



Joint stock company (*société anonyme*) with share capital of €391,004.56
Registered office: 259-261 Avenue Jean Jaurès, 69007 Lyon, France
Lyon Trade and Companies Registry no. 510 970 817

INTERIM FINANCIAL REPORT

AS OF JUNE 30, 2016



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1. STATEMENT OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

1.1. Person responsible for the interim financial report

1. Thomas Kuhn, Chief Executive Officer of Poxel.

1.2. Statement of the person responsible

(Art. 222-3 - 4° of the General Regulation of the French Financial Markets Authority [*Autorité des marchés financiers* – AMF])

"I hereby declare that, to the best of my knowledge, the condensed interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company, and that the interim activity report provides a fair review of the significant events that occurred during the first six months of the fiscal year with their impact on the interim financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the fiscal year."

Lyon, September 9, 2016

Thomas Kuhn, Chief Executive Officer of Poxel.

2. ACTIVITY REPORT AS OF JUNE 30, 2016

2.1. Significant events during the 1st half of 2016

During the first half-year, the Company carried out its research program as planned to continue developing its 2 major assets (Imeglimin and PXL770). The R&D expenses therefore significantly increased.

In February, the Company, further structuring, appointed two directors and thus strengthened its team:

- Janice Bourque, an American citizen, Managing Director of Hercules Technology Growth Capital, joined the Company as an independent director and will provide Poxel with her financial experience and knowledge of the pharmaceutical industry acquired in various American groups. Janice Bourque was appointed member of the Audit Committee.
- Pierre Legault, a dual US/Canadian citizen, former President and CEO of NephroGenex Inc. joined Poxel with over 35 years of experience working in the pharmaceutical and biotechnology industry in North America. Pierre Legault was appointed member of both the Audit Committee and the Remuneration Committee. In April 2016, Pierre Legault was elected as the new Chairman of Poxel's Board of Directors.

Finally, on May 4, 2016, the Company announced that it plans to conduct a registered initial public offering in the United States and continues to work on this opportunity.

2.2. Activity and results of the Company

Research & Development activity

From a clinical point of view, the Company announced:

- In March 2016, that it has been granted U.S. composition of matter patent for direct AMPK activator PXL770 for the potential treatment of type 2 diabetes and related disorders. This addition to its IP portfolio is an important step forward for its second lead product candidate, PXL770, and further strengthens its position with respect to type 2 diabetes.
- In June 2016, positive results from the first stage of the ongoing PXL770 Phase 1 trial. The Company treated 64 subjects (healthy volunteers). The product's safety and pharmacokinetics results are positive. During the Phase 1 study, Poxel observed a different metabolic pattern in humans compared to animals which will need further evaluations, prior to the start of the second part of the Phase 1 study which will be delayed until 2017.
- In June 2016, that patient enrollment is completed for Imeglimin Phase 2b clinical trial in type 2 diabetes in Japan, as initially planned, which enables the Company to get the results of the study in 2017.

Human resources

The Company strengthened its team with the addition:

- In February 2016, of Janice Bourque and Pierre Legault, as administrators (see paragraph 2.1 above). In April 2016, Pierre Legault was appointed the new Chairman of the Company's Board of Directors.
- In March 2016, the Company announced that Jonae R. Barnes, a US citizen based in Boston, has joined the Company as Senior Vice President, Investor Relations and Public Relations. Jonae Barnes has 20 years of experience in the pharmaceutical and biotechnology industry.

Her experience in strategic investor and corporate communications spans the full life cycle of drug development and commercialization.

- During the half-year, the clinical team also strengthened with the addition of two clinicians.

Results

The Company's operating loss, which amounts to -€12,190 thousand, meets its forecasts and expectations.

Research and development expenses significantly increased compared to the first half of 2015 (€10,140 thousand versus €3,358 thousand), mainly due to increased study-related costs (Phase 2b for Imeglimin in Japan and Phase 1 for PXL770) and the organization of Phase 3 for Imeglimin (active ingredient preparation).

Poxel did not generate revenues in 2016 (in 2015, after the license agreement was signed with ENYO Pharma SAS, the Company was provided with €50 thousand and thus, for the first time, recognized revenue).

The research tax credit for the first half of 2016 is estimated at €1,669 thousand vs. €947 thousand on June 30, 2015.

The overhead and administrative expenses amount to €3,719 thousand (vs. €2,676 thousand as of June 30, 2015) in the first half of 2016 including:

- Expenses related to the Company's Nasdaq listing project which amount to approximately €1,015 thousand (fees). The project has not been realized yet, the associated direct costs are therefore recognized in expenses,
- The impact of the fair value of share-based payments which account for €708 thousand (non-cash item),
- An increase in personnel costs related to the structure strengthening

Financial income primarily includes interests on the loan subscribed with Kreos (€298 thousand), offset by financial income on cash and cash equivalents (€166 thousand).

Net loss amounts to -€12,386 thousand: it fully meets the Company's forecasts and expectations.

Cash

Cash and cash equivalents as of June 30, 2016 amounts to €32,069 thousand vs. €42,413 thousand as of December 31, 2015. This cash decrease is explained by:

- €8,865 thousand cash consumption from operating activities
- €67 thousand investment;
- - €1,547 thousand funding flows mainly related to the repayment of financial liabilities (€1,224 thousand under Kreos loan and €37 thousand under repayable cash advances).

2.3. Forecasts and future developments

Current financial resources allow the Company to continue performing clinical studies and trials on both Imeglimin and PXL770. In the second half of the year, the Company will:

- Follow the development strategy of its two main compounds especially by:
 - On Imeglimin:

- Finalizing the development plan with the Japanese health authorities (PMDA) following their first approval in principle for the program;
 - Continuing the development in Japan by performing the on-going phase IIB clinical trial in this country (patient enrollment being completed in the first half of 2016);
 - Following the end-of-phase IIB meeting with the FDA, getting the EMA approval on the phase III plan;
 - Carrying on other clinical and non-clinical studies to collect results on the product's mechanism of action and its benefits on complications and progression of diabetes.
- On PXL770:
 - Preparing the second stage of phase I trial to estimate the product's safety and tolerability, and get first efficacy results;
 - Preparing phase IIA in order to get the product's clinical proof-of-concept.
- Continue partnership discussions for Imeglimin

2.4. Events subsequent to June 30, 2016

On July 18, 2016, Poxel announced that it has raised a total of €26.5 million through a private placement. The capital raise was subscribed by prominent institutional investors in the United States and in Europe. The Company placed 3,400,000 new shares with a par value of €0.02, representing approximately 17% of the share capital of the Company.

The issue price of €7.80 per share represented a discount of 18% from the weighted average price of the Company's shares on the regulated market of Euronext Paris during the twenty trading days preceding pricing and of 13% from the weighted average share price during the five trading days preceding pricing.

2.5. Risk factors and related party transactions

2.5.1 Risk factors

Risks relating to the Company are specified in Chapter 4 "Risk factors" of the Company's Document de Référence.

