



STRUCTURAL HEART

Mitral valve repair
Mitral valve replacement

HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2022

 **UROLOGY**

First severe incontinence
device with remote control

French corporation (*société anonyme*) with a Board of Directors and a share capital of €20,750,202.00

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 Register

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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, French corporation (*société anonyme*) 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 Responsabilità 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 located at București 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 2022;
- “Universal Registration Document” means the universal registration document approved by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 29 April 2022 under visa number R. 22-017.

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 pre-clinical and clinical study phase. The first medical device should be marketed and sold 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

Sébastien Ladet, 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, 26 September 2022.

Sébastien Ladet, Chief Executive Officer of AFFLUENT MEDICAL.

2. ACTIVITY REPORT AT 30 JUNE 2022

2.1 Company's activity and results during the first half of 2022

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, Kephalius, 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 joint ventures entered into with Shanghai Zuquan Investment Management Company Limited (refer to section 6.1 of the Universal Registration Document).

The Group's research and development (R&D), pre-clinical 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 Universal Registration Document. It should be noted that all R&D, pre-clinical and clinical costs are recognised as operating expenses in the financial 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 €66 million, mainly related to R&D expenses and pre-clinical and clinical studies as well as overheads and operating expenses. Operating expenses dedicated to R&D, pre-clinical and clinical activities, regulatory affairs and quality, and excluding general administrative expenses, represent approximately 87% of the Company's total expenses as of 30 June 2022 and 73% as of 30 June 2021.

As R&D, pre-clinical and clinical expenses are recognised as operating expenses for the financial 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 Universal Registration Document).

2.1.2 Operating expenses

OPERATING EXPENSES (Amounts in thousands of euros)	30/06/2022	30/06/2021	Change
Purchases consumed	(1,505)	(1,351)	(154)
External expenses	(2,478)	(3,111)	634
Personnel expenses	(2,888)	(2,573)	(315)
Amortisation, depreciation and provisions	(1,121)	(1,024)	(97)
Other	(59)	103	(162)
Total operating expenses	(8,051)	(7,955)	(96)

Operating expenses amounted to €8,051 thousand at 30 June 2022 compared to €7,955 thousand at 30 June 2021, which represents an increase of €96 thousand. This change is mainly due to the strengthening of the Group's research and development teams offset by the decrease in external expenses, which is the result of the costs related to the Company's IPO in the first half of 2021 amounting to €1,181 thousand in expenses (and €1,663 thousand deducted from equity).

The change in purchases consumed between the first half of 2021 and the first half of 2022 breaks down as follows:

Purchases consumed (Amounts in thousands of euros)	30/06/2022	30/06/2021	Change
Purchase of studies	(1,162)	(1,037)	(125)
Non-stocked purchases of materials and supplies	(337)	(305)	(32)
Purchases of goods, raw materials, supplies and other provisions	(6)	(9)	3
Total purchases consumed	(1,505)	(1,351)	(154)

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 2022, purchases consumed increased by €154 thousand compared to the first half of 2021. This increase is mainly due to the +€125 thousand rise in external research expenses and the +€32 thousand rise in purchases of laboratory supplies.

The change in external expenses between the first half of 2021 and the first half of 2022 breaks down as follows:

External expenses (Amounts in thousands of euros)	30/06/2022	30/06/2021	Change
Fees	(1,880)	(1,570)	(310)
Fees relating to the IPO	-	(1,181)	1,181
Missions and receptions	(197)	(67)	(130)
Miscellaneous	(401)	(293)	(108)
Total external expenses	(2,478)	(3,111)	633

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 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 €310 thousand between the two periods; and
- mission and reception expenses, which were up by €130 thousand.

The change in personnel expenses between the first half of 2021 and the first half of 2022 breaks down as follows:

Personnel expenses (Amounts in thousands of euros)	30/06/2022	30/06/2021	Change
Employee compensation	(1,797)	(1,638)	(159)
Social charges	(746)	(606)	(140)
Pension commitments	(3)	4	(7)
Share-based payments	(342)	(333)	(9)
Total personnel expenses	(2,888)	(2,573)	(315)

The increase in personnel expenses between the first half of 2021 and the first half of 2022 (excluding the effect of IFRS 2 – *Share-based payments*) amounting to +€306 thousand is explained by the gradual strengthening of the Group's research and development and management teams during the 2021 financial year, which impacted 2022.

The Group had an average headcount of 49 employees in the first half of 2022 compared to 47 employees in the first half of 2021. Most of the staff is assigned to research and development activities, divided between its research laboratories in 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 €342 thousand at 30 June 2022 and €333 thousand at 30 June 2021, *i.e.* an increase of €9 thousand between the two periods.

The change in amortisation, depreciation and provisions between the first half of 2021 and the first half of 2022 breaks down as follows:

Amortisation, depreciation and provisions (Amounts in thousands of euros)	30/06/2022	30/06/2021	Change
Amortisation	(937)	(916)	(21)
Depreciation (excluding right-of-use)	(107)	(138)	31
Depreciation (right-of-use)	(187)	(122)	(65)
Provisions	(20)	-	(20)
Reversals of provisions	130	153	(23)
Reversals of provisions for debt	-	-	
Total amortisation, depreciation and provisions	(1,121)	(1,024)	(98)

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;
- tangible assets (excluding right-of-use assets) for €107 thousand in 2022 and €138 thousand in 2021, *i.e.* a decrease of €31 thousand;
- right-of-use accounts recognised in accordance with IFRS 16 – *Leases* for €187 thousand in 2022 and €122 thousand in 2021, *i.e.* an increase of €65 thousand;
- provisions and reversals of provisions for ongoing litigation for €110 thousand in 2022 and reversals of provisions for ongoing litigation for €153 thousand in 2021, *i.e.* a net change of €43 thousand.

2.1.3 Net finance income (expense)

The net finance expense amounted to -€931 thousand at 30 June 2022 compared to a loss of -€339 thousand at 30 June 2021, *i.e.* a deterioration of €592 thousand.

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	30/06/2022	30/06/2021
Net borrowing cost	(900)	(1,381)
Income from cash and cash equivalents		
Interest expenses	(891)	(1,372)
Effect of accretion	(9)	(9)
Other financial income and expenses	(31)	1,041
Foreign exchange income		-
Change in fair value of derivative liabilities	(33)	1,040
Other	2	1
Net finance income (expense)	(931)	(339)

The net finance expense for the years presented is strongly negative given the financing set up between 2020 and 2022, and the increase in interest paid as a result. In 2021, it was partially offset by the change in the fair value under IFRS of derivative liabilities.

In particular, the net finance expense in 2022 includes:

- the amortised cost and accrued interest on bonds amounting to -€152 thousand;
- accrued interest of €613 thousand on repayable advances (MIVANA and PIAVE Artus);
- interest paid in the amount of €106 thousand in 2022;
- financial interest on leases restated in accordance with IFRS 16, in the amount of €23 thousand;

- 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 €33 thousand.

Foreign exchange gains and losses, which are not material, are also recognised in net finance income (expense).

