poxel

2020
Universal Registration Document

POXEL SA

A *société anonyme* (French joint-stock company) with a share capital of EUR 572,225.08 euros
Registered office: 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon
510 970 817 RCS LYON

DOCUMENT D'ENREGISTREMENT UNIVERSEL

This *Document d'Enregistrement Universel* has been filed with the *Autorité des marchés financiers* ("**AMF**"), as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with article 9 of Regulation (EU) 2017/1129.

The *Document d'Enregistrement Universel* may be used for the purposes of a public offering of securities or the admission of the Company's securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary and any amendments to the *Document d'Enregistrement Universel*. The resulting document is then approved by the AMF in accordance with the Prospectus Regulation.

Pursuant to Article 19 of EU 2017/1129 dated June 14, 2017 and to the Commission delegated regulation EU 2019/980, the statutory and consolidated financial statements for financial year 2019, as well as the related statutory auditors' reports, and the statutory and IFRS financial statements for financial year 2018, as well as the related statutory auditors' reports included in the registration document filed with the AMF on April 20, 2020 under number D.20-0318 and on April 8, 2019 under number D.19-0289 are incorporated by reference in this *Document d'Enregistrement Universel*.

This document is available without charge at the Company's registered office, and in electronic form on the website of the *Autorité des Marchés Financiers* (www.amf-france.org) as well as on the Company's website (www.poxel.com).

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GENERAL REMARKS

Definitions

*In the Prospectus, unless otherwise specified, the terms « **Company** » or « **Poxel** » refer to Poxel, a* société anonyme *(French joint-stock company) with a share capital of EUR 572,225.08, whose registered office is located 259/261 Avenue Jean Jaurès – Immeuble le Sunway, 69007 Lyon, France, and registered with the Lyon Registry of Commerce and Company under number 510 970 817. The term « **Group** » refers to the Company and its subsidiaries and participations.*

Forward-looking statements

This Document d'Enregistrement Universel contains forward-looking statements about the Company's prospects and areas of growth. These statements are sometimes identified by the use of the future tense, the conditional form, and forward-looking terms, such as "estimates", "considers", "targets", "expects", "intends", "should", "wishes" and "may" or any other variations or similar terminology. Readers are reminded that these prospects and areas of growth should not be interpreted as a guarantee that the statements and forecasts mentioned will occur, nor that the assumptions will be verified or the objectives achieved. This information is based on data, assumptions and estimations considered as reasonable by the Company. Such data, assumptions and estimations are likely to evolve or change due to uncertainties related to economic, financial, competition or regulatory factors. The prospects may, consequently, not be achieved and information provided by the Prospectus may prove to be erroneous. However, subject to applicable regulations, particularly to the AMF General Regulations and the European Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), the Company shall not be under any obligation to update the Prospectus.

Risk Factors

Investors are urged to give careful consideration to the risk factors described in Section 2.2 "Risk factors" of this Document d'Enregistrement Universel before making any investment decision. The occurrence of any of these risks could have a material adverse effect on the Company, its business, its prospects and ability to achieve its objectives, its financial position and/or development. Other risks and uncertainties not identified by the Company on the date of the Document d'Enregistrement Universel or risks that it considers, on the same date, not to be significant may nonetheless exist and materialize, and may also disrupt or have an adverse effect on the Company's business, financial situation, earnings and prospects and/or on the Company's shares.

1 PRESENTATION OF POXEL

1.1 Message from the CEO

Dear Madam, Dear Sir, Dear Shareholder,

2020 brought the unexpected challenge of the COVID-19 pandemic, which created an outstanding economic and social disruption worldwide. This edition of our *Document d'Enregistrement Universel* is the opportunity to review Poxel's accomplishments during the year. Despite the pandemic, I am very proud to report that we have managed to meet our initial objectives.

Together with our partner Sumitomo Dainippon Pharma, we successfully completed Imeglimin Phase 3 TIMES Trials (IMeglimin for Efficacy and Safety) program for the treatment of type 2 diabetes in Japan at the end of 2019. This major accomplishment resulted in the submission of a Japanese New Drug Application (J-NDA) for Imeglimin last July. This program is supported by an extensive preclinical and clinical program, including positive results from the Phase 3 TIMES program in over 1,100 patients in Japan. For our Company, this represents a major milestone and a validation of our unique capabilities and expertise.

In addition to the substantial progress achieved with Imeglimin, our two drug candidates for the treatment of NASH, PXL770 and PXL065, also achieved significant milestones during 2020.

Our first program, PXL770, a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator, was evaluated in two trials in likely-NASH patients, for which we reported positive results during the year. In the four-week placebo-controlled pharmacokinetic (PK) / pharmacodynamic (PD) study in 16 likely-NASH patients with insulin resistance, PXL770 demonstrated a consistent PK profile, a good safety and tolerability as well as proof of target engagement and efficacy. Results from the Phase 2a study demonstrated that patients treated with PXL770 achieved a statistically significant improvement in the relative decrease in liver fat mass, measured by magnetic resonance imaging-estimated proton density fat fraction (MRI-PDFF) at 12-weeks, and there was even a greater response in patients with type 2 diabetes. Study results have confirmed the potential of targeting AMPK activation for the treatment of NASH and support further development, including in key high-risk subgroups such as patients with type 2 diabetes. It also demonstrates the utility of AMPK activation for other chronic and rare metabolic diseases.

For our second program, PXL065, a novel, proprietary deuterium-stabilized R-stereoisomer of pioglitazone, following the successful completion of a Phase 1b trial, we launched DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial In NASH), a streamlined dose-ranging Phase 2 trial evaluating PXL065 for the treatment of NASH. This trial will evaluate efficacy and safety and aims to identify the optimal dose or doses to be evaluated in a Phase 3 registration trial.

During the year, we also strengthened the Company's financial position through several initiatives. The Company drew down the second tranche of EUR 10 million of the IPF loan, which was contingent on the successful completion of the Imeglimin Phase 3 Trials. We successfully raised €17.7 million in a capital increase, through a private placement with both U.S. and European investors, including our

long-term shareholder Bpifrance Participations. Following the Imeglimin J-NDA submission, we received a milestone payment of EUR 4,1 million from Sumitomo Dainippon Pharma. Lastly, in the context of the COVID-19 pandemic, we received financing in the form of state-guaranteed loans (*Prêts Garantis par l'Etat*, or PGE in France) for a total of EUR 6 million.

In 2021, we expect several additional important milestones. For Imeglimin, they include the J-NDA approval, which is expected around mid-year, followed by the target product launch anticipated this fiscal year[1] by our partner. We are entitled to a milestone payment upon approval as well as sales-based payments and escalating double-digit royalties on product sales. Our partner, Sumitomo Dainipon Pharma, has a leading diabetes franchise in Japan. Based on Imeglimin's product profile and Sumitomo Dainippon Pharma capabilities in T2D, we believe that Imeglimin has the potential to be an important new therapeutic option for patients with type 2 diabetes in Japan. Following the strategic decision made by Roivant to not advance Imeglimin into a Phase 3 program in the US and Europe, in January we regained full rights for countries not covered by our partnership with Sumitomo Dainippon Pharma. We are currently exploring various options to advance Imeglimin and we will provide an update on our progress. For our two NASH programs, we expect to finalize the recruitment for the Phase 2 trial for PXL065, and we also expect to launch the Phase 2 b trial for PXL770 in the second half of the year.

Our vision as a company is focused on developing innovative drugs for metabolic diseases, including type 2 diabetes and NASH. In addition to our clinical-stage programs, we continue to evaluate additional research and development opportunities from our AMPK activation and deuterated-TZD platforms, as well as external opportunities with a focus on chronic and rare metabolic diseases, such as adrenoleukodystrophy (ALD; AMN), to expand our pipeline.

All the work and success we accomplished this year would not have been possible without the incredible energy from our talented employees, and I want to thank them for all that we accomplished during a very challenging time. I am also grateful to the patients and physicians who take part in our clinical trials. Lastly, I would like to thank you for your continuous support as a shareholder.

Sincerely,

Thomas Kuhn

Chief Executive Officer

[1] Year noted is Fiscal Year from April 2021 to March 2022, which is Sumitomo Dainippon Pharma's Fiscal Year.

1.2 Key information related to Poxel and achievements over the period

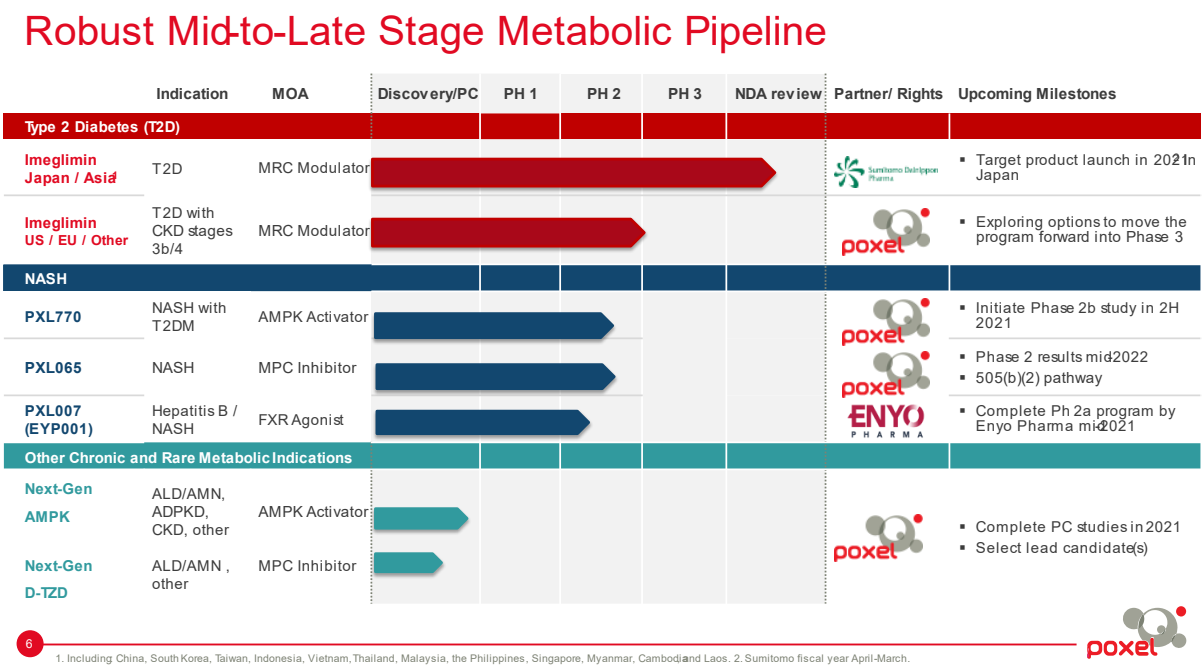
1.2.1 General information, history and achievements over the period

Poxel is an international clinical-stage biopharmaceutical company focused on the development of novel treatments for metabolic diseases, including type 2 diabetes and liver diseases, such as non-alcoholic steatohepatitis ("**NASH**"). With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, it has developed a portfolio of drug candidates, including its three most advanced candidates: Imeglimin, for the treatment of type 2 diabetes, and PXL770 and PXL065, for the treatment of NASH. Earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

The Company was founded in 2009 through a spin-off of Merck Serono Limited's ("**Merck Serono**") metabolic-focused business, as part of a strategic realignment following the acquisition of Serono by Merck. As part of this spin-off, the Company assumed key personnel for this group and assets from Merck Serono, including (i) Imeglimin, (ii) the direct adenosine monophosphate-activated protein kinase, ("**AMPK**"), activator program that led to the Company's discovery of PXL770 and (iii) four additional programs at the discovery or early development stage that target type 2 diabetes or other metabolic diseases. The Company's management team is composed of experts with extensive experience in type 2 diabetes and related metabolic diseases. Key members of its team have experience from Merck Serono, Servier, Eli Lilly and Merck & Co. and were involved in the discovery, clinical trial designs and regulatory approvals for a number of products prescribed globally, including Glucophage® (metformin), Trulicity® (dulaglutide) and Januvia® (sitagliptin).

Stages of Development of Principal Drug Candidates

The table below sets forth details relating to the current stages of development of the Company's type 2 diabetes, NASH and other metabolic diseases clinical and preclinical drug candidates:



Imeglimin

The Company believes that Imeglimin, its most advanced drug candidate, has the potential to be a novel, first-in-class diabetes treatment because it has the ability to target mitochondria leading to a dual mechanism of action; to its knowledge, there are no approved products or product candidates in advanced development by third parties which modulate cellular bioenergetics by directly targeting mitochondria for the treatment of diabetes.

The Company also believes Imeglimin is the only oral compound with a dual mechanism of action designed to both increase insulin secretion in response to glucose and to reduce insulin resistance. As a consequence of these effects, the Company believes that Imeglimin has the potential to slow disease progression and provide therapeutic options to patients who no longer respond to current treatments. It may also have the potential to complement existing treatments and to decrease cardiovascular, or CV, risk factors. The mitochondrion is the power center of the cell and its dysfunction is implicated in the pathophysiology of type 2 diabetes. By targeting the mitochondrion, Imeglimin may simultaneously ameliorate defects involving the liver, muscles and pancreas, which are key organs and tissues involved in type 2 diabetes pathophysiology.

The Company has completed a Phase 3 program in Japan and its partner, Sumitomo Dainippon Pharma, submitted a Japanese New Drug Application (J-NDA) in July 2020. Phase 2 clinical program for Imeglimin in the United States and in Europe has also been completed, with Phase 3 plan being discussed with the FDA. To date, Imeglimin has been evaluated in 28 clinical trials and administered to an aggregate of 400 non-diabetic subjects and over 1,800 type 2 diabetes patients. Imeglimin has been well-tolerated in these trials and the Company has observed statistically significant reductions of hemoglobin A1c, or HbA1c, and other glycemic parameters versus placebo. There can be no assurance, however, that Imeglimin will demonstrate efficacy in additional clinical trials or that it will receive regulatory approval.

In 2017, the Company has entered into a partnership agreement for Imeglimin, with Sumitomo Dainippon Pharma Co., Ltd., ("**Sumitomo**"), for commercialization and development rights in Japan, China and eleven other East and Southeast Asian countries, (see Sections 2.3.2 "*Sumitomo License Agreement*" for more details on this agreement).

In Japan, together with its partner Sumitomo, the Company has completed the Phase 3 Trials of Imeglimin for Efficacy and Safety ("**TIMES**"). This program included three pivotal trials to evaluate the efficacy and safety of Imeglimin in approximately 1,100 patients, to support J-NDA. Results of all phase 3 trials: TIMES 1; TIMES 2; TIMES 3 16-weeks have been disclosed at scientific meetings.

On July 30, 2020, the Company announced that Sumitomo Dainippon Pharma had submitted a Japanese New Drug Application (J-NDA) to the Pharmaceuticals and Medical Devices Agency (PMDA) to request approval for the manufacturing and marketing of Imeglimin for the treatment of type 2 diabetes. Pending an average J-NDA review period, Imeglimin's target product launch is anticipated in the Sumitomo 2021 fiscal year (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). Historically, Japan's Health Authority takes approximately one year to complete the review of a JNDA.

In the United States and Europe, the Company's former partner Roivant was initially targeting type 2 diabetes patients with chronic kidney disease ("**CKD"**) stages 3b/4. In July 2019, the Company reported results from a pharmacokinetics ("**PK**"), and pharmacodynamics ("**PD**") trial of Imeglimin, which was observed to be well-tolerated in this specific patient population, consistent with the safety profile observed in previous trials to date and supporting its potential in this patient population.

In 2020, Roivant met with the FDA to discuss Imeglimin as a treatment option for patients with type 2 diabetes and CKD stages 3b/4 and to discuss the Phase 3 plan and trial designs in the United States. The FDA confirmed that Imeglimin could be a suitable agent for this population and made some recommendations on the development program, including on patient number, patient profiles and on the treatment duration for the Phase 3 trials, to adequately address the safety profile of Imeglimin, to confirm its glucose lowering effects, and to also identify additional clinically meaningful benefits (such as favorable improvements in the rate of severe hypoglycemia, CV benefit,..) beyond glycemic lowering benefits, which could be the basis for a favorable benefit/risk assessment.

Effective January 31, 2021, the partnership agreement with Roivant was terminated and Roivant has returned all rights to Imeglimin in the US, Europe and the other countries not covered by the partnership agreement with Sumitomo Dainippon Pharma, to the Company, as well as all data, materials, and information, including FDA regulatory submissions, related to the program. Roivant is not entitled to any payment from the Company as part of the return of the program. The Company believes that development of Imeglimin for patients with type 2 diabetes and CKD stages 3b/4 remains a viable and potentially valuable approach. As of the date of this *Document d'Enregistrement Universel*, the Company does not intend to advance Imeglimin into a Phase 3 program in type 2 diabetes alone and is therefore considering various options to advance Imeglimin in the US, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.

PXL770

The Company's second most advanced proprietary drug candidate, PXL770, is a direct activator of AMP activated protein kinase (AMPK). Based on its central metabolic role, the Company believes that targeting AMPK offers the opportunity to pursue a wide range of indications to treat chronic metabolic

diseases, including diseases that affect the liver, such as NASH. In preclinical studies, positive effects of PXL770 have been observed on the main symptoms of non-alcoholic fatty liver disease ("**NAFLD**") and NASH. By targeting the underlying root causes of NAFLD, the Company believes that PXL770 has the potential to improve the treatment of key components of this disease, which include liver steatosis, inflammation, ballooning and fibrosis.