2.5.2 Related party transactions

Transactions between related parties are of the same nature as the ones presented in Chapter 19 "Related party transactions" of the Company's Document de Référence. Over the first six months of 2016, the Company did not enter into any significant transactions with an executive or a member of the Board of Directors.

3. CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2016 PRESENTED IN ACCORDANCE WITH IFRS

3.1. Statement of Financial position

POXEL Statement of financial position	Notes	06/30/2016 €	12/31/2015 €
ASSETS			
Intangible Assets	3	610	540
Property, plant and equipment	4	146 829	152 748
Other Non-Current Financial Assets	5	569 428	533 428
Deferred Tax Assets	19	-	-
Total Non Current Assets		716 867	686 715
		-	-
Accounts Receivable		11 580	11 580
Other Receivables	6	4 550 361	3 736 414
Current Tax Assets	19	-	-
Cash and Cash Equivalents	7	32 068 889	42 413 402
Total Current Assets		36 630 830	46 161 396
Total Assets		37 347 697	46 848 112
LIABILITIES			
Shareholders' Equity			
Capital	9	391 005	389 648
Share Premiums	9	81 805 229	81 923 707
Reserves	9	(43 532 867)	(32 044 525)
Income / (Loss)	9	(12 386 394)	(12 241 013)
Total Shareholders' Equity		26 276 972	38 027 817
Non-Current Liabilities			
Retirement Benefits	12	133 694	129 958
Non-Current Financial Liabilities	11	638 219	1 553 926
Non-Current Liabilities		771 913	1 683 884
Current Liabilities			
Current Financial Liabilities	11	2 199 239	2 397 150
Provisions	13	-	-
Accounts Payable and Related Accounts	14.1	7 464 901	4 336 522
Tax and Social Security Liabilities	14.2	577 924	379 739
Other Creditors and Liabilities	14.3	56 750	23 000
Current Liabilities		10 298 813	7 136 411
Total Liabilities		37 347 697	46 848 112

3.2. Income statement

POXEL	Notes	06/30/2016	06/30/2015
Statement of Comprehensive Income		€	€
Revenue	15	-	50 000
Cost of Sales		-	-
Gross Margin		-	50 000
Research and Development Costs			
Research and Development Costs	16.1	(10 139 660)	(3 358 224)
Subsidies	16.1	1 669 196	947 912
Overhead and Administrative Costs	16.2	(3 719 627)	(2 675 876)
Other Income		-	-
Other Expenses		-	-
Operating Profit / (Loss)		(12 190 093)	(5 036 190)
Financial Expenses	18	(312 776)	(390 560)
Financial Income	18	166 579	195 996
Currency Exchange Gains and Losses	18	(50 105)	107
Pre-tax Income / (Loss)		(12 386 394)	(5 230 646)
Taxes	19	-	-
Net Income / (Loss)		(12 386 394)	(5 230 646)
Loss per Share			
	Notes	06/30/2016	06/30/2015
Weighted Average Number of Outstanding Shares		19 523 270	17 073 292
Loss per Share (€/share)	20	(0.63)	(0.31)
Diluted Loss per Share (€/share)	20	(0.63)	(0.31)

3.3. Statement of comprehensive income

POXEL - IFRS	Notes	06/30/2016	06/30/2015
Statement Comprehensive Income		€	€
Loss for the Financial Period		(12 386 394)	(5 230 646)
Actuarial Gains and Losses (non-recyclable)		10 504	(2 749)
Effects of Taxes relating to these Items			
Other Items of Comprehensive Income (net)		10 504	(2 749)
Comprehensive Income / (Loss)		(12 375 891)	(5 233 395)

3.4. Statement of changes in shareholders' equity

POXEL Changes in shareholders' equity	Capital Number of Shares	Capital	Share Premium Account	Reserves and Net Income	Currency Translation Adjustment	Actuarial Gains and Losses	Shareholders' Equity
		€	€	€	€	€	€
As of December 31, 2014	12 508 156	250 163	30 366 675	(33 151 439)	-	(12 904)	(2 547 505)
Net Income as of June 30, 2015				(5 230 646)			(5 230 646)
Other Items of Comprehensive Income						(2 749)	(2 749)
Comprehensive Income				(5 230 646)	-	(2 749)	(5 233 395)
Dividends							-
Issuance of Shares (1)	5 119 779	102 396	33 995 333				34 097 728
Subscription of Share Purchase Warrants (BSA)			25 500				25 500
Payments in Shares				630 098			630 098
Capital decrease							-
Treasury shares				(123 429)			(123 429)
Capital increase costs			(973 320)				(973 320)
As of June 30, 2015	17 627 935	352 559	63 414 187	(37 875 416)	-	(15 653)	25 875 678
As of December 31, 2015	19 482 394	389 648	81 923 707	(44 263 088)	-	(22 450)	38 027 817
Net Income as of June 30, 2016				(12 386 394)			(12 386 394)
Other Items of Comprehensive Income						10 504	10 504
Comprehensive Income				(12 386 394)	-	10 504	(12 375 891)
Dividends							-
Issuance of Shares (2)	67 834	1 357	241 179				242 536
Subscription of Share Purchase Warrants (BSA)			205 275				205 275
Payments in Shares				799 778			799 778
Capital decrease							-
Treasury shares				(57 610)			(57 610)
Capital increase costs (3)			(564 933)				(564 933)
As of June 30, 2016	19 550 228	391 005	81 805 229	(55 907 314)	-	(11 946)	26 276 972

⁽¹⁾ In 2015, the capital increase (€33,995,333) corresponds to the issuance of shares in connection with the Company's IPO (€26,767,487) and with the exercise of Merck Serono's share purchase warrants (€7,249,616).

⁽²⁾ In 2016, the capital increase corresponds to the exercise by Kreos Capital IV (UK) of 45,834 share purchase warrants (BSA) and the exercise by employees of 1,100 business creator share purchase warrants (BSPCE) - granting 22,000 shares (see note 1.2).

⁽³⁾ In 2016, the Company incurred costs amounting to €564,933 in connection with the preparation of a capital raise which occurred in July 2016 (cf Events subsequent to June 30, 2016). The total costs were deducted from the share premium as of June 2016.