2.1.4 Group cash flows

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)	30/06/2022 6 months	30/06/2021 6 months
Cash flows from operating activities	(6,451)	(5,203)
Of which free cash flow	(5,868)	(6,233)
Of which change in working capital requirement (-)	(566)	1,042
Of which taxes paid	(19)	(12)
Cash flows from investing activities	(62)	(218)
Of which acquisitions of fixed assets	(62)	(218)
Of which financial investments	-	-
Cash flows from financing activities	(1,512)	19,918
Of which capital increase net of capital increase costs	-	21,492
Of which bank borrowings	-	795
Of which repayment of State-guaranteed loans	(42)	-
Of which redemption of non-convertible bonds	(1,602)	(1,482)
Of which gross financial interest paid	(85)	(346)
Of which other movements related to the pre-financing of the research tax credit	673	-
Of which repayment of lease liabilities	(184)	(321)
Other cash flows from financing activities (liquidity contract)	(272)	(221)
Changes in foreign exchange rates	-	-
Change in cash and cash equivalents	(8,025)	14,497

Cash flows during the first half of 2022, including operating flows (€6,451 thousand), acquisitions of fixed assets (€62 thousand), and financing flows (€1,512 thousand), amounted to -€8,025 thousand compared to cash consumption of +€14,497 thousand over the same period in 2021.

Cash consumption related to operating activities amounted to €6,451 thousand for the six months ended 30 June 2022 and €5,203 thousand for the six months ended 30 June 2021. This cash consumption is mainly related to the Group's medical device development activities in line with the stage of completion of clinical and pre-clinical studies.

Cash consumption from investing activities amounted to €62 thousand for the six months ended 30 June 2022 and €218 thousand for the six months ended 30 June 2021. These relate mainly to acquisitions of tangible assets or intangible assets.

Cash consumption related to financing activities mainly comprised the following over the six months ended 30 June 2022:

- the collection of the pre-financed research tax credit (RTC) for +€673 thousand;
- the repayment of maturities for the Kreos Capital loan in the amount of €602 thousand;
- the repayment of the Head Leader bond issue for €1,000 thousand.

For the six months ended 30 June 2021, financing flows mainly consisted of:

- 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 State-guaranteed loans for an amount of €795 thousand;
- the repayment of maturities for the Kreos Capital loan in the amount of €1,482 thousand.

2.2 Impact of the Covid-19 health crisis on the financial statements at 30 June 2022

Activities were affected by Covid-19 in financial years 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. 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.

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 2022 and did not call into question the value of the fixed assets.

2.3 Management and administrative bodies

At its meeting of 12 July 2022, the Board of Directors decided to adapt its mode of governance by separating the roles of Chairman of the Board of Directors and Chief Executive Officer. Consequently, the Board of Directors appointed Sébastien Ladet as Chief Executive Officer of the Company as from 19 August 2022 and decided to retain Michel Finance as Chairman of the Board of Directors.

In addition, in a written consultation, from 15 to 18 August 2022, the Board of Directors duly noted the resignation of Daniel Hayoz from his directorship and co-opted Michel Therin to replace him.

Following these changes, the Board of Directors still has, at the date of this report, a total of eight directors, including three independent directors and three female directors.

Lastly, as part of the written consultation held from 15 to 18 August 2022, the Board of Directors also appointed Daniel Hayoz as a new observer for a period of three years.

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 Dominique Carouge Claire Corot Ellen Roche Soad El Ghazouani Michel Therin

2.3.2 Composition of the Board's observers

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

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

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:

- Dominique Carouge (Chairman),
- Claire Corot.

Compensation and Governance Committee:

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

2.3.4 Management

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

Chief Executive Officer	Sébastien Ladet
Chief Operating Officer	Olivier Pierron
Chief Financial Officer	Jérôme Geoffroy
Chief Medical Officer	Professor François Laborde
VP Operations Epygon	Wenzel Hurtak
Director of Regulatory Affairs	Eric Jague
VP Clinical Affairs	Doctor Christophe Giot

2.4 Highlights of the first half of 2022

April 2022:

Affluent Medical announced that Kepler Cheuvreux, in addition to Swisslife and Invest Securities, initiated coverage of the stock.

2.5 Events since 30 June 2022

July 2022:

- The Company appointed Christophe Giot as Vice President of Clinical Affairs.
- The Company announced excellent intermediary results in terms of safety and effectiveness for its clinical pivotal study Optimise II with Kalios, an adjustable ring, for the treatment of mitral regurgitation.

August 2022:

- The Board of Directors appointed Sébastien Ladet as Chief Executive Officer of the Company and kept Michel Finance in his role as Chairman of the Board of Directors. Michel Therin joined the Company's Board of Directors, replacing Daniel Hayoz who was appointed as an observer by the Board of Directors.

August-September 2022:

- At its meeting of 25 August 2022 and using the authority granted under the terms of the fourteenth resolution of the Combined General Meeting of 24 May 2022, the Board of Directors decided to increase its capital, with preferential subscription rights, by a total maximum amount of €6,289,554.80, including the issue premium, *i.e.* a maximum par amount of €2,711,015 per issue of no more than 2,711,015 ordinary shares with a par value of €1, to be subscribed for in cash at €2.32 per share, representing a 22.67% discount at face value compared to the closing rate at 25 August 2022, with a parity of ten new shares for 67 existing shares (the “**Capital Increase**”).¹

The Capital Increase took place on 20 September 2022 for a total amount of €6,000,448, including a par amount of €2,586,400 and a €3,414,048 issue premium.²

¹ Please refer to the press release from 29 August 2022.

² Please refer to the press release from 20 September 2022.

Thanks to this fundraising, Affluent Medical strengthened its financial structure and secured financing for its clinical development programmes, with the following main short-term objectives:

- patient recruitment for the first-in-man Minerva/Epygon study;
- the acceleration and finalisation of patient recruitment for the pivotal Kalios™ Optimise II study (positive intermediary result published in July 2022);
- the launch of the pilot/pivotal Artus study in accordance with the authorisation date given by the competent authorities.

After participating in the capital increase, Truffle Capital, which previously held 65.25% of the Company's capital, now holds 65.01% of the capital and 67.56% of the voting rights in Affluent Medical.

At the date of this report, the Company's share capital was €20,750,202. It is divided into 20,750,202 ordinary shares, with a par value of €1 each.

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 and scientific conferences:

- 6 & 7 October 2022: Investor Access Forum, Paris (France)
- 14 November 2022: LSX World Congress, London (United Kingdom)
- 21 to 24 September 2022: LSI Europe 22, London (United Kingdom)
- 3 to 8 October 2022: European Academy for Cardiac & Thoracic Surgery (EACTS) Cardiology, Milan (Italy)
- 4 to 5 October 2022: *La Rentrée du DM* (a conference for medical device companies), Besançon (France)
- 16 to 19 November 2022: Association Française d'Urologie (French Urology Association – AFU) conference, Paris (France)
- 27 to 29 November 2022: PCR London Valves Vascular Heart Disease, London (United Kingdom)
- 30 November to 1 December 2022: Bohemian Medical Summit Medical Device Companies, Seville (Spain)

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 Universal Registration Document approved by the AMF on 29 April 2022 and show no significant change in the first half of 2022.

The Company does not anticipate any change in these risks during the second half of 2022.

2.7.2 Related-party transactions

Transactions between consolidated companies have been eliminated in the consolidation process. In addition, in the normal course of its business, the Group has business relationships with certain non-consolidated or equity-accounted companies for non-material values.

3. CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Consolidated statement of financial position

Consolidated statement of financial position (in thousands of euros)	Notes	30/06/2022	31/12/2021
ASSETS			
Goodwill	3	32,203	32,203
Other intangible assets	4.1	19,758	20,695
Tangible assets (including right-of-use assets)	4.2	1,808	2,005
Shareholdings in equity affiliates	5	-	-
Other non-current financial assets	6	350	457
Total non-current assets		54,119	55,360
Other current receivables	7	4,505	3,265
Cash and cash equivalents	8	3,383	11,410
Total current assets		7,888	14,675
Total Assets		62,007	70,035
LIABILITIES AND EQUITY			
Equity			
Capital	9	18,164	18,164
Premiums		80,546	80,546
Translation reserve		22	22
Other items in comprehensive income		32	10
Reserves and earnings		(63,354)	(55,207)
Equity – attributable to shareholders of Affluent Medical		35,410	43,535
Non-controlling interests		-	-
Total shareholders' equity		35,410	43,535
Non-current financial liabilities	11	15,910	16,085
Non-current lease liabilities	11.4	799	913
Employee benefits commitments	12	77	96
Non-current provisions	13	20	130
Deferred tax liabilities	20	1,869	1,973
Total non-current liabilities		18,675	19,197
Current financial liabilities	11	2,423	2,416
Current lease liabilities	11.4	321	337
Trade payables	14	2,077	1,793
Other current liabilities	14	2,758	2,447
Derivative liabilities	11	343	310
Total current liabilities		7,922	7,303
Total Liabilities and equity		62,007	70,035

Consolidated income statement

Consolidated income statement (in thousands of euros)	Notes	30/06/2022 6 months	30/06/2021 6 months
Revenue		-	-
REVENUE		-	-
Other operating income	16	705	596
OPERATING EXPENSES			
Purchases consumed		(1,505)	(1,351)
External expenses	17.1	(2,478)	(3,111)
Personnel expenses	17.2	(2,888)	(2,573)
Taxes and duties		(37)	(31)
Provisions net of reversals		110	153
Other current operating income and expenses	17.3	(22)	134
Depreciation and amortisation	4	(1,231)	(1,176)
CURRENT OPERATING INCOME		(7,346)	(7,359)
Other non-current operating income and expenses	18	-	-
OPERATING INCOME before share of net income of equity affiliates		(7,346)	(7,359)
Share of income of equity affiliates	5	-	(14)
OPERATING INCOME after share of net income of equity affiliates		(7,346)	(7,373)
Net borrowing cost	19	(900)	(1,381)
Other financial income and expenses	19	2	1
Change in fair value of derivative liabilities	19	(33)	1,040
Profit (loss) before tax		(8,277)	(7,712)
Income taxes	20	85	103
Net income (loss) for the period		(8,192)	(7,610)
Of which attributable to shareholders of Affluent Medical		(8,192)	(7,610)
Of which non-controlling interests			-
		30/06/2022	30/06/2021
Basic earnings per share (€/share)	21	(0.45)	(0.49)
Diluted earnings per share (€/share)	21	(0.45)	(0.49)

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (in thousands of euros)	30/06/2022 6 months	30/06/2021 6 months
Net income (loss) for the period	(8,192)	(7,610)
Actuarial differences	22	9
Tax effect related to these items	-	-
Items that cannot be reclassified to profit or loss	22	9
Consolidation translation differences	-	(2)
Items that can be reclassified in profit or loss	-	(2)
TOTAL Other comprehensive income (net of tax)	22	7
Consolidated statement of comprehensive income	(8,170)	(7,603)
Of which attributable to shareholders of Affluent Medical	(8,170)	(7,603)
Of which non-controlling interests	-	-

Change in consolidated equity

Change in consolidated equity	Capital Affluent Medical SA	Share capital	Capital related premiums	Reserves and earnings	Translation reserve	Other items in compre nsive income	Equity – attributable to shareholders of Affluent Medical	Total non- controlling interests	Total shareholder s' equity
	Number of shares	<i>In thousands of euros</i>							
Note									
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
At 31 December 2021	18,163,802	18,164	80,546	(55,206)	22	10	43,535	-	44,535
Net income (loss) at 30 June 2022	-	-	-	(8,192)	-	-	(8,192)	-	(8,192)
Other items in comprehensive income	-	-	-	-	-	22	22	-	22
Comprehensive income	-	-	-	(8,192)	-	22	(8,170)	-	(8,170)
Net movements in treasury shares	-	-	-	(131)	-	-	(131)	-	(131)
Share-based compensation	-	-	-	342	-	-	342	-	342
Net gains and losses on treasury shares	-	-	-	(167)	-	-	(167)	-	(167)
At 30 June 2022	18,163,802	18,164	80,546	(63,354)	22	32	35,410	-	35,410

Consolidated cash flow statement

Consolidated cash flow statement Amounts in thousands of euros	Notes	30/06/2022 6 months	30/06/2021 6 months
Cash flows from operating activities			
Net income (loss) for the period		(8,192)	(7,610)
Elimination of amortisation of intangible and tangible assets, provisions and reversals of provisions	4, 13	1,231	1,176
Provisions net of reversals		20	-
Gains or losses on disposal of assets		20	1
Spreading of grants		(0)	(219)
Reversals of provisions		(130)	(153)
Provisions for pension commitments		3	(4)
Share-based payment expense		342	333
Interest expense, accrued interest, impact of amortised cost and accretion of advances		890	1,372
Change in fair value of derivatives	11.3	33	(1,040)
Share of income of equity affiliates	5		14
Income tax expense (including deferred tax)	20	(85)	(103)
Gross cash flow before net borrowing cost and taxes		(5,868)	(6,234)
(-) Change in working capital requirement		(564)	1,020
<i>Including increase (decrease) in other non-current financial assets</i>	6	82	(20)
<i>Including increase (decrease) in other receivables</i>	7	(1,242)	(683)
<i>Including increase (decrease) in trade payables</i>	14	283	1,390
<i>Including increase (decrease) in tax and social security payables</i>	14	440	458
<i>Including increase (decrease) in other liabilities</i>	14	(127)	(126)
Taxes paid		(19)	(12)
Cash flows from operating activities		(6,451)	(5,226)
Cash flows from investing activities			
Acquisitions of tangible assets	4.2	(62)	(218)
Cash flows from investing activities		(62)	(218)
Cash flows from financing activities			
Capital increase net of capital increase costs		-	21,492
Repayment of State-guaranteed loans	11.1	(42)	-
Bank borrowings	11.2	-	795
Redemption of convertible bonds		(1,602)	(1,482)
Gross financial interest paid		(85)	(346)
Other movements related to the pre-financing of the research tax credit	11.5	673	-
Repayment of lease liabilities	11.4	(184)	(118)
Other cash flows from financing activities (liquidity contract)		(272)	(400)
Cash flows from financing activities		(1,512)	19,942
Impact of exchange rate fluctuations		-	-
Increase (decrease) in cash		(8,025)	14,498
Opening cash and cash equivalents		11,405	5,648
Closing cash and cash equivalents		3,380	20,145
Increase (decrease) in cash		(8,025)	14,497
Cash and cash equivalents (including bank overdrafts)			
	Notes	30/06/2022	30/06/2021
Cash and cash equivalents	8	3,384	20,146
Bank overdrafts	8	(4)	(1)
Closing cash and cash equivalents (including bank overdrafts)		3,380	20,145

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 reporting 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 2022 and 30 June 2021.

