Société anonyme with a capital of 38 591 068.25 euros
Headquarters: 49, boulevard du général Martial Valin - 75015 Paris
410 910 095 R.C.S. Paris

HALF-YEAR FINANCIAL REPORT 2023

SUMMARY

This report is prepared in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-4 to 222-6 of the General Regulations of the Autorité des marchés financiers (AMF) and the provisions of Articles L.232-7 par. 3 and R 232-13 of the French Commercial Code.

1. PREAMBLE

Valerio Therapeutics (formerly Onxeo) is a French clinical-stage biotechnology company developing innovative oncology drugs targeting tumor DNA-binding functions through unique mechanisms of action in the sought-after field of DNA Damage Response (DDR).

DNA damage response consists of a network of cellular pathways that detect, report and repair DNA damage. Proteins monitor DNA integrity and can activate cell cycle checkpoints and repair pathways in response to damage to prevent the generation of potentially deleterious mutations. Applied to oncology, this new field of research aims to weaken or block the ability of tumor cells to repair damage to their DNA, either naturally or under the effect of cytotoxic treatments. Tumor cells are much more dependent on DNA repair mechanisms than healthy cells, due to their uncontrolled proliferation.

The Company is focused on bringing early-stage first-in-class or disruptive compounds from translational research to clinical proof-of-concept, a value-creating inflection point appealing to potential partners.

Valerio Therapeutics is listed on Euronext Growth in Paris.

The Company's portfolio is based on platON™, Valerio Therapeutics's DNA decoy platform.

PlatON™ is the Company’s proprietary chemistry platform of DNA decoy therapeutics, which generates new innovative compounds and broaden the Company’s product pipeline.

The Company's portfolio includes:

- AsiDNA™, the first compound from platON, is a highly differentiated, clinical-stage first-in-class candidate in the field of DNA damage response (DDR) applied to oncology. Its DNA decoy therapeutic mechanism acting upstream of multiple DDR pathways results in distinctive antitumor properties, including the ability to prevent or abrogate tumor resistance to targeted therapies such as PARP inhibitors and strong synergy with tumor DNA-damaging agents such as radio-chemotherapy. AsiDNA is currently being studied in Europe and the US in combination with other treatment modalities in difficult-to-treat solid tumors.
- VIO-01 (formerly OX425), the second compound from platON, is a novel pan-DDR Decoy with high antitumor activity. It also mediates multiple immunostimulatory effects by activating the STING pathway. VIO-01 is currently undergoing IND-enabling preclinical development.

The Company is convinced of the significant therapeutic potential of its DNA decoy technology and the disruptive innovation it represents, which could pave the way for a new paradigm in cancer treatment.

2. BUSINESS ACTIVITY AND SIGNIFICANT EVENTS DURING THE HALF YEAR

2.1. RESEARCH AND DEVELOPMENT

2.1.1. AsiDNA™

AsiDNA™ is a first-in-class product in the DDR field. It interferes with tumor DNA repair by a very original decoy agonist mechanism, resulting in particular from research at the Institut Curie.

The product is composed of a double-stranded DNA fragment that behaves like a damaged tumor DNA fragment. It hijacks and sequesters key proteins for tumor DNA repair (decoy mechanism), then hyperactivates them (agonist mechanism). AsiDNA™ thus induces inhibition of DNA repair and depletion of the repair pathways of the tumor cell, which nevertheless continues its replication cycle, but with damaged DNA, leading to cell death. AsiDNA™ specifically targets tumor cells and has a very favorable safety profile in humans observed in three Phase 1/1b clinical studies.

Unlike so-called "targeted" therapies that inhibit a specific protein or pathway, such as PARP inhibitors (PARPi), AsiDNA™ does not inhibit one or more repair proteins but instead hyperactivates them, thereby disrupting the entire repair cascade. Thus, it does not induce resistance mechanisms, which all targeted therapies used in oncology today face. This resistance leads to a loss of efficacy and therefore to therapeutic failures after several cycles of treatment.

It is a very strong differentiating factor that allows its use in combination with other tumor DNA damaging agents such as radiotherapy and chemotherapy, or in combination with inhibitors of a specific repair pathway such as PARPi or other

targeted therapies, to increase their efficacy, notably by abrogating resistance to these treatments, without increasing toxicity.

In the first half of 2023, the Company continued the clinical development of AsiDNA™.

In preclinical development

Valerio Therapeutics presented new preclinical data confirming the relevance of combining AsiDNA™ with PARP inhibitors (PARPi) in tumor models with an active homologous recombination repair proficient (HRP) pathway on March 9, 2022, at the ESMO Targeted Anticancer Therapies Congress. Although PARP inhibitors have shown significant benefit in cancer patients with homologous recombination repair deficiency (HRD), they show no or very limited efficacy in tumors with active homologous recombination repair proficiency (HRP). The data presented by Valerio Therapeutics highlight the therapeutic advisability of combining AsiDNA™ with PARPi in HRP tumors to overcome intrinsic or acquired resistance in the clinical setting.

At the American Association for Cancer Research (AACR) Annual Meeting held April 8-13, 2022, the Company presented new preclinical data confirming AsiDNA™'s capabilities to protect against cancer treatment toxicity and combat tumor resistance:

- In the framework of the collaboration with Prof. Gilles Favre (Toulouse Cancer Research Center), AsiDNA™ has been shown to prevent the emergence of resistance to tyrosine kinase inhibitors in several models of oncogenic addiction, highlighting the therapeutic advisability of combining AsiDNA™ with tyrosine kinase inhibitors (TKIs) to overcome resistance in a clinical setting.
- Furthermore, in the context of the collaboration with Prof. Marie Dutreix (Institut Curie), experiments in in vivo and in vitro models have shown the potential of AsiDNA™ to protect healthy cells from the toxicity of several cancer treatments. Indeed, when combined with various cancer therapies (carboplatin +/- paclitaxel in long-term treatment, radiation therapy, doxorubicin, PARP inhibitors), AsiDNA™ activates its nuclear target only in dividing cells, while preserving healthy non-proliferating cells. In addition, in some healthy proliferating cells, AsiDNA™ induces a halt in their division or boosts their DNA repair activity, protecting them from the toxic effects of anti-cancer treatments.

In clinical development

On June 30, 2022, the Company announced that the Food and Drug Administration (FDA) approved the initial Investigational New Drug (IND) application for AsiDNA, its first-in-class drug candidate. This is the first IND filed by Valerio Therapeutics in the United States since the initiation of the operation in the United States (April 2022).

This decision allowed the Company to initiate a multi-center Phase 1b/2 trial to evaluate the safety and efficacy of AsiDNA in combination with the PARP inhibitor Olaparib in patients with epithelial ovarian cancer, breast cancer and metastatic castration-resistant prostate cancer who have progressed despite initial treatment with PARP inhibitors. The Company initiated the clinical trial in December 2022 at three clinical sites in the United States.

The Phase 1b/2 study in the US is currently ongoing, 1 patient enrolled in the study. The plan is to continue enrollment in the dose escalation phase until Q3 2023, convene a Safety Monitoring Committee (SMC) to review the data, identify dose for expansion.

