A French limited company with a board of directors (*société anonyme à conseil d'administration*)

with share capital of €1,612,468.80

Registered office: 2, rue Briçonnet, 30000 Nîmes

Nîmes Trade and Companies Register no. 497 587 089

Interim financial report

Period ended 30 June 2018

This is a free translation into English of the 2018 Rapport Financier Semestriel *issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.*

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I. INTERIM MANAGEMENT REPORT – period ended 30 June 2018

1. Description of the Company's business activities

Advicenne is a pharmaceutical company founded in 2007 that develops and sells innovative paediatric products for nephrology (renal diseases) and neurology. In order to build its product portfolio, Advicenne started from the observation that for certain rare diseases, there are no treatments suitable or optimal for children. Advicenne intends to provide a therapeutic answer to these needs.

Advicenne has developed a portfolio of products, two of which are at an advanced clinical development stage and two other products that are authorised in France and commercialised by Advicenne (for the two latter products, the Company has either acquired an exclusive license or signed a distribution agreement covering several regions including France).

Advicenne's flagship product, ADV7103, is positioned for the treatment of renal diseases (nephrology). Advicenne has generated convincing clinical results with ADV7103 in several clinical trials and is in the final clinical development phase before applying for marketing authorisation (MA) for Europe. ADV7103 has the potential to become a leading medicine for the treatment of distal renal tubular acidosis. Advicenne plans to submit a request for marketing authorisation for ADV7103 for distal renal tubular acidosis with the European Medicines Agency (EMA) in late 2018 based on Phase III clinical trial results. Advicenne plans to leverage clinical studies already completed or under way in Europe and to replicate ADV7103's clinical development in the United States. The Food and Drug Administration (FDA), the US healthcare regulatory agency, approved the Investigational New Drug (IND) status request for ADV7103, enabling pivotal Phase III clinical trials to be officially initiated. Advicenne obtained orphan disease designation from the EMA for ADV7103 for distal renal tubular acidosis. The major advantage of this legislation is to provide laboratories selling products with orphan drug status the benefit of commercial exclusivity, after obtaining MA for the product, during seven and ten years in the United States and Europe, respectively.

In addition to its flagship product ADV7103 and product ADV6209 licensed to Primex, which obtained a marketing authorisation during the third quarter of 2018, the Company has other products in development in the fields of nephrology and neurology, which will strengthen this portfolio.

The Company is planning to commercialise its products in Europe via its own infrastructure or using representation offices. The networks of medical visitors required to sell this type of product are limited in size, given that the population of prescribers will primarily be limited mainly to paediatric nephrologists and neurologists.

Advicenne's strategy is to design innovative products that meet real medical needs, and to implement clinical, pharmaceutical and regulatory strategies to reach orphan markets with strong demand, related to unmet medical needs for which no existing treatments have received MA. Thanks to the many assets detailed above and in order to confirm its position as a leading player, Advicenne has decided to equip itself with the resources required to accelerate the growth of its therapeutic product portfolio to become a specialty pharmaceutical company for the treatment of renal and neurological diseases in young children and to meet the very significant expectations of patients and physicians.

2. Highlights of the first half of 2018

2.1. Financial information

- On 5 January 2018, the over-allotment option in Advicenne's initial public offering of the Company's shares on the Euronext Paris regulated market was partially exercised at nearly 72%. This option resulted in the issuance of 59,648 additional new shares at the offering price, i.e. €14.03 per share, for a total amount of €743,717.56 (net of fees related to the issue).

- Advicenne entered into a liquidity agreement with the bank Gilbert Dupont, for an amount of €400 thousand, in force since 5 January 2018. You are reminded that a €300 thousand contribution had been made at end-2017 as part of the implementation of this agreement.

2.2. Scientific information

- In May 2018, Advicenne obtained ANSM authorisation to begin pivotal Phase II/III clinical trials for ADV7103 in cystinuria.

- At end-May 2018, Advicenne signed a partnership with the European Society for Paediatric Nephrology (ESPN) intended to improve the understanding of Distal Renal Tubular Acidosis (dRTA) and its treatment in Europe.