3.5. Statement of cash flows

POXEL - IFRS Statement of cash flows	Notes	06/30/2016 €	06/30/2015 €
Cash Flows from Operating Activities			
Net Income (loss) from Continuing Operations		(12 386 394)	(5 230 646)
Net Income (loss) from Discontinued Operations			
Net Income / (Loss)		(12 386 394)	(5 230 646)
(-) Elimination of Amortization of Intangible Assets	3	(504)	(700)
(-) Elimination of Depreciation of Property, Plant and Equipment	4	(15 576)	(4 832)
(-) Allocations to Provisions	13	(14 240)	(11 327)
(-) Provision Reversals			
(-) Expenses associated with Share-Based Payments	10	(799 778)	(630 098)
(+) Interest Expenses		(153 769)	
(-) Interest Income		165 963	
(-) Changes in the Fair Value of Financial Liabilities (OC)		-	-
(-) Changes in the Fair Value of the Merck Serono Debt	11.4	-	52 214
(-) Changes in the Fair Value of the Kreos Derivative/Interest	11.3	(144 303)	(109 714)
(-) Subsidy transferred to Income	11.2	(14 704)	(14 755)
Cash Flow before Debt Servicing and Taxes		(11 409 483)	(4 511 435)
(-) Changes in Working Capital Requirements		(2 546 366)	1 464 167
Cash Flows from Operating Activities		(8 863 117)	(5 975 602)
Cash Flows from Investing Activities			
Acquisition of intangible assets	3	(202)	(145)
Purchase of property, plant and equipment	4	(4 832)	(8 863)
(+) Interest received		165 963	
Other Investment Flows	5	(93 610)	(276 672)
Cash Flows from Investing Activities		67 319	(285 680)
Cash Flows from Financing Activities			
Capital Increase + Share Premium Net of Expenses (1)	10	(322 397)	25 874 792
Subscription of Share Purchase Warrants (BSA)	10	205 275	25 500
Subscription of Liquidity Agreement		-	
(-) Interest paid		(170 105)	
Repayment of Conditional Loans and Advances	11.2	(1 261 488)	(433 195)
Issuance of Bonds		-	-
Cash Flows from Financing Activities		(1 548 715)	25 467 097
Impact of Currency Exchange Fluctuations			
Increase (Decrease in Cash Position)		(10 344 513)	19 205 815
Cash and Cash Equivalents as of Opening (including short-term bank overdrafts)		42 413 402	10 253 635
Cash and Cash Equivalents as of Closing (including short-term bank overdrafts)		32 068 889	29 459 450
Increase (Decrease in Cash Position)		(10 344 513)	19 205 815

⁽¹⁾ In 2015, the “Capital increase + Share Premium Net of Expenses” (€25,708,572) corresponded to the issuance of shares (€34,097,729) presented in the statement of changes in shareholders’ equity after deduction of capital increase costs (€1,139,540) and the exercise of the Merck Serono share purchase warrants (€7,249,616), with no impact on the cash position.

In 2016, the “Capital increase + Share Premium Net of Expenses” (-€322,397) corresponds to the exercise of 45,834 share purchase warrants (+€183,336) by Kreos Capital IV (UK) as well as the exercise by employees of 1,100 business creator share purchase warrants (+€59,200) after deduction of costs incurred in connection with the preparation of the capital raise that occurred in July 2016 (€564,933).

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

		06/30/2016	06/30/2015
Cash and Cash Equivalents	7	32 068 889	29 459 450
Short-Term Bank Overdrafts	11		
Cash and Cash Equivalents as of Closing (including short-term bank overdrafts)		32 068 889	29 459 450
Details of the Changes in WCR			
Accounts Receivable (net of accounts receivable depreciation)		-	60 000
Other Receivables		813 947	590 299
Accounts Payable		(3 128 379)	796 391
Tax and Social Security Liabilities		(198 184)	32 477
Other Creditors and Liabilities		(33 750)	(15 000)
Total Changes		(2 546 366)	1 464 167

3.7. Notes to the interim financial statements

(The financial statements are presented in euros unless stated otherwise)

Note 1: Presentation of the activity and significant events

The condensed interim financial statements of Poxel, presented in accordance with IFRS for the period from January 1 to June 30, 2016, were closed by the Board of Directors' meeting on September 9, 2016 and approved for publication.

1.1 Information relating to the Company and its activity

Created in March 2009 as a result of a Merck Serono spin-off, Poxel (a French joint stock company [*société anonyme*]) develops innovative molecules that are the first in their class to treat type 2 diabetes.

Apart from the year of its founding, the Company has posted operating losses in every year. The losses resulted from research and development costs, both internal and external, chiefly related to conducting numerous pre-clinical and clinical trials, mostly in the development of Imeglimin.

The Company's future growth depends on the combination of several factors, which include (i) the success of its research and development work, (ii) obtaining regulatory approvals and market acceptance of future products offered by the Company, (iii) obtaining the necessary financing, and (iv) the development of competing products by other companies. Consequently, the Company might in the short or medium term finance itself through partnerships to develop and market its drug candidates and by issuing new equity.

Registered office:

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Lyon Trade and Companies Registry no. 510 970 817

Poxel is hereafter referred to as the "Company".

The Company does not own any subsidiary or holding as of June 30, 2016.

1.2 Significant events of the first half of 2016

Capital increase

On February 9, 2016, Kreos Capital IV (UK) Ltd exercised 45,834 warrants at an exercise price of €4.00 per warrant, representing an addition to equity of €916.68 with a share premium of €182,419.

Over the period, several employees also exercised some or all of the business creator share purchase warrants (BSPCE) they had:

- On February 17, 2016, an employee exercised 150 warrants, corresponding to 3,000 ordinary shares at an exercise price of €3.2, representing an addition to equity of €60 with a share premium of €9,540.
- On June 2, 2016, an employee exercised 800 warrants, corresponding to 16,000 ordinary shares at an exercise price of €2.5, representing an addition to equity of €320 with a share premium of €39,680.

- On June 9, 2016, an employee exercised 150 warrants, corresponding to 3,000 ordinary shares at an exercise price of €3.2, representing an addition to equity of €60 with a share premium of €9,540.

Consequently, the share capital amounts to €391,004.56 as of June 30, 2016, composed of 19,550,228 shares with a nominal value of €0.02.

1.3 Subsequent events

On July 18, 2016, Poxel announced that it has raised a total of €26.5 million through a private placement. The capital raise was subscribed by prominent institutional investors in the United States and in Europe. The Company placed 3,400,000 new shares with a par value of €0.02, representing approximately 17% of the share capital of the Company.

The issue price of €7.80 per share represented a discount of 18% from the weighted average price of the Company's shares on the regulated market of Euronext Paris during the twenty trading days preceding pricing and of 13% from the weighted average share price during the five trading days preceding pricing.

Note 2: Accounting principles, rules and methods

The financial statements are presented in euros unless stated otherwise.

2.1 Principle for the preparation of the financial statements

Declaration of conformity

Poxel prepared its financial statements, approved by the Board of Directors on September 9, 2016, in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union at the preparation date of the financial statements, and for all reporting periods presented herein.

This framework is available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_en.htm), and includes the international accounting standards (IAS and IFRS), interpretations of the Standing Interpretations Committee (SIC) and of the IFRS Interpretations Committee (IFRIC).

The accounting principles, methods and options used by the Company are presented below. In some cases, IFRS provides a choice between the application of a benchmark treatment or an alternative treatment.

Principle for the preparation of the financial statements

Interim financial statements have been prepared and presented in condensed format in accordance with IAS 34 (Interim Financial Reporting).

