affluent MEDICAL
IMPLANTS FOR LIFE

HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2023

French corporation (société anonyme) with a Board of Directors and a share capital of €30,899,458.00
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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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 Bucureşti Sectorul 4, Bulevardul Régina Maria, Nr. 32, Parter Biroul NR. 3, Modul, Romania, registered with the National Office of the Romanian Trade Register under number J40/524/2020 and unique identification code 42124756
- “Financial Report” means this half-year financial report at 30 June 2023;
- “Universal Registration Document” means the universal registration document approved by the French Financial Markets Authority (Autorité des marchés financiers – AMF) on 26 April 2023 under visa number R. 23-019.

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 structural heart 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, adjustable and minimally invasive biomimetic implants to restore essential physiological functions in these areas. The major technologies developed by the Company are currently in the pre-clinical and clinical study phase.
Kalios™, the first mitral annuloplasty device, should be the first medical device to be marketed.
Subject to obtaining financing to finance its strategy and positive results from the ongoing clinical studies, the Company aims to gradually market its products from the end of 2025 / early 2026.

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 62 to 63 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, 28 September 2023.

Sébastien Ladet, Chief Executive Officer of AFFLUENT MEDICAL.

2. ACTIVITY REPORT AT 30 JUNE 2023

2.1 Company's activity and results during the first half of 2023

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 the companies Epygon, Kardiozis, Kephalios, and MyoPowers and indirectly holds 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 (see 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, represented approximately 87% of the Company's total expenses as of 30 June 2023 and 87% as of 30 June 2022.

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).

2.1.1 Other operating income

The Company's other operating income mainly consists of the research tax credit recorded by the Company during the periods presented:

Grants **(Amounts in thousands of euros)**	**30/06/2023** **6 months**	**30/06/2022** **6 months**	**Change**
Research tax credit (RTC)	582	696	(114)
Various grants	8	9	(1)
Total other operating income	**590**	**705**	**(115)**

2.1.2 Operating expenses

OPERATING EXPENSES **(Amounts in thousands of euros)**	**30/06/2023** **6 months**	**30/06/2022** **6 months**	**Change**
Purchases consumed	(1,037)	(1,505)	468
External expenses	(2,828)	(2,478)	(350)
Personnel expenses	(2,996)	(2,888)	(108)
Amortisation, depreciation and provisions	(1,206)	(1,121)	(85)
Other	52	(59)	111
Total operating expenses	**(8,015)**	**(8,051)**	**36**

Operating expenses amounted to €8,015 thousand at 30 June 2023 compared to €8,051 thousand at 30 June 2022. This stability is the result of a decrease in purchases consumed offset by the increase in external expenses.

The change in purchases consumed between the first half of 2022 and the first half of 2023 breaks down as follows:

Purchases consumed **(Amounts in thousands of euros)**	**30/06/2023** **6 months**	**30/06/2022** **6 months**	**Change**
Purchase of studies	(768)	(1,162)	394
Non-stocked purchases of materials and supplies	(250)	(337)	87
Purchases of goods, raw materials, supplies and other provisions	(19)	(6)	(12)
Total purchases consumed	**(1,037)**	**(1,505)**	**469**

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 2023, purchases consumed decreased by €469 thousand compared to the first half of 2022. This decrease is mainly due to the decline in external research expenses of -€394 thousand. Indeed, several pre-clinical studies were conducted in 2022, which led to an increase in purchases of studies.

The change in external expenses between the first half of 2022 and the first half of 2023 breaks down as follows:

External expenses (Amounts in thousands of euros)	**30/06/2023 6 months**	**30/06/2022 6 months**	**Change**
Fees	(2,080)	(1,880)	(200)
Missions and receptions	(251)	(197)	(54)
Miscellaneous	(497)	(401)	(96)
Total external expenses	**(2,828)**	**(2,478)**	**(350)**

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

- consulting, engineering and recruitment fees, which increased by €200 thousand between the two periods; and
- mission and reception expenses, up by €54 thousand, in particular due to participation in conferences.

The change in personnel expenses between the first half of 2022 and the first half of 2023 breaks down as follows:

Personnel expenses (Amounts in thousands of euros)	**30/06/2023 6 months**	**30/06/2022 6 months**	**Change**
Employee compensation	(1,918)	(1,797)	(121)
Social security charges	(748)	(746)	2
Pension commitments	(24)	(3)	(21)
Share-based payments	(306)	(342)	36
Total personnel expenses	**(2,996)**	**(2,888)**	**(108)**

The increase in personnel expenses between the first half of 2022 and the first half of 2023 (excluding the effect of IFRS 2 – Share-based payments) amounting to -€128 thousand is explained by the gradual strengthening of the Group's research and development and management teams.

The Group had an average workforce of 52 employees in the first half of 2023 compared to 49 employees in the first half of 2022. 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 €306 thousand at 30 June 2023 and €342 thousand at 30 June 2022, i.e. a decrease of €36 thousand between the two periods.

The change in amortisation, depreciation and provisions between the first half of 2022 and the first half of 2023 breaks down as follows:

Amortisation, depreciation and provisions (Amounts in thousands of euros)	**30/06/2023 6 months**	**30/06/2022 6 months**	**Change**
Amortisation	(924)	(937)	13
Depreciation (excluding right-of-use)	(103)	(107)	4
Depreciation (right-of-use)	(179)	(187)	8
Provisions	-	(20)	20
Reversals of provisions	-	130	(130)
Total amortisation, depreciation and provisions	**(1,206)**	**(1,121)**	**(85)**

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 €103 thousand in 2023 and €107 thousand in 2022, i.e. a decrease of €4 thousand;
- right-of-use accounts recognised in accordance with IFRS 16 – Leases for €179 thousand in 2023 and €187 thousand in 2022, i.e. a decrease of €8 thousand.

2.1.3 Net finance income (expense)

The net finance expense amounted to -€633 thousand at 30 June 2023 compared to a loss of -€931 thousand at 30 June 2022, i.e. an improvement of €298 thousand.

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	**30/06/2023**	**30/06/2022**
Net borrowing cost	**(686)**	**(900)**
Income from cash and cash equivalents	-	-
Interest expenses	(678)	(891)
Effect of accretion	(8)	(9)
Other financial income and expenses	**53**	**(31)**
Foreign exchange income	-	-
Change in fair value of derivative liabilities	53	(33)
Other	-	2
Net finance income (expense)	**(633)**	**(931)**

The net finance expense for the years presented is strongly negative given the financing set up between 2020 and 2023.

The finance expense for the first half of 2023 in particular breaks down as follows:

- accrued interest of €610 thousand (€613 thousand in the first half of 2022) on repayable advances (MIVANA and PIAVE ARTUS);
- the absence of amortised costs and accrued interest on bonds in the first half of 2023 compared to €152 thousand in the first half of 2022;
- interest paid in the amount of €38 thousand (€79 thousand in the first half of 2022). The decrease is due to the end of the Kreos contract in 2022;

- financial interest on leases restated in accordance with IFRS 16, in the amount of €19 thousand (€23 thousand in the first half of 2022);
- the accretion of repayable advances in accordance with IAS 20 – Accounting for government grants and disclosures of government assistance for an amount of €8 thousand (€9 thousand in the first half of 2022); and
- changes in the fair value of derivative liabilities in accordance with IFRS 9 – Financial instruments for an amount of +€53 thousand (-€33 thousand in the first half of 2022).

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)	30/06/2023 6 months	30/06/2022 6 months
Cash flows from operating activities	**(8,531)**	**(6,451)**
Of which free cash flow	(5,897)	(5,868)
Of which change in working capital requirement (-)	(2,609)	(566)
Of which taxes paid	(25)	(19)
Cash flows from investing activities	**(34)**	**(62)**
Of which acquisitions of fixed assets	(34)	(62)
Of which financial investments	-	-
Cash flows from financing activities	**12,531**	**(1,512)**
Of which capital increase net of capital increase costs	12,781	-
Of which repayment of advances and innovation loans	(150)	-
Of which repayment of State-guaranteed loans	(309)	(42)
Of which redemption of non-convertible bonds	(190)	(1,602)
Of which gross financial interest paid	(35)	(85)
Of which other movements related to the pre-financing of the research tax credit	609	673
Of which repayment of lease liabilities	(175)	(184)
Other cash flows from financing activities (liquidity contract)	-	(272)
Changes in foreign exchange rates	**-**	**-**
Change in cash and cash equivalents	**3,966**	**(8,025)**

Cash flows during the first half of 2023, including operating flows (-€8,531 thousand), acquisitions of fixed assets (-€34 thousand), and financing flows (+€12,531 thousand), amounted to +€3,966 thousand compared to cash consumption of -€8,025 thousand over the same period in 2022.

Cash consumption related to operational activities 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 related to financing activities mainly comprised the following over the six months ended 30 June 2023:

- the capital increase net of fees for €12,781 thousand;
- the collection of the pre-financed research tax credit (RTC) for +€609 thousand;
- the repayment of State-guaranteed loans for an amount of €309 thousand;
- the repayment of innovation loans for €150 thousand;
- the repayment of the accrued interest on the Head Leader bond issue for €190 thousand.

For the six months ended 30 June 2022, the financing flows mainly consisted of:

- 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.

2.2 Consequences of the conflict in Ukraine on the financial statements at 30 June 2023

The war in Ukraine has significant economic and financial consequences worldwide.
The sanctions targeting Russia have significant repercussions for companies with activities or business ties with Russia.
As of 30 June 2023, the Company had no activity or business relationship with Russia.