- Advicenne announced on 2 July 2018 the preliminary results of the extension Phase III study (B22CS) with ADV7103 in Distal Renal Tubular Acidosis (dRTA). This open-label clinical study confirmed the efficacy and safety of ADV7103 after 24 months of treatment.

2.3. Other information

- Advicenne announced in January the arrival of Dr Linda Law to head up clinical operations in the United States. With nearly 25 years of industry experience, Dr Law worked in particular with Raptor Pharmaceuticals, where she developed a product targeting a renal orphan disease.

3. Significant events since the closing of the first half of 2018

- On 3 September 2018, Advicenne obtained IND (Investigational New Drug) status from the FDA, enabling the pivotal Phase II/III clinical study of ADV7103 to be officially initiated for the treatment of dRTA.

- On 12 September 2018, Advicenne obtained the first positive opinion for its Ozalin product (ADV6209) licensed to Primex, which triggered entitlement to the 2nd milestone payment as provided for in the agreement, and the recognition of the amount of €2 million, previously registered as an advance received, being treated as definitively earned.

- On 20 September 2018, Advicenne appointed Charlotte Sibley as a member of the Board of Directors and Paul Michalet as Deputy Chief Executive Officer, Finance and Administration.

4. The Company's business activities in the first half of 2018

The Company's half-year results under IFRS are shown below:

INCOME STATEMENT (€ thousands)	June 30, 2018	June 30, 2017
Revenue	438	249
Other operating income	475	976
Total revenue and other income	**913**	**1 225**
Cost of goods sold	-214	-114
Research and development expenses	-2 909	-2 233
Sales and marketing expenses	-949	-620
Overhead and general expenses	-814	-533
Operating loss	**-3 974**	**-2 275**
Net financial cost	-24	-63
Other financial income	234	2
Loss before tax	**-3 764**	**-2 337**
Income Tax	-	-
Net loss	**-3 764**	**-2 337**
Loss per share (€/share)	-0,47	-0,43
Diluted loss per share (€/share)	-0,47	-0,43

* Basic and diluted earnings per share, including at 30 June 2017, are adjusted for the five-for-one share split decided by the General Meeting of Shareholders on 24 October 2017.

4.1. Income from operating activities

Income from operating activities is comprised of revenue and other income.

Revenue concerns the sale of two products marketed under distribution licences in France in the field of epilepsy: Likozam and Levidcen. The increase in revenue is related to the growth in market share.

Other operating income relates to the Research Tax Credit, which remained stable compared to the first half of 2017, and a grant for the Toupi project. In the first half of 2017, the Company had generated income as part of an asset disposal agreement relating to ADV6209 with Primex Pharmaceuticals.

4.2. Operating expenses

Operating expenses are higher in comparison to the first half of 2017, in line with the progress of the Company's projects.

Research and development expenses are mainly related to the clinical studies underway in Europe and the United States. The Company announced positive results for its pivotal Phase III study of ADV7103 for the treatment of dRTA. In May 2018, the ANSM gave its approval to begin the pivotal Phase III study of ADV7103 for a second indication, cystinuria. The Company is actively preparing the pivotal Phase III study for the treatment of dRTA in the US.

Sales and marketing expenses include the Likozam and Levidcen marketing expenses in France and the preparatory marketing expenses for ADV7103. The increase in expenses is related to preparing market access for ADV7103.

The increase in overhead and general expenses is mainly related to communication expenses, legal and audit fees.

4.3. Financial income and expenses

Financial income and expenses mainly correspond to the revaluation of the current account in dollars. The Company, having contracted services for its US business payable in dollars, wished to cover its firm commitments through the purchase of US dollars.

5. Main risks and uncertainties in the second half of 2018

The main risks and uncertainties faced by the Company in the six remaining months of the financial year are discussed in the risk management section of the 2018 Registration Document, available on the Company's website www.advicenne.com.

6. Relationships with related parties

As of 30 June 2018, no related-party agreements were in force.

II. THE COMPANY'S SUMMARY INTERIM SEPARATE FINANCIAL STATEMENTS

Advicenne ("the Company") is domiciled in France. The Company's registered office is located at 2 rue Briçonnet – 30000 Nîmes.

The information disclosed in the notes forms an integral part of the Company's summary interim separate financial statements at 30 June 2018 approved by the Board of Directors on 20 September 2018.

