***Société anonyme* (limited liability company) with capital of €517,136.54**
Registered office: 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon, France
510 970 817 Lyon Trade & Companies Register

INTERIM FINANCIAL REPORT

AT 30 JUNE 2018

CONTENTS

1. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

1.1. Person responsible for the interim financial report

1. Thomas Kuhn, Chief Executive Officer of Poxel.

1.2 Certification by the person responsible

(Article 222-3 – 4° of the AMF General Regulations)

"I certify, to the best of my knowledge, that the condensed financial statements for the previous half-year have been prepared in accordance with the applicable accounting standards, and give a true and fair view of the assets, financial position and earnings of the Company, and that the appended interim activity report gives a fair view of significant events occurring during the first half-year, their impact on the interim financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining half-year".

Lyon, 19 September 2018

Thomas Kuhn, Chief Executive Officer of Poxel.

2. ACTIVITY REPORT AT 30 JUNE 2018

2.1. Significant events during the first half of 2018

Signing of an agreement with Roivant Sciences GmbH

On 9 February 2018, the Company entered into an exclusive agreement with Roivant Sciences GmbH ("Roivant") for the development and marketing of Imeglimin, an oral drug candidate developed by the Company for the treatment of type 2 diabetes, in the United States, Europe and other countries not covered by the existing partnership in East and Southeast Asia between the Company and Sumitomo Dainippon Pharma.

The agreement includes an initial payment of $35 million (approximately €28 million) in favor of the Company. It also provides for payments linked to the achievement of regulatory development objectives and sales, for up to $600 million (approximately €486 million). The agreement includes the payment of double-digit royalties based on net sales achieved by Roivant, for which the percentage increases according to the level of sales.

Roivant will cover Imeglimin's development and marketing costs, and the Company will invest an amount of $25 million (approximately €20 million) in the development program over two years.

In addition, Roivant invested $15 million (approximately €12 million) in the capital of Poxel by subscribing to 1,431,399 new ordinary shares of the Company at a price of €8.50 per share.

Capital increases

Under the agreement signed in February 2018 and outlined above, the company issued 1,431,399 new ordinary shares to Roivant Sciences, at a price of €8.50 per share, representing a capital increase of €28,628 together with an issue premium of €12,138,264.

Creation of a subsidiary in Japan

In March 2018, the Company created a subsidiary in Japan ("Poxel Japan KK"), domiciled in Tokyo. This subsidiary is wholly owned by Poxel SA. Its capital stands at ¥20 million.

Strategic agreement with DeuteRx

Subsequent to year-end, on 30 August 2018 the Company announced the signing of a strategic agreement with DeuteRx for the acquisition of DRX-065, an innovative drug candidate in clinical development for the treatment of non-alcoholic steatohepatitis (NASH), as well as other deuterated drug programs for the treatment of metabolic, specialty and rare diseases.

2.2. Activity and results of the Company

Partnership activity

Roivant Sciences

As stated in section 2.1, the Company entered into an exclusive agreement with Roivant Sciences GmbH for the development and marketing of Imeglimin, an oral drug candidate developed by the Company for the treatment of type 2 diabetes, in the United States, Europe and other countries not covered by the existing partnership in East and Southeast Asia between the Company and Sumitomo Dainippon Pharma.

The agreement includes an initial payment of $35 million (approximately €28 million) in favor of the Company. The Company will invest an amount of $25 million (approximately €20 million) in the development program over two years. This licensing agreement was reflected in net sales of $10 million.

In addition, Roivant Sciences invested $15 million (approximately €12 million) in the capital of Poxel by subscribing to 1,431,399 new ordinary shares of the Company at a price of €8.50 per share. This investment was recognised as a capital increase of €12,167,000.

Sumitomo Dainippon Pharma

The Company continued the Phase 3 **T**rials of **IM**eglimin for **E**fficacy and **S**afety (TIMES) program for Imeglimin in Japan. The external costs incurred by the Company as part of this program were re-invoiced to Sumitomo and recognized as net sales, according to the progress of the TIMES program. Details of the accounting principles used to recognize these two agreements are given under Note 15 in Chapter 3 of this report.

Research and development activity

The Company has made significant progress in the TIMES program to develop Imeglimin in Japan, with the launch of the TIMES 2 and TIMES 3 studies at the beginning of the year, along with the completion of enrollment for the TIMES 1 study in June 2018. The results of these studies are expected to be published in 2019, with a view to submitting the registration application in Japan in 2020.

The Company has also made significant progress in 2018 in the clinical development of its second drug candidate, PXL770. PXL770 is a direct activator of adenosine monophosphate-activated protein kinase (AMPK). AMPK acts as a metabolic regulator and plays a key role in lipid metabolism, glucose homeostasis and inflammation. Thanks to this key role, targeting AMPK provides the opportunity to pursue a wide range of indications for treating chronic metabolic diseases, including diseases of the liver such as NASH. During the first half of 2018, the company finalized its Phase 1b study, with the announcement of positive results at the beginning of July. The Company intends to start Phase 2a at the end of 2018.

Human resources

Over the half-year, the Company continued to strengthen its clinical and administrative teams, to support its development programs. At 30 June 2018, the Company had a consolidated workforce of 34, compared with 30 at 31 December 2017.

Results

The Company had net sales of €37,463,000 at 30 June 2018 (there were no net sales at 30 June 2017).

The significant increase in research and development expenditure (€28,920,000 at 30 June 2018, versus €7,879,000 at 30 June 2017) is primarily linked to the TIMES program, for which expenses of €22.5 million were incurred over the half-year.

The research tax credit calculated for the first half of 2018 stands at €1,478,000, compared with €1,620,000 at 30 June 2017. This slight decrease, despite the very significant increase in R&D expenditure, is due to the high level of expenditure incurred in Japan in connection with the TIMES program, as this expenditure is not eligible for research tax credit.

General overhead was €3,614,000 for the first half of 2018, compared with €3,249,000 at 30 June 2017. This 11% increase reflects the continued efforts to increase the Company's workforce and the associated resources.

The Company had an operating income of €6,406,000, compared with an operating expense of €9,508,000 at 30 June 2017.

Financial income was €850,000 compared with a financial expense of €181,000 at 30 June 2017. It consists primarily of income from investments and currency gains.

Net income was €7,256,000, compared with a net expense of €9,688,000 at 30 June 2017.

Cash

Cash at 30 June 2018 was €94,381,000, compared with €53,412,000 at 31 December 2017. The increase in cash is due to:

- operating cashflows of +€28,788,000, incorporating the upfront payment of $35 million by Roivant in February 2018;
- investment flows of +€53,000;
- financing flows of +€12,127,000 primarily related to the issue of 1,431,399 new ordinary shares to Roivant Sciences, representing a capital increase of €12,167,000, as described in section 2.1.

2.3. Trends and prospects

The financial resources available to the Company at 30 June 2018 allows it to continue the development of the Imeglimin and PXL770 programs as well as the programs recently acquired from DeuteRx.

During the second half-year, the Company intends to:

- continue the Phase 3 TIMES program for Imeglimin in Japan;
- prepare for Phase 2a clinical development program for PXL770; and
- continue the development of its portfolio of drug candidates acquired by DeuteRx.
-

2.4. Events occurring after the end of the half-year

On 3 July 2018, the Company announced the finalization of the enrollment stage of its Phase 3 TIMES 1 Imeglimin study for the treatment of type 2 diabetes in Japan.

In addition, and as indicated in paragraph 2.1, on 30 August 2018, the Company announced the signing of a strategic agreement with DeuteRx to acquire DRX-065 (R-pioglitazone stabilized by substitution with deuterium), an innovative drug candidate in clinical development for the treatment of NASH, as well as other deuterated programs for the treatment of metabolic, specialty and rare diseases.

This agreement was reflected in an initial payment of €6.8 million (US$ 8 million) and the issue to DeuteRx of 1.29 million new ordinary shares in Poxel at a price of €6.91 per share, representing 4.99% of Poxel's share capital.

2.5. Risk factors and transactions between related parties

2.5.1 Risk factors

The risks for the Company are set out in Chapter 4, "Risk factors" of the Company's 2017 Registration Document. No significant change in the assessment of these risks has been identified by the Company.

2.5.2 Transactions between related parties

Transactions between related parties are the same type as those presented in Chapter 19, "Related party transactions" of the 2017 Registration Document. No significant transactions were entered into with a director or member of the Board of Directors during the first half of 2018.

