Limited Company with a capital of 21,610,998.20 euros
Registered office: 49, boulevard du général Martial Valin - 75015 Paris
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HALF-YEAR REPORT 2024

Contents

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

1. PREAMBLE

Valerio Therapeutics (formerly Onxeo) is a clinical-stage biotechnology company developing innovative oncology drugs targeting tumor intracellular processes through its unique DNA decoy mechanism of action in the sought-after fields of oncology and inflammatory diseases. The Company is focused on bringing early-stage first-in-class or disruptive compounds from translational research to clinical proof-of-concept, a value-creating inflection point appealing to potential partners.

Valerio Therapeutics is listed on Euronext Growth in Paris.

The Company's portfolio includes:

- VIO-01 (formerly OX425), the second compound from platON™, is a novel pan-DDR Decoy with high antitumor activity. It also mediates multiple immunostimulatory effects by activating the STING pathway. VIO-01 is currently undergoing a clinical trial.
- DecoyTAC: the 3rd generation platON™ platform, leveraging the unique MOA of DNA decoy therapeutics coupled to targeted protein degradation (PROTAC). This evolution expands the activity of platON™ platform beyond DNA repair by targeting other proteins such as transcription and epigenetic factors, in oncology and outside oncology for other diseases like inflammatory and muscular diseases.
- AsiDNA™, the first compound from platON™, is a highly differentiated, clinical-stage first-in-class candidate in the field of DNA damage response (DDR) applied to oncology. Its DNA decoy therapeutic mechanism acting upstream of multiple DDR pathways results in distinctive antitumor properties, including the ability to prevent or abrogate tumor resistance to targeted therapies such as PARP inhibitors and strong synergy with tumor DNA-damaging agents such as radio-chemotherapy.

The Company believes that its DNA decoy DNA technology has significant therapeutic potential and represents a disruptive innovation that could pave the way for a new paradigm in cancer treatment.

Post 30th June 2024, this portfolio has been extended with the acquisition of Emglev Therapeutics, bringing to the Company, through its subsidiary Valour Bio, a unique proprietary platform of fully synthetic single domain antibodies (sdAbs), Valour Bio has been established as a wholly owned subsidiary of Valerio Therapeutics to focus on discovering single domain antibodies (sdAbs) as drug and radio conjugates, bispecific T-cell engagers, blocking and binding sdAbs, or CAR-T sdAb drug candidates for multiple therapeutic areas (see section “post-closing events”).

2. BUSINESS ACTIVITY AND SIGNIFICANT EVENTS DURING THE HALF YEAR

2.1. RESEARCH AND DEVELOPMENT

2.1.1. VIO-01

VIO-01, formerly OX425, is a Pan-DDR DNA Decoy Targeting Multiple Proteins & Repair Pathways and represents the most optimal drug candidate selected to enter preclinical development. VIO-01 traps several DDR Proteins Inhibiting Different DNA Repair Pathways. VIO-01 reaches the nucleus and acts as a decoy for several DNA repair enzymes. It has an increased resistance to nucleases and plasmatic stability.

Valerio Therapeutics presented new preclinical data confirming the pan-DDR DNA decoy effect of VIO-01 and the high anti-tumor activity in tumor models independently from the homologous recombination repair status on April 19, 2023, at the American Association for Cancer Research (AACR) Annual Meeting. The Company also presented new preclinical data confirming VIO-01's capability to abrogate several DNA repair pathways and induce a drug-driven synthetic lethality without the need for a combined treatment.

VIO-01 underwent late-stage IND-enabling preclinical development in 2023, with the execution of regulatory toxicology and ADME/PK studies. This package allowed IND submission to FDA followed by approval to start first-in-human clinical trial.

In clinical development

The Company gained IND clearance from the FDA in November 2023 to conduct a Phase1/2 trial evaluating VIO-01 in patients with recurrent or metastatic homologous recombination repair mutated or homologous repair deficient solid tumors. The VIO-01 trial is currently in Phase 1 dose escalation, evaluating the safety, tolerability, dose-limiting toxicities, and recommended Phase 2 doses of VIO-01. Currently, the trial has enrolled 6 patients across two dose levels. VIO-01 has shown an acceptable safety profile and plans to proceed through dose escalation for the remainder of 2024. Once the recommended dose is determined, the trial is planned to proceed to the Phase 2 expansion, which will evaluate the activity of VIO-01 in HRD+ ovarian cancer and in HRRm/HRD+ solid tumors and is planned to assess the preliminary efficacy. Based on the evidence generated in the Phase1/2 trial further development may include additional combinations of chemotherapy or targeted therapies with VIO-01 or development in additional solid tumors.

2.1.2. 3rd generation of PlatON platform – the DecoyTAC platform

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

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

2.1.3. AsiDNA™

AsiDNA™ is a *first-in-class* DNA Decoy that traps and sequesters DNA-PK, a complex of proteins involved in the DNA Damage Response. AsiDNA™ thus induces inhibition of DNA-PK-dependent DNA repair in tumor cells, which nevertheless continues its replication cycle but with damaged DNA, thus leading to cell death. AsiDNA is used in combination with other tumor DNA damaging agents such as radiotherapy and chemotherapy, or in combination with inhibitors of a specific repair pathway such as PARPi or other targeted therapies, to increase their efficacy, notably by abrogating any resistance to these treatments, without increasing toxicity. AsiDNA™ specifically targets tumor cells and has a very favorable safety profile in humans observed in four Phase 1/1b clinical studies.