1. Financial Statements

1.1. Statement of financial position

ASSETS (€ thousands)	Notes	June 30, 2018	December 31, 2017
Intangible assets		3	3
Property, plant and equipment		268	214
Other financial assets		9	9
Deffered taxes			
Other assets			
Non-current assets		**280**	**226**
Inventories and work in progress		355	163
Trade receivables	5-1-1	271	223
Tax receivables	5-1-2	365	886
Other current assets	5-1-2	619	553
Financial assets		144	300
Cash and cash equivalents	5-1-3	32 967	36 183
Current assets		**34 721**	**38 308**
Total assets		**35 000**	**38 533**

LIABILITIES (€ thousands)	Notes	June 30, 2018	December 31, 2017
Share capital	5-1-4	1 612	1 601
Additional paid-in capital		52 370	51 895
Reserves		-19 677	-13 937
Net loss		-3 764	-6 048
Total shareholders' equity		**30 542**	**33 511**
Borrowings and financial debt	5-1-5	258	454
Provisions		130	106
Non-current liabilities		**388**	**560**
Borrowings and financial debt	5-1-5	250	248
Trade payables	5-1-6	857	1 314
Deferred income	5-1-6	-	-
Other current liabilities	5-1-6	2 963	2 901
Current liabilities		**4 070**	**4 463**
Total liabilities		**35 000**	**38 533**

1.2. Income statement

INCOME STATEMENT (€ thousands)	Notes	June 30, 2018	June 30, 2017
Revenue	5-2-1	438	249
Other operating income	5-2-2	475	976
Total revenue and other income		**913**	**1 225**
Cost of goods sold		-214	-114
Research and development expenses	5-2-3	-2 909	-2 233
Sales and marketing expenses	5-2-3	-949	-620
Overhead and general expenses	5-2-3	-814	-533
Operating loss		**-3 974**	**-2 275**
Net financial cost	5-2-4	-24	-63
Other financial income	5-2-4	234	2
Loss before tax		**-3 764**	**-2 337**
Income Tax		-	-
Net loss		**-3 764**	**-2 337**
Loss per share (€/share)		-0,47	-0,43
Diluted loss per share (€/share)		-0,47	-0,43

OTHER COMPREHENSIVE INCOME (€ thousands)	Notes	June 30, 2018	June 30, 2017
Net Loss		**-3 764**	**-2 337**
Revaluation of pension plan liabilities		-10	-4
Tax effect			
Other comprehensive loss not recyclable through profit and loss		**-10**	**-4**
Comprehensive loss		**-3 774**	**-2 341**

* Basic and diluted earnings per share, including at 30 June 2017, are adjusted for the five-for-one share split decided by the General Meeting of Shareholders on 24 October 2017.

1.3. Statement of changes in shareholders' equity

CHANGE IN SHAREHOLDERS' EQUITY (€ thousands)	Number of shares	Capital	Additional paid-in capital	Réserves	Shareholders' equity
Position as of January 1, 2017	**774 256**	**774**	**8 829**	**-14 755**	**-5 151**
Loss from the period				-2 337	-2 337
Other comprehensive income, after taxes				-4	-4
Comprehensive loss		**-**	**-**	**-2 341**	**-2 341**
Capital increase	503 157	503	18 377		18 880
Share-based payments				224	224
Position as of June 30, 2017	**1 277 413**	**1 277**	**27 206**	**-16 872**	**11 611**
Position as of January 1, 2018	**8 002 696**	**1 601**	**51 894**	**-19 984**	**33 511**
Loss from the period				-3 764	-3 764
Other comprehensive income, after taxes				-10	-10
Comprehensive loss		**-**	**-**	**-3 774**	**-3 774**
Capital increase	59 648	12	732		744
Acquisition of treasury shares			-256		-256
Share-based payments				317	317
Position as of June 30, 2018	**8 062 344**	**1 612**	**52 370**	**-23 441**	**30 542**

- The €744 thousand capital increase in 2018 corresponds to the over-allotment option.
- The acquisition of treasury shares in 2018 for €256 thousand results from the implementation of the liquidity agreement.