3. CONDENSED INTERIM FINANCIAL STATEMENTS UNDER IFRS AT 30 JUNE 2018

3.1. Statement of financial position

POXEL Statement of financial position	Notes	30/06/2018 €	31/12/2017 €
ASSETS			
Intangible assets	3	4 370	476
Property, plant and equipment	4	289 058	143 348
Other non-current financial assets	5	377 185	356 105
Deferred tax assets	19	-	-
Total non-current assets		670 613	499 929
		-	-
Trade receivables and related accounts	6	8 281 362	4 902 331
Other receivables	6	9 329 678	7 186 724
Current tax receivables	19	-	-
Cash and cash equivalents	7	94 381 235	54 163 460
Total current assets		111 992 275	66 252 516
Total Assets		**112 662 888**	**66 752 445**
LIABILITIES			
Shareholders' equity			
Capital	9	491 337	462 549
Additional paid-in capital		119 134 879	106 950 878
Currency translation reserve	9	4 602	-
Reserves		(87 125 597)	(65 788 451)
Profit/(loss)		7 256 151	(22 298 111)
Total shareholders' equity		**39 761 371**	**19 326 865**
Non-current liabilities			
Commitments to staff	12	272 005	229 880
Non-current financial liabilities	11	470 864	555 211
Non-current liabilities		**742 869**	**785 091**
Current liabilities			
Current financial liabilities	11	199 670	935 830
Provisions	13	83 955	83 689
Trade payables and related accounts	14.1	25 184 573	9 007 762
Tax and social security payables	14.2	740 366	899 284
Other creditors and sundry payables	14.3	45 950 083	35 713 925
Current liabilities		**72 158 648**	**46 640 490**
Total Liabilities		**112 662 888**	**66 752 445**

3.2. Income statement

POXEL Statement of comprehensive income	Notes	30/06/2018 €	30/06/2017 €
Revenue	15	**37 462 981**	**-**
Research and development costs			
Research and development costs	16.1	(28 920 182)	(7 879 110)
Subsidies	16.1	1 478 100	1 620 486
General and administrative overheads	16.2	(3 614 430)	(3 249 111)
Operating profit		**6 406 467**	**(9 507 736)**
Financial expenses	18	(14 811)	(63 358)
Financial income	18	223 103	33 126
Foreign exchange gains/ (losses)	18	641 390	(150 369)
Profit/ (loss) before tax		**7 256 151**	**(9 688 337)**
Tax expense	19	-	-
Net profit/ (loss)		**7 256 151**	**(9 688 337)**

Earnings per shares	Notes	30/06/2018	30/06/2017
Weighted average number of shares outstanding		24 087 916	23 018 006
Earnings per share (€/share)	20	**0,30**	**(0,42)**
Diluted earnings per share (€/share)	20	**0,28**	**(0,42)**

3.3. Statement of comprehensive income

POXEL - IFRS Statement of comprehensive income	Notes	30/06/2018 €	30/06/2017 €
Loss for the year		7 256 151	(9 688 337)
Actuarial gains or losses (non-recyclable)	12	(14 701)	(25 085)
Consolidation translation adjustments		4 602	
Tax impact attributable to these items			
Other comprehensive income (net of tax)		(10 099)	(25 085)
Comprehensive Income		**7 246 051**	**(9 713 423)**

3.4. Changes in equity

POXEL Changes in equity	Capital Number of shares	Capital	Share premium account	Reserves and retained earnings	Translation adjustments	Actuarial gains or losses	Shareholders' equity
		€	€	€	€	€	€
At 31 December 2016	*22 950 228*	**459 005**	**106 384 658**	**(67 452 957)**	**-**	**4 782**	**39 385 487**
Net profit/(loss) at 30 June 2017				(9 688 337)			(9 688 337)
Other comprehensive income						(25 085)	(25 085)
Comprehensive income		-	-	(9 688 337)	-	(25 085)	(9 713 423)
Dividends							-
Share issues (1)	*84 000*	1 680	236 320				238 000
"BSA" subscription			23 750				23 750
Share-based payments				800 665			800 665
Capital reduction							-
Treasury shares				(54 856)			(54 856)
Capital increase costs			-				-
At 30 June 2017	*23 034 228*	**460 685**	**106 644 728**	**(76 395 485)**	**-**	**(20 303)**	**30 679 623**
At 31 December 2017	*23 127 428*	**462 549**	**106 950 879**	**(88 021 372)**	**-**	**(65 191)**	**19 326 866**
Net profit/(loss) at 30 June 2018				7 256 151			7 256 151
Other comprehensive income					4 602	(14 701)	(10 099)
Comprehensive income		-	-	7 256 151	4 602	(14 701)	7 246 051
Dividends							-
Share issues (1)	*1 439 399*	28 788	12 158 104				12 186 892
"BSA" subscription			40 575				40 575
Share-based payments				956 464			956 464
Capital reduction							-
Treasury shares				19 201			19 201
Capital increase costs			(14 678)				(14 678)
At 30 June 2018	*24 566 827*	**491 337**	**119 134 879**	**(79 789 556)**	**4 602**	**(79 892)**	**39 761 371**

(1) In 2018, the capital increase corresponds to:

- the equity investment by Roivant (see Note 1.2), with the creation of 1,431,399 shares subscribed at a price of €8.50.
- the exercise by employees of 400 founder warrants (BSPCE) granting entitlement to subscribe to 8,000 shares at a price of €2.50 per share (see Note 1.2).

In 2017, the capital increase corresponds to the exercise of BSPCE warrants leading to the creation of 84,000 shares (including 44,000 at a price of €2.50 per share and 40,000 at a price of €3.20 per share).

3.5. Cash flow statement

POXEL - IFRS Cash flow statement	Notes	30/06/2018 €	30/06/2017 €
Cash flow generated by operating activities			
Net profit/(loss) from continuing operations		7 256 151	(9 688 337)
Net profit/(loss) from discontinued operations			
Net profit/(loss)		7 256 151	(9 688 337)
(-) Elimination of amortisation of intangible assets	3	(774)	(131)
(-) Elimination of depreciation of property, plant and equipment	4	(23 491)	(15 576)
(-) Provisions	12-13	(27 424)	(14 350)
(-) Reversals of provisions			
(-) Costs related to share-based payments	10	(956 464)	(800 665)
(+) Interest expenses		-	(13 092)
(-) Interest income		222 960	32 983
(-)Accretion of Kreos debt	11.3	-	(33 417)
(-) Subsidy transferred to profit/loss	11.2	(14 811)	(16 033)
Self-financing capacity before cost of net financial debt and tax		8 056 155	(8 828 055)
(-) Change in working capital requirement		(20 732 067)	1 459 898
Cash flow generated by operations		28 788 223	(10 287 953)
Cash flow generated by investment			
Acquisition of intangible assets	3	(4 668)	-
Acquisition of property, plant and equipment	4	(169 201)	(9 899)
(+) Interest received		228 998	35 198
Other investment flows	5	(1 879)	193 100
Cash flow linked to investment activities		53 250	218 399
Cash flow linked to financing activities			
Capital increase + issue premium of fees (1)	9	12 172 214	238 000
"BSA" subscription	9	40 575	23 750
(-) Interest paid		-	(8 798)
Receipt of repayable advance/loan	11.2		
Repayment of loans and conditional advances	11.2/11.3	(85 000)	(963 502)
Derivative instruments -liabilities	14.3		90 057
Cash flow linked to financing activities		12 127 789	(620 493)
Effects of currency price fluctuations			
Increase (reduction in cash)		40 969 261	(10 690 047)
Cash and cash equivalents at start of period (including current bank borrowings)		53 411 974	45 568 552
Cash and cash equivalents at end of period (including current bank borrowings)		94 381 235	34 878 505
Increase (reduction in cash)		40 969 261	(10 690 047)

(1) In 2018, the "Capital increase and issue premium net of fees" corresponds to the capital increase subscribed by Roivant Sciences (€12,166,892, see Note 1.2) after deduction of charges incurred in preparing this transaction (€14,678), as well as the exercise of 400 BSPCE warrants by employees (€19,840, see Note 1.2).
In 2017, this heading also corresponds to the exercise of BSPCE warrants leading to the creation of 84,000 shares, with 44,000 at a price of €2.50 per share and 40,000 at a price of €3.20 per share (i.e. a capital increase, issue premium included, of €238,000).

3.6. Detailed analysis of changes in WCR (working capital requirement)

Breakdwon of change in working capital requirement	30/06/2018	30/06/2017
Trade receivables and related accounts (net of depreciation of trade receivables)	3 379 030	(11 580)
Other receivables	2 142 954	(1 335 711)
Trade payables and related accounts	(16 176 811)	2 841 197
Tax and social security payables	158 918	1 579
Other creditors and sundry payables	(10 236 159)	(35 586)
Total change	(20 732 068)	1 459 898

3.7. Notes to the interim financial statements

(Unless otherwise indicated, the amounts given in this appendix are in euros.)

NOTE 1: PRESENTATION OF ACTIVITY AND SIGNIFICANT EVENTS

The condensed financial statements of Poxel, prepared in accordance with IFRS for the period from 1 January to 30 June 2018 were adopted and authorized for publication by the Board of Directors on 19 September 2018.

1.1 Information relating to the Company and its activity

Formed in March 2009 following a spin-off from Merck Serono, Poxel (a French *société anonyme* or limited liability company) is active in the development of innovative, best-in-class molecules for the treatment of metabolic diseases, including type 2 diabetes and non-alcoholic steatohepatitis (NASH).

Apart from the year of its creation and for this interim period-end, the Company has made operating losses each year. These losses are the result of internal and external research and development expenses, specifically related to the undertaking of numerous pre-clinical and clinical trials, primarily in connection with the development of Imeglimin. In October 2017, the Company signed an initial strategic partnership agreement with Sumitomo Dainippon Pharma for the development and marketing of Imeglimin, a drug candidate for the treatment of type 2 diabetes, in Japan, China and eleven other countries in Asia. A second strategic partnership was signed in February 2018 with Roivant Sciences for the development and marketing of Imeglimin in the United States, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.