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 commercial launch of the first medical device is expected by 2024.

Registered office address: 320, avenue Archimède – Les Pléiades III, Bâtiment B
13100 Aix en Provence, France

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 of the first half of 2022

January 2022:

Affluent Medical announced the appointment of Ms Soad El Ghazouani as a new independent member of the Board of Directors.

April 2022:

Affluent Medical announced that Kepler Cheuvreux, in addition to Swisslife and Invest Securities, initiated coverage of the stock.

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 2022 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 2022 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 reporting. 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 financial year ended 31 December 2021 (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;
- the issue of convertible and non-convertible bonds;
- State-guaranteed loans;
- repayable advances and grants;
- the repayment of research tax credit receivables by the French State; and
- the IPO on the regulated market of Euronext Paris concomitant with a capital increase.

The Company will need additional funds to pursue its development plan and this may also depend on the achievement of development milestones, obtaining favourable clinical results and/or obtaining regulatory authorisations or commercial success.

On the closing date of these financial statements, the Board of Directors believes that the Company will be able to cover the financing needs of the operations planned until March 2023 based on the following:

- consolidated net cash and cash equivalents at 30 June 2022 (including current bank overdrafts), which amounted to €3,380 thousand;
- the capital increase carried out in September 2022, generating cash inflows of €6 million;
- forecasts of cash flow consumption by the Company's activities for the end of 2022 and early 2023; and

- repayments of various financial liabilities (repayable advances from Bpifrance, State-guaranteed loans, Kreos bond loan) for €1.6 million over the next 12 months.

The going concern principle was adopted by the Board of Directors in view of the aforementioned data and assumptions and the measures implemented by management to ensure financing for the Company beyond March 2023. The capital increase carried out in September 2022 is bridge financing, which gives the Company the time it needs to consider other financing options and better market conditions.

The Company therefore continues to actively study various solutions to continue financing its activities and development. These solutions could, without being restrictive, involve private investments with investors, carrying out capital increases, setting up bonds and obtaining public financing. At the closing date of the financial statements, the Company's management believes that it has reasonable assurance that it will find adequate financing. However, the Company cannot guarantee that it will be able to obtain it.

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 2021, 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 2022:

- 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 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.

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

The new standards, amendments and interpretations recently published and adopted by the European Union that may be relevant to the Company's activities are as follows:

- Amendments to IAS 1 – *Presentation of the financial statements*: Classification of assets as current or non-current and Classification of liabilities as current or non-current – Deferral of the effective date, published respectively on 23 January 2020 and 15 July 2020, to be applied for 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, published on 7 May 2021, to be applied for financial years beginning on or after 1 January 2023.

The newly published standards, amendments and interpretations that may be relevant to the Company's activities but which have not yet been adopted by the European Union are as follows:

- Amendments to IAS 1 – *Presentation of the financial statements and IFRS Practice Statement 2: Disclosure of accounting policies*, published on 12 February 2021, to be applied for financial years beginning on or after 1 January 2023; and
- Amendments to IAS 8 – *Accounting policies, changes in accounting estimates and errors*: Definition of accounting estimates, published on 12 February 2021, to be applied for financial years beginning on or after 1 January 2023.

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

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 2022.

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	30/06/2022			31/12/2021			30/06/2021		
		% 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	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 EPGON 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)	30/06/2022		31/12/2021		30/06/2021	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Romanian Leu LEI/RON	4.9457	4.9464	4.9215	4.9490	4.9016	4.9280
Yuan Ren Min Bi – RMB	7.0823	6.9624	7.6282	7.1947	7.7960	7.6742

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 2021.

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 2022

Activities were affected by Covid-19 in financial years 2021 and 2022. In particular, the Company faced minor 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 adapted its organisation and working methods by using teleworking and limiting travel.

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 2022 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)	30/06/2022	31/12/2021
EPYGON SAS	10,722	10,722
KARDIOZIS SAS	5,422	5,422
KEPHALIOS SAS	8,698	8,698
MYOPOWERS MEDICAL TECHNOLOGIES FRANCE	7,361	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, the Group is divided at 30 June 2022, as it was at 31 December 2021, into four cash-generating units ("CGUs") or groups of CGUs, which generally correspond to one company.

The key assumptions used by the Company at 31 December 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 31 December 2021, based on internal valuations, the Group concluded that the recoverable amount of the CGUs tested exceeded their book value. 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 book value.

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 and tangible assets**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 2021	28,512	159	28,671
Acquisition	-	-	-
Disposal and reclassification	-	-	-
Statement of financial position at 30 June 2022	28,512	159	28,671
Amortisation			
Statement of financial position at 31 December 2021	7,843	133	7,976
Increase	924	13	937
Decrease	-	-	-
Statement of financial position at 30 June 2022	8,767	146	8,912
NET BOOK VALUE			
Statement of financial position at 31 December 2021	20,669	26	20,695
Statement of financial position at 30 June 2022	19,745	13	19,758

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 between 2020 and 2022 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)	30/06/2022	31/12/2021
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
Amortisation		
EPYGON	2,906	2,586
KARDIOZIS	647	574
KEPHALIOS	2,408	2,138
MYOPOWERS	2,799	2,538
Total	8,760	7,836
Net book value		
EPYGON	6,880	7,200
KARDIOZIS	1,576	1,649
KEPHALIOS	5,799	6,069
MYOPOWERS	5,481	5,742
Total	19,736	20,660

4.2 Tangible assets

TANGIBLE ASSETS (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)	Assets in progress	Total	Of which rights of use
Gross value											
At 31 December 2021	1,311	1,286	307	93	33	249	15	105	18	3,451	1,805
Acquisition	-	60	-	2	39	-	-	15	-	116	54
Disposal and reclassification	(108)	8	-	(8)	(15)	(27)	-	-	(18)	(168)	(123)
At 30 June 2022	1,203	1,354	307	87	57	222	15	154	-	3,399	1,736
Depreciation											
At 31 December 2021	429	707	60	74	14	71	9	81	-	1,445	593
Increase	119	89	38	4	10	13	1	20	-	293	187
Decrease	(108)	-	-	(8)	(15)	(17)	-	-	-	(148)	(123)
At 30 June 2022	440	796	98	70	9	67	10	101	-	1,590	658
Net book value											
At 31 December 2021	882	579	247	19	19	178	6	58	18	2,006	1,212
At 30 June 2022	763	558	209	17	48	155	5	53	-	1,808	1,077

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

Rights-of-use

In the first half of 2022, the change in right-of-use assets is mainly due to the acquisition of two new lease agreements for IT equipment, offset by the end of an agreement of the same type and the end of the Vélizy lease, for a gross amount of €108 thousand, fully depreciated at the end of the agreement.

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

VALUE OF INVESTMENTS IN EQUITY AFFILIATES (Amounts in thousands of euros)	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total investments in equity affiliates
Statement of financial position at 31 December 2021	-	-	-
Share of income of equity affiliates	-	-	-
Translation differences	-	-	-
Statement of financial position at 30 June 2022	-	-	-

The data relating to joint ventures are as follows:

DATA ON JOINT VENTURES (Amount in thousands of euros)	30/06/2022			31/12/2021		
	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total
Revenue	-	-	-	-	-	-
Operating income	(481)	(365)	(846)	(911)	(819)	(1,731)
Net income (loss)	(481)	(365)	(846)	(911)	(819)	(1,731)
Percentage held	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Theoretical share of net income of equity affiliates	(192)	(146)	(338)	(365)	(328)	(692)
Share of net income of equity affiliates (1)	-	-	-	(14)	-	(14)

(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 book value 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.

