affluent MEDICAL
IMPLANTS FOR LIFE

STRUCTURAL HEART

Mitral valve repair
Mitral valve replacement

HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2021

UROLOGY

First severe incontinence device with remote control

A French public limited company (*société anonyme*) with a Board of Directors and a share capital of €18,163,802.00
Registered office: 320 avenue Archimède – Les Pléiades III – Bâtiment B – 13100 Aix-en-Provence, France
837 722 560 RCS Aix-en-Provence Trade and Companies Registry

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"TRANSLATION OF HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2021

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 "Rapport financier semestriel au 30 juin 2021".The original French version of this document was prepared by the issuer, and its signatories are responsible for its content. 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 auditor's reports apply to the French version of the financial statements."

GENERAL COMMENTS

Definitions

In this half-year financial report, and unless otherwise indicated:

- The terms "Company" or "Affluent Medical" mean Affluent Medical, a public limited company whose registered office is located at 320 Avenue Archimède – Les Pléiades III – Bâtiment B – 13100 Aix-en-Provence, France, registered with the Aix-en-Provence Trade and Companies Register under number 837 722 560;
- The term "Group" means the Company and its subsidiaries and sub-subsidiaries majority-controlled by Affluent Medical:
    - Kephalios, a simplified joint stock company whose registered office is located at 320, avenue Archimède – Les Pléiades III – Bâtiment B – 13100 Aix-en-Provence, France, registered with the Aix-en-Provence Trade and Companies Register under number 531 557 650;
    - Kardiozis, a simplified joint stock company whose registered office is located at 320, avenue Archimède – Les Pléiades III – Bâtiment B – 13100 Aix-en-Provence, France, registered with the Aix-en-Provence Trade and Companies Register under number 532 628 336;
    - Epygon, a simplified joint stock company whose registered office is located at 320, avenue Archimède – Les Pléiades III – Bâtiment B – 13100 Aix-en-Provence, France, registered in the Aix-en-Provence Trade and Companies Register under number 539 455 238;
    - Epygon Italy, a limited liability company (*Società a Responsabilita Limitata*) whose registered office is located at via Ribes 5 – 10010 Colleretto Giacosa (TO), Italy, registered in the Turin Trade and Companies Register under number 11311520016;
    - MyoPowers Medical Technologies France, a simplified joint stock company with its registered office at 18 rue Alain Savary, 25000 Besançon, France, registered in the Besançon Trade and Companies Register under number 799 927 355;
    - Medev Europa, a limited liability company (*Societate cu Raspundere Limitata*) whose registered office is at Bucureşti Sectorul 4, Bulevardul Regina Maria, Nr. 32, Parter Biroul NR. 3, Modul, Romania, registered with the Romanian National Office of the Trade Register under number J40/524/2020 and the unique identification code 42124756;
- "Financial Report" means this half-year financial report at 30 June 2021;
- "Registration Document" means the registration document approved by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 12 April 2021 under number I.21-007;
- "Supplement to the Registration Document" means the supplement to the registration document approved by the AMF on 27 May 2021 under number I.21-0025.

About Affluent Medical

Affluent Medical is a French player in MedTech, founded by Truffle Capital, with the aim of becoming a global leader in the treatment of heart and vascular diseases, which are the leading cause of death worldwide, and of urinary incontinence, which today affects one in four adults.
Affluent Medical develops innovative, next-generation minimally invasive implants to restore essential physiological functions in these areas.
The four major technologies developed by the Company are currently in the preclinical and clinical study phase. The first medical device should be marketed and sold by 2023 with Kalios in Europe.

For more information, please visit: www.affluentmedical.com

1. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1 Person responsible for the half-year financial report

Mr Michel Finance, Chairman and Chief Executive Officer of AFFLUENT MEDICAL.

1.2 Statement of the person responsible

(Art. 222-3 - 4° of the General Regulation of the AMF)

"I certify, to the best of my knowledge, that the condensed financial statements for the past half-year 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 of all the companies in the scope of consolidation, and that the half-year activity report (appearing on pages 6 to 15 of this half-year financial report) presents an accurate picture of the significant events that occurred during the first six months of the financial year and their impact on the financial statements, of the main transactions between related parties and that it describes the main risks and uncertainties for the remaining six months of the financial year".

Aix-en-Provence, France, 20 September 2021.

Mr Michel Finance, Chairman and Chief Executive Officer of AFFLUENT MEDICAL.

2. ACTIVITY REPORT AT 30 JUNE 2021

2.1 Company's activity and results

2.1.1 Activity

The Affluent Medical Group is developing next-generation minimally invasive medical devices, at a clinical stage, with the aim of saving the lives and improving the quality of life of millions of patients around the world affected by severe pathologies in the urological and structural heart fields.

Affluent Medical has a portfolio of products or technologies to regulate urethral, cardiac or aortic flows by restoring the natural physiology of patients, while simplifying the surgical procedure (optimal precision, speed and safety) and reducing the total cost of short-term and long-term care:

- three best-in-class innovative implantable prostheses at the clinical development stage:
    - Artus: artificial sphincter for the treatment of severe urinary incontinence restoring the complete control of the bladder, by closing or opening the urinary flow at the will of the patient using a simple remote control and designed both for men and women,
    - Kalios: the only ring designed for mitral valve repair optimised for minimally invasive cardiac surgery and allowing multiple post-operative readjustments via the transcatheter route – without invasive reoperation. It is therefore a unique hybrid technology, and
    - Epygon: the only physiological mitral valve bioprosthesis implanted via a transcatheter route capable of mimicking the native mitral valve;
- the Kardiozis technology based on thrombogenic fibres that fits on an endoprosthesis (stent-graft) for the treatment of the abdominal aortic aneurysm and ensures a natural embolisation allowing to reduce the risk of endoleaks generating a risk of rupture of the aneurysm.

The Company was incorporated on 23 February 2018 as a holding company to hold stakes in four operating companies. Affluent Medical directly holds 100% of the share capital and voting rights of Epygon, Kardiozis, Kephalios and MyoPowers, and indirectly 100% of Epygon Italie SRL and Medev Europa SRL. The Company indirectly holds 40% of the share capital and voting rights of the two Chinese companies, Shanghai Epygon Medical Technology Co. Ltd and Shanghai MyoPowers Medical Technology Co. Ltd as part of the joint ventures entered into with Shanghai Zuquan Investment Management Company Limited (refer to section 6.1 of the Registration Document).

The Group's research and development (R&D), preclinical and clinical activities have mobilised most of its resources, enabling significant progress in the validation of the medical devices and technologies presented in more detail in Chapter 5 "Overview of business activities" in the Registration Document. It should be noted that all R&D, pre-clinical and clinical costs are recognised as operating expenses in the year in which they are incurred. The Group also devotes a sizeable percentage of its resources to protecting its intellectual property by filing international patent applications at an early stage.

Since the creation of Affluent Medical, the Group's cumulative consolidated losses have amounted to nearly €47.5 million, mainly related to R&D expenses and preclinical and clinical studies as well as overheads and operating expenses. Operating expenses dedicated to R&D, preclinical and clinical activities, regulatory affairs and quality, and excluding general administrative expenses, represent approximately 73% of the Company's total expenses.

As R&D, preclinical and clinical expenses are recognised as operating expenses for the year in which they are incurred, the developed projects require growing financial needs and generate operating losses. Affluent Medical's first operating revenues will be generated when the developed projects reach the commercialisation or license agreement stage, which could generate revenues in the form of lump sums or royalties (refer to section 5.1.1 of the Registration Document).

2.1.2 Operating expenses

OPERATING EXPENSES (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Purchases consumed	(1,351)	(1,509)	158
External expenses	(3,111)	(1,687)	(1,423)
Personnel expenses	(2,573)	(2,233)	(340)
Amortisation, depreciation and provisions	(1,024)	(792)	(232)
Other	103	(74)	177
Total operating expenses	**(7,955)**	**(6,296)**	**(1,660)**

Operating expenses amounted to €7,955 thousand at 30 June 2021 compared to €6,296 thousand at 30 June 2020, which represents an increase of €1,660 thousand. This change is mainly due to the costs related to the Company's IPO in the first half of 2021, which amounted to €1,181 thousand in expenses (and €1,663 thousand deducted from shareholders' equity) as well as the strengthening of the Group's research and development and management teams.

The change in purchases consumed between the first half of 2020 and the first half of 2021 breaks down as follows:

Purchases consumed (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Purchase of studies	(1,037)	(1,298)	261
Non-stocked purchases of materials and supplies	(305)	(211)	(94)
Purchases of goods, raw materials, supplies and other provisions	(9)	(1)	(8)
Total purchases consumed	**(1,351)**	**(1,509)**	**158**

Purchases consumed consist of:

- subcontracting purchases which mainly include expenses related to external studies, subcontracting and scientific consulting;
- subcontracting for the manufacture of prototypes; and
- costs related to administrative supplies, electricity and equipment, particularly laboratory supplies.

The level of the Group's expenses depends on the stage of completion of clinical and pre-clinical trials.

During the first half of 2021, purchases consumed fell by €158 thousand compared to the first half of 2020. This decrease is mainly due to the decrease in external research expenses of -€261 thousand offset by the increase in laboratory supplies of +€94 thousand.

The change in external expenses between the first half of 2020 and the first half of 2021 breaks down as follows:

External expenses (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Fees	(1,569)	(1,399)	(170)
Fees relating to the IPO	(1,181)	-	(1,181)
Missions and receptions	(67)	(78)	11
Miscellaneous	(294)	(210)	(84)
Total external expenses	**(3,111)**	**(1,687)**	**(1,424)**

The change in external expenses between the two periods is mainly due to:

- costs incurred as part of the IPO process carried out in June 2021, recognised as expenses in the amount of €1,181 thousand The fees directly attributable to the capital increase concomitant with the IPO were recorded as a deduction from shareholders' equity for a total amount of €1,663 thousand (€155 thousand recorded at 31 December 2020 and €1,503 thousand recorded during the first half of 2021);
- consulting and engineering fees, which increased by €170 thousand between the two periods; and
- study and subcontracting costs with laboratories, up by €50 thousand.

The change in personnel expenses between the first half of 2020 and the first half of 2021 breaks down as follows:

Personnel expenses (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Employee compensation	(1,638)	(1,298)	(340)
Social security charges	(606)	(437)	(169)
Pension commitments	4	(18)	23
Short-time working compensation	-	52	(52)
Share-based payments	(333)	(531)	198
Total personnel expenses	**(2,573)**	**(2,233)**	**(340)**

The increase in personnel expenses between the first half of 2020 and the first half of 2021 (excluding the effect of IFRS 2 – share-based payments) amounting to +€538 thousand is due to the gradual strengthening of the Group's research and development and management teams.
The Group had an average headcount of 47 employees in the first half of 2021 compared to 42 employees in the first half of 2020. Most of the staff is assigned to research and development activities, divided between its research laboratories in Vélizy-Villacoublay, Aix-en-Provence, Besançon and Colleretto Giacosa in Italy.

Personnel expenses include the expense relating to share-based payments (IFRS 2) for equity instruments granted to employees or corporate officers in the amount of €333 thousand at 30 June 2021 and €531 thousand at 30 June 2020, i.e. a decrease of €198 thousand between the two periods.

The change in amortisation, depreciation and provisions between the first half of 2020 and the first half of 2021 breaks down as follows:

Amortisation, depreciation and provisions (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Amortisation	(916)	(939)	23
Depreciation (excluding right of use)	(138)	(95)	(43)
Depreciation (right of use)	(122)	(112)	(10)
Provisions	-	(50)	50
Reversals of provisions	153	-	153
Reversals of provisions for debt	-	404	(404)
Total amortisation, depreciation and provisions	**(1,024)**	**(792)**	**(232)**

Amortisation, depreciation and provisions are mainly related to:

- internally developed technologies amortised over 15 years and recovered during the business combination in 2018. The provision amounted to €0.9 million over the two periods;
- property, plant and equipment (excluding right-of-use assets) for €138 thousand in 2021 and €95 thousand in 2020, i.e. an increase of €43 thousand;
- right-of-use accounts recognised in accordance with IFRS 16 “Leases” for €122 thousand in 2021 and €112 thousand in 2020, i.e. an increase of €10 thousand;
- reversals of provisions for ongoing litigation for €153 thousand in 2021 and provision allocations for ongoing litigation for €50 thousand in 2020, i.e. a net change of -€203 thousand; and
- reversals of provisions for debt in the amount of €404 thousand in 2020 (concerned the debt related to the MIVANA grant, fully written down in 2018 and fully reversed in 2020).

2.1.3 Financial income (loss)

The financial loss amounted to -€339 thousand at 30 June 2021 compared to a loss of -€952 thousand at 30 June 2020, i.e. an improvement of €613 thousand.