Given the limited efficacy observed during phase 1 clinical trials especially as a monotherapy, it was not considered beneficial for patients to further pursue clinical development of AsiDNA™ or initiate a phase 2 study. Furthermore, AsiDNA™ is assumed to generate no revenue and only have minor carrying costs for company industrial property. For all these reasons, it was decided to deprioritize AsiDNA™ clinical investigation to focus efforts on the development of VIO-01, our second-generation drug candidate.

2.2. GOVERNANCE

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

First name, Last name, Title	Independent Director	Year of first appointment	End of term	Audit Committee	Compensation and Nomination Committee	Scientific Committee
Ms. Shefali Agarwal, chairwoman and CEO	No	2021	2027			Member
Mr. Khalil Barrage, director representing Invus	No	2022	2025			
Mr. Julien Miara, director representing Invus	No	2022	2025	Member	Member	
Financière de la Montagne, director represented by Mr. Nicolas Trebouta	No	2011	2026		Member	
Mr. Robert Coleman, director	Yes	2021	2026			Chair
Mr. Bryan Giraudo, director	Yes	2021	2027	Chair	Member	
GammaX Corporate Advisory, director represented by Mr. Jacques Mallet	Yes	2021	2025		Chair	Member

2.3. FINANCING

It is reminded that on 30 April 2024, Valerio Therapeutics indicated having received 5 million euros in financing commitments from its main shareholders, Artal and Financière de la Montagne. These commitments were honored by way of two shareholders' accounts in May 2024, granting the Company the funds needed to finance its activities until the end of 2024.

Part of these funds have been used to purchase shares in Emglev through its subsidiary Valour Bio (the other part of the shares has been acquired by way of a contribution in kind against shares of Valour Bio).

Valerio Therapeutics intends to repriortize the remaining funds from these shareholders' loans to: (i) develop the new nanobody platform acquired from Emglev Therapeutics and (ii) continue the development of VIO-01, both clinically and industrially.

3. IMPACT ON FINANCIAL POSITION AND EARNINGS

The forecast projects a steady increase in operating expenses, with total expenses over the next 12 months expected to reach approximately €14 million.

This is primarily due to increases in headcount and R&D expenditures, with a significant focus on research, clinical operations, and CMC development. This highlights the company's commitment to expanding its research and development activities. We do not anticipate our debt structure to change during this period. Revenue projections suggest cash inflows through various methods, particularly in September, with an expected inflow of €2.65 million from clinical partnerships and tax credits. Additionally, Valerio expects regular monthly revenue impact on financial position and earnings (based on the service agreement). This cash flow forecast is based on the assumption of satisfactory completion of projects in progress and the first results expected with Emglev following the acquisition) and of the negotiations in progress with the main creditors.

3.1. REVIEW OF ACCOUNTS AND EARNINGS

On February 5, 2024, Valerio Therapeutics announced a reduction of the par value of its shares. This capital reduction, motivated by losses, was carried out by reducing the nominal value of the Company's shares from €0.25 euro to €0.14. Its purpose is to facilitate any new financial transactions that may be appropriate in the future. Following this operation, the Company's share capital amounts to €21,610,998.20, divided into 154,364,273 ordinary shares with a par value of €0.14 each.

The Group recorded consolidated sales of €88,000 for the period ending June 30, 2024, corresponding to a balance of royalties due from Biogen in respect of 2023. Personnel expenses amounted to €4.3 million, compared with €5.0 million on June 30, 2023. External expenses amounted to €4.6 million on June 30, 2024, compared with €6.1 million on June 30, 2023. The financial result on June 30, 2024, is a loss of €33k compared with a loss of €50k on June 30, 2023, down following the extinguishment of the bond loan with SWK Holdings during 2023.

Due to the variations in activity reflected in the income and expenses described above, net income on June 30, 2024, was a loss of €11.0 million, compared with a loss of €11.6 million in the first half of 2023.

3.2. AVAILABLE CASH

The Group's cash balance on June 30, 2024, was €4 million, compared with €6.8 million on December 31, 2023. The change in cash is mainly due to the shareholders' loans received from Artal and Financière de la Montagne in May 2024, and the expenses incurred for acquiring Emglev in cash and developing its research programs.

The cash on hand as of June 30, 2024, along with the receipt of the Research Tax Credit, the Clinical partnership, the Service agreement with Valour Bio, and the optimization of the operational expenses, provides Valerio Therapeutics with financial visibility through the end of 2024.

4. MAIN RISKS AND UNCERTAINTIES FOR THE NEXT SIX MONTHS

Important note on the pandemic, geopolitics, and economy.

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

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

Excluding the specific risks mentioned above, no specific risk factors are anticipated in the second half of 2024, other than the risk factors inherent in the Company's business, structure, strategy, and environment, as described in the 2023 Annual Report published on April 30, 2024. These risks, summarized below, are inherent in the development of innovative medicines and depend on the success of preclinical and clinical trials and regulatory requirements in terms of safety, tolerability, and effectiveness.

4.1. FINANCIAL RISKS

Financial risks are essentially risks related to the Company's cash flow as long as it is not generating significant revenues in relation to its expenses, particularly in research and development. As of June 30, 2024, the Company has a cash balance of €4 million, which along with the receipt of the Research Tax Credit, the Clinical partnership, and the Service agreement with Valour Bio and the optimization of the operational expenses, provides financial visibility until the end of 2024.

As mentioned below in section 7, the Group's ability to continue as a going concern remains uncertain, as it depends on raising funds in the short to medium term and renegotiating certain debts with its primary creditors.

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

4.2. RISKS RELATED TO THE COMPANY'S BUSINESS

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

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

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

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

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

4.3. LEGAL AND REGULATORY RISKS

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

Given the Company's financial situation (see section 7 below), there is a risk that the Company will need to renegotiate its debts with some creditors, which can be time-consuming and with an uncertain result. As a reminder, following a settlement agreement with Spepharm, as amended, Valerio Therapeutics owes, as of June 30, 2024, an amount of€4 million (principal and interest) to Spepharm.