However, the Company's activities were impacted by the indirect consequences of the conflict, in particular the increase in energy costs and inflation resulting in a rise in costs related to the clinical trials entrusted to its contract research organisations (CROs).

However, the effects at 30 June 2023 were limited.

2.3 Management and administrative bodies

Since 19 August 2022, the functions of Chairman of the Board of Directors and Chief Executive Officer of the Company have been separated. At its meeting of 6 December 2022, the Board of Directors decided to appoint Michel Therin as Chairman of the Board of Directors of the Company as from 1 January 2023 to replace Michel Finance, who resigned as Chairman of the Board of Directors. Sébastien Ladet is Chief Executive Officer.

In addition, during its meeting of 11 May 2023, the Board of Directors duly noted the resignation of Michel Finance from his office as a director of the Company.

In addition, the General Meeting of 25 May 2023 decided to appoint Vincent Bourgeois as a director. At its meeting of 25 September 2023, the Board of Directors noted the resignation of Vincent Bourgeois and proceeded with the co-option of LCEA SARL, represented by Vincent Bourgeois, as a replacement. This co-option, performed on a provisional basis, will be subject to ratification at the Company's next Ordinary General Meeting.

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

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 Therin
Directors:	Truffle Capital represented by Philippe Pouletty Patrick Coulombier Dominique Carouge Claire Corot Ellen Roche Soad El Ghazouani LCEA SARL, represented by Vincent Bourgeois

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,
- Substainable 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),
- Michel Therin
- 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 Financial Officer	Christophe de Vregille
Chief Medical Officer and Clinical Affairs Director	Doctor Christophe Giot
Director of Development	Benjamin Renault
Marketing Director	Céline Buard
Director of Surgical Affairs	Professor François Laborde
Quality Director	Claire André
Industrialisation Director	Olivier Belamy
Human Resources Manager	Mélanie Cantal
Director of Regulatory Affairs	Eric Jague

2.4 Significant events since 1 January 2023

The first half of the year was rich in progress, with the Company making major advances in the development of these products and at the clinical level. At the same time, the Company continued its successful financing, while strengthening its teams and its governance to acquire a new maturity.

In terms of finance

In March 2023, the Company launched and successfully executed a financial round table. Its capital increase was oversubscribed by more than 130%, enabling it to raise nearly €14 million.
In addition to strengthening the position of its founder and main shareholder, Truffle Capital, this operation saw the increase in the share capital of Mr Laurent Saglio, through his company LCEA, to 10.25% of the capital.

At the same time, the Company was able to rationalise its expenses and refine its budget forecasts, ensuring its financing until February 2024.

Financing of the next stages of its development:

Affluent Medical is examining the best financing options to support the next stages of its development. Affluent Medical plans to carry out a capital increase in the coming months. Such an operation would be intended to finance the ongoing clinical programmes, and could benefit from the support of its reference shareholders.

In terms of governance

The Company has finalised the recruitment of its Management Committee, around its CEO, Sébastien Ladet.
In particular, it has recruited its Chief Financial Officer, Christophe de Vregille, who arrived in May 2023. Christophe de Vregille has more than 20 years of experience acquired in several high-growth international companies in the technology field. During this range of experiences, Christophe played a key role in the evaluation and implementation of financing strategies, raising cumulative funds of more than €400 million. He also took part in several transactions for external growth.
The Company has also recruited its Development Director, Benjamin Renault, in charge of programme supervision and R&D teams. For more than 15 years, Benjamin Renault has been managing the definition, development and international deployment of medical devices.

In terms of clinical issues

The Company has shown significant progress in each of its three programmes.

- **Epygon**

Epygon is the only cardiac biomimetic mitral valve that imitates the anatomy of the native mitral valve and physiological blood flow, and that can be implanted via the transcatheter route. Treating mitral insufficiency using this transcatheter approach avoids an invasive “open heart” procedure and associated complications.

<u>First successful implantation:</u>

In March 2023, Affluent Medical announced the success of its first implantation of the Epygon biomimetic mitral heart valve in a patient with a severe mitral insufficiency profile associated with several comorbid factors. This implantation was performed using the minimally invasive transcatheter approach, by Prof. Stefano Salizzoni, MD, PhD - co-investigator of the Minerva pilot clinical study - and his team, at the Molinette Hospital in Turin, Italy.

At the one-month follow-up, the patient showed improvement to her functional status, increasing her New York Heart Association (NYHA) functional status from III to II; this means the person can resume their daily activities without being completely out of breath. Echocardiograms showed excellent function of the Epygon valve.

The Independent Data Security and Monitoring Committee met on 7 April 2023 to examine the case and confirmed that the ongoing study could be continued.

<u>Continuation of clinical trials:</u>

The “Minerva” clinical pilot trial, which evaluates the Epygon minimally invasive medical device to treat mitral valve regurgitation, is currently ongoing in several clinical trial centres. The approval of the Supervisory and Data Security Committee has enabled the Company to treat other patients with the Epygon valve.

In recent months, an additional centre has been approved to participate in the clinical trial (Seville), bringing the total number of centres to ten.

As the clinical study progresses, Affluent Medical has recently developed two new valve sizes (sizes 40 and 42). These two additional sizes will accelerate the screening of patients as they are gradually authorised in other countries (already authorised in Spain and Austria).

Confirmation of the high added value of the Epygon valve:

In June 2023, in-depth interviews were conducted with more than 60 Interventional Cardiologists (ICs) and cardiac surgeons in the United States and the European Union (EU) to analyse their perception of the Epygon mitral valve.

Medical professionals have identified several strong value proposals in the design of Epygon that will address unmet clinical needs: haemodynamic profile, anatomical anchoring and design that limits the risks of leakage and obstruction of the left ventricular flushing chamber.

The survey generated very positive responses from both cardiac surgeons and interventional cardiologists (ICs):

- 75% of cardiac surgeons are likely to adopt Epygon in the United States and 67% in the EU;
- 70% of ICs would be willing to refer patients to cardiac surgeons if Epygon were available;
- The ICs would refer around one third of their patients for Epygon, allowing them to benefit from the properties of Epygon through a transapical approach even if transseptal valves were marketed.

The survey highlights that, thanks to its unique properties, the mitral valve is considered a high-value device for high-risk patients, even when using a transapical approach. The Company will continue to confirm these survey results, as they support its current strategy of continuing the development of a transapical version of Epygon while studying the development of a transseptal version.

- **Kalios**

The Company's KaliosTM ring is the only mitral annuloplasty device that can be adjusted percutaneously to treat residual and recurrent mitral insufficiency at any time after implantation, repeatedly and with a beating heart, thus avoiding further open-heart surgery. The European Optimise II pivot trial on KaliosTM was designed to assess the safety and efficacy of the device for the surgical treatment of mitral regurgitation with catheter adjustment.

Very good clinical results at one year:

The one-year clinical results consist of a set of interim data on 20 patients treated in five centres in Europe one year after implantation. Thirteen of the patients presented primary mitral regurgitation (degenerative) and seven presented secondary mitral regurgitation (functional). Five post-implant adjustments were made and one patient was adjusted 11 months after the operation. With the four patients adjusted perioperatively, excellent results were observed and were maintained for up to one year.

At one year, none of the patients presented an MR > 2+, which meets the predefined efficacy criterion of the study.

The safety profile of the study is excellent: no deaths, no myocardial infarctions, no valve thrombosis and no endocarditis were reported before the one-year mark.

Dr Alberto Albertini, Head of the Cardiothoracic Surgery Department at the Modena Hesperia Hospital, Italy, explains: “The results of this one-year interim analysis are remarkable. Five patients were able to be adjusted postoperatively and the results are excellent. Thanks to catheter adjustment, mitral regurgitation was optimised or corrected without additional open-heart surgery.”

The interim analysis at one year of the primary efficacy criterion of the adjustable mitral ring in the pivot study will be submitted for publication in a peer-reviewed journal.

Strategic evolution towards the American market:

Following the analysis of the positive data at one year of the Optimise II pivot study, the Company decided to refocus its resources on the American market and quickly enter into discussions with the Food and Drug Administration (FDA) in the United States. The current strategy, focused solely on Europe, has been carefully reassessed by the new Management team. Due to the increase in regulatory requirements in Europe (MDR regulation), it is likely that the CE route will be more complex and longer than the FDA route. Indeed, the submission of a 510K file with the addition of existing clinical data would probably open the US market more quickly.

Although the European market will continue to be an important area of focus for the Company, the US market offers several advantages beyond being the largest unified medtech market in the world: in terms of marketing, the average selling price of a mitral ring is 25% to 30% higher than in Europe, which offers more possibilities for a premium product like KaliosTM. In addition, obtaining approval in the United States is well aligned with the Company’s strategy to secure business partners that are predominantly located in the United States (Medtronic, Boston Scientific, Abbott, Edwards Life Science, etc.).

The Company is working with several regulatory consultants to strengthen this approach, and plans to submit a pre-proposal and then meet with the FDA during the next quarter. At the same time, Affluent Medical is also upgrading its supplier to strengthen the current supply chain to renew its stock, prepare for the industrialisation phase and ensure compliance with FDA requirements.

In order to optimise expenses, the European trial is being suspended during this strategic shift.

- **Artus**

The Artus implant is an implantable electromechanical artificial sphincter aimed at moderate to severe urinary incontinence. Artus is an adjustable ring implanted around the bladder neck that controls, by optimised pressure, the opening and closing of the patient’s urethra. This ring is controlled by an electromechanical control unit implanted in the abdomen with expected battery life of over ten years. Patients can then open or close their urethra at will using a simple remote control, ensuring simplicity, efficiency, comfort and discretion. Artus closely follows the physiology of the urinary sphincter, thus aiming to limit the risks of vascular complications and tissue erosion in the urethra.