The Company launched a Phase 2a trial, STAMP-NAFLD, in April 2019. The Company announced positive top-line results for the STAMP-NAFLD PXL770 Phase 2a trial on October 1, 2020. The Phase 2a trial was a 12-week, randomized, parallel group study, in 120 presumed NASH patients with or without type 2 diabetes. The Phase 2a trial met its primary efficacy endpointPXL770 was observed to be generally safe and well tolerated. The number of patients with treatment-emergent adverse events in each group were similar to placebo and these events were mainly mild-to-moderate. The safety results from the Phase 2a trial are consistent with the PXL770 PK/PD trial and Phase 1 program.

In patients with type 2 diabetes (41-47% of each group), PXL770 treatment resulted in a greater mean relative reduction in liver fat content (-27% at 500 mg QD; p=0.004 versus baseline). The effects of PXL770 in this key subpopulation will be further evaluated within each treatment group. On December 14, 2020, and as part of a virtual NASH investor event hosted by the Company and featuring presentations from Kenneth Cusi, MD, Chief of the Division of Endocrinology, Diabetes & Metabolism in the Department of Medicine at the University of Florida and Stephen A. Harrison, MD, Director, Summit Clinical Research and company management, the Company announced an update on results from the PXL770 Phase 2a STAMP-NAFLD trial in NASH. In the type 2 diabetes subpopulation, additional findings included: a significant increase in the proportion of responders (>30% reduction in liver fat); dose-responsive and significant mean decreases in alanine transaminase (ALT) and aspartate transaminase (AST) levels that were achieved despite only slightly elevated mean baseline ALT levels (36-47 IU/L; normal range <41 IU/L). In these patients, baseline fasting glucose (121-144 mg/dL) and HbA1c (6.6-7.1%) levels were well controlled, and in this context, significant placebo-adjusted decreases were observed in both glycemic parameters along with improvements in commonly used fasting indexes of insulin sensitivity (HOMA-IR and QUICKI scores). In the T2DM subpopulation, PXL770 was generally safe and well tolerated and was similar to the whole trial population.

In addition to these studies, as part of the investigation into a broader application of PXL770 in a range of metabolic diseases and in support of the Phase 2 clinical trial and NASH development program, the Company announced on May 25th, 2020, new preclinical results for PXL770, evaluated in a rodent NASH model in combination with other key agents in development, including an FXR agonist (obeticholic acid), a GLP-1 receptor agonist (semaglutide) and a thyroid receptor β agonist (MGL-3196). The results highlighted PXL770 as a potentially novel NASH therapy that may also produce complementary benefits when combined with other agents with different mechanisms of action.

PXL770 was also evaluated in rodent models of diabetic kidney disease (DKD) which also assessed cardiac dysfunction. Additional preclinical studies focused on adrenoleukodystrophy (ALD) / adrenomyeloneuropathy (AMN), a deadly, inherited rare metabolic disease characterized by neurodegeneration. These results demonstrated that AMPK activation may lead to broader utility for other diseases mediated by metabolic pathway dysfunction.

The Company additionally announced new preclinical results from in vitro experiments with human macrophages. Incubation with PXL770 resulted in significant suppression of cytokine (IL-6, TNFα, MCP-1) release. Activation of human stellate cells was also observed to be strongly inhibited by incubation with PXL770. These results are consistent with the potential for PXL770 to have direct effects leading to reduced inflammation and fibrosis in NASH.

Based on the results of the Phase 2a trial, as well as other results and published literature, the Company plans to initiate a 52-week Phase 2b trial in noncirrhotic biopsy-proven NASH patients with coexisting prediabetes or type 2 diabetes. The trial will evaluate up to two oral daily doses of PXL770 compared to placebo in up to 120 patients per study arm in clinical sites located in the U.S and in Europe. The primary endpoint of the trial will be NASH resolution with no worsening of fibrosis assessed on histology. The Phase 2b trial will also evaluate efficacy on other histology endpoints (fibrosis), assessment of metabolic and non-metabolic parameters, pharmacokinetic assessment as well as safety and tolerability. The Phase 2b trial is expected to begin during the second half of 2021.

PXL065

PXL065, the Company's third most advanced proprietary drug candidate, offers a potential new approach to treating NASH. PXL065 is the R stereoisomer (deuterium stabilized single R-isomer) of pioglitazone, its parent molecule marketed since 1999 for the treatment of type 2 diabetes. Pioglitazone is a 1:1 mixture of two mirror-image compounds (R- and S-stereoisomers) that interconvert *in vivo*. Using deuterium, the Company stabilized each stereoisomer and characterized their different pharmacological properties. In *in vitro* studies, PXL065 has been shown to target mitochondrial pyruvate carrier as an inhibitor.

The Company reported favorable results of the second part of the Phase la single ascending dose trial. This trial included three single doses of PXL065 and a single dose of pioglitazone to evaluate different doses of PXL065 and evaluate the safety and PK profile of the product compared to pioglitazone in 24 healthy subjects.

In December 2019, the Company announced results from a Phase 1b, multiple ascending dose, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065 and support dose selection for pivotal trial. The trial was observed to show dose proportionality at all doses tested. Based on these results and other clinical and preclinical data, the Company was able to identify the dosing range of 7.5 mg to 22.5 mg that will be evaluated in a Phase 2 trial.

Based on the Company's pre-investigational new drug meeting with the FDA in the United States in the fourth quarter of 2019, the Company plans to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development. Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act (the "**FDCA**") permits the filing of an application for marketing approval where at least some of the information required for approval comes from clinical trials conducted by others for other approved drugs. The Company plans to pursue a regulatory pathway under section 505(b)(2) for PXL065 that relies on data from the parent drug, pioglitazone, which has been approved and prescribed since 1999. Following the FDA's review of the Phase Ib trial results, the Company announced the initiation of a Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients on September 2, 2020. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial In NASH) is a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel

group study designed to assess the efficacy and safety of PXL065 in approximately 120 noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. The primary endpoint of the study will measure the relative change in the percentage of liver fat content based on magnetic resonance imaging-estimated proton density fat fraction (MRI-PDFF). The study will also assess the effects of PXL065 on liver histology and other metabolic and non-metabolic biomarkers. Results from the Phase 2 study are anticipated mid-2022.

1.2.2 Other information about the Company

1.2.2.1 Name of the Company

The name of the Company is: Poxel.

1.2.2.2 Place of registration and registration number of the Company

The Company is registered with the Lyon Trade and Company Registry (RCS) under the number 510 970 817.

The Company's NAF (business activity) code is 7219Z.

The Company's LEI (legal entity identifier) is 9695003OIX0T7NX72N26.

1.2.2.3 Date of incorporation and term

The Company was incorporated on March 11, 2009, for a term of 99 years expiring on March 11, 2108, save in the event of early dissolution or an extension.

1.2.2.4 Registered Office of the Company, legal form and applicable law

The Company is a French *société anonyme* (public limited company) with a Board of Directors.

The Company, governed by French law, is primarily subject to article L. 225-1 et seq. of the French Commercial Code.

The registered office of the Company is:
259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon
Phone: 0033 4 37 37 20 10
Fax: 04 37 70 88 15
Email: investors@poxelpharma.com
Website: www.poxel.com

Information about the Company are available on the Company's website: www.poxel.com

Information from the Company's website does not form part of the *Document d'Enregistrement Universel.*

1.3 Selected Financial information

1.3.1 Selected Financial Information

The following selected consolidated statements of income (loss) data for the two years ended December 31, 2019 and 2020 and the selected consolidated statements of financial data as of December 31, 2019 and 2020 have been derived from the Group's audited consolidated financial statements included elsewhere in this *Document d'Enregistrement Universel*.

The following financial information shall be read in conjunction with Section 3 "*Financial Information*" of this *Document d'Enregistrement Universel*.

Selected Consolidated Statements of Income (Loss) Data (in € thousands, except shares and per share amounts)	**December 31, 2020**	**December 31, 2019**	**Change**	**Change %**
Revenue	**6,806**	**26,557**	**-19,751**	**-74%**
Research and development expenses	*-29,235*	*-44,550*	*15,315*	*-34%*
Subsidies	*2,517*	*4,373*	*-1,856*	*-42%*
General and administrative expenses	*-9,835*	*-11,051*	*1,116*	*-10%*
Operating income (loss)	**-29,847**	**-24,671**	**-5,176**	**21%**
Financial expenses	*-1,727*	*-1,158*	*-569*	*49%*
Financial income	*1,722*	*222*	*1,500*	*674%*
Exchange gain (loss)	*-1,970*	*-136*	*-1,834*	*1352%*
Financial income (loss)	***-1,975***	***-1,071***	***-904***	***84%***
Net income (loss) before taxes	***-31,822***	***-25,742***	***-6,080***	***24%***
Income taxes	***-36***	***-1***	***-35***	***2366%***
Net income (loss)	**-31,858**	**-25,743**	**-6,115**	**24%**
Basic and diluted earnings (loss) per share	*(1.16)*	*(0.99)*		
Number of shares used for computing basic and diluted earnings (loss) per share	*27,528,783*	*25,936,131*		

Consolidated Statement of Financial Position Data (in € thousands)	**December 31, 2020**	**December 31, 2019**	**Change**	**Change %**
Cash and cash equivalents	*40,203*	*37,187*	*3,016*	*8%*
Total assets	***65,077***	***72,302***	***-7,225***	***-10%***
Total shareholders' equity	*26,879*	*39,142*	*-12,263*	*-31%*
Total non-current liabilities	*21,739*	*2,311*	*19,428*	*840%*
Total current liabilities	*16,459*	*30,849*	*-14,390*	*-47%*
Total liabilities	*38,198*	*33,160*	*5,039*	*15%*
Total liabilities and shareholders' equity	***65,077***	***72,302***	***-7,224***	***-10%***

1.3.2 Investments

1.3.2.1 Principal investments made over the last two financial years

The Group's investments made over the last two financial years essentially concern the acquisition of IT and office equipment.

1.3.2.2 Principal investments in progress

No significant investment has been made since January 1, 2021.

1.3.2.3 Principal planned investments

The Company does not currently intend to make significant investments in the coming years, for which the management bodies of the Company have made firm commitments.

2 COMPANY'S ACTIVITIES

2.1 Business

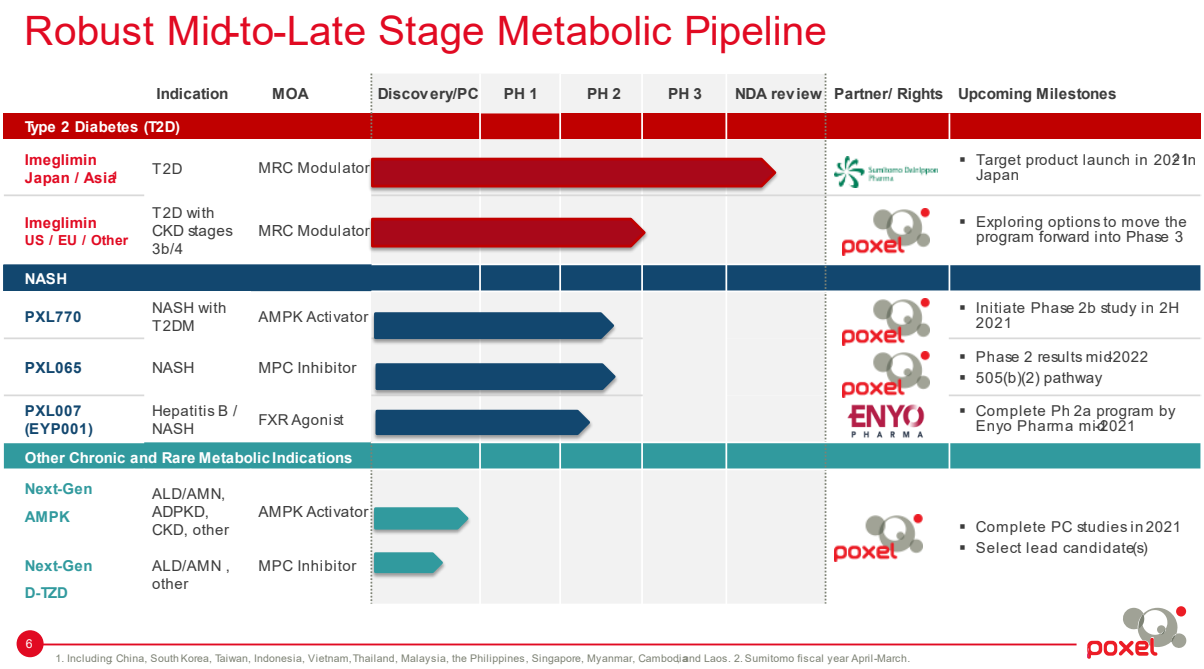
2.1.1 General presentation

Poxel is an international clinical-stage biopharmaceutical company focused on the development of novel treatments for metabolic diseases, including type 2 diabetes and liver diseases, such as NASH. With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, it has developed a portfolio of drug candidates, including its three most advanced candidates: Imeglimin, for the treatment of type 2 diabetes, and PXL770 and PXL065, for the treatment of NASH. Earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

The Company was founded in 2009 through a spin-off of Merck Serono's metabolic-focused business, as part of a strategic realignment following the acquisition of Serono by Merck. As part of this spin-off, the Company assumed key personnel for this group and assets from Merck Serono, including (i) Imeglimin, (ii) AMPK, activator program that led to the Company's discovery of PXL770 and (iii) four additional programs at the discovery or early development stage that target type 2 diabetes or other metabolic diseases. The Company's management team is composed of experts with extensive experience in type 2 diabetes and related metabolic diseases. Key members of its team have experience from Merck Serono, Servier, Eli Lilly and Merck & Co. and were involved in the discovery, clinical trial designs and regulatory approvals for a number of products prescribed globally, including Glucophage® (metformin), Trulicity® (dulaglutide) and Januvia® (sitagliptin).

Stages of Development of Principal Drug Candidates

The table below sets forth details relating to the current stages of development of the Company's type 2 diabetes, NASH and other metabolic diseases clinical and preclinical drug candidates:



Imeglimin

The Company believes that Imeglimin, its most advanced drug candidate, has the potential to be a novel, first-in-class diabetes treatment because it has the ability to target mitochondria leading to a dual mechanism of action; to its knowledge, there are no approved products or product candidates in advanced development by third parties which modulate cellular bioenergetics by directly targeting mitochondria for the treatment of diabetes.

The Company also believes Imeglimin is the only oral compound with a dual mechanism of action designed to both increase insulin secretion in response to glucose and to reduce insulin resistance. As a consequence of these effects, the Company believes that Imeglimin has the potential to slow disease progression and provide therapeutic options to patients who no longer respond to current treatments. It may also have the potential to complement existing treatments and to decrease cardiovascular, or CV, risk factors. The mitochondrion is the power center of the cell and its dysfunction is implicated in the pathophysiology of type 2 diabetes. By targeting the mitochondrion, Imeglimin may simultaneously ameliorate defects involving the liver, muscles and pancreas, which are key organs and tissues involved in type 2 diabetes pathophysiology.

The Company has completed a Phase 3 program in Japan, and the Company's partner, Sumitomo Dainippon Pharma, submitted a Japanese New Drug Application (J-NDA) in July 2020. Phase 2 clinical program for Imeglimin in the United States and in Europe has also been completed, with Phase 3 plan being discussed with the FDA. To date, Imeglimin has been evaluated in 28 clinical trials and administered to an aggregate of 400 non-diabetic subjects and over 1,800 type 2 diabetes patients. Imeglimin has been well-tolerated in these trials and the Company has observed statistically significant reductions of hemoglobin A1c, or HbA1c, and other glycemic parameters versus placebo. There can be no assurance, however, that Imeglimin will demonstrate efficacy in additional clinical trials or that it will receive regulatory approval.

In 2017, the Company has entered into a partnership agreement for Imeglimin with Sumitomo Dainippon Pharma, for commercialization and development rights in Japan, China and eleven other East and Southeast Asian countries (see Sections 2.3.2 "*Sumitomo License Agreement*" for more details on this agreement). The Company is eligible to receive payments related to achieving clinical development, regulatory and sales milestones under this partnership agreement of over $253 million and it is also eligible to receive escalating double digit royalties on net sales.

As of January 31, 2021, and following the decision by its former partner, Roivant, not to advance Imeglimin into a Phase 3 program for strategic reasons, the Company regained all rights to Imeglimin in the US, Europe and the other countries not covered by the partnership agreement with Sumitomo Dainippon Pharma. As part of the termination of the agreement, Roivant has also returned to the Company - all data, materials, and information, including FDA regulatory submissions, related to the program. Roivant is not entitled to any payment from the Company as part of the return of the program. The termination of the Roivant License Agreement had no immediate financial consequence for the Group. Nevertheless, the Group was entitled to receive potential future development, regulatory and sales milestone payments up to max USD 600 million, which the Group will not receive as a result of the termination of this agreement. The Group is currently exploring various options to advance Imeglimin in the territories which were covered by this former agreement.