The Company's future development depends on a combination of several factors, which include (i) the success of its research and development operations, (ii) the continuation of the partnership agreements entered into by the Company, (iii) obtaining the statutory authorizations and acceptance by the market of future products to be offered by the Company, (iv) obtaining the necessary financing and (v) the development of competing products by other companies. Consequently, the Company may, in the short/medium term, fund its operations via new partnerships for the development and marketing of its drug candidates and the issue of new equity instruments.

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Trade and Companies Register number: 510 970 817 LYON Trade & Companies Register

Poxel and its subsidiary are hereinafter referred to as the "Company" or "the Group".

Since March 2018, the company has had a subsidiary in Japan.

1.2 Significant events in the first half of 2018

Signing of an agreement with Roivant Sciences GmbH

On 9 February 2018, the Company entered into an exclusive agreement with Roivant Sciences GmbH ("Roivant") for the development and marketing of Imeglimin, an oral drug candidate developed by the Company for the treatment of type 2 diabetes, in the United States, Europe and other countries not covered by the existing partnership in East and Southeast Asia between the Company and Sumitomo Dainippon Pharma.

The agreement includes an initial payment of $35 million (approximately €28 million) in favor of the Company. It also provides for payments linked to the achievement of regulatory development objectives and sales, for up to $600 million (approximately €486 million). The agreement includes the payment of double-digit royalties based on net sales achieved by Roivant, for which the percentage increases according to the level of sales.

Roivant will cover Imeglimin's development and marketing costs, and the Company will invest an amount of $25 million (approximately €20 million) in the development program over two years.

In addition, Roivant invested $15 million (approximately €12 million) in the capital of Poxel by subscribing to 1,431,399 new ordinary shares of the Company at a price of €8.50 per share.

The accounting treatment of this agreement is given in Note 15.

Capital increases

Under the agreement signed in February 2018 and outlined above, the Company issued 1,431,399 new ordinary shares to Roivant Sciences, at a price of €8.50 per share, representing a capital increase of €28,628 together with an issue premium of €12,138,264.

In addition, on 21 May 2018, one employee exercised 400 BSPCE warrants, granting entitlement to subscribe to 8,000 ordinary shares at a price of €2.50, representing a capital increase of €160 alongside an issue premium of €19,840.

The share capital thus stands at €491,336.54 at 30 June 2018, divided into 24,566,827 shares, each with a par value of €0.02.

Creation of a subsidiary in Japan

In March 2018, the Company created a subsidiary in Japan ("Poxel Japan KK"), domiciled in Tokyo. This subsidiary is wholly owned by Poxel SA. Its capital stands at ¥20 million.

1.3 Post balance sheet events

On 3 July 2018, the Company announced the finalization of the enrollment stage of its Phase 3 TIMES 1 Imeglimin study for the treatment of type 2 diabetes in Japan.

In addition, and as indicated in paragraph 2.4, on 30 August 2018 the Company announced the signing of a strategic agreement with DeuteRx to acquire DRX-065 (R-pioglitazone stabilized by substitution

with deuterium), an innovative drug candidate in clinical development for the treatment of NASH, as well as other programmes for the treatment of metabolic, specialty and rare diseases.

This agreement was reflected in an initial payment of €6.8 million ($8 million) and the issue to DeuteRx of 1.29 million new ordinary shares in Poxel at a price of €6.91 per share, representing 4.99% of Poxel's share capital.

NOTE 2: ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are presented in euros unless otherwise stated.

2.1 Principle for preparing financial statements

Statement of compliance

Poxel has drafted prepared its financial statements, approved by the Board of Directors on 19 September 2018, in compliance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date of preparation of the financial statements, for all the periods presented.

This standard, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), incorporates international accounting standards (IAS and IFRS), interpretations by the Standing Interpretations Committee (SIC) and by the International Financial Interpretations Committee (IFRIC).

The accounting principles and methods and options selected by the Company are described below. In some cases, the IFRS allow for a choice between the application of a reference treatment or of another authorised treatment.

Principle of preparation of financial statements

The interim financial statements, presented in condensed form, were prepared in accordance with the international financial information standard IAS 34 (“Interim financial reporting”).

The interim financial statements do not include all the information and notes as presented in the annual financial statements. Accordingly, they should be read in conjunction with the Company’s financial statements prepared in accordance with IFRS at 31 December 2017, subject to the specificities of preparing the interim accounts, as set out below.

The Company’s financial statements were prepared on a historical cost basis, with the exception of certain categories of assets and liabilities, in accordance with the provisions set down by IFRS. The categories concerned are given in the following notes.

Going concern assumption

The going concern assumption was selected in view of the Company’s financial capacity (available cash) with regard to its financing needs for the 12 months following the reporting date.

Accounting methods

The accounting principles used are identical to those used to prepare the IFRS consolidated financial statements for the year ended 31 December 2017, except for the application of the following new standards, amendments to standards and interpretations adopted by the European Union, whose application was mandatory for the Group as of 1 January 2018. These new standards and interpretations did not have a material impact on the financial statements.

For the record, the Company decided to apply IFRS 15 "Revenue from Contracts with Customers" in advance, as of 1 January 2017.

Standards, amendment of standards and interpretations applicable from the financial year beginning 1 January 2018

- IFRS 9 – Financial Instruments
- Clarifications regarding IFRS 15
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 2 – Clarifications of classification and measurement of share based payment transactions
- Amendments to IFRS 4 – Applying IFRS 9 with IFRS 4
- Amendments to IAS 40 – Transfers of investment property
- Improvement of IFRS (2014-2016 cycle)

Standards, amendments to standards and interpretations adopted by the European Union but not yet mandatory for the 2018 interim financial statements

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

Standards and interpretations published by the IASB and not yet adopted by the European Union at 30 June 2018:

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Improvement of IFRS (2015-2017 cycle)

The texts applicable on 1 January 2018 did not have a material impact (see Note 2.3) on the 2018 half-year closing.

The Company does not anticipate a material impact on its financial statements when these new texts are applied, with the exception of IFRS 16.

IFRS 16 will be mandatory from 1 January 2019. The Company does not plan to apply it in advance. IFRS 16 removes the distinction between operating leases and finance leases, and requires lessees to recognise all lease agreements on their balance sheet, with recognition of an asset (representing the right to use the leased asset during the term of the lease) and a debt (in respect of the rental payment obligation). The standard will also affect the presentation of the income statement (operating income and financial expenses) and the cash flow statement (flows relating to operating activities and those relating to financing activities). Accordingly, property leases and operating leases will be restated for the purposes of applying IFRS 16. The main lease contracts concern property rentals.

2.2 Use of judgments and estimates

When preparing the financial statements in accordance with IFRS, estimates, judgments and assumptions have been made by the Company's management; they were able to allocate the amounts

reported in respect of assets and liabilities, contingent liabilities on the preparation date of the financial statements, and amounts reported in respect of income and expenses for the year.

These estimates are based on the going concern assumption, and on information available at the time they are made. They are continuously assessed on the basis of past experience, and various other factors considered reasonable, which form the basis of the assessments of the book value of assets and liabilities. Estimates may be reviewed if the circumstances on which they were based change, or in the light of new information. Actual results may differ materially from such estimates according to different assumptions or conditions.

When preparing these interim financial statements, the main judgments made by senior management, along with the main assumptions used, were identical to those applied when preparing the financial statements for the year ended 31 December 2017.

2.3 Change in accounting methods

Since 1 January 2018, the Group has applied IFRS 9 "Financial Instruments", which replaced IAS 39 "Financial Instruments: Recognition and Measurement", and deals with the classification, measurement, impairment and hedge accounting of financial assets and liabilities.

The application of the classification and measurement principles laid down in IFRS 9 did not have a significant impact on the Group's financial statements.

With the exception of the new texts outlined above, the Group made no changes in accounting methods for the first half of 2018.

2.4 Scope of consolidation

The consolidated financial statements include, by way of full consolidation, the financial statements of those subsidiaries over which the Group has exclusive control, whether directly or indirectly. The Group considers that it has exclusive control over an entity when it has the ability to steer the entity's operational and financial policies in order to obtain economic benefit.

After elimination of internal results and transactions, full consolidation allows account to be taken of all the assets, liabilities and income statement items of the Companies concerned, where the share of income and shareholders' equity accruing to Group companies (Group share) is separate from that relating to the interests of other shareholders (non-controlling interests). All material transactions between the consolidated companies and the internal income of the consolidated entity (including dividends) are eliminated.

Intra-group transactions and balances are also eliminated. The financial statements of the subsidiaries are prepared over the same reference period as those of the parent company, on the basis of consistent accounting methods.

On the publication date of these financial statements, the Company had only one subsidiary, Poxel Japan KK. Poxel Japan KK is a wholly owned subsidiary domiciled in Tokyo. Created in March 2018, it is consolidated according to the full consolidation method.