In addition, during the first half of the year, Valerio Therapeutics continued supporting two investigator induced studies conducted in collaboration with two academic research centers of excellence in oncology:

- The Revocan phase 1b/2 trial evaluating the addition of AsiDNA™ to combat PARP inhibitor resistance in second-line maintenance treatment of recurrent ovarian cancer. Gustave Roussy is the promoter of this study. The pace of recruitment has been slower than expected and 15 patients have been enrolled in this first part of the study. The first interim analysis of 10 patients was conducted in the first half of 2023, showing a Disease Control Rate (DCR) of 70 %, an overall reduction in the percentage of CA125 (tumor marker) in responding patients, which serves as a proof of concept of the treatment with AsiDNA™.
- The Phase 1b/2 trial evaluating AsiDNA™ in combination with radiotherapy in recurrent high-grade glioma in children, an indication with a particularly poor prognosis. The Institut Curie is the sponsor of this study, which is supported by a grant from the European Fight Kids Cancer program. The Company has announced the treatment of a first patient in August 2022, 7 patients were enrolled in this first part of the study, no data from the study has been disclosed yet.

2.1.2. PlatON® platform and OX400 family

PlatON® is a chemistry platform for building new molecules using three components: the oligonucleotide (a double-stranded DNA fragment), a linker between the two strands to ensure the stability of the fragment, and a vector to promote cell penetration (a cholesterol molecule in the case of AsiDNA®). With platON®, Valerio Therapeutics has the means to enrich

its portfolio of highly innovative drug candidates while capitalizing on the expertise and knowledge it has accumulated in the field of DNA repair mechanisms in recent years.

After AsiDNA®, the first compound derived from platON®, the company has designed a family of new compounds called OX400 based on its DNA decoy platform. Based on Valerio Therapeutics's proprietary decoy agonist technology, the OX400 family is positioned both in the field of DNA damage response (DDR) by acting as apan-DDR DNA decoy, and in immuno-oncology by stimulating the anti-tumor innate immunity.

Endowed with an original decoy agonist mechanism of action like all platON® compounds, OX400 family does not induce tumor resistance to treatment, which represents a clear distinction from targeted therapies such as PARP inhibitors. Finally, like AsiDNA®, OX400 family has no activity on healthy cells, which should give it a favorable safety profile in the clinic.

During the first half of 2023, the Company continued to optimize the OX400 pan-DDR DNA decoy family to improve its action on repair proteins, involved in the tumor DNA repair cascade, and its activation of the antitumor immune response via the cGAS-STING pathway.

2.1.3. VIO-01

VIO-01 is A Pan-DDR DNA Decoy Targeting Multiple Proteins & Repair Pathways. VIO-01 is a member of the OX400 family and represents the most optimal drug candidate selected to enter into preclinical development. VIO-01 traps several DDR Proteins Inhibiting Different DNA Repair Pathways. VIO-01 reaches the nucleus and acts as a decoy for several DNA repair enzymes. It has an increased resistance to nucleases and plasmatic stability.

In Preclinical development

Valerio Therapeutics presented new preclinical data confirming the pan-DDR DNA decoy effect of VIO-01 and the high anti-tumor activity in tumor models independently from the homologous recombination repair status on April 19, 2023, at the prestigious American Association for Cancer Research (AACR) Annual Meeting. Although PARP inhibitors have shown significant benefit in cancer patients with homologous recombination repair deficiency (HRD), they show no or very limited efficacy in tumors with active homologous recombination repair proficiency (HRP). The data presented by Valerio Therapeutics highlight the therapeutic advisability of VIO-10 in HRP and HRD tumors to overcome intrinsic or acquired resistance in the clinical setting.

The Company presented new preclinical data confirming VIO-01's capability to abrogate several DNA repair pathways and induce a drug-driven synthetic lethality, without the need of a combined treatment:

- VIO-01 binds to several DDR proteins, such as PARP1 (Single-Strand Break repair pathway, SSBR), KU70/80 (Non-Homologous End Joining repair pathway, NHEJ), MRN complex (RAD50 and NBS1 proteins – HRR pathway), MSH2/MSH3 complex (MisMatch Repair pathway, MMR) with high affinity in a dose-dependent manner, resulting in an abrogation of single- and double-strand break repair. In line with this, and through a comprehensive assessment of the global transcriptome, VIO-01 treatment resulted in notable downregulation of Base Excision Repair (BER), NHEJ and Nucleotide Excision Repair (NER) pathways in both HRP and HRD cell lines.
- Additionally, VIO-01 elicits the activation of the immune system and inflammatory responses in ovarian cancer cells. Consequently, VIO-01 displayed elevated cytotoxicity to multiple cancer cells irrespective of their HR status. The activity of VIO-01 was specific to tumor cells, while sparing healthy cells, at odds with PARPis.
- In line with *in vitro* results, VIO-01 mediated antitumor efficacy *in vivo* in different HRP and HRD tumor models, coupled to tumor-targeting T-cell responses.
- These interesting *in vivo* effects were driven by a favorable ADME/PK profile, showing a long-lasting residence time of VIO-01 into tumors (until one-week post-treatment), coupled to a clear hijacking from the liver and a rapid blood clearance, ensuring a minimal toxicity.

In parallel to these studies, IND-enabling toxicology studies have been performed to identify the highest non severely toxic dose allowing to identify the starting dose for the future VIO-01 clinical trial.

In clinical development

Based on the emerging pre-clinical evidence regarding VIO-01, as more data became available related to the proposed mechanisms of the drug, the Company reassessed the potential indications, reviewed the emerging treatment landscape and most conducive regulatory strategy. The outcome of the exercise was an update to the clinical development plan and potential indications.
With the current understanding that VIO-01 is an agonist of the HRR pathway, specifically trapping PARP 1 proteins resulting in the hyperactivation of PARP; the Company plans to file an IND to the US FDA in the second semester 2023. Once the IND has been approved by the FDA, the Company plans to initiate the clinical development of VIO-01 in the US. The IND opening

trial will evaluate the safety, tolerability and determine the recommended Phase 2 dose (RP2D) of VIO-01 in participants with recurrent mutated HRR solid tumors in the phase 1 study and evaluate the anti-tumor activity of VIO-01 as a monotherapy.

2.1.4. 3rd generation of PlatON platform – the DecoyTAC platform

Valerio Therapeutics continued to optimize the PlatON platform to develop more potent assets coupled to innovative technologies. The objective of this optimization was to combine our PlaTON platform's DNA decoys with the targeted protein degradation strategy offered by PROTACs (PROteolysis-TArgeting Chimeras) technology. PROTACs technology and other tumor specific targeting options may be a novel class of heterobifunctional molecules that can selectively degrade target proteins within cells. This approach offers, several advantages over the other molecules involved in modulating the DNA damage response, such as increased selectivity and reduced toxicity. Our specific strategy involves generating DecoyTAC combining our vectorized DNA decoy molecules capable of efficient cell penetration with a linker+E3 ligand promoting the complete degradation of the DDR target proteins, thereby presenting a novel mechanism of action.

Our exploration of the convergence of PROTACs and DNA Decoys aims to not only propose new therapeutic modalities against DDR proteins but also against transcription factor proteins that are challenging to target. Through these efforts, we strive to advance the field of oncology drug development and contribute to the treatment of cancer patients globally.

2.2. GOVERNANCE

The Combined General Shareholders' Meeting on June 6, 2023 renewed the term of office of Financière de la Montagne (represented by Mr. Nicolas Trebouta) and Robert Coleman as directors for three years.

As of the date of this report, the Board of Directors is composed of 7 members, 6 men and 1 woman, including 3 independent members.