4.4. INSURANCE AND RISK COVERAGE

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

4.5. LITIGATION

On June 10, 2024, a service provider working on the manufacturing of AsiDNA launched an arbitration against the Company for an alleged default of payment of € 1.7 million in relation to the termination of the master service agreement. Valerio Therapeutics is strongly challenging this position in front of the Court of Arbitration and has formulated a counterclaim for an amount of $290,000 owed by the claimant. This arbitration is pending. Despite its confidence in the positive outcome of the arbitration for it, Valerio Therapeutics is recording a provision of €1.7 million in relation to this litigation.

As of the date of this report, there are no other governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, which are pending or which the Group is threatened with, that are likely to have or have had in the past.

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

In 2024, the Company will continue to pursue its value-creation strategy based on developing its therapeutic innovations up to proof-of-concept studies in human and then generate revenues through agreements with other pharmaceutical companies capable of pursuing their development.

The Company anticipates the following major events:

AsiDNA™

The U.S. phase 1b/2 trial of AsiDNA in combination with Olaparib in ovarian, breast, and prostate cancers was discontinued before proceeding to Phase 2 as the company has prioritized efforts and resources to the next-generation candidate VIO-01.

The development of AsiDNA has been deprioritized, and no clinical studies investigating its use are ongoing.

VIO-01 (formerly OX425)

- Continuation of dose escalation throughout 2024.

- Initiation of Phase 2 expansion 2H 2025.

platON™

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

Emglev / proprietary platform of fully synthetic single domain antibodies (sdAbs)

- Valour Bio has been established as a wholly owned subsidiary of Valerio Therapeutics to focus on discovering single domain antibodies (sdAbs) as drug and radio conjugates, bispecific T-cell engagers, blocking and binding sdAbs, or CAR-T sdAb drug candidates for multiple therapeutic areas.

- Valerio Therapeutics' R&D team will provide services to Valour Bio throughout 2024 and beyond to develop the first proof-of-concept bispecific nanobody for the treatment of autoimmune disease.

Additionally, Valerio Therapeutics is continuing to actively evaluate business partnerships that can be synergistic with its pipeline and team.

Valerio Therapeutics believes that, given its current activities, it has no further comments to make on trends that would likely affect its recurring revenues and general operating conditions from the end of the last fiscal year, which ended December 31, 2023, until the date of publication of this report.

5.1. MAJOR INVESTMENT

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

With a cash balance of €4 million as of June 30, 2024, the Company has sufficient visibility to carry out its projects, including the development of VIO-01 (formerly OX425) and the continuation of the preclinical development of the OX400 compounds, until the end of 2024.

In May 2024, the Company set up a wholly owned subsidiary named Valour Bio. This subsidiary will focus on discovering sd-Abs as drug and radio conjugates, bispecific T-cell engagers, blocking and binding sd-Abs, or CAR-T drug candidates for multiple therapeutic areas. This subsidiary completed the acquisition of Emglev Therapeutics on September 29, 2024. Valerio completed a capital increase of 3,200,000 euros in September 2024 in this subsidiary to enable it to (i) purchase the Emglev shares for the part to be paid in cash and (ii) have the financial means to run the experimentations necessary to get preliminary data on the nanobody platform. Valour Bio, the entity holding Emglev Therapeutics and its nanobody platform, is expected to require additional financing needs that the Company will organize in due course.

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

5.2. SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

On September 29, 2024, the Company acquired the Emglev Therapeutics. The acquisition is structured through a sale of shares paid in cash and a contribution in kind of Emglev shares against Valour Bio shares. As a result, shareholders of Emglev became shareholders of Valour Bio.

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

January 25, 2024	Half-Year liquidity contract statement for Valerio Therapeutics
February 6, 2024	Valerio Therapeutics announces a capital reduction motivated by losses by reducing the nominal value of the company's shares
May 22, 2024	Valerio Therapeutics provides clinical development update on its Phase ½ VIO-01 clinical trial
April 30, 2024	Valerio Therapeutics reports full year 2023 financial results and provides clinical development updates
April 30, 2024	Publication of the 2023 annual report
June 5, 2024	Valerio Therapeutics: Report on the combined general meeting of June 5, 2024
August 5, 2024	Half-Year liquidity contract statement for Valerio Therapeutics
September 30, 2024	Valerio Therapeutics Acquires Emglev Therapeutics, a Single-domain Antibody-based Therapeutics Company

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

6. MAJOR RELATED PARTY TRANSACTIONS

Transactions with other related companies within the meaning of paragraph 9 of IAS 24 relate exclusively to companies included in the scope of consolidation.

In May 2024, the company entered into shareholders' loans with Artal and Financière de la Montagne for €4 million and €1 million, respectively.

7. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ON JUNE 30, 2024

The half-year accounts as of June 30, 2024, drawn up according to IFRS standards and approved by the Board of Directors on September 30, 2024, have not been audited nor been the subject of a limited review.

The interim financial statements for the period from 1 January to 30 June 2024 have been prepared on a going concern basis. This is based on an assessment of the liquidity risk in relation to the 2024-2025 cash flow forecasts and on the assumption of the satisfactory completion of projects in progress and in particular the first results expected with Emglev (following the acquisition) and of the negotiations in progress with the main creditors, so that the Group has sufficient funding to meet its estimated cash requirements for the next 12 months.

However, the Group's ability to continue as a going concern remains uncertain, depending on its ability to raise funds in the short to medium term and to renegotiate certain debts with its main creditors.