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**
Cost of net financial debt	**(1,381)**	**(1,278)**
Income from cash and cash equivalents		-
Interest expenses	(1,372)	(1,253)
Effect of accretion	(9)	(25)
Other financial income and expenses	**1,041**	**(326)**
Foreign exchange income	-	1
Change in fair value of derivative liabilities	1,040	223
Other	1	102
Net financial income (loss)	**(339)**	**(952)**

The financial loss for the years presented is strongly negative given the financing set up in 2020 and 2021, and the increase in interest paid as a result. It is partially offset by the change in fair value under IFRS of derivative liabilities.

In particular, the financial loss in 2021 includes:

- the amortised cost and accrued interest on bonds amounting to -€529 thousand;
- accrued interest of -€473 thousand on repayable advances (MIVANA and PIAVE Artus);
- interest paid in the amount of -€370 thousand in 2021;

- the accretion of repayable advances in accordance with IAS 20 “Accounting for government grants and disclosures of government assistance” for an amount of -€9 thousand; and
- changes in the fair value of derivative liabilities in accordance with IFRS 9 “Financial instruments” for an amount of €1,040 thousand. In the first half of 2021, this item was impacted by the request for the redemption of convertible bonds (CBs) held by Head Leader, rendering the related conversion option null and void, with an impact of €1 million on financial income (loss) (see Note 11.3.2).

Foreign exchange gains and losses, which are not material, are also recognised in financial income (loss).

2.1.4 Group cash flow

The table below presents selected items from the consolidated cash flow statement presented in Section 3 of this Financial Report:

(in thousands of euros – Selected items from the condensed half-year consolidated financial statements prepared in accordance with IFRS standards)	30/06/2021 6 months	30/06/2020 6 months
Cash flows from operating activities	**(5,203)**	**(5,542)**
Of which free cash flow	(6,233)	(4,246)
Of which change in working capital requirement (-)	1,042	(1,296)
Of which taxes paid	(12)	-
Cash flows from investing activities	**(218)**	**(214)**
Of which acquisitions of fixed assets	(218)	(214)
Of which financial investments	-	-
Cash flows from financing activities	**19,918**	**6,105**
Of which capital increase net of capital increase costs	21,492	2,300
Of which receipt of advances and conditional grants	-	2,755
Of which bank borrowings	795	2,140
Of which redemption of non-convertible bonds	(1,482)	(854)
Of which gross financial interest paid	(346)	(189)
Of which other movements related to the pre-financing of the Research Tax Credit	-	59
Of which repayment of lease liabilities	(321)	(107)
Other cash flows from financing activities (liquidity contract)	(221)	-
Changes in foreign exchange rates	**-**	**-**
Change in cash and cash equivalents	**14,497**	**349**

Cash flows during the first half of 2021, including operating flows (-€5,203 thousand), acquisitions of fixed assets (-€218 thousand), and financing flows (+€19,918 thousand), amounted to €+14,497 thousand compared to cash consumption of -€349 thousand over the same period in 2020.

Cash consumption related to operating activities amounted to €5,203 thousand for the six months ended 30 June 2021 and €5,542 thousand for the six months ended 30 June 2020. This cash consumption is mainly related to the Group’s medical device development activities in line with the stage of completion of clinical and preclinical studies.

Cash consumption from investing activities amounted to €218 thousand for the six months ended 30 June 2021 and €214 thousand for the six months ended 30 June 2020. These relate mainly to acquisitions of property, plant and equipment or intangible assets.

Cash consumption related to financing activities mainly comprised the following over the six months ended 30 June 2021:

- The capital increase in June 2021 at the time of the Company's IPO for a gross value of €23,000 thousand, excluding the conversion of Kreos Capital debt, less expenses charged to equity during the period in the amount of €1,508 thousand, i.e. a net flow of €21,492 thousand;
- the collection of loans guaranteed by the State for an amount of €795 thousand;
- the repayment of maturities for the Kreos Capital loan in the amount of €1,482 thousand.

For the six months ended 30 June 2020, financing flows mainly consisted of:

- the capital increase in May 2020 for an amount of €2,300 thousand net of fees;
- the collection of repayable advances of €2,755 thousand (see Note 11.1 to this financial report);
- the collection of loans guaranteed by the State for an amount of €2,140 thousand;
- the repayment of maturities for the Kreos Capital loan in the amount of €854 thousand.

2.2 Impact of the Covid-19 health crisis on the financial statements at 30 June 2021

Activities were affected by Covid-19 in 2020 and 2021. In particular, the Company faced delays in its clinical study programmes due to the mobilisation of hospitals to contain the health crisis. To date and despite delays, the Company does not anticipate any major impacts on marketing dates or revenue forecasts.

The Company has also adapted its organisation and working methods by using teleworking and limiting travel.
During the first half of 2020, short-time working measures were implemented to minimise the impacts of these delays. In this regard, the Company received €51 thousand in compensation for short-time working hours, which was deducted from personnel expenses.

At the closing date of the financial statements, the Covid-19 pandemic had a limited impact on the Company's financial statements at 30 June 2021 and did not call into question the value of the fixed assets.

2.3 Management and administrative bodies

At the Ordinary and Extraordinary General Meeting of 6 April 2021, the shareholders approved the renewal of all of the directors' terms of office for a period of three years. Thus, following the said General Meeting, the Board of Directors was composed of Mr Dominique Carouge, Ms Claire Corot, Ms Ellen Roche, Mr Christian Latremouille, Mr Michel Finance, Truffle Capital, Mr Daniel Hayoz, and Mr Patrick Coulombier.

The Board of Directors, at its meeting of 8 April 2021, also noted the resignation of Mr Christian Latremouille from his office and co-opted Ms Véronique Phé to replace him. She subsequently resigned with effect from 20 July 2021; the Board of Directors is currently looking for a new director to replace her.

As of the date of this Report, the Board of Directors has seven members, of whom three are independent and two are women. The Company has six months from 20 July 2021 to reduce the gap between the number of male and female directors to two.

Lastly, the Ordinary and Extraordinary General Meeting of 6 April 2021 also appointed Substainable Development Partner International (represented by Mr Jean-François Le Bigot) and Fate (represented by Mr Benoît Adelus) as new non-voting members for a period of three years and renewed the term of office of Kreos Capital for a period of three years, and Mr Christian Latremouille was appointed as a non-voting member for a period of three years by the Board of Directors at its meeting of 8 April 2021.

2.3.1 Composition of the Board of Directors

At the date of this report, the composition of the Company's Board of Directors is as follows:

Chairman:	Michel Finance
Directors:	Truffle Capital represented by Philippe Pouletty Patrick Coulombier Daniel Hayoz Dominique Carouge Claire Corot Ellen Roche

2.3.2 Composition of the Advisory Board

At the date of this report, the composition of the Company's Advisory Board is as follows:

- Kreos Capital V (UK) Limited, represented by Maurizio PetitBon,
- Substainable Development Partner International represented by Jean-François Le Bigot,
- Fate represented by Benoit Adelus
- Christian Latremouille

2.3.3 Composition of Committees

At the date of this report, the composition of the Company's Committees created by the Board of Directors is as follows:

Audit Committee:

- Mr. Dominique Carouge (Chairman)
- Ms Claire Corot

Compensation and Governance Committee:

- Truffle Capital represented by Mr Philippe Pouletty (Chairman)
- Mr Patrick Coulombier

2.3.4 Management

At the date of this report, the Company's management is as follows:

Chairman and Chief Executive Officer	Michel Finance
Chief Operating Officer	Olivier Pierron
Chief Financial Officer	Jérôme Geoffroy
Chief Medical Officer	Professor François Laborde
VP Operations Epygon	Wenzel Hurtak
Director of Quality Assurance	Pascale Lagrange
Director of Regulatory Affairs	Eric Jague
Programme Director – Kalios	Jean-Dominique Béhéty

2.4 Highlights of the first half of 2021

February 2021:

The Company has contracted a loan guaranteed by the French State in the amount of €395 thousand with CIC with an interest rate of 0% *per annum* and a maturity date of 5 February 2022. This loan benefits from a State guarantee under the "FDG State Coronavirus" guarantee fund of up to 90.00%. The Company has an option to extend the amortisation and repayment period of the loan to up to five years after the initial maturity date provided for in the contract.

April 2021:

The Company entered into the following:

- on 15 April 2021, a state-guaranteed loan of €0.2 million with BNP Paribas with a deferred repayment of one year (principal and interest) and amortisation of the loan for four years;
- on 23 April 2021, a state-guaranteed loan of €0.2 million with Bpifrance with a deferred repayment of one year (principal and interest) and amortisation of the loan of four years.

The Ordinary and Extraordinary General Meeting of 6 April 2021 notably:

- decided to amend the terms and conditions of the Kreos share subscription warrants (BSAs), which may thus give entitlement, by conversion, to a maximum of 40,000 ordinary shares and decided to set the maximum nominal amount of the capital increases that may be carried out as a result of the exercise of the Kreos warrants at €400 thousand;
- decided to convert all of the Company's 11,207,401 A shares.

On 6 April 2021, the holders of A shares met for a General Meeting and approved the conversion of all of the 11,207,401 A shares into ordinary shares of the Company, on the basis of one (1) A share for every (1) ordinary share, with effect from the first listing date of the shares on the Euronext Paris regulated market.

May 2021:

Jean-Dominique Béhéty has been appointed as Director of the Kalios programme. He has devoted his entire career to the medical devices industry. He started as a qualification technician at Ela Medical in the early 1990s. After that he joined SAIME, which became ResMed Paris, a leading player in the field of in-home and hospital respiratory support, where he successively held several positions and ultimately managed the Group's last industrial site in Europe. His tasks included spearheading strategic changes, particularly overhauling processes and developing a service-based business. Starting in 2018 he broadened his field of expertise by engaging in various entrepreneurial projects before joining Affluent Medical.

June 2021:
On 9 June 2021, Affluent Medical announced the success of its IPO on the regulated market of Euronext Paris. In this context, the Company carried out a capital increase of €25 million with the issue of 2,906,978 new ordinary shares at a price of €8.60 per share. Following this transaction, the number of shares increased to 18,163,802. Taking into account the IPO price of €8.60 per share, the market capitalisation of Affluent Medical stands at approximately €156 million.

2.5 Events since 30 June 2021

At its meeting of 20 July 2021, the Board of Directors noted the lapse of 145,034 founders' share warrants (BSPCEs):

- 50,000 BSPCE-2019-1 founders' share warrants which expired on 12 July 2021;
- 37,500 BSPCE-2019-1 founders' share warrants which expired on 18 June 2021; and
- 57,534 BSPCE-2018-2 founders' share warrants which expired on 14 May 2021.

In addition, at this meeting, the Board of Directors also noted that the 18,789 BSA-2018-2 share subscription warrants lapsed on 6 July 2021.

On this date, the Board of Directors also:

- decided to issue 475,000 BSPCE-2021 founders' share warrants; the exercise of one (1) BSPCE-2021 founders' share warrant will give the right to the subscription of one (1) ordinary share with a par value of €1;
- decided to allocate, free of charge, a total of 4,050 ordinary shares, i.e. 0.02% of the share capital to date. The free allocation of ordinary shares will be made to employees of the Company. The vesting period is set at two (2) years, with a subsequent retention period of one (1) year;
- noted the fulfilment of one of the conditions necessary for the exercise of 12,500 BSPCE-2019-1 Performance founders' share warrants;
- decided to adopt a stock option plan and to grant 30,000 stock options to a new member of the Board of Directors.

New patients were included in the pivotal study on the Kalios mitral valve ring, the only ring that can be readjusted several times after being implanted without surgery. In order to include all of the study's patients, and despite the health crisis in Europe, new centres will be added to the current nine clinical centres.

An adjustment to the Kalios mitral ring was made on 12 July 2021 by Professor A. Albertini at the Cotignola hospital centre in Italy 11 months after it was implanted. The mitral leak was a 4+ grade leak. Mitral leaks occur in 40% of cases after the ring is implanted. The post-surgery results are in line with expectations and reduced the mitral leak to a grade 1+ leak. The surgeon noted that the adjustment via the transcatheter route was easy and quick. The patient, who is under scheduled medical monitoring, is currently classified as NYHA I[1] and therefore has no limitations on their day-to-day activities.

The Czech and Spanish Ethics Committees issued a favourable opinion on the launch of a pivotal study on the Artus medical device for the treatment of moderate to severe incontinence. Applications to receive regulatory authorisation were also submitted to the health authorities in the two countries. The Company is currently answering the Spanish and Czech health authorities within the framework of the application process to receive regulatory authorisation. In Spain, following delays due to the Covid-19 crisis, this review was extended by three months on the request of the Spanish health authorities.