The equity value was determined on the basis of the share of equity.

On the basis of the balance sheet items of the two joint ventures available at 31 December 2020, and in view of the expenses incurred by the two joint ventures during the 2021 financial year, the Company decided to use an equity value of zero at 31 December 2021, as it did at 30 June 2022.

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 2021	256	17	117	67	457
Increases	-	-	2	100	102
Decreases	-	-	(84)	(126)	(210)
Statement of financial position at 30 June 2022	256	17	35	41	350

Security deposits were made when the non-convertible bonds were set up with KREOS Capital. They amounted to €256 thousand at 30 June 2022, as they did at 31 December 2021 (see Note 11.3.1).

Following its IPO on the Euronext Paris market, the Company signed a liquidity contract 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 equity.

The cash reserve related to the liquidity contract is presented in "other 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.

In February 2022, the Company contributed an additional €100 thousand to this liquidity contract.

Note 7: Other receivables

OTHER RECEIVABLES (Amounts in thousands of euros)	30/06/2022	31/12/2021
Research tax credit (1)	1,735	1,044
Value added tax (2)	2,162	1,642
Prepaid expenses (3)	367	335
Advances and payments on account	70	37
Miscellaneous	171	207
Total other current receivables	4,505	3,265

(1) Research tax credit (RTC)

- Estimated RTC at 30 June 2022: €691 thousand;
- RTC 2021: €1,044 thousand, which the Company pre-financed during the 2022 financial year.

(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.

(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)	30/06/2022	31/12/2021
Bank accounts	3,383	11,410
Cash equivalents	-	-
Total cash and cash equivalents	3,383	11,410

Note 9: Capital

Composition of share capital

COMPOSITION OF SHARE CAPITAL	30/06/2022	31/12/2021
Capital (in thousands of euros)	18,164	18,164
Number of shares	18,163,802	18,163,802
of which ordinary shares	18,163,802	18,163,802
of which Preferred A shares	-	-
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, Board members and external service providers and not yet exercised.

Change in share capital

During the first half of 2022, the Company did not make any capital changes.

Preferred A shares

As part of the Company's initial public offering in June 2021, 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.

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

At 30 June 2022, under this agreement, 91,786 treasury shares were recognised as a deduction from equity and €41 thousand in respect of the cash account were recorded as non-current financial assets.

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 financial years presented.

Note 10: 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:

Type	Date of grant	Characteristics of the plans			Assumptions			Initial total IFRS 2 valuation (in thousands of euros) (Black&Scholes)
		Number of warrants granted	Contractual expiry date	Strike price	Expected term	Volatility	Risk-free rate	
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 ₂₀₂₀₋₁	08/07/2020	32,080	10 years	€5.89	6 years	39.94%	-0.60%	58

Change in the number of outstanding warrants

Number of outstanding options						
Type	Date of grant	31/12/2021	Issued	Exercised	Lapsed	30/06/2022
BSA ₂₀₁₈₋₁	09/04/2018	1,644	-	-	-	1,644
BSA ₂₀₁₈₋₂	09/04/2018	65,760	-	-	-	65,760
BSA ₂₀₁₈₋₄	23/10/2018	56,855	-	-	(23,975)	32,880
BSA ₂₀₂₀₋₁	08/07/2020	32,080	-	-	-	32,080
Total		156,339	-	-	(23,975)	132,364

The vesting conditions (performance conditions and service conditions) defined for each share subscription warrant (BSA) plan have not changed since 31 December 2021.

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			Initial total IFRS 2 valuation (in thousands of euros) (Black&Scholes)
		Number of warrants granted	Contractual expiry date	Strike price	Expected term	Volatility	Risk-free rate	
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 2018-4	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
BSPCE 2021-1	20/07/2021	125,000	10 years	€6.93	6 years	34.08%	-0.66%	276
BSPCE 2021-2	20/07/2021	30,000	10 years	€6.93	6 years	34.08%	-0.66%	66
BSPCE 2021-3	20/07/2021	70,000	10 years	€6.93	6 years	34.08%	-0.66%	155
BSPCE 2021-4	20/07/2021	250,000	10 years	€6.93	6 years	34.08%	-0.66%	552
BSPCE 2021-5	20/07/2021	30,000	10 years	€6.00	6 years	34.08%	-0.58%	66
BSPCE 2021-6	20/07/2021	476,500	10 years	€6.00	6 years	34.08%	-0.58%	865

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

Number of outstanding options						
Type	Date of grant	31/12/2021	Issued	Exercised	Lapsed	30/06/2022
BSPCE 2018-1	09/04/2018	1,280,682	-	-	-	1,280,682
BSPCE 2018-2	09/04/2018	378,120	-	-	-	378,120
BSPCE 2019-1	10/07/2019	37,500	-	-	(7,288)	30,212
BSPCE 2019-2	10/07/2019	50,100	-	-	-	50,100
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	37,500	-	-	-	37,500
BSPCE 2020-4	07/12/2020	47,260	-	-	(23,460)	23,800
BSPCE 2020-5	07/12/2020	45,000	-	-	(45,000)	-
BSPCE 2021-1	07/12/2020	125,000	-	-	(22,500)	102,500
BSPCE 2021-2	07/12/2020	30,000	-	-	-	30,000
BSPCE 2021-3	07/12/2020	70,000	-	-	(8,750)	61,250
BSPCE 2021-4	07/12/2020	250,000	-	-	(31,667)	218,333
BSPCE 2021-5	07/12/2020	30,000	-	-	-	30,000
BSPCE 2021-6	07/12/2020	476,500	-	-	(128,655)	347,845
Total		3,284,362	-	-	(267,320)	3,017,042

The vesting conditions (performance conditions and service conditions) defined for each founders' share warrant (BSPCE) plan have not changed since 31 December 2021.

10.3 Allocation of bonus shares (“AGA”)

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			Initial total IFRS 2 valuation (in thousands of euros) (Black&Scholes)
		Number of warrants granted	Contractual expiry date	Strike price	Expected term	Volatility	Risk-free rate	
AGA ₂₀₂₁₋₁	20/07/2021	4,050	N/A	N/A	N/A	N/A	N/A	28

Change in the number of bonus shares in circulation

Number of outstanding options						
Type	Date of grant	31/12/2021	Issued	Exercised	Lapsed	30/06/2022
ABS ₂₀₂₁₋₁	20/07/2021	3,700	-	-	(200)	3,500
TOTAL		3,700	-	-	(200)	3,500

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

The Company recorded an expense relating to share-based payments of €342 thousand as at 30 June 2022 and €333 thousand as at 30 June 2021.

The cumulative expense amounted to €5,335 thousand at 30 June 2022 and €5,284 thousand at 30 June 2021.