In addition, two surgical training sessions have been organised in recent months on the implantation of the Artus implant. One training session will take place in Spain with seven surgeons, and another session in Poland with nine surgeons. These training sessions made it possible to validate the surgical approach and answer questions from the practitioners who will participate in the clinical trial. The sessions generated very positive feedback on the device and its clinical potential for patients suffering from urinary incontinence.

The European Dry pilot study on the Artus medical device for the treatment of urinary incontinence in men is expected to begin before the end of 2023.

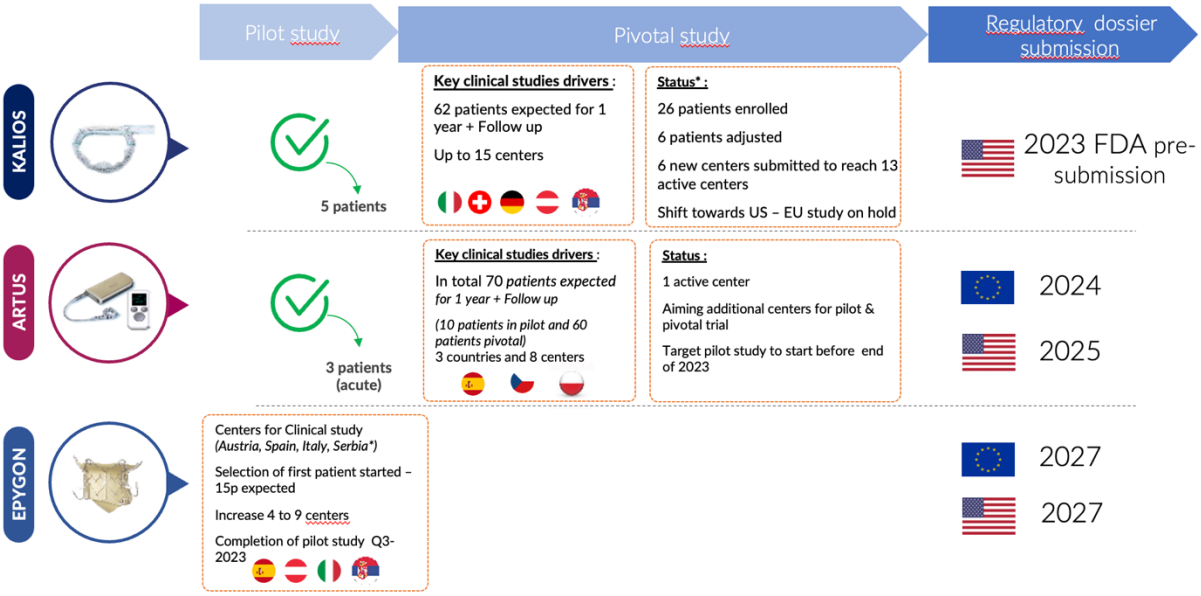
A first clinical centre has been opened in Prague and several centres are being opened in Spain, Poland and Belgium for the pilot phase.

The plan is to recruit a total of 70 patients for the pilot and pivot phases of this study. In 2024, the Company is expected to start a clinical study of women in Europe and a study in the United States to access this market.

2.5 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 next key steps in the development of the Kalios, Artus and Epygon medical devices, updated to include the elements described above, are as follows:



2.6 Risk factors and related-party transactions

2.6.1 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 26 April 2023 and show no significant change in the first half of 2023.

The Company does not anticipate any change in these risks during the second half of 2023.

2.6.2 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 2023

Consolidated statement of financial position

Consolidated statement of financial position (in thousands of euros)	Notes	30/06/2023	31/12/2022
ASSETS			
Goodwill	3	32,203	32,203
Other intangible assets	4.1	17,911	18,821
Tangible assets (including right-of-use assets)	4.2	1,498	1,754
Investments in companies accounted for under the equity method	5	-	-
Other non-current financial assets	6	92	61
Total non-current assets		**51,704**	**52,839**
Other current receivables	7	5,362	4,601
Cash and cash equivalents	8	6,548	2,580
Total current assets		**11,910**	7,181
Total Assets		**63,614**	**60,020**
LIABILITIES AND EQUITY			
Equity			
Capital	9	30,899	20,750
Premiums		86,338	83,672
Translation reserve		22	22
Other items in comprehensive income		44	22
Reserves and earnings		(78,328)	(70,634)
Equity – attributable to shareholders of Affluent Medical		**38,975**	33,832
Non-controlling interests		**-**	**-**
Total shareholders' equity		**38,975**	33,832
Non-current financial liabilities	11	15,034	14,934
Non-current lease liabilities	11.4	594	739
Employee benefits commitments	12	103	101
Non-current provisions	13	11	11
Deferred tax liabilities	20	1,664	1,767
Total non-current liabilities		**17,406**	**17,552**
Current financial liabilities	11	2,217	1,714
Current lease liabilities	11.4	329	348
Trade payables	14	1,836	3,020
Other current liabilities	14	2,533	3,183
Derivative liabilities	11	318	371
Total current liabilities		**7,233**	8,636
Total Liabilities and equity		**63,614**	**60,020**

Consolidated income statement

Consolidated income statement (in thousands of euros)	Notes	30/06/2023 6 months	30/06/2022 6 months
Revenue		-	-
REVENUE		**-**	**-**
Other operating income	16	590	705
OPERATING EXPENSES			
Purchases consumed		(1,037)	(1,505)
External expenses	17.1	(2,828)	(2,478)
Personnel expenses	17.2	(2,996)	(2,888)
Taxes and duties		(49)	(37)
Provisions net of reversals		-	110
Other current operating income and expenses	17.3	101	(22)
Depreciation and amortisation	4	(1,206)	(1,231)
CURRENT OPERATING INCOME		**(7,425)**	**(7,346)**
Other non-current operating income and expenses	18	**-**	**-**
OPERATING INCOME before share of net income of equity affiliates		**(7,425)**	**(7,346)**
Share of income of equity affiliates	5	-	-
OPERATING INCOME after share of net income of equity affiliates		**(7,425)**	**(7,346)**
Net borrowing cost	19	(686)	(900)
Other financial income and expenses	19	-	2
Change in fair value of derivative liabilities	19	53	(33)
Profit (loss) before tax		**(8,058)**	**(8,277)**
Income tax	20	78	85
Net income (loss) for the period		**(7,980)**	**(8,192)**
Of which attributable to shareholders of Affluent Medical		(7,980)	(8,192)
Of which non-controlling interests		-	

		30/06/2023	30/06/2022
Basic earnings per share (€/share)	21	**(0.29)**	**(0.45)**
Diluted earnings per share (€/share)	21	**(0.29)**	**(0.45)**

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income (in thousands of euros)	30/06/2023 6 months	30/06/2022 6 months
Net income (loss) for the period	**(7,980)**	**(8,192)**
Actuarial differences	22	22
Tax effect related to these items	-	-
Items that cannot be reclassified to profit or loss	**22**	**22**
Consolidation translation differences	-	-
Items that can be reclassified in profit or loss	**-**	**-**
TOTAL Other comprehensive income (net of tax)	22	**22**
Consolidated statement of comprehensive income	**(7,958)**	**(8,170)**
Of which attributable to shareholders of Affluent Medical	*(7,958)*	*(8,170)*
Of which non-controlling interests	-	-

Change in consolidated equity

Change in consolidated equity Note	*Capital Affluent Medical SA* *Number of shares*	Share capital	Capital related premiums	Reserves and earnings	Translation reserve	Other items in comprehensive income	Equity – attributable to shareholders of Affluent Medical	Total non-controlling interests	Total shareholder s' equity
				In thousands of euros					
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**
At 31 December 2022	***20,750,202***	**20,750**	**83,672**	**(70,634)**	**22**	**22**	**33,832**	**-**	**33,832**
Net income (loss) at 30 June 2023	-	-	-	(7,980)	-	-	(7,980)	-	(7,980)
Other items in comprehensive income	-	-	-	-	-	22	22	-	22
Comprehensive income	**-**	**-**	**-**	**(7,980)**	**-**	**22**	**(7,958)**	**-**	**(7,958)**
Capital increase	*10,149,256*	10,149	3,552	-	-	-	13,701	-	13,701
Capital increase costs	-	-	(886)	-	-	-	(886)	-	(886)
Net movements in treasury shares	-	-	-	30	-	-	30	-	30
Share-based compensation	-	-	-	306	-	-	306	-	306
Net gains and losses on treasury shares	-	-	-	(50)	-	-	(50)	-	(50)
At 30 June 2023	***30,899,458***	**30,899**	**86,338**	**(78,328)**	**22**	**44**	**38,975**	**-**	**38,975**