In Japan, together with its partner Sumitomo, the Company has completed the Phase 3 TIMES clinical program, which was primarily financed by Sumitomo. This program included three pivotal trials to evaluate the efficacy and safety of Imeglimin in approximately 1,100 patients, to support J-NDA. Results of all phase 3 trials: TIMES 1, TIMES 2, TIMES 3 - 16-weeks, have been disclosed at scientific meetings:

(i) in April 2019, the Company announced topline results from the TIMES 1 trial, a randomized, double-blind, placebo-controlled monotherapy trial with orally administered 1,000 mg of Imeglimin twice-daily versus placebo for 24 weeks in 213 Japanese patients. P-value is a conventional statistical method for measuring the statistical significance of clinical results. A p-value of 0.05 or less is generally considered to represent statistical significance, meaning that there is a less than 1 in 20 likelihood that the observed results occurred by chance. The TIMES 1 trial was observed to meet its primary endpoint, defined as a change of glycated HbA1c versus placebo at week 24, with a statistically significant ($p<0.0001$) HbA1c placebo-corrected mean change from baseline of — 0.87%, as well as its main secondary endpoint of a decrease from baseline in fasting plasma glucose ("**FPG**"). The Company believes that a 0.87% decrease in HbA1c versus placebo in TIMES 1 is clinically relevant given that a significant number of patients in the TIMES 1 trial treated with Imeglimin achieved an HbA1C level below 7%, which is the target for type 2 diabetes; and

(ii) in June 2019, the Company announced topline results from the first 16-week portion of the TIMES 3 trial, a double-blind, placebo-controlled, randomized part of the trial that evaluated efficacy and safety of Imeglimin in combination with insulin in 215 patients of which 108 were treated with Imeglimin. The first 16-week portion of the TIMES 3 trial achieved statistical significance ($p<0.0001$) for its primary endpoint, defined as a change of glycated HbA1c from baseline versus placebo at week 16, with a mean HbA1c placebo-corrected change from baseline of —0.60%.

The Company believes that the —0.60% decrease observed in TIMES 3 in combination with insulin is also clinically relevant, especially in the context of no increase in hypoglycemia.

(iii) in November 2019, the Company announced topline result from the 36-week, open label extension period of the TIMES 3 trial, a trial that evaluated efficacy and safety of Imeglimin in combination with insulin. In this part of the trial, 208 Japanese patients who completed the first 16 weeks of the trial were treated with 1,000 mg of Imeglimin orally twice daily as well as insulin therapy. The open-label extension period showed a mean HbA1c decrease from baseline of 0.64% in patients receiving Imeglimin for 52 weeks (Imeglimin and insulin for 16 weeks following by Imeglimin and insulin for 36 weeks) and 0.54% in patients receiving Imeglimin and insulin for the last 36 weeks only (placebo and insulin for 16 weeks followed by Imeglimin and insulin for 36 weeks).

(iv) in December 2019, the Company announced topline results from the 52-week, open label, parallel-group TIMES 2 trial, a trial that evaluated the long-term safety and efficacy of Imeglimin in 714 Japanese patients with type 2 diabetes. In this trial, 1,000 mg of Imeglimin was orally administered twice daily in combination with existing hypoglycemic agents. The TIMES 2 trial, which was open label and not placebo-controlled, was observed to show an HbA1c decrease from baseline ranging from -0.57% to -0.92% as an add on to each of seven available oral hypoglycemic classes (a mean decrease of -0.12% was evident when added to injectable GLP1 receptor agonists). In particular, Imeglimin was observed to show an HbA1c decrease from baseline of 0.92% versus baseline as an add on to a DPP-4 inhibitor, the market leader in Japan and prescribed to approximately 80% of treated type 2 diabetes patients in 2016, according to IQVIA.

Across all three pivotal TIMES trials, Imeglimin was observed to reduce HbA1c as a monotherapy, in combination with insulin and in combination with existing therapies.

On the 30 of July 2020, the Company announced that Sumitomo Dainippon Pharma had submitted a Japanese New Drug Application (J-NDA) to the Pharmaceuticals and Medical Devices Agency (PMDA) to request approval for the manufacturing and marketing of Imeglimin for the treatment of type 2 diabetes. Pending an average J-NDA review period, Imeglimin's target product launch is anticipated in the Sumitomo 2021 fiscal year (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). Historically, Japan's Health Authority takes approximately one year to complete the review of a JNDA.

In the United States and Europe, the Company's former partner Roivant was initially targeting development of Imeglimin for treatment of type 2 diabetes patients with chronic kidney disease (CKD) stages 3b/4. Approximately 2.4 million adults in the United States have type 2 diabetes and CKD stages 3b/4, according to the Centers for Disease Control and Prevention, and these patients have increased CV risk and challenging glucose management requirements. Many approved therapies for type 2 diabetes require dose reduction or are not recommended if a patient has kidney disease. In addition, insulin and insulin secretagogues (substances that increase insulin secretion) are the most commonly used therapies but are often used at suboptimal doses to reduce the risk of hypoglycemia, or low blood sugar. Accordingly, the Company believes that there is a need for a new treatment that can provide efficacy and a safety profile with significantly reduced hypoglycemia risk.

In July 2019, the Company reported results from a PK/PD trial of Imeglimin, which was observed to be well-tolerated in this specific patient population, consistent with the safety profile observed in previous trials to date and supporting its potential in this patient population.

In 2020, Roivant met with the FDA to discuss Imeglimin as a treatment option for patients with type 2 diabetes and CKD stages 3b/4 and to discuss the Phase 3 plan and trial designs in the United States.

The FDA confirmed that Imeglimin could be a suitable agent for this population and made some recommendations on the development program, including on patient number, patient profiles and on the treatment duration for the Phase 3 trials, to adequately address the safety profile of Imeglimin, to confirm its glucose lowering effects, and to also identify additional clinically meaningful benefits (such as favorable improvements in the rate of severe hypoglycemia, CV benefit,..) beyond glycemic lowering benefits, which could be the basis for a favorable benefit/risk assessment. Effective January 31, 2021, the partnership agreement with Roivant was terminated and Roivant has returned all rights to Imeglimin to the Company, as well as all data, materials, and information, including FDA regulatory submissions, related to the program. Roivant is not entitled to any payment from the Company as part of the return of the program. The Company believes that development of Imeglimin for patients with type 2 diabetes and CKD stages 3b/4 remains a viable and potentially valuable approach. As of the date of this *Document d'Enregistrement Universel*, the Company does not intend to advance Imeglimin into a Phase 3 program in type 2 diabetes alone and is therefore considering various options to advance Imeglimin in the US, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.

The intellectual property portfolio for Imeglimin contains 19 families of patents and patent applications with statutory expiration dates between 2021 and 2039. In January 2021, one patent related to the composition of matter of Imeglimin useful for the treatment of diabetes has expired.

PXL770

The Company's second most advanced drug candidate, PXL770, is a direct activator of AMP activated protein kinase (AMPK). The Company fully owns development and commercialization rights for PXL770. AMPK is a central regulator of multiple metabolic pathways leading to the control of lipid metabolism, glucose homeostasis and inflammation. Based on its central metabolic role, the Company believes that targeting AMPK offers the opportunity to pursue a wide range of indications to treat chronic metabolic diseases, including diseases that affect the liver, such as NASH. According to National Institute of Diabetes and Digestive and Kidney Diseases, NAFLD, which results in an accumulation of fat in the liver, is one of the most common liver diseases in the United States. NASH is a severe form of NAFLD.

In preclinical studies, effects of PXL770 have been observed on the main symptoms of NAFLD and NASH. By targeting the underlying root causes of NAFLD, the Company believes that PXL770 has the potential to improve the treatment of key components of this disease, which include liver steatosis, inflammation, hepatocellular ballooning and fibrosis. The Company believes PXL770 also has the potential to provide benefits for known co-morbidities, including metabolic control of type 2 diabetes and those related to cardiovascular disease. Following an evaluation of the safety and PK profile of PXL770 in the Phase la clinical trial, the Company conducted a Phase lb trial with multiple ascending doses, the Company announced that the results met the trial endpoints in July 2018. In August 2019, the Company launched a pharmacokinetic (PK) / pharmacodynamic (PD) study for PXL770 for the treatment of NASH for which it announced positive results on June 24, 2020. The primary objective of this four-week placebo-controlled study, in 16 likely-NASH patients with insulin resistance, was to assess the full pharmacokinetic (PK) profile of PXL770 as well as to evaluate safety and tolerability. In the results observed, PXL770 met its study objectives showing a PK profile in likely-NASH patients that was similar to the one observed in healthy volunteers in the Company's Phase 1 program. In the PK/PD trial, PXL770 was also observed to be safe and well-tolerated. PXL770 induced a statistically significant

suppression of de novo lipogenesis (DNL) known to be one of the important contributors to the progression of NASH. A statistically significant effect was also observed on glucose tolerance during a glucose challenge test (OGTT) in this population of non-diabetic patients. This trial confirmed the target engagement of PXL770 on the AMPK pathway and the potential of the drug in other metabolic diseases.

A separate Phase 2a trial, STAMP-NAFLD, was launched in April 2019. The Company announced positive top-line results for the STAMP-NAFLD PXL770 Phase 2a trial on October 1, 2020. The Phase 2a trial was a 12-week, randomized, parallel group study, in 120 presumed NASH patients with or without type 2 diabetes. The Phase 2a trial met its primary efficacy endpoint; PXL770 was observed to produce a statistically significant mean relative decrease of -18% in liver fat mass from baseline at 12-weeks in the 500 mg QD dose group as measured by MRI-PDFF (p=0.0036 vs. -0.7% change in placebo). A greater proportion of patients who received PXL770 also achieved a >30% relative reduction in liver fat content compared to placebo; greater liver fat content reduction (up to -85%) was also observed in more responsive patients. Although mean baseline ALT values (37-41 U/L) were near the upper range of normal, a statistically significant reduction in mean ALT was also observed in the 500 mg dose group. Despite nearly normal mean baseline HbA1c values (6.03-6.30%) across all groups (patients with and without diabetes), a significant reduction in mean HbA1c was also observed. A similar trend was also observed on fasting plasma glucose.

PXL770 was observed to be generally safe and well tolerated. The number of patients with treatment-emergent adverse events in each group were similar to placebo and these events were mainly mild-to-moderate. The safety results from the Phase 2a trial are consistent with the PXL770 PK/PD trial and Phase 1 program.

In patients with type 2 diabetes (41-47% of each group), PXL770 treatment resulted in a greater mean relative reduction in liver fat content (-27% at 500 mg QD; p=0.004 versus baseline). The effects of PXL770 in this key subpopulation will be further evaluated within each treatment group. On December 14, 2020, and as part of a virtual NASH investor event hosted by the Company and featuring presentations from Kenneth Cusi, MD, Chief of the Division of Endocrinology, Diabetes & Metabolism in the Department of Medicine at the University of Florida and Stephen A. Harrison, MD, Director, Summit Clinical Research and company management, the Company announced an update on results from the PXL770 Phase 2a STAMP-NAFLD trial in NASH. In the type 2 diabetes subpopulation, additional findings included: a significant increase in the proportion of responders (>30% reduction in liver fat); dose-responsive and significant mean decreases in alanine transaminase (ALT) and aspartate transaminase (AST) levels that were achieved despite only slightly elevated mean baseline ALT levels (36-47 IU/L; normal range <41 IU/L). In these patients, baseline fasting glucose (121-144 mg/dL) and HbA1c (6.6-7.1%) levels were well controlled, and in this context, significant placebo-adjusted decreases were observed in both glycemic parameters along with improvements in commonly used fasting indexes of insulin sensitivity (HOMA-IR and QUICKI scores). In the T2DM subpopulation, PXL770 was generally safe and well tolerated and was similar to the whole trial population.

In addition to these studies, as part of the investigation into a broader application of PXL770 in a range of metabolic diseases and in support of the Phase 2 clinical trial and NASH development program, the Company announced on May 25th, 2020, new preclinical results for PXL770, evaluated in a rodent NASH model in combination with other key agents in development, including an FXR agonist

(obeticholic acid), a GLP-1 receptor agonist (semaglutide) and a thyroid receptor β agonist (MGL-3196). The results highlighted PXL770 as a potentially novel NASH therapy that may also produce complementary benefits when combined with other agents with different mechanisms of action.
PXL770 was also evaluated in rodent models of diabetic kidney disease (DKD) which also assessed cardiac dysfunction. Additional preclinical studies focused on adrenoleukodystrophy (ALD) / adrenomyeloneuropathy (AMN), a deadly, inherited rare metabolic disease characterized by neurodegeneration. These results demonstrated that AMPK activation may lead to broader utility for other diseases mediated by metabolic pathway dysfunction.

The Company additionally announced new preclinical results from in vitro experiments with human macrophages. Incubation with PXL770 resulted in significant suppression of cytokine (IL-6, TNFα, MCP-1) release. Activation of human stellate cells was also observed to be strongly inhibited by incubation with PXL770. These results are consistent with the potential for PXL770 to have direct effects leading to reduced inflammation and fibrosis in NASH.

Based on the results of the Phase 2a trial, as well as other results and published literature, the Company plans to initiate a 52-week Phase 2b trial in noncirrhotic biopsy-proven NASH patients with coexisting prediabetes or type 2 diabetes. The trial will evaluate up to two oral daily doses of PXL770 compared to placebo in up to 120 patients per study arm in clinical sites located in the U.S and in Europe. The primary endpoint of the trial will be NASH resolution with no worsening of fibrosis assessed on histology. The Phase 2b trial will also evaluate efficacy on other histology endpoints (fibrosis), assessment of metabolic and non-metabolic parameters, pharmacokinetic assessment as well as safety and tolerability. The Phase 2b trial is expected to begin during the second half of 2021.

The families directed to PXL770, including the composition of matter patent, have statutory expiration dates ranging from 2033 to 2040.

PXL065

PXL065, the Company's third most advanced drug candidate, offers a potential new approach to treating NASH. In August 2018, the Company acquired exclusive, worldwide ownership of PXL065 (deuterium-stabilized R-pioglitazone), a clinical-stage program being pursued for the treatment of NASH, from DeuteRx. As part of the PXL065 acquisition, the Company also acquired additional programs, including other deuterated drug candidates for metabolic, specialty and rare diseases. The Company fully owns development and commercialization rights for PXL065.

PXL065 is the R stereoisomer (deuterium stabilized single R-isomer) of pioglitazone, its parent molecule marketed since 1999 for the treatment of type 2 diabetes. Pioglitazone is a mixture, in equal proportions, of two mirror molecules (R and S stereoisomers) that interconvert in vivo. Like all other products in its class, pioglitazone targets both activation of peroxisome proliferator-activated gamma receptors ("**PPARγ**") and modulation of non-genomic targets including inhibition of the mitochondrial pyruvate carrier ("**MPC**"). In addition to its established role in the treatment of type 2 diabetes, Pioglitazone has been the subject of a large number of clinical trials in the treatment of NASH, which have demonstrated its ability to target disease resolution and to improve fibrosis.

Pioglitazone is the only drug recommended in protocols by the American Association for the Study of Liver Diseases (the "**AASLD**"), and is the only drug identified as a potential treatment by the European

Association for the Study of the Liver (the "**EASL**"), for the treatment of biopsy-confirmed cases of NASH. However, pioglitazone is not approved for NASH and its use is restricted due to the adverse effects associated with the activation of PPARy receptors, such as weight gain, bone fractures and fluid retention. PXL065, the R stereoisomer, has little or no observed PPARy activity or associated adverse effects that appear to be related to the S stereoisomer of pioglitazone. Preclinical models have shown that PXL065 should retains efficacy that is similar to pioglitazone in NASH with little or no weight gain or fluid retention.

Following the completion of the first part of a Phase la trial, in April 2019, the Company announced results of the second part of the Phase la single ascending dose trial that included three single doses of PXL065 and a single dose of pioglitazone, to evaluate different doses of PXL065 and evaluate the safety and PK profile of the product compared to pioglitazone in 24 healthy subjects. In this trial, PXL065 met the trial endpoints and was well-tolerated, with no serious adverse events, and the results of the trial were consistent with the outcome of earlier preclinical studies that suggested a smaller dose of PXL065 has the potential to provide an improved therapeutic profile over higher doses of pioglitazone. In December 2019, the Company announced results from a Phase 1b, multiple ascending dose, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065 and support dose selection for pivotal trial. The trial was observed to show dose proportionality at all doses tested. Based on these results and other clinical and preclinical data, the Company was able to identify the dosing range of 7.5mg to 22.5 mg that will be evaluated in a Phase 2 trial.

Based on the Company's pre-investigational new drug meeting with the FDA in the United States in the fourth quarter of 2019, the Company plans to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development. Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act (the "**FDCA**") permits the filing of an application for marketing approval where at least some of the information required for approval comes from clinical trials conducted by others for other approved drugs. The Company plans to pursue a regulatory pathway under section 505(b)(2) for PXL065 that relies on data from the parent drug, pioglitazone, which has been approved and prescribed since 1999. Following the FDA's review of the Phase Ib trial results, the Company announced the initiation of a Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients on September 2, 2020. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial In NASH) is a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of PXL065 in approximately 120 noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. The primary endpoint of the study will measure the relative change in the percentage of liver fat content based on magnetic resonance imaging-estimated proton density fat fraction (MRI-PDFF). The study will also assess the effects of PXL065 on liver histology and other metabolic and non-metabolic biomarkers. Results from the Phase 2 study are anticipated mid-2022.

The intellectual property portfolio for PXL065 contains three families of owned patents and patent applications with statutory expiration dates between 2028 and 2036.

Research and Development

Since its incorporation in 2009, the majority of the Company's resources have been allocated to research and development activities. The Company is conducting development activities to expand

the commercial potential of its three most advanced drug candidates, Imeglimin, PXL770 and PXL065. In the years ended December 31, 2019 and 2020, it incurred €40.2 million and €26.2 million, respectively, of research and development expenses, net of subsidies.

Diabetes Market Overview

According to the IDF, in 2019 an estimated 463 million people between the ages of 20 and 79 were affected by diabetes globally, with more than 90% of those affected having type 2 diabetes. The IDF also estimated that in 2019, in the United States alone, 31 million individuals, or 9.3% of the population, had diabetes.