NOTE 3: INTANGIBLE ASSETS

GROSS VALUES OF INTANGIBLE ASSETS (Amounts in EUR)	Software
Statement of financial position at 31 December 2016	**1 959**
Capitalisation of development costs	0
Acquisition	0
Sale	0
Transfer	0
Statement of financial position at 30 June 2017	**1 959**

Statement of financial position at 31 December 2017	**2 288**
Capitalisation of development costs	0
Acquisition	4 668
Sale	0
Transfer	0
Statement of financial position at 30 June 2018	**6 956**

AMORTISATION

Statement of financial position at 31 December 2016	**1 500**
Increase	151
Reduction	0
Statement of financial position at 30 June 2017	**1 651**

Statement of financial position at 31 December 2017	**1 812**
Increase	774
Reduction	0
Statement of financial position at 30 June 2018	**2 586**

CARRYING AMOUNTS

At 31 December 2017	**476**
At 30 June 2018	**4 370**

Due to the risks and uncertainties related to the research and development process, the six intangible asset criteria are not deemed to have been met for any of the development projects in progress. Accordingly, all costs incurred by the Company are recognized as expenses.

NOTE 4: TANGIBLE ASSETS

GROSS VALUES OF PROPERTY, PLANT AND EQUIPMENT (Amounts in EUR)	Fixtures and fittings	IT equipment	Furniture	Total
Statement of financial position at 31 December 2016	**111 047**	**62 133**	**46 334**	**219 514**
Acquisition		9 899		9 899
Disposal/Scrapped		-2 406		-2 406
Transfer				0
Statement of financial position at 30 June 2017	**111 047**	**69 626**	**46 334**	**227 007**
Statement of financial position at 31 December 2017	**111 047**	**91 798**	**51 058**	**253 903**
Acquisition	112 646	23 572	32 983	169 201
Disposal/Scrapped				0
Transfer				0
Statement of financial position at 30 June 2018	**223 693**	**115 370**	**84 041**	**423 104**
AMORTISATION				
Statement of financial position at 31 December 2016	**14 225**	**35 334**	**24 540**	**74 099**
Increase	6 182	8 742	2 846	17 770
Reduction		-2 406		-2 406
Statement of financial position at 30 June 2017	**20 407**	**41 670**	**27 386**	**89 463**
Statement of financial position at 31 December 2017	**26 590**	**53 438**	**30 527**	**110 555**
Increase	7 308	16 183		23 491
Reduction				0
Statement of financial position at 30 June 2018	**33 898**	**69 621**	**30 527**	**134 046**
CARRYING AMOUNTS				
At 31 December 2017	**84 457**	**38 360**	**20 531**	**143 348**
At 30 June 2018	**189 795**	**45 749**	**53 514**	**289 058**

The Company does not hold any finance leases.

There was no recognition of impairment losses pursuant to the IAS 36 standard.

NOTE 5: OTHER NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist of the following:

OTHER NON-CURRENT FINANCIAL ASSETS (Amounts in EUR)	30/06/2018	31/12/2017
Liquidity contract cash portion	148 792	129 593
Deposits relating to operating leases	44 918	67 388
Other deposits	183 475	159 124
Total	**377 185**	**356 105**

NOTE 6: TRADE AND OTHER RECEIVABLES

Trade receivables (€8,281,000) are made up of €8,257,000 for the re-invoicing to Sumitomo Dainippon Pharma of research costs incurred as part of the Phase 3 TIMES program for Imeglimin in Japan, which are recognized on an ongoing basis as costs are incurred.

The other receivables are broken down as follows:

OTHER RECEIVABLES (Amounts in EUR)	**30/06/2018**	**31/12/2017**
Research tax credit	4 600 288	3 122 188
VAT	1 066 187	2 006 300
Supplier liabilities	3 036 367	1 318 332
Outstanding receivable	77 190	178 400
Prepaid expenses	524 648	552 286
Other	24 998	9 218
Total other receivables	**9 329 678**	**7 186 724**

All other current assets have a maturity of less than one year.

At 30 June 2018, the Research Tax Credit receivable was estimated on the basis of the research expenses invoiced on that date and eligible for research tax credit.

Prepaid expenses relate to current expenses.

NOTE 7: CASH AND CASH EQUIVALENTS

The cash and cash equivalents item are broken down as follows:

CASH AND CASH EQUIVALENTS (Amounts in EUR)	**30/06/2018**	**31/12/2017**
Bank accounts	13 387 630	4 119 548
Term deposits	80 993 497	50 043 804
Money-market SICAVs	108	108
Total cash and cash equivalents	**94 381 235**	**54 163 460**

NOTE 8: FINANCIAL ASSETS AND LIABILITIES AND EFFECTS ON INCOME

The Company's assets and liabilities are valued as follows at 31 December 2017 and at 30 June 2018:

(Amounts in EUR)	30/06/2018		Value – Statement of financial position under IFRS 9		
Balance sheet items	**Value on statement of financial position**	**Fair value (3)**	**Fair value through profit or loss**	**Loans and receivables (2)**	**Debts at amortized cost (1)**
Non-current financial assets	377 185	377 185		377 185	
Trade receivables and related accounts	8 281 362	8 281 362		8 281 362	
Other receivables	9 329 678	9 329 678		9 329 678	
Cash and cash equivalents	94 381 235	94 381 235	108	94 381 127	
Total assets	**112 369 460**	**112 369 460**	**108**	**112 369 352**	**0**
Current financial liabilities	199 670	199 670			199 670
Non-current financial liabilities	470 864	470 864			470 864
Trade payables and related accounts	25 184 573	25 184 573			25 184 573
Other creditors and sundry payables	45 950 083	45 950 083	0		45 950 083
Total liabilities	**71 805 191**	**71 805 191**	**0**	**0**	**71 805 191**

(Amounts in EUR)	31/12/2017		Value – Statement of financial position under IFRS 9		
Balance sheet items	**Value on statement of financial position**	**Fair value (3)**	**Fair value through profit or loss**	**Loans and receivables (2)**	**Debts at amortized cost (1)**
Non-current financial assets	356 105	356 105		356 105	
Trade receivables and related accounts	4 902 331	4 902 331		4 902 331	
Other receivables	7 186 724	7 186 724		7 186 724	
Cash and cash equivalents	54 163 460	54 163 460	108	54 163 352	
Total assets	**66 608 621**	**66 608 621**	**108**	**66 608 513**	**0**
Current financial liabilities	935 830	935 830			935 830
Non-current financial liabilities	555 211	555 211			555 211
Trade payables and related accounts	9 007 762	9 007 762			9 007 762
Other creditors and sundry payables	35 713 925	35 713 925	0		35 713 925
Total liabilities	**46 212 728**	**46 212 728**	**0**	**0**	**46 212 728**

(1) The book value of debts at amortized cost was considered a reasonable estimate of fair value.

(2) The fair value of loans and receivables corresponds to the value shown in the balance sheet (value at the transaction date, subject to impairment test at each closing).

(3) The fair value of financial assets recognized at fair value through the income statement (such as the SICAV) is determined on the basis of the level 1 valuation of the fair value, and corresponds to a market value.

NOTE 9: CAPITAL

Capital issued

The capital stands at €491,336.54 divided into 24,566,827 ordinary shares, each fully paid-up and with a par value of €0.02 after recognition of the two capital transactions made during the first half of 2018 and described in paragraph 1.2.

Distribution of dividends

The company did not distribute any dividends in the first half of 2018.

NOTE 10: SHARE SUBSCRIPTION WARRANTS, STOCK OPTIONS AND FOUNDER WARRANTS

Share subscription warrants ("BSA")

The table below summarizes the data relating to plans for share subscription warrants issued, along with the assumptions used for their valuation under IFRS2:

							Assumptions – calculation of fair value under IFRS 2							
Allocation date	**Type**	**Number of warrants issued**	**Number of options expired**	**Number of options exercised**	**Number of options outstanding**	**Maximum number of shares to be issued***	**Fair value of underlying***	**Fair value of warrant***	**Maturity**	**Exercise price in €***	**Term**	**Volatility**	**Risk-free rate**	**IFRS 2 total valuation (Black-Scholes)**
BOD of 5 July 2010	Directors' BSAs	4 500	0	4 500	0	0	3,33 €	1,50 €	5 years	3,33 €	10 years	45%	3,5%	135 125 €
At 31 December 2010		**4 500**	**0**	**4 500**	**0**	**0**								
At 31 December 2011		**4 500**	**0**	**4 500**	**0**	**0**								
At 31 December 2012		**4 500**	**0**	**4 500**	**0**	**0**								
BOD of 20 February 2013	BSA 31/10/2012	2 500	0	0	2 500	50 000	4,23 €	2,04 €	5 years	4,00 €	10 years	52%	2,2%	71 843 €
At 31 December 2013		**7 000**	**0**	**4 500**	**2 500**	**50 000**								
BOD of 12 March 2014	BSA 31/10/2012	2 500	0		2 500	50 000	8,00 €	5,16 €	4.5 years	4,00 €	10 years	55%	1,8%	227 848 €
At 31 December 2014		**9 500**	**0**	**4 500**	**5 000**	**100 000**								
BOD of 8 January 2015	BSA 25-07-2014	42 500	0	0	42 500	42 500	8,20 €	5,16 €	6 years	4,00 €	10 years	57%	0,0%	219 468 €
BOD of 29 April 2015	BSA 16-06-2015	42 500	0	0	42 500	42 500	13,57 €	6,77 €	6 years	9,37 €	10 years	57%	0,0%	287 591 €
BOD of 7 May 2015	BSA 16-06-2015	240 000	0	0	240 000	240 000	13,57 €	6,46 €	6 years	9,62 €	10 years	57%	0,1%	1 550 959 €
At 31 December 2015		**334 500**	**0**	**4 500**	**330 000**	**425 000**								
BOD of 29 January 2016	BSA 29-01-2016	42 500	0	0	42 500	42 500	9,07 €	2,84 €	6 years	9,05 €	10 years	53%	0,2%	120 779 €
BOD of 29 January 2016	BSA 29-01-2016	42 500	0	0	42 500	42 500	9,07 €	2,84 €	6 years	9,05 €	10 years	53%	0,2%	120 779 €
BOD of 31 March 2016	BSA 29-01-2016	42 500	0	0	42 500	42 500	12,23 €	5,19 €	6 years	9,26 €	10 years	53%	0,0%	220 461 €
At 31 December 2016		**462 000**	**0**	**4 500**	**457 500**	**552 500**								
BOD of 27 January 2017	BSA 27-01-2017	62 500	0	0	62 500	62 500	6,76 €	2,66 €	5.5 years	7,17 €	10 years	53%	0,0%	166 369 €
BOD of 30 June 2017	BSA 30-06-2017	25 000	0	0	25 000	25 000	6,61 €	2,64 €	5.5 years	6,90 €	10 years	53%	0,0%	66 064 €
At 31 December 2017		**549 500**	**0**	**4 500**	**545 000**	**640 000**								
BOD of 25 January 2018	BSA 2018	90 000	0	0	90 000	90 000	6,74 €	2,84 €	5.5 years	6,60 €	10 years	53%	0,1%	255 625 €
At 30 June 2018		**639 500**	**0**	**4 500**	**635 000**	**730 000**								

* After division of nominal value by 20

Those warrants issued prior to the division of the par value by 20, effective in March 2014, are convertible into 20 ordinary shares. Consequently, the fair value of the underlying asset, the fair value of the warrant and the exercise price were adjusted in order to take this into account.

The exercise price for grants made after the IPO is based on the average share price over the 20 days preceding the grant.

The exercise rights for each plan vest as follows:

- The exercise rights for "Directors' Warrants" vest annually by one-third on each grant anniversary date.
- The exercise rights for "BSA 31/10/2012" vest immediately on the date on which they are granted by the General Meeting of Shareholders.
- The exercise rights for "BSA 25/07/2014" vest annually by one-third on each grant anniversary date.
- Exercise rights for warrants issued in 2016 vest one year after the grant date.
- In 2017, the exercise rights for warrants vest in full on the first anniversary date of the grant.
- The exercise rights for the warrants issued in January 2018 vest in full on the first anniversary date of the grant.

The exercise of the warrants issued is not subject to a performance condition. However, it is subject to a quorum condition.

These plans are known as "equity settled". The Company has no commitment to redeem these instruments with employees should said employees leave, or should a particular event not occur.

Stock options

The table below summarizes the data relating to plans for stock options issued, along with the assumptions used for their valuation under IFRS2:

Allocation date	Type	Number of warrants issued	Number of options expired	Number of options exercised	Number of options outstanding	Maximum number of shares to be issued	Assumptions – calculation of fair value under IFRS 2							
							Fair value of underlying	Fair value of warrant	Maturity	Exercise price in €	Term	Volatility	Risk-free rate	IFRS 2 total valuation (Black-Scholes)
BOD of 31 March 2016	Stock options	80 000	0	0	80 000	80 000	12,55 €	5,88 €	5.5 years	12,55 €	10 years	53%	0,0%	470 616 €
BOD of 23 November 2016	Stock options	150 000	0	0	150 000	150 000	6,47 €	3,15 €	6 years	6,47 €	10 years	53%	0,0%	472 485 €
At 31 December 2016		**230 000**	**0**	**0**	**230 000**	**230 000**								
BOD of 27 January 2017	Stock options	12 500	0	0	12 500	12 500	6,76 €	3,15 €	5.5 years	6,76 €	10 years	53%	0,0%	39 353 €
BOD of 27 January 2017	Stock options	185 000	0	0	185 000	185 000	6,76 €	3,27 €	6 years	6,76 €	10 years	53%	0,0%	604 960 €
BOD of 30 June 2017	Stock options	97 500	0	0	97 500	97 500	6,61 €	3,20 €	6 years	6,61 €	10 years	53%	0,0%	311 756 €
At 31 December 2017		**525 000**	**0**	**0**	**525 000**	**525 000**								
BOD of 25 January 2018	Stock options	215 000	7 500	0	207 500	207 500	6,74 €	3,27 €	6 years	6,79 €	10 years	53%	0,2%	678 950 €
At 30 June 2018		**740 000**	**7 500**	**0**	**732 500**	**732 500**								

Exercise rights for stock options vest:

- annually by one-third for stock options granted in 2016;
- for stock options granted in 2017:
  - one year after the grant date for the 12,500 stock options granted by the Board of Directors on 27 January;
  - annually by one-third for the 185,000 stock options granted by the Board of Directors on 27 January;
  - annually by one-third for the 97,500 stock options granted by the Board of Directors on 30 June;
- annually by one-third for stock options granted in 2018.

The exercise of the warrants issued is not subject to a performance condition. However, it is subject to a quorum condition.

These plans are known as "equity settled". The Company has no commitment to redeem these instruments with employees should said employees leave, or should a particular event not occur.

Founder warrants ("BSPCE" or "BCE")

The table below summarizes the data relating to plans for founder warrants issued, along with the assumptions used for their valuation under IFRS2:

Allocation date	Type	Number of warrants issued	Number of options expired	Number of options exercised	Number of options outstanding	Maximum number of shares to be issued*	Assumptions – calculation of fair value under IFRS 2							
							Fair value of underlying*	Fair value of warrant*	Maturity	Exercise price in €*	Term	Volatility	Risk-free rate	IFRS 2 total valuation (Black-Scholes)
BOD of 20 June 2010	BCE 10-06-2010-1	5 000	2 750	560	1 690	33 800	3,33 €	1,77 €	5 years	2,50 €	10 years	45%	3,5%	176 537 €
BOD of 17 December 2010	BCE 10-06-2010-2	3 000	0	3 000	0	0	3,33 €	1,72 €	4.5 years	2,50 €	10 years	45%	3,7%	102 951 €
At 31 December 2010		**8 000**	**2 750**	**3 560**	**1 690**	**33 800**								
BOD of 20 September 2011	BCE 10-06-2010-2	1 500	0		1 500	30 000	3,74 €	2,00 €	3.5 years	2,50 €	10 years	50%	4,0%	59 996 €
At 31 December 2011		**9 500**	**2 750**	**3 560**	**3 190**	**63 800**								
At 31 December 2012		**9 500**	**2 750**	**3 560**	**3 190**	**63 800**								
At 31 December 2013		**9 500**	**2 750**	**3 560**	**3 190**	**63 800**								
BOD of 12 March 2014	BCE 31-10-2012	5 000	0	2 300	2 700	54 000	8,00 €	5,58 €	4.5 years	3,20 €	10 years	55%	1,80%	558 351 €
At 31 December 2014		**14 500**	**2 750**	**5 860**	**5 890**	**117 800**								
At 31 December 2015		**14 500**	**2 750**	**5 860**	**5 890**	**117 800**								
BOD of 29 July 2016	BSPCE 29-07-2016	45 000	15 000		30 000	30 000	7,53 €	3,30 €	5.5 years	8,45 €	10 years	53%	0,00%	98 973 €
At 31 December 2016		**59 500**	**17 750**	**5 860**	**35 890**	**147 800**								
BOD of 31 March 2017	BSPCE 31-03-2017	100 000	0	0	100 000	100 000	6,76 €	2,63 €	6 years	5,91 €	10 years	53%	0,00%	263 098 €
BOD of 30 June 2017	BSPCE 2017-2	177 500	5 000	0	172 500	172 500	6,61 €	3,04 €	6 years	7,26 €	10 years	53%	0,00%	531 526 €
BOD of 21 September 2017	BSPCE 2017-3	15 000	0	0	15 000	15 000	5,76 €	2,72 €	6 years	6,01 €	10 years	53%	0,0%	40 847 €
At 31 December 2017 and 30 June 2018		**352 000**	**22 750**	**5 860**	**323 390**	**435 300**								

* After division of nominal value by 20

Those warrants issued prior to the division of the par value by 20, effective in March 2014, are convertible into 20 ordinary shares. Consequently, the fair value of the underlying asset, the fair value of the warrant and the exercise price were adjusted in order to take this into account.

The exercise price for grants made after the IPO is based on the average share price over the 20 days preceding the grant.

The exercise rights for all the BSPCE warrants vest annually by one-third on each grant anniversary date.

Exercise of the warrants is not subject to a performance condition. However, it is subject to a quorum condition.

These plans are known as "equity settled". The company has no commitment to redeem these instruments with employees should said employees leave, or should a particular event not occur.