The recruitment of patients within the framework of the pilot study to carry out the implantation of the Epygon valve bioprosthesis, capable of imitating the native mitral valve and restoring physiological blood flow in the heart, is underway in Austria, Italy and Spain. Within the framework of our agreement with a distributor in Spain, new investigation centres are currently in the process of opening. All the surgeons at the four clinical centres participating in this clinical study received training on the Epygon device and feedback is currently positive.

On 27 August 2021, the Company announced the contribution of an additional €100 thousand to the liquidity contract awarded to Kepler Cheuvreux.

2.6 Developments and outlook

The Company continues to develop its medical devices and its business development activities in order to market its products within the expected timeframes.

The Company will be present at the following investor forums:

- 27 and 28 September 2021: Forum Investor Access, Paris, France
- 4 and 5 October 2021: HealthTech Innovation Days, Paris, France
- 21 and 22 October 2021: Forum Midcap Event, Paris, France

2.7 Risk factors and related-party transactions

2.7.1 Risk factors

The risk factors are of the same nature as those set out in Chapter 3 “Risk factors” of the Registration Document approved by the AMF on 12 April 2021 and the supplement to the Registration Document approved by the AMF on 26 May 2021 and show no significant change in the first half of 2021.

The Company does not anticipate any change in these risks during the second half of 2021.

[1] NYHA: The NYHA classification is a scale of the clinical severity of heart failure that has diagnostic, prognostic and therapeutic value.

2.7.2 Related-party transactions

Related-party transactions are of the same nature as those presented in Chapter 17 “Related-party transactions” of the Registration Document approved by the AMF on 12 April 2021.

3. CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Consolidated statement of financial position

Consolidated statement of financial position (in thousands of euros)	Notes	30/06/2021	31/12/2020
ASSETS			
Goodwill	3	32,303	32,203
Other intangible assets	4.1	21,635	22,566
Property, plant and equipment (including right-of-use assets)	4.2	1,791	1,781
Shareholdings in equity-accounted companies	5	-	14
Other non-current financial assets	6	592	351
Total non-current assets		**56,221**	**56,915**
Other current receivables	7	2,946	2,261
Cash and cash equivalents	8	20,146	5,650
Total current assets		**23,091**	**7,911**
Total assets		**79,312**	**64,826**
LIABILITIES AND EQUITY			
Equity			
Capital	9	18,164	15,257
Premiums		80,613	62,683
Translation reserve		19	21
Other items in comprehensive income		(14)	(22)
Reserves and earnings		(47,450)	(42,649)
Equity – attributable to shareholders of Affluent Medical		**51,333**	**35,289**
Non-controlling interests		**-**	**-**
Total shareholders' equity		**51,333**	**35,289**
Non-current financial liabilities	11	13,594	16,248
Non-current lease liabilities	11.4	623	731
Employee benefits commitments	12	104	117
Non-current provisions	13	75	228
Deferred tax liabilities	20	2,326	2,440
Derivative liabilities	11	-	-
Other non-current liabilities		-	9
Total non-current liabilities		**16,722**	**19,772**
Current financial liabilities	11	4,566	3,575
Current lease liabilities	11.4	233	226
Trade payables	14	3,742	2,352
Other current liabilities	14	2,405	2,261
Derivative liabilities	11	310	1,351
Total current liabilities		**11,257**	**9,765**
Total liabilities and equity		**79,312**	**64,826**

Consolidated income statement

Consolidated income statement (in thousands of euros)	Notes	30/06/2021 6 months	30/06/2020 6 months
Revenue		-	-
REVENUE		**-**	**-**
Other operating income	16	596	357
OPERATING EXPENSES			
Purchases consumed		(1,351)	(1,509)
External expenses	17.1	(3,111)	(1,687)
Personnel expenses	17.2	(2,573)	(2,233)
Taxes and duties		(31)	(26)
Provisions net of reversals		153	(50)
Other current operating income and expenses	17.3	134	(49)
Depreciation and amortisation	4	(1,176)	(742)
CURRENT OPERATING INCOME		**(7,359)**	**(5,939)**
Other non-current operating income and expenses	18		-
OPERATING INCOME before share of net income of equity affiliates		**(7,359)**	**(5,939)**
Share of income of equity-accounted companies	5	(14)	(276)
OPERATING INCOME after share of net income of equity affiliates		**(7,373)**	**(6,214)**
Cost of net financial debt	19	(1,381)	(1,278)
Other financial income and expenses	19	1	103
Change in fair value of derivative liabilities	19	1,040	223
Pre-tax income		**(7,712)**	**(7,166)**
Income taxes	20	103	115
Net income (loss) for the period		**(7,610)**	**(7,052)**
Of which attributable to shareholders of Affluent Medical		(7,610)	(7,052)
Of which non-controlling interests		-	-

		30/06/2021	30/06/2020
Basic earnings per share (€/share)	21	**(0.49)**	**(0.58)**
Diluted earnings per share (€/share)	21	**(0.49)**	**(0.58)**

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (in thousands of euros)	**30/06/2021** **6 months**	**30/06/2020** **6 months**
Net income (loss) for the period	**(7,610)**	**(7,052)**
Actuarial differences	9	10
Tax effect related to these items	-	-
Items that cannot be reclassified to profit or loss	**9**	**10**
Consolidation translation differences	(2)	1
Items that can be reclassified in profit or loss	**(2)**	**1**
TOTAL Other comprehensive income (net of tax)	**7**	11
Consolidated statement of comprehensive income	**(7,603)**	**(7,041)**
Of which attributable to shareholders of Affluent Medical	*(7,603)*	*(7,041)*
Of which non-controlling interests	-	-

Change in consolidated equity

Change in consolidated equity	Note	*Capital Affluent Medical SA*	Share capital	Capital-related premiums	Reserves and earnings	Translation reserve	Other items in comprehensive income	Equity – attributable to shareholders of Affluent Medical	Total non-controlling interests	Total shareholders' equity
		Number of shares	*In thousands of euros*							
At 31 December 2019		*11,899,967*	**11,900**	**47,701**	**(28,641)**	**24**	**(20)**	**30,964**	**-**	**30,964**
Net income (loss) at 30 June 2020		-	-	-	(7,052)	-	-	(7,052)	-	(7,052)
Other items in comprehensive income		-	-	-	-	1	10	11	-	11
Comprehensive income		**-**	**-**	**-**	**(7,052)**	**1**	**10**	**(7,041)**	**-**	**(7,041)**
Conversion of convertible bonds	11.3	*1,883,168*	1,883	7,967	(493)	-	-	9,357	-	9,357
Capital increase		*390,490*	390	1,909	-	-	-	2,300	-	2,300
Share-based compensation	10	-	-	-	531	-	-	531	-	531
At 30 June 2020		***14,173,625***	**14,174**	**57,578**	**(36,174)**	**25**	**(10)**	**36,111**	**-**	**36,111**
At 31 December 2020		***15,256,824***	**15,257**	**62,683**	**(42,649)**	**21**	**(22)**	**35,289**	**-**	**35,289**
Net income (loss) at 30 June 2021		-	-	-	(7,610)	-	-	(7,610)	-	(7,610)
Other items in comprehensive income		-	-	-	-	(2)	9	7	-	7
Comprehensive income		**-**	**-**	**-**	**(7,610)**	**(2)**	**9**	**(7,603)**	**-**	**(7,603)**
Capital increase through the conversion of debt		*232,558*	233	1,767	-	-	-	2,000	-	2,000
Capital increase		*2,674,420*	2,674	20,326	-	-	-	23,000	-	23,000
Capital increase costs		-	-	(1,663)	155	-	-	(1,508)	-	(1,508)
Allocation of the share premium to the legal reserve		-		(2,500)	2,500	-	-	-	-	-
Share-based compensation		-	-	-	333	-	-	333	-	333
Net gains and losses on treasury shares		-	-	-	(179)	-	-	(179)	-	(179)
At 30 June 2021		***18,163,802***	**18,164**	**80,613**	**(47,450)**	**19**	**(14)**	**51,333**	**-**	**51,333**

Consolidated cash flow statement

Consolidated cash flow statement Amounts in thousands of euros	Notes	30/06/2021 6 months	30/06/2020 6 months
Cash flows from operating activities			
Net income (loss) for the period		**(7,610)**	**(7,052)**
Elimination of amortization of intangible and tangible assets, provisions and reversals of provisions	4, 13	1,176	1,146
Provisions net of reversals		-	50
Capital gains or losses on disposal of fixed assets		1	-
Spreading of grants		(219)	(41)
Reversals of provisions		(153)	-
Provisions for pension commitments		(4)	18
Share-based payment expense		333	531
Interest expense, accrued interest, impact of amortized cost and accretion of advances		1,372	1,253
Grant recognised		-	(90)
Change in fair value of derivatives	11.3	(1,040)	(223)
Share of income of equity-accounted companies	5	14	276
Income tax expense (including deferred taxes)	20	(103)	(115)
Gross cash flow before cost of net financial debt and taxes		**(6,233)**	**(4,246)**
(-) Change in working capital requirement		**1,042**	**1,296**
Including increase (decrease) in other non-current financial assets	6	(20)	(74)
Including increase (decrease) in other receivables	7	(683)	(125)
Including increase (decrease) in trade payables	14	1,390	(1,300)
Including increase (decrease) in tax and social security debts	14	458	100
Including increase (decrease) in other liabilities	14	(103)	103
Taxes paid		**(12)**	**-**
Cash flows from operating activities		**(5,203)**	**(5,542)**
Cash flows from investing activities			
Acquisitions of property, plant and equipment	4.2	(218)	(214)
Cash flows from investing activities		**(218)**	**(214)**
Cash flows from financing activities			
Capital increase net of capital increase costs		21,492	2,300
Receipt of advances and conditional grants	11.1	-	2,755
Bank borrowings	11.2	795	2,140
Reimbursements of convertible bonds		(1,482)	(854)
Gross financial interest paid		(346)	(189)
Other movements related to the pre-financing of the Research Tax Credit	11.5	-	59
Repayment of lease liabilities	11.4	(321)	(107)
Other cash flows from financing activities (liquidity contract)		(221)	-
Cash flows from financing activities		**19,918**	**6,105**
Impact of exchange rate fluctuations		-	-
Increase (decrease) in cash		**14,497**	**349**
Opening cash and cash equivalents		5,648	2,126
Closing cash and cash equivalents		20,145	2,475
Increase (decrease) in cash		**14,497**	**349**

Cash and cash equivalents (including bank overdrafts)	**Notes**	**30/06/2021**	**30/06/2020**
Cash and cash equivalents	8	20,146	2,475
Bank overdrafts	8	(1)	-
Closing cash and cash equivalents (including bank overdrafts)		**20,145**	**2,475**

Notes to the condensed half-year consolidated financial statements

(Unless otherwise indicated, the amounts mentioned in these notes are in thousands of euros, except for data relating to shares. Some amounts may be rounded for the purpose of calculating the financial information contained in the consolidated financial statements. As a result, the totals in some tables may not correspond exactly to the sum of the previous figures.)

Note 1: Information on the Company and its business

The information below constitutes the notes to the condensed half-year consolidated financial statements prepared in accordance with IFRS standards at 30 June 2021 and 30 June 2020.

1.1 The Company and its business

Affluent Medical is a French player in MedTech founded by Truffle Capital with the aim of becoming one of the European leaders in the treatment of heart and vascular diseases, which are the leading cause of death worldwide, and of urinary incontinence, which today affects one in four adults.
Affluent Medical develops innovative, next-generation minimally invasive implants to restore essential physiological functions in these areas. Affluent Medical's four medical devices are currently in the pre-clinical or clinical phase and the first medical device is expected to be marketed by 2023.

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Trade and Companies Register number: 837 722 560 RCS Aix-en-Provence.

Affluent Medical SA is hereinafter referred to as the "Company". The group formed by Affluent Medical SA and its subsidiaries and sub-subsidiaries is hereinafter referred to as the "Group".

1.2 Significant events in the first half of 2021

<u>June 2021:</u>
On 9 June 2021, Affluent Medical announced the success of its IPO on the regulated market of Euronext Paris. In this context, the Company carried out a capital increase of €25 million with the issue of 2,906,978 new ordinary shares at a price of €8.60 per share. Following this transaction, the number of shares increased to 18,163,802. Taking into account the IPO price of €8.60 per share, the market capitalisation of Affluent Medical stands at approximately €156 million.