Decision Resources, an independent market analysis firm, estimates that diabetes treatments generated sales of over $61.3 billion in 2017 in the United States, Japan, Germany, Italy, the United Kingdom, France and Spain, which the Company refers to as the G7 countries, and that sales in these markets are projected to grow to $75.5 billion by 2027. According to Decision Resources, the diabetes monotherapy treatment market in the G7 countries was approximately $1.7 billion in 2017 (with the current standard of care, metformin, used for the treatment of approximately 60% of type 2 diabetes patients in the G7 countries), while the market for new oral combination therapies was approximately $21.5 billion in 2017 (with sitagliptin accounting for a 46% market share within its class).

According to the IDF, total healthcare expenditures on diabetes by people between the ages of 20 and 79 worldwide was $760 billion in 2019. The United States, and Brazil had the highest total healthcare expenditures on diabetes in 2019 for persons aged between 20 and 79, with expenditures of $296 billion, $109 billion and $52 billion, respectively. Total healthcare expenditures on diabetes in these countries accounted for 60% of global total expenditures in 2019, even though these countries only accounted for 35.8% of the global diabetes population.

Type 2 diabetes is the leading cause of chronic kidney disease (CKD) in the United States, with estimates of over 40% of patients with type 2 diabetes also displaying symptoms of CKD. Approximately 2.4 million adults in the United States have type 2 diabetes and CKD stages 3b/4, according to the U.S. Centers for Disease Control Prevention, and these patients have increased CV risk and challenging glucose management requirements. Many approved therapies for type 2 diabetes require dose reduction or are not recommended if a patient has kidney disease. In addition, insulin and insulin secretagogues are the most commonly used therapies but are often used at suboptimal doses to reduce the risk of hypoglycemia. The high correspondence rate between CKD and type 2 diabetes, and the associated adverse outcomes, results in high healthcare costs for the users of both public and private healthcare services.

NASH Market Overview

According to the National Institute of Diabetes and Digestive and Kidney Diseases, NAFLD, which results in an accumulation of fat in the liver, is one of the most common liver diseases in the United States. It affects approximately 20% of the world's population and up to 70% of type 2 diabetes patients.

NASH is a severe form of NAFLD. These liver diseases aggravate cases of cirrhosis and hepatocellular carcinoma. According to published estimates, about 10% to 30% of NAFLD patients also suffer from NASH. A scientific publication in 2018 estimated that there were approximately 16.5 million prevalent NASH cases in the United States in 2015, which was projected to increase by 63% to 27.0 million cases

by 2030. There are currently no approved drug treatments for NASH. NASH is under-diagnosed and is a silent disease, meaning patients have no symptoms until the first signs of liver failure appear. Many patients with NASH have type 2 diabetes (estimated 47%)[2] and many patients with type 2 diabetes also have NASH (estimated 26%)[3]. In addition, patients with NASH and coexisting type 2 diabetes are more likely to have progressive fibrosis. NASH can lead to life-threatening conditions like cirrhosis, liver failure, liver cancer and death. Cases of liver cirrhosis related to NASH are the second leading cause of liver transplants in the United States and are expected in the next few years to become the leading cause of transplantation, ahead of hepatitis C and alcoholic cirrhosis.

[2] Younossi ZM et al; *Hepatology* 2016.

[3] Cusi et al, *Diabetes Obes Metab.* 2017; Portillo/Cusi et al, *J Clin Endocrinol Metab 2015*

2.1.2 The Company's strengths

The Company believes that it has the potential to become a leader in the development of novel treatments for metabolic diseases, including type 2 diabetes and NASH. The Company believes that the strengths that will enable it to achieve its vision and fulfill its core purposes include the following:

- ***The Company's lead drug candidate, Imeglimin, targets a large addressable market with significant unmet treatment needs and has the potential to treat specific patient populations, such as patients with type 2 diabetes and chronic kidney disease (CKD).*** Type 2 diabetes is a major global epidemic. The IDF estimates that, globally, approximately 425 million individuals between the ages of 20 and 79 had diabetes in 2017, with more than 90% of these individuals having type 2 diabetes. Further, the IDF estimates that, by 2045, the number of people globally living with diabetes will increase by approximately 48% to 629 million. While current treatments are initially effective in managing glucose homeostasis, they present a variety of safety issues and are limited in their ability to sufficiently delay disease progression or prevent complications of type 2 diabetes, such as cardiovascular (CV) disease and other metabolic diseases. Due to the unique dual mechanism of action of Imeglimin, as well as its observed tolerability profile, the Company believes that Imeglimin is well-positioned to address the large unmet needs within the type 2 diabetes market, including specific patient populations, such as patients with chronic kidney disease (CKD). Diabetes is the most common cause of CKD and approximately 2.4 million adults in the United States have type 2 diabetes and CKD stages 3b/4. These patients have increased CV disease risk and challenging glucose management requirements. Many approved therapies require dose reduction or are not recommended in the presence of kidney disease.

- ***Imeglimin, a potential first-in-class diabetes treatment candidate with a dual mechanism of action, has completed its Phase 3 trial in Japan and is in advanced clinical stage in other major markets.***

  - The Company believes that its leading drug candidate, Imeglimin, has the potential to be a novel, first-in-class type 2 diabetes treatment with Phase 3 completed in Japan and a J-NDA approval under review, and, to the Company's knowledge, is the only oral compound with a dual mechanism of action that is designed both to increase insulin secretion in response to glucose and to reduce insulin resistance. Imeglimin has a unique mechanism of action that works at the level of the mitochondria, and the Company believes that it has the potential to slow disease progression, provide therapeutic options to patients who no longer respond to current treatments, complement existing treatments, and decrease CV disease risk.

  - The Company has observed statistically significant results from the TIMES 1, TIMES 2 trials and the first 16-week portion of and the full 36-week extension portion of the TIMES 3 trial, each meeting their primary endpoint in 2019. The TIMES 2 and 36-week extension portion of the TIMES 3 trial were open-label and met the trial objectives. Imeglimin has concluded its Phase 3 development in Japan and was observed to exhibit a safety and tolerability profile across all treatment arms consistent with prior trials. For China and the other countries that it has rights to, Sumitomo Dainippon

Pharma plans to meet with regulatory authorities to discuss development and the ability to leverage data generated in Japan and other countries. Under the partnership agreement with Sumitomo Dainippon Pharma, the Company's has the potential to receive over $253 million in payments related to achieving regulatory and sales milestones, as well as escalating royalties on net sales of Imeglimin at double-digit percentages up to the low twenties. In the United States and Europe, Imeglimin development stage is Phase 3-ready. Roivant, a former partner of the Company, had planned to initially target type 2 diabetes patients with CKD stages 3b/4. met with regulatory authorities to discuss Imeglimin as a treatment option for patients with type 2 diabetes and CKD stages 3b/4. Roivant met with the FDA to discuss the Phase 3 plan and trial designs in the United States and the FDA provided a feedback for Imeglimin in the US. Effective January 31, 2021, the partnership agreement with Roivant is terminated and Roivant has returned all rights to Imeglimin to the Company, as well as all data, materials, and information, including FDA regulatory filings, related to the program. The Company is considering various options to advance Imeglimin in the US, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.

- ***The Company's fully owned drug candidates, PXL770 and PXL065, target the large and growing NASH market that the Company expects to reach $9 billion in treatment revenues by 2025.*** According to the National Institute of Diabetes and Digestive and Kidney Diseases, NAFLD is one of the most common liver diseases in the United States. NASH is a severe form of NAFLD. According to Decision Resources, approximately 4% to 5% of the total population of the G7 countries suffered from NASH in 2018, representing almost 40 million people. A scientific publication in 2018 estimated that there were approximately 16.5 million prevalent NASH cases in the United States in 2015, which is projected to increase by 63% to 27.0 million cases by 2030. The study also estimated that approximately 20% of NAFLD cases were classified as NASH, which was forecasted to increase to 27% by 2030, a reflection of both disease progression and an aging population. According to Decision Resources, it is estimated that the NASH market is expected to grow from $135 million in treatment revenues in 2015 to more than $9 billion by 2025. Given the overlapping prevalence of type 2 diabetes and NASH, the Company also believes that new agents which could ameliorate both disorders and/or have preferential efficacy for NASH in patients with coexisting type 2 diabetes would be valued additions to the future NASH market.

- ***The Company believes that PXL770 has the potential to be a first-in-class direct AMPK activator and PXL065 has the potential to be a novel treatment candidate that modulates non-genomic targets including inhibition of the mitochondrial pyruvate carrier with the potential to leverage extensive pioglitazone data for an expedited 505(b)(2) clinical development and regulatory pathway for NASH.***

  The Company believes that PXL770 and PXL065 are differentiated from other compounds under development for liver diseases by their mechanisms of action.

  - The Company believes that PXL770 has the potential to be a first-in-class drug candidate, as it is a direct activator of AMPK, which has been observed to have effects

on various metabolic and inflammatory disease components; no approved products or, to the Company's knowledge, product candidates in development by third parties, directly activate AMPK. AMPK is a central regulator of multiple metabolic pathways and the Company believes its activation has potential as a mechanism to treat a wide range of chronic metabolic diseases, including NASH. NASH is a multifactorial and complex disease state and AMPK activation could play a beneficial role in the metabolic and inflammatory pathways leading to liver injury. By targeting the underlying root causes of NAFLD (e.g., insulin resistance) as well as aspects of more advanced disease (e.g., inflammation and fibrogenesis), the Company believes that PXL770 has the potential to improve the treatment of key components of this disease, which include liver steatosis, inflammation, ballooning and fibrosis. PXL770 may also provide benefits to known co-morbidities, including glucose control in diabetes and those related to CV disease. Following tolerability and PK results of PXL770 in the Phase la clinical trial, the Company conducted a Phase lb trial with multiple ascending doses, and the Company announced that the results met the trial endpoints in July 2018. The Company initiated a Phase 2a trial in April 2019, as well as a PK/PD trial. Positive results for these studies were announced on June 24, 2020 for the PK/PD trial and then on October 1st, 2020 for the Phase 2a trial. On the 25th of May 2020, the Company announced preclinical results with PXL770 in several NASH combination studies; the results of these experiments revealed additive benefits in a NASH model when combined with other late-stage agents in development.PXL065 offers a potential new approach to treating NASH. PXL065 is the deuterium-stabilized R stereoisomer of pioglitazone, its parent molecule that has been marketed since 1999 for the treatment of type 2 diabetes. PXL065 targets non-genomic pathways including the MPC with little or no PPARγ activation effects or associated adverse effects that appear to be related to the S stereoisomer of pioglitazone. Pioglitazone is the only drug recommended for biopsy-confirmed NASH patients by the Practice Guidelines published by the AASLD and is the only drug identified as a potential treatment by the EASL. Pioglitazone's use for NASH, however, has been limited due to the PPARγ-related side effects, which include weight gain, bone fractures and fluid retention. Preclinical models have shown activity of PXL065 in NASH with little or no weight gain or fluid retention. Based upon preclinical and Phase 1 results to date, the Company believes PXL065 may exhibit a better therapeutic profile than pioglitazone for NASH. In April 2019, the Company announced results of the second part of a Phase la single ascending dose trial that included three single doses of PXL065 and a single dose of pioglitazone, which tested different doses of PXL065 and evaluated the safety and PK profile of PXL065 compared to pioglitazone in 24 healthy subjects. In this trial, PXL065 met the trial endpoints and showed a tolerability profile with no serious adverse events. In December 2019, the Company announced results from a Phase 1b to evaluate the safety, tolerability, and PK profile of PXL065 and support dose selection for pivotal trial. The trial was observed to show dose proportionality at all doses tested. Based on these results and other clinical and preclinical data, the Company was able to identify the dosing range of 7.5mg to 22.5 mg that will be evaluated in a Phase 2 trial. The Company plans to pursue an expedited 505(b)(2) regulatory pathway for the development of PXL065 that relies on data from the parent drug,

pioglitazone. Precedent for this approach has been established with the approval of single stereoisomer drugs, as well as deuterated drugs, with improved therapeutic properties compared to the parent drug.

- ***The Company is developing two NASH drug candidates offering the potential to be combined and the Company believes that the heterogeneity of NASH pathophysiology offers the opportunity for combination approaches.***

  - Given the heterogeneity of NASH pathophysiology, we believe there is a need for combination approaches that target multiple pathways in the disease's progression. The Company's two lead products in NASH target distinct pathways, and we believe that the differentiated profile of PXL770, which allosterically activates AMPK to mitigate metabolic dysfunction, fatty liver accumulation, inflammation and fibrogenesis, and of PXL065, which targets non-genomic pathways including MPC inhibition to prevent liver inflammation and fibrosis, are well-suited for use as a combination therapy, if approved. To this end, we showed in preclinical models the potential to add PXL770 to key agents in development for the treatment of NASH, including GLP1 agonist, FxR agonist as well as selective thyroid hormone receptor-β agonist. Additional experiments are currently underway to assess PXL065 in combination together and with other therapeutic agents representing distinct mechanisms of action that we believe could have additive or synergistic benefits when used in combinations for the treatment of NASH.

Leading metabolic clinical development expertise and strong product generation capabilities. The Company was founded in 2009 through a spin-off of Merck Serono's metabolic-focused business, as part of a strategic realignment following the acquisition of Serono by Merck and assumed all key personnel in the diabetes group. The management team is composed of experts with extensive experience in type 2 diabetes and related metabolic diseases. Key members of its team have experience from Merck Serono, Servier, Eli Lilly and Merck & Co. and were involved in the discovery, clinical trial designs and regulatory approvals for a number of products prescribed globally, including Glucophage® (metformin), Trulicity® (dulaglutide) and Januvia® (sitagliptin). The Company has completed the Phase 3 development program for Imeglimin in Japan in partnership with Sumitomo Dainippon Pharma. The Company also completed the Phase 1 and 2 clinical development work in the United States and Europe. The Company continues to strengthen its management team, which now combines extensive experience in diabetes clinical research and development and global regulatory affairs with the business and financial expertise needed for drug development and corporate partnerships. As a result of its business development efforts, the Company secured its pharmaceutical partnership for Imeglimin leading to Japan and Asia rights with the T2DM market leader in Japan, and acquired PXL065, as well as additional programs, including deuterated drug candidates for metabolic, specialty and rare diseases. The Company is continuing to build a world-class metabolic research and development organization with offices in France, Boston and Tokyo. In addition, the Company's Scientific Advisory Board consists of leading diabetes and NASH experts and its board of directors includes global experts in the pharmaceutical industry

2.1.3 The Company's Strategy

The Company's goal is to develop and commercialize innovative therapies for the treatment of metabolic diseases, including type 2 diabetes and NASH. To achieve its goal, the Company is pursuing the following strategies:

- ***Advance Imeglimin to commercialization together with strategic partners, for the treatment of type 2 diabetes.*** In October 2017, the Company signed a strategic agreement with Sumitomo for the development and commercialization of Imeglimin in Japan and in certain other Asian countries. In Japan, the Company has currently completed Imeglimin Phase 3 program, TIMES, which includes a pivotal program with three clinical trials that evaluated Imeglimin's efficacy and safety in over 1,100 patients. The Company announced that it observed statistically significant topline results from the Phase 3 TIMES 1 trial, the Phase 2 TIMES 2 trial and the 16-week portion and the full 36-week of the TIMES 3 trial, each meeting their primary endpoint in 2019. Imeglimin was also observed to exhibit a safety and tolerability profile across all treatment arms consistent with prior trials. In July 2020, Sumitomo Dainippon Pharma submitted a Japanese New Drug Application (J-NDA) to the Pharmaceuticals and Medical Devices Agency (PMDA) to request approval for the manufacturing and marketing of Imeglimin for the treatment of type 2 diabetes. Pending an average J-NDA review period, Imeglimin's target product launch is anticipated in the Sumitomo 2021 fiscal year (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). In the United States and Europe, Roivant, a former partner of the Company, was initially targeting type 2 diabetes patients with CKD stages 3b/4. In July 2019, the Company reported results from a PK/PD trial of Imeglimin, which was observed to be well-tolerated in this specific patient population, consistent with the safety profile observed in previous trials to date and supporting its potential in this patient population. Roivant met with regulatory authorities to discuss Imeglimin as a treatment option for patients with type 2 diabetes and CKD stages 3b/4. A meeting with the FDA occurred in the first quarter of 2020 to discuss the Phase 3 plan and trial designs in the United States and the FDA provided a feedback for Imeglimin in the US. Effective January 31, 2021, the partnership agreement with Roivant is terminated and Roivant has returned all rights to Imeglimin to the Company, as well as all data, materials, and information, including FDA regulatory filings, related to the program. The Company is considering various options to advance Imeglimin in the US, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.
- ***Advance PXL770 through clinical late-stage development for the treatment of NASH.*** In preclinical studies, PXL770 was observed to have beneficial effects on various liver and metabolic parameters related to NASH. Following the evaluation of the tolerability profile and PK in a Phase Ia trial, the Company announced results from a Phase Ib multiple ascending doses trial and a drug interaction trial had met the trial endpoints in July 2018. In April 2019, the Company launched a Phase 2a proof-of-concept program (STAMP-NAFLD), and positive results were released in October 2020. The STAMP-NAFLD study was a 12-week, randomized, controlled trial in 120 likely NASH patients, with or without type 2 diabetes (T2DM), which evaluated three dosing regimens of PXL770 versus placebo. The

primary endpoint was the relative change in liver fat content measured by MRI-PDFF. In the overall population, PXL770 produced a significant reduction in both relative liver fat content (-18%; p=0.004) and ALT (-6.3 IU/L; p=0.04) at the highest dose. In patients with T2DM (41-47% of each group), treatment with PXL770 produced disproportionate efficacy; a -27% mean relative reduction in liver fat content at 500 mg QD (p=0.004) versus baseline was observed. In further analysis of this subpopulation of T2DM patients, findings included greater increases in the proportion of responders (>30% reduction in liver fat); and more substantial mean decreases in alanine transaminase (ALT) and aspartate transaminase (AST) levels despite only slightly elevated mean baseline ALT levels (36-47 IU/L; normal range <41 IU/L). Although baseline fasting glucose (121-144 mg/dL) and HbA1c (6.6-7.1%) levels were well controlled in this population, significant placebo-adjusted decreases were observed in both glycemic parameters along with improvements in commonly used fasting indexes of insulin sensitivity (HOMA-IR and QUICKI scores). In both the whole population and in the T2DM subpopulation, PXL770 was generally safe and well tolerated and the number of total treatment-emergent adverse events (TEAS) was similar to placebo. A separate four-week PK/PD trial of PXL770 was conducted to confirm target engagement and PXL770's PK profile in a population of likely NASH patients. This study included non-diabetic subjects with non-alcoholic fatty liver disease (NAFLD) that were treated for 4 weeks with 500 mg QD of PXL770 (n=12) vs. placebo (n=4). Statistically significant suppression of fructose-stimulated *de novo* lipogenesis (DNL) was observed – confirming target engagement in humans as well as the reduction in one key cause of steatosis. In addition, improved glycaemia and indices of insulin sensitivity were observed.