1.4. Cash flow statement

CASH FLOW (€ thousands)	June 30, 2018	June 30, 2017
Net loss	-3 764	-2 337
Depreciation, amortisation and provisions	108	62
Share-based payments	317	224
Other calculated income and expenses	-111	-
Net financial costs	2	63
Self-financing capacity	**-3 448**	**-1 988**
Changes in inventory	-193	21
Changes in trade receivables and other receivables	407	-491
Changes in trade payables and other payables	-395	-476
Cash flow from operations	**-3 629**	**-2 934**
Acquisition of property, plant and equipment and intangible assets	-108	-18
Treasury shares	-138	-
Cash flow from investing activities	**-246**	**-18**
Capital increase	744	15 819
New borrowings and refundable advances	-	500
Repayment of borrowings and refundable advances	-85	-438
Interest received (paid)	-	-66
Cash flow from financing activities	**659**	**15 815**
Change in cash	**-3 216**	**12 865**
Opening cash	36 183	1 583
Closing cash	32 967	14 448

2. Description of the Company's business activities

Advicenne is a pharmaceutical company founded in 2007 that develops and sells innovative paediatric products for nephrology (renal diseases) and neurology. In order to build its product portfolio, Advicenne started from the observation that for certain rare diseases, there are no treatments suitable or optimal for children. Advicenne intends to provide a therapeutic answer to these needs.

Advicenne has developed a portfolio of products, two of which are at an advanced clinical development stage and two other products that are authorised in France and commercialised by Advicenne (for the two latter products, the Company has either acquired an exclusive license or signed a distribution agreement covering several regions including France).

Advicenne's flagship product, ADV7103, is positioned for the treatment of renal diseases (nephrology). Advicenne has generated convincing clinical results with ADV7103 in several clinical trials and is in the final clinical development phase before applying for marketing authorisation (MA) for Europe. ADV7103 has the potential to become a leading medicine for the treatment of distal renal tubular acidosis. Advicenne plans to submit a request for marketing authorisation for ADV7103 for distal renal tubular acidosis with the European Medicines Agency (EMA) in late 2018 based on Phase III clinical trial results. Advicenne plans to leverage clinical studies already completed or under way in Europe and to replicate ADV7103's clinical development in the United States. The Food and Drug Administration (FDA), the US healthcare regulatory agency, approved the Investigational New Drug (IND) status request for ADV7103, enabling pivotal Phase III clinical trials to be officially initiated. Advicenne obtained orphan disease designation from the EMA for ADV7103 for distal renal tubular acidosis. The major advantage of this legislation is to provide laboratories/manufacturers selling products with orphan drug status the benefit of commercialisation exclusivity, after obtaining MA for the product, during seven and ten years in the United States and Europe, respectively.

In addition to its flagship product ADV7103 and product ADV6209 licensed to Primex, which obtained a marketing authorisation during the third quarter of 2018, the Company has other products in development in the fields of nephrology and neurology, which will strengthen this portfolio.

The Company is planning to commercialise its products in Europe via its own infrastructure or using representation offices. The networks of medical visitors required to sell this type of product are limited in size, given that the population of prescribers will primarily be limited mainly to paediatric nephrologists and neurologists.

Advicenne's strategy is to design innovative products that meet real medical needs, and to implement clinical, pharmaceutical and regulatory strategies to reach orphan markets with strong demand, related to unmet medical needs for which no existing treatments have received MA. Thanks to the many assets detailed above and in order to confirm its position as a leading player, Advicenne has decided to equip itself with the resources required to accelerate the growth of its therapeutic product portfolio to become a specialty pharmaceutical concern for the treatment of renal and neurological diseases in young children and to meet the very significant expectations of patients and physicians.

3. Highlights

3.1. Significant events in 2018

Capital increase

On 5 January 2018, the over-allotment option in Advicenne's initial public offering of the Company's shares on the Euronext Paris regulated market in December 2017 was partially exercised at nearly 72%. This option resulted in the issuance of 59,648 additional new shares at the offering price, i.e. €14.03 per share, for a total amount of €743,717.56 (net of fees related to the issue).

Liquidity agreement

Advicenne entered into a liquidity agreement with the bank Gilbert Dupont, for an amount of €400 thousand, in force since 5 January 2018. You are reminded that a €300 thousand contribution had been made at end-2017 as part of the implementation of this agreement.