First name, Last name, Title	Independent Director	Year of first appointment	End of term	Audit Committee	Compensation and Nomination Committee	Scientific Committee
Ms. Shefali Agarwal, chairwoman and CEO	No	2021	2024			Member
Mr. Khalil Barrage, director representing Invus	No	2022	2025			
Mr. Julien Miara, director representing Invus	No	2022	2025	Member	Member	
Financière de la Montagne, director represented by Mr. Nicolas Trebouta	No	2011	2026		Member	
Mr. Robert Coleman, director	Yes	2021	2026			Chair
Mr. Bryan Giraudo, director	Yes	2021	2024	Chair	Member	
GammaX Corporate Advisory, director represented by Mr. Jacques Mallet	Yes	2021	2025		Chair	Member

2.3. FINANCING

On June 9, 2023, Valerio Therapeutics (formerly Onxeo) completed a new €12 million round of financing from its historical shareholders Invus and Financière de la Montagne and a new investor, Agenus Inc. This financing, structured in the form of a capital increase, was announced in April 2023 as being part of the financing structure enabling the Company to finance its activities at least until the second quarter of 2024.

The net proceeds of the issue are intended (i) for the development of VIO-01 (formerly OX425), both clinically and industrially, (ii) for ongoing and future clinical trials and (iii) more generally, to finance the Company's current expenses.

Terms and conditions of the capital increase

The capital increase was carried out by issuing ordinary shares with cancellation of the shareholders' preferential subscription rights, in favor of a category of persons, on the basis of the 6th and 7th resolutions of the Extraordinary Shareholders' Meeting of February 6th, 2023, in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code.

A total of 42,857,143 new ordinary shares, with a par value of €0.25 each, were issued to Invus Public Equities LP, Financière de la Montagne and Agenus. The new shares represent approximately 38% of the Company's share capital before the completion of the private placement. The subscription price has been set at €0.28 per new share, corresponding to the weighted average of the prices of the last three trading sessions (i.e. from May 12 to 16, 2023 inclusive) without discount, representing net proceeds of the issue of €12 million.

The issue has not given rise to a prospectus submitted to the AMF for approval.

The new shares were admitted to trading on the Euronext Growth market in Paris on June 9, 2023. They are listed on the same quotation line as the Company's existing shares (ISIN: FR0010095596), carry current dividend rights and were immediately assimilated to the Company's existing shares.

Following the completion of the capital increase, Invus Public Equities LP and Financière de la Montagne held 28.5% and 19% of the Company's capital respectively, on the basis of a total of 154,364,273 shares. Agenus held 11.5% of the Company's capital. A shareholder owning 1% of the Company's capital saw its stake reduced to 0.72%. To the Company's knowledge, no other shareholder owns more than 5% of its capital.

3. IMPACT ON FINANCIAL POSITION AND EARNINGS

3.1. REVIEW OF ACCOUNTS AND EARNINGS

The Group did not record any consolidated revenues for the period ended June 30, 2023.

Personnel expenses amounted to €5 million, compared with €4.3 million in the first half of 2022. This increase is related to a 5% variation of the headcount, due to the strengthening of the scientific teams.

External expenses amounted to €6.1 million at June 30, 2023, compared with €4.6 million at June 30, 2022. R&D expenses with third parties increased in the first half of the year, from €4.1 million in 2022 to €5.6 million in 2023, mainly due to industrial development and manufacturing of clinical batches for AsiDNA™.

The financial result as of June 30, 2023 is a loss of €50k compared to a loss of €2.4 million at June 30, 2022, mainly due to the cost of the bond issue with SWK Holdings.

As a result of the changes in business activity reflected in the income and expense items described above, net income for the six months ended June 30, 2023 is negative at €11.6 million, compared with a loss of €11.5 million for the first half of 2022.

3.2. AVAILABLE CASH

The Group's cash balance at June 30, 2023 was €16.8 million, compared with €14.6 million at December 31, 2022. The change in cash is mainly due to the capital increase implemented during the first half of the year, which provided Valerio Therapeutics with net proceeds of €12 million.

The cash available at June 30, 2023 gives Valerio Therapeutics visibility until the second quarter of 2024.

4. MAIN RISKS AND UNCERTAINTIES FOR THE NEXT SIX MONTHS

Important note on the pandemic, geopolitics, and economy

As of the date of this Report, the Company considers that it has limited exposure to risks on its operations due to COVID-19 (or any other pandemic risk) and the Russian-Ukrainian conflict. However, it does not rule out the possibility that lockdowns imposed by states and governments could be put back in place, or a continuation or increase in the sanctions enacted against Russia could affect the smooth running of its subcontracted activities, particularly the conduct of clinical trials and production operations. In addition, the Company believes that the current inflation trend, if it were to remain durably high, could significantly increase its operating expenses and increase its financing needs.

The effect of these events on the world's financial markets could have a short-term impact on its ability to finance itself on the capital markets and, consequently, on the conduct of its business.

Excluding the specific risks mentioned above, no specific risk factors are anticipated in the second half of 2023, other than the risk factors inherent in the Company's business, structure, strategy and environment, as described in the 2022 Annual Financial Report published on April 28, 2023. These risks, summarized below, are inherent in the development of innovative medicines and depend on the success of preclinical and clinical trials as well as on regulatory requirements in terms of safety, tolerability and effectiveness.

4.1. FINANCIAL RISKS

Financial risks are essentially risks related to the Company's cash flow as long as it is not generating significant revenues in relation to its expenses, particularly in research and development. As of June 30, 2023, the Company has a cash balance of

€16.8 million, which provides financial visibility until the second quarter of 2024. In the meantime, it remains possible that the Company will have recourse to non-dilutive financing or possibly fundraising in the near to medium term to secure its operations in the event that it does not manage to generate additional resources, in particular through new licensing agreements or partnerships.

Factors such as the inability to establish licensing agreements for the products in its portfolio within the expected timeframe, a delay or insufficient success in its clinical trials, opportunities for development or external growth, and higher costs of ongoing developments, in particular due to additional requirements from regulatory authorities or to defend its intellectual property rights, may influence the need for, and the terms and conditions of, such financing.

4.2. RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's operational risks relate primarily to the development of its products until the first significant clinical results (proof of mechanism or proof of concept in humans) are obtained, allowing it to initiate partnership discussions.

The Company's development portfolio consists primarily of products at an early stage of development and there is a significant risk that some or all of its drug candidates may not be developed, formulated or produced on acceptable economic terms, may have their development interrupted, may not be the subject of partnership or licensing agreements, may not obtain regulatory approval or may never be commercialized.

The risk of failure or substantial delay in the development of a drug exists at all stages and particularly in clinical trials, even if the Company applies its expertise in translational research, which seeks to identify factors that predict the activity of the drug in humans.

In addition, the response time of regulatory authorities to clinical trial applications submitted to them is also variable, particularly if additional requests are made by the authorities. Moreover, there is a significant competitive risk for all products developed by the Company.

With respect to the Company's structure and strategy, the most significant risks stem from the resources and size of the Company, which must attract and retain key personnel while outsourcing and subcontracting its production.

4.3. LEGAL AND REGULATORY RISKS

Legal risks are mainly related to intellectual property, as well as to licensing agreements in place and infringement once products are on the market.

4.4. INSURANCE AND RISK COVERAGE

The Company believes that it has the appropriate insurance coverage for its activities, including the coverage required by law for clinical trials, in France and in the rest of the world. The Company does not foresee any particular difficulties in maintaining adequate insurance levels in the future.

4.5. LITIGATION

On February 11, 2020, Valerio Therapeutics entered into an agreement for the out-of-court settlement of the remaining proceedings in the litigation between it and the companies SpePharm and SpeBio B.V. since 2009, including the immediate, complete and final renunciation of all pending actions, as well as of all future claims or causes of action between the parties related to their past disagreements. This agreement commits Valerio Therapeutics to pay SpePharm 15 to 20% of the net amounts to be received from commercial agreements relating to Valerio Therapeutics R&D assets, for a total cumulative amount of €6 million within a period of 4 years, i.e. by January 31, 2024 at the latest. As of June 30, 2023, the residual amount of this debt is €4.1 million.