- ***Leverage the 505(b)(2) regulatory pathway to rapidly progress the clinical development and regulatory approval of PXL065 for the treatment of NASH.*** PXL065 is derived from pioglitazone (deuterium-stabilized R-pioglitazone), a drug that is approved for T2DM and has been the subject of several advanced trials for the treatment of NASH. Based on preclinical results and the Phase la trial, the Company believes PXL065 may have a superior therapeutic and tolerability profile compared to pioglitazone, its parent molecule, in the treatment of NASH. In a Phase la trial with results reported in April 2019, 15 mg of PXL065 was observed to show the potential to provide an improved therapeutic profile compared to 45 mg of pioglitazone. In December 2019, the Company announced results from a Phase 1b, multiple ascending dose, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065. The trial was observed to show dose proportionality at all doses tested with an expected substantial increase in exposure to the preferred – R-stereoisomer vs. low exposure to the PPARγ active S-isomer. Based on these results and other clinical and preclinical data, the Company was able to identify the dosing range of 7.5mg to 22.5 mg that are being evaluated in a Phase 2 trial. Based on the Company's pre-investigational new drug meeting with the FDA in the fourth quarter of 2019, the Company plans to develop PXL065 with a registration program using a 505(b)(2) pathway (a regulatory process available to new drug candidates modifying a pharmaceutical product already approved by the FDA), which has the potential for expedited development. The primary objective of the Phase II trial is to identify the optimal dose or doses to be evaluated in a

Phase 3 registration trial. This trial, DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial In NASH), is a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of PXL065 in approximately 120 noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the U.S. The primary endpoint of the study will measure the relative change in the percentage of liver fat content based on magnetic resonance imaging-estimated proton density fat fraction (MRI-PDFF). The study will also assess the effects of PXL065 on liver histology and other metabolic and non-metabolic biomarkers. Results from the Phase 2 study are anticipated mid-2022.

- ***Explore combination strategies for PXL770 and PXL065 for the treatment of NASH.*** Given the mechanistic heterogeneity of NASH, the Company believes there is a need for combination approaches that target multiple pathways in the disease's progression. The Company's two lead products in NASH target distinct pathways, and the Company believes that the differentiated profiles of PXL770, which allosterically activates AMPK to address both metabolic dysfunction and inflammation, and of PXL065, which acts through non-genomic pathways to attenuate liver inflammation, steatosis and fibrosis, are well-suited for use as a combination therapy. To this end, the Company is currently conducting preclinical studies for PXL770 and PXL065 in combinations together and/or with other mechanisms of action that it believes could have additive or synergistic benefits for the treatment of NASH.

- ***Maximize the commercial potential of the Company's wholly owned assets and opportunistically enter into strategic collaborations.*** The Company will continue to evaluate opportunities to collaborate with leading biopharmaceutical companies that may advance and accelerate the development and potential commercialization of the Company's drug candidates beyond Imeglimin. In addition, the Company may enter into licensing agreements or co-marketing agreements with one or more collaborators to develop and commercialize its drug candidates.

- ***Build a metabolic franchise through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies.*** Given its extensive expertise in metabolic diseases, as well as the management team's experience in drug development, the Company intends to develop additional compounds in its pipeline and is currently evaluating direct AMPK activation and deuterium modified thiazolidinediones for the treatment of additional metabolic, specialty and rare diseases. As a key example, the Company recently (Nov. 2020) presented (at ALD Connect) new results in cell-based and *in vivo* preclinical models of adrenoleukodystrophy. These data showed that both PXL770 and PXL065 produced significant improvements in disease-associated pathology, providing a rationale to pursue this indication with next generation molecules derived from both platforms. New data showing preclinical efficacy of PXL770 in an animal model of diabetes-induced kidney and heart disease were also presented at EASD in September, 2020. The Company believes that these mechanisms, as monotherapies or in combination with other agents, have the potential to provide broad treatment of these or other diseases with an underlying metabolic basis. The Company owns rights in additional compounds that could be the base for new drugs and it is planning to explore selectively

bringing them forward to the market. In addition, the Company may acquire or in-license additional compounds or technologies for the treatment of metabolic diseases through continued business development efforts.

2.1.4 Type 2 Diabetes Overview, the current treatments and their limitations, market opportunities

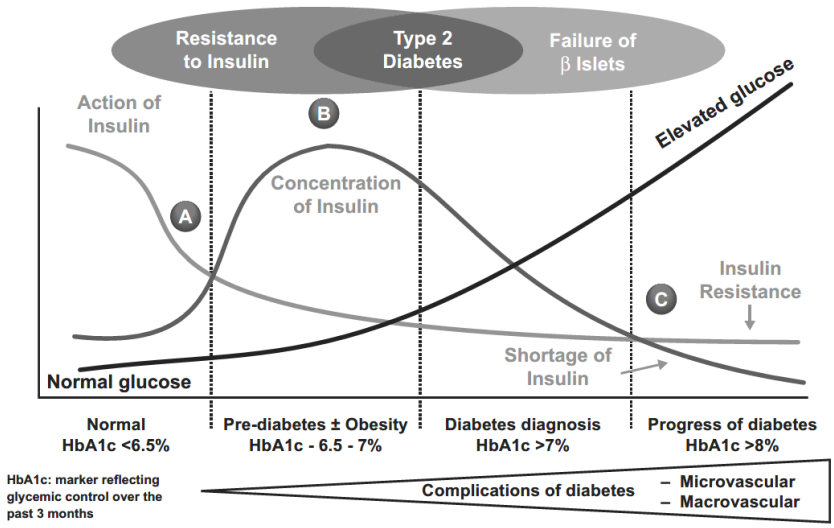
Type 2 Diabetes Overview

Diabetes is a disease characterized by abnormally high levels of blood glucose and inadequate levels of insulin. There are two primary types of diabetes: type 1 and type 2. In type 1 diabetes, autoimmune processes result in destruction of insulin-producing beta cells in the pancreas resulting in total or nearly total insulin deficiency. In type 2 diabetes, although the pancreas still produces some insulin, it fails to do so at sufficient levels; in addition, the body falls to normally respond to the insulin that is produced, a condition known as insulin resistance. According to the IDF, type 2 diabetes is the more prevalent form of the disease, affecting approximately 90% of all people diagnosed with diabetes.

In healthy individuals, the pancreas releases a natural spike of insulin at the start of a meal, which serves both to dispose of the glucose derived from food and to switch off the production of endogenous glucose by the liver. By contrast, in patients with type 2 diabetes, the amount of insulin produced is typically low and the response to insulin by both the liver (to signal cessation of glucose production) and other tissues (to promote glucose uptake and disposition) is defective. When combined, these defects in insulin amount and insulin action (referred to as insulin resistance) lead to hyperglycemia. The amount of hemoglobin altered by glucose, hemoglobin A1c or HbA1c, is directly proportional to the level of elevated glucose.

High levels of blood glucose, in turn, lead to other defects in the structure and function of selected cell types – including the integrity of the small blood vessels. Over time, these consequences of hyperglycemia result in the adverse and sometimes fatal onset of: retinopathy leading to blindness; loss of kidney function; nerve damage and loss of sensation; poor circulation in the periphery, potentially requiring amputation of the limbs; and macrovascular complications in the heart and the brain. According to the American Diabetes Association, 66% of deaths among diabetes patients are due to cardiovascular events.

The diagram below sets forth the development and progression of type 2 diabetes:



(A) Insulin-resistance: resistance to insulin commonly develops in certain subjects when chronic over-nutrition, and/or a reduction in physical activity gradually leads to obesity with the accumulation of fat in the abdomen and in selected organs. The burden of lipid excess, both increased circulating free fatty acids and fats that are deposited in key tissues like liver, produces deficient activation of cellular signals in response to insulin. With reduced insulin action, the hormone is no longer able to fully mediate its effects to curtail liver glucose production or to drive glucose uptake and metabolism in other tissues.

(B) Hyper-insulinism: at earlier stages in the evolution of type 2 diabetes, typically in pre-diabetes, the absolute amount of insulin produced by the pancreas may be higher than normal, in an attempt to overcome insulin resistance. However, even with higher insulin levels, or hyper-insulinism, glucose homeostasis is typically abnormal; thus, the amount of insulin produced is insufficient relative to the body's needs.

(C) Relative insulinopenia (or shortage of insulin): frequently, prediabetes evolves towards diabetes with frank hyperglycemia. This occurs as a consequence of further pancreatic beta cell dysfunction and a decline in insulin production to overtly low levels. When the pancreas is no longer able to secrete quantities of insulin needed to regulate glycemia pharmacological intervention is usually initiated.

Type 2 Diabetes Current Therapies and their Limitations

Treatments for type 2 diabetes are intended to re-establish glucose homeostasis. Initially, patients may be placed on an exercise regime and diabetes-friendly diet that limits the intake of simple carbohydrates and high-fat foods, which are associated with increased blood glucose and lipid levels. However, exercise and dietary changes are alone generally insufficient to control patients' glycemic levels, and type 2 diabetes patients are often prescribed metformin, an orally-administered small molecule drug, that limits glucose production in the liver, decreases intestinal absorption of glucose and improves insulin sensitivity by increasing peripheral glucose uptake and utilization. Metformin is also an indirect activator of AMPK. If and when the combination of exercise, diabetes-friendly diet and metformin as a monotherapy is insufficient to facilitate glucose homeostasis for patients, physicians may prescribe additional medications to the treatment regimen which are presented in the below table. Additional types of treatment are (i) oral alpha-glucosidase inhibitors, which slow the rise in blood sugar after meals by stopping the breakdown of simple carbohydrates and other types of sugar in the digestive process; (ii) dipeptidylpeptidase IV inhibitors (DPP-4), (iii) sodium-glucose cotransporter 2 (SGLT2) inhibitors and (iv) GLP1 analogs, injectable forms of the hormone GLP1, which modulates HbA1c levels. Patients unable to maintain glucose homeostasis on these therapies may be prescribed injectable insulin. Many type 2 diabetes patients are also prescribed statins in order to reduce heart disease risk.

The table below compares attributes of key non-insulin current therapies.

Class	Key Drug(s)	Key Attributes	Key Toxicities/ Limitations	G7 Drug Sales (2017)[1]
Biguanides	• metformin	• First-line therapy • Limits glucose production • Some cardiovascular benefit	• Lactic acidosis • GI disorders • Many contraindications; chronic renal insufficiency; acidosis, hypoxia, dehydration, etc • Low impact on disease progression • 56% of treated patients become refractory in less than three years	• $1.7bn
DPP-4 inhibitors	• Sitagliptin • Saxagliptin • Linagliptin	• Increases insulin secretion • Some cardiovascular benefit	• GI upset • Urinary and respiratory infections • Low impact on disease course	• $14.3bn, including: • Januvia: $6.6bn • Janumet: $3.0bn • Tradjenta: $1.6bn • Onglyza: $0.9bn
SGLT-2 inhibitors	• Empagliflozin • Canagliflozin • dapagliflozin	• Increases glucose excretion • Cardiovascular protective action	• Urinary tract infections • Increased risk of diabetic ketoacidosis	• $7.2bn, including: • Invokana: $2.8bn • Farxiga: $1.3bn
GLP-1 receptor agonists	• Liraglutide • Vildagliptin • Exenatide	• Increases glucose addiction and insulin secretion • Slows down weight gain • Cardiovascular protective action	• GI upset • Acute pancreatitis • Potential increased risk of thyroid cancer	• $7.2bn, including: • Victoza: $4.0bn • Bydureon: $0.4bn • Trulicity: $3-4B • Ozempic: $3-4B
Sulfonylureas	• glyburide • glimepiride • lipizide	• Increased insulin secretion	• Increased risk of hypoglycemia • Weight gain • Contraindicated for patients with liver and kidney disorders	• sulfonylureas: $0.5bn
Thiazolidinediones	• pioglitazone • rosiglitazone	• Improves glucose uptake and transformation by muscles and fat tissues • Low impact on disease course	• Weight gain, fluid retention • Liver toxicity •	• thiazolidinediones: $0.5bn

(1) Decision Resources, September 2019.

While current treatments are often initially effective in helping patients maintain glucose homeostasis, they present a variety of safety issues. For example, metformin can cause lactic acidosis, a dangerous buildup of acid in the blood, in patients with liver and kidney disorders and is, therefore, not a viable option for such patients, although it rarely results in hypoglycemia. By contrast, oral sulfonylureas increase the risk of hypoglycemia and weight gain. Oral thiazolidinediones ("**TZDs**"), have been associated with weight gain and fluid retention, which can aggravate congestive heart failure. Further, many commonly prescribed treatments, including metformin, alpha-glucosidase inhibitors, oral DPP-4 inhibitors, GLP-1 receptor agonists and SGLT2 inhibitors, are also associated with nausea, vomiting, gas, diarrhea, urinary tract disorders, dizziness, and weakness.

Moreover, many current treatments are limited in their ability to sufficiently delay disease progression or prevent complications of type 2 diabetes. Even when existing treatments are effective in blood glucose control, they often fail to control the evolution of the disease and do not address associated co-morbidities. For example, according to Decision Resources, approximately 56% of patients become refractory to metformin within three years, representing approximately 20 million patients in the G7 countries. This shortcoming is of particular importance in light of the fact that the mortality of diabetes patients is primarily linked to CV disease. Finally, certain newer type 2 diabetes therapies are delivered in injectable form, which is associated with poorer patient compliance and increased cost.

Type 2 diabetes is also the leading cause of chronic kidney disease (CKD). Treatment of type 2 diabetes in patients with CKD is more complicated and options are restricted. Approximately 2.4 million adults in the United States have type 2 diabetes and CKD stages 3b/4, according to the Centers for Disease Control Prevention, and these patients have an increased cardiovascular risk and challenging glucose management requirements.

Most antihyperglycemic medications may be used to treat mild CKD, though CKD stages 3b/4 presents challenges as medications are either not advised or require dose adjustments in more advanced renal impairment. These limitations include: 1) safety risks with increasing severity of renal impairment; 2) loss of efficacy (glycemic control) with worsening CKD; and 3) the need for dose adjustment with increasing severity of renal impairment. Insulin and insulin secretagogues are the most commonly used therapies but are often used at suboptimal doses to reduce the risk of hypoglycemia.

As a consequence of these limitations, the segment of type 2 diabetes patients with CKD stages 3b/4 currently face limited therapeutic options for the management of hyperglycemia. Imeglimin's mechanism of action, supported by non-clinical data and clinical findings, offers the potential for glycemic control in patients with CKD stages 3b/4 as well as the use of Imeglimin as an add-on to various antidiabetic agents for additional glycemic efficacy. In addition to the efficacy data, Imeglimin has been observed to have a tolerability profile similar to the placebo in the subgroup of patients with impaired renal function.

Antihyperglycemic treatment in patients with type 2 diabetes and CKD is complex due to contraindications, dose adjustments, and safety concerns with worsening renal function.

The following chart sets forth certain limitations of existing therapies to treat type 2 diabetes and CKD.

Information derived from package inserts and published literature.

Accordingly, the Company believes that there is a need for a differentiated treatment that can provide an efficacy and safety profile with minimal hypoglycemia risk.

Poxel's Market Opportunity: Type 2 Diabetes

According to the IDF, it is estimated that globally 463 million individuals between the ages of 20 and 79 were affected by diabetes in 2019, with more than 90% of these individuals having type 2 diabetes, and the number of people globally affected by diabetes will increase by approximately 51% to 700 million by 2045. In the United States alone, 31 million individuals, or 9.3% of the population, suffered from diabetes in 2019.

Within certain developing regions of the world, the IDF projects diabetes prevalence to increase at even higher rates. For example, in China there were approximately 114 million patients in 2019, which the IDF estimates will increase to 147 million by 2045. In the Middle East and North Africa region, there were approximately 39 million patients with diabetes in 2017, which the IDF estimates will increase to 82 million by 2045. In Southeast Asia, the IDF estimates that 151 million individuals will suffer from diabetes in 2045, an increase of 84% over 2017.