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands €)	June 30, 2024	December 31, 2023	Note
Non-current assets			
Intangible assets	19,091	20,531	4
Property, plant and equipment	755	802	
Rights of use	544	727	5
Other financial assets	220	220	
Total non-current assets	**20,610**	**22,507**	
Current assets			
Trade receivables and related accounts		1,889	6.1
Other current receivables	4,727	4,287	6.2
Cash and cash equivalents	4,003	6,818	7
Total current assets	**8,730**	**12,995**	
TOTAL ASSETS	**29,341**	**35,274**	

LIABILITIES AND SHAREHOLDERS' EQUITY (in thousands of €)	June 30, 2024	December 31, 2023	Note
Shareholders' equity			
Capital	21,611	38,591	8.1
Less: Treasury shares	-61	-61	8.2
Additional paid-in capital	28,991	28,991	8.3
Retained earnings	-35,561	-32,372	
Result	-10,958	-20,344	
Total shareholders' equity	**4,022**	**14,805**	
Non-current liabilities			
Non-current provisions	354	379	9.1
Deferred tax liability			
Non-current financial debts	11,429	6,906	9.2
Non-current lease liabilities	165	313	9.2
Other non-current liabilities	3,671	1,740	9.3
Total non-current liabilities	**15,619**	**9,339**	
Current liabilities			
Current provisions	1,690	1,690	10.1
Short-term borrowings and financial liabilities	1,318	1,447	10.2
Current lease liabilities	308	332	
Trade payables and related accounts	3,623	2,458	10.3
Other current liabilities	2,760	5,203	10.4
Total current liabilities	**9,699**	**11,130**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**29,341**	**35,274**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of €	June 30, 2024	June 30, 2023	Note
Recurring revenue from license agreements			
Non-recurring revenue from license agreements	89		
Total revenues	**89**	**0**	11.1
Purchases consumed	-163	-219	
Personnel expenses	-4,345	-5,011	11.2
External expenses	-4,627	-6,128	11.3
Taxes	-5	-28	
Net depreciation and provisions	-1,680	-111	
Other current operating expenses	-108	-127	
Operating expenses	**-10,839**	**-11,622**	
Other current operating income	2	28	
Recurring operating income	**-10,837**	**-11,594**	
Other operating income			
Other operating expenses	-88	-417	
Share of profit from equity affiliates			
Operating income after share of profit from equity affiliates	**-10,925**	**-11,593**	
Cost of net financial debt		-14	
Other financial income	27	10	
Other financial expenses	-60	-46	
Financial income	**-33**	**-50**	12
Income before tax	**-10,958**	**-11,644**	
Income tax expense			
- of which deferred tax			
Net income of all consolidated accounts	**-10,958**	**-11,644**	
Earnings per share	-0,07	-0.08	13

In thousands of €	June 30, 2024	June 30, 2023	Note
Earnings for the period	**-10,958**	**-11,644**	
Translation differences	176	133	
Other items that can be reclassified to profit or loss	**176**	**133**	
Actuarial gains and losses			
Other items that cannot be reclassified to profit or loss			
Other comprehensive income for the period, net of tax	**176**	**133**	
Total comprehensive income for the period	**-10,782**	**-11,511**	
Total comprehensive income attributable to:			
- owners of parent	-10,782	-11,511	
- non-controlling interests			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Change in reserves and profit/loss				
In thousands of €	**Capital**	**Own shares**	**Additional paid-in capital**	**Conversion reserves**	**Gains and losses recognized in equity**	**Reserves and consolidated profit/loss**	**Total Variations**	**TOTAL**
Shareholders' equity as of 6/30/2022	**27,877**	**-144**	**27,705**	**241**	**-31**	**-25,753**	**-25,543**	**29,895**
Total comprehensive income for the period				-8	-7	-8,091	-8,107	-8,107
Capital increase/decrease								
Own shares		62				-85	-85	-24
Other movements	2							2
Share-based payments						505	505	505
Shareholders' equity as of 12/31/2022	**27,878**	**-82**	**27,706**	**232**	**-38**	**-33,426**	**-33,231**	**22,270**
Total comprehensive income for the period				133		-11,644	-11,510	-11,510
Capital increase /decrease	10,714		1,286					12,000
Own shares		-16				162	162	146
Other movements								
Share-based payments						270	270	270
Shareholders' equity as of 6/30/2023	**38,591**	**-97**	**28,991**	**365**	**-38**	**-44,636**	**-44,310**	**23,176**
Total comprehensive income for the period				38	60	-8,700	-8,602	-8,602
Capital increase/decrease								
Own shares		37				-40	-40	-3
Other movements								
Share-based payments						244	244	244
Shareholders' equity as of 12/31/2023	**38,591**	**-62**	**28,991**	**403**	**22**	**-53,142**	**-52,716**	**14,805**
Total comprehensive income for the period				176		-10,958	-10,782	-10,782
Capital increase/decrease	-16,980					-16,980	16,980	
Own shares								
Other movements		1		96		-96		1
Share-based payments								
Shareholders' equity as of 6/30/2024	**21,611**	**-61**	**28,991**	**675**	**22**	**-47,216**	**-46,519**	**4,022**

