REVENUE

In thousands of euros	06/30/22	06/30/21
Service sales	1,990	7,921
Total revenue	**1,990**	**7,921**

3.5.3. Other income from ordinary activities

BREAKDOWN OF OTHER INCOME FROM ORDINARY ACTIVITIES

In thousands of euros	06/30/22	06/30/21
Research Tax Credit (CIR)	837	278
Subsidies related to income	1,424	172
IAS20 impact (public subsidies)	-	-
Others	-	-
Other income from ordinary activities	**2,261**	**450**

3.5.4. Research and Development costs

BREAKDOWN OF RESEARCH AND DEVELOPMENT COSTS

In thousands of euros	06/30/22	06/30/21
Other purchases and external expenses	(5,989)	(474)
Staff costs	(1,045)	(866)
Intellectual Property	(58)	(1,817)
Research and Development costs	**(7,093)**	**(3,157)**

The increase in other purchases and external charges as of June 30, 2022 is mainly due to the start of the phase 2b study for AEF0117 and the pharmaceutical production activities (CMC) for both AEF0117 and AEF0217.

As of June 30, 2021, license fees corresponded in particular to a payment of €1.2 million under the contract by which INSERM and the University of Bordeaux license the patent for AEF0117 to the Company. This payment was linked to the receipt of a first lump sum of 30 million USD from the option license agreement with Indivior PLC.

3.5.5. General and administrative costs

BREAKDOWN OF GENERAL AND ADMINISTRATIVE COSTS

In thousands of euros	06/30/22	06/30/21
Staff costs	(673)	(318)
Other purchases and external expenses	(1,127)	(251)
Various	-	0
General and administrative costs	**(1,800)**	**(569)**

The increase in personnel costs is explained on the one hand by the increase in the workforce, over an equivalent period, and on the other hand by the bonuses paid in connection with the Company's initial public offering.

Other purchases and external charges include, in particular, costs related to the listing of the Company shares, which have been analyzed in accordance with IAS 32 (see section 3.2 – Highlights of the period).

3.5.6. Financial result

COST OF NET FINANCIAL DEBT

In thousands of euros	06/30/22	06/30/21
Income from cash and cash equivalents	2	(1)
Interest charges on loans	(39)	(75)
Interest charges on rental debts	(0)	(1)
Total cost of net financial debt	**(38)**	**(77)**

As of June 30, 2022, interest charges on loans include the reversal of accrued interest not yet due, relating to convertible bonds, which became irrelevant following the conversion of the bonds.

OTHER FINANCIAL INCOME AND EXPENSES

In thousands of euros	06/30/22	06/30/21
Exchange gain (losses)	17	624
Changes in the fair value of financial instruments	(5,688)	(50)
Amortization of debt issue costs	-	-
Net financial cost related to the update of provisions for pensions	(0)	(0)
Total other financial income and expenses	**(5,672)**	**574**

The financial result for the first half of 2022 is essentially made by the non-cash impact of the conversion of bond loans determined in accordance with IFRS standards relating to financial instruments and described in section 3.2 – Highlights of the period.

As of June 30, 2021, the financial result was mainly composed of foreign exchange effects, in particular in the context of the receipt of the advance payment of 30 million USD under the option license agreement entered into with Indivior PLC.

3.5.7. Income taxes

INCOME TAXES

In thousands of euros	06/30/22	06/30/21
Income tax	-	(409)
Deferred income tax	-	(956)
Total income tax expense	**-**	**(1,365)**

The current tax recognized in the first half of 2021 related to the profit for the period.

3.5.8. Earnings per share

EARNINGS PER SHARE

Calculation components	06/30/22	06/30/21
Net income (euros)	(10,351,923)	3,780,893
Weighted average number of shares issued	11,079,356	399,480
Basic earnings per share (euros/share)	**(0.93)**	**9.46**

DILUTED EARNINGS PER SHARE

Calculation components	06/30/22	06/30/21
Net income (euros)	(10,351,923)	3,780,893
Weighted average number of shares issued	11,079,356	399,480
Dilutive potential shares	-	107,976
Weighted average number of diluted shares	-	507,456
Diluted earnings per share (euros/share)	**(0.93)**	**7.56**

3.6. Note to the cash flow statement

As of June 30, 2022, cash and cash equivalents amounted to €39,789,000, an increase of €15,079,000 compared to December 31, 2021. This increase in net cash surplus was principally due to the Company's initial public offering on the regulated Euronext Paris market on February 18, 2022, which generated €23,255,000, net of costs relating to the capital increase.