These interim financial statements do not include all the information and disclosures presented in the annual financial statements. As a result, they must be read in conjunction with the Company's financial statements presented in accordance with IFRS as of December 31, 2015, subject to the particularities specific to the preparation of the interim financial statements described hereafter.

The Company's financial statements were prepared on a historical cost basis except for certain assets and liabilities, as allowed by IFRS. The categories of assets and liabilities not measured at historical cost are disclosed in the following notes.

Going concern

The assumption of going concern was used given the Company's financial capacity (free cash flow) to meet its financing needs for the 12 months following the closing date.

Accounting methods

The accounting principles applied were identical to those used to prepare the annual IFRS financial statements for the year ended December 31, 2015, except for the application of the following new standards, amendments and interpretations adopted by the European Union, the application of which was mandatory for the Group as of January 1, 2016:

Standards, amendments and interpretations effective for financial years beginning as of January 1, 2016

The Company applied the new standards, amendments and interpretations effective as of January 1, 2016. These new standards, amendments and interpretations did not have a material impact on the Company's financial statements.

Standards and interpretations published but not yet effective for 2016 interim financial statements

- IFRS 9: Financial Instruments
- IFRS 14: Regulatory Deferral Accounts
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

The Company is currently assessing the impacts as a result of the first-time application of these new standards, amendments and interpretations. It does not expect these to have a material impact on the financial statements.

2.2 Use of judgments and estimates

In order to prepare financial statements in accordance with IFRS, estimates, judgments and assumptions were made by the Company's management which could affect the reported amounts of assets, liabilities, contingent liabilities, income and expenses.

These estimates are based on the assumption of going concern and are prepared in accordance with information available at the date the financial statements were prepared. They are reviewed on an ongoing basis using past experience and various other factors considered to be reasonable as the basis to measure the carrying amount of assets and liabilities. Estimates may be revised due to changes in the underlying circumstances or subsequent to new information. Actual results may differ significantly from these estimates in line with assumptions or different conditions.

In preparing these interim financial statements, the main judgments made by the Company's management and the key assumptions used were the same as those applied for the financial statements for the year ended December 31, 2015.

2.3 Changes in accounting method

Aside from the new standards, amendments and interpretations mentioned above, the Company did not change any accounting methods in the first half of 2016.

Note 3: Intangible assets

GROSS VALUE OF INTANGIBLE ASSETS (amounts in euros)	Software	Other	Total
Statement of Financial Position as of December 31, 2014	10 171	0	10 171
Capitalization of development costs	0	0	0
Acquisition	504	0	504
Sale	0	0	0
Transfer	0	0	0
Statement of Financial Position as of June 30, 2015	10 675	0	10 675
Statement of Financial Position as of December 31, 2015	10 283	0	10 283
Capitalization of development costs	0	0	0
Acquisition	202	0	202
Sale	0	0	0
Transfer	0	0	0
Statement of Financial Position as of June 30, 2016	10 485	0	10 485
AMORTIZATION			
Statement of Financial Position as of December 31, 2014	9 261	0	9 261
Increase	1 077	0	1 077
Decrease	-595	0	-595
Statement of Financial Position as of June 30, 2015	9 743	0	9 743
Statement of Financial Position as of December 31, 2015	9 743	0	9 743
Increase	131	0	131
Decrease	0	0	0
Statement of Financial Position as of June 30, 2016	9 874	0	9 874
NET BOOK VALUES			
As of December 31, 2015	540	0	540
As of June 30, 2016	611	0	611

Due to the risks and uncertainties related to the research and development process, the six recognition criteria for intangible assets were not considered to be fulfilled for any development project under way. Consequently, all costs incurred by the Company are recorded as expenses.

Note 4: Property, plant and equipment

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT (Amounts in Euros)	Installation & Organization	IT Equipment	Furniture	Total
Statement of Financial Position as of December 31, 2014	25 587	46 610	21 066	93 263
Acquisition		8 863		8 863
Sale				0
Transfer				0
Statement of Financial Position as of June 30, 2015	25 587	55 473	21 066	102 126
Statement of Financial Position as of December 31, 2015	109 157	50 739	40 458	200 354
Acquisition		9 657		9 657
Sale		-1 722		-1 722
Transfer				0
Statement of Financial Position as of June 30, 2016	109 157	58 674	40 458	208 289
DEPRECIATION				
Statement of Financial Position as of December 31, 2014	14 341	39 289	18 298	72 683
Increase	1 421	2 952	459	4 832
Decrease				0
Statement of Financial Position as of June 30, 2015	15 762	42 241	18 757	76 760
Statement of Financial Position as of December 31, 2015	2 081	25 799	19 726	47 606
Increase	6 064	7 254	2 258	15 576
Decrease		-1 722		-1 722
Statement of Financial Position as of June 30, 2016	8 145	31 331	21 984	61 460
NET BOOK VALUES				
As of December 31, 2015	107 076	24 940	20 732	152 748
As of June 30, 2016	101 012	27 343	18 474	146 829

The Company does not have any finance leases.

No impairment was recognized in accordance with IAS 36.

Note 5: Other non-current financial assets

Non-current financial assets include the following items:

OTHER NON-CURRENT FINANCIAL ASSETS (Amounts in euros)	06/30/2016	12/31/2015
Advance paid in connection with the Kreos contract	278 325	278 325
Cash portion of the liquidity agreement	142 562	200 171
Guarantees relating to operating leases	28 267	28 267
Other deposits	120 274	26 665
Total	569 428	533 428

Note 6: Other receivables

OTHER RECEIVABLES (Amounts in Euros)	06/30/2016	12/31/2015
Research Tax Credit	3 588 302	1 918 071
Value Added Tax	756 327	586 984
Credit Note to be Received	0	26 321
Prepaid Expenses	199 028	1 203 786
Receivables from Suppliers	6 704	226
Other	0	1 026
Total Other Receivables	4 550 361	3 736 414

All other current assets are due in less than one year.

The balance of the research tax credit debt includes the balance as of December 31, 2015 (€1.9 million) plus the estimated receivable as of June 30, 2016 (which amounts to €1.7 million). As of June 30, 2016, the receivable is estimated on the basis of research expenses incurred at that date and eligible for the research tax credit. The reimbursement of the research tax receivable for 2015 was received on July 21, 2016.

Prepaid expenses correspond to current expenses (in 2015, they included around €1 million for the Phase 2b clinical study in Japan).