Note 2: Accounting principles, rules and methods

2.1 Principles applied to the preparation of the financial statements

Declaration of conformity

In accordance with European regulation 1606/2002 of 19 July 2002 on international standards, the Company's half-year consolidated financial statements at 30 June 2021 were approved in accordance with the applicable international accounting standards as adopted by the European Union (hereinafter the “IFRS”). These standards include the international accounting standards (IAS/IFRS), the interpretations of the Standards Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as published by the International Accounting Standards Board (IASB) as at 30 June 2021 applicable to date.
The condensed half-year consolidated financial statements have been prepared in accordance with IAS 34, the IFRS standard as adopted by the European Union, relating to interim financial information. As these are condensed financial statements, they do not include all the information required by IFRS standards and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2020 (the “annual financial statements”).

Principles applied to the preparation of the financial statements

The Company’s consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of certain categories of assets and liabilities in accordance with the provisions of IFRS. The categories concerned are mentioned in the following notes.

Going concern

The Company focuses on the invention and development of new medical devices. The Company’s deficit position during the financial years presented is not unusual in relation to the stage of development of its products.

The Company has succeeded in financing its activities to date mainly through:

- successive raisings of capital;
- issue of convertible and non-convertible bonds;
- loans guaranteed by the State;
- repayable advances and grants;
- reimbursement of Research Tax Credit receivables.

On the closing date of these financial statements, the Board of Directors expects to continue to record losses in the medium term and that its current resources will enable it to finance its activity until the end of the first semester 2022 based on the following:

- Consolidated net cash and cash equivalents at 30 June 2021 (including current bank overdrafts), which amounted to €20,145 thousand;
- The projected collection of the Research Tax Credit for 2020 for an amount of €318 thousand and the collection of the Research Tax Credit estimated at 30 June 2021 for €307 thousand;
- Cash flow consumption forecasts by the Company for the second half of 2021 and the first half of 2022;
- The repayment of the bond issue of €4 million to Head Leader (see Note 11.3).

In addition, the Company continues to actively study various solutions to continue financing its business and development. These solutions could, without being restrictive, involve carrying out capital increases, setting up bonds and obtaining public financing.

Accounting methods

The accounting principles used are identical to those used for the preparation of the annual IFRS consolidated financial statements for the year ended 31 December 2020, except for the application of the following new standards, amendments to standards and interpretations adopted by the European Union, mandatory for the Company at 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 “Benchmark interest rate reform – Phase 2”, published by the IASB on 27 August 2020, the application of which is mandatory from 1 January 2021.

These new texts adopted by the European Union had no significant impact on the Group’s financial statements.

The standards, amendments to standards and interpretations published by the IASB and not yet adopted by the European Union are as follows:

- Amendments to IFRS 16 “Leases: leases regarding Covid-19-related rent concessions” beyond 30 June 2021 issued on 31 March 2021 and whose application applies to annual closings beginning on or after 1 April 2021;
- Amendments to IAS 1 “Presentation of financial statements: classification of liabilities as current or non-current — deferral of effective date”, published by the IASB on 23 January 2020 and on 15 July 2020, respectively, the application of which is mandatory as from 1 January 2023;
- Amendments to IFRS 3 “Business combinations”, IAS 16 “Property, plant and equipment” and IAS 37 “Provisions, contingent liabilities and contingent assets”, “Cycles of annual improvements to IFRS 2018-2020” published by the IASB on 14 May 2020, the application of which is mandatory from 1 January 2022;
- Amendments to IAS 1 “Presentation of financial statements” and IFRS Practice Statement 2: “Disclosure of accounting policies”, published on 12 February 2021 and applicable to financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 “Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates” published on 12 February 2021 and whose application applies to annual financial years beginning on or after 1 January 2023; and
- Amendments to IAS 12 “Income taxes: Deferred tax related to assets and liabilities arising from a single transaction” issued on 7 May 2021 and whose application applies to financial years beginning on or after 1 January 2023.

The Company does not anticipate any significant impact of these standards, amendments to standards and interpretations on its financial statements at the date of adoption.

Change in accounting method

With the exception of the new texts identified above, the Company did not make any changes in accounting methods during the first half of 2021.

2.2 Consolidation scope and methods

Scope

According to IFRS 10 "Consolidated financial statements", subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which the Group acquires control. They are deconsolidated from the date on which control ceases to be exercised.

Entities controlled directly by the parent company and indirectly through other controlled entities are fully consolidated.

IFRS 11.16 "Partnership", defines joint ventures as a joint arrangement in which the partners that exercise joint control over the entity have rights to the net assets of the entity. Investments in joint ventures are accounted for using the equity method.

The scope of consolidation is as follows:

	Country	30/06/2021			31/12/2020			30/06/2020		
		% Group interest	% control	Method	% holding	% control	Method	% holding	% control	Method
AFFLUENT MEDICAL SA	France	Parent company								
EPYGON SAS	France	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
KEPHALIOS SAS	France	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
KARDIOZIS SAS	France	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
MYOPOWERS MEDICAL TECHNOLOGIES FRANCE	France	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
EPYGON ITALIE SRL	Italy	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
MEDEV EUROPA SRL (1)	Romania	100.00 %	100.00%	FC	100.00%	100.00%	FC	100.00 %	100.00%	FC
SHANGHAI EPYGON MEDICAL TECHNOLOGY	China	40.00%	40.00%	E	40.00%	40.00%	E	40.00%	40.00%	E
SHANGHAI MYOPOWERS MEDICAL TECHNOLOGY	China	40.00%	40.00%	E	40.00%	40.00%	E	40.00%	40.00%	E

(1) Company without operational activity created in 2020.
FC: Full consolidation
E: Equity method

2.3 Presentation currency

The Group's financial statements are prepared in euros (EUR).

2.4 Translation of financial statements in foreign currencies

The exchange rates used for the preparation of the consolidated financial statements are as follows:

EXCHANGE RATE (for 1 EUR)	**30/06/2021**		**31/12/2020**		**30/06/2020**	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Romanian Leu LEI/RON	4.9016	4.9280	4.8383	4.8683	4.8173	4.8397
Yuan Ren Min Bi – RMB	7.7960	7.6742	7.8747	8.0225	7.7509	7.9219

2.5 Use of judgments and estimates

To prepare the condensed half-year consolidated financial statements, the main judgments made by management and the main assumptions used are the same as those applied when preparing the annual financial statements for the year ended 31 December 2020.
These estimates are based on the going concern assumption and are based on the information available at the time of their preparation.

2.6 Impact of the Covid-19 health crisis on the half-year consolidated financial statements at 30 June 2021

Activities were affected by Covid-19 in 2020 and 2021. In particular, the Company faced minor delays in its clinical study programmes due to the mobilisation of hospitals to contain the health crisis.
The Company has adapted its organisation and working methods by using teleworking and limiting travel.
During the first half of 2020, short-time working measures were implemented to minimise the impacts of these delays. In this regard, the Company received €51 thousand in compensation for short-time working hours, which was deducted from personnel expenses.

At the closing date of the financial statements, the Covid-19 pandemic had a limited impact on the Company's financial statements at 30 June 2021 and did not call into question the value of the fixed assets.

Note 3: Goodwill

Goodwill is allocated to four cash-generating units, generally corresponding to a company:

Goodwill (Amount in thousands of euros)	**30/06/2021**	**31/12/2020**
EPYGON SAS	10,722	10,722
KARDIOZIS SAS	5,422	5,422
KEPHALIOS SAS	8,698	8,698
MYOPOWERS MEDICAL TECHNOLOGIES FRANCE	7,631	7,361
TOTAL	**32,203**	**32,203**

There were no indications of impairment during the periods presented in accordance with IAS 36**.**

The Group carried out annual impairment tests on goodwill (€32,203 thousand at the end of the reporting periods).
For the purposes of goodwill impairment tests, at 30 June 2021 the Group is divided into four cash-generating units ("CGUs") or groups of CGUs, which generally correspond to one company.

The key assumptions used by the Company at 30 June 2021 are based on:

- Estimates of the development cycle of clinical trials, dates of marketing of medical devices, market penetration or establishment of partnerships;
- Discount rates (WACC) applied to forecasts of around 12 % for all CGUs;
- Perpetual growth rates of the operating normative flow beyond the ten-year projection of around 2%.

At 30 June 2021, based on internal valuations, the Group concluded that the recoverable amount of the CGUs tested exceeded their carrying amount. The Group's management believes that any reasonable change in the key assumptions mentioned above would result in the recoverable amount of the CGUs being significantly lower than their carrying amount.

In particular:

- an increase in the discount rate of 100 basis points would not give rise to a risk of impairment;
- a decrease in long-term growth rates of 100 basis points would not give rise to a risk of impairment;
- a one-year delay in the market launch date and a decrease in revenue or market penetration estimates by 10% would not generate any risk of impairment.

Note 4: Intangible assets and property, plant and equipment

4.1 Intangible assets

INTANGIBLE ASSETS (Amounts in thousands of euros)	Patents and similar rights	Software and other intangible assets	Total
Gross value			
Statement of financial position at 31 December 2020	**28,512**	**159**	**28,671**
Acquisition	-	-	-
Disposal and reclassification	(1)	-	(1)
Statement of financial position at 30 June 2021	**28,511**	**159**	**28,670**
Write-downs			
Statement of financial position at 31 December 2020	**5,999**	**106**	**6,104**
Increase	919	13	932
Decrease	(1)	-	(1)
Statement of financial position at 30 June 2021	**6,916**	**119**	**7,035**
NET BOOK VALUE			
Statement of financial position at 31 December 2020	**22,513**	**53**	**22,566**
Statement of financial position at 30 June 2021	**21,595**	**40**	**21,635**

There were no indications of impairment during the periods presented in accordance with IAS 36.

Minor delays in the implementation of the Company's clinical programmes in 2020 and 2021 due to the Covid-19 health crisis (see Note 2.6) were not considered an indication of impairment.

Patents and similar rights consist of technologies developed in-house, details of which are given below:

INTERNALLY DEVELOPED TECHNOLOGIES (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**
Gross values		
EPYGON	9,786	9,786
KARDIOZIS	2,223	2,223
KEPHALIOS	8,207	8,207
MYOPOWERS	8,280	8,280
Total	**28,496**	**28,496**
Write-downs		
EPYGON	2,266	1,946
KARDIOZIS	501	427
KEPHALIOS	1,868	1,598
MYOPOWERS	2,278	2,018
Total	**6,913**	**5,990**
Net book value		
EPYGON	7,520	7,840
KARDIOZIS	1,722	1,796
KEPHALIOS	6,339	6,609
MYOPOWERS	6,002	6,262
Total	**21,583**	**22,507**

4.2 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (Amounts in thousands of euros)	Buildings (right-of-use)	Plant and equipment	Plant and equipment (right-of-use)	IT equipment	IT equipment (right-of-use)	Other tangible assets	Office equipment (right-of-use)	Transport equipment (right-of-use)	Total	Of which rights of use
Gross value										
At 31 December 2020	**1,219**	**1,155**	**94**	**84**	**15**	**247**	**15**	**105**	**2,934**	**1,448**
Acquisition	232	215	-	1	-	2	-	-	450	232
Disposal and reclassification	(311)	-	-	-	-	-	-	-	(311)	(311)
At 30 June 2021	**1,139**	**1,370**	**94**	**85**	**15**	**250**	**15**	**105**	**3,073**	**1,368**
Write-downs										
At 31 December 2020	**455**	**512**	**23**	**65**	**8**	**46**	**6**	**37**	**1,153**	**529**
Increase	94	106	9	4	3	12	1	15	245	122
Decrease	(116)	-	-	-	-	-	-	-	(116)	(116)
At 30 June 2021	**433**	**618**	**33**	**70**	**10**	**59**	**7**	**52**	**1,282**	**535**
Net book value										
At 31 December 2020	**763**	**643**	**71**	**19**	**8**	**201**	**9**	**68**	**1,781**	**918**
At 30 June 2021	**706**	**752**	**62**	**15**	**5**	**191**	**8**	**53**	**1,791**	**833**

There were no indications of impairment during the periods presented in accordance with IAS 36.

Rights-of-use

In the first half of 2021, the change in usage rights is mainly due to the signing of a new lease for the Aix-en-Provence site by Affluent Medical (gross value of €232 thousand) and the end of the lease agreement for Kephalios on the same site (gross value of €311 thousand and cumulative depreciation of €116 thousand, i.e. a net value of €195 thousand).