Consolidated cash flow statement

Consolidated cash flow statement Amounts in thousands of euros	Notes	30/06/2023 6 months	30/06/2022 6 months
Cash flows from operating activities			
Net income (loss) for the period		**(7,980)**	**(8,192)**
Elimination of amortisation of intangible and tangible assets, provisions and reversals of provisions	4, 13	1,230	1,125
Gains or losses on disposal of assets		-	20
Share-based payment expense		306	342
Interest expense, accrued interest, impact of amortised cost and accretion of advances		678	890
Change in fair value of derivatives	11.3	(53)	33
Share of income of equity affiliates	5	-	-
Income tax expense (including deferred tax)	20	(78)	(85)
Gross cash flow before net borrowing cost and taxes		**(5,897)**	**(5,868)**
(-) Change in working capital requirement		**(2,609)**	**(564)**
Including increase (decrease) in other non-current financial assets	6	(14)	82
Including increase (decrease) in other receivables	7	(760)	(1,242)
Including increase (decrease) in trade payables	14	(1,184)	283
Including increase (decrease) in tax and social security debts	14	(708)	440
Including increase (decrease) in other liabilities	14	57	(127)
Taxes paid		**(25)**	**(19)**
Cash flows from operating activities		**(8,531)**	**(6,451)**
Cash flows from investing activities			
Acquisitions of intangible assets		(13)	-
Acquisitions of tangible assets	4.2	(21)	(62)
Cash flows from investing activities		**(34)**	**(62)**
Cash flows from financing activities			
Capital increase net of capital increase costs		12,781	-
Repayment of advances and innovation loans		(150)	-
Repayment of State-guaranteed loans	11.1	(309)	(42)
Redemption of convertible bonds		(190)	(1,602)
Gross financial interest paid		(35)	(85)
Other movements related to the pre-financing of the research tax credit	11.5	609	673
Repayment of lease liabilities	11.4	(175)	(184)
Other cash flows from financing activities (liquidity contract)		-	(272)
Cash flows from financing activities		**12,531**	**(1,512)**
Impact of exchange rate fluctuations		-	-
Increase (decrease) in cash		**3,966**	**(8,025)**
Opening cash and cash equivalents		2,579	11,405
Closing cash and cash equivalents		6,545	3,380
Increase (decrease) in cash		**3,966**	**(8,025)**

Cash and cash equivalents (including bank overdrafts)	**Notes**	**30/06/2023**	**30/06/2022**
Cash and cash equivalents	8	6,548	3,384
Bank overdrafts	8	(3)	(4)
Closing cash and cash equivalents (including bank overdrafts)		**6,545**	**3,380**

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 as at 30 June 2023 and 30 June 2022.

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 2025.

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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 2023

The first half of the year was rich in progress, with the Company making major advances in the development of these products and at the clinical level. At the same time, the Company continued its successful financing, while strengthening its teams and its governance to acquire a new maturity.

In terms of finance

In March 2023, the Company launched and successfully executed a financial round table. Its capital increase was oversubscribed by more than 130%, enabling it to raise nearly €14 million.
In addition to strengthening the position of its founder and main shareholder, Truffle Capital, this operation saw the increase in the share capital of Mr Laurent Saglio, through his company LCEA, to 10.25% of the capital.

At the same time, the Company was able to rationalise its expenses and refine its budget forecasts, ensuring its financing until February 2024.

Financing of the next stages of its development:

Affluent Medical is examining the best financing options to support the next stages of its development. Affluent Medical plans to carry out a capital increase in the coming months. Such an operation would be intended to finance the ongoing clinical programmes, and could benefit from the support of its reference shareholders.

In terms of governance

The Company has finalised the recruitment of its Management Committee, around its CEO, Sébastien Ladet.
In particular, it has recruited its Chief Financial Officer, Christophe de Vregille, who arrived in May 2023. Christophe de Vregille has more than 20 years of experience acquired in several high-growth international companies in the technology field. During this range of experiences, Christophe played a key role in the evaluation and implementation of financing strategies, raising cumulative funds of more than €400 million. He also took part in several transactions for external growth.
The Company has also recruited its Development Director, Benjamin Renault, in charge of programme supervision and R&D teams. For more than 15 years, Benjamin Renault has been managing the definition, development and international deployment of medical devices.

In terms of clinical issues

The Company has shown significant progress in each of its three programmes.

- **Epygon**

Epygon is the only cardiac biomimetic mitral valve that imitates the anatomy of the native mitral valve and physiological blood flow, and that can be implanted via the transcatheter route. Treating mitral insufficiency using this transcatheter approach avoids an invasive “open heart” procedure and associated complications.

First successful implantation:

In March 2023, Affluent Medical announced the success of its first implantation of the Epygon biomimetic mitral heart valve in a patient with a severe mitral insufficiency profile associated with several comorbid factors. This implantation was performed using the minimally invasive transcatheter approach, by Prof. Stefano Salizzoni, MD, PhD - co-investigator of the Minerva pilot clinical study - and his team, at the Molinette Hospital in Turin, Italy.

At the one-month follow-up, the patient showed improvement to her functional status, increasing her New York Heart Association (NYHA) functional status from III to II; this means the person can resume their daily activities without being completely out of breath. Echocardiograms showed excellent function of the Epygon valve.

The Independent Data Security and Monitoring Committee met on 7 April 2023 to examine the case and confirmed that the ongoing study could be continued.

Continuation of clinical trials:

The “Minerva” clinical pilot trial, which evaluates the Epygon minimally invasive medical device to treat mitral valve regurgitation, is currently ongoing in several clinical trial centres. The approval of the Supervisory and Data Security Committee has enabled the Company to treat other patients with the Epygon valve.

In recent months, an additional centre has been approved to participate in the clinical trial (Seville), bringing the total number of centres to ten.

As the clinical study progresses, Affluent Medical has recently developed two new valve sizes (sizes 40 and 42). These two additional sizes will accelerate the screening of patients as they are gradually authorised in other countries (already authorised in Spain and Austria).

Confirmation of the high added value of the Epygon valve:

In June 2023, in-depth interviews were conducted with more than 60 Interventional Cardiologists (ICs) and cardiac surgeons in the United States and the European Union (EU) to analyse their perception of the Epygon mitral valve.

Medical professionals have identified several strong value proposals in the design of Epygon that will address unmet clinical needs: haemodynamic profile, anatomical anchoring and design that limits the risks of leakage and obstruction of the left ventricular flushing chamber.

The survey generated very positive responses from both cardiac surgeons and interventional cardiologists (ICs):

- 75% of cardiac surgeons are likely to adopt Epygon in the United States and 67% in the EU;
- 70% of ICs would be willing to refer patients to cardiac surgeons if Epygon were available;
- The ICs would refer around one third of their patients for Epygon, allowing them to benefit from the properties of Epygon through a transapical approach even if transseptal valves were marketed.

The survey highlights that, thanks to its unique properties, the mitral valve is considered a high-value device for high-risk patients, even when using a transapical approach. The Company will continue to confirm these survey results, as they support its current strategy of continuing the development of a transapical version of Epygon while studying the development of a transseptal version.

- **Kalios**

The Company's KaliosTM ring is the only mitral annuloplasty device that can be adjusted percutaneously to treat residual and recurrent mitral insufficiency at any time after implantation, repeatedly and with a beating heart, thus avoiding further open-heart surgery. The European Optimise II pivot trial on KaliosTM was designed to assess the safety and efficacy of the device for the surgical treatment of mitral regurgitation with catheter adjustment.

Very good clinical results at one year:

The one-year clinical results consist of a set of interim data on 20 patients treated in five centres in Europe one year after implantation. Thirteen of the patients presented primary mitral regurgitation (degenerative) and seven presented secondary mitral regurgitation (functional). Five post-implant adjustments were made and one patient was adjusted 11 months after the operation. With the four patients adjusted perioperatively, excellent results were observed and were maintained for up to one year.

At one year, none of the patients presented an MR > 2+, which meets the predefined efficacy criterion of the study.

The safety profile of the study is excellent: no deaths, no myocardial infarctions, no valve thrombosis and no endocarditis were reported before the one-year mark.

Dr Alberto Albertini, Head of the Cardiothoracic Surgery Department at the Modena Hesperia Hospital, Italy, explains: "The results of this one-year interim analysis are remarkable. Five patients were able to be adjusted postoperatively and the results are excellent. Thanks to catheter adjustment, mitral regurgitation was optimised or corrected without additional open-heart surgery."

The interim analysis at one year of the primary efficacy criterion of the adjustable mitral ring in the pivot study will be submitted for publication in a peer-reviewed journal.

Strategic evolution towards the American market:

Following the analysis of the positive data at one year of the Optimise II pivot study, the Company decided to refocus its resources on the American market and quickly enter into discussions with the Food and Drug Administration (FDA) in the United States. The current strategy, focused solely on Europe, has been carefully reassessed by the new Management team. Due to the increase in regulatory requirements in Europe (MDR regulation), it is likely that the CE route will be more complex and longer than the FDA route. Indeed, the

submission of a 510K file with the addition of existing clinical data would probably open the US market more quickly.

Although the European market will continue to be an important area of focus for the Company, the US market offers several advantages beyond being the largest unified medtech market in the world: in terms of marketing, the average selling price of a mitral ring is 25% to 30% higher than in Europe, which offers more possibilities for a premium product like KaliosTM. In addition, obtaining approval in the United States is well aligned with the Company's strategy to secure business partners that are predominantly located in the United States (Medtronic, Boston Scientific, Abbott, Edwards Life Science, etc.).

The Company is working with several regulatory consultants to strengthen this approach, and plans to submit a pre-proposal and then meet with the FDA during the next quarter. At the same time, Affluent Medical is also upgrading its supplier to strengthen the current supply chain to renew its stock, prepare for the industrialisation phase and ensure compliance with FDA requirements.

In order to optimise expenses, the European trial is being suspended during this strategic shift.

- **Artus**

The Artus implant is an implantable electromechanical artificial sphincter aimed at moderate to severe urinary incontinence. Artus is an adjustable ring implanted around the bladder neck that controls, by optimised pressure, the opening and closing of the patient's urethra. This ring is controlled by an electromechanical control unit implanted in the abdomen with expected battery life of over ten years. Patients can then open or close their urethra at will using a simple remote control, ensuring simplicity, efficiency, comfort and discretion. Artus closely follows the physiology of the urinary sphincter, thus aiming to limit the risks of vascular complications and tissue erosion in the urethra.