Note 7: Cash and cash equivalents

Cash and cash equivalents are presented below:

CASH AND CASH EQUIVALENTS (Amounts in Euros)	06/30/2016	12/31/2015
Bank Accounts	1 475 232	1 787 516
Fixed Term Deposits	30 593 549	35 477 148
Money Market Funds	108	5 148 738
Total Cash and Cash Equivalents	32 068 889	42 413 402

Note 8: Financial assets and liabilities and effects on income

The Company's assets and liabilities are valued as follows as of December 31, 2015 and June 30, 2016:

(Amounts in Euros)	06/30/2016		Value - Statement of Financial Position according to IAS 39			Non-Financial Instruments
	Value - Statement of Financial Position	Fair Value (3)	Fair Value in Income Statement	Loans and Receivables (2)	Liabilities at Amortized Cost (1)	
Non Current Financial Assets	569 428	569 428		569 428		
Accounts Receivable	11 580	11 580		11 580		
Other Receivables	4 550 361	4 550 361		4 550 361		
Cash and Cash Equivalents	32 068 889	32 068 889	108	32 068 782		
Total Assets	37 200 258	37 200 258	108	37 200 150	0	0
Current Financial Liabilities	2 199 239	2 199 239			2 199 239	
Non Current Financial Liabilities	638 219	638 219			638 219	
Accounts Payable	7 464 901	7 464 901			7 464 901	
Other Creditors and Various Liabilities	56 750	56 750			56 750	
Total Liabilities	10 359 108	10 359 108	0	0	10 359 108	0

(Amounts in Euros) Section - Statement of Financial Position	12/31/2015		Value - Statement of Financial Position according to IAS 39			Non-Financial Instruments
	Value - Statement of Financial Position	Fair Value (3)	Fair Value in Income Statement	Loans and Receivables (2)	Liabilities at Amortized Cost (1)	
Non Current Financial Assets	533 428	533 428		533 428		
Accounts Receivable	11 580	11 580		11 580		
Other Receivables	3 736 414	3 736 414		3 736 414		
Cash and Cash Equivalents	42 413 402	42 413 402	5 148 738	37 264 664		
Total Assets	46 694 824	46 694 824	5 148 738	41 546 086	0	0
Current Financial Liabilities	2 397 150	2 397 150			2 397 150	
Non Current Financial Liabilities	1 553 926	1 553 926			1 553 926	
Accounts Payable	4 336 522	4 336 522			4 336 522	
Other Creditors and Various Liabilities	23 000	23 000			23 000	
Total Liabilities	8 310 598	8 310 598	0	0	8 310 598	0

- (1) The carrying amount of the liabilities at amortized cost has been considered to be a reasonable estimate of fair value.
- (2) The fair value of loans and receivables corresponds to the value presented in the statement of financial position (value on the transaction date, which undergoes an impairment test at every year-end).
- (3) The fair value of the financial assets recognized at fair value in the income statement (e.g. Money Market Funds) is determined based on the level 1 measurement of fair value and is equivalent to a market value.

(Amounts in Euros)	Impact on Income Statement as of June 30, 2016		Impact on Income Statement as of June 30, 2015	
	Interest	Changes in Fair Value	Interest	Changes in Fair Value
Assets				
Assets at Fair Value through Income Statement				
Loans and Receivables				
Cash and Cash Equivalents		-725		500
Liabilities				
Liabilities at Fair Value in the Income Statement		-		124 236
Liabilities measured at Amortized Cost	159 007		196 492	

Note 9: Capital

Capital issued

Share capital is set at €391,004.56. It is divided into 19,550,228 ordinary shares with a par value of €0.02 that are fully paid in after accounting for the two transactions involving the share capital in the first half of 2016 (see paragraph 1.2).

Distribution of dividends

The Company did not distribute any dividends in the first half-year of 2016.

Note 10: Share purchase warrants and business creator share purchase warrants

Share purchase warrants (“BSA”)

The following table summarizes the data relating to the issued option plans as well as the assumptions used for the measurement thereof in accordance with IFRS 2:

Allocation Date	Type	Number of Warrants issued	Number of lapsed Options	Number of exercised Options	Number of Options outstanding	Maximum Number of Shares to be issued*	Underlying Assumption - Calculation of Fair Value according to IFRS 2							
							Fair Value of Underlying*	Fair Value of Warrant*	Maturity	Strike Price in €*	Duration	Volatility	Risk-Free Rate	Total IFRS2 Valuation (Black&Scholes)
Board Meeting of July 5, 2010	Directors' BSA	4 500	0		4 500	90 000	€3,33	€1,50	5 years	€3,33	10 years	45%	3,5%	€135 125
As of December 31, 2010		4 500	0		4 500	90 000								
As of December 31, 2011		4 500	0		4 500	90 000								
As of December 31, 2012		4 500	0		4 500	90 000								
Board Meeting of February 20, 2013	10/31/2012 BSA	2 500	0	1 100	1 400	28 000	€4,23	€2,04	5 years	€4,00	10 years	52%	2,2%	€71 843
As of December 31, 2013		7 000	0	0	7 000	140 000								
Board Meeting of March 12, 2014	10/31/2012 BSA	2 500	0		2 500	50 000	€8,00	€5,16	4,5 years	€4,00	10 years	55%	1,8%	€227 848
As of December 31, 2014		9 500	0	0	9 500	190 000								
Board Meeting of January 8, 2015	07-25-2014 BSA	42 500	0		42 500	42 500	€8,20	€5,76	6 years	€4,00	10 years	57%	0,0%	€219 468
Board Meeting of April 29, 2015	06-16-2015 BSA	42 500	0		42 500	42 500	€13,57	€8,17	6 years	€9,37	10 years	57%	0,0%	€287 591
Board Meeting of May 7, 2015	06-16-2015 BSA	240 000	0		240 000	240 000	€13,57	€7,91	6 years	€9,62	10 years	57%	0,1%	€1 550 959
As of December 31, 2015		334 500	0	0	334 500	515 000								
Board Meeting of January 29, 2016		42 500	0	0	42 500	42 500	€9,07	€4,44	6,00 €	€9,05	10 years	53%	0,2%	€120 779
Board Meeting of January 29, 2016		42 500	0	0	42 500	42 500	€9,07	€4,44	6,00 €	€9,05	10 years	53%	0,2%	€120 779
Board Meeting of March 31, 2016		80 000	0	0	80 000	80 000	€12,55	€6,88	5,50 €	€12,55	10 years	53%	0,0%	€470 616
Board Meeting of March 31, 2016		42 500	0	0	42 500	42 500	€12,23	€6,82	6,00 €	€9,26	10 years	53%	0,0%	€220 461
As of June 30, 2016		542 000	0	1 100	540 900	722 500								

*After 20 for 1 share split

The warrants issued before the 20-for-1 share split, effective in March 2014, are convertible into 20 ordinary shares. The fair value of the underlying, the fair value of the warrant and the exercise price have therefore been adjusted to take this into account.

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

The exercise rights for the "Directors' share purchase warrants" are vested annually on the grant date in increments of one-third.

The exercise rights for the "October 31, 2012 share purchase warrants" are vested immediately at the date on which they are granted by the General Assembly. They were subscribed by the beneficiaries at a price of €12 per share purchase warrant, i.e. €30 thousand recorded as a share premium by the Company in 2013.

The exercise of warrants is not subject to performance conditions. However, there is a condition under which the beneficiary must still be an employee or director of the Company.