Note 11: Loans and financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	30/06/2022	31/12/2021
Repayable advances and innovation loan	13,538	13,113
State-guaranteed loans	2,370	2,970
Bond loan	-	-
Other loans and liabilities	2	2
Non-current financial liabilities	15,910	16,085
Non-current lease liabilities	799	913
Non-current derivative liabilities	-	-
Total non-current financial liabilities	16,709	16,998
Repayable advances	198	-
Interest-free loan	579	-
Pre-financing of research tax credit receivables	678	-
Bond loan	964	2,410
Other loans and liabilities	-	-
Bank overdrafts	4	6
Current financial liabilities	2,423	2,416
Current lease liabilities	321	337

Current derivative liabilities	343	310
Total current financial liabilities	3,087	3,063
Total financial liabilities	19,796	20,061

Redemption value/balance sheet value reconciliation

(amounts in thousands of euros)	Redemption value		Conversion option recognised under equity	Bifurcation of derivative liabilities	Accrued interest	Amortised cost	Balance sheet value 30/06/2022
	31/12/2021	30/06/2022					
Lease liabilities	1,250	1,120	-	-	-	-	1,120
Repayable advances	13,175	13,788	-	-	-	(52)	13,736
State-guaranteed loans	2,935	2,893	-	-	56	-	2,950
Pre-financing of the RTC	-	678	-	-	-	8	678
KREOS bond loan	1,367	765	-	-	-	-	773
2019 CBs bond loan	1,000	-	-	-	190	-	190
Derivative liabilities	310	343	-	-	-	-	343
Other loans and liabilities	2	2	-	-	-	-	2
Bank overdrafts	6	4	-	-	-	-	4
Total financial liabilities	20,045	19,593	-	-	246	(44)	19,796

Statement of changes in financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	31/12/2021	Collection	Repayment	Impact of amortised cost	New financial liability for rights-of-use	Fair value	Accrued interest	Other movements relating to the pre-financing of the RTC	Transfers between non-current and current liabilities	30/06/2022
Non-current lease liabilities	913	-	-	-	54	-	-	-	(168)	799
Repayable advances and innovation loan	13,113	-	-	9	-	-	613	-	(198)	13,538
State-guaranteed loans	2,970	-	(42)	-	-	-	22	-	(579)	2,370
Bond loan	-	-	(602)	5	-	-	-	-	597	-
Derivative liabilities	-	-	-	-	-	-	-	-	-	-
Other loans and liabilities	2	-	-	-	-	-	-	-	-	2
Non-current financial liabilities	16,998	-	(644)	15	54	-	635	-	(349)	16,709
Current lease liabilities	337	-	(184)	-	-	-	-	-	168	321
Repayable advances	-	-	-	-	-	-	-	-	198	198
State-guaranteed loans	-	-	-	-	-	-	-	-	579	579
Pre-financing of the RTC	-	-	-	5	-	-	-	673	-	678
Bond loan	2,410	-	(1,000)	147	-	-	3	-	(597)	964
Derivative liabilities	310	-	-	-	-	33	-	-	-	343
Other loans and liabilities	-	-	-	-	-	-	-	-	-	-
Bank overdrafts	6	-	(2)	-	-	-	-	-	-	4
Current financial liabilities	3,063	-	(1,186)	152	-	33	3	673	349	3,087
Total financial liabilities	20,061	-	(1,830)	167	54	33	638	673	-	19,796

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 2021	938	3,765	1,362	7,048	13,113
(+) Collection	-	-	-	-	-
(-) Repayment	-	-	-	-	-
Accrued interest	-	256	90	268	614
Grants	-	-	-	-	-
Financial expenses	9	-	-	-	9
At 30 June 2022	947	4,021	1,452	7,316	13,736

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

MATURITIES OF REPAYABLE 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 2022	1,000	4,022	1,452	7,314	13,788
Share at less than one year	200	-	-	-	200
Share between one and five years	800	2,319	892	6,188	10,199
Share at more than five years	-	1,703	560	1,126	3,389

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 “MIVANA project” 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 (one payment);
- €800 thousand at 30 June 2023 (one payment);
- €1,100 thousand at 30 June 2024 (one payment);
- €1,350 thousand at 30 June 2025 (one payment).

During the 2021 financial year, EPYGON renegotiated with Bpifrance in order to reschedule the repayments initially planned. In this context, Bpifrance has agreed to postpone the end date of repayments by 18 months, which will follow the following schedule:

- €500 thousand at 31 December 2023 (one payment);
- €800 thousand at 31 December 2024 (one payment);
- €1,100 thousand at 31 December 2025 (one payment);
- €1,350 thousand at 31 December 2026 (one 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 2022, based on EPYGON's projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €1,703 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 four 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 (one payment);
- €250 thousand at 30 June 2023 (one payment);
- €350 thousand at 30 June 2024 (one payment);
- €450 thousand at 30 June 2025 (one payment).

During the 2021 financial year, KEPHALIOS renegotiated with Bpifrance in order to reschedule the repayments initially planned. In this context, Bpifrance has agreed to postpone the end date of repayments by 18 months, which will follow the following schedule:

- €100 thousand at 31 December 2023 (one payment);

- €250 thousand at 31 December 2024 (one payment);
- €350 thousand at 31 December 2025 (one payment);
- €450 thousand at 31 December 2026 (one 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 2022, based on KEPHALIOS's projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €560 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 €6,188 thousand in connection with this contract and met the conditions for success of key steps 1 and 2.

The repayment schedule is as follows: €2,055 thousand per year from 1 September 2023 to 1 September 2026 (four 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 repayment start date of the advance has been postponed to 31 December 2024 and should follow the following repayment schedule:

- €1,949 thousand at 1 January 2025 (one payment);
- €1,949 thousand at 1 January 2026 (one payment);
- €1,949 thousand at 1 January 2027 (one payment);
- €2,451 thousand at 1 January 2028 (one payment).

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 2022, based on projected revenue, the company estimated the additional payments. The debt was recognised at amortised cost by recognising €1,126 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 State-guaranteed loans

Accounting principles

The Group benefits from State-guaranteed loans (*prêts garantis par l'État* – 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 2020, the Group took out four State-guaranteed loans and during 2021 it took out three new State-guaranteed loans to strengthen its cash position in the current context of the Covid-19 pandemic.

As of 30 June 2022, State-guaranteed loans with a maturity of less than one year were classified as current financial liabilities, the balance is kept in non-current financial liabilities.

Change in State-guaranteed loans

CHANGE IN STATE-GUARANTEED LOANS (Amounts in thousands of euros)	BNP Paribas		Société Générale			CIC	Bpifrance	Total
	Affluent Medical	Epygon	Kardiozis	Kephalios	MyoPowers	Affluent Medical		
At 31 December 2021	1,015	203	91	162	900	399	200	2,970
(+) Collection	-	-	-	-	-	-	-	-
(-) Repayment	(42)	-	-	-	-	-	-	(42)
(+/-) Accrued interest	24	-	-	-	(1)	1	(1)	23
At 30 June 2022	996	203	91	162	899	399	199	2,949

Breakdown of State-guaranteed loans by maturity, in redemption value

MATURITIES OF STATE-GUARANTEED LOANS, IN REDEMPTION VALUE (Amounts in thousands of euros)	BNP Paribas		Société Générale			CIC	Bpifrance	Total
	Affluent Medical	Epygon	Kardiozis	Kephalios	MyoPowers	Affluent Medical		
At 30 June 2022	996	203	91	162	899	399	199	2,949
Share at less than one year	252	8	22	40	221	32	4	579
Share between one and five years	744	195	69	122	678	367	195	2,370
Share at more than five years	-	-	-	-	-	-	-	-

11.2.1 State-guaranteed loans: BNP Paribas

On 6 April 2020, AFFLUENT MEDICAL contracted a State-guaranteed loan 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 guarantee from the French State, 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.