Bonus performance shares

Allocation date	Type	Number of bonus shares issued	Number of bonus shares expired	Number of bonus shares vested	Number of bonus shares outstanding
BOD of 25 January 2018	Bonus shares	126 500	5 750	0	120 750
At 30 June 2018		**126 500**	**5 750**	**0**	**120 750**

The Board of Directors' meeting of 25 January 2018 granted 126,500 bonus performance shares to employees.

The final grant of bonus shares is defined and carried out annually, by one-third on each grant anniversary date. Each annual tranche is subject to a presence condition and to three performance conditions, the achievement of each of which grants entitlement to one-third of the annual tranche:

- two annual performance conditions not related to market conditions, such that the total number of shares granted will depend on the level of achievement of the conditions for 2018, 2019 and 2020. For each of these conditions, the likelihood of achieving the objective is estimated by management. The expense recognized in this regard at 30 June 2018 was based on the number of bonus performance shares that the Company expects to grant. This figure was determined on the basis of management's estimate.
- an annual performance condition linked to market conditions, and reflected in the assessment of fair value.

The fair value of options subject to the market-linked condition was determined using the Monte Carlo model. The valuation methods used to estimate the fair value of bonus performance shares are set out below:

- the share price used is equal to the share price on the grant date;
- the risk-free rate is determined using the average life of the instruments;
- volatility was determined using a sample of listed companies in the biotechnology sector, on the instrument subscription date, and over a period equivalent to the life of the option.

These plans are known as "equity settled". The company has no commitment to redeem these instruments with employees should said employees leave, or should a particular event not occur.

Details of the expense recognized in accordance with IFRS 2 at 30 June 2017 and 2018:

		At 30 June 2017				At 30 June 2018				
Type	**Grant date**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Expense at 30 June 2017**	**Cumulative expense at 30/06/2017**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Cumulative expense at start date**	**Expense at 30 June 2018**	**Cumulative expense at 30/06/2018**
Directors' BSAs	BOD of 5 July 2010	4 500	135 125 €	0 €	135 125 €	0	135 125 €	135 125 €	0 €	135 125 €
BSA 31/10/2012	BOD of 20 February 2013	2 500	71 843 €	0 €	71 843 €	2 500	71 843 €	71 843 €	0 €	71 843 €
BSA 31/10/2012	BOD of 12 March 2014	2 500	227 848 €	0 €	227 848 €	2 500	227 848 €	227 848 €	0 €	227 848 €
BCE 31-10-2012	BOD of 12 March 2014	42 500	219 468 €	14 623 €	217 438 €	42 500	219 468 €	219 468 €	0 €	219 468 €
BSA 25-07-2014	BOD of 8 January 2015	42 500	287 591 €	37 946 €	256 968 €	42 500	287 591 €	272 945 €	14 646 €	287 591 €
BSA 16-06-2015	BOD of 29 April 2015	240 000	1 550 959 €	118 476 €	1 550 959 €	240 000	1 550 959 €	1 550 959 €	0 €	1 550 959 €
BSA 29-01-2016	BOD of 29 January 2016	42 500	120 779 €	19 863 €	88 010 €	42 500	120 779 €	104 785 €	8 254 €	113 039 €
BSA 29-01-2016	BOD of 29 January 2016	42 500	120 779 €	19 863 €	88 010 €	42 500	120 779 €	104 785 €	8 254 €	113 039 €
BSA 29-01-2016	BOD of 31 March 2016	42 500	220 461 €	48 538 €	150 412 €	42 500	220 461 €	181 032 €	21 208 €	202 239 €
BSA 27-01-2017	BOD of 27 January 2017	62 500	166 369 €	69 738 €	69 738 €	62 500	166 369 €	154 062 €	12 307 €	166 369 €
BSA 30-06-2017	BOD of 30 June 2017	0	0 €	0 €	0 €	25 000	66 064 €	33 303 €	32 761 €	66 064 €
BSA 2018	BOD of 25 January 2018	0	0 €	0 €	0 €	90 000	255 625 €	0 €	107 152 €	107 152 €
Total – BSA warrants		**524 500**	**3 121 222 €**	**329 048 €**	**2 856 349 €**	**635 000**	**3 442 911**	**3 056 156**	**204 582**	**3 260 738**

		At 30 June 2017				At 30 June 2018				
Type	**Grant date**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Expense at 30 June 2017**	**Cumulative expense at 30/06/2017**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Cumulative expense at start date**	**Expense at 30 June 2018**	**Cumulative expense at 30/06/2018**
Stock options	BOD of 31 March 2016	80 000	470 616 €	77 900 €	412 057 €	80 000	470 616 €	451 276 €	19 341 €	470 616 €
Stock options	BOD of 23 November 2016	150 000	472 485 €	144 493 €	173 763 €	150 000	472 485 €	302 044 €	65 685 €	367 729 €
Stock options	BOD of 27 January 2017	12 500	39 353 €	16 496 €	16 496 €	12 500	39 353 €	36 442 €	2 911 €	39 353 €
Stock options	BOD of 27 January 2017	185 000	604 960 €	154 969 €	154 969 €	185 000	604 960 €	342 349 €	98 939 €	441 288 €
Stock options	BOD of 30 June 2017	0	0 €	0 €	0 €	97 500	311 756 €	96 042 €	94 832 €	190 873 €
Stock options	BOD of 25 January 2018	0	0 €	0 €	0 €	207 500	678 950 €	0 €	173 923 €	173 923 €
Total – Stock options		**427 500**	**1 587 414**	**393 858**	**757 284**	**732 500**	**2 578 120**	**1 228 152**	**455 631**	**1 683 783**

		At 30 June 2017				At 30 June 2018				
Type	**Grant date**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Expense at 30 June 2017**	**Cumulative expense at 30/06/2017**	**Number of options outstanding**	**Plan cost under IFRS 2**	**Cumulative expense at start date**	**Expense at 30 June 2018**	**Cumulative expense at 30/06/2018**
BCE 10-06-2010-1	BOD of 20 June 2010	2 250	176 537 €	0 €	176 537 €	1 690	176 537 €	176 537 €	0 €	176 537 €
BCE 10-06-2010-2	BOD of 17 December 2010	0	102 951 €	0 €	102 951 €	0	102 951 €	102 951 €	0 €	102 951 €
BCE 10-06-2010-2	BOD of 20 September 2011	1 500	59 996 €	0 €	59 996 €	1 500	59 996 €	59 996 €	0 €	59 996 €
BCE 31-10-2012	BOD of 12 March 2014	2 500	558 351 €	0 €	558 351 €	2 700	558 351 €	558 351 €	0 €	558 351 €
BSPCE 29-07-2016	BOD of 29 July 2016	45 000	148 460 €	37 233 €	117 649 €	30 000	98 973 €	134 027 €	-35 053 €	98 973 €
BSPCE 31-03-2017	BOD of 31 March 2017	100 000	263 098 €	40 526 €	40 526 €	100 000	263 098 €	121 578 €	57 926 €	179 504 €
BSPCE 2017-2	BOD of 30 June 2017					172 500	531 526 €	160 530 €	159 853 €	320 383 €
BSPCE 2017-3	BOD of 21 September 2017					15 000	40 847 €	6 907 €	12 465 €	19 372 €
Total – BSPCE warrants		**151 250**	**1 309 393 €**	**77 760 €**	**1 056 011 €**	**323 390**	**1 832 279**	**1 320 878**	**195 190**	**1 516 068**

		At 30 June 2017				At 30 June 2018				
Type	**Grant date**	**Number of bonus shares outstanding**	**Plan cost under IFRS 2**	**Expense at 30 June 2017**	**Cumulative expense at 30/06/2017**	**Number of bonus shares outstanding**	**Plan cost under IFRS 2**	**Cumulative expense at start date**	**Expense at 30 June 2018**	**Cumulative expense at 30/06/2018**
Bonus shares	BOD of 25 January 2018	0	0 €	0 €	0 €	120 750	399 538 €	0 €	101 062 €	101 062 €

At 30 June 2018, the total expense related to BSA warrants, BSPCE warrants, stock options and bonus performance shares stood at €956,464 (of which €308,516 was recognized as research and development costs and €647,948 was recognized as general and administrative overheads).

NOTE 11: BORROWING AND FINANCIAL DEBTS

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in EUR)	30/06/2018	31/12/2017
Repayable advance	470 864	555 211
Non-current financial liabilities	**470 864**	**555 211**
Repayable advance	194 852	180 694
Current bank borrowings		751 485
Agios	4 819	3 651
Current financial liabilities	**199 671**	**935 830**
Total financial liabilities	**670 535**	**1 491 041**

Breakdown of financial debts by due date

The due dates for financial debts break down as follows over the periods shown:

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in EUR)	30/06/2018			
	Gross amount	Portion less than 1 year	Portion from 1 to 5 years	Over 5 years
Repayable advances	665 716	194 852	470 864	0
Agios	4 819	4 819	0	0
Total financial liabilities	**670 535**	**199 671**	**470 864**	**0**

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in EUR)	31/12/2017			
	Gross amount	Portion less than 1 year	Portion from 1 to 5 years	Over 5 years
Repayable advances	735 905	180 694	555 211	0
Agios	3 650	3 650	0	0
Current bank borrowings	751 485	751 485	0	
Total financial liabilities	**1 491 041**	**935 830**	**555 211**	**0**

11.1 Debts to credit institutions

During the first half of 2018, the Company did not take out any loans with credit institutions.