CONSOLIDATED STATEMENT OF NET CASH FLOWS

In thousands of €	Note	June 30, 2024	December 31, 2023	June 30, 2023
Consolidated net income		**-10,958**	**-20,344**	**-11,644**
+/- Net depreciation and provisions (excluding those related to current assets)	4, 5, 9.1	1,680	1,743	125
-/+ Unrealized gains and losses related to changes in fair value				
+/- Income and expenses calculated in relation to stock options and similar instruments	8.4	195		270
-/+ Other calculated income and expenses			514	
-/+ Capital gains and losses on disposals		88		
-/+ Dilution gains and losses				
+/- Share of profit from equity affiliates				
+/- Other items with no impact on cash		13		
Cash flow from operations after cost of net financial debt and tax		**-8,983**	**-18,088**	**-11,249**
+ Cost of gross financial debt	12		139	42
+/- Tax expense (including deferred taxes)			17	
Cash flow from operations before cost of net financial debt and tax		**-8,983**	**-17,932**	**-11,207**
- Tax paid				
+/- Change in operating working capital requirements (including employee benefit liabilities)		2,149	-665	2,087
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		**-6,833**	**-18,597**	**-9,120**
- Disbursements related to acquisitions of property, plant and equipment and intangible assets		-40	-183	-97
+ Cash receipts related to disposals of property, plant and equipment and intangible assets		4		
- Disbursements related to acquisitions of financial assets (non-consolidated shares)				
+ Cash receipts related to disposals of financial assets (non-consolidated shares)			7	
+/- Impact of changes in the scope of consolidation				
+ Dividends received (equity affiliates, non-consolidated shares)				
+/- Change in loans and advances granted				
+ Investment grants received				
+/- Other flows related to investment operations				
NET CASH FLOW USED IN INVESTING ACTIVITIES		**-36**	**-177**	**-97**
+ Sums received from shareholders on capital increases				
. Paid by the shareholders of the parent company	8.1		12,114	12,000
. Paid by minority shareholders of consolidated companies				
+ Amounts received on exercise of stock options				
-/+ Net repurchases and resales of own shares	8.2		-125	
+ Cash inflow from new loans		5,000		
- Loan repayments (including finance leases)	9.2, 10.1	-812	-1,223	-550
Of which reimbursement of rights of use (IFRS16)		-172	-336	-166
+/- Other flows related to financing operations			-7	-7
NET CASH FLOW USED IN FINANCING ACTIVITIES		**-4,188**	**10,759**	**11,443**
+/- Impact of foreign exchange rate changes		-154	244	12
CHANGE IN NET CASH FLOW		**-2,835**	**-7,771**	**2,238**
INITIAL CASH FLOW		**6,814**	**14,585**	**14,585**
FINAL CASH FLOW		**3,979**	**6,814**	**16,823**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Valerio Therapeutics' interim consolidated financial statements on June 30, 2024 were approved by the Board of Directors on September 30, 2024. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable within the European Union for interim financial reporting (IAS 34), which allow the presentation of selected notes. The consolidated financial statements are therefore presented in condensed form and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2023, as included in the Annual Financial Report published on April 30, 2024.

The accounting policies applied as of January 1, 2024, are identical to those described in the notes to the consolidated financial statements published as of December 31, 2023.

In addition, the Group has chosen not to early adopt new standards, amendments, and interpretations when their application is mandatory after June 30, 2024, whether or not the European Union has adopted them. The impact of these standards and amendments is currently being analyzed.

Use of Estimates

As of December 31, 2023, the Group has used estimates in preparing the financial statements for the calculation of:

- the market value of R&D programs acquired through business combinations (mergers and acquisitions) provision- see Note 4,
- share-based payments - see Note 8.3,
- pension commitments and provisions - see Note 9.1.1,
- trade payables provisioned at the end of the period in connection with ongoing clinical trials.

Going concern

The interim financial statements for the period from 1 January to 30 June 2024 have been prepared on a going concern basis. This is based on an assessment of the liquidity risk in relation to the 2024-2025 cash flow forecasts and on the assumption of the satisfactory completion of projects in progress and in particular the first results expected with Emglev following the acquisition) and of the negotiations in progress with the main creditors, so that the Group has sufficient funding to meet its estimated cash requirements for the next 12 months.

However, the Group's ability to continue its business beyond the next 12 months depends on its ability to raise funds in the short and medium term and to renegotiate certain debts with its main creditors.

NOTE 2: SCOPE OF CONSOLIDATION

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

- Valerio Therapeutics US
- Topotarget UK (liquidated during the first half 2024)
- Topotarget Switzerland
- Valour Bio SAS (new entity – see below)

All subsidiaries are wholly owned and fully consolidated as of June 30, 2024.

On May 29th, 2024, the Company set up a wholly owned subsidiary named Valour Bio (originally Valerio Development), to focus on discovering sd-Abs as drug and radio conjugates, bispecific T-cell engagers, blocking and binding sd-Abs, or CAR-T drug candidates for multiple therapeutic areas.

In September 2024, the Company completed a capital increase of 3,200,000 € in Valour Bio and allowed Valour Bio to purchase Emglev shares.

NOTE 3: OPERATING SEGMENT REPORTING (IFRS 8)

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

In thousands of €	December 31, 2022	Increase	Decrease	December 31, 2023	Increase	Decrease	June 30, 2024
AsiDNA™ R&D assets	2,472			2,472			2,472
Goodwill	20,059			20,059			20,059
Other intangible assets	511			511	2		513
Total gross values	**23,042**			**23,042**	**2**		**23,044**
Other depreciation	-511			-511	-1,446	4	-1,953
Total depreciation	**-511**			**-511**	**-1,446**	**4**	**-1,953**
Goodwill impairment	-2,000			-2,000			-2,000
Total impairment	**-2,000**			**-2,000**			**-2,000**
TOTAL	**20,531**			**20,531**	**-1,444**	**4**	**19,091**

4.1 Search for indicators of impairment and impairment testing

The R&D assets acquired as part of the DNA Therapeutics acquisition, namely AsiDNA™, as well as goodwill are subject to impairment testing at least annually in accordance with IAS 36.