Decision Resources estimates that diabetes treatments generated sales of over $61 billion in 2017 in the United States, Japan, Germany, Italy, the United Kingdom, France and Spain, which the Company refers to as the G7 countries, and that sales in these markets are projected to grow to $76 billion by 2027. According to Decision Resources, the diabetes monotherapy treatment market in the G7 countries was approximately $1.7 billion in 2017 (with the current standard of care, metformin, used for the treatment of approximately 60% of type 2 diabetes patients in the G7 countries), while the market for new oral combination therapies was $21.5 billion in 2017 (with sitagliptin accounting for a 46% market share within its class).

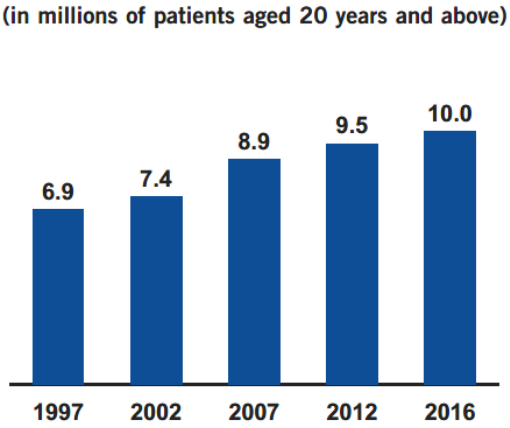
According to the IDF, total healthcare expenditures on diabetes by people between the ages of 20 and 79 worldwide was $727 billion in 2017. The United States, China and Germany had the highest total healthcare expenditures on diabetes in 2017 for persons aged between 20 and 79, with expenditures of $348 billion, $110 billion and $42 billion, respectively. Total healthcare expenditures on diabetes in these countries accounted for 68.8% of global total expenditures in 2017, even though these countries only accounted for 35.8% of the global diabetes population.

The Company believes that there is significant market potential for non-insulin therapies that preserve pancreatic function, reduce insulin resistance and decrease CV and metabolic disease risk factors, such as heightened blood lipid levels and excess body weight, either acting alone or in combination with existing types 2 diabetes treatments. Based on figures published by Decision Resources with respect to 2017, the Company believes that the potential market opportunity in the United States and the EU for non-insulin therapies is approximately $30 billion annually and the potential market opportunity in Japan is approximately $3 billion annually.

Japan

According to Decision Resources, Japan is the second largest diabetes market worldwide, behind the United States, with a compounded annual growth rate of more than 18% between 2008 and 2012 and could grow by more than 20% by 2023. According to Decision Resources, estimated sales in Japan are expected to grow to $4.2 billion by 2020. Additionally, the Company believes that the Japanese diabetes market has pricing and reimbursement characteristics similar to the United States and has shown a rapid market uptake for new innovative products.

There are an increasing number of patients seeking treatment for diabetes in Japan, both type 1 and type 2, as set forth in the below diagram. The Company believes that this market trend is likely to continue, in particular, given that the Japanese government has identified diabetes as a target disease in its ten-year plan for National Health Promotion.



China

The Company also believes that China represents a growing commercial opportunity for Imeglimin, if approved. The Company commissioned a study with IQVIA to analyze the type 2 diabetes patient population in China, providing the data discussed below. There were approximately 112 million adults diagnosed with type 2 diabetes in China in 2017 and prevalence is expected to grow by approximately 1.7% per year. In 2017, sales of type 2 diabetes therapies were approximately $3 billion, with oral drug sales representing approximately 50% of that total. This represents a significant market opportunity.

The Company believes that Imeglimin can target the estimated 29 million patient population in China being treated with western drugs, as well as the sizeable patient population with chronic kidney disease. In line with China's national plan for non-communicable disease prevention and treatment, the Company also expects more type 2 diabetes patients to have access to diabetic medications. The Company believes that Imeglimin is well placed to succeed in the Chinese market, if approved there, by leveraging its dual action and tolerability profile to fill the treatment gap, primarily comprised of glycemic control and safety. For China and other East and Southeast Asian countries that its partner, Sumitomo, has rights to, Sumitomo has initiated discussion with some regulatory authorities related to Imeglimin development in these countries and the ability to leverage data generated in Japan and other countries.

2.1.5 Imeglimin – the first type 2 diabetes treatment with the ambition of slowing disease course and its complications

The Company believes that Imeglimin has the potential to be a first-in-class oral drug candidate that targets the two main metabolic defects at the root of type 2 diabetes — low insulin secretion and elevated insulin resistance — by counteracting mitochondrial dysfunction. The Company's primary focus is on developing Imeglimin to address the unmet need for a type 2 diabetes treatment that improves pancreatic beta cell function, reduces insulin resistance and decreases cardiovascular and metabolic disease risk factors, such as heightened blood lipid levels and excess body weight.

Imeglimin was initially developed by Merck Serono and has been further developed by the Company since it acquired it in 2009. Since the late 1990s, Merck Serono was interested in the role of mitochondria in the pathophysiology of diabetes, as it has been suggested that metformin could act on the mitochondria. In order to capitalize on this understanding of the role of mitochondria, Merck Serono worked with an academic team to identify new chemical structures that could restore normal functioning of the mitochondrial respiratory chain, which is impaired in type 2 diabetes patients. This initial research formed the basis for the development of Imeglimin.

Merck Serono filed an Investigational New Drug application ("**IND**"), for Imeglimin with the FDA on October 18, 2006 with a type 2 diabetes indication. Merck Serono transferred this IND to the Company in 2009.

The Company believes that Imeglimin is the most clinically advanced type 2 diabetes drug candidate of its class. Certain large pharmaceutical companies have similar programs and have entered into partnerships aimed at identifying products similar to Imeglimin. The Company believes, however, that these programs are not as advanced in clinical development as Imeglimin. There can be no assurance, however, that Imeglimin will be proven effective or will receive regulatory approval.

Summary of Imeglimin's Mechanism of Action

The Company believes that Imeglimin is able to regulate cellular energy metabolism by counteracting mitochondrial dysfunction associated with diabetes pathology and its related microvascular and macrovascular complications. The mitochondrion is the power center of the cell, generating energy through the production of adenosine triphosphate ("**ATP**"), the primary unit of cellular energy, by oxidizing nutrients such as glucose and lipids, and contributing to the regulation of energy balance.

In the pathophysiology of diabetes, excess food intake and a sedentary lifestyle lead to an imbalance in energy storage vs. consumption. This disequilibrium also causes an increase in the production of reactive oxygen species ("**ROS**"), by the mitochondrial respiratory chain, which impairs its function, leading to insufficient insulin secretion in response to glucose and to impaired insulin sensitivity.

The Company believes that Imeglimin improves mitochondrial function by modulating mitochondrial respiratory chain activities and by decreasing reactive oxygen species (ROS) overproduction in this unhealthy context. Several observed effects support this concept:

- Imeglimin partially and reversibly inhibits mitochondrial Complex I in a competitive fashion. In contrast, metformin is known to inhibit Complex I through a non-competitive mechanism that could lead to excess lactic acid levels, an effect which is not observed with Imeglimin.

- Imeglimin also augments the activity of Complex III of the mitochondrion and modulates opening of the mitochondrial permeability transition pore, mPTP. These effects are believed to contribute to lower ROS production.
- Additionally, Imeglimin has been observed to increase cellular levels of NAD^+, a key co-factor required for energy production by mitochondria.

Through the above effects on cellular energy metabolism and mitochondrial function, Imeglimin has been observed to drive dual mechanisms that are believed to lead to correction of hyperglycemia:

A. Improved insulin secretion in response to glucose

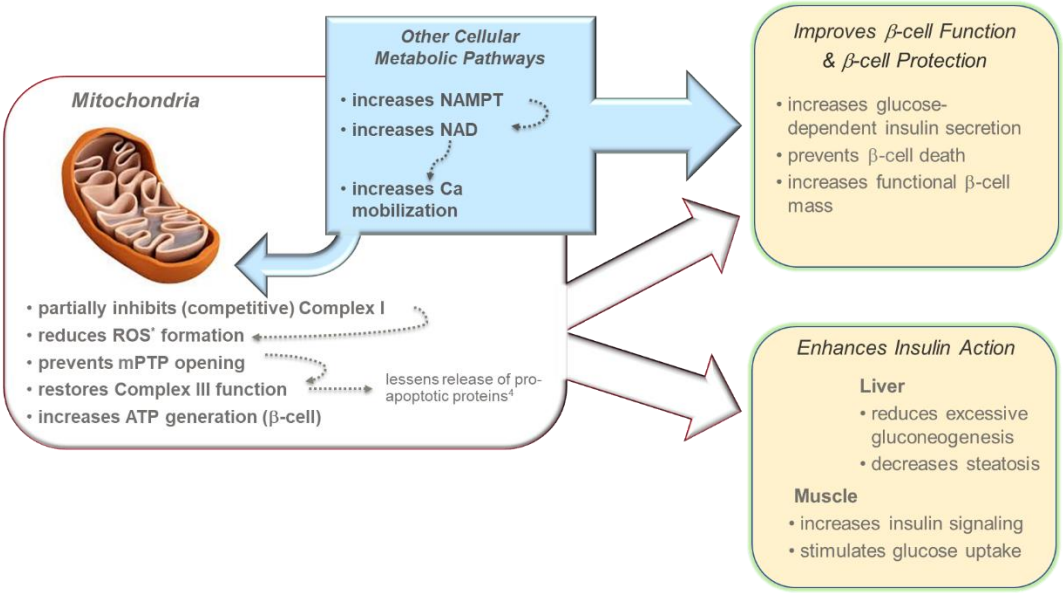
- increased glucose-stimulated insulin secretion in isolated pancreatic islets and in vivo
- preservation of functional beta cells in animals with diabetes

B. Reduced insulin resistance

- increased glucose utilization in response to insulin infusion
- augmentation of physiologic processes which are known effects of insulin – inhibition of liver glucose production and muscle glucose uptake.

The Company believes that Imeglimin's beneficial effect to preserve pancreatic beta cell mass could lead to delaying disease progression. Imeglimin has also been observed to improve vascular endothelial dysfunction; this leads the Company to believe that Imeglimin may have a vascular protective effect that could potentially delay the occurrence or decrease the progression of vascular complications in the type 2 diabetes population.

The diagram below sets forth a representation of Imeglimin's mechanism of action on mitochondrial function and other aspects of cell metabolism that leads to dual benefits with respect to insulin secretion and insulin action:



*reactive oxygen species; #mitochondrial permeability transition pore; Adapted from: Hallakou-Bozec et al, Mechanism of action of imeglimin – a novel therapeutic agent for type 2 diabetes; Diabetes Obes Metab 2021, doi.org/10.1111/dom.14277

Summary of Clinical Trials

To date, Imeglimin has been evaluated in 28 clinical trials and has successfully completed its three Phase 3 clinical trials in Japan, with a Phase 3 trial in the United States and Europe in the preparatory stage. Imeglimin has been administered to an aggregate of 400 non-diabetic patients and over 1,800 type 2 diabetes patients at dosages ranging from 100 mg to 8,000 mg per day, over a period ranging from one day to 24 weeks, with two 52-week trials ongoing.

The Company has successfully completed the Phase 2 clinical program for Imeglimin in the United States, Europe and Japan. Together, with its partner Sumitomo, the Company has concluded in 2019 the Phase 3 clinical program known as TIMES for the treatment of type 2 diabetes in Japan.

The tables below set forth summary information regarding 28 clinical trials for Imeglimin, administered to an aggregate of 400 non-diabetic patients and over 1,800 type 2 diabetes patients.

Phase 1 Clinical Trials

STUDY NO.	TOTAL NUMBER OF PATIENTS	NUMBER OF PATIENTS ON IMEGLIMIN	TREATMENT DURATION	PRIMARY END POINT	DOSE	P-VALUE [1]	REGION
EML017008-001	73	73	Up to 9 Days	Safety / Pharmacokinetics	Up to 4,000 mg	—	Europe
EML017008-002	6	6	Single dose	Safety / Pharmacokinetics	1,000 mg	—	Europe
EML017008-005	51	51	8 Days	Safety / Pharmacokinetics	1,000 mg QD / 500 mg	—	Europe
PXL008-001	15	15	6 Days	Safety / Pharmacokinetics	1,500 mg	—	Europe
PXL008-003	16	16	6 Days	Safety / Pharmacokinetics	1,500 mg	—	Europe
PXL008-007	14	12	Single dose	Safety / Pharmacokinetics	750 mg / 1,500 mg	—	Europe
PXL008-010	14	14	Single dose	Safety / Pharmacokinetics	750 mg / 1,500 mg	—	Europe
PXL008-011	64	48	Single dose or 10 Days	Safety / Pharmacokinetics	500 mg / 1,000 mg / 1,500 mg / 2,000 mg RD 4,000 mg / 6,000 mg / 8,000 mg SD	—	Europe
PXL008-012	9	9	Up to 7 Days	Safety / Pharmacokinetics	Up to 8,000 mg	—	Europe
PXL008-016	55	54	Single dose	Cardiovascular safety	2,250 mg / 6000 mg	—	Europe
PXL008-022	16	16	Single dose	Safety / Pharmacokinetics	1,000 mg	—	Europe
PXL008-023	16	16	Single dose	Safety / Pharmacokinetics	1,500 mg	—	Europe
PXL008-024	14	14	Single dose	Safety / Pharmacokinetics	1,000 mg	—	Europe
DD401101	12	12	Single dose	Safety / Pharmacokinetics	1,000 mg	—	Japan
DD401102	24	24	Single dose	Safety / Pharmacokinetics	500 mg or 1,000 mg	—	Japan

Phase 2 Clinical Trials

STUDY NO.	TOTAL NUMBER OF PATIENTS	NUMBER OF PATIENTS ON IMEGLIMIN	TREATMENT DURATION	PRIMARY END POINT	DOSE	P-VALUE [1]	REGION
EML017008-004	128	62	8 Weeks	Change in AUC Glucose versus Placebo	500 mg / 1,500 mg	p =0.086 / p =0.003	Europe
PXL008-002	156	78	12 Weeks	Change in A1c versus Placebo	1,500 mg	p <0.001	Europe
PXL008-004	170	82	12 Weeks	Change in A1c versus Placebo	1,500 mg	p <0.001	Europe
PXL008-006	33	18	7 Days	Change in AUC Insulin versus Placebo	1,500 mg	p =0.035	Europe
PXL008-008	382	301	24 Weeks	Change in A1c versus Placebo	500 mg / 1,000 mg / 1,500 mg / 2,000 mg	n.s. / n.s. / p <0.001 / p =0.006	U.S. & Europe
PXL008-009	59	30	18 Weeks	Change in AUC Glucose versus Placebo	1,500 mg	p =0.001	Europe
PXL008-014	299	224	24 Weeks	Change in A1c versus Placebo	500 mg / 1,000 mg / 1,500 mg	p <0.0001 / p <0.0001 / p <0.0001	Japan
RVT-1501-1002 (3)	49	34	4 weeks	PK/PD	500 mg (bid) / 1,000 mg (bid) / 1,500 mg (qd)	—	U.S.

Phase 3 Clinical Trials

STUDY NO.	TOTAL NUMBER OF PATIENTS	NUMBER OF PATIENTS ON IMEGLIMIN	TREATMENT DURATION	PRIMARY END POINT	DOSE	P-VALUE (2)	REGION
TIMES 1	213	106	24 weeks	Change in HbA1c & safety	1,000 mg	p<0.0001	Japan
TIMES 2 (2)	714	714	52 weeks	Long Term safety & Change in HbA1c	1,000 mg	—	Japan
TIMES 3 (2)	215	108	16 weeks (1st part) + 36 weeks (2nd part)	Long Term safety & Change in HbA1c	1,000 mg	<0.0001 (1st part)	Japan

(1) There were no p-values for the Phase 1 clinical trials as there were no efficacy endpoints.

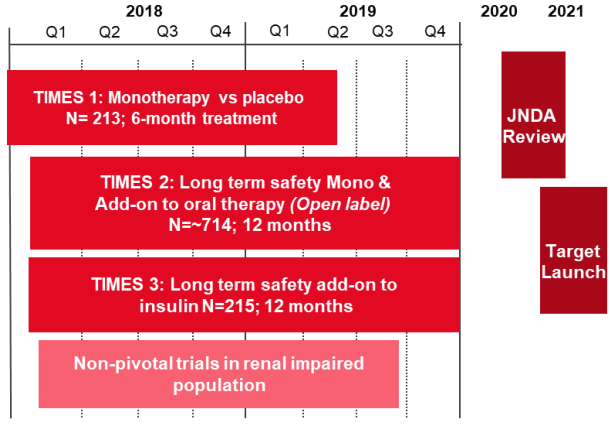
(2) There were no p-values for TIMES 2 and TIMES 3 (second part) trials as the primary objective of these trials is long term safety.

(3) Trial conducted by Roivant.

Clinical Development Plan in Japan

Together, with its partner Sumitomo, the Company has completed the Phase 3 TIMES program for the treatment of type 2 diabetes in Japan and submitted a JNDA to the Pharmaceutical and Medical Devices Agency ("**PMDA**") in July 2020, with product launch targeted in Japan in 2021 (Sumitomo Dainippon Pharma's Fiscal Year which is from April 2021 to March 2022).