As of the date of this report, there are no governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, which are pending or which the Group is threatened with, that are likely to have or have had in the past 12 months a significant effect on the financial situation or profitability of the Group.

5. FORESEEABLE DEVELOPMENT OF THE GROUP'S SITUATION AND FUTURE PROSPECTS

In 2023, the Company will continue to pursue its value creation strategy based on the development of its therapeutic innovations up to proof-of-concept studies in humans, and then generate revenues through agreements with other pharmaceutical companies capable of pursuing their development.

The Company anticipates the following major events:

AsiDNA™

- Enrollment to continue in the U.S. phase 1b/2 trial in combination with Olaparib in ovarian, breast and prostate cancers to identify the RP2D in combination with Olaparib.

- Clinical updates expected in the second half of 2023 from phase 1b/2 trials conducted in France and European Union under the sponsorship of academic centers:

  o REVOCAN trial with Gustave Roussy

  o Pediatric trial in High-Grade Glioma with Institut Curie

- Submissions for publications in international scientific journals of the results of preclinical or clinical studies as part of the development plan to demonstrate the potential of AsiDNA.

VIO-01 (formerly OX425)

- Finalization of the IND-enabling preclinical studies.

- Preparation of an IND application with the FDA in S2 2023.

platON™

- Continued evaluation and optimization of PlatON platform and potential new drug candidates.

Additionally, Valerio Therapeutics is continuing active evaluation of business partnerships that can be synergistic to its pipeline and the team.

Valerio Therapeutics believes that, given its current activities, it has no further comments to make on trends that would be likely to affect its recurring revenues and general operating conditions from the date of the last fiscal year ended December 31, 2022 until the date of publication of this report.

5.1. MAJOR INVESTMENTS FOR THE FUTURE, FUTURE FINANCING POLICY

The Company's main investments will be in research and development.

With a cash balance of €16.8 million as of June 30, 2023, the Company has sufficient visibility to carry out its projects, including the development of VIO-01 (formerly OX425) and the continuation of the preclinical development of the OX400 compounds, until the second quarter of 2024.

In addition, the Company reserves the right to consolidate its financial resources through new non-dilutive financing or by raising funds, in parallel with an ongoing search for new licensing agreements and/or partnerships.

5.2. SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

There are no events after June 30, 2023 that could have an impact on the financial statements.

5.3. MAIN COMMUNICATIONS FROM THE COMPANY DURING THE FIRST HALF OF THE YEAR AND AFTER THE CLOSING DATE

January 18, 2023	Availability of preparatory documents of the Extraordinary General Meeting of February 6, 2023
January 25, 2023	Update on the Development Program for its first-in-class drug candidate AsiDNA
January 27, 2023	Announcement of the Financial Agenda for 2023
February 6, 2023	Report on the Extraordinary General Meeting of February 6, 2023
March 14, 2023	Announcement of the publication of the full-year results on April 14, 2023 and holding of the annual general meeting on June 6, 2023
April 14, 2023	Announcement of the publication of the full-year results on April 21, 2023
April 21, 2023	Announcement of the publication of the full-year results on April 24, 2023
April 24, 2023	Report of the Full Year 2022 Financial Results and Clinical Development Updates
April 28, 2023	Publication of the 2022 Annual Financial Report
May 16, 2023	Announcement of the availability of the preparatory documents and the participation and voting procedures for the Combined General Meeting of June 6, 2023

June 6, 2023	Results of the general meeting of June 6 and in particular change of the name to become Valerio Therapeutics
July 6, 2023	Half-year liquidity contract statement

The full text of the press releases can be found on the Company's website www.valeriotx.com.

6. MAJOR RELATED PARTY TRANSACTIONS

Transactions with other related companies within the meaning of paragraph 9 of IAS 24 relate exclusively to companies included in the scope of consolidation and are not material to the financial statements as of June 30, 2023.

7. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2023

The half-year accounts as of June 30, 2023, drawn up according to IFRS standards and approved by the Board of Directors on September 28, 2023, have not been audited nor been the subject of a limited review; being remembered that a new auditor was appointed at the shareholders' meeting held on 6 June 2023.

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands €)	June 30, 2023	December 31, 2022	Note
Non-current assets			
Intangible assets	20,531	20,531	4
Property, plant and equipment	774	794	
Rights of use	872	1,093	5
Other financial assets	240	90	
Total non-current assets	**22,417**	**22,507**	
Current assets			
Trade receivables and related accounts		1,473	6.1
Other current receivables	4,777	4,521	6.2
Cash and cash equivalents	16,826	14,586	7
Total current assets	**21,603**	**20,579**	
TOTAL ASSETS	**44,020**	**43,086**	

LIABILITIES AND SHAREHOLDERS' EQUITY (in thousands of €)	June 30, 2023	December 31, 2022	Note
Shareholders' equity			
Capital	38,591	27,877	8.1
Less: Treasury shares	-97	-81	8.2
Additional paid-in capital	28,991	27,705	8.3
Retained earnings	-32,666	-13,669	
Result	-11,644	-19,562	
Total shareholders' equity	**23,176**	**22,270**	
Non-current liabilities			
Non-current provisions	764	869	9.1
Deferred tax liability			
Non-current financial debts	7,547	8,104	9.2
Non-current lease liabilities	450	646	9.2
Other non-current liabilities		4,048	
Total non-current liabilities	**8,762**	**13,667**	
Current liabilities			
Current provisions		20	
Short-term borrowings and financial liabilities	1,212	1,003	10.1
Current lease liabilities	327	335	
Trade payables and related accounts	4,388	3,449	10.2
Other current liabilities	6,155	2,342	10.3
Total current liabilities	**12,082**	**7,149**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**44,020**	**43,086**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of €	June 30, 2023	June 30, 2022	Note
Recurring revenue from license agreements			
Non-recurring revenue from license agreements			
Total revenues	**0**	**0**	11.1
Purchases consumed	-219	-242	
Personnel expenses	-5,011	-4,258	11.2
External expenses	-6,128	-4,652	11.3
Taxes	-28	-25	
Net depreciation and provisions	-111	-237	
Other current operating expenses	-127	-217	
Operating expenses	**-11,622**	**-9,631**	
Other current operating income	28	282	
Recurring operating income	**-11,594**	**-9,348**	
Other operating income	0	385	
Other operating expenses	-417	0	
Share of profit from equity affiliates			
Operating income after share of profit from equity affiliates	**-11,593**	**-8,963**	
Cost of net financial debt	-14	-2,154	
Other financial income	10	122	
Other financial expenses	-46	-416	
Financial income	**-50**	**-2,448**	12
Income before tax	**-11,644**	**-11,412**	
Income tax expense	0	-59	
- of which deferred tax			
Net income of all consolidated accounts	**-11,644**	**-11,471**	
Earnings per share	-0.08	-0.11	13