Other events

- Advicenne announced in January the arrival of Dr Linda Law to head up clinical operations in the United States. With nearly 25 years of industry experience, Dr Law worked in particular with Raptor Pharmaceuticals, where she developed a product targeting a renal orphan disease.
- In May 2018, Advicenne obtained ANSM authorisation to begin pivotal Phase II/III clinical trials for ADV7103 in cystinuria.
- At end-May 2018, Advicenne signed a partnership with the European Society for Paediatric Nephrology (ESPN) intended to improve the understanding of Distal Renal Tubular Acidosis (dRTA) and its treatment in Europe.
- Advicenne announced on 2 July 2018 the preliminary results of the extention Phase III study (B22CS) with ADV7103 in Distal Renal Tubular Acidosis (dRTA). This open-label clinical study confirmed the efficacy and safety of ADV7103 after 24 months of treatment.

3.2. Subsequent events

- On 3 September 2018, Advicenne obtained IND (Investigational New Drug) status from the FDA, enabling the pivotal Phase II/III clinical study of ADV7103 to be officially initiated for the treatment of dRTA.
- On 12 September 2018, Advicenne obtained the first positive opinion for its Ozalin product (ADV6209) licensed to Primex, which triggered entitlement to the 2nd milestone payment as provided for in the agreement, and the recognition of the amount of €2 million, previously registered as an advance received, being treated as definitively earned.
- On 20 September 2018, Advicenne appointed Charlotte Sibley as a member of the Board of Directors and Paul Michalet as Deputy Chief Executive Officer, Finance and Administration.

4. Main accounting policies and methods

4.1. Accounting framework

The company's summary interim financial statements were drawn up in accordance with IAS 34 - Interim financial reporting.

These financial statements do not include all the information required for year-end closing, but a selection of explanatory notes. Accordingly, they should be read in conjunction with the company's separate IFRS financial statements at 31 December 2017.

With the exception of those noted hereafter, the accounting policies and methods used for the preparation of the Company's summary interim separate financial statements are identical to those used for the Company's separate IFRS financial statements at 31 December 2017.

The Company applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time as of 1 January 2018.

IFRS 15 is the reference framework used to determine whether and when revenues are recognised and for what amount. It replaces IAS 18 Revenue Recognition and IAS 11 Construction Contracts and their interpretations. The Company adopted IFRS 15 using the cumulative impact method (without practical simplification measures), with first-time application of this standard on its effective date (i.e. 1 January 2018). As a result, the information presented for 2017 has not been restated, i.e. it is presented, as previously, according to IAS 18 and IAS 11, and their interpretations. This standard had no material effect on the Company's separate financial statements.

IFRS 9 sets out the recognition and measurement provisions for financial assets and liabilities, and for certain non-financial asset purchase or sale agreements. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard had no material effect on the Company's separate financial statements.

Some other new standards were applicable as of 1 January 2018. They are listed below and have no material effect on the Company's financial statements:

IAS 16 and IAS 41 - Agriculture: Bearer Plants
IAS 19 - Defined Benefit Schemes: Staff Contributions
IAS 7 Amendments - Disclosure Initiative
IAS 12 Amendments - Recognition of Deferred Tax Assets for Unrealised Losses
IAS 27 Amendments - Equity Method in Separate Financial Statements
IFRS 2 Amendments - Classification and Measurement of Share-based Payment Transactions
IFRS 11 Amendments - Accounting for Acquisitions of Interests in Joint Operations
IFRS 10, IFRS 12 and IAS 28 Amendments - Investment Entities: Applying the Consolidation Exception
IAS 40 Amendments - Transfers of Investment Property
Annual improvements (cycle 2014-2016) - annual improvements to the IFRS standards published in December 2016

Furthermore, the Company opted not to apply early the following standards, amendments and interpretations not yet mandatory as of 30 June 2018:

IFRS 16 – Leases
IFRS 9 Amendments - Prepayment Features with Negative Compensation

These standards and amendments will become mandatory on or after 1 January 2019, it being specified that the Company is currently assessing the potential effects of their application.