No indicator of impairment has been identified with respect to the R&D assets related to AsiDNA, therefore no impairment test has been conducted and no impairment has been recognized as of June 30, 2024.

No indicator of impairment has been identified with respect to the goodwill and as the Company's market capitalization as of June 30, 2024, representative of the fair value of the goodwill, is higher than the consolidated net book value at that date, no impairment test has been performed and no impairment loss has been recognized.

NOTE 5: RIGHTS OF USE

In thousands of €	December 31, 2022	Increase	Decrease	December 31, 2023	Increase	Decrease	June 30, 2024
Rights of use	2,921		-26	2,896		-100	2,796
Depreciation of rights of use	-1,828	-340		-2,169	-182	100	-2,251
Net value of rights of use	**1,093**	**-340**	**-26**	**727**	**-182**	**0**	**544**

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

NOTE 6: CURRENT ASSETS

6.1 Trade receivables and related accounts

In thousands of €	June 30, 2024	< 1 year	> 1 year	December 31, 2023
Net trade receivables and related accounts	0			1,899

As a reminder, trade receivables as of December 31, 2023, consisted exclusively of a receivable from the partner Biogen, corresponding to royalties to be received on sales and based on a license agreement. This receivable was paid in the first half of 2024.

6.2 Other receivables

In thousands of €	June 30, 2024	< 1 year	> 1 year	December 31, 2023
Advance payments	675	675		127
Personnel and related accounts	29	29		6
Research tax credit	3,046	3,046		2,570
Other tax receivables	619	619		417
Prepaid expenses	358	358		1,167
Net value of Other receivables	**4,727**	**4,727**		**4,287**

The "Research tax credit" item includes a French tax credit for 2023 in the amount of 2,346 thousand euros, which has not yet been reimbursed as of June 30, 2024, as well as the tax credit for the first half of 2024, in the amount of 700 thousand euros.

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

In thousands of €	June 30, 2024	December 31, 2023	June 30, 2023
Personnel expenses	105	515	112
External expenses	595	1,798	624
Impairments and depreciation	0	27	14
Total	**700**	**2,340**	**750**

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

The prepaid expenses amount to 358,000 euros and are mostly related to third-party service providers within the scientific field. Their proceedings are set out in milestone contracts, whose terms include advance billings. An estimate was computed as of June 30, 2024, to record all billings that did not correspond to a completed service at that date.

NOTE 7: CASH AND CASH EQUIVALENTS

In thousands of €	Net values as of 06/30/2024	Net values as of 12/31/2023	Changes in cash and cash equivalents
Cash position	4,003	6,818	-2,815
Cash equivalents			
Total Net Cash Position	**4,003**	**6,818**	**-2,815**

Cash equivalents include term accounts of 4 million euros that comply with the provisions of IAS 7.6 and IAS

7.7, i.e., short-term, highly liquid, readily convertible investments.

The change in net cash is mainly related to the company's operating expenses, notably in research and development, which totaled 2.8 million euros, offset by the receipt of 1.8 million euros in license revenues.

In terms of financing, the Group received a net amount of 5 million euros in shareholder loans in May 2024.

NOTE 8: SHAREHOLDERS' EQUITY

8.1 Share capital

As of June 30, 2024, the capital stock amounted to 21,611 thousand euros, divided into 154 364 273 ordinary shares with a par value of €0.14 each, all of the same class and fully paid up.

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

		Par	# of shares	€
Fully paid-up shares as of 12/31/2023		0.25	**154,364,273**	38,591,068.25
Capital reduction	(1)			
Fully paid-up shares as of 06/30/2024		0.14	**154,364,273**	**21,610,998.20**

(1) The Board of Directors decided on 5 February 2024 to reduce the share capital by eliminating part of the losses incurred, by an amount of €16,980,070.03. This capital reduction, motivated by losses, was being carried out by reducing the nominal value of the Company's shares from €0.25 euro to €0.14. Its purpose is to facilitate any new financial transactions that may be appropriate in the future. Neither shareholders' equity nor the rights of holders of financial instruments were affected.

8.2 Own shares

In accordance with IAS 32 §33, treasury shares acquired under the liquidity contract signed with Kepler Cheuvreux have been deducted from equity in the amount of 60,761 euros. Losses on share buybacks as of June 30, 2024, amounting to -21 thousand euros, have been decreased to reserves in accordance with the standard.

8.3 Share-based payments

Full details of stock options and share subscription warrants granted by the Group are given below. During the first half of the year, no stock options and no share subscription warrants were granted.

8.3.1. Summary of share subscription warrants as of June 30, 2024 (SSW)

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

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

(2) Warrants granted to Ms. Shefali Agarwal under a consultancy agreement, prior to her appointment as a director (June 10, 2021)

Type	Date of authorization	SSWs authorized	Date of grant	SSWs granted	SSWs subscribed	Beneficiaries	Outstanding SSWs as of 06/30/2024 adjusted (1)	SSWs exercisable at 06/30/2024 adjusted (1)	Subscription price per share in euros	Date of expiration
SSW 2021-2	June 10, 2021 Resolution 19	700,000	June 11, 2021	100,000	100,000	Non-salaried and non-executive members of the Board	100,000	100,000	0.662	June 11, 2031
SSW 2021-3			July 29, 2021	300,000	125,000		125,000	83,333	0.620	July 29, 2031
SSW 2021-4			October 6, 2021	150,000	75,000		75,000	50,000	0.560	October 6, 2031
SSW 2022			February 2, 2022	150,000	150,000	Chair of the Board	150,000	0	0.420	February 2, 2032
SSW 2022-2			February 2, 2022	75,000	75,000	Non-salaried and non-executive members of the Board	75,000	25,000	0.420	February 2, 2032
TOTAL SSWs							**2,186,886**	**2,069,886**		