The exercise rights for the "July 25, 2014 share purchase warrants" are vested annually on the grant date in increments of one-third.

The exercise rights for the share purchase warrants issued in the first half of 2016 are vested annually on the grant date in increments of one-third.

These plans are qualified as "equity settled". The Company does not have an obligation to purchase these instruments from employees in the event of departure or if a specific event does not occur.

Furthermore, the Company also issued share purchase warrants to Kreos, the accounting treatment of which is explained in Note 11.3.

Stock options

The following table summarizes the data relating to the issued option plans as well as the assumptions used for the measurement thereof in accordance with IFRS 2:

Allocation Date	Type	Number of Warrants issued	Number of lapsed Options	Number of exercised Options	Number of Options outstanding	Maximum Number of Shares to be issued*	Underlying Assumption - Calculation of Fair Value according to IFRS 2							
							Fair Value of Underlying*	Fair Value of Warrant*	Maturity	Strike Price in €*	Duration	Volatility	Risk-Free Rate	Total IFRS2 Valuation (Black&Scholes)
Board Meeting of March 31, 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

The exercise rights for the stock options issued in the first half of 2016 are vested annually in increments of one-third.

These plans are qualified as "equity settled". The Company does not have an obligation to purchase these instruments from employees in the event of departure or if a specific event does not occur.

Business creator share purchase warrants ("BSPCE" or "BCE")

The following table summarizes the data relating to the issued option plans as well as the assumptions used for the measurement thereof in accordance with IFRS 2:

Allocation Date	Type	Number of Warrants issued	Number of lapsed Options	Number of exercised Options	Number of Options outstanding	Maximum Number of Shares to be issued*	Underlying Assumption - Calculation of Fair Value according to IFRS 2							
							Fair Value of Underlying*	Fair Value of Warrant*	Maturity	Strike Price in €*	Duration	Volatility	Risk-Free Rate	Total IFRS2 Valuation (Black&Scholes)
Board Meeting of June 20, 2010	06-10-2010-1 BCE	5 000	2 750		2 250	45 000	€3,33	€1,77	5 years	€2,50	10 years	45%	3,5%	€176 537
Board Meeting of December 17, 2010	06-10-2010-2 BCE	3 000	0		3 000	60 000	€3,33	€1,72	4,5 years	€2,50	10 years	45%	3,7%	€102 951
As of December 31, 2010		8 000	2 750		5 250	105 000								
Board Meeting of September 20, 2011	06-10-2010-2 BCE	1 500	0		1 500	30 000								
As of December 31, 2011		9 500	2 750		6 750	135 000								
As of December 31, 2012		9 500	2 750		6 750	135 000								
As of December 31, 2013		9 500	2 750		6 750	135 000								
Board Meeting of March 12, 2014	10-31-2012 BCE	5 000	0		5 000	100 000	€8,00	€5,58	4,5 years	€3,20	10 years	55,00%	1,80%	€558 351
As of December 31, 2014		14 500	2 750		11 750	235 000								
As of December 31, 2015		14 500	2 750		11 750	235 000								
As of June 30, 2016		14 500	2 750		11 750	235 000								

* After 20 for 1 share split

The warrants issued before the 20-for-1 share split, effective in March 2014, are convertible into 20 ordinary shares. The fair value of the underlying, the fair value of the warrant and the exercise price have therefore been adjusted to take this into account.

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

The exercise rights for all business creator share purchase warrant plans are vested annually on the grant date in increments of one-third.

The exercise of warrants is not subject to performance conditions. However, there is a condition under which the beneficiary must still be an employee or director of the Company.

These plans are qualified as "equity settled". The Company does not have an obligation to purchase these instruments from employees in the event of departure or if a specific event does not occur.



Breakdown of expenses accounted for under IFRS 2 as of June 30, 2015 and June 30, 2016

Type	Date Awarded	As of June 30, 2015					As of June 30, 2016				
		Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2015	Accrued Expenses as of 6/30/2015	Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2016	Accrued Expenses as of 6/30/2015
Directors' BSA	Board Meeting of July 5, 2010	4 500	€135 125	€135 125	€0	€135 125	4 500	€135 125	€135 125	€0	€135 125
10/31/2012 BSA	Board Meeting of February 20, 2013	2 500	€71 843	€71 843	€0	€71 843	2 500	€71 843	€71 843	€0	€71 843
10/31/2012 BSA	Board Meeting of March 12, 2014	2 500	€227 848	€227 848	€0	€227 848	2 500	€227 848	€227 848	€0	€227 848
10-31-2012 BSA	Board Meeting of March 12, 2014	42 500	€219 468	€0	€73 477	€73 477	42 500	€219 468	€146 955	€37 684	€184 639
07-25-2014 BSA	Board Meeting of January 8, 2015	42 500	€287 591	€0	€7 323	€7 323	42 500	€287 591	€95 198	€83 881	€179 078
06-16-2015 BSA	Board Meeting of April 29, 2015	240 000	€1 550 959	€0	€549 298	€549 298	240 000	€1 550 959	€937 038	€366 199	€1 303 236
01-29-2016 BSA	Board Meeting of March 31, 2016	0	€0	€0	€0	€0	0	€220 461	€0	€33 958	€33 958
Total - BSA		334 500	€2 492 834	€434 817	€630 098	€1 064 915	334 500	€2 954 852	€1 614 006	€583 599	€2 197 605

Type	Date Awarded	As of June 30, 2015					As of June 30, 2016				
		Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2015	Accrued Expenses as of 6/30/2015	Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2016	Accrued Expenses as of 6/30/2015
Stock Options	Board Meeting of March 31, 2016	0	€0	€0	€0	€0	80 000	€470 616	€0	€216 179	€216 179

Type	Date Awarded	As of June 30, 2015					As of June 30, 2016				
		Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2015	Accrued Expenses as of 6/30/2015	Number of Options outstanding	IFRS 2 Cost of Plan	Accrued Opening Expenses	Expenses as of June 30, 2016	Accrued Expenses as of 6/30/2015
06-10-2010-1 BCE	Board Meeting of June 20, 2010	2 250	€176 537	€176 537	€0	€176 537	2 250	€176 537	€176 537	€0	€176 537
06-10-2010-2 BCE	Board Meeting of December 17, 2010	3 000	€102 951	€102 951	€0	€102 951	3 000	€102 951	€102 951	€0	€102 951
06-10-2010-2 BCE	Board Meeting of September 20, 2011	1 500	€59 996	€59 996	€0	€59 996	1 500	€59 996	€59 996	€0	€59 996
10-31-2012 BCE	Board Meeting of March 12, 2014	5 000	€558 351	€558 351	€0	€558 351	5 000	€558 351	€558 351	€0	€558 351
Total - BSPCE		11 750	€897 835	€897 835	€0	€897 835	11 750	€897 835	€897 835	€0	€897 835

The total expenses associated with share purchase warrants, creator share purchase warrants and stock options amounted to €799,778 (of which €91,550 of research and development costs and €708,229 of overhead and administrative expenses) for the half-year ended June 30, 2016.