4.2. Use of estimates and assumptions

The preparation of financial statements requires that Management make estimates and assumptions that it deems reasonable and which may have an impact on the amounts of assets, liabilities, shareholders' equity, income and expenses appearing in the financial statements and in the information in the notes. These estimates are based on the assumption of a going concern and are established based on the information available when they are made.

The main estimates involve the fair value assessment of share-based payments

Management revises its estimates and assumptions constantly based on its past experience and on a number of other factors it deems to be reasonable and which provide the basis for its assessments of the value of assets and liabilities. Actual results may differ significantly from these estimates due to different assumptions or conditions.

The impact of changes in accounting estimates is recorded on a forward-looking basis.

4.3 Seasonal nature of the business activities

The Company's business is not considered to be cyclical or seasonal.

5. Segment reporting

The Company identified only one operating segment corresponding to the pharmaceutical business, namely the development and marketing of pharmaceutical products.

6. Main accounting policies and methods

6.1. Notes to the balance sheet

6.1.1. Trade receivables

TRADE RECEIVABLES (€ thousands)	Gross value	Due	Not Due	Impairments	Net value
Position as of June 30, 2017	277	148	129	-6	271
Position as of December 31, 2017	225	111	114	-2	223

6.1.2. Tax receivables and other current assets

TAX RECEIVABLES AND OTHER CURRENT ASSETS (€ thousands)	June 30, 2018	December 31, 2017
Research Tax Credit	356	870
Tax credit for employment and competitiveness	9	16
Sub-total	365	886
Fiscal receivables (VAT, etc.)	134	444
Prepaid expenses	483	104
Misc. receivables	2	5
Gross values	**984**	**1 439**
Impairments	-	-
Net values	**984**	**1 439**

The amount of €356 thousand recognised in the financial statements at 30 June 2018 in respect of the Research Tax Credit corresponds to the estimated amount to be collected relating to expenses incurred in the first half of 2018.

The amount recognised in the financial statements at 31 December 2017 in respect of the Research Tax Credit corresponded in full to the amount requested for the 2017 financial year. It was paid on 22 June 2018.

Prepaid expenses relate mainly to the advance paid to initiate the pivotal Phase II/III clinical study with ADV7103 for the treatment of dRTA in the United States.

6.1.3. Cash and cash equivalents

CASH AND CASH EQUIVALENTS (€ thousands)	June 30, 2018	December 31, 2017
Bank current accounts	28 890	36 183
Monetary accounts	4 077	-
Cash and cash equivalents	**32 967**	**36 183**

6.1.4. Share capital

As of 30 June 2018, after the capital increase of 5 January 2018, the Company's share capital was made up of 8,062,344 fully paid up ordinary shares with a par value of €0.20 each.

6.1.5. Financial liabilities

BORROWINGS AND FINANCIAL DEBT (€ THOUSANDS)	December 31, 2016	Issuances	Repayments	Reclassifications / Other	June 30, 2017
Bank loans	94			333	427
Refundable advances	112				112
Non-current financial debt	**206**	**-**	**-**	**333**	**539**
Bank loans	50	500	-47	-333	170
Refundable advances	466		-390		76
Emprunt obligataire	3 061		-3 061		-
Current financial debt	**3 578**	**500**	**-3 498**	**-333**	**246**
Total	**3 784**	**500**	**-3 498**	**-**	**785**

Maturities (€ thousands)	June 30, 2017
Less than one year	246
Between one and five years	427
More than five years	112
Total	**785**

BORROWINGS AND FINANCIAL DEBT (€ THOUSANDS)	December 31, 2017	Issuances	Repayments	Reclassifications / Other	June 30, 2018
Bank loans	342			-84	258
Refundable advances	112			-112	-
Non-current financial debt	**454**	**-**	**-**	**-196**	**258**
Bank loans	172		-85	88	175
Refundable advances	75			1	76
Current financial debt	**248**	**-**	**-85**	**89**	**251**
Total	**701**	**-**	**-85**	**-107**	**508**

Maturities (€ thousands)	June 30, 2018
Less than one year	251
Between one and five years	258
More than five years	-
Total	**508**

On 2 March 2018, Bpifrance Financement decided to convert the refundable advance of €111 thousand into a grant.