Note 5: Investments in companies accounted for under the equity method

VALUE OF EQUITY-ACCOUNTED SHARES (Amounts in thousands of euros)	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total investments in affiliates
Statement of financial position at 31 December 2020	**14**	**-**	**14**
Share of income of equity affiliates	(14)	-	(14)
Translation differences	-	-	-
Statement of financial position at 30 June 2021	**-**	**-**	**-**

The data relating to joint ventures are as follows:

DATA ON JOINT VENTURES (Amount in thousands of euros)	30/06/2021			31/12/2020		
	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total
Revenue	-	-	**-**	-	-	**-**
Operating profit	(388)	(381)	**(770)**	(633)	(868)	**(1,501)**
Net income (loss)	(388)	(381)	**(770)**	(633)	(868)	**(1,501)**
Percentage held	**40.00%**	**40.00%**	**40.00%**	**40.00%**	**40.00%**	**40.00%**
Theoretical share of net income of equity affiliates	(155)	(152)	(308)	(253)	(347)	(601)
Share of net income of equity affiliates (1)	(14)	-	(14)	(253)	(145)	(398)

(1) The Company recognises the share of income from the Joint Ventures Shanghai Epygon Medical Technology Co., Ltd, and Shanghai MyoPowers Medical Technology as follows:

- When the share of the investor in the losses of a joint venture exceeds the carrying amount the Group ceases to recognise its share of subsequent losses.
- When the share is reduced to zero, additional losses are not subject to a provision.
- If the investee subsequently generates profits, the Group will only resume recognition of its share of the profits when this share is equal to or greater than its share of the net unrecognised losses.

Note 6: Financial assets

OTHER NON-CURRENT FINANCIAL ASSETS (Amount in thousands of euros)	KREOS security deposits	RTC pre-financing guarantee holdback	Other deposits and guarantees	Liquidity contract	Total
Statement of financial position at 31 December 2020	**256**	**17**	**78**	**-**	**351**
Increases	-	-	35	400	435
Decreases	-	-	(15)	(179)	(194)
Statement of financial position at 30 June 2021	**256**	**17**	**98**	**221**	**592**

Security deposits were made when the non-convertible bonds were set up with KREOS Capital. They amounted to €256 thousand at 30 June 2021 as at 31 December 2020 (see Note 11.3.1).

Following its IPO on the Euronext Paris market, the Company signed a liquidity agreement with a specialised institution to limit the intra-day volatility of the Affluent Medical share.
In this context, the Company has entrusted this institution with €400 thousand to take buy or sell positions on the Company's shares. The shares acquired under this contract are recognised as treasury shares at their acquisition cost.
The result of the disposal of these treasury shares is recorded in shareholders' equity.
The cash reserve related to the liquidity contract is presented in "other non-current financial assets".

Note 7: Other receivables

OTHER RECEIVABLES (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**
Research Tax Credit (1)	625	509
Value added tax (2)	1,910	1,038
Prepaid expenses (3)	142	175
Advances and payments on account	52	115
Miscellaneous	216	425
Total other current receivables	**2,946**	**2,261**

(1) Research Tax Credit (RTC)

- Estimated RTC at 30 June 2021: €307 thousand
- RTC 2020: €318 thousand, to be repaid in the second half of 2021.

(2) Value added tax

- As part of the progress of expenses in the launch of the Group's products, the Company recognises a VAT credit at the various closings presented.
- In addition, during the first half of 2021, the Company incurred numerous costs related to the IPO, which generated VAT credits at 30 June 2021.

(3) Prepaid expenses are related to the Group's day-to-day business and mainly concern fees.

Note 8: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**
Bank accounts	20,146	5,650
Cash equivalents	-	-
Total cash and cash equivalents	**20,146**	**5,650**

Note 9: Capital

Composition of share capital

COMPOSITION OF SHARE CAPITAL	30/06/2021	31/12/2020
Capital (in thousands of euros)	18,164	15,257
Number of shares	18,163,802	15,256,824
of which ordinary shares	18,163,802	4,049,422
of which Preferred A shares	-	11,207,402
Nominal value (in euros)	€1.00	€1.00

The number of Company shares does not include share subscription warrants ("BSA"), founders' share warrants ("BSPCE") granted to employees, executives, directors and external service providers and not yet exercised.

Change in share capital

During the first half of 2021, the Company carried out several capital increases in cash:

- issue of 2,906,978 new ordinary shares for an amount of €25 million on 9 June 2021 (€2,907 thousand of share capital and €22,093 thousand of issue premium)
- of which the conversion of the €2 million KREOS bond issue into capital, by the issuance of 232,558 new ordinary shares for an amount of €233 thousand.

Preferred A shares

As part of the Company's initial public offering, preferred A shares will be automatically converted into ordinary shares when the Company's securities are listed on the stock market.

Capital management policy

The Group's policy is to maintain a sufficient financial base to preserve the confidence of investors and creditors and to support the future growth of the company.

Following the Company's initial public offering on the regulated market of Euronext Paris, the Company signed a liquidity contract on 14 June 2021 in order to limit the intra-day volatility of the Company's share. In this context, the Company has entrusted Kepler Cheuvreux with €400 thousand to take buy or sell positions on the Company's shares.

At 30 June 2021, under this agreement, 23,891 treasury shares were recognised as a deduction from shareholders' equity and €221 thousand in respect of the cash account were recorded as non-current financial assets.

On 27 August 2021, the Company announced the contribution of an additional €100 thousand to the liquidity contract awarded to Kepler Cheuvreux.

Issue fees

Ancillary costs directly attributable to the issuing of shares or stock options are recognised, net of tax, as a deduction from equity.

As part of the Company's IPO and the concomitant capital increase, the Company generated costs of €2.84 million. These costs were deducted from the issue premium in the amount of €1.66 million (of which €155 thousand had already been recognised at 31 December 2020) and the balance of €1.18 million was recognised as expenses for 2021.

Dividends

The Company did not pay any dividends during the years presented.

Note10: Share-based payments

10.1 Share subscription warrants (BSAs)

The table below summarises the data relating to the plans issued as well as the assumptions used for valuation in accordance with IFRS 2:

		Characteristics of the plans			*Assumptions*			
Type	**Date of grant**	**Number of warrants granted**	**Contractual expiry date**	**Strike price**	***Expected term***	***Volatility***	***Risk-free rate***	**Initial total IFRS 2 valuation (in thousands of euros) (Black&Scholes)**
BSA 2018-1	09/04/2018	1,644	10 years	€5.00	6 years	34.36%	0.07%	**2**
BSA 2018-2	09/04/2018	131,520	10 years	€5.00	6 years	34.36%	0.07%	**169**
BSA 2018-4	23/10/2018	65,760	10 years	€6.10	6 years	35.08%	0.01%	**106**
BSA 2018-5	23/10/2018	65,000	10 years	€6.10	6 years	35.08%	0.01%	**105**
BSA 2020-1	08/07/2020	32,080	10 years	€5.89	6 years	39.94%	-0.60%	**58**

<u>Change in the number of warrants in circulation</u>

Number of outstanding options						
Type	**Date of grant**	**31/12/2020**	**Issued**	**Exercised**	**Lapsed**	**30/06/2021**
BSA 2018-1	09/04/2018	1,644	-	-	-	1,644
BSA 2018-2	09/04/2018	51,669	-	-	-	51,669
BSA 2018-4	23/10/2018	65,760	-	-	(8,905)	56,855
BSA 2018-5	23/10/2018	32,500	-	-	-	32,500
BSA 2020-1	08/07/2020	32,080	-	-	-	32,080
Total		**183,653**	**-**	**-**	**(8,905)**	**174,748**

The vesting conditions (performance conditions and service conditions) defined for each share subscription warrant (BSA) plan have not changed since 31 December 2020.

10.2 Founders' Share Warrants (French BSPCE)

The table below summarises the data relating to the plans issued as well as the assumptions used for the valuation under IFRS 2:

Type	Date of grant	Characteristics of the plans			*Assumptions*			
		Number of warrants granted	Contractual expiry date	Strike price	Expected term	Volatility	Risk-free rate	Initial total IFRS 2 valuation (in thousands of euros) (Black&Scholes)
BSPCE 2018-1	09/04/2018	1,339,866	10 years	€5.00	6 years	34.36%	0.07%	2,195
BSPCE 2018-2	09/04/2018	961,741	10 years	€5.00	6 years	34.36%	0.07%	1,576
BSPCE 2018-3	09/04/2018	1,159,025	10 years	€5.00	6 years	34.36%	0.07%	1,899
BSPCE 2018-4	23/10/2018	16,440	10 years	€6.10	6 years	35.08%	0.01%	33
BSPCE 2018-5	23/10/2018	16,440	10 years	€6.10	6 years	35.08%	0.01%	33
BSPCE 2019-1	10/07/2019	150,000	10 years	€6.10	6 years	35.63%	-0.54%	299
BSPCE 2019-2	10/07/2019	300,600	10 years	€6.10	6 years	35.63%	-0.54%	599
BSPCE 2019-3	01/10/2019	200,400	10 years	€6.10	6 years	35.92%	-0.70%	399
BSPCE 2020-2	07/12/2020	226,300	10 years	€5.89	6 years	38.69%	-0.73%	467
BSPCE 2020-3	07/12/2020	75,000	10 years	€5.89	6 years	38.69%	-0.73%	155
BSPCE 2020-4	07/12/2020	134,935	10 years	€5.89	6 years	38.69%	-0.73%	279
BSPCE 2020-5	07/12/2020	75,000	10 years	€5.89	6 years	38.69%	-0.73%	155

Change in the number of founders' share warrants (BSPCEs) in circulation

		Number of outstanding options				
Type	**Date of grant**	**31/12/2020**	**Issued**	**Exercised**	**Lapsed**	**30/06/2021**
BSPCE 2018-1	09/04/2018	1,339,866	-	-	(59,184)	1,280,682
BSPCE 2018-2	09/04/2018	838,435	-	-	(460,315)	378,120
BSPCE 2018-3	09/04/2018	359,627	-	-	(30,825)	328,802
BSPCE 2019-1	10/07/2019	137,500	-	-	(75,000)	62,500
BSPCE2019-2	10/07/2019	300,600	-	-	-	300,600
BSPCE 2019-3	01/10/2019	200,400	-	-	-	200,400
BSPCE 2020-2	07/12/2020	226,300	-	-	-	226,300
BSPCE 2020-3	07/12/2020	75,000	-	-	-	75,000
BSPCE 2020-4	07/12/2020	134,935	-	-	-	134,935
BSPCE 2020-5	07/12/2020	75,000	-	-	-	75,000
Total		**3,687,663**	**-**	**-**	**(625,324)**	**3,062,339**

The vesting conditions (performance conditions and service conditions) defined for each founders' share warrant (BSPCE) plan have not changed since 31 December 2020.

10.3 Expenses recognised in accordance with IFRS 2 during the periods presented

The Company recorded an expense relating to share-based payments of €333 thousand as at 30 June 2021 and €531 thousand as at 30 June 2020.
The cumulative expense amounted to €5,284 thousand at 30 June 2021 and €4,524 thousand at 30 June 2020.

Note 11: Loans and financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**
Repayable advances and innovation loan	9,971	9,489
State guaranteed loans	2,966	2,155
Bond loan	649	4,593
Other loans and liabilities	8	9
Non-current financial liabilities	**13,594**	**16,248**
Non-current lease liabilities	623	731
Non-current derivative liabilities	-	-
Total non-current financial liabilities	**14,217**	**16,978**
Repayable advances and innovation loan	-	-
State guaranteed loans	-	-
Pre-financing of Research Tax Credit receivables	-	-
Bond loan	4,565	3,573
Other loans and liabilities	-	-
Bank overdrafts	1	2
Current financial liabilities	**4,566**	**3,575**
Current lease liabilities	233	226
Current derivative liabilities	310	1,351
Total current financial liabilities	**5,110**	**5,152**
Total financial liabilities	**19,327**	**22,131**

Redemption value/balance sheet value reconciliation

(amounts in thousands of euros)	**Redemption value**		**Conversion option recognised under equity**	**Bifurcation of passive derivatives**	**Accrued interest**	**Amortised cost**	**Carrying amount at 30/06/2021**
	31/12/2020	**30/06/2021**					
Lease liabilities	957	857	-	-	-	-	857
Repayable advances	9,532	10,042	-	-	-	(71)	9,971
State guaranteed loans	2,140	2,935	-	-	31	-	2,966
Pre-financing of the RTC	-	-	-	-	-	-	-
Kreos bond loan	5,532	2,050	-	-	-	(10)	2,041
Financing convertible bond (CB) issue	-	-	-	-	-	-	-
2018 CBs bond loan	-	-	-	-	-	-	-
2019 CBs bond loan	4,034	4,113	-	(1,364)	-	425	3,174
Derivative liabilities	1,351	310	-	-	-	-	310
Other loans and liabilities	10	8	-	-	-	-	8
Bank overdrafts	2	1	-	-	-	-	1
Total financial liabilities	**23,556**	**20,316**	**-**	**(1,364)**	**31**	**344**	**19,327**