In addition, two surgical training sessions have been organised in recent months on the implantation of the Artus implant. One training session will take place in Spain with seven surgeons, and another session in Poland with nine surgeons. These training sessions made it possible to validate the surgical approach and answer questions from the practitioners who will participate in the clinical trial. The sessions generated very positive feedback on the device and its clinical potential for patients suffering from urinary incontinence.

The European Dry pilot study on the Artus medical device for the treatment of urinary incontinence in men is expected to begin before the end of 2023.

A first clinical centre has been opened in Prague and several centres are being opened in Spain, Poland and Belgium for the pilot phase.

The plan is to recruit a total of 70 patients for the pilot and pivot phases of this study. In 2024, the Company is expected to start a clinical study of women in Europe and a study in the United States to access this market.

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 2023 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 2023 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 2022 (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 February 2024 based on the following:

- consolidated net cash and cash equivalents at 30 June 2023 (including current bank overdrafts), which amounted to €6,548 thousand;
- forecasts of cash consumption by the Company's operations for the second half of 2023, which will be devoted to continuing the development, clinical studies and preparation for industrialisation of the three devices developed by the Group.

The going concern principle was adopted by the Board of Directors in view of the aforementioned data and assumptions, the commitments made, and the measures implemented by Management to ensure financing for the Company beyond February 2024.

As such, the Company is examining the best financing options to support the next stages of its development. Affluent Medical plans to carry out a capital increase in the coming months. Such an operation would be intended to finance the ongoing clinical programmes, and could benefit from the support of its reference shareholders.

At the closing date of the financial statements, the Company's Management believes that it has reasonable assurance that it will find adequate financing.

Accounting methods

The accounting principles used are identical to those used for the preparation of the annual IFRS consolidated financial statements for the financial year ended 31 December 2022, 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 2023:

- Amendments to IAS 12 *Income tax*: Deferred taxes related to assets and liabilities arising from a single transaction, published by the IASB on 7 May 2021 and published in the Official Journal of the European Union on 12 August 2022;
- Amendments to IAS 1 *Presentation of the financial statements and IFRS Practice Statement 2*: Disclosure of accounting methods, published by the IASB on 12 February 2021 and published in the Official Journal of the European Union on 3 March 2022;
- Amendments to IAS 8 *Accounting methods*, *changes in accounting estimates and errors*: definition of accounting estimates, published by the IASB on 12 February 2021 and published in the Official Journal of the European Union on 3 March 2022.

These new texts published by the IASB and 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, and *Non-current liabilities accompanied by covenants*, published by the IASB respectively on 23 January 2020, 15 July 2020 and 31 October 2022, to be applied for financial years beginning on or after 1 January 2024;
- Amendments to IFRS 16 *Leases*: Lease liability under a leaseback sale and leaseback, published by the IASB on 22 September 2022 and applicable for financial years beginning on or after 1 January 2024;
- Amendments to IAS 7 *Cash flow statement* and IFRS 7 *Financial instruments: Disclosures: financing agreements with suppliers,* published by the IASB on 25 May 2023 and whose application is for financial years beginning on or after 1 January 2024;

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 12: *Income taxes: International tax reform - Pillar 2 model rules*, published by the IASB on 23 May 2023 with immediate and retroactive entry into force.

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 2023.

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	30/06/2023			31/12/2022			30/06/2022		
		% Group interest	% control	Method	% holding	% control	Method	% holding	% control	Method
AFFLUENT MEDICAL SA	France	**Parent company**								
EPYGON SAS	France	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
KEPHALIOS SAS	France	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
KARDIOZIS SAS	France	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
MYOPOWERS MEDICAL TECHNOLOGIES FRANCE	France	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
EPYGON Italie SRL	Italy	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
MEDEV EUROPA SRL (1)	Romania	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%	FC
SHANGHAI EPYGON MEDICAL TECHNOLOGY	China	40.00%	40.00%	E	40.00%	40.00%	E	40.00%	40.00%	E
SHANGHAI MYOPOWERS MEDICAL TECHNOLOGY	China	40.00%	40.00%	E	40.00%	40.00%	E	40.00%	40.00%	E

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

2.3 Presentation currency

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

2.4 Translation of financial statements in foreign currencies

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

EXCHANGE RATE (for 1 EUR)	30/06/2023		31/12/2022		30/06/2022	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Romanian Leu LEI/RON	4.9342	4.9635	4.9313	4.9495	4.9457	4.9464
Yuan Ren Min Bi – RMB	7.4894	7.8983	7.0788	7.3582	7.0823	6.9624

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 financial year ended 31 December 2022.
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 2023

The activities of the 2021 and 2022 financial years were affected by Covid-19. 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 2023 and did not call into question the value of the fixed assets.

2.7 Consequences of the conflict in Ukraine

The war in Ukraine launched by Russian forces on 24 February 2022 has significant economic and financial consequences worldwide.

The sanctions targeting Russia have significant repercussions for companies with activities or business ties with Russia.

As of 30 June 2023, the Company had no activity or business relationship with Russia.

However, the Company's activities were impacted in several ways:

- Supply problems, particularly for metals (titanium, etc.), nitinol (nickel-titanium), polymers, bovine pericardium, etc.
- Increase in product development costs in line with soaring raw material and energy prices.

Note 3: Goodwill

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

Goodwill (Amount in thousands of euros)	**30/06/2023**	**31/12/2022**
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 2023, as it was at 31 December 2022, into four cash-generating units ("CGUs") or groups of CGUs, which generally correspond to a company.

The key assumptions used by the Company as part of its annual goodwill impairment test at 31 December 2022 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 13.5% for all CGUs;
- Perpetual growth rates of the operating normative flow beyond the ten-year projection of around 2% for MYOPOWERS;
- Perpetual growth rate of the normative operational flow beyond the ten-year projection of around 3.5% for EPYGON and KEPHALIOS, in line with studies on the cardiac sector.

At 31 December 2022, based on internal valuations, the Group had 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 2022	**28,512**	**159**	**28,671**
Acquisition	13	-	13
Disposal and reclassification	-	-	-
Statement of financial position at 30 June 2023	**28,525**	**159**	**28,684**
Depreciation			
Statement of financial position at 31 December 2022	**9,691**	**159**	**9,849**
Increase	924	-	924
Decrease	-	-	-
Statement of financial position at 30 June 2023	**10,614**	**159**	**10,773**
NET BOOK VALUE			
Statement of financial position at 31 December 2022	**18,821**	**-**	**18,821**
Statement of financial position at 30 June 2023	**17,911**	**-**	**17,911**

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)	30/06/2023	31/12/2022
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**
Depreciation		
EPYGON	3,546	3,226
KARDIOZIS	794	721
KEPHALIOS	2,948	2,678
MYOPOWERS	3,319	3,059
Total	**10,607**	**9,684**
Net book value		
EPYGON	6,240	6,560
KARDIOZIS	1,429	1,502
KEPHALIOS	5,259	5,529
MYOPOWERS	4,961	5,221
Total	**17,889**	**18,812**

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 2022	**1,318**	**1,446**	**307**	**88**	**77**	**213**	**14**	**154**	**-**	**3,617**	**1,870**
Acquisition	-	19	-	2	15	-	-	-	-	36	15
Disposal and reclassification	-	-	(11)	-	-	-	-	(76)	-	(87)	(87)
At 30 June 2023	**1,318**	**1,465**	**296**	**90**	**92**	**213**	**14**	**78**	**-**	**3,566**	**1,798**
Depreciation											
At 31 December 2022	**547**	**888**	**135**	**72**	**20**	**76**	**3**	**122**	**-**	**1,862**	**827**
Increase	113	90	38	3	14	11	1	13	-	283	179
Decrease	-	-	(7)	-	-	-	-	(70)	-	(77)	(77)
At 30 June 2023	**660**	**978**	**166**	**75**	**34**	**87**	**3**	**65**	**-**	**2,068**	**929**
Net book value											
At 31 December 2022	**771**	**558**	**172**	**16**	**57**	**137**	**12**	**32**	**-**	**1,754**	**1,043**
At 30 June 2023	**658**	**487**	**130**	**15**	**58**	**126**	**11**	**13**	**-**	**1,498**	**869**

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

Rights-of-use

In the first half of 2023, the rights of use have experienced limited changes.

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 2022	**-**	**-**	**-**
Share of income of equity affiliates	-	-	-
Translation differences	-	-	-
Statement of financial position at 30 June 2023	**-**	**-**	**-**

The data relating to joint ventures are as follows:

DATA ON JOINT VENTURES (Amount in thousands of euros)	30/06/2023			31/12/2022		
	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total	JV SHANGHAI EPYGON	JV SHANGHAI MYOPOWERS	Total
Revenue	-	-	**-**	-	-	-
Operating income	(991)	(596)	**(1,587)**	(1,183)	(796)	**(1,980)**
Net income (loss)	(991)	(596)	**(1,587)**	(1,183)	(796)	**(1,980)**
Percentage held	**40.00%**	**40.00%**	**40.00%**	**40.00%**	**40.00%**	**40.00%**
Theoretical share of net income of equity affiliates	(396)	(239)	(635)	(473)	(319)	(792)
Share of net income of equity affiliates (1)	-	-	-	-	-	-

(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 2021, and in view of the expenses incurred by the two joint ventures during the 2022 financial year and during the first half of 2023, the Company decided to use an equity value of zero at 31 December 2022, as it did at 30 June 2023.