On 15 April 2021, AFFLUENT MEDICAL contracted a State-guaranteed loan 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 guarantee from the French State, under the “FDG State Coronavirus” guarantee fund, of up to 90%.

In February 2022, 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 0.75% with a cost of the State guarantee premium of €4 thousand.

11.2.2 State-guaranteed loans: Société Générale

On 5 June 2020, EPYGON contracted a State-guaranteed loan 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 guarantee from the French State, 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 State-guaranteed loan 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 guarantee from the French State, 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 State-guaranteed loan 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 guarantee from the French State, 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.

11.2.3 State-guaranteed loans: CIC

On 5 February 2021, MYOPOWERS contracted a State-guaranteed loan 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 guarantee from the French State, under the “FDG State Coronavirus” guarantee fund, of up to 90%.

In November 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 0.70% with a cost of the State guarantee premium of €8 thousand.

11.2.3 State-guaranteed loans: Bpifrance

On 6 May 2021, AFFLUENT MEDICAL contracted a State-guaranteed loan 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 guarantee from the French State, under the “FDG State Coronavirus” guarantee fund, of up to 90%.

In February 2022, 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 3.35%, including the State guarantee premium.

11.3 Bonds and convertible bonds

Change in bond loans

CHANGE IN BOND LOANS (Amounts in thousands of euros)	KREOS bond loan	Head Leader 2019 CBs	Total
At 31 December 2021	1,370	1,040	2,410
(+) Impact of amortised cost	5	147	152
(-) Repayment	(602)	(1,000)	(1,602)
(+/-) Accrued interest	-	3	3
(+/-) Conversion	-	-	-
At 30 June 2022	774	190	964

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 2022	765	-	765
Share at less than one year	765	-	765
Share between one and five years	-	-	-
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	31/12/2020	31/12/2021	30/06/2022
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	5.37	5.00	5.00
Volatility	34.92%	35.75%	45.98%	39.29%	41.57%
Risk-free rate	-0.19%	-0.26%	-0.75%	-0.48%	1.11%

Value of the derivative (in thousands of euros)	147	147	178	157	173
Change in fair value over the period (in thousands of euros)		N/A	40	(21)	16

Share subscription warrants issued to KREOS	Tranche B			
	Upon issue (01/06/2019)	31/12/2020	31/12/2021	30/06/2022
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	5.37	5.00	5.00
Volatility	36.57%	45.98%	39.29%	41.57%
Risk-free rate	-0.51%	-0.75%	-0.48%	1.11%
Value of the derivative (in thousands of euros)	144	178	157	173
Change in fair value over the period (in thousands of euros)		40	(21)	16

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 fundraising of €8 million 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 (16/10/2020)	31/12/2020	31/12/2021
Number of outstanding bonds	4,000,000	4,000,000	-
Number of shares that may be subscribed	4,000,000	4,000,000	-
Strike price (1)	€5.00	€45.00	€4.00
Expected term	5	0.42	N/A
Volatility	41.09%	0.00%	N/A
Risk-free rate	-0.81%	0.00%	N/A
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 in the months following 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 between the IPO date and 28 January 2022, the date on which it was effectively repaid.

The Company repaid the bond loan in tranches of €1 million each month between October 2021 and January 2022.

At 30 June 2022, the full nominal value of the 2019 bond loan was repaid to Head Leader.

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 2021	1,248
(+) Increase	54
(-) Repayment	(184)
At 30 June 2022	1,118

During the first half of 2022, lease liabilities decreased by €130 thousand, corresponding to the repayment of leases on a straight-line basis recognised under IFRS 16.

Breakdown of financial liabilities by maturity, in redemption value

CURRENT AND NON-CURRENT LEASE LIABILITIES (amount in thousands of euros)	Lease liabilities
At 30 June 2022	1,118
<i>Share at less than one year</i>	321
<i>Share between one and five years</i>	628
<i>Share at more than five years</i>	169

Note 12: Employee benefits commitments

EMPLOYEE BENEFITS COMMITMENTS (Amounts in thousands of euros)	30/06/2022	31/12/2021	30/06/2021
Italian employees	67	78	71
French employees	10	18	33
Employee benefits commitments	77	96	104

12.1 Italian employees

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

ACTUARIAL ASSUMPTIONS FOR PENSION COMMITMENT – Italy	30/06/2022	31/12/2021	30/06/2021
Retirement age	67 years		
Discount rate (IBOXX Corporates AA)	3.10%	0.98%	0.33%
Mortality table	ISTAT SIM/F table 2019		
Salary adjustment rate	6.74%	3.90%	3.60%
Turnover	3.00%		

The provision for pension commitments has changed as follows:

EMPLOYEE BENEFITS COMMITMENTS IN ITALY (Amounts in thousands of euros)	30/06/2022	31/12/2021	30/06/2021
Opening of the period	78	58	58
Cost of services rendered	11	19	10
Financial cost	-	-	-
Benefits paid	(10)	(2)	(1)
Actuarial difference	(12)	3	4
Close of the period	67	78	71

12.2 French employees

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

ACTUARIAL ASSUMPTIONS FOR PENSION COMMITMENTS – France		30/06/2022	31/12/2021	30/06/2021
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)	3.22%	0.98%	0.86%	
Mortality table	INSEE 2019			
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)	30/06/2022	31/12/2021	30/06/2021
Opening of the period	18	59	59
Cost of services rendered	2	(6)	(13)
Financial cost	-	-	-
Compensation paid	-	-	-
Actuarial difference	(10)	(35)	(13)
Changes in scope	-	-	-
Close of the period	10	18	33

Note 13: Provisions

PROVISIONS (Amounts in thousands of euros)	31/12/2021				Amount at end of the period
	Amount at start of the period	Provisions	Reversals	Changes in scope	
Provisions for risks	-	-	-	-	-
Provisions for litigation	228	55	(153)	-	130
Provisions for risks and contingencies	228	55	(153)	-	130

PROVISIONS (Amounts in thousands of euros)	30/06/2022				
	Amount at start of the period	Provisions	Reversals	Changes in scope	Amount at end of the period
Provisions for risks	-	-	-	-	-
Provisions for litigation	130	20	(130)	-	20
Provisions for risks and contingencies	130	20	(130)	-	20

The Group has set aside a provision of €125 thousand for industrial tribunal disputes that arose in 2020. During the 2021 financial year, the Company recognised provisions in the amount of €55 thousand in connection with industrial tribunal disputes and reversals of provisions in the amount of €153 thousand corresponding to the end of disputes at 31 December 2020.

During the first half of 2022, the Company recognised reversals of provisions in the amount of €130 thousand corresponding to the end of the disputes at 31 December 2021 and recorded a provision of €20 thousand for an industrial tribunal dispute.