Statement of changes in financial debt

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	31/12/2020	Collection	Repayment	Impact of amortised cost	New financial liability for rights-of-use	Fair value	Accrued interest	Conversion	Transfers between non-current and current liabilities	30/06/2021
Non-current lease liabilities	731	-	-	-	206	-	-	-	(313)	**623**
Repayable advances and innovation loan	9,489	-	-	9	-	-	473	-	-	**9,971**
State guaranteed loans	2,155	795	-	-	-	-	15	-	-	**2,966**
Bond loan	4,593	-	-	39	-	-	-	(2,000)	(1,984)	**649**
Derivative liabilities	-	-	-	-	-	(40)	-	-	40	**-**
Other loans and liabilities	9	-	-	-	-	-	(2)	-	-	**8**
Non-current financial liabilities	**16,978**	**795**	**-**	**49**	**206**	**(40)**	**487**	**(2,000)**	**(2,256)**	**14,217**
Current lease liabilities	226	-	(321)	-	14	-	-	-	313	**233**
Pre-financing of the RTC	-	-	-	-	-	-	-	-	-	**-**
Bond loan	3,573	-	(1,482)	410	-	-	79	-	1,984	**4,565**
Derivative liabilities	1,351	-	-	-	-	(1,000)	-	-	(40)	**310**
Other loans and liabilities	-	-	-	-	-	-	-	-	-	**-**
Bank overdrafts	2	(1)	-	-	-	-	-	-	-	**1**
Current financial liabilities	**5,152**	**(1)**	**(1,802)**	**410**	**14**	**(1,000)**	**79**	**-**	**2,256**	**5,110**
Total financial liabilities	**22,131**	**794**	**(1,802)**	**459**	**220**	**(1,040)**	**566**	**(2,000)**	**-**	**19,327**

11.1 Repayable advances and innovation loan

CHANGE IN REPAYABLE ADVANCES AND THE INNOVATION LOAN (Amounts in thousands of euros)	BPI Innovation AFFLUENT MEDICAL	Project MIVANA – EPYGON	Project MIVANA – KEPHALIOS	Project PIAVE ARTUS – MYOPOWERS	Total
At 31 December 2020	**919**	**3,317**	**1,259**	**3,994**	**9,489**
(+) Collection	-	-	-	-	-
(-) Reimbursement	-	-	-	-	-
Accrued interest	-	231	97	145	473
Grants	-	-	-	-	-
Financial expenses	9	-	-	-	9
At 30 June 2021	**929**	**3,548**	**1,355**	**4,139**	**9,971**

Breakdown of repayable advances and innovation loans by maturity, in redemption value

MATURITIES OF REIMBURSABLE ADVANCES AND INNOVATION LOANS, IN REDEMPTION VALUE (Amounts in thousands of euros)	BPI Innovation AFFLUENT MEDICAL	Project MIVANA – EPYGON	Project MIVANA – KEPHALIOS	Project PIAVE ARTUS – MYOPOWERS	Total
At 30 June 2021	**1,000**	**3,548**	**1,355**	**4,139**	**10,042**
Share at less than one year	-	-	-	-	**-**
Share between one and five years	1,000	2,319	892	3,659	**7,870**
Share at more than five years	-	1,229	463	480	**2,173**

11.1.1 BPI Innovation loan

On 8 April 2020, the Company entered into a contract with Bpifrance for a loan of €1,000 thousand with a single payment and bearing interest at 1.14% for the “development of a disruptive medical device (adjustable mitral ring) to combat recurrent mitral insufficiency”.

The Company received a total of €1,000 thousand in connection with this contract and met the conditions for the success of this project.

Following the success of the project, the repayment schedule is as follows: €50 thousand per quarter from 30 September 2022 to 30 June 2027 (20 payments).

Under IFRS, the fact that the loan bears the payment of a lower annual interest than the market amounts to considering that the Company has benefited from a loan at a rate more favourable than market conditions. The difference between the amount of the loan at historical cost and that of the loan discounted at a marginal debt ratio (3.10%) is considered as a grant received from the State.

11.1.2 Project MIVANA repayable advance

On 28 September 2015, the companies KEPHALIOS and EPYGON, in partnership with the entities MDB TEXINOV and IFTH (French Institute of Textile and Clothing) entered into a contract with Bpifrance for:

- repayable advances of a maximum amount of €5,458 thousand (including €4,512 thousand for AFFLUENT MEDICAL Group companies) with payments in several instalments depending on the

achievement of a "key milestone" and not bearing interest for the "development of innovative medical devices and techniques derived from the textile industry for the creation of a national cardiovascular sector";
- grants of a maximum of €3,122 thousand (including €1,957 thousand for AFFLUENT MEDICAL Group companies).

The aid granted by Bpifrance breaks down into grants and repayable advances.
At this stage, the delays observed in the conduct of clinical trials had negligible effects on the calculation of accrued interest.

Contract between EPYGON and Bpifrance

Epygon received a total of €2,319 thousand in connection with this contract and met the conditions for the success of key steps 1, 2 and 3, out of a total four key steps.

Following the success of the key steps 1, 2 and 3, the repayment schedule is as follows:
- €500 thousand at 30 June 2022 (1 payment);
- €800 thousand at 30 June 2023 (one payment);
- €1,100 thousand at 30 June 2024 (1 payment);
- €1,350 thousand at 30 June 2025 (1 payment).

The contract between Bpifrance and EPYGON provides for an additional payment once the company has repaid all the advances received. The Company undertakes, for a period of 5 (five) consecutive years after the date of termination of said repayment and once it has reached a cumulative amount of revenue excluding tax equal to or greater than €20,000,000 (twenty million euros), to pay 2% (two percent) of the annual revenue generated by the exploitation of the products developed thanks to the project.
- The amount of additional payments is capped at the sum of €6,000,000 (six million euros).
- The total period including fixed sum repayments and additional amounts is limited to 15 (fifteen) years.

As at 30 June 2021, based on EPYGON's projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €1,229 thousand of accrued interest.

Contract between KEPHALIOS and Bpifrance

KEPHALIOS received a total of €892 thousand in connection with this contract and met the conditions for the success of key steps 1, 2 and 3, out of a total of 4 key steps.

Following the success of the key steps 1, 2 and 3, the repayment schedule is as follows:
- €100 thousand at 30 June 2022 (1 payment);
- €250 thousand at 30 June 2023 (1 payment);
- €350 thousand at 30 June 2024 (1 payment);
- €450 thousand at 30 June 2025 (1 payment).

In addition to the provisional fixed repayment schedule, KEPHALIOS must pay an annuity equal to:
- 30% (thirty percent) of the proceeds, excluding taxes, of the concession of intellectual property rights resulting from the project, received during the previous calendar year,
- 30% (thirty percent) of the proceeds generated by the sale of intellectual property rights arising from the project, as well as from the sale of prototypes, pre-series and models produced as part of the project.

The sums due to Bpifrance under the terms of this paragraph will be deducted as a priority and in accordance with the final instalment and, as appropriate, the preceding instalments.

The contract concluded between Bpifrance and KEPHALIOS provides for the payment of an additional payment once the company has repaid in full the advances received. The company undertakes, for a period of 5 (five) consecutive years after the date of termination of said repayment and once it has reached a cumulative amount of revenue excluding tax equal to or greater than €10,000,000 (ten million euros), to pay 2% (two percent) of the annual revenue generated by the exploitation of the products developed thanks to the project.

- The amount of additional payments is capped at the sum of €3,000,000 (three million euros).
- The total period including fixed sum repayments and additional amounts is limited to 15 (fifteen) years.

As at 30 June 2021, based on KEPHALIOS's projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €463 thousand of accrued interest.

11.1.3 Project PIAVE ARTUS repayable advance

On 21 July 2016, MYOPOWERS entered into a contract with Bpifrance for a repayable advance of a maximum amount of €7,796 thousand with payments in several tranches depending on the achievement of a "key milestone" and not bearing interest for the "development of an artificial urinary sphincter for the treatment of severe stress urinary incontinence".

The aid granted by Bpifrance breaks down into a grant for €201 thousand and a repayable advance for €7,796 thousand.

The Company received a total of €3,659 thousand in connection with this contract and met the conditions for success of key stage 1.

The repayment schedule is as follows: €2,055 thousand per year from 1 September 2023 to 1 September 2026 (4 instalments).

In May 2021, the company renegotiated with BPI in order to postpone the due dates of the next key steps as well as the start of the repayment of the advance.
Thus, key stage 4 has been postponed by six months to 30 June 2023 (this stage corresponds to the CE or FDA marking and the finalisation of the programme).
The start date of repayment of the advance has been postponed to 31 December 2024.

As part of the implementation of the repayable advance for the PIAVE ARTUS project (see Note 11.1.4), the Company will have to pay, in addition to the projected fixed repayment schedule, if applicable, an annuity equal to:

- 45% (forty-five percent) of the proceeds, excluding taxes, of the concession of intellectual property rights resulting from the project, received during the previous calendar year,
- 45% (forty-five percent) of the proceeds generated by the sale of intellectual property rights arising from the project, as well as from the sale of prototypes, pre-series and models produced as part of the project.

The sums due to Bpifrance under the terms of this paragraph will be deducted as a priority and in accordance with the final instalment and, as appropriate, the preceding instalments.

The contract entered into between Bpifrance and MYOPOWERS provides for the payment of an additional payment once the company has repaid in full the advances received. The company undertakes, for a period of 4 (four) consecutive years after the date of termination of said repayment and once it has reached a cumulative amount of revenue excluding tax equal to or greater than €20,000,000 (twenty million euros), to pay 1% (one percent) of the annual revenue generated by the exploitation of the products developed thanks to the project.

- The amount of additional payments is capped at the sum of €4,000,000 (four million euros).
- The total period including fixed sum repayments and additional amounts is limited to 15 (fifteen) years.

At 30 June 2021, based on projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €480 thousand of accrued interest.

At this stage, the delays observed in the conduct of clinical trials had negligible effects on the calculation of accrued interest.

11.2 Loans guaranteed by the State

Accounting principles

The Group benefits from State guaranteed loans (PGE).
These loans were initially recorded at fair value, which corresponds to the cash received, and subsequently recognised using the amortised cost method.
The effective interest rate was determined on the basis of the best estimate of the expected repayment date taking into account the extension option that the company intends to exercise.
During the year 2020, the Group took out four loans guaranteed by the State to strengthen its cash position in the current context of the Covid-19 pandemic.
As at 30 June 2021, loans guaranteed by the State were classified as non-current financial liabilities.

Change in loans guaranteed by the State

CHANGE IN LOANS GUARANTEED BY THE STATE (Amounts in thousands of euros)	BNP Paribas	Société Générale				CIC	Bpifrance	Total
	Affluent Medical		Epygon	Kardiozis	Kephalios	MyoPowers	Affluent Medical	
At 31 December 2020	**1,008**	**-**	**91**	**161**	**896**	**-**	**-**	**2,155**
(+) Collection	-	200	-	-	-	395	200	795
(-) Reimbursement	-	-	-	-	-	-	-	-
(+/-) Accrued interest	8	-	-	1	2	3	-	15
At 30 June 2021	**1,016**	**200**	**91**	**162**	**898**	**398**	**200**	**2,966**

Breakdown of loans guaranteed by the State by maturity, in repayment value

MATURITIES OF LOANS GUARANTEED BY THE STATE, IN REPAYMENT VALUE (Amounts in thousands of euros)	BNP Paribas	Société Générale				CIC	Bpifrance	Total
	Affluent Medical		Epygon	Kardiozis	Kephalios	MyoPowers	Affluent Medical	
At 30 June 2021	**1,016**	**200**	**91**	**162**	**898**	**398**	**200**	**2,966**
Share at less than one year	43	-	-	-	-	-	-	**43**
Share between one and five years	974	158	91	162	898	331	154	**2,767**
Share at more than five years	-	42	-	-	-	67	47	**156**

11.2.1 Loans Guaranteed by the State: BNP Paribas

On 6 April 2020, AFFLUENT MEDICAL contracted a loan guaranteed by the French State with optional amortisation over five years with French bank BNP Paribas under the following conditions:

- Amount of the financing: €1,000 thousand
- Term: 12 months
- Annual interest rate: 0%

- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
In February 2021, the company negotiated an additional amortisation period of 12 months which will be followed by a repayment over four years. The applicable annual interest rate is 1% with a guarantee cost of €21 thousand.

11.2.2 Loans guaranteed by the State: Société Générale

On 5 June 2020, EPYGON contracted a loan guaranteed by the State with optional amortisation over five years with French bank Société Générale under the following conditions:

- Amount of financing: €90 thousand
- Term: 12 months
- Annual interest rate: 0.25%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
In March 2021, the company negotiated an additional amortisation period of 12 months which will be followed by a repayment over four years. The applicable annual interest rate is 0.58% with a cost of the State guarantee premium of €2 thousand.