11.2 Repayable advances and subsidies

The table below shows the change in repayable advances granted by Bpifrance:

	PXL770	Imeglimin (New formulation)	Total
At 31 December 2016	**111 461**	**733 258**	**844 719**
(+) Receipt			
(-) Repayment	-35 000	-24 000	-59 000
Subsidies			
Financial expenses	2 209	13 824	16 033
(+/-) Other transactions			
At 30 June 2017	**78 671**	**723 082**	**801 753**
(+) Receipt			
(-) Repayment	-37 500	-45 000	-82 500
Subsidies			
Financial expenses	2 297	14 355	16 652
(+/-) Other transactions			
At 31 December 2017	**43 468**	**692 437**	**735 905**
(+) Receipt			
(-) Repayment	-40 000	-45 000	-85 000
Subsidies			
Financial expenses	1 757	13 054	14 811
(+/-) Other transactions			
At 30 June 2018	**5 225**	**660 491**	**665 716**

Breakdown of repayable advances by due date

	PXL770	Imeglimin (New formulation)	Total
At 30 June 2018	**5 225**	**660 491**	**665 716**
Portion of less than one year	5 225	189 627	194 852
Portion from one to 5 years		470 864	470 864
Portion of more than 5 years			

	PXL770	Imeglimin (New formulation)	Total
At 31 December 2017	**43 468**	**692 437**	**735 905**
Portion of less than one year	43 468	137 226	180 694
Portion from one to 5 years		555 211	555 211
Portion of more than 5 years			

The Company did not obtain any new repayable advances during the first half of 2018, nor did it receive any additional payments in respect of existing advances.

11.3 Debt to Kreos

The Kreos debt was repaid in full during the first half of 2017.

NOTE 12: COMMITMENTS TO STAFF

Commitments to staff are made up of the provision for pension rights, evaluated on the basis of the provisions of the applicable collective agreement, namely the collective agreement for the pharmaceutical industry. The main actuarial assumptions used to evaluate pension rights on retirement are as follows:

ACTUARIAL ASSUMPTIONS	30/06/2018	31/12/2017
Retirement age	Voluntary retirement at 65/67 years old	
Collective agreements	Pharmaceutical industry	
Discount rate (IBOXX Corporates AA)	1,75%	1,68%
Mortality table	INSEE 2017	INSEE 2017
Salary adjustment rate	2%	2%
Turnover rate	Low	Low
Social security contribution rate	50%	50%

The provision for pensions has changed as follows:

COMMITMENTS TO STAFF (Amounts in EUR)	Retirement benefits
At 31 December 2017	**229 880**
Past service costs	25 493
Financial costs	1 931
Actuarial gains or losses	14 701
At 30 June 2018	**272 005**

NOTE 13: PROVISIONS

Furthermore, the Company may become involved in judicial, administrative or regulatory proceedings in the normal course of its business. A provision is established by the Company if there is sufficient likelihood that such disputes will entail costs to be borne by the Company.

In 2017, the Company established a provision of €83,000 for social security and tax risks, which was continued at 30 June 2018.

NOTE 14: SUPPLIERS AND OTHER CURRENT LIABILITIES

14.1. Trade and other payables

TRADE PAYABLES AND RELATED ACCOUNTS (Amounts in EUR)	30/06/2018	31/12/2017
Trade payables	10 034 118	3 249 268
Invoices not received	15 150 455	5 758 495
Total trade payables and related accounts	**25 184 573**	**9 007 763**

The increase in trade and other payables is due to the increase in costs incurred in connection with the Phase 3 TIMES program for Imeglimin in Japan.

There was no discounting of trade and other payables since the amounts did not represent a maturity of more than one year at 30 June 2018.

14.2 Tax and social security debts

Tax and social security debts break down as follows:

TAX AND SOCIAL SECURITY PAYABLES (Amounts in EUR)	30/06/2018	31/12/2017
Employee-related liabilities	350 109	464 884
Social security and other welfare bodies	355 111	390 209
Other taxes, duties and related payments	35 146	44 191
Total tax and social security payables	**740 366**	**899 284**

14.3. Other creditors and sundry payables

OTHER CURRENT LIABILITIES (Amounts in EUR)	30/06/2018	31/12/2017
Deferred income – Sumitomo contract initial paym	24 121 276	34 301 437
Roivant contract	18 763 939	0
Interim dividends received	3 064 868	1 317 488
Other	0	95 000
Total other current liabilities	**45 950 083**	**35 713 925**

Deferred income relates to the initial payment received pursuant to the Sumitomo Dainippon Pharma agreement, which is recognized as costs are incurred on the Phase 3 TIMES program for Imeglimin in Japan (see Note 15).

Under the Roivant Sciences agreement, the Company committed to contribute financially to the development of Imeglimin in the United States and Europe in the amount of €25 million. This commitment is recognized in other current liabilities (see Note 15).

Advances received relate to the re-invoicing to Sumitomo Dainippon Pharma of advances paid by the Company to a contract research organization (CRO) in connection with the Phase 3 TIMES program for Imeglimin in Japan.

NOTE 15: OPERATING INCOME

OPERATING INCOME AND REVENUE (Amounts in EUR)	30/06/2018	30/06/2017
Revenue	**37 462 981**	**-**
Sumitomo contract	29 315 014	
Roivant contract	8 147 967	
Research and development	**1 478 100**	**1 620 486**
Research tax credit	1 478 100	1 620 486
OSEO subsidies/advances	-	-
Total operating income and revenue	**38 941 081**	**1 620 486**

In 2018, net sales were related to:

- the agreement signed with Sumitomo Dainippon Pharma in October 2017;
- the agreement signed with Roivant Sciences GmbH in February 2018 (see significant events during the year in 1.2).

At 30 June 2017, the Company did not have any net sales.

In addition to this license income, operating income also includes the public financing (Research Tax Credit) outlined in the table above, and recognized as an offset to research and development expenses.

Accounting treatment of the Roivant Sciences GmbH agreement:

On 9 February 2018, the Company entered into an exclusive agreement with Roivant Sciences GmbH ("Roivant") for the development and marketing of Imeglimin, an oral drug candidate developed by the Company for the treatment of Type 2 diabetes, in the United States, Europe and other countries not covered by the existing partnership in East and Southeast Asia between the Company and Sumitomo Dainippon Pharma. The agreement provides that prior to the marketing of Imeglimin, the parties may agree on a potential joint promotion agreement.

This agreement provides for:

- An initial payment of $35 million (approximately €28 million) to the Company, in consideration of the licence and exclusive rights granted to Roivant Sciences GmbH thereby. It was redeemed during the first half of 2018;
- Payments related to the achievement of regulatory development and sales objectives, as well as double-digit royalties based on net sales achieved by Roivant, for which the percentage increases according to the level of sales;
- Roivant's commitment to cover the development and marketing costs of Imeglimin;
- The Company's contribution of $25 million (approximately €20 million) to the development program, paid by the Company to Roivant on a straight-line basis over two years (8 quarters,

each with a payment of $3.125 million). The first quarterly repayment was made by the company in May 2018, and the payment schedule runs until May 2020.

The agreement is based on two contracts signed together, and which make reference to one another:

- A license agreement
- An investment agreement

1. License agreement

A single performance obligation was identified in connection with the license agreement: the sale of an exclusive license for Imeglimin. The value of a pharmaceutical license lies essentially in the functionality of the intellectual property rather than in the licensor's promotional activities. The performance obligation identified under this license agreement is therefore within the scope of static licenses.

The contract price comprises:

- a fixed payment (upfront) of $35 million;
- the Company's commitment to contribute $25 million to the financing of the development program.

The initial payment is classified as a fixed payment.

Its amount was therefore recognized in full on the date the contract was signed, since its payment is certain and the performance obligation was met by the Company on the date of signing the contract.

The Company's commitment to contribute the financing of the program is classified as a consideration to be paid to the customer. Consideration payable to direct and indirect customers must be treated as a reduction of income, unless it corresponds to the fair value of a "separate" asset or service (within the meaning of the standard) that the customer provides to the entity, which is not the case in connection with this license contract.

Consideration payable to the customer must be recognized as a deduction from income on the date when the following two conditions are both met:

- the entity promised (explicitly or implicitly) the consideration payable to the customer (a)

- the entity recognizes as income the goods or services related to this consideration payable to the customer (b)

Condition (a) is met, since the payment obligation is clearly defined in terms of both amount and frequency;

Condition (b) is met, since the payment corresponds to the reimbursement of part of the upfront cost, which is recognized in full as income on the date of signing the contract.

Accordingly, its amount is deducted in full from the upfront cost (i.e. in the amount of $25m) on the date the contract is signed. The consideration is recognized in current liabilities.

The contract price is thus the initial net payment of the company's commitment, i.e. the amount of $10 million.

The license agreement also provides for payments for development, regulatory and sales milestones.

These milestone payments fall within the category of variable consideration.

Their payment is not highly likely at 30 June 2018. As a result, they are not recognized on that date but will be when their payment becomes highly likely, that is to say:

- For development and regulatory milestones, on a date at which development of the product has made sufficient progress to achieve the objectives defined (start of Phase 3, registration of the product with the US health authorities, market authorization in the US and the EU),

- For sales milestones, when the amount of sales made by Roivant on which the payment is conditional is achieved, or when it is highly likely that it will be achieved.