In thousands of €	June 30, 2023	June 30, 2022	Note
Earnings for the period	**-11,644**	**-11,471**	
Translation differences	133	113	
Other items that can be reclassified to profit or loss	**133**	**113**	
Actuarial gains and losses		93	
Other items that cannot be reclassified to profit or loss		**93**	
Other comprehensive income for the period, net of tax	**133**	**207**	
Total comprehensive income for the period	**-11,511**	**-11,264**	
Total comprehensive income attributable to:			
- owners of parent	-11,511	-11,264	
- non-controlling interests			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Change in reserves and profit/loss				
In thousands of €	Capital	Own shares	Additional paid-in capital	Conversion reserves	Gains and losses recognized in equity	Reserves and consolidated profit/loss	Total Variations	TOTAL
Shareholders' equity as of 1/01/2021	**19,579**	**-182**	**18,577**	**-91**	**-173**	**-8,674**	**-8,938**	**29,036**
Total comprehensive income for the period				218	49	-5,937	-5,670	-5,670
Capital increase	3,419		6,006					9,425
Own shares		1				-74	-74	-73
Other movements	2					-1	-1	1
Share-based payments						224	224	224
Shareholders' equity as of 12/31/2021	**22,999**	**-181**	**24,583**	**127**	**-124**	**-14,462**	**-14,459**	**32,942**
Total comprehensive income for the period				113	93	-11,471	-11,264	-11,264
Capital increase	4,878		3,122					8,000
Own shares		37				-40	-40	-2
Other movements								
Share-based payments						219	219	219
Shareholders' equity as of 6/30/2022	**27,877**	**-144**	**27,705**	**241**	**-31**	**-25,753**	**-25,543**	**29,895**
Total comprehensive income for the period				-8	-7	-8,091	-8,107	-8,107
Capital increase								
Own shares		62				-85	-85	-24
Other movements	2							2
Share-based payments						505	505	505
Shareholders' equity as of 12/31/2022	**27,878**	**-82**	**27,706**	**232**	**-38**	**-33,426**	**-33,231**	**22,270**
Total comprehensive income for the period				133		-11,644	-11,510	-11,510
Capital increase	10,714		1,286					12,000
Own shares		-16				162	162	146
Other movements								
Share-based payments						270	270	270
Shareholders' equity as of 6/30/2023	**38,591**	**-97**	**28,991**	**365**	**-38**	**-44,636**	**-44,310**	**23,176**

CONSOLIDATED STATEMENT OF NET CASH FLOWS

In thousands of €	Note	June 30, 2023	December 31, 2022	June 30, 2022
Consolidated net income		**-11,644**	**-19,562**	**-11,471**
+/- Net depreciation and provisions (excluding those related to current assets)	4, 5, 9.1	125	-167	48
-/+ Unrealized gains and losses related to changes in fair value				174
+/- Income and expenses calculated in relation to stock options and similar instruments	8.4	270	213	219
-/+ Other calculated income and expenses			724	
-/+ Capital gains and losses on disposals				
-/+ Dilution gains and losses				
+/- Share of profit from equity affiliates				
+/- Other items with no impact on cash				
Cash flow from operations after cost of net financial debt and tax		**-11,249**	**-18,792**	**-11,029**
+ Cost of gross financial debt	12	42	2,189	2,157
+/- Tax expense (including deferred taxes)			285	59
Cash flow from operations before cost of net financial debt and tax		**-11,207**	**-16,318**	**-8,813**
- Tax paid				
+/- Change in operating working capital requirements (including employee benefit liabilities)		2,087	-6,875	7,368
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**-9,120**	**-9,443**	**-1,446**
- Disbursements related to acquisitions of property, plant and equipment and intangible assets		-97	-488	-71
+ Cash receipts related to disposals of property, plant and equipment and intangible assets				
- Disbursements related to acquisitions of financial assets (non-consolidated shares)				
+ Cash receipts related to disposals of financial assets (non-consolidated shares)			80	3
+/- Impact of changes in the scope of consolidation				
+ Dividends received (equity affiliates, non-consolidated shares)				
+/- Change in loans and advances granted				
+ Investment grants received				
+/- Other flows related to investment operations				
NET CASH FLOW USED IN INVESTING ACTIVITIES		**-97**	**-409**	**-68**
+ Sums received from shareholders on capital increases				
. Paid by the shareholders of the parent company	8.1	12,000	7,875	7,961
. Paid by minority shareholders of consolidated companies				
+ Amounts received on exercise of stock options				
-/+ Net repurchases and resales of own shares	8.2		99	37
+ Cash inflow from new loans				
- Loan repayments (including finance leases)	9.2, 10.1	-550	1,513	2,343
Of which reimbursement of rights of use (IFRS16)		-166	-405	-238
+/- Other flows related to financing operations		-7	1	3
NET CASH FLOW USED IN FINANCING ACTIVITIES		**11,443**	**6,463**	**10,343**
+/- Impact of foreign exchange rate changes		12	87	144
CHANGE IN NET CASH FLOW		**2,238**	**-3,301**	**8,974**
INITIAL CASH FLOW		**14,585**	**17,886**	**17,886**
FINAL CASH FLOW		**16,823**	**14,585**	**26,861**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Valero Therapeutics (formerly Onxeo) is a clinical-stage biotechnology company that develops new cancer drugs by targeting tumor DNA functions through unique mechanisms of action in the field of DNA Damage Response (DDR).

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Valerio Therapeutics' interim consolidated financial statements at June 30, 2023 were approved by the Board of Directors on September 28, 2023. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable within the European Union for interim financial reporting (IAS 34), which allow the presentation of selected notes. The consolidated financial statements are therefore presented in condensed form and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2022, as included in the Annual Financial Report published on April 28, 2023.

The accounting policies applied as from January 1, 2023 are identical to those described in the notes to the consolidated financial statements published as of December 31, 2022.

In addition, the Group has chosen not to early adopt new standards, amendments and interpretations, when their application is mandatory after June 30, 2023, whether or not they have been adopted by the European Union. The impact of these standards and amendments is currently being analyzed.

Use of estimates

As at December 31, 2022, the Group has used estimates in preparing the financial statements for the calculation of:

- the market value of R&D programs acquired through business combinations (mergers and acquisitions) - see Note 4,
- share-based payments - see Note 8.4,
- pension commitments and provisions - see Note 9.1.1,
- future development costs of belinostat under the license agreement with Acrotech - see Note 9.1.2,
- trade payables provisioned at the end of the year in connection with ongoing clinical trials.

Going concern

The financial statements have been prepared on a going concern basis. This basis was retained by the Board of Directors in view of the fact that the Group had a consolidated net cash position of 16.8 million euros as of June 30, 2023, enabling it to finance its activities until the second quarter of 2024 based on its financing plan.

NOTE 2: SCOPE OF CONSOLIDATION

The Group includes Valerio Therapeutics SA, which concentrates most of its activities in Paris and in its Danish establishment in Copenhagen, and its subsidiaries listed below:

- Valerio Therapeutics US,
- Topotarget UK (in liquidation),
- Topotarget Switzerland.

All subsidiaries are wholly owned and fully consolidated.

There were no changes in the scope of consolidation during the first half of 2023.

NOTE 3: OPERATING SEGMENT REPORTING (IFRS 8)

The Group as a whole constitutes a single operating segment. In accordance with IFRS 8.32 and 33, information on the breakdown of revenues by geographical area is provided in note 11.1. In accordance with this standard, the Group's non current assets are mainly located in France.

NOTE 4: INTANGIBLE ASSETS

In thousands of €	December 31, 2021	Increase	Decrease	December 31, 2022	Increase	Decrease	June 30, 2023
AsiDNA™ R&D assets	2,472			2,472			2,472
Goodwill	20,059			20,059			20,059
Other intangible assets	507	4		511			511
Total gross values	**23,038**	**4**		**23,042**			**23,042**
Other depreciation	-507	-4		-511			-511
Total depreciation	**-507**	**-4**		**-511**			**-511**
Goodwill impairment	-2,000			-2,000			-2,000
Total impairment	**-2,000**			**-2,000**			**-2,000**
TOTAL	**20,531**	**0**	**0**	**20,531**	**0**	**0**	**20,531**

4.1 Search for indicators of impairment and impairment testing

The R&D assets acquired as part of the DNA Therapeutics acquisition, namely AsiDNA™, as well as goodwill are subject to impairment testing at least annually in accordance with IAS 36.
No indicator of impairment has been identified with respect to the R&D assets related to AsiDNA, therefore no impairment test has been conducted and no impairment has been recognized as of June 30, 2023.
No indicator of impairment has been identified with respect to the goodwill and as the Company's market capitalization as of June 30, 2023, representative of the fair value of the goodwill, is higher than the consolidated net book value at that date, no impairment test has been performed and no impairment loss has been recognized.