8.3.2. Summary of stock options as of June 30, 2024 (SO)

Plan designation	Date of authorization	Number of options authorized	Date of grant	Number of options granted	Beneficiaries	Outstanding options as of 06/30/2024 adjusted (1)	Options exercisable as of 06/30/2024 adjusted (1)	Adjusted subscription price per share in euros (1)	Date of expiration
TOTAL SO 2013		**283,000**		**195,500**		**31,232**	**31,232**		
SO Employees 2014	June 30, 2014 Resolution 17	314,800	September 22, 2014	138,700	Employees	9,587	9,587	6.17	September 22, 2024
SO Executives 2014				40,000	Executives	15,616	15,616	6.17	September 22, 2024
TOTAL SO 2014		**314,800**		**178,700**		**25,203**	**25,203**		
SO Employees 2017-2	May 24, 2017 Resolution 26	470,440	March 29, 2018	25,000	Employees	25,000	25,000	1.48	March 29, 2028
TOTAL SO 2017		**470,440**		**25,000**		**25,000**	**25,000**		
SO Employees 2018	June 19, 2018 Resolution 27	970,000	July 27, 2018	758,604	Employees	366,246	366,246	1.187	July 27, 2028
SO Executives 2018				150,723	Executives	108,723	108,723	1.187	July 27, 2028
TOTAL SO 2018		**970,000**		**909,327**		**474,969**	**474,969**		
SO Employees 2020	June 19, 2020 Resolution 30	1,200,000	September 17, 2020	1,030,000	Employees	547,500	362,500	0.684	September 17, 2030
SO Executives 2020				170,000	Executives	170,000	170,000	0.684	September 17, 2030
TOTAL SO 2020		**1,200,000**		**1,200,000**		**717,500**	**532,500**		
SO Employees 2021	June 10, 2021 Resolution 30	1,500,000	July 29, 2021	281,000	Employees	146,250	53,250	0.62	July 29, 2031
SO Executives 2021			July 29, 2021	60,000	Executives	60,000	60,000	0.62	July 29, 2031
SO 2021-2			July 29, 2021	429,194	Employees & executives	429,194	429,194	0.62	July 29, 2031
TOTAL SO 2021		**1,500,000**		**770,194**		**635,444**	**542,444**		

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

Plan designation	Date of authorization	Number of options authorized	Date of grant	Number of options granted	Beneficiaries	Outstanding options as of 06/30/2024 adjusted (1)	Options exercisable as of 06/30/2024 adjusted (1)	Strike price per share in euros	Date of expiration
SO 2022	June 10, 2021 Resolution 18	1,500,000	February 2, 2022	250,000	Executives	250,000	0	0.42	February 2, 2032
SO 2022-2	April 19, 2022 Resolution 4	7,350,000	May 4, 2022	2,030,000	Employees	2,030,000	0	0.40	May 4, 2032
SO 2022-3				3,810,285	Executives	3,810,285	1,580,143	0.40	May 4, 2032
SO 2022-4			September 13, 2022	240,000	Employees	240,000	240,000	0.33	September 13, 2032
TOTAL SO 2022		**8,850,000**		**7,050,285**		**6,330,285**	**1,820,143**		
SO 2022-5	April 21, 2023	720,000	April 21, 2023	720,000	Employees	695,000	0	0.32	April 21, 2033
SO 2023-1	June 6, 2023 Resolution 10	645,000	June 29, 2023	645,000	Employees	645,000	0	0.25	June 29, 2033
SO 2023-2		1,714,500	June 29, 2023	1,714,500	Executives	1,714,500	0	0.25	June 29, 2033
TOTAL SO 2023		**8,850,000**		**2,359,500**		**2,359,500**	**0**		
TOTAL SO						**11,294,133**	**3,451,491**		

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

NOTE 9: NON-CURRENT LIABILITIES

9.1 Non-current provisions

In thousands of €	December 31, 2023	Provision charges	Reversals		June 30, 2024
			Used	Not used	
Pension obligations	108			-25	83
Provisions	271				271
Total non-current provisions	**379**			**-25**	**354**

9.1.1. Pension obligations

Pension provisions amounted to 83,419 euros as of June 30, 2024, compared with 107,947 euros at December 31, 2023. This decrease of 24,528 euros, linked to employee departures, impacts the income statement by 24,528 euros (proceeds).

The actuarial assumptions used were as follows:

	June 30, 2024	December 31, 2023
Collective Agreement	National CBA of Pharmaceutical Companies	
Retirement age	Between the ages of 65 and 67, in application of the law of April 14, 2023 on pension reform	
Date of calculation	June 30, 2024	December 31, 2023
Mortality table	INSEE 2024	INSEE 2022
Discount rate	3.60%	3.75%
Salary increase rate	3%	3%
Turnover rate	By age bracket: - 0% 16 to 24 years old - 0% 25 to 34 years old - 5.75% 35 to 44 years old - 2.30% 45 to 54 years old - 1.15% over 55 years old	By age bracket: - 0% 16 to 24 years old - 0% 25 to 34 years old - 6.74% 35 to 44 years old - 2.25% 45 to 54 years old - 1.12% over 55 years old
Social security rates	46%	

9.1.2. Provisions

Provisions are made for Restoring the condition of leased space, in the context of IFRS 16, for 271,000 euros.