The license agreement also provides for the payment of royalties based on sales of Imeglimin in the allotted territories.

IFRS 15 provides for an exception to the general rule of assessing "variable consideration" with regard to royalties on intellectual property licences, i.e. based on future sales made by the customer or on the use of the licence by the customer (IFRS 15.B63). As such, the income is recognized on the date of the latest of the following two events:

- the sale or use of the license by the customer (which underlies the calculation of royalties) occurred;
- the "performance obligation" to which the royalties were allocated was achieved.

Regarding the Roivant agreement, the royalties fall within the scope of the exception on royalties and the income may only be recognized in accordance with sales made by Roivant. Even when Roivant has started marketing the drug and Poxel is able to estimate a highly likely minimum amount for future royalties, these royalties cannot be recognized until Roivant has achieved the underlying sales.

2. Investment agreement

Alongside the signing of the licence agreement set out above, Roivant invested $15 million (approximately €12 million) in the capital of Poxel by subscribing to 1,431,399 new ordinary shares in the company at a price of €8.50 per share, representing a premium of 25.9% compared to the 20-day VWAP on the date of signing the contract.

An investment made in a listed company at a price that differs from the market price on the investment date may be viewed as consideration in kind (IFRS 15.66 s), on the understanding that the fair value of the company in which the investment is made is defined by its market capitalization on the investment date.

In view of the following three items:

i. The valuation range of the company by its banks has been particularly wide since its listing;

ii. The Poxel share price has been particularly volatile since it was first listed;

iii. The average premium paid in comparable strategic investments is greater than 25%;

Consequently, it was considered that the price at which said investment was made properly reflects the company's fair value. In addition, the premium paid by Roivant under the investment agreement was not considered as a supplement to the sale price of the license.

Accounting treatment of the Sumitomo agreement:

In October 2017, the Company signed a partnership agreement with Sumitomo, under the terms of which the two companies will co-develop Imeglimin for the treatment of type 2 diabetes in Japan. Sumitomo Dainippon Pharma will fund the Phase 3 costs and the marketing costs.

This agreement provides that:

- the Company benefits from an initial payment of €36,031,000 in remuneration of the license and exclusive rights granted to Sumitomo Dainippon Pharma along with the co-development. It was collected in December 2017 and is non-refundable;
- the Company benefits from reimbursement of the external development costs incurred in connection with Phase 3, under the conditions set out in the agreement.

The company considers the license granted and the co-development as two separate performance obligations:

- The performance obligation is met immediately for the license, given that it is a static license.
- The performance obligation is satisfied continuously for the co-development. The nature of the services related to the co-development corresponds to research work. At 30 June 2018, the amount of the performance obligations still to be executed stands at €71,491,000 (compared with €104,882,000 at 31 December 2017).

The contract price is composed of fixed payments and variable consideration seen as highly likely, i.e. the initial payment and reimbursement of direct costs. The corresponding income thus incorporates the initial payment and repayments.

The transaction price was allocated to both performance obligations according to the residual method, given that the licence price is uncertain. The specific price of the co-development obligation was established on the basis of estimated costs to achieve the performance obligation, plus a margin in line with market practices. This meant that the entire transaction price was allocated to the co-development performance obligation. This allocation reflects the economics of the contract, since the highly likely payments aim to provide a reasonable margin for research and development work, given that the license is essentially paid for via future amounts that are not highly likely at closing.

The income allocated to the research and development department is recognized by percentage of completion, based on an estimate of the internal and external direct costs, for the entire co-development phase, a method that best represents the progress of the work. The company expects to make a positive margin on this agreement.

The agreement also provides for regulatory and sales milestone payments.

These milestone payments fall within the category of variable consideration.

Their payment is not highly likely at 30 June 2018. As a result, they are not recognized on that date but will be when their payment becomes highly likely, that is to say:

- For regulatory milestones, on a date at which there has been sufficient progress in the development of the product to achieve the defined objectives (registration of the product with the Japanese health authorities, market authorization in Japan),

- For sales milestones, when the amount of sales made by Sumitomo Dainippon Pharma on which the payment is conditional is achieved, or when it is highly likely that it will be achieved.

The agreement also provides for the payment of royalties based on sales of Imeglimin in the allotted territories. No sales were made by Sumitomo under the licence granted by Poxel, and as such no amounts were recognized at that date.

NOTE 16 DETAILS OF INCOME AND EXPENDITURE BY FUNCTION

16.1 Research and Development

RESEARCH AND DEVELOPMENT (Amounts in EUR)	30/06/2018	30/06/2017
Subcontracting, studies and research	26 206 858	5 967 735
Staff costs	1 704 379	1 279 743
Share-based payments	308 516	221 821
Travel and entertainment*	282 624	0
Intellectual property fees	171 170	115 995
Remuneration of intermediaries & fees	211 631	156 333
Other expenses	35 004	137 482
Research and Development Costs	**28 920 182**	**7 879 110**
Research tax credit	1 478 100	1 620 486
Subsidies	**1 478 100**	**1 620 486**

** at 30 June 2017, this item was included in full under general and administrative overheads.*

The bulk of the increase in subcontracting costs is linked to the TIMES program, for which expenses of €22.5 million were incurred during the half-year. This item also includes the fee to be paid to Merck Serono in connection with the signing of the agreement with Roivant Sciences GmbH, provisioned according to the Company's best estimate on the reporting date for the interim financial statements.

The change in staff costs relates primarily to the expansion of clinical research teams.

16.2 General and administrative overheads

GENERAL AND ADMINISTRATIVE OVERHEADS (Amounts in EUR)	30/06/2018	30/06/2017
Remuneration of intermediaries & fees	1 017 176	1 080 707
Staff costs	994 015	846 923
Share-based payments	647 948	578 844
Travel and entertainment*	345 448	463 035
Other expenses	609 844	279 603
General and Administrative Overheads	**3 614 430**	**3 249 111**

** at 30 June 2017, this item was included in full under general and administrative overheads.*

NOTE 17: PAYROLL

The payroll for Poxel on 30 June 2017 and 2018 is given below:

WORKFORCE	30/06/2018	30/06/2017
Executives	33	24
Non-executives	1	1
Total workforce	**34**	**25**

NOTE 18: NET FINANCIAL INCOME AND EXPENDITURE

FINANCIAL INCOME AND EXPENSES (Amounts in EUR)	30/06/2018	30/06/2017
Kreos interest		(46 509)
Other financial expenses	(14 811)	(16 849)
Financial income	223 103	33 126
Foreign exchange gains/(losses)	641 390	(150 369)
Total financial income/(expenses)	**849 682**	**(180 601)**

The financial income to 30 June 2017 and 2018 is primarily composed of:

- currency gains and losses, linked to changes in the price of the yen and the dollar;
- income from financial investments;
- other financial expenses, corresponding to the effect of the accretion of repayable advances.

The Kreos debt was repaid in full during the first half of 2017.

NOTE 19: INCOME TAX

At 31 December 2017 and 30 June 2018, the Company did not recognise any deferred tax assets in its tax loss carryforwards. Given its stage of development, the Company considers it is not in a position to make projections of its future taxable profits against which unused tax losses could be set off. There was no taxable profit at 30 June 2017 and 2018.

NOTE 20: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net loss for Company shareholders by the weighted average number of ordinary shares in circulation during the year.

Diluted earnings per share is based on an average number of shares in circulation adjusted by the weighted average number of shares resulting from the potential exercise, during the year, of existing stock options or other dilutive instruments.

EARNINGS PER SHARE (Amounts in EUR)	30/06/2018	30/06/2017
Weighted average number of shares outstanding	24 087 916	23 018 006

Net profit/(loss) for the year	7 256 151	(9 688 337)
Basic loss per share (€/share)	**0,30**	**(0,42)**
Diluted loss per share (€/share)	**0,28**	**(0,42)**

** After division of nominal value by 20*

NOTE 21: RELATED PARTIES

No post-employment benefits are granted to members of the Board of Directors.

The remuneration paid to senior executives breaks down as follows (in euros):

Remuneration of corporate officers	30/06/0218	30/06/2017
Fixed remuneration payable	102 353	73 440
Variable remuneration payable	77 031	46 453
Benefits in kind	7 653	2 833
Employer contributions	65 345	48 095
Attendance fees	166 500	172 000
Share-based payments	353 790	378 175
Consultancy fees	64 778	0
TOTAL	**837 451**	**720 995**

The methods for evaluating the benefit of share-based payments are given in Note 10.

NOTE 22: SECTOR-SPECIFIC INFORMATION

The Company operates in a single segment: the development of innovative, best-in-class molecules for the treatment of metabolic pathologies, including type 2 diabetes and non-alcoholic steatohepatitis (NASH).

Most of the assets and operating results presented are located in France.

Hence, the Group's performance is currently analysed on the basis of a single segment and a single geographical area.

NOTE 23: OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments as of 30 June 2018 have not changed significantly since 31 December 2017.

4. LIMITED REPORT OF THE STATUTORY AUDITORS ON THE INTERIM INFORMATION 2018

Please refer to the French version