4.2 Other information

Research and development costs incurred in the first half of 2023 have been expensed in the amount of 5.4 million euros, including 603 thousand euros for personnel expenses and 4.8 million euros for external expenses and regulatory fees and taxes.

NOTE 5: RIGHTS OF USE

In thousands of €	December 31, 2021	Increase	Decrease	December 31, 2022	Increase	Decrease	June 30, 2023
Rights of use	3,681	107	-867	2,921	0	-64	2,857
Depreciation of rights of use	-1,624	-454	250	-1,828	-183	26	-1,986
Net value of rights of use	**2,057**	**-347**	**-617**	**1,093**	**-183**	**-38**	**872**

The rights of use correspond mainly to the lease of the head office and to the rental of laboratory equipment and vehicles. These rights of use are amortized over the remaining term of the contracts.

NOTE 6: CURRENT ASSETS

6.1 Trade receivables and related accounts

In thousands of €	June 30, 2023	< 1 year	> 1 year	December 31, 2022
Net trade receivables and related accounts	0			1,473

Trade receivables at December 31, 2022 consisted exclusively of a receivable from the partner Biogen, corresponding to royalties to be received on sales and based off a license agreement. This receivable was actually paid in the first half of 2023.

6.2 Other receivables

In thousands of €	June 30, 2023	< 1 year	> 1 year	December 31, 2022
Advance payments	425	425		455
Personnel and related accounts	12	12		6
Research tax credit	2,255	2,255		3,218
Other tax receivables	316	316		553
Prepaid expenses	1,768	1,768		289
Net value of Other receivables	**4,777**	**4,777**		**4,521**

The "Research tax credit" item includes a French tax credit for 2022 in the amount of 1,474 thousand euros, which has not yet been reimbursed as of June 30, 2023, as well as the tax credit for the first half of 2023, in the amount of 750 thousand euros. It also includes a Danish Research tax credit from 2021, for 27 thousand euros.

In accordance with IAS 20, that credit has been presented as a deduction from expense items according to their nature, as follows:

In thousands of €	June 30, 2023	December 31, 2022	June 30, 2022
Personnel expenses	112	326	192
External expenses	624	1,116	280
Impairments and depreciation	14	32	11
Total	**750**	**1,474**	**483**

The other tax receivables mainly relate to deductible VAT and to a VAT credit for which the Company has requested reimbursement.

The prepaid expenses amount to 1 768 thousand euros and are mostly related to third-party service providers, within the scientific field. Their proceedings are set out in milestones contracts, whose terms include advance billings. An estimate was computed as of June 30, 2023 to record all billings that did not correspond to a completed service at that date.

NOTE 7: CASH AND CASH EQUIVALENTS

In thousands of €	Net values as of 06/30/2023	Net values as of 12/31/2022	Changes in cash and cash equivalents
Cash position	16,822	7,086	9,736
Cash equivalents	4	7,500	-7,496
Total Net Cash Position	**16,826**	**14,586**	**2,240**

Cash equivalents include term accounts of 4 thousand euros that comply with the provisions of IAS 7.6 and IAS 7.7, i.e. short-term, highly liquid, readily convertible investments.

The change in net cash is mainly related to the company's operating expenses, notably in research and development, for a total amount of 5.4 million euros, offset by the receipt of 1.4 million euros in license revenues.
In terms of financing, the Group received in June 2023 a net amount of 12 million euros in the form of a capital increase.

NOTE 8: SHAREHOLDERS' EQUITY

8.1 Share capital

As of June 30, 2023, the capital stock amounted to 38 591 thousand euros, divided into 154 364 273 ordinary shares with a par value of €0.25 each, all of the same class and fully paid up.

During the financial year, the share capital changed as follows:

		Par	# of shares	€
Fully paid-up shares as of 12/31/2022		0.25	111,507,13	27,876,782.50
Capital increase	(1)	0.25	42,857,143	10,714,285.7
Fully paid-up shares as of 06/30/2023		0.25	**154,364,273**	**38,591,068.25**

(1) A capital increase was carried out on June 2023, for a gross amount of 12 million euros, through the issuance of 42,857,143 new shares at a price of 0.28 euros each. The par value of each share is 0.25 euro, representing an increase in share capital of 10,714 thousand euro and additional paid-in capital of 1,286 thousand euro.

8.2 Own shares

In accordance with IAS 32 §33, treasury shares acquired under the liquidity contract signed with Kepler Cheuvreux have been deducted from equity in the amount of 96,614 euros. Profits on share buybacks as of June 30, 2023, amounting to 162 thousand euros, have been added to reserves in accordance with the standard.

8.3 Additional paid-in capital

As a result of the capital increase described in 8.1 above, the additional paid-in capital account has increased by a total of 1,286 thousand euros.

8.4 Share-based payments

Full details of stock options and share subscription warrants granted by the Group are given below.

During the first half of the year, the Board of Directors granted stock options to certain employees (the "SO 2022-5" and "SO 2023-1" plans) and to the Chief Executive Officer (the "SO 2023-2" plan). No new share subscription warrants have been granted.

These grants have the following characteristics:

	SO 2022-5	SO 2023-1	SO 2023-2
Date of grant	April 21, 2023	June 29, 2023	June 29, 2023
Number of options granted	720,000	645,000	1,714,500
Strike price (€)	0.32	0.26	0.26
Vesting	Over 4 years, 25% per year	Over 4 years, 25% per year	Over 4 years, 25% per year

The expense for the first half of 2023 relating to share-based payments amounts to 270 thousand euros, including 110 thousand euros in respect of instruments granted in 2023.

8.4.1. Summary of share subscription warrants as of June 30, 2023 (SSW)

Type	Date of authorization	SSWs authorized	Date of grant	SSWs granted	SSWs subscribed	Beneficiaries	Outstanding SSWs as of 06/30/2023 adjusted (1)	SSWs exercisable at 06/30/2023 adjusted (1)	Adjusted subscription price per share in euros (1)	Date of expiration
SSW 2013	June 26, 2013 Resolution 17	100,000	September 19, 2013	85,000	85,000	Non-salaried and non-executive members of the Board	88,490	88,490	3.85	September 19, 2023
SSW 2014	June 30, 2014 Resolution 19	314,800	September 22, 2014	107,500	82,500		85,886	85,886	6.17	September 22, 2024
SSW 2014-2			March 4, 2015	35,500	19,000		19,000	19,000	6.26	March 4, 2025
SSW 2015	May 20, 2015 Resolution 18	405,000	October 27, 2015	80,000	65,000		65,000	65,000	3.61	October 27, 2025
SSW 2015-2			January 23, 2016	90,000	90,000		90,000	90,000	3.33	January 23, 2026
SSW 2016	April 06, 2016 Resolution 23	405,520	July 28, 2016	260,000	190,000		160,000	160,000	3.16	July 28, 2026
SSW 2016-2			October 25, 2016	30,000	30,000	Key consultants of the company	30,000	30,000	2.61	October 25, 2026
SSW 2016-3			December 21, 2016	70,000	70,000	Non-salaried and non-executive members of the Board	52,500	52,500	2.43	December 21, 2026
SSW 2017	May 24, 2017 Resolution 29	470,440	July 28, 2017	340,000	300,000		300,000	300,000	4.00	July 28, 2027
SSW 2018	June 19, 2018 Resolution 28	360,000	July 27, 2018	359,500	274,500		274,500	274,500	1.187	July 27, 2028
SSW 2018-2			October 25, 2018	85,000	85,000		85,000	85,000	1.017	October 25, 2028
SSW 2020	June 19, 2020 Resolution 31	500,000	September 17, 2020	500,000	350,000		350,000	350,000	0.684	September 17, 2030
SSW 2021			April 28, 2021	150,000	150,000	Key consultants of the company (2)	150,000	150,000	0.723	April 28, 2031