6.1.6. Trade payables, deferred income and other liabilities

TRADE AND OTHER PAYABLES (€ thousands)	June 30, 2018	December 31, 2017
Social security payables	618	667
Tax payables	39	31
Advances and deposits received	2 000	2 000
Other creditors	306	204
Sub-total	2 963	2 901
Trade payables	857	1 314
TOTAL	**3 820**	**4 215**

Maturities (€ thousands)	June 30, 2018	December 31, 2017
Less than one year	3 820	4 215
TOTAL	**3 820**	**4 215**

The advances and deposits received are related to the PRIMEX contract, as specified in Section 6.2.2 Other income

6.1.7. Financial instruments

		30 juin 2018		31 décembre 2017	
in € thousands	**Catégories**	**Net book value**	**Fair value**	**Net book value**	**Fair value**
Assets					
Other non-current financial assets	A	9	9	9	9
Trade and other receivables	A	271	271	223	223
Cash and cash equivalents	B	-	-	-	-
Total		**280**	**280**	**232**	**232**
Liabilities					
Financial liabilities (share at > and < one year)	C	508	508	702	702
Trade and other payables	C	857	857	1 314	1 314
Total		**1 365**	**1 365**	**2 016**	**2 016**

A - Loans and receivables
B - Assets at fair value through profit or loss
C - Liabilities valued at amortised cost
D - Liabilities valued at fair value through profit or loss

The net carrying amount of current financial assets and liabilities is deemed to be a reasonable approximation of their fair value.

6.2. Notes to the income statement

6.2.1. Revenue

REVENUE (€ thousands)	June 30, 2018		June 30, 2017	
European Union	426	97%	243	98%
Rest of the world	12	3%	6	2%
Revenue	**438**	**100%**	**249**	**100%**

Sales of goods comprise two products sold under license for epilepsy: Likozam and Levidcen. Likozam is sold under a post-temporary authorisation for use (post-ATU).

As at 30 June 2018 and 30 June 2017, the "European Union" line concerns sales in France and the "Rest of the world" line concerns sales made in French overseas departments and territories.

6.2.2. Other operating income

Other operating income includes the following items:

OTHER OPERATING INCOME (€ thousands)	June 30, 2018		June 30, 2017	
Research Tax Credit	355	75%	381	39%
Tax credit for employment and competitiveness	9	2%	8	1%
Licence income	-	0%	545	56%
Grants	111	23%	-	0%
Other income	-	0%	42	4%
Other operating income	**475**	**100%**	**976**	**100%**

Other income has mainly been generated through the research tax credit.

The €111 thousand grant is the result of the conversion of the refundable advance into a grant.

As of 30 June 2017, similar to 31 December 2017, license income related to the PRIMEX contract signed on 12 February 2016.

This is an asset disposal agreement for the ADV6209 product for paediatric anaesthesia to the Swiss company PRIMEX. The agreement calls for an initial payment of €4 million, which was made in 2016 and future additional payments conditioned on the achievement of certain milestones and royalties based on a percentage of future sales.

The payment of €4 million corresponds to:

- the €2 million for financing by Primex of work the Company carried out to obtain the first positive opinion to obtain an MA for the ADV6209 product. The income booked for this purpose was recognised pro rata temporis from 1 March 2016 through 31 December 2017, the period during which work to obtain the first positive opinion was carried out. €545 thousand was therefore recognised as income over the six-month period ended 30 June 2017;
- a "success fee" of €2 million if the first positive opinion is received. The €2 million already collected by the Company are included in "other current liabilities". Primex, which had the option to terminate the agreement if the first positive opinion was not received before 31 December 2017, decided to continue for one additional year. Subsequent to the period end, Advicenne obtained the first positive

opinion for its Ozalin product (ADV6209), which resulted in the €2 million, previously recognised as an advance received, being treated as definitively earned.

The application of IFRS 15 did not impact the recognition of revenue related to the PRIMEX contract.

6.2.3. Expenses by type

June 30, 2018 - in € thousands	Research and development expenses	Sales and marketing expenses	Overhead and general expenses	TOTAL
Personnel expenses	1 027	484	212	1 723
Net depreciation and amortisation	42	-	12	54
Other external costs	1 840	465	590	2 895
Total	**2 909**	**949**	**814**	**4 672**

June 30, 2017 - in € thousands	Research and development expenses	Sales and marketing expenses	Overhead and general expenses	TOTAL
Personnel expenses	906	382	188	1 476
Net depreciation and amortisation	46	-	5	51
Other external costs	1 281	238	340	1 859
Total	**2 233**	**620**	**533**	**3 386**

Expenses in connection with IFRS 2 are detailed in "personnel expenses" for: €317 thousand and €246 thousand for the first half of 2018 and 2017, respectively.