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 2021 and 30 June 2022, 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)	30/06/2022	31/12/2021
Trade payables and related accounts	2,077	1,793
Tax and social security payables	2,576	2,137
Current deferred income	-	9
Current tax liability	35	31
Other debts	47	69
Non-Group current accounts	100	200
Total other current liabilities	4,835	4,239
Non-current deferred income	-	-
Total other non-current liabilities	-	-

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)	31/12/2021		Value – statement of financial position under IFRS 9	
	Book value	Market value	Fair value through profit or loss	Amortised cost
Non-current financial assets	457	457	-	457
Other current receivables	3,265	3,265	-	3,265
Cash and cash equivalents	11,410	11,410	11,410	-
Total of balance sheet headings concerning an asset item	15,132	15,132	11,410	3,722
Current financial liabilities	2,416	2,416	-	2,416
Current lease liabilities	337	337	-	337
Non-current financial liabilities	16,085	16,085	-	16,085
Non-current lease liabilities	913	913	-	913
Other current liabilities	2,447	2,447	-	2,447
Derivative liabilities	310	310	310	-
Total of balance sheet headings concerning a liability item	22,508	22,508	310	22,198

(Amounts in thousands of euros)	30/06/2022		Value – statement of financial position under IFRS 9	
	Book value	Market value	Fair value through profit or loss	Amortised cost
Non-current financial assets	350	350	-	350
Other current receivables	4,505	4,505	-	4,505
Cash and cash equivalents	3,383	3,383	3,383	-
Total of balance sheet headings concerning an asset item	8,238	8,238	3,383	4,855
Current financial liabilities	2,423	2,423	-	2,423
Current lease liabilities	321	321	-	321
Non-current financial liabilities	15,910	15,910	-	15,910
Non-current lease liabilities	799	799	-	799
Other current liabilities	2,758	2,758	-	2,758
Derivative liabilities	343	343	343	-
Total of balance sheet headings concerning a liability item	22,554	22,554	343	22,211

Note 16: Other operating income

OTHER OPERATING INCOME (Amounts in thousands of euros)	30/06/2022	30/06/2021
Research tax credit (RTC)	696	355
Grants	9	242
Total other operating income	705	596

Other operating income includes:

- Research tax credits for French companies amounting to €691 thousand at 30 June 2022 and €355 thousand at 30 June 2021. 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 €9 thousand at 30 June 2022 and €22 thousand at 30 June 2021 (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.

Note 17: Operating expenses

Operating expenses dedicated to R&D, pre-clinical and clinical activities, regulatory affairs and quality, and excluding general administrative expenses, represent approximately 87% of the Company's total expenses as of 30 June 2022 and 72% as of 30 June 2021.

17.1 External expenses

External expenses (Amounts in thousands of euros)	30/06/2022	30/06/2021
Fees	(1,880)	(1,569)
Fees relating to the IPO	-	(1,181)
Missions and receptions	(197)	(67)
Maintenance and repairs	(117)	(94)
Advertising, publications, public relations	(23)	(7)
Rentals and rental expenses	(47)	(33)
Insurance premiums	(42)	(26)
Studies, research, subcontracting, documentation and seminars	(17)	(61)
Miscellaneous	(155)	(72)
Total external expenses	(2,478)	(3,111)

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. Following 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)	30/06/2022	30/06/2021
Employee compensation	(1,797)	(1,638)
Social security charges	(746)	(606)
Pension commitments	(3)	4
Share-based payments	(342)	(333)
Total personnel expenses	(2,888)	(2,573)

The Company's average workforce was 49 at 30 June 2022 compared to 47 at 30 June 2021.

17.3 Other current operating income and expenses

Other current operating income and expenses (Amounts in thousands of euros)	30/06/2022	30/06/2021
Net book value of assets sold	(20)	-
Income from assets sold	-	-
Other miscellaneous expenses and income	(2)	134
Other current operating income and expenses	(22)	134

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 2021 and 2022.

Note 19: Net finance income (expense)

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	30/06/2022	30/06/2021
Net borrowing cost	(900)	(1,381)
Income from cash and cash equivalents		-
Interest expenses	(891)	(1,372)
Effect of accretion	(9)	(9)
Other financial income and expenses	(31)	1,041
Foreign exchange income		-
Change in fair value of derivative liabilities (1)	(33)	1,040
Other	2	1
Net finance income (expense)	(931)	(339)

The interest expense under IFRS 16 amounted to €23 thousand at 30 June 2022 and €17 thousand at 30 June 2021.

(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 2021 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 2022.

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	30/06/2022	30/06/2021
Net income for the year (in thousands of euros)	(8,192)	(7,610)
Weighted average number of shares outstanding over the period	18,163,802	15,561,976
Weighted average number of shares for diluted earnings over the period	18,163,802	15,561,976
Basic earnings per share (€/share)	(0.45)	(0.49)
Diluted earnings per share (€/share)	(0.45)	(0.49)

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 2022, 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)	30/06/2022	30/06/2021
Fixed compensation	127	127
Variable compensation paid	22	44
Consulting fees	-	-
Benefits in kind	7	6
Directors' fees	42	45
Share-based payments	123	169
Total	321	390

Note 23: Commitments given

Off-balance sheet commitments have not changed significantly since 31 December 2021.

Note 24: Post-closing events

July 2022:

- The Company appointed Christophe Giot as Vice President of Clinical Affairs.
- The Company announced excellent intermediary results in terms of safety and effectiveness for its clinical pivotal study Optimise II with Kalios, an adjustable ring, for the treatment of mitral regurgitation.

August 2022:

The Board of Directors appointed Sébastien Ladet as Chief Executive Officer of the Company and retained Michel Finance as Chairman of the Board of Directors. Michel Therin has joined the Company's Board of Directors, replacing Daniel Hayoz, who was appointed observer by the Board of Directors.

August-September 2022:

- At its meeting of 25 August 2022 and using the authority granted under the terms of the fourteenth resolution of the Combined General Meeting of 24 May 2022, the Board of Directors decided to increase its capital, with preferential subscription rights, by a total maximum amount of €6,289,554.80, including the issue premium, *i.e.* a maximum par amount of €2,711,015 per issue of no more than 2,711,015 ordinary shares with a par value of €1, to be subscribed for in cash at €2.32 per share, representing a 22.67% discount at face value compared to the closing rate at 25 August 2022, with a parity of ten new shares for 67 existing shares (the "**Capital Increase**").

The Capital Increase took place on 20 September 2022 for a total amount of €6,000,448, including a par amount of €2,586,400 and a €3,414,048 issue premium.

Thanks to this fundraising, Affluent Medical strengthened its financial structure and secured financing for its clinical development programmes, with the following main short-term objectives:

- patient recruitment for the first-in-man Minerva/Epygon study;
- the acceleration and finalisation of patient recruitment for the pivotal Kalios™ Optimise II study (positive intermediary result published in July 2022);
- the launch of the pilot/pivotal Artus study in accordance with the authorisation date given by the competent authorities.

After participating in the capital increase, Truffle Capital, which previously held 65.25% of the Company's capital, now holds 65.01% of the capital and 67.56% of the voting rights in Affluent Medical.

At the date of this report, the Company's share capital was €20,750,202. It is divided into 20,750,202 ordinary shares, with a par value of €1 each.

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

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex, France

Statutory Auditors
Member of the Versailles regional company

EXPERTEA AUDIT
60, boulevard Jean Labro
13016 Marseille, France

Statutory Auditors
Member of the Aix-Bastia regional company

Statutory Auditors' report on the half-year financial reporting

(Period from 1 January 2022 to 30 June 2022)

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 2022 to 30 June 2022, as attached to this report;
- verified the information given in the half-year activity report.

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 reporting.

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 27 September 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Thierry Charron

EXPERTEA AUDIT

Jérôme Magnan