(1) Adjustment of the number and subscription price of warrants following the capital increases of July 2011, July 2013 and December 2014, in accordance with Article L.228-99 of the French Commercial Code (Board of Directors' meetings of July 28, 2011, November 14, 2013 and January 22, 2015)

Type	Date of authorization	SSWs authorized	Date of grant	SSWs granted	SSWs subscribed	Beneficiaries	Outstanding SSWs as of 06/30/2023	SSWs exercisable as of 06/30/2023	Subscription price per share in euros	Date of expiration
SSW 2021-2	June 10, 2021 Resolution 19	700,000	June 11, 2021	100,000	100,000	Non-salaried and non-executive members of the Board	100,000	100,000	0.662	June 11, 2031
SSW 2021-3			July 29, 2021	300,000	125,000		125,000	125,000	0.620	July 29, 2031
SSW 2021-4			October 6, 2021	150,000	75,000		75,000	75,000	0.560	October 6, 2031
SSW 2022			February 2, 2022	150,000	150,000	Chair of the Board	150,000	0	0.420	February 2, 2032
SSW 2022-2			February 2, 2022	75,000	75,000	Non-salaried and non-executive members of the Board	75,000	50,000	0.420	February 2, 2032
TOTAL SSWs							**2,275,376**	**2,100,376**		

8.4.2. Summary of stock options as of June 30, 2023 (SO)

Plan designation	Date of authorization	Number of options authorized	Date of grant	Number of options granted	Beneficiaries	Outstanding options as of 06/30/2023 adjusted (1)	Options exercisable as of 06/30/2023 adjusted (1)	Adjusted subscription price per share in euros (1)	Date of expiration
SO Employees 2013	June 26, 2013 Resolution 15	283,000	September 19, 2013	195,500	Employees	31,232	31,232	3.85	September 19, 2023
TOTAL SO 2013		**283,000**		**195,500**		**31,232**	**31,232**		
SO Employees 2014	June 30, 2014 Resolution 17	314,800	September 22, 2014	138,700	Employees	9,587	9,587	6.17	September 22, 2024
SO Executives 2014				40,000	Executives	15,616	15,616	6.17	September 22, 2024
TOTAL SO 2014		**314,800**		**178,700**		**25,203**	**25,203**		
SO Employees 2017-2	May 24, 2017 Resolution 26	470,440	March 29, 2018	25,000	Employees	25,000	25,000	1.48	March 29, 2028
TOTAL SO 2017		**470,440**		**25,000**		**25,000**	**25,000**		
SO Employees 2018	June 19, 2018 Resolution 27	970,000	July 27, 2018	758,604	Employees	366,246	361,791	1.187	July 27, 2028
SO Executives 2018				150,723	Executives	108,723	98,223	1.187	July 27, 2028
TOTAL SO 2018		**970,000**		**909,327**		**474,969**	**460,014**		
SO Employees 2020	June 19, 2020 Resolution 30	1,200,000	September 17, 2020	1,030,000	Employees	422,500	362,500	0.684	September 17, 2030
SO Executives 2020				170,000	Executives	170,000	170,000	0.684	September 17, 2030
TOTAL SO 2020		**1,200,000**		**1,200,000**		**592,500**	**532,500**		
SO Employees 2021	June 10, 2021 Resolution 30	1,500,000	July 29, 2021	281,000	Employees	87,750	53,250	0.62	July 29, 2031
SO Executives 2021			July 29, 2021	60,000	Executives	60,000	60,000	0.62	July 29, 2031
SO 2021-2			July 29, 2021	429,194	Employees & executives	429,194	429,194	0.62	July 29, 2031
TOTAL SO 2021		**1,500,000**		**770,194**		**576,944**	**542,444**		

(1) Adjustment of the number and subscription price of options following the capital increases of July 2011, July 2013 and December 2014, in accordance with Article L.228-99 of the French Commercial Code (Board of Directors' meetings of July 28, 2011, November 14, 2013 and January 22, 2015)

Plan designation	Date of authorization	Number of options authorized	Date of grant	Number of options granted	Beneficiaries	Outstanding options as of 06/30/2023	Options exercisable as of 06/30/2023	Strike price per share in euros	Date of expiration
SO 2022	June 10, 2021 Resolution 18	1,500,000	February 2, 2022	250,000	Executives	250,000	250,000	0.42	February 2, 2032
SO 2022-2	April 19, 2022 Resolution 4	7,350,000	May 4, 2022	2,030,000	Employees	2,030,000	507,500	0.40	May 4, 2032
SO 2022-3				3,810,285	Executives	3,810,285	2,323,523	0.40	May 4, 2032
SO 2022-4			September 13, 2022	240,000	Employees	240,000	0	0.33	September 13, 2032
SO 2022-5			April 21, 2023	720,000	Employees	720,000	0	0.32	April 21, 2033
TOTAL SO 2022		**8,850,000**		**7,050,285**		**7,050,285**	**3,081,023**		
SO 2023-1	June 6, 2023 Resolution 10	7,350,000	June 29, 2023	645,000	Employees	645,000	0	0.26	June 29, 2033
SO 2023-2			June 29, 2023	1,714,500	Executives	1,714,500	0	0.26	June 29, 2033
TOTAL SO 2023		**7,350,000**		**2,359,500**		**2,359,500**	**0**		
TOTAL SO						**11,135,633**	**4,697,416**		

NOTE 9: NON-CURRENT LIABILITIES

9.1 Non-current provisions

In thousands of €	December 31, 2022	Provision charges	Reversals		June 30, 2023
			Used	Not used	
Pension obligations	168			-104	63
Provisions	701				701
Total non-current provisions	**869**			**-104**	**764**

9.1.1. Pension obligations

Pension provisions amounted to 63 thousand euros as of June 30, 2023, compared with 168 thousand euros at December 31, 2022. This decrease of 104 thousand euros, linked to the departure of employees, results in an impact on the income statement of 104 thousand euros (proceeds).