Note 6: Financial assets

OTHER NON-CURRENT FINANCIAL ASSETS (Amount in thousands of euros)	RTC pre-financing guarantee holdback	Other deposits and guarantees	Liquidity contract	TOTAL
Statement of financial position at 31 December 2022	**3**	**35**	**23**	**61**
Increases	18	1	16	35
Decreases	(3)	(1)	-	(4)
Statement of financial position at 30 June 2023	**18**	**35**	**39**	**92**

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".

The Company made several additional payments in respect of the liquidity contract:

- €100 thousand in August 2021; and
- €130 thousand in 2022;
- €35 thousand in July 2023 (see Note 24).

Note 7: Other receivables

OTHER RECEIVABLES (Amounts in thousands of euros)	30/06/2023	31/12/2022
Research tax credit (1)	1,902	1,319
Value added tax (2)	2,488	2,605
Prepaid expenses (3)	667	487
Advances and payments on account	133	66
Miscellaneous	172	124
Total other current receivables	**5,362**	**4,601**

(1) Research tax credit (RTC)

- Estimated RTC at 30 June 2023: €582 thousand;
- 2022 RTC: €1,319 thousand, of which part of the receivable was pre-financed during the first half of 2023 (see Note 11).

(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)	30/06/2023	31/12/2022
Bank accounts	6,548	2,580
Cash equivalents	-	-
Total cash and cash equivalents	**6,548**	**2,580**

Note 9: Capital

Composition of share capital

COMPOSITION OF SHARE CAPITAL	30/06/2023	31/12/2022
Capital (in thousands of euros)	30,899	20,750
Number of ordinary shares	30,899,458	20,750,202
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 2023, the Company's share capital changed as follows:

- Issue on 6 March 2023 of 10,146,450 shares with redeemable share subscription warrants (BSAR) for an amount of €13.7 million (€10,146 thousand in share capital and €3,551 thousand in issue premiums);
- Exercise of 22,448 BSARs between 6 March 2023 and 30 June 2023, resulting in the issue of 2,806 shares for an amount of €4.2 thousand (€2.8 thousand in share capital and €1.4 thousand in issue premiums).

The Company's share capital was €30,899,458 at 30 June 2023.

Redeemable share subscription warrants (BSARs)

As part of the capital increase of 6 March 2023, each new share issued was accompanied by a redeemable share subscription warrant (BSAR).

The BSARs may be exercised at any time from the date of issue until 31 December 2025.
BSARs that have not been exercised at the end of this exercise period will automatically lapse and lose all value.

Eight redeemable share subscription warrants give the right to subscribe for one new ordinary share of the Company, subject to the payment of a strike price of:

- €1.50 between the issue date of the BSARs and the nine months following this issue date (inclusive) (i.e. 5 December 2023); then
- €1.95 between the day following the nine months following the issue date of the BSARs (i.e. 6 December 2023) and the maturity date of the BSARs set at 31 December 2025 after their issue date.

This exercise parity may be adjusted following transactions that the Company may perform, from the date of issue of the BSARs, in order to maintain the rights of holders of BSARs.

The Company may, at its sole option, at any time from the issue of the BSARs until the end of their exercise period on 31 December 2025, proceed with early redemption of all outstanding BSARs remaining in circulation at a unit price of €0.01; however, such early redemptions will only be possible if the volume-weighted average of the Affluent Medical share over the ten trading sessions preceding the date of publication of the early redemption notice multiplied by the applicable exercise parity exceeds 140% of the strike price of the BSARs on that date. In the event that the Company redeems the BSARs at a price of €0.01, BSAR holders may avoid such a redemption by exercising their BSARs on the basis of the strike price per new share set on such date before the set redemption date and thus benefit economically from the exercise of the BSARs.

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.

The Company made several additional payments in respect of the liquidity contract:

- €100 thousand in August 2021;
- €130 thousand in 2022; and
- €35 thousand in July 2023 (see Note 24).

At 30 June 2023, under this agreement, 124,232 treasury shares were recognised as a deduction from equity and €39 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 capital increase of September 2022, the Company incurred costs of €258 thousand as a deduction from the issue premium.

As part of the capital increase of March 2023, the Company incurred expenses in the amount of €916 thousand recorded in the first half of 2023 as a deduction from the issue premium.

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:

		Characteristics of the plans			Assumptions			
Type	**Date of grant**	**Number of warrants granted**	**Contractual expiry date**	**Strike price**	***Expected term***	***Volatility***	***Risk-free rate***	**Initial total IFRS valuation (in thousands of euros) (Black & Scholes)**
BSA 2018-1	09/04/18	1,644	10 years	€5.00	6 years	34.36%	0.07%	**2**
BSA 2018-2	09/04/18	131,520	10 years	€5.00	6 years	34.36%	0.07%	**169**
BSA 2020-1	08/07/20	32,080	10 years	€5.89	6 years	39.94%	-0.60%	**58**

Change in the number of outstanding warrants

Number of outstanding share subscription warrants						
Type	**Date of grant**	**31/12/2022**	**Issued**	**Exercised**	**Lapsed**	**30/06/2023**
BSA 2018-1	09/04/18	1,644	-	-	-	1,644
BSA 2018-2	09/04/18	65,760	-	-	-	65,760
BSA 2020-1	08/07/20	32,080	-	-	-	32,080
Total		**99,484**	-	-	**-**	**99,484**

The vesting conditions (performance conditions and service conditions) defined for each share subscription warrant (BSA) plan have not changed since 31 December 2022.

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:

		Characteristics of the plans			Assumptions			
Type	**Date of grant**	**Number of warrants granted**	**Contractual expiry date**	**Strike price**	**Expected term**	**Volatility**	**Risk-free rate**	**Initial total IFRS valuation (in thousands of euros) (Black & Scholes)**
BSPCE 2018-1	09/04/18	1,339,866	10 years	€5.00	6 years	34.36%	0.07%	2,195
BSPCE 2018-2	09/04/18	961,741	10 years	€5.00	6 years	34.36%	0.07%	1,576
BSPCE 2019-2	10/07/19	300,600	10 years	€6.10	6 years	35.63%	-0.54%	599
BSPCE 2019-3	01/10/19	200,400	10 years	€6.10	6 years	35.92%	-0.70%	399
BSPCE 2020-2	07/12/20	226,300	10 years	€5.89	6 years	38.69%	-0.73%	467
BSPCE 2021-1	20/07/21	125,000	10 years	€6.93	6 years	34.08%	-0.66%	276
BSPCE 2021-2	20/07/21	30,000	10 years	€6.93	6 years	34.08%	-0.66%	66
BSPCE 2021-3	20/07/21	70,000	10 years	€6.93	6 years	34.08%	-0.66%	155
BSPCE 2021-4	20/07/21	250,000	10 years	€6.93	6 years	34.08%	-0.66%	552
BSPCE 2021-5	20/07/21	30,000	10 years	€6.00	6 years	34.08%	-0.58%	66
BSPCE 2021-6	20/07/21	476,500	10 years	€6.00	6 years	34.08%	-0.58%	865
BSPCE 2022-1	17/10/22	360,000	10 years	€1.75	6 years	43.57%	2.11%	266
BSPCE 2022-2	17/10/22	480,000	10 years	€1.75	6 years	43.57%	2.11%	364
BSPCE 2022-3	17/10/22	120,000	10 years	€1.75	6 years	43.57%	2.11%	93
BSPCE 2023-1	06/12/22	83,000	10 years	€1.71	6 years	42.13%	-0.58%	60
BSPCE 2023-2	11/05/23	120,000	10 years	€1.50	6 years	42.36%	2.19%	209

BSPCE 2023-3	11/05/23	290,000	10 years	€1.50	6 years	42.36%	2.19%	209

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

Number of outstanding founders' share warrants (BSPCEs)						
Type	**Date of grant**	**31/12/2022**	**Issued**	**Exercised**	**Lapsed**	**30/06/2023**
BSPCE 2018-1	09/04/18	1,280,682	-	-	-	1,280,682
BSPCE 2018-2	09/04/18	337,020	-	-	(57,540)	279,480
BSPCE 2019-2	10/07/19	50,100	-	-	-	50,100
BSPCE 2019-3	01/10/19	200,400	-	-	-	200,400
BSPCE 2020-2	07/12/20	141,924	-	-	(65,624)	76,300
BSPCE 2021-1	07/12/20	67,917	-	-	(2,917)	65,000
BSPCE 2021-2	07/12/20	30,000	-	-	-	30,000
BSPCE 2021-3	07/12/20	40,468	-	-	(5,468)	35,000
BSPCE 2021-4	07/12/20	158,333	-	-	-	158,333
BSPCE 2021-5	07/12/20	30,000	-	-	-	30,000
BSPCE 2021-6	07/12/20	188,590	-	-	(134,090)	54,500
BSPCE 2022-1	17/10/22	-	360,000	-	-	360,000
BSPCE 2022-2	17/10/22	-	480,000	-	-	480,000
BSPCE 2022-3	17/10/22	-	120,000	-	-	120,000
BSPCE 2023-1	06/12/22	-	83,000	-	-	83,000
BSPCE 2023-2	11/05/23	-	120,000	-	-	410,000
BSPCE 2023-3	11/05/23	-	290,000	-	-	410,000
Total		**2,525,434**	**1,453,000**	-	**(265,639)**	**3,712,795**

The vesting conditions (performance conditions and service conditions) defined for each founders' share warrant (BSPCE) plan have not changed since 31 December 2022.