The diagram below shows the Company and Sumitomo's development strategy for Imeglimin in Japan:



TIMES Program

In October 2017, the Company, together with Sumitomo, launched the TIMES program in Japan, including three Phase 3 trials, for the development and commercialization of Imeglimin in Japan. The TIMES program consists of the following three trials, each performed with the dose of 1,000 mg orally administered twice a day, or bid:

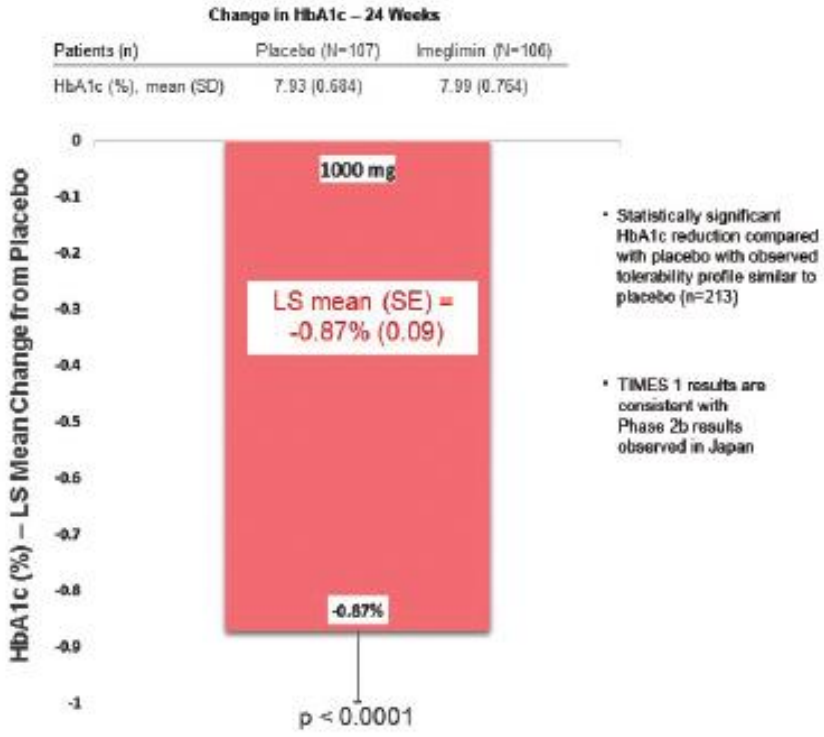
- TIMES 1, a Phase 3, 24-week, randomized, double-blind placebo-controlled monotherapy trial to evaluate the efficacy, safety and tolerance of Imeglimin in Japanese patients suffering from type 2 diabetes. The reduction of HbA1c is the main evaluation criterion. The secondary evaluation criteria of the trial include other standard glycemic and non-glycemic parameters. Topline results from the TIMES 1 trial were announced in April 2019.
- TIMES 2, a Phase 3, 52-week, open and parallel-group trial to evaluate the long-term efficacy, safety and tolerance of Imeglimin in Japanese patients suffering from type 2 diabetes. In this trial, Imeglimin is administered in monotherapy or in combination with existing diabetes drugs, including a DPP-4 inhibitor, a SGLT-2 inhibitor, a biguanide, a hypoglycemic sulphonylurea and a GLP1 receptor agonist. In December 2019, the Company announced topline results from the 52-week, open label, parallel-group TIMES 2 trial, a trial that evaluated the long-term safety and efficacy of Imeglimin in 714 Japanese patients with type 2 diabetes. Topline results from the TIMES 2 trial were announced in December 2019.
- TIMES 3, a Phase 3, 16-week, randomized, double-blind placebo-controlled trial with a 36-week, open-label extension period to evaluate the efficacy and safety of Imeglimin in combination with insulin in Japanese patients suffering from type 2 diabetes associated with insufficient control of glycemia by insulin therapy. Topline results from the initial 16-week TIMES 3 trial and the 36-week extension to the TIMES 3 trial were announced in 2019.

TIMES 1

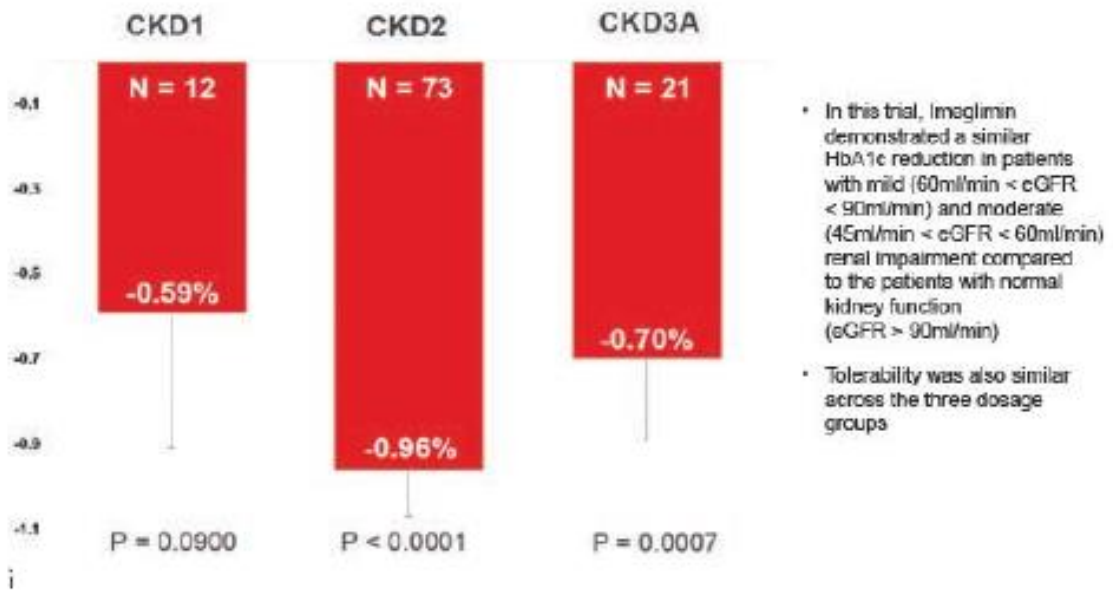
In April 2019, together with its partner Sumitomo, the Company announced topline results from the TIMES 1 trial. In this randomized, double-blind, placebo-controlled monotherapy trial, 1,000 mg of Imeglimin was orally administered twice-daily versus placebo for 24 weeks in 213 Japanese patients, of whom 106 received Imeglimin.

The diagram below sets forth the TIMES 1 trial design.

The TIMES 1 trial met its primary endpoint, defined as a change of glycated HbA1c versus placebo at week 24, with a statistically significant (p<0.0001) HbA1c placebo-corrected mean change from baseline of – 0.87%, as shown in the diagram below.



The TIMES 1 trial was also observed to meet its main secondary endpoint of a decrease from baseline in FPG. Imeglimin was observed to achieve statistical significance (p<0.0001) versus placebo at week 24, with a FPG placebo-corrected mean change from baseline of 19 mg/dL. All additional secondary endpoints (i.e., percentage of responders, and percentage of rescue therapy) were achieved with statistical significance p < 0.0001 versus placebo at week 24. A stratification analysis of the Imeglimin-treated patients with normal kidney function and those with mild and moderate renal impairment was also conducted. As shown in the figure below, a similar reduction in HbA1c in the patients with mild and moderate renal impairment was observed compared to the patients with normal kidney function. Tolerability was also similar across the three groups.



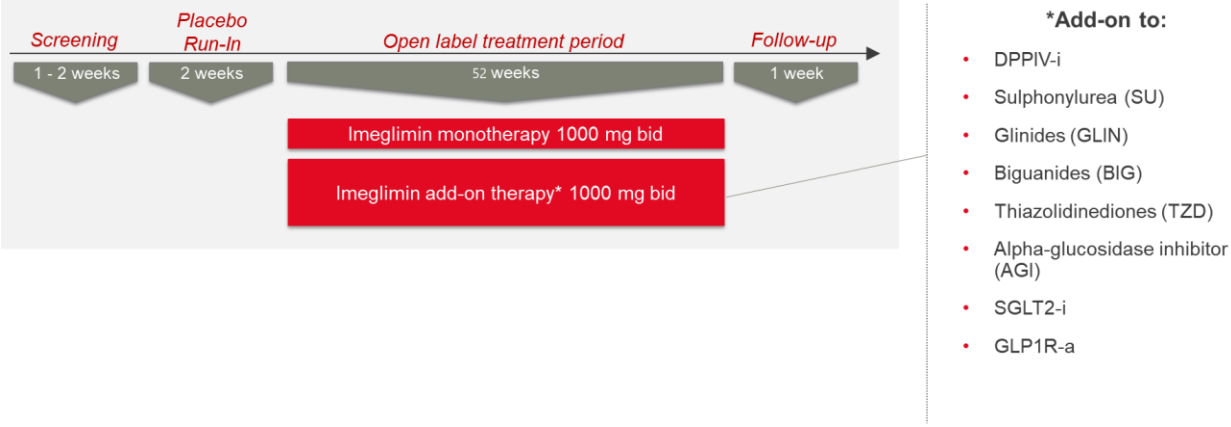
In this trial, the overall tolerability of Imeglimin was observed to be similar to placebo, and the adverse event profile was consistent with what was observed in the Phase 2b trial in Japan and in the U.S. and European Phase 1 and 2 programs.

The Company presented data from the TIMES 1 trial at the 55th Annual Meeting of the European Association for the Study of Diabetes in Barcelona, Span in September 2019.

TIMES 2

In December 2019, the Company announced topline results from the 52-week, open label, parallel-group TIMES 2 trial, a trial that evaluated the long-term safety and efficacy of Imeglimin in 714Japanese patients with type 2 diabetes. In this trial, 1,000 mg of Imeglimin was orally administered twice daily in combination with existing hypoglycemic agents and as a monotherapy.

The diagram below sets forth the TIMES 2 trial design.



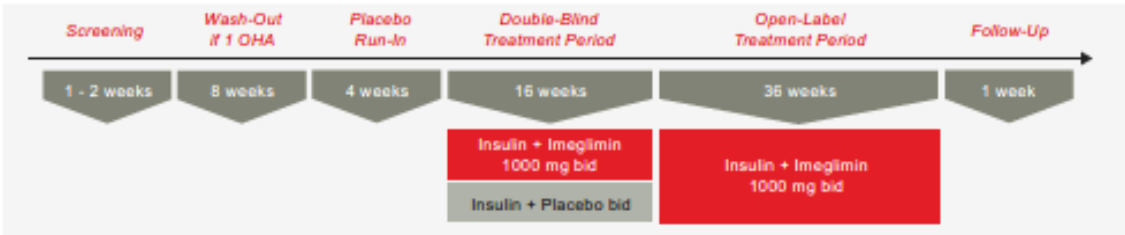
The TIMES 2 trial, which was open label and not placebo-controlled, was observed to show an HbA1c decrease from baseline ranging from -0.92% to -0.57 with Imeglimin as an add on to six existing oral hypoglycemic classes (GLP1 receptor agonists studied are injectable). A favorable safety and tolerability profile was also evident in this study. Efficacy results are shown in the diagram below.

In particular Imeglimin was observed to show an HbA1c decrease from baseline of -0.92% versus baseline as an add on to a DPP-4 inhibitor, the market leader in Japan and prescribed to approximately 80% of treated type 2 diabetes patients in 2016, according to IQVIA.

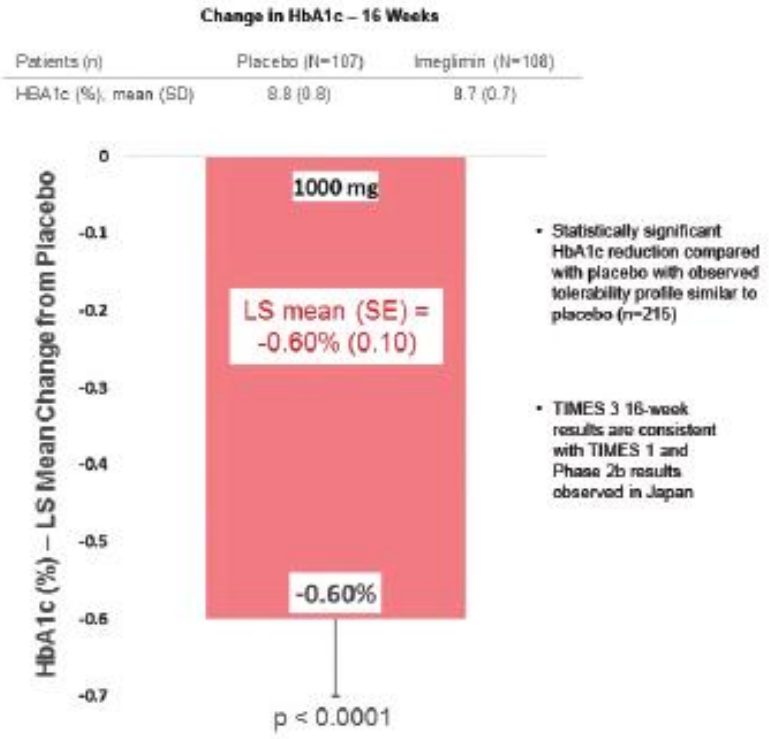
TIMES 3

In June 2019, together with its partner Sumitomo, the Company announced topline results from the first 16-week portion of the TIMES 3 trial. This double-blind, placebo-controlled, randomized part of the trial evaluated efficacy and safety of Imeglimin versus placebo in 215 patients, of whom 108 received Imeglimin. In this trial, Imeglimin at a dosage of 1,000 mg was orally administered twice-daily in combination with insulin in Japanese patients with type 2 diabetes associated with insufficient glycemic control on insulin therapy an compared to patients administered placebo and insulin.

The diagram below sets forth the TIMES 3 trial design.

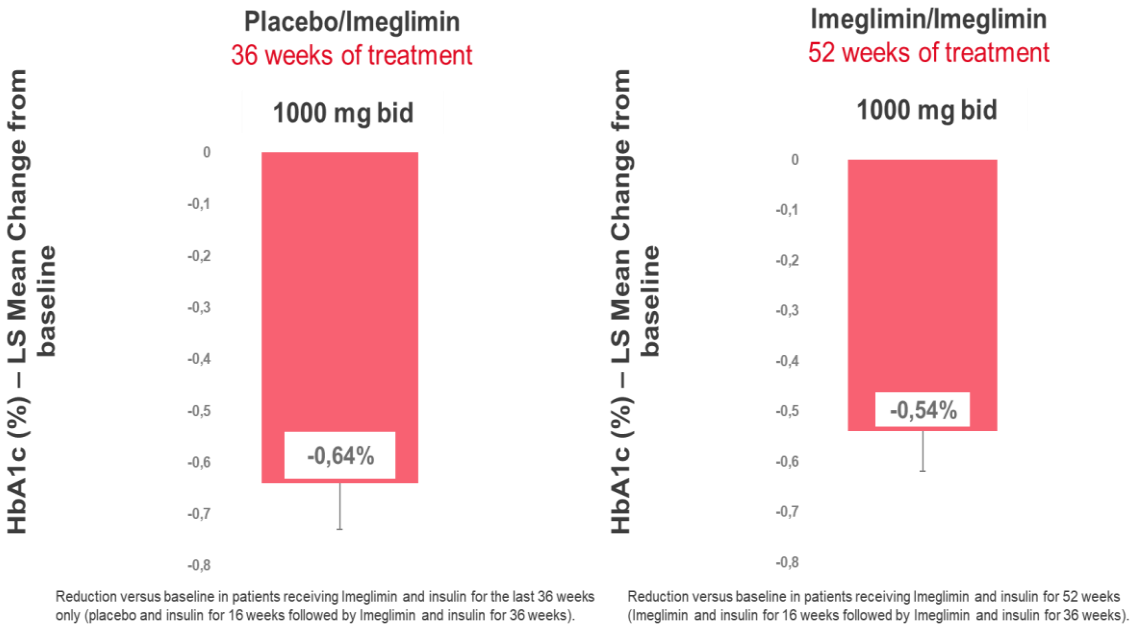


The first 16-week portion of the TIMES 3 trial met its primary endpoint, defined as a change of glycated HbA1c from baseline versus placebo at week 16, with a statistically significant ($p<0.0001$) mean HbA1c placebo-corrected change from baseline of – 0.60%, as shown in the diagram below.



In this trial, the overall tolerability of Imeglimin was observed to be similar to placebo. A similar number of patients experienced hypoglycemia with Imeglimin compared to the placebo group with a fixed insulin daily dose as defined in the protocol. There were no severe hypoglycemia events and the majority of the hypoglycemia events reported were mild. In addition, the adverse event profile was similar to placebo and consistent with what was observed in the TIMES 1 monotherapy trial and other Imeglimin clinical trials.

In November 2019, the Company announced topline results from the 36-week, open-label extension period of the TIMES 3 trial, a trial that evaluated efficacy and safety of Imeglimin in combination with insulin. In this part of the trial, 208 patients who completed the first 16 weeks of the study were treated with Imeglimin as well as insulin therapy. The open-label extension period showed a mean HbA1c decrease from baseline of 0.64% in patients receiving Imeglimin for 52 weeks (Imeglimin and insulin for 16 weeks following by Imeglimin and insulin for 36 weeks) and 0.54% in patients receiving Imeglimin and insulin for the last 36 weeks only (placebo and insulin for 16 weeks followed by Imeglimin and insulin for 36 weeks), as shown in the diagram below:



Clinical Development Plan in the United States and Europe

In February 2018, the Company signed a strategic development and license agreement with Roivant for Imeglimin in the United States, Europe and in other countries not covered by its existing partnership with Sumitomo in Southeast Asia.

As of January 31, 2021, and following to the decision by Roivant not to advance Imeglimin into a Phase 3 program for strategic reasons, the Company regained all rights to Imeglimin in the US, Europe and the other countries not covered by the partnership agreement with Sumitomo Dainippon Pharma. As part of the termination of the agreement, Roivant also returned to the Company all data, materials, and information, including FDA regulatory submission, related to the program. The Company is considering various options to advance Imeglimin in the US, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma.