The actuarial assumptions used were as follows:

	June 30, 2023	December 31, 2022
Collective Agreement	National CBA of Pharmaceutical Companies	
Retirement age	Between the ages of 65 and 67, in application of the law of November 10, 2010 on pension reform*	
Date of calculation	June 30, 2023	December 31, 2022
Mortality table	INSEE 2022	INSEE 2022
Discount rate	3.75%	3.74%
Salary increase rate	3%	3%
Turnover rate	By age bracket: - 0% 16 to 24 years old - 0% 25 to 34 years old - 5.75% 35 to 44 years old - 2.30% 45 to 54 years old - 1.15% over 55 years old	By age bracket: - 0% 16 to 24 years old - 0% 25 to 34 years old - 5.75% 35 to 44 years old - 2.30% 45 to 54 years old - 1.15% over 55 years old
Social security rates	46%	

**As of June 30, 2023, the retirement age is still between the ages of 65 and 67 but is based on the application of the implementation decree published on June 4, 2023. The implementation of this reform had not significant impact on the calculation of the pension obligations.*

9.1.2. Provisions

Provisions are made for:

- Restoring the condition of leased space, in the context of IFRS 16, for 271 thousand euros.
- Future development costs for belinostat that will be borne by Valerio Therapeuticsunder the license agreement with Acrotech, equal to 430 thousand euros; this amount has been estimated by management on the basis of scenarios with a probability of occurrence and will be reassessed at each closing date

9.2 Non-current financial debts

In thousands of €	June 30, 2023	December 31, 2022	Change		
			Total	Impact on cash flow	No impact on cash flow
Government-backed loans	3,547	4,046	-499		-499
Convertible bond issue	4,000	4,000			
Reimbursable advances		58	-58		-58
Subtotal	**7,547**	**8,104**	**-557**		**-557**
Lease liabilities	450	646	-196		-196
TOTAL	**7,997**	**8,750**	**-753**		**-753**

The government-backed loans (GBLs) were granted in February 2021 by Bpifrance and the Group's commercial banks. Valerio Therapeutics has chosen to repay these loans over a period of 5 years starting in February 2022, the first year being a grace period during which only interest will be paid. These loans bear interest at rates between 0.69% and 2.25% over the repayment period and these relatively low rates should lead to the recognition of a grant in accordance with IAS 20.

However, given the purpose and terms of the GBLs, the value of the grant is linked to the term of the loan and the grant should be considered a subsidy of the cost of financing the GBLs to be recognized in profit or loss on a symmetrical basis with the interest expense. The identification of a grant would therefore have no practical impact on the result for the period, nor on its presentation in relation to the recognition of the GBL at the contractual rate. For this reason, the Group has chosen to record them at the value of the cash received net of transaction costs.

As a reminder, the convertible bonds were issued in April 2022 and subscribed by Invus Public Equities LP and Financière de la Montagne for €2.5 million and €1.5 million respectively. The maturity of this loan is set for April 6, 2027. Convertible bonds do not bear interest. They may be converted into ordinary shares exclusively at the Company's initiative between the issue date and the maturity date; the CBs will entitle their holders, in the event of conversion, to a number N of new ordinary shares equal to the par value of one CB divided by X; X being the lesser of (a) 0.410 euros, and (b) the volume-weighted average of the prices of the three trading sessions preceding the date of the request for conversion, without any discount.

Repayable advances were granted by Bpifrance and the Ile-de-France region, notably under the Innov'Up Leader PIA program, to finance the Company's R&D programs AsiDNA™ and PlatON™. These advances do not bear interest. Reimbursable advances are due at the end of 2023 and are now considered current financial debt.

Lease liabilities are recognized in accordance with IFRS 16, in exchange for the recognition of rights of use for buildings and movable assets leased by the Group.

The table below shows a breakdown by maturity of non-current liabilities:

In thousands of €	June 30, 2023	1 to 5 years	More than 5 years
Government-backed loans	3,547	3,547	
Convertible bond issue	4,000		4,000
Lease liabilities	450	450	
TOTAL	**7,997**	**3,997**	**4,000**

NOTE 10: CURRENT LIABILITIES

10.1 Short-term borrowings and financial liabilities

In thousands of €	June 30, 2023	December 31, 2022	Change		
			Total	Impact on cash flow	No impact on cash flow
Government-backed loans	1,121	954	167	-331	498
Reimbursable advances	83	52	58		58
Accrued interest	6	16	-10		-10
Other	3	8	-5		-5
Subtotal	**1,212**	**1,003**	**209**	**-331**	**540**
Lease liabilities	327	335	-8	-166	158
TOTAL	**1,539**	**1,338**	**201**	**-497**	**698**

10.2 Trade payables

In thousands of €	June 30, 2023	December 31, 2022
Trade payables and related accounts	4,388	3,449

The change in trade payables is mainly due to the seasonal nature of R&D expenditure, particularly as a result of the industrial development operations associated with AsiDNA.

10.3 Other current liabilities

In thousands of €	June 30, 2023	December 31, 2022
Social security and related liabilities	1,554	1,812
Tax liabilities	547	484
Other liabilities	4,054	46
Total	**6,155**	**2,342**

Other current liabilities, in the amount of 4,054 thousand euros, correspond to the debt to SpePharm. The debt was recorded in other non-current liabilities as of December 2022.

This debt will be repaid in the form of a 20% share of the amounts received by Valerio Therapeuticso under existing or future license agreements. The residual amount of the debt at January 31, 2024 will be paid in full at that date.

NOTE 11: OPERATING INCOME AND EXPENSES

11.1 Revenues

In thousands of €	June 30, 2023	June 30, 2022
Recurring revenue from license agreements	0	0
Non-recurring revenue from license agreements	0	0
Total revenues	**0**	**0**

11.2 Personnel expenses

Personnel expenses are broken down as follows:

In thousands of €	June 30, 2023	June 30, 2022
Salaries	3,940	3,171
Social security expenses	893	1,033
Employee benefits (IFRS 2)	270	219
Deduction of research tax credit	-112	-192
Other personnel expenses	20	27
Total	**5,011**	**4,258**

The total workforce (employees and corporate officers) was 39 people as of June 30, 2023 compared to 36 as of June 30, 2022.

The increase in payroll relative to the first half of 2023 is due to the reinforcement of the teams, and more specifically to the recruitment of highly qualified scientists.

11.3 External expenses

External expenses are composed of the following items:

In thousands of €	June 30, 2023	June 30, 2022
R&D costs	5,643	4,107
Deduction of research tax credit	-624	-280
General and administrative expenses	1,109	824
Total	**6,128**	**4,651**

The increase in R&D expenses compared to 2022 is mainly related to the advancement of the preclinical and clinical projects.

NOTE 12: FINANCIAL INCOME

In thousands of €	June 30, 2023	Impact on cash flow	No impact on cash flow	June 30, 2022
Income in cash and cash equivalents	*28*	*28*		*3*
Cost of financial debt	*-42*	*-42*		*-2,157*
Cost of net financial debt	-14	-14		-2,154
Other financial income	10		10	122
Other financial expenses	-46		-46	-416
Financial income	**-50**	**-14**	**-36**	**-2,448**

The cost of financial debt in 2022 mainly included the interest expense related to the bond issue with SWK Holdings Corporation.

NOTE 13: EARNINGS PER SHARE

	June 30, 2023	June 30, 2022
Net income attributable to common shareholders (in €)	-11,643,553	-11,470,752
Number of shares issued	154,364,273	111,507,130
Number of treasury shares	287,160	448,434
Number of shares outstanding (excluding treasury shares)	**154,077,113**	**111,058,696**
Stock options	11,135,633	8,573,978
Share subscription warrants	2,275,376	2,275,376
Number of potential and issued shares (excluding treasury shares)	**167,488,122**	**121,908,050**
Weighted average number of shares outstanding (excluding treasury shares)	116,192,346	101,050,318
Net earnings per share in euros	**-0.08**	**-0.11**

NOTE 14: RELATED PARTIES

Related-party transactions within the meaning of paragraph 9 of IAS 24 did not have a material impact on the financial statements at June 30, 2023.

NOTE 15: POST-CLOSING EVENTS

There are no events after June 30, 2023 that could have an impact on the financial statements

8. CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all the companies included in the consolidation, and that the interim management report (presented in chapter 3 of this report) gives a true and fair view of the significant events of the first six months of the year, their impact on the financial statements, the main transactions between related parties and a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, September 28, 2023

Ms. Shefali Agarwal

Chairwoman and CEO