There were no further allocations of founders' warrants in the first half of 2018.

6.2.4. Financial income and expenses

FINANCIAL INCOME & EXPENSE (€ thousands)	June 30, 2018	June 30, 2017
Foreign currency gain	233	2
Other financial income	4	
Financial income	**237**	**2**
Interest on borrowings and refundable advances	-6	-4
Interest on convertible bonds	-	-58
Foreign currency loss	-19	-1
Other financial expenses	-2	-
Financial expense	**-27**	**-63**
Financial income & expense	**210**	**-61**

The foreign exchange gain corresponds to the revaluation of the current account in dollars. The Company, having contracted for services for its US business payable in dollars, wished to cover its firm commitments in dollars. The gains and/or losses incurred at the time of payment of the invoices are recorded in operating income.

6.2.5. Earnings per share

EARNINGS PER SHARE (€)	June 30, 2018	June 30, 2017
Net loss (in € thousands)	-3 764	-2 337
Number of ordinary shares	8 044 051	625 000
Number of preference shares	-	5 762 065
Weighted average number of ordinary shares	8 042 725	804 882
Weighted average number of preference shares		4 589 845
Loss per ordinary share in euros	**-0,47**	**-0,43**
Loss per preference share in euros		**-0,43**
Diluted loss per ordinary share in euros	**-0,47**	**-0,43**

Since the earnings are negative, diluted earnings per share is identical to the basic earnings per share. Basic and diluted earnings per share, and the number of shares, are adjusted for, including for 30 June 2017, the five-for-one share split decided by the General Meeting of Shareholders on 24 October 2017.

6.2.6. Compensation of the main executives

In accordance with IAS 24, the main executives of the Company are the Chief Executive Officer and the Deputy Chief Executive Officers

EXECUTIVE COMPENSATION	Total as of June 30, 2018	Short-term compensation (1)	Share-based compensation (2)	Total as of June 30, 2017	Short-term compensation (1)	Share-based compensation (2)
Compensation of the CEO and Deputy CEOs	**616 085**	**383 490**	**232 595**	**449 760**	**326 604**	**123 156**

(1) Includes gross salary, remuneration, bonuses, incentives, Directors' fees and benefits in kind.

(2) This amount is equal to the annual expense related to grants of BSPCEs and stock options.

III. STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL STATEMENTS

"*I state that, to the best of my knowledge, the financial statements for the past half year have been established in accordance with applicable accounting principles and give a true picture of the financial position and results of the Company, and that the interim management report* shown on page 3 *faithfully reflects the significant events occurring during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and that it describes the main risks and uncertainties for the remaining six months of the financial year".*

Nîmes, 20 September 2018

Luc-André Granier,
Chairman and Chief Executive Officer

IV. STATUTORY AUDITOR'S LIMITED REVIEW REPORT

KPMG AUDIT SUD-EST
480 avenue du Prado
CS 90021
13269 Marseille Cedex 8
France

Telephone: +33 (0)4 96 20 54 54
Telefax: +33 (0)4 96 20 54 55
Internet: www.kpmg.fr

Advicenne S.A.

Statutory Auditors' Review Report on the Half-yearly Financial Information

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

Advicenne S.A.

Siège social : 2 rue Briconnet - 30000 Nîmes
Capital social : €.1.612.469

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1, 2018 to June 30, 2018

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly individual financial statements of Advicenne S.A., for the period from January 1 to June 30, 2018;
- the verification of the information presented in the half-yearly management report.

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

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly individual financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note 4.1 to the condensed half-yearly individual financial statements regarding the changes in accounting principles relating to the first-time application of IFRS 15 and IFRS 9.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly individual financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly individual financial statements.

Nîmes, September 20, 2018

KPMG Audit Sud-Est

Stéphane Devin
Associé

Frédéric Vacheret