Note 11: Borrowings and financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	06/30/2016	12/31/2015
	Repayable Cash Advance	638 219
Kreos Debt (Tranche A)	0	871 085
Non-Current Financial Liabilities	638 219	1 553 925
Repayable Cash Advance	111 232	88 906
Kreos Debt (Tranche A)	2 065 873	2 274 972
Accrued Interest	20 621	31 064
Bank Overdraft Interest	1 513	2 209
Current Financial Liabilities	2 199 239	2 397 151
Total Financial Liabilities	2 837 457	3 951 076

Breakdown of financial liabilities by maturity

The maturities of financial liabilities for the fiscal periods are presented below:

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	06/30/2016			
	Gross Amount	Portion less than 1 year	From 1 to 5 years	Longer than 5 years
Repayable Cash Advances	749 450	111 232	638 219	0
Bank Overdraft Interest	1 513	1 513	0	0
Accrued Interest	20 621	20 621	0	0
Kreos Debt (Tranche A)	2 065 873	2 065 873	0	0
Total Financial Liabilities	2 837 457	2 199 239	638 219	0

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	12/31/2015			
	Gross Amount	Portion less than 1 year	From 1 to 5 years	Longer than 5 years
Repayable Cash Advances	771 747	88 906	682 841	0
Bank Overdraft Interest	2 209	2 209	0	0
Accrued Interest	31 064	31 064	0	0
Kreos Debt (Tranche A)	3 146 057	2 274 972	871 085	0
Total Financial Liabilities	3 951 077	2 397 150	1 553 926	0

11.1 Debts with financial institutions

The Company did not subscribe to any bank loans in the first half of 2016.

The Company benefits from a €1.7 million overdraft facility as well as a pledged term deposit account of the same amount. The overdraft facility was not used by the Company as of June 30, 2015 and June 30, 2016.

11.2 Repayable cash advances and subsidies

The following table presents changes in repayable cash advances and subsidies:

	PXL770	Imeglimin (New Formulation)	Total
As of December 31, 2015	159 993	611 754	771 746
(+) Increase			
(-) Decrease	(25 000)	(12 000)	(37 000)
Subsidies			
Financial expenses	3 171	11 533	14 704
(+/-) Other movements			
As of June 30, 2016	138 163	611 287	749 450

Breakdown of repayable cash advances and subsidies by maturity

	Repayable cash advances		Total
	PXL770	Imeglimin (New Formulation)	
As of June 30, 2016	138 163	611 287	749 450
Portion less than 1 year	63 910	47 321	111 232
From 1 year to 5 years	74 253	563 966	638 219
Portion above 5 years			

The Company did not obtain any new repayable cash advance in the first half of 2016, nor received any additional payment for existing advances.

11.3 Liability to Kreos

The debt changed since December 31, 2015 as follows:

CHANGES IN KREOS DEBT (Tranche A) (Amounts in € thousand)	Kreos Debt
As of December 31, 2015	3 146 057
(+) Increase	0
(+) Discount	144 303
(-) Repayment	(1 224 488)
(-) Equity component	0
As of June 30, 2016	2 065 873

Further information in connection with the measurement of the Kreos debt as well as main assumptions are detailed in Note 11.5 of the annual IFRS financial statements for the year ended December 31, 2015. All share purchase warrants issued to Kreos were exercised as of June 30, 2016.

11.4 Liability to Merck Serono

Merck Serono's debt was extinguished with the Company's successful IPO on February 6, 2015. On that date, the financial debt was revalued at fair value based on the issue price of €6.66 per share and then reclassified as shareholders' equity for a total amount of €7,249 thousand.

Note 12: Employee commitments

Employee commitments include the provision for post-employment benefits, based on the provisions stipulated under the applicable collective agreements, i.e. the French pharmaceutical industry's collective agreement. The main actuarial assumptions used to measure the post-employment benefits are as follows:

ACTUARIAL ASSUMPTIONS	06/30/2016	12/31/2015
Retirement Age	Voluntary Retirement at 65/67 Years Old	
Collective Agreements	Pharmaceutical Industry	
Discount Rate (IBOXX Corporates AA)	1,05%	2,03%
Mortality Rate Table	INSEE 2015	INSEE 2014
Salary Increase Rate	2%	2%
Turnover Rate	Low	Low
Employer Contribution Rate	53%	53%

Changes in the provision for retirement benefits were as follows:

EMPLOYEE COMMITMENTS (Amounts in Euros)	Retirement Benefits
As of December 31, 2015	129 958
Past Services Costs	12 921
Financial Costs	1 319
Actuarial Gains and Losses	-10 504
As of June 30, 2016	133 694

Note 13: Provisions

The Company may be involved in legal, administrative or regulatory proceedings in the normal course of its business. A provision is recorded by the Company as soon as it is probable that the outcome of the litigation will result in an expense for the Company.

No provision was considered to be necessary for the half-year ended June 30, 2016.

Note 14: Trade payables and other current liabilities

14.1. Trade payables and related accounts

ACCOUNTS PAYABLE (Amounts in Euros)	06/30/2016	12/31/2015
Accounts Payable	3 659 362	2 824 481
Accrued Invoices	3 805 539	1 512 041
Total Accounts Payable	7 464 901	4 336 522

No discount was applied to trade payables and related accounts since the amounts did not have a maturity over one year as of June 30, 2016.

14.2 Tax and social security liabilities

Tax and social security liabilities are presented below:

TAX AND SOCIAL SECURITY LIABILITIES (Amounts in Euros)	06/30/2016	12/31/2015
Accrued Personnel Costs	313 966	154 277
Social Security and other Social Agencies	241 992	165 545
Other Tax and Related Payments	21 966	59 917
Total Tax and Social Security Liabilities	577 924	379 739

14.3. Other creditors and liabilities

As of June 30, 2016, other current liabilities correspond to the payment of directors' attendance fees.

Note 15: Operating income

REVENUE AND OPERATING INCOME (Amounts in Euros)	06/30/2016	06/30/2015
Revenue	0	50 000
Research and Development		
Research Tax Credit	1 669 196	946 912
FEDER/Grand Lyon/Région Rhône-Alpes Subsidies	0	1 000
Other Income	0	0
Total Revenue and Operating Income	1 669 196	997 912

The Company did not generate any operating income as of June 30, 2016.

Aside from the license revenue, the operating income also includes the subsidies presented in the table above, which have been deducted from research and development costs.