9.2 Non-current financial debts

In thousands of €	June 30, 2024	December 31, 2023	Change		
			Total	Impact on cash flow	No impact on cash flow
Government-backed loans	2,305	2,799	-494	-494	
Convertible bond issue	4,000	4,000			
Reimbursable advances	124	107	17		17
Shareholders loans	5,000		5,000	5,000	
Subtotal	**11,429**	**6,906**	**4,523**	**4,506**	**17**
Lease liabilities	165	313	-148		-148
TOTAL	**11,594**	**7,220**	**4,375**	**4,506**	**-131**

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

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

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

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

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

In May 2024 Valerio Therapeutics received 5 million euros in financing commitments from its main shareholders, Artal and Financière de la Montagne.

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

In thousands of €	June 30, 2024	1 to 5 years	More than 5 years
Government-backed loans	2,305	2,305	
Convertible bond issue	4,000	4,000	
Shareholders loans	5,000		5.000
Lease liabilities	165	165	
TOTAL	**11,470**	**6,470**	**5,000**

9.3 Other non-current liabilities

Other non-current liabilities include exclusively the debt to SpePharm related to the settlement agreement signed by the Group on February 11, 2020, for an amount of 4,048 thousand euros. This debt will be repaid in the form of a 20% share of the amounts received under the license agreements entered by Valerio Therapeutics or its subsidiaries. The residual amount originally to be paid January 31, 2024, was amended on March 14, 2024 to be reimbursed between April 2024 and June 2025, however the company is working on negotiating these payment dates with Spepharm.

NOTE 10: CURRENT LIABILITIES

10.1 Current provisions

Current provisions relate to a dispute under investigation by the Court of Arbitration for 1.7 million euros, as described in section 4.5 of the half-year report.

10.2 Short-term borrowings and financial liabilities

In thousands of €	June 30, 2024	December 31, 2023	Change		
			Total	Impact on cash flow	No impact on cash flow
Government-backed loans	1,248	1,372	-124	-124	
Reimbursable advances	33	58	-25	-25	
Accrued interest	12	14	-2	-14	12
Other	24	3	21	21	
Subtotal	**1,318**	**1,447**	**-130**	**-142**	**12**
Lease liabilities	308	332	-24	-172	148
TOTAL	**1,625**	**1,779**	**-154**	**-314**	**160**

10.3 Trade payables

In thousands of €	June 30, 2024	December 31, 2023
Trade payables and related accounts	3,623	2,458

The change in trade payables is mainly due to R&D expenditure, particularly the development operations associated with VIO-01.

10.4 Other current liabilities

In thousands of €	June 30, 2024	December 31, 2023
Social security and related liabilities	2,067	2,620
Tax liabilities	690	579
Other liabilities	2	2,004
Total	**2,759**	**5,203**

The decrease in the liabilities is due to moving them from current to non-current.

NOTE 11: OPERATING INCOME AND EXPENSES

11.1 Revenues

In thousands of €	June 30, 2024	June 30, 2023
Recurring revenue from license agreements	0	0
Non-recurring revenue from license agreements	88	0
Total revenues	**88**	**0**

11.2 Personnel expenses

Personnel expenses are broken down as follows:

In thousands of €	June 30, 2024	June 30, 2023
Salaries	3,442	3,940
Social security expenses	800	893
Employee benefits (IFRS 2)	195	270
Deduction of research tax credit	-105	-112
Other personnel expenses	13	20
Total	**4,345**	**5,011**

The total workforce (employees and corporate officers) was 38 people as of June 30, 2024, compared to 39 as of June 30, 2023.

11.3 External expenses

External expenses are composed of the following items:

In thousands of €	June 30, 2024	June 30, 2023
R&D costs	4,360	5,643
Deduction of research tax credit	-595	-624
General and administrative expenses	862	1,109
Total	**4,627**	**6,128**

The decrease in R&D expenses compared to 2023 is mainly related to a decrease in new research programs to focus resources on the VIO-01 clinical trial.

NOTE 12: FINANCIAL INCOME

In thousands of €	June 30, 2024	Impact on cash flow	No impact on cash flow	June 30, 2023
Income in cash and cash equivalents				*28*
Cost of financial debt				*-42*
Cost of net financial debt				-14
Other financial income				10
Other financial expenses	-33			-46
Financial income	**-33**			**-50**

NOTE 13: EARNINGS PER SHARE	June 30, 2024	June 30, 2023
Net income attributable to common shareholders (in €)	-10,958,202	-11,643,553
Number of shares issued	154,364,273	154,364,273
Number of treasury shares	392,365	287,160
Number of shares outstanding (excluding treasury shares)	**153,971,908**	**154,077,113**
Stock options	7,775,344	11,135,633
Share subscription warrants	2,186,886	2,275,376
Number of potential and issued shares (excluding treasury shares)	**163,934,138**	**167,488,122**
Weighted average number of shares outstanding (excluding treasury shares)	163,934,138	116,192,346
Net earnings per share in euros	**-0,07**	**-0.08**

The impact of dilution is not presented for 2023 and 2024, as it is accretive due to negative earnings.

NOTE 14: RELATED PARTIES

Transactions with other related companies within the meaning of paragraph 9 of IAS 24 relate exclusively to companies included in the scope of consolidation.

In May 2024, the company entered into shareholders' loans with Artal and Financière de la Montagne for 4m€ and 1m€, respectively.

NOTE 15: POST-CLOSING EVENTS

On September 29, 2024, the Company acquired the company Emglev Therapeutics.

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

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

Paris, September 30, 2024

Shefali Agarwal

Shefali Agarwal (Sep 30, 2024 21:24 GMT+2)

Ms. Shefali Agarwal

Chairwoman and CEO

EN_ HY financial report consolidated (Update Crowe HAF v09262024)-Formatted

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