3.7. Transactions with related parties

The Board of Directors of January 31, 2022 decided to continue the consulting contract with the company Thomas Conseil SPRL., of which Mr. François Thomas is the chairman, and censor of the Board of Directors of the Company. The purpose of the contract is to provide assistance to the Company in the search for financing, and assistance in negotiation.

3.8. Events subsequent to the end of the period

No event subsequent to the end of the period is likely to affect the valuations used in the half-year financial statements as of June 30, 2022.

On July 1, 2022, the Company implemented the decision of the Board of Directors of April 1, 2022, to allocate BSA and BSPCE to the categories of authorized beneficiaries.

3.9. Off-balance sheet commitments

The Company did not give or receive any new off-balance sheet commitments during the half-year.

Section 4 - Statutory auditor's report on the half-year financial statements established according to IRFS

Aelis Farma
Period from January 1 to June 30, 2022
Statutory auditor's review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting 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 Aelis Farma, for the period from January 1 to June 30, 2022,

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

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

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 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.

Specific verification

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

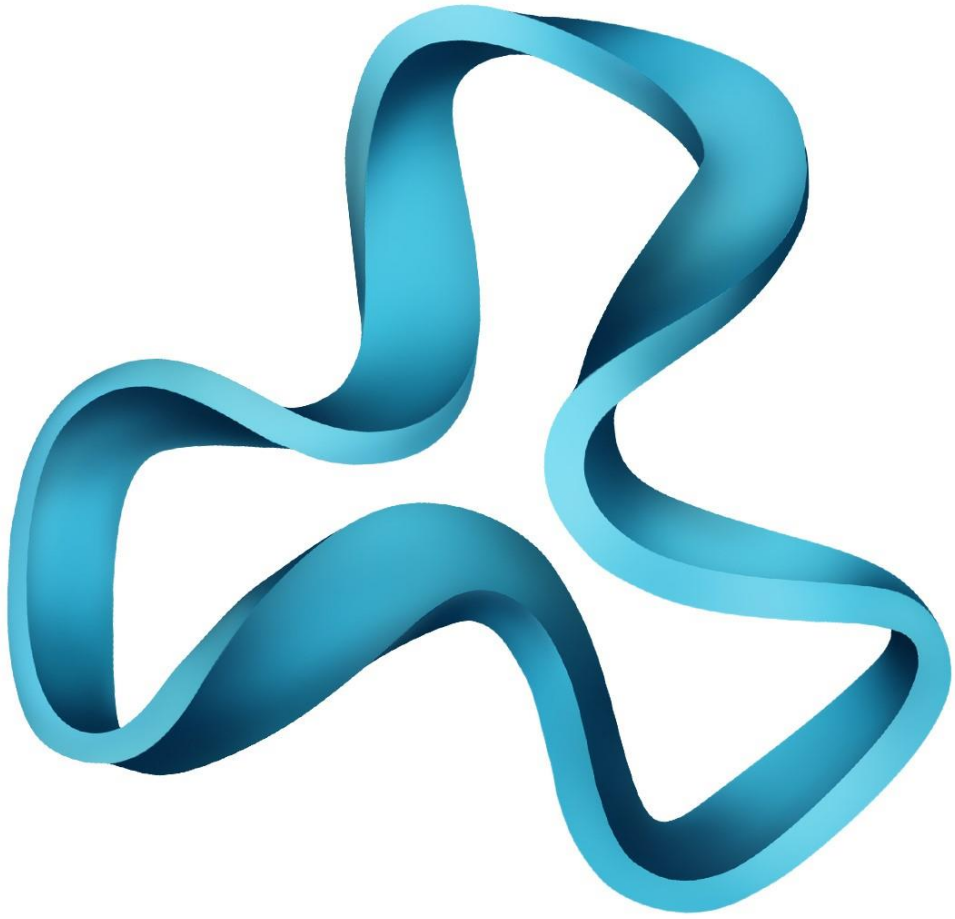
We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Bordeaux, September 26, 2022

The Statutory Auditor
French original signed by

ERNST & YOUNG Audit

Laurent Chapoulaud



Aelis Farma

Neurocentre Magendie
146, rue Léo Saignat
33 077 Bordeaux, France
Office : + 33 5 57 57 37 70
contact@aelisfarma.com