

FINANCIAL TABLES FOLLOW

Unaudited Consolidated Balance Sheets

	December 31, 2021	June 30, 2022
	US\$	US\$
ASSETS		
Current assets:		
Cash and cash equivalents	174,391,243	168,035,499
Accounts receivable, net	3,000,000	—
Amounts due from related parties	4,506,670	1,870,082
Prepayments and other current assets	4,055,921	5,107,271
Total current assets	185,953,834	175,012,852
Property, equipment and software, net	3,487,617	3,072,032
Operating lease right-of-use assets	—	399,789
Other non-current assets	69,275	72,799
TOTAL ASSETS	189,510,726	178,557,472
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	3,321,615	4,665,872
Contract liabilities	5,500,000	20,176,826
Amounts due to related parties	10,466,061	17,508,933
Accruals and other current liabilities	4,379,243	4,237,621
Income tax payable	1,657,450	2,256,601
Short-term borrowings	3,121,226	5,960,008
Current portion of long-term borrowings	1,376,319	1,352,177
Current portion of operating lease liabilities	—	297,066
Total current liabilities	29,821,914	56,455,104
Long-term borrowings	2,991,829	9,260,363
Operating lease liabilities	—	128,083
Deferred tax liabilities	44,163	—
Other non-current liabilities	94,107	29,800
TOTAL LIABILITIES	32,952,013	65,873,350
Commitments and contingencies		
Shareholders' equity:		
Ordinary shares (par value of US\$0.0001 per share; 640,000,000 shares authorized, and 54,595,667 shares issued and outstanding as of December 31, 2021; and 640,000,000 shares authorized, and 54,278,981 shares issued and outstanding as of June 30, 2022)	5,627	5,657
Treasury shares (94,074 shares as of December 31, 2021 and 1,234,834 shares as of June 30, 2022)	(619,605)	(3,666,957)
Additional paid-in capital	336,099,931	342,631,313
Accumulated other comprehensive income (loss)	(93,981)	190,167
Accumulated deficit	<u>(178,833,259)</u>	<u>(226,476,058)</u>

Total shareholders' equity	<u>156,558,713</u>	<u>112,684,122</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>189,510,726</u>	<u>178,557,472</u>

Unaudited Consolidated Statements of Comprehensive Loss

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2022
	US\$	US\$
Revenues		
Licensing and collaboration revenue	1,358,836	3,923,174
Expenses		
Research and development expenses	(31,462,546)	(45,148,357)
Administrative expenses	(7,400,123)	(6,848,925)
Loss from operations	<u>(37,503,833)</u>	<u>(48,074,108)</u>
Interest income	69,332	14,931
Interest expense	(192,866)	(211,434)
Other income, net	822,837	430,671
Foreign exchange gain (loss), net	(386,153)	756,085
Loss before income tax	<u>(37,190,683)</u>	<u>(47,083,855)</u>
Income tax expense	—	(558,944)
Net loss attributable to Adagene Inc.'s shareholders	<u>(37,190,683)</u>	<u>(47,642,799)</u>
Other comprehensive income (loss)		
Foreign currency translation adjustments, net of nil tax	197,483	284,148
Total comprehensive loss attributable to Adagene Inc.'s shareholders	<u>(36,993,200)</u>	<u>(47,358,651)</u>
Net loss attributable to Adagene Inc.'s shareholders	<u>(37,190,683)</u>	<u>(47,642,799)</u>
Accretion of convertible redeemable preferred shares to redemption value	<u>(28,553)</u>	<u>—</u>
Net loss attributable to ordinary shareholders	<u>(37,219,236)</u>	<u>(47,642,799)</u>
Weighted average number of ordinary shares used in per share calculation:		
—Basic	45,514,701	54,533,161
—Diluted	45,514,701	54,533,161
Net loss per ordinary share		
—Basic	(0.82)	(0.87)
—Diluted	(0.82)	(0.87)

Reconciliation of GAAP and Non-GAAP Results

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2022
	US\$	US\$
GAAP net loss attributable to ordinary shareholders	(37,219,236)	(47,642,799)
Add back:		
Share-based compensation expenses	10,152,791	5,725,868
Accretion of convertible redeemable preferred shares to redemption value	28,553	—
Non-GAAP net loss	<u>(27,037,892)</u>	<u>(41,916,931)</u>
Weighted average number of ordinary shares used in per share calculation:		
—Basic	45,514,701	54,533,161
—Diluted	45,514,701	54,533,161
Non-GAAP net loss per ordinary share		
—Basic	(0.59)	(0.77)
—Diluted	(0.59)	(0.77)