10.3 Allocation of bonus shares ("ABS")

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

		Characteristics of the plans			***Assumptions***			
Type	**Date of grant**	**Number of warrants granted**	**Contractual expiry date**	**Strike price**	**Expected term**	**Volatility**	**Risk-free rate**	**Initial total IFRS valuation (in thousands of euros) (Black & Scholes)**
ABS 2021-1	20/07/2021	4,050	N/A	N/A	N/A	N/A	N/A	28
ABS 2022-1	17/10/2022	1,300	N/A	N/A	N/A	N/A	N/A	2

Change in the number of ABSs in the process of vesting rights

Number of free shares in the process of vesting rights						
Type	**Date of grant**	**31/12/2021**	**Issued**	**Awarded**	**Lapsed**	**30/06/2022**
ABS 2021-1	20/07/2021	-	-	-	-	-
ABS 2022-1	17/10/2022	1,300	-	-	-	1,300
Total		**1,300**	**-**	**-**	**-**	**1,300**

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

The Company recorded an expense relating to share-based payments of €306 thousand at 30 June 2023 and €342 thousand at 30 June 2022.
The cumulative expense amounted to €5,445 thousand at 30 June 2023 and €5,335 thousand at 30 June 2022.

Note 11: Loans and financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	30/06/2023	31/12/2022
Repayable advances and innovation loan	13,393	12,925
State-guaranteed loans	1,641	2,007
Other loans and liabilities	-	2
Non-current financial liabilities	**15,034**	**14,934**
Non-current lease liabilities	594	739
Non-current derivative liabilities	-	-
Total non-current financial liabilities	**15,628**	**15,673**
Repayable advances	848	848
Interest-free loan	735	675
Pre-financing of research tax credit receivables	632	-
Bond loan	-	190
Bank overdrafts	2	1
Current financial liabilities	**2,217**	**1,714**
Current lease liabilities	329	348
Current derivative liabilities	318	371
Total current financial liabilities	**2,864**	**2,433**
Total financial liabilities	**18,492**	**18,106**

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 at 30/06/2023
	31/12/2022	30/06/2023					
Lease liabilities	1,088	923	-	-	-	-	923
Repayable advances	13,816	14,276	-	-	-	(35)	14,241
State-guaranteed loans	2,626	2,318	-	-	58	-	2,376
Pre-financing of the RTC	-	609	-	-	-	23	632
2019 CBs bond loan	190	-	-	-	-	-	-
Derivative liabilities	371	318	-	-	-	-	318
Other loans and liabilities	2	-	-	-	-	-	-
Bank overdrafts	1	2	-	-	-	-	2
Total financial liabilities	**18,094**	**18,446**	**-**	**-**	**58**	**(12)**	**18,492**

Statement of changes in financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of euros)	31/12/2022	Collection	Repayment	Impact of amortised cost	New financial liability for rights-of-use	Termination of IFRS 16 contracts	Fair value	Accrued interest	Security deposit allocation	Transfers between non-current and current liabilities	30/06/2023
Repayable advances and innovation loan	12,925	-	-	-	-	-	-	609	-	(142)	13,393
State-guaranteed loans	2,007	-	-	-	-	-	-	2	-	(369)	1,641
Bond loan	-	-	-	-	-	-	-	-	-	-	-
Other loans and liabilities	2	-	(2)	-	-	-	-	-	-	-	-
Non-current financial liabilities	**14,934**		**(2)**	**-**	**-**	**-**	**-**	**611**	**-**	**(510)**	**15,034**
Non-current lease liabilities	739	-	-	-	15	-	-	-	-	(160)	594
Derivative liabilities	-	-	-	-	-	-	-	-	-	-	-
Non-current financial liabilities	**15,673**	**-**	**(2)**	**-**	**15**	**-**	**-**	**611**	**-**	**(670)**	**15,628**
Repayable advances and innovation loan	848	-	(150)	8	-	-	-	-	-	142	848
State-guaranteed loans	675	-	(309)	-	-	-	-	-	-	369	735
Pre-financing of the RTC	**-**	609	-	23	-	-	-	-	-	-	632
Bond loan	190	-	(190)	-	-	-	-	-	-	-	-
Other loans and liabilities	-	-	-	-	-	-	-	-	-	-	-
Bank overdrafts	**1**	1	-	-	-	-	-	-	-	-	2
Current financial liabilities	**1,714**	**610**	**(649)**	**31**	**-**	**-**	**-**	**-**	**-**	**510**	**2,217**
Current lease liabilities	348	-	(175)	-	-	(6)	-	-	-	160	329
Derivative liabilities	371	-	-	-	-	-	(53)	-	-	-	318
Current financial liabilities	**2,433**	**610**	**(823)**	**31**	**-**	**(6)**	**(53)**	**-**	**-**	**670**	**2,864**
Total financial liabilities	**18,106**	**610**	**(826)**	**31**	**15**	**(6)**	**(53)**	**611**	**-**	**-**	**18,492**

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 2022	**907**	**3,871**	**1,458**	**7,538**	**13,773**
(+) Collection	-	-	-	-	-
(-) Repayment	(150)	-	-	-	(150)
Accrued interest	-	217	85	308	610
Grants	-	-	-	-	-
Financial expenses	8	-	-	-	8
At 30 June 2023	**765**	**4,088**	**1,542**	**7,846**	**14,241**

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 2023	**800**	**4,088**	**1,543**	**7,845**	**14,277**
Share at less than one year	200	500	100	-	**800**
Share between 1 and 2 years	200	800	250	1,949	**3,199**
Share between 2 and 3 years	200	1,018	350	1,949	**3,517**
Share between 3 and 4 years	200	-	192	1,949	**2,341**
Share between 4 and 5 years	-	-	-	341	**341**
Share at more than five years	-	1,770	651	1,657	**4,078**

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 2023, based on EPYGON’s projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €1,770 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 2023, based on KEPHALIOS's projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €650 thousand of accrued interest.

11.1.3 "PIAVE ARTUS project" 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 payments).

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.
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.

As at 30 June 2023, based on the projected revenue, the Company estimated the additional payments. The debt was recognised at amortised cost by recognising €1,657 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 context of the Covid-19 pandemic.

As of 30 June 2023, the State-guaranteed loans with a maturity of less than one year were classified as current financial liabilities, the balance being 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 2022	**866**	**207**	**80**	**141**	**787**	**399**	**202**	**2,682**
(+) Collection	-	-	-	-	-	-	-	-
(-) Repayment	(126)	(8)	(11)	(20)	(110)	(32)	-	(307)
(+/-) Accrued interest	(1)	-	-	-	2	-	-	1
At 30 June 2023	**739**	**199**	**69**	**121**	**679**	**367**	**202**	**2,376**

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 2023	**739**	**199**	**69**	**121**	**679**	**367**	**202**	**2,376**
Share at less than one year	254	51	22	40	222	98	48	735
Share between one and five years	485	148	47	81	457	269	154	1,641
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 the 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 2022	**-**	**190**	**190**
(+) Impact of amortised cost	-	-	-
(-) Repayment	-	(190)	(190)
(+/-) Accrued interest	-	-	-
(+/-) Conversion	-	-	-
At 30 June 2023	**-**	**-**	**-**

The bonds were fully redeemed at 30 June 2023.

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**	**31/12/2022**	**30/06/2023**
Number of share subscription warrants	65,574	65,574	65,574	65,574	65,574	65,574
Strike price	€4.71	€4.71	€4.71	€4.71	€4.71	€1.08
Contractual term	5.05	7.37	5.37	5.00	5.00	2.87
Volatility	34.92%	35.75%	45.98%	39.29%	43.56%	40.35%
Risk-free rate	-0.19%	-0.26%	-0.75%	-0.48%	2.45%	2.84%
Value of the derivative (in thousands of euros)	**147**	**147**	**178**	**157**	**186**	**160**

Change in fair value over the period (in thousands of euros)		**N/A**	**40**	**(21)**	**30**	**(27)**

Share subscription warrants issued to KREOS	**Tranche B**				
	Upon issue (01/06/2019)	**31/12/2020**	**31/12/2021**	**31/12/2022**	**30/06/2023**
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	€1.08
Contractual term	6.96	5.37	5.00	5.00	2.87
Volatility	36.57%	45.98%	39.29%	43.56%	40.35%
Risk-free rate	-0.51%	-0.75%	-0.48%	2.45%	2.84%
Value of the derivative (in thousands of euros)	**144**	**178**	**157**	**186**	**160**
Change in fair value during the period (in thousands of euros)		**40**	**(21)**	**30**	**(27)**

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.

During the 2022 financial year, the Company redeemed the full amount of the non-convertible bond loan. Security deposits (see Note 6) were allocated to the last instalment.

At 30 June 2023, 65,574 share subscription warrants issued to Kreos in respect of tranche A (valued as a derivative liability for €160 thousand) and 65,574 share subscription warrants issued to Kreos in respect of tranche B (valued as a derivative liability for €160 thousand) remain outstanding

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.

The balance of €190 thousand in accrued interest was paid in May 2023.