Note 16: Breakdown of income and expenses by function

16.1 Research & Development

RESEARCH AND DEVELOPMENT (Amounts in Euros)	06/30/2016	06/30/2015
Personnel Costs	929 295	497 232
Share-based Payments	91 550	0
Sub-contracting, Studies and Research	8 461 836	2 313 271
Intellectual Property Fees	204 607	330 693
Payments to Intermediaries Professional Fees	345 253	143 666
Non-recurring Purchases of Active Ingredients for CROs	0	0
Insurance Premiums	17 196	9 559
Royalties and License Fees	36 025	29 068
Rents	44 844	25 439
Documentation, Training	591	1 324
Other Taxes	8 465	7 973
Research and Development Costs	10 139 660	3 358 224
Research Tax Credit	1 669 196	946 912
FEDER/Grand Lyon/Région Rhône-Alpes Subsidies	0	1 000
Subsidies	1 669 196	947 912

Research and development expenses mainly relate to studies and clinical trials for Imeglimin and PXL770. The Company conducted its studies through its network of subcontracted service providers. Compensation for these contracts constitutes the majority of its operating expenses in terms of research. The increase in R&D expenses recorded as of June 30, 2016 mainly relate to the Phase 2b clinical trials conducted in Japan, which costs are not eligible for the research tax credit. As part of these expenses has not been invoiced or correspond to invoices not past due as of June 30, 2016, this resulted in a corresponding increase in trade payables, as indicated in note 14.1.

16.2 Overhead and administrative expenses

OVERHEAD AND ADMINISTRATIVE EXPENSES (Amounts in Euros)	06/30/2016	06/30/2015
Personnel Costs	768 955	300 487
Share-based Payments	708 229	630 098
Rents	25 891	9 494
Travel and Entertainment Expenses	382 622	203 479
Maintenance and Repairs	10 680	10 324
Postage and Telecommunications Expenses	20 820	10 974
Insurance Premiums	19 001	12 645
Advertising, Public Relations	102 194	350 910
Payments to Intermediaries Professional Fees	1 610 252	1 115 101
Documentation, Training	358	606
Banking Services and Similar Services	34 469	3 200
Depreciation of Fixed Assets	14 636	5 532
Other Taxes	20 811	2 975
Various	709	20 051
Overhead and Administrative Expenses	3 719 627	2 675 876

In 2015, the Company incurred various costs in connection with its IPO (including registration and professional fees), which total approximately €3,140 thousand as of June 30, 2015. They were recognized in overhead and administrative expenses and the portion directly related to the capital increase was deducted from the share premium, based on a reasonable allocation.

Communication costs or costs directly related to listing were recognized in expenses.

The costs common to the capital increase and the IPO were divided up appropriately, according to the principle of identifying the expenses that would not have been incurred if there had been no such operations, in line with IAS 32 paragraphs 27 and 28.

Based on these principles, out of the €3,140 thousand incurred (€1,320 thousand and €1,820 thousand respectively in 2014 and 2015), €2,294 thousand (€1,031 thousand and €1,263 thousand in 2014 and 2015) were deducted from the share premium, in line with IAS 32. The remaining €846 thousand were recognized in overhead and administrative expenses (€288 thousand and €558 thousand respectively in 2014 and 2015).

As of June 30, 2016, the Company incurred costs of €1,727 thousand in connection with the preparation of a capital increase expected in the second half-year, in the form of a Nasdaq listing or private placement. The private placement being carried out in July 2016 (see note 1.2), the related costs, amounting to €565 thousand as of June 30, 2016, were fully deducted from the share premium. The balance of the costs were recognized in expenses.

Note 17: Headcount

The Company's average workforce as of June 30, 2015 and 2016 is presented below:

AVERAGE HEADCOUNTS	06/30/2016	06/30/2015
Executives	18	11
Non-executives	1	0
Total Average Headcounts	19	11

Note 18: Net financial income and expenses

FINANCIAL INCOME AND EXPENSES (Amounts in Euros)	06/30/2016	06/30/2015
Changes in Fair Value	0	124 236
<i>Of which Derivative</i>	0	72 022
<i>Of which Merck Serono Debt</i>	0	52 214
Kreos Interest	(298 072)	(413 941)
Other Financial Expenses	(14 704)	(14 255)
Financial Income	166 578	109 396
Currency Exchange Gains and (Losses)	-50 105	107
Total Financial Income and (Expenses)	(196 303)	(194 457)

Financial income as of June 30, 2015 and 2016 is mainly impacted by interests in connection with Kreos contract (note 11.3). In 2015, it included the impact of the change in the fair value of the debt to Merck Serono, which was non-recurring, the corresponding debt having been extinguished, particularly as a result of the Company's IPO.

Other financial expenses primarily reflect the discounting impact of repayable cash advances.

Note 19: Corporate income tax

As of December 31, 2015 and June 30, 2016, no deferred tax assets were recorded as losses carried forward by the Company. In view of its development stage, the Company does not consider itself to be in a position to make forecasts on future taxable income against which the unused tax losses can be offset. There is no taxable income as of June 30, 2015 and 2016.

Note 20: Earnings per share

Basic loss

Basic loss per share is calculated by dividing loss attributable to equity holders of the Company by the weighted average number of outstanding ordinary shares for the fiscal period.

Instruments giving deferred rights to capital (share purchase warrants, business creator share purchase warrants, stock options and bonds) are considered to have an antidilutive effect as they increase earnings per share. Accordingly, diluted loss per share is identical to basic loss per share.

BASIC LOSS PER SHARE (Amounts in Euros)	06/30/2016	06/30/2015
Weighted Average Number of Outstanding Shares	19 523 270	17 073 292
Net Income (Loss) from Continuing Operations	(12 386 394)	(5 230 646)
Basic Loss per Share (€/share)	(0.63)	(0.31)
Diluted Loss per Share (€/share)	(0.63)	(0.31)

Note 21: Related parties

No post-employment benefit is granted to the members of the Board of Directors.

Compensation paid to executives is presented below (in euros):

Corporate Officers' Compensation	06/30/2016	06/30/2015
Fixed Compensation owed	71 732	63 436
Variable Compensation owed	33 727	24 108
Perquisites	2 834	2 574
Employer Contributions	42 422	26 231
Attendance Fees	100 582	40 769
Share-based Payments	217 401	80 800
Consulting Fees	12 500	25 000
TOTAL	481 198	262 918

Terms for the allocation of variable compensation are prepared based on qualitative and quantitative objectives set at 85% for shared Company level objectives and 15% for individual objectives.

The methods for assessing benefits relating to share-based payments are presented in note 10.

Note 22: Sector-based information

The Company operates in one segment: the development of innovative molecules that are the first in their class to treat type 2 diabetes.

The assets and operating loss presented are located in France.

Accordingly, the Company's performance is currently analyzed at Company level.

Note 23: Off-balance sheet commitments

Existing off-balance sheet commitments as of June 30, 2016, did not change significantly since December 31, 2015.

4. STATUTORY AUDITORS' LIMITED REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2016, PRESENTED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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

- the review of the accompanying condensed half-year financial statements of Poxel SA, for the six months ended June 30, 2016;
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

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

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



2. Specific verification

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

Lyon and Courbevoie, September 9, 2016

The statutory auditors

PricewaterhouseCoopers Audit

MAZARS

Elisabeth L'HERMITE

Frédéric MAUREL