On 5 June 2020, KARDIOZIS contracted a loan guaranteed by the State with optional amortisation over five years with French bank Société Générale under the following conditions:

- Amount of financing: €160 thousand
- Term: 12 months
- Annual interest rate: 0.25%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
In March 2021, the company negotiated an additional amortisation period of 12 months which will be followed by a repayment over four years. The applicable annual interest rate is 0.58% with a cost of the State guarantee premium of €3 thousand.

On 5 June 2020, KEPHALIOS contracted a loan guaranteed by the State with optional amortisation over five years with French bank Société Générale under the following conditions:

- Amount of financing: €890 thousand
- Term: 12 months
- Annual interest rate: 0.25%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
In March 2021, the company negotiated an additional amortisation period of 12 months which will be followed by a repayment over four years. The applicable annual interest rate is 0.58% with a cost of the State guarantee premium of €19 thousand.

On 5 February 2021, MYOPOWERS contracted a loan guaranteed by the State with optional amortisation over five years with French bank CIC under the following conditions:

- Amount of the financing: €395 thousand
- Term: 12 months
- Annual interest rate: 0.00%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
The company intends to request an additional grace period of 12 months and repayment over 4 years.

On 15 April 2021, AFFLUENT MEDICAL contracted a loan guaranteed by the French State with optional amortisation over five years with French bank BNP Paribas under the following conditions:

- Amount of the financing: €200 thousand
- Term: 12 months
- Annual interest rate: 0.00%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
The company intends to request an additional grace period of 12 months and repayment over 4 years.

On 6 May 2021, AFFLUENT MEDICAL contracted a loan guaranteed by the French State with optional amortisation over five years with French bank Bpifrance under the following conditions:

- Amount of the financing: €200 thousand
- Term: 12 months
- Annual interest rate: 2.35%
- Repayment: an annual payment of the principal and interest in arrears after a deferred period of 12 months.

This loan benefits from a State guarantee, under the “FDG State Coronavirus” guarantee fund, of up to 90%.
The company intends to request an additional grace period of 12 months and repayment over 4 years.

11.3 Bond loans and convertible bonds

Change in bond loans

CHANGE IN BONDS LOANS (Amounts in thousands of euros)	Kreos bond loan	Head Leader 2019 CBs	Total
At 31 December 2020	**5,483**	**2,684**	**8,167**
(+) Impact of amortised cost	40	410	450
(-) Reimbursement	(1,482)	-	(1,482)
(+/-) Accrued interest	-	79	79
(+/-) Conversion	(2,000)	-	(2,000)
At 30 June 2021	**2,041**	**3,173**	**5,214**

On 11 June 2021, the KREOS bond issue was converted into capital for an amount of €2,000 thousand, i.e. the issue of 232,558 new ordinary shares. Following this conversion, the loan was subject to a new schedule.

Breakdown of bonds by maturity date, in redemption value

MATURITIES OF BOND LOANS, IN REDEMPTION VALUE (Amounts in thousands of euros)	Kreos bond loan	Head Leader 2019 CBs	Total
At 30 June 2021	**2,050**	**4,113**	**6,163**
Share at less than one year	1,409	4,113	**5,522**
Share between one and five years	641	-	**641**
Share at more than five years	-	-	**-**

11.3.1 KREOS non-convertible bond loan

On 26 October 2018, the Company entered into a venture loan agreement with Kreos Capital in the form of a framework agreement organising the issue of a bond loan for an amount of up to €12 million through the issue of one tranche of €4 million and two tranches of up to €4 million each, and the issue of 196,722 share subscription warrants (BSA2018-KREOS).
The venture loan agreement provides for the pledge of the Company's assets (including a share of the Company's intellectual property) for the benefit of Kreos Capital.

Each tranche bears interest at 10% per year. All tranches of non-convertible bonds issued are repayable in 36 monthly instalments with a repayment period of six months.

Under the terms of the agreement, the Company has the option to redeem or buy back non-convertible bonds at any time, provided that it notifies Kreos Capital at least 30 days in advance. The repayment will be equal to (1) the amount of the principal remaining due, increased by (2) the sum of the interest that the Company would have paid over the remaining term of the tranche in question, discounted at the rate of 4% *per annum*.

Tranche A was issued at the signing of the contract on 29 October 2018, and Tranche B on 1 June 2019. Tranche C will not be drawn down as the deadline of 30 September 2019 has been exceeded and the required conditions are not met.

A guarantee deposit of €256 thousand (€128 thousand per tranche) was retained by Kreos Capital on the payments made. It will be deducted from the last monthly payment. It is presented in "Other non-current financial assets".

Each BSA2018-KREOS gives the right to subscribe to a number of shares N such that N = 6.10/SP with SP as defined below.
The Strike Price (SP) is set at the lower of i) the sum of €6.10 and ii) the lowest price used during the various capital increases that took place between the date of issue of the BSA2018-KREOS warrants and the date of exercise, less a discount of 20%.
The exercise period of each share subscription warrant begins on the issue date and ends on the earliest of: i) the 10th anniversary of the issue date; ii) the date of transfer of ownership of more than 80% of the shares as described in the Shareholders' Agreement; or iii) the fifth anniversary of the Company's IPO.

Accounting treatment
In accordance with IFRS 9, non-convertible debt is measured using the amortised cost method.
At 31 December 2019, the debt was valued at €7.2 million.

After analysis, the share subscription warrants attached to Tranche A (BSA2018-KREOS) were recognised as derivative liabilities and measured at fair value with changes in this fair value recorded in profit or loss in accordance with IFRS 9.

The fair value has been determined by using the Black-Scholes pricing model with the following main assumptions:

Share subscription warrants issued to KREOS	**Tranche A**				
	Upon issue 26/10/2018	**01/01/2019**	**31/12/2019**	**31/12/2020**	**30/06/2021**
Number of share subscription warrants	65,574	65,574	65,574	65,574	65,574
Strike price	€4.71	€4.71	€4.71	€4.71	€4.71
Contractual term	5.05	7.37	6.37	5.37	5.00
Volatility	34.92%	35.75%	36.57%	45.98%	39.60%
Risk-free rate	-0.19%	-0.26%	-0.51%	-0.75%	-0.56%
Value of the derivative (in thousands of euros)	**147**	**147**	**138**	**178**	**157**
Change in fair value over the period (in thousands of euros)		**N/A**	**(10)**	**40**	**(20)**

Share subscription warrants issued to KREOS	**Tranche B**			
	Upon issue (06/01/2019)	**31/12/2019**	**31/12/2020**	**30/06/2021**
Number of share subscription warrants	65,574	65,574	65,574	65,574
Strike price	€4.71	€4.71	€4.71	€4.71
Contractual term	6.96	6.37	5.37	5.00
Volatility	36.57%	36.57%	45.98%	39.60%
Risk-free rate	-0.51%	-0.51%	-0.75%	-0.56%
Value of the derivative (in thousands of euros)	**144**	**138**	**178**	**157**
Change in fair value over the period (in thousands of euros)		**(6)**	**40**	**(20)**

During the financial year 2020, the KREOS loan was rescheduled for certain monthly maturities. The entire non-convertible bond (Tranches A and B) now matures in November 2022.

As part of the Company's IPO, Kreos Capital subscribed for Company shares in the amount of €2 million through debt conversion. Accordingly, following this transaction and the rescheduling of certain monthly maturities, a new debt repayment schedule was put in place.

11.3.2 Convertible Bond Loan 2019

On 10 December 2019, the Company signed a bond loan agreement with Head Leader Limited, Truffle Biomedtech Crossover Fund and Truffle Innov FRR France enabling €8 million to be raised over a period of 60 months from the date of issue.
At the end of this contract, the issuer issued 2,300,000 CBs for the benefit of TRUFFLE Biomedtech Crossover Fund, 1,700,000 for the benefit of Truffle Innov FRR France and 4,000,000 CBs for the benefit of Head Leader Limited for a total of €8 million.

The Company was paid €4 million by the funds managed by Truffle Capital in December 2019.
On 19 June 2020, all of these convertible bonds were redeemed in new shares, generating the issue of 679,116 shares.
The payment of the €4 million from the Head Leader fund took place on 16 October 2020.

The agreement provides for the pledge of certain assets of the Company (the Chinese patent of KALIOS held by KEPHALIOS and 40% of the shares of Shanghai Epygon Medical Technology and Shanghai MyoPowers Medical Technology) for the benefit of the subscribers.

The convertible bonds have the following characteristics:
- 8,000,000 CBs with a nominal value of €1 each were issued at par with a maturity of 60 months, i.e. until 10/12/2024;
- The annual interest rate is set at 4%;
- The bond conversion price is equal to the subscription value of the share at the time of the most recent capital increase on the date of the conversion request.

Accounting treatment
In accordance with IFRS 9, the debt component of convertible bonds was measured using the amortised cost method.
The option to convert the convertible bonds has been separated, recognised in derivative liabilities due to a variable conversion rate and measured at fair value, and changes in this fair value were recorded in the income statement in accordance with IFRS 9.
The fair value has been determined by using the Black-Scholes pricing model with the following main assumptions:

Conversion option – 2019 CBs – Head Leader	**Upon issue (10/16/2020)**	**31/12/2020**	**30/06/2021**
Number of outstanding bonds	4,000,000	4,000,000	4,000,000
Number of shares that may be subscribed	4,000,000	4,000,000	4,000,000
Strike price (1)	€5.00	€4.00	€4.00
Expected term	5	0.42	0.00
Volatility	41.09%	0.00%	0.00%
Risk-free rate	-0.81%	0.00%	0.00%
Value of the derivative (in thousands of euros)	**1,364**	**1,000**	**-**
Change in fair value over the period (in thousands of euros)		**(364)**	**(1,000)**

(1) According to the contract, the strike price is reduced by 20% in the event of the securities being floated on a regulated market.

On 25 February 2021, Head Leader Limited notified the Company of its request for the redemption of convertible bonds in the event of the listing of the Company's shares for trading on the Euronext Paris regulated securities market. This additional repayment of around €4.1 million (including accrued interest) will be made within

60 business days of the completion of the listing of the Company's shares for trading on the Euronext Paris regulated securities market.

Following the success of the IPO in June 2021, the repayment of the Head Leader debt became certain, resulting in the lapse of the conversion option. Consequently, the fair value of the derivative liability is zero. The change in its fair value during the period was recorded in the income statement for €1.0 million. Unamortised expenses (at the IPO date) on the debt component are spread over a period of 60 working days.

11.4 Debt related to lease liabilities

Change in lease liabilities

CHANGE IN LEASE LIABILITIES (Amount in thousands of euros)	Lease liabilities
At 31 December 2020	**957**
(+) Increase	220
(-) Reimbursement	(321)
At 30 June 2021	**857**

During the first half of 2021, lease liabilities decreased by €101 thousand, corresponding to the renewal of the Aix-en-Provence commercial lease and the transfer of ownership between Kephalios and Affluent Medical (termination of the lease for Kephalios of up to -€321 thousand and signature of the lease by Affluent Medical for an impact of €220 thousand).

Breakdown of financial debt by maturity, in redemption value

CURRENT AND NON-CURRENT LEASE LIABILITIES (amount in thousands of euros)	Lease liabilities
At 30 June 2021	**857**
Share at less than one year	233
Share between one and five years	443
Share at more than five years	181

Note 12: Employee benefits commitments

EMPLOYEE BENEFITS COMMITMENTS (Amounts in thousands of euros)	30/06/2021	31/12/2020	30/06/2020
Italian employees	71	58	53
French employees	33	59	41
Employee benefits commitments	**104**	**117**	**94**

12.1 Italian employees

The main actuarial assumptions used to assess retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS FOR PENSION BENEFITS – Italy	30/06/2021	31/12/2020	30/06/2020
Retirement age	Departure between the ages of 65 and 67		
Discount rate (IBOXX Corporates AA)	0.33%	0.33%	0.74%
Mortality table	ISTAT SIM/F table 2019		
Salary adjustment rate	3.60%		
Turnover	3.00%		

The provision for pension commitments has changed as follows:

EMPLOYEE BENEFITS COMMITMENTS IN ITALY (Amounts in thousands of euros)	30/06/2021	31/12/2020	30/06/2020
Opening of the period	**58**	**45**	**45**
Cost of services rendered	10	20	11
Financial cost	-	-	-
Benefits paid	(1)	(7)	-
Actuarial difference	4	(0)	(3)
Close of the period	**71**	**58**	**53**

12.2 French employees

The main actuarial assumptions used to assess retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS FOR PENSION BENEFITS – France		30/06/2021	31/12/2020	30/06/2020
Retirement age		Voluntary departure between the ages of 65 and 67		
Collective agreements	Kephalios	Chemical Industries 3108		
	Other French entities	Executive: Metallurgy Industries (management) 3025 Non-executive: Metallurgy (Industries) 3126		
Discount rate (IBOXX Corporates AA)		0.86%	0.33%	0.74%
Mortality table		INSEE 2019		INSEE 2018
Salary adjustment rate		2.00%		
Turnover	Kephalios	Medium		
	Other French entities	High		
Social security charges rate		45%		

The provision for pension commitments has changed as follows:

EMPLOYEE BENEFITS COMMITMENTS IN FRANCE (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
Opening of the period	**59**	**41**	**41**
Cost of services rendered	(13)	15	7
Financial cost	-	-	-
Compensation paid	-	-	-
Actuarial difference	(13)	3	(8)
Changes in scope	-	-	-
Close of the period	**33**	**59**	**41**

Note 13: Provisions

PROVISIONS (Amounts in thousands of euros)	**31/12/2020**				
	Amount at start of the period	**Provisions**	**Reversals**	**Changes in scope**	**Amount at end of the period**
Provisions for risks	-	-	-	-	**-**
Provisions for litigation	103	125	-	-	**228**
Provisions for risks and contingencies	**103**	**125**	**-**	**-**	**228**

PROVISIONS (Amounts in thousands of euros)	**30/06/2021**				
	Amount at start of the period	**Provisions**	**Reversals**	**Changes in scope**	**Amount at end of the period**
Provisions for risks	-	-	-	-	**-**
Provisions for litigation	228	-	(153)	-	**75**
Provisions for risks and contingencies	**228**	**-**	**(153)**	**-**	**75**

The Group has set aside a provision of €125 thousand for industrial tribunal disputes that arose in 2020. During the first half of 2021, the Company recognised reversals of provisions for an amount of €153 thousand, corresponding to the end of the disputes that were ongoing at 31 December 2020.