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 2022	**1,087**
(+) Increase	15
(-) Repayment	(175)

(-) Early termination of contract	(4)
At 30 June 2023	**923**

During the first half of 2023, lease liabilities decreased by €175 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 2023	**923**
Share at less than one year	329
Share between one and five years	532
Share at more than five years	62

Note 12: Employee benefits commitments

EMPLOYEE BENEFITS COMMITMENTS (Amounts in thousands of euros)	**30/06/2023**	**31/12/2022**	**30/06/2022**
Italian employees	92	86	67
French employees	11	15	10
Employee benefits commitments	**103**	**101**	**77**

12.1 Italian employees

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

ACTUARIAL ASSUMPTIONS FOR PENSION COMMITMENT – Italy	**30/06/2023**	**31/12/2022**	**30/06/2022**
Retirement age		67 years	
Discount rate (IBOXX Corporates AA)	3.65%	3.16%	3.10%
Mortality table	ISTAT SIM/F table 2021	ISTAT SIM/F table 2021	ISTAT SIM/F table 2019
Salary adjustment rate	6.80%	6.80%	6.74%
Turnover	7.00%	7.00%	3.00%

The provision for pension commitments has changed as follows:

EMPLOYEE BENEFITS COMMITMENTS IN ITALY (Amounts in thousands of euros)	**30/06/2023**	**31/12/2022**	**30/06/2022**
Opening of the period	**86**	**78**	**78**
Cost of services rendered	16	22	11
Financial cost	1	1	-
Benefits paid	-	(12)	(10)
Actuarial difference	(11)	(3)	(12)
Close of the period	**92**	**86**	**67**

12.2 French employees

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

ACTUARIAL ASSUMPTIONS FOR PENSION COMMITMENTS France		30/06/2023	31/12/2022	30/06/2022
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)		3.65%	3.16%	3.22%
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)	30/06/2023	31/12/2022	30/06/2022
Opening of the period	**15**	**18**	**18**
Cost of services rendered	7	6	2
Financial cost	-	-	-
Compensation paid	-	-	-
Actuarial difference	(11)	(9)	(10)
Changes in scope	-	-	-
Close of the period	**11**	**15**	**10**

Note 13: Provisions

PROVISIONS (Amounts in thousands of euros)	31/12/2022				
	Amount at start of the period	Provisions	Reversals	Changes in scope	Amount at end of the period
Provisions for risks	-	-	-	-	**-**
Provisions for litigation	130	31	(150)	-	**11**
Provisions for risks and contingencies	**130**	**31**	**(150)**	**-**	**11**

PROVISIONS (Amounts in thousands of euros)	30/06/2023				
	Amount at start of the period	Provisions	Reversals	Changes in scope	Amount at end of the period
Provisions for risks	-	-	-	-	**-**
Provisions for litigation	11	-	-	-	**11**
Provisions for risks and contingencies	**11**	**-**	**-**	**-**	**11**

During the 2022 financial year, the Company recognised provisions in the amount of €31 thousand in connection with industrial tribunal disputes and reversals of provisions in the amount of €150 thousand corresponding to the end of disputes at 31 December 2021.

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 2022 and 30 June 2023, 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)	30/06/2023	31/12/2022
Trade payables and related accounts	1,836	3,020
Tax and social security payables	2,340	3,048
Current deferred income	79	-
Current tax liability	47	27
Other debts	66	108
Non-Group current accounts	-	-
Total other current liabilities	**4,369**	**6,203**

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)	31/12/2022		Value – statement of financial position under IFRS 9	
Balance sheet line items	**Book value**	**Market value**	**Fair value through profit or loss**	**Amortised cost**
Non-current financial assets	61	61	-	61
Other current receivables	4,601	4,601	-	4,601
Cash and cash equivalents	2,580	2,580	2,580	-
Total of balance sheet headings concerning an asset item	**7,242**	**7,242**	2,580	4,662
Current financial liabilities	1,714	1,714	-	1,714
Current lease liabilities	348	348	-	348
Non-current financial liabilities	14,934	14,934	-	14,934
Non-current lease liabilities	739	739	-	739
Other current liabilities	3,183	3,183	-	3,183
Derivative liabilities	371	371	371	-
Total of balance sheet headings concerning a liability item	**21,289**	**21,289**	371	20,918

(Amounts in thousands of euros)	30/06/2023		Value – statement of financial position under IFRS 9	
Balance sheet line items	**Book value**	**Market value**	**Fair value through profit or loss**	**Amortised cost**
Non-current financial assets	92	92	-	92
Other current receivables	5,362	5,362	-	5,362
Cash and cash equivalents	6,548	6,548	6,548	-
Total of balance sheet headings concerning an asset item	**12,002**	**12,002**	**6,548**	**5,454**
Current financial liabilities	2,217	2,217	-	2,217
Current lease liabilities	329	329	-	329
Non-current financial liabilities	15,034	15,034	-	15,034
Non-current lease liabilities	594	594	-	594
Other current liabilities	2,533	2,533	-	2,533
Derivative liabilities	318	318	318	-
Total of balance sheet headings concerning a liability item	**21,025**	**21,025**	**318**	**20,707**

Note 16: Other operating income

OTHER OPERATING INCOME (Amounts in thousands of euros)	30/06/2023	30/06/2022
Research tax credit (RTC)	582	696
Grants	8	9
Total other operating income	**590**	**705**

Other operating income is primarily made up of research tax credits for French companies amounting to €582 thousand at 30 June 2023 and €691 thousand at 30 June 2022.

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 79% of the Company's total expenses as of 30 June 2023 and 87% as of 30 June 2022.

17.1 External expenses

External expenses (Amounts in thousands of euros)	30/06/2023	30/06/2022
Fees	(2,080)	(1,880)
Missions and receptions	(251)	(197)
Maintenance and repairs	(140)	(117)
Advertising, publications, public relations	(51)	(23)
Rentals and rental expenses	(38)	(47)
Insurance premiums	(41)	(42)
Studies, research, subcontracting, documentation and seminars	(39)	(17)
Miscellaneous	(188)	(155)
Total external expenses	**(2,828)**	**(2,478)**

17.2 Personnel expenses

Personnel expenses (Amounts in thousands of euros)	30/06/2023	30/06/2022
Employee compensation	(1,918)	(1,797)
Social security charges	(748)	(746)
Pension commitments	(24)	(3)
Share-based payments	(306)	(342)
Total personnel expenses	**(2,996)**	**(2,888)**

The Company's average workforce was 52 at 30 June 2023 compared to 49 at 30 June 2022.

17.3 Other current operating income and expenses

Other current operating income and expenses (Amounts in thousands of euros)	30/06/2023	30/06/2022
Net book value of assets sold	-	(20)
Income from assets sold	-	-
Other miscellaneous expenses and income	101	(2)
Other current operating income and expenses	**101**	**(22)**

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 2022 and 2023.

Note 19: Net finance income (expense)

FINANCIAL INCOME AND EXPENSES (Amounts in thousands of euros)	30/06/2023	30/06/2022
Net borrowing cost	**(686)**	**(900)**
Income from cash and cash equivalents	-	-
Interest expenses	(678)	(891)
Effect of accretion	(8)	(9)
Other financial income and expenses	**53**	**(31)**
Foreign exchange income	-	-
Change in fair value of derivative liabilities (1)	53	(33)
Other	-	2
Net finance income (expense)	**(633)**	**(931)**

The interest expense under IFRS 16 amounted to €19 thousand at 30 June 2023 and €23 thousand at 30 June 2022.

(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 2022 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 2023.

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 recognised 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	30/06/2023	30/06/2022
Net income for the year (in thousands of euros)	(7,980)	(8,192)
Weighted average number of shares outstanding over the period	27,253,890	18,163,802
Weighted average number of shares for diluted earnings over the period	27,253,890	18,163,802
Basic earnings per share (€/share)	(0.29)	(0.45)
Diluted earnings per share (€/share)	(0.29)	(0.45)

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 2023, 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)	30/06/2023	30/06/2022
Fixed compensation	135	127
Variable compensation paid	23	22
Consulting fees	-	
Benefits in kind	-	7
Directors' fees	52	42
Share-based payments	118	123
Total	**328**	**321**

Note 23: Commitments given and received

Off-balance sheet commitments have not changed significantly since 31 December 2022.

In the context of the prospectus approved on 8 February 2023 under number R.23-003, the Company received the following commitment:
In the event that the Company is unable to raise funds in addition to the capital increase with preferential subscription rights of March 2023, the working capital shortfall would be financed thanks to the financial support of Truffle Capital, the Group's main shareholder, up to a limit of €3.0 million, in accordance with a financial support letter signed on 7 February 2023.

Note 24: Post-closing events

July 2023:

- The Company announces an increase of €35 thousand in the resources allocated to the liquidity contract entrusted to Kepler Cheuvreux aimed at ensuring better liquidity of the share.
- The Company announces the appointments of Christophe de Vregille as Chief Financial Officer and Benjamin Renault as Chief Development Officer to complete the management team in place. This step will support the performance of the development plan and address the next steps leading to the commercialisation of Affluent Medical's three cutting-edge medical devices that have the potential to change the lives of patients with structural heart disease and urological dysfunction.

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

Statutory Auditors' report on the half-year financial reporting
(Period from 1 January 2023 to 30 June 2023)
PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex, France

EXPERTEA AUDIT
60, boulevard Jean Labro
13016 Marseille

Statutory Auditors' report on the half-year financial reporting
(Period from 1 January 2023 to 30 June 2023)

Dear Shareholders
AFFLUENT MEDICAL
320, avenue Archimède
Les Pléiades III, Bâtiment B
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 half-year consolidated financial statements of AFFLUENT MEDICAL, relating to the period from 1 January 2023 to 30 June 2023, 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 condensed 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 condensed half-year consolidated financial statements.

Signed in Neuilly-sur-Seine and Marseille, on 27 September 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	EXPERTEA AUDIT
Thierry Charron	Jérôme Magnan