In a summons of 12 June 2019, the company Implantica Marketing Limited brought an action for patent infringement before the Paris Court of Justice against the Company and MyoPowers. It asserts that the development of the Artus medical device reproduces, according to the company, certain claims made by the French part of a European patent belonging to it, and seeks compensation for the damage it claims to have suffered. It therefore seeks that the Company and MyoPowers be ordered to pay the sum of €2,000,000 in provisional damages and €500,000 in respect of its alleged moral damage. The Company and MyoPowers have made several claims, notably to demonstrate the invalidity of the patent invoked by Implantica Marketing Limited and, consequently, the absence of infringement. In this regard, in a decision of 4 June 2020 ruling on an application for a provisional ban by Implantica Marketing Limited, the court admitted that there were serious doubts about the validity of the patent invoked, which also expired on 8 February 2021. Consequently, in its decision dated 4 June 2020, the court rejected Implantica Marketing Limited's application seeking an interim ban on the development of the Artus medical device pending a decision on the merits in the patent infringement case. Implantica was ordered to pay an amount of €50 thousand, which has been paid.

Since the decision of 4 June 2020, the proceedings on the merits have resumed: Implantica Marketing Limited has reiterated its claims for damages mentioned above by submissions dated 11 January 2021.
On 8 February 2021, the Implantica patent expired.
The procedure is still ongoing at the closing date of the financial statements.

At 31 December 2020 and 30 June 2021, the Company did not record any provisions for risks and charges in respect of this dispute.

Note 14: Other current and non-current liabilities

OTHER CURRENT AND NON-CURRENT LIABILITIES (Amounts in thousands of euros)	**30/06/2021**	**31/12/2020**
Trade payables and related accounts	3,742	2,352
Tax and social security payable	1,899	1,441
Current deferred income	117	350
Current tax liability	26	32
Other debts	18	138
Non-Group current accounts	300	300
Total other current liabilities	**6,147**	**4,613**
Non-current deferred income	-	9
Total other non-current liabilities	**-**	**9**

Deferred income relates in particular to the spreading of grants received under the PIAVE ARTUS and MIVANA projects. They were classified as other current liabilities for the portion of grants to be received within one year and as other non-current liabilities for longer term grants.

Note 15: Financial assets and liabilities and impact on profit or loss

(Amounts in thousands of euros)	**31/12/2020**		**Value – statement of financial position under IFRS 9**	
Statement of financial position line items	**Book value**	**Market value**	**Fair value through profit or loss**	**Amortised cost**
Non-current financial assets	351	351	-	351
Other current receivables	2,261	2,261	-	2,261
Cash and cash equivalents	5,650	5,650	5,650	-
Total of balance sheet headings concerning an asset item	**8,262**	**8,262**	**5,650**	**2,612**
Current financial liabilities	3,575	3,575	-	3,575
Current lease liabilities	226	226	-	226
Non-current financial liabilities	16,248	16,248	-	16,248
Non-current lease liabilities	731	731	-	731
Trade payables	2,352	2,352	-	2,352
Other current liabilities	2,261	2,261	-	2,261
Derivative liabilities	1,351	1,351	1,351	-
Total of balance sheet headings concerning a liability item	**26,743**	**26,743**	**1,351**	**25,392**

(Amounts in thousands of euros)	30/06/2021		Value – statement of financial position under IFRS 9	
Statement of financial position line items	**Book value**	**Market value**	**Fair value through profit or loss**	**Amortised cost**
Non-current financial assets	592	592	-	592
Other current receivables	2,946	2,946	-	2,946
Cash and cash equivalents	20,146	20,146	20,146	-
Total of balance sheet headings concerning an asset item	**23,683**	**23,683**	**20,146**	**3,537**
Current financial liabilities	4,566	4,566	-	4,566
Current lease liabilities	233	233	-	233
Non-current financial liabilities	13,594	13,594	-	13,594
Non-current lease liabilities	623	623	-	623
Trade payables	3,742	3,742	-	3,742
Other current liabilities	2,405	2,405	-	2,405
Derivative liabilities	310	310	310	-
Total of balance sheet headings concerning a liability item	**25,474**	**25,474**	**310**	**25,164**

Note 16: Other operating income

OTHER OPERATING INCOME (Amounts in thousands of euros)	30/06/2021	30/06/2020
Research Tax Credit (RTC)	355	157
Grants	242	199
Total other operating income	**596**	**357**

Other operating income includes:

- Research Tax Credits for French companies amounting to €355 thousand at 30 June 2021 and €157 thousand at 30 June 2020. This increase is explained by the financing of grants and repayable advances received from BPI, which are deducted from the calculation basis of the Research Tax Credit; and
- subsidies spread over the duration of the expenses incurred as part of the project with Bpifrance in the amount of €22 thousand at 30 June 2021 and €14 thousand at 30 June 2020 (see Note 11.1.1) and MIVANA and PIAVE ARTUS development projects (see Notes 11.1.2 and 11.1.3) in the amount of €219 thousand at 30 June 2021 (of which €203 thousand for the MIVANA project and €16 thousand for the PIAVE ARTUS project) and €185 thousand at 30 June 2020.

Note 17: Operating expenses

Operating expenses dedicated to R&D, preclinical and clinical activities, regulatory affairs and quality, and excluding general administrative expenses, represent approximately 72% of the Company's total expenses.

17.1 External expenses

External expenses (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**
Fees	(1,569)	(1,399)
Fees relating to the IPO	(1,181)	-
Missions and receptions	(67)	(78)
Maintenance and repairs	(94)	(67)
Advertising, publications, public relations	(7)	(12)
Rentals and rental expenses	(33)	(22)
Insurance premiums	(26)	(26)
Studies, research, subcontracting, documentation and seminars	(61)	(11)
Miscellaneous	(72)	(71)
Total external expenses	**(3,111)**	**(1,687)**

As part of its initial public offering in June 2021, the Group incurred expenses which were partially deducted from the share premium and the remainder was recognised in external expenses (see Note 9). This breakdown was made after analysing the nature of each invoice recorded in respect of this IPO and the concomitant capital increase. As a result of this analysis, an external expense of €1,181 thousand was recognised in the first half of 2021.

17.2 Personnel expenses

Personnel expenses (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**
Employee compensation	(1,638)	(1,298)
Social security charges	(606)	(437)
Pension commitments	4	(18)
Short-time working compensation	-	52
Share-based payments	(333)	(531)
Total personnel expenses	**(2,573)**	**(2,233)**

The Company's average workforce was 47 at 30 June 2021 compared to 42 at 30 June 2020.

17.3 Other current operating income and expenses

Other current operating income and expenses (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**
Net book value of assets sold	-	-
Income from assets sold	-	-
Other miscellaneous expenses and income	134	(49)
Other current operating income and expenses	**134**	**(49)**

Note 18: Other operating income and expenses

The Group did not recognise any other non-recurring operating income or expenses during the periods ended 30 June 2020 and 2021.

Note 19: Net financial income (loss)

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	**30/06/2021**	**30/06/2020**
Cost of net financial debt	**(1,381)**	**(1,278)**
Income from cash and cash equivalents	-	-
Interest expenses	(1,372)	(1,253)
Effect of accretion	(9)	(25)
Other financial income and expenses	**1,041**	**326**
Foreign exchange income	-	1
Change in fair value of derivative liabilities (1)	1,040	223
Other	1	102
Net financial income (loss)	**(339)**	**(952)**

The interest expense under IFRS 16 amounted to €17 thousand at 30 June 2021 and €18 thousand at 30 June 2020.

(1) See Note 11.3.1 “KREOS non-convertible bond loan” and 11.3.2 “Convertible Bond Loan 2019”.

Note 20: Income tax

In accordance with the principles described in the note to the financial statements ended 31 December 2020 and the mechanism for capping tax losses carried forward, no deferred tax assets have been recognised in addition to deferred tax liabilities in the consolidated financial statements of the Group at 30 June 2021.
Deferred tax assets are recognised for tax losses carried forward when it is more likely than not that the Company will have future taxable profits against which these unused tax losses can be offset.
Deferred tax assets recognized in the amount of deferred tax liabilities are presented as a deduction from these in the consolidated statement of financial position.

Note 21: Earnings per share

BASIC EARNINGS PER SHARE	30/06/2021	30/06/2020
Net income for the year (in thousands of euros)	(7,610)	(7,052)
Weighted average number of shares outstanding over the period	15,561,976	12,135,615
Weighted average number of shares for diluted earnings over the period	15,561,976	12,135,615
Basic earnings per share (€/share)	(0.49)	(0.58)
Diluted earnings per share (€/share)	(0.49)	(0.58)

In accordance with IAS 33, the earnings per share on the diluted basis presented above is identical to the basic earnings per share because incorporating the effects of dilution would result in an improved earnings per share on a diluted basis compared to basic earnings per share.

At 30 June 2021, the Company's dilutive instruments consisted of:

- share subscription warrants attached to KREOS non-convertible bonds, see Note 11.3.1;
- share subscription warrants and founders' share warrants granted to employees, members of the Board of Directors, external service providers, see Notes 10.1 and 10.2.

Note 22: Related parties

22.1 Compensation due to corporate officers

Executive compensation breaks down as follows:

Compensation of corporate officers (Amounts in thousands of euros)	30/06/2021	30/06/2020
Fixed compensation	127	126
Variable compensation paid	44	27
Consulting fees	-	-
Benefits in kind	6	6
Directors' fees	45	27
Share-based payments	169	272
TOTAL	**390**	**458**

Note 23: Commitments given

Off-balance sheet commitments have not changed significantly since 31 December 2020.

Note 24: Post-closing events

August 2021:

On 27 August 2021, the Company announced the contribution of an additional €100 thousand to the liquidity contract awarded to Kepler Cheuvreux.

4. STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

PricewaterhouseCoopers Audit
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Statutory Auditors' Report
on the half-year financial information

(Period from 1 January 2021 to 30 June 2021)

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

Dear Shareholders
AFFLUENT MEDICAL
320, avenue Archimède
13100 Aix en Provence
France

In accordance with the mission entrusted to us by your General Meeting, and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- performed the limited review of the condensed half-year consolidated financial statements of AFFLUENT MEDICAL, relating to the period from 1 January 2021 to 30 June 2021, as attached to this report;
- verified the information given in the half-year activity report.

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited review of the condensed half-year consolidated financial statements. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties about their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and the way in which audits are carried out.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review consists mainly of meeting with the members of management in charge of accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained during a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, we did not identify any material misstatements likely to call into question the compliance of the condensed half-year consolidated financial statements with IAS 34, the IFRS standard as adopted in the European Union, relating to interim financial information.

Without calling into question the conclusion expressed above, we draw your attention to Note 2.1 to the half-year consolidated financial statements, which sets out the main judgments and assumptions used to justify the application of the going concern principle.

II - Specific verification

We have also verified the information provided in the half-year activity report on the condensed half-year consolidated financial statements subject to our limited review.

We have no matters to report as to their fair presentation and their consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine and Marseille, on 22 Sepember 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	EXPERTEA AUDIT
Thierry Charron	Jérôme Magnan