PK/PD Trial (RVT-1501-1002)

In July 2019, together with its partner Roivant, the Company announced topline results from a PK/PD clinical trial for Imeglimin. The trial evaluated safety, tolerability and PK/PD of Imeglimin in individuals with type 2 diabetes and CKD stages 3b/4.

The primary objective of this 28-day, randomized, placebo-controlled, parallel design trial was to evaluate the safety, tolerability and PK/PD of Imeglimin. Exploratory objectives included measures of glycemic control. A total of 49 subjects with HbA1c levels ranging from 7.85% to 8.38% were assigned to one of four treatment groups (500 mg twice a day, 1,500 mg once a day, 1,000 mg twice a day, or placebo) for 28 days.

There were no serious adverse events or cases of lactic acidosis observed. All treatment-related adverse events were mild or moderate, with the most common being diarrhea (18.2% in placebo group, 10.5% in the total Imeglimin treated group). Imeglimin PK/PD observed was consistent with what was predicted from modeling the Company previously performed. Data from this trial will inform dosing for the Phase 3 program in subjects with type 2 diabetes and CKD stages 3b/4. Multiple measures of glycemic control in this new population with type 2 diabetes were consistent with the Company's previous data.

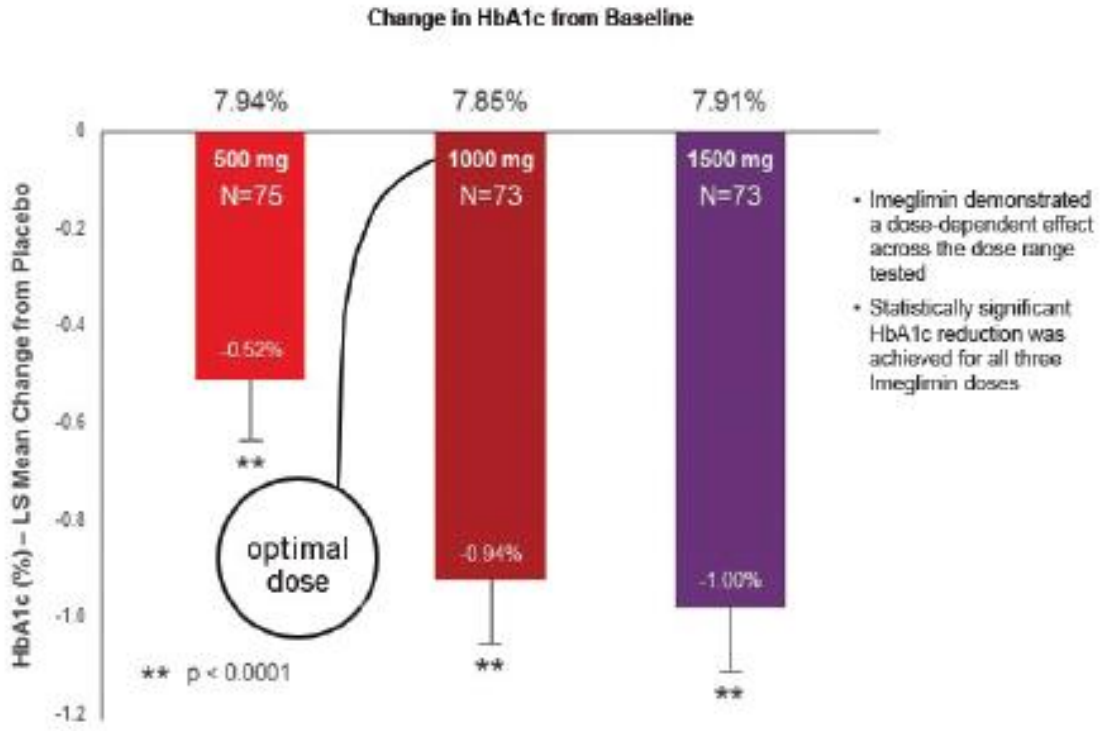
Imeglimin was observed to meet the primary objective of being well-tolerated in this specific patient population, confirming the safety profile that had been previously observed and demonstrating its potential in this patient population. The completion of this trial was one of the key activities to prepare for a Phase 3 program in the United States and Europe.

Completed Phase 2 Trials

PXL008-014 (Japan)

The Company completed a Phase 2b randomized, double-blind, placebo-controlled trial in June 2017 for the treatment of type 2 diabetes, which evaluated three doses of Imeglimin (500 mg, 1,000 mg and 1,500 mg) administered twice a day versus placebo for 24 weeks in 299 Japanese patients, of whom 224 received Imeglimin.

This trial observed a statistically significant ($p<0.0001$) reduction in the rate of glycated HbA1c, the primary endpoint for the trial, against placebo in all treated groups, after 24 weeks of treatment. By comparison with placebo, the reduction in HbA1c rate was 0.52%, 0.94% and 1.00%, with doses of 500 mg, 1000 mg and 1500 mg, respectively, as shown in the diagram below.



The trial also observed a statistically significant ($p<0.0001$) improvement in secondary endpoints with the two highest doses: decrease in FPG and glycated albumin, and the percentage of patients achieving a target HbA1c below 7% at the end of the trial. Based on these results, the Company considers the 1,000 mg dose to be the optimal dose to evaluate efficacy of Imeglimin in the Japanese population.

Imeglimin was well-tolerated during the trial, with reported adverse effects consistent with those observed in the previous Phase 1 and Phase 2 trials in the United States and in Europe. No serious adverse effects were reported. No difference was observed between the treated group and the placebo group, with respect to the overall incidence rate of patients with at least one adverse effect that emerged during treatment.

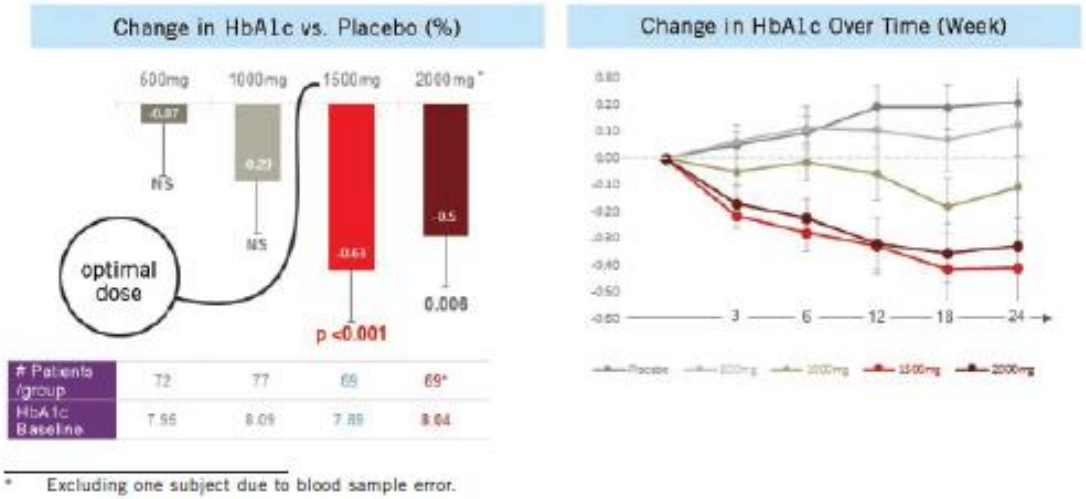
In particular, in this trial, the tolerability of Imeglimin in patients with mild or moderate CKD was observed to be similar in patients whose renal function is normal. In addition, Imeglimin was not observed to be associated with any weight gain.

PXL008-008

The Company initiated a double-blind, placebo-controlled Phase 2b dose-ranging trial in March 2013. The primary endpoint of this trial was to assess the change of HbA1c levels versus placebo. The trial was conducted across multiple sites in the United States and Europe and included 382 randomized subjects (including 301 patients administered Imeglimin and 81 administered placebo), who were either previously untreated or had previously been treated with a monotherapy. The patients were placed into five groups, with four groups treated with Imeglimin twice a day and one group treated with a placebo over 24 weeks. The previously untreated patients took a placebo during a three-week stabilization period, and the subjects who had been treated using monotherapy were asked to interrupt their treatment for a period of six weeks prior to dosing, in order to wash out any residual placebo or monotherapy before randomization. The Company reported the results of this trial in June 2015 at the American Diabetes Association conference.

During the Phase 2b trial, HbA1c was measured to assess the effect that each dose of Imeglimin had on controlling HbA1c levels. After 24 weeks of treatment, decreases of 0.63% and 0.50% in HbA1c levels were observed in the groups that received the 1,500 mg dose and the 2,000 mg doses, respectively, as compared to the group that received the placebo. In this trial, the Company observed a moderate change in HbA1c levels at the lowest dose (500 mg) and that the change in HbA1c levels increased until a dose of 1,500 mg was reached. As anticipated, the 2,000 mg dose was observed to provide no additional benefit as compared to the 1,500 mg dose. As a result, the Company considers the 1,500 mg dose to be the optimal dose to evaluate efficacy of Imeglimin in the Caucasian population, while preserving a comparable safety profile to the placebo.

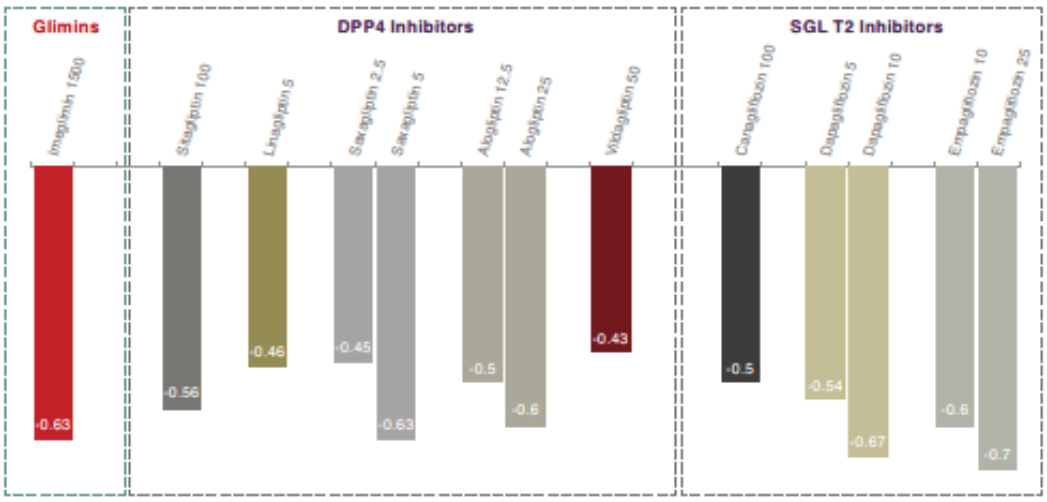
The diagrams below set forth the Phase 2b results:



The Phase 2b trial was also observed to meet the following secondary endpoints: (i) 33% of patients reached the HbA1c target (<7%) (p=0.005); (ii) a 1.25mM FPG reduction was observed (p=0.001); (iii) no subject required rescue therapy (p=0.01); and (iv) a neutral effect on weight was observed.

The diagram below sets forth the retrospective comparison of the optimal 1,500 mg dose identified in the Phase 2b dose-ranging trials of Imeglimin and various DPP4 and SGLT2 inhibitors. This presentation is based on data published by the developers of each of these drugs and does not reflect a head-to-head comparison of Imeglimin with any of these drugs. In each case, the data reflects Phase 2b results

with a primary endpoint of reduction in HbA1c, but the design of the respective trials varied, including with respect to the specific patient populations evaluated and other variables that could affect the comparability of these results.



Based on the Company's analysis, the Company believes that the 0.63% placebo-adjusted glucose lowering effect observed in patients who received a 1,500 mg twice daily dose of Imeglimin is generally comparable to the historical results of trials involving oral pharmacological agents approved in the past ten years, although the Company has not conducted head-to-head trial with these other agents.

The diagram below sets forth the comparison of the adverse events identified in the Phase 2b trials of Imeglimin, metformin and various DPP4 and SGLT2 inhibitors, based on their prescribing labels.

Metformin*	DPP-4 Inhibitors*	SGLT-2 Inhibitors, 5mg*	Imeglimin 1,500 mg
Diarrhea (53%)	*Sitagliptin*	*Dapagliflozin*	Similar rates of adverse events as compared to placebo
Vomiting (25%)	Nasopharyngitis (5%)	Female Genital infection (8.7%)	No hypoglycemia observed
Flatulence (12%)	*Saxagliptin*	Nasopharyngitis (7%)	No related CV event observed
Asthenia (9%)	Upper respiratory tract infection (8%)	Urinary infection (6%)	**No adverse effects with greater than 5% prevalence**
Indigestion (7%)	Urinary tract infection (7%)		
Abdominal discomfort (6%)	Headache (7%)		
Headache (6%)			
Lactic acidosis *(black box warning)*			

* Trials conducted in different patient populations at different times. No head-to-head trials have been conducted.

Imeglimin was observed to be well-tolerated at all dose levels assessed in the trial and in particular at the optimal efficacy dose of 1,500 mg. The frequency of adverse events in patients treated with Imeglimin was comparable to the frequency of such adverse events reported in the placebo group. Most of the adverse events identified were mild and were considered by the investigator to not be directly related to the treatment.

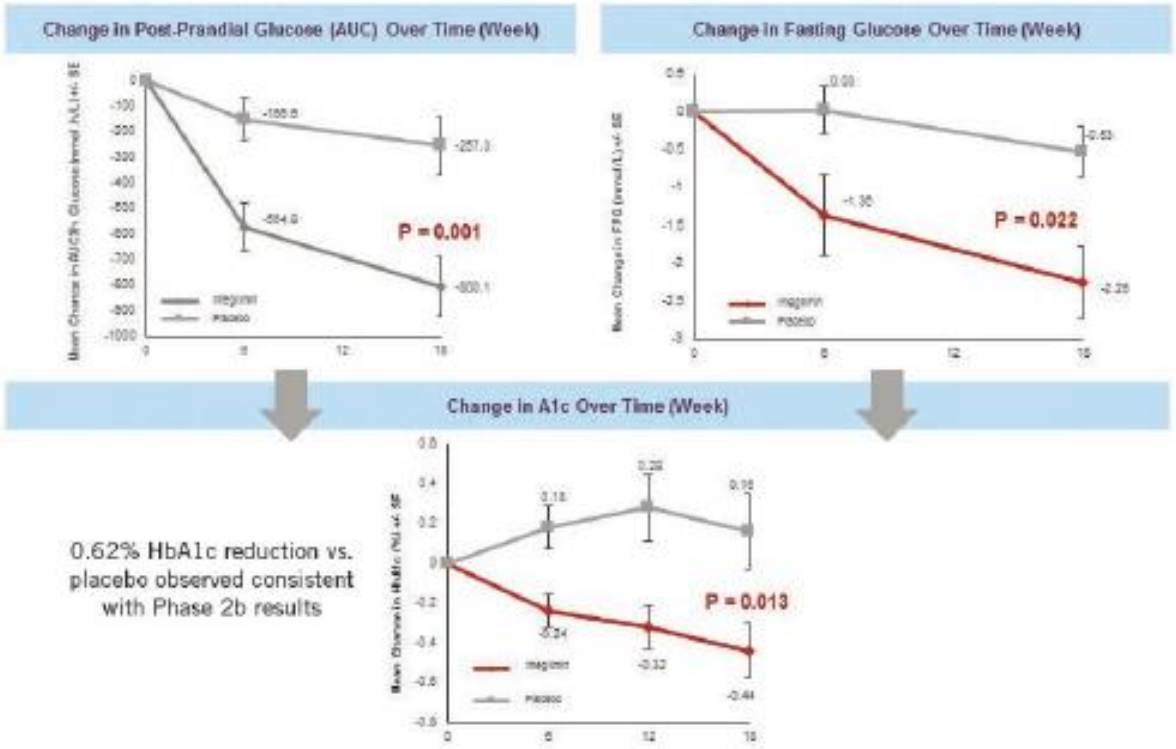
In addition to safety and tolerability, a number of additional secondary endpoints were assessed, including FPG, the number of patients requiring rescue therapy and the number of patients reaching A1c targets below 7%.

PXL008-009

In parallel to the PXL008-008 Phase 2 dose-ranging trial described above, the Company initiated a Phase 2b dose-ranging trial to assess the characteristics of Imeglimin over various efficacy parameters, including fasting and post-prandial glycemia (the level of blood glucose after eating), and the contribution of those two effects on the decline in A1c levels. The trial included 59 randomized patients who had previously been treated with a monotherapy across multiple trial sites in Europe, of whom 30 were administered Imeglimin at the dose of 1,500 mg and 29 were treated with a placebo over 18 weeks. Subjects in the trial who had previously been treated with a monotherapy were asked to interrupt their treatment for a period of four weeks to wash out any residual monotherapy before participating in the trial. The Company reported the results of this trial in November 2015 at the World Congress on Insulin Resistance, Diabetes & Cardiovascular Disease.

The Company observed a statistically significant improvement in patient glucose tolerance, as evidenced by a 430 mmol per liter decrease in the area under the glucose curve ("AUC"), during the post-prandial three hours after the glucose load ($p<0.001$), together with a 1.22 mmol per liter decrease in FPG ($p = 0.022$). These effects correlated with a significant decrease in HbA1c levels of 0.62% ($p = 0.013$), which is consistent with the decrease observed during the Phase 2b dose ranging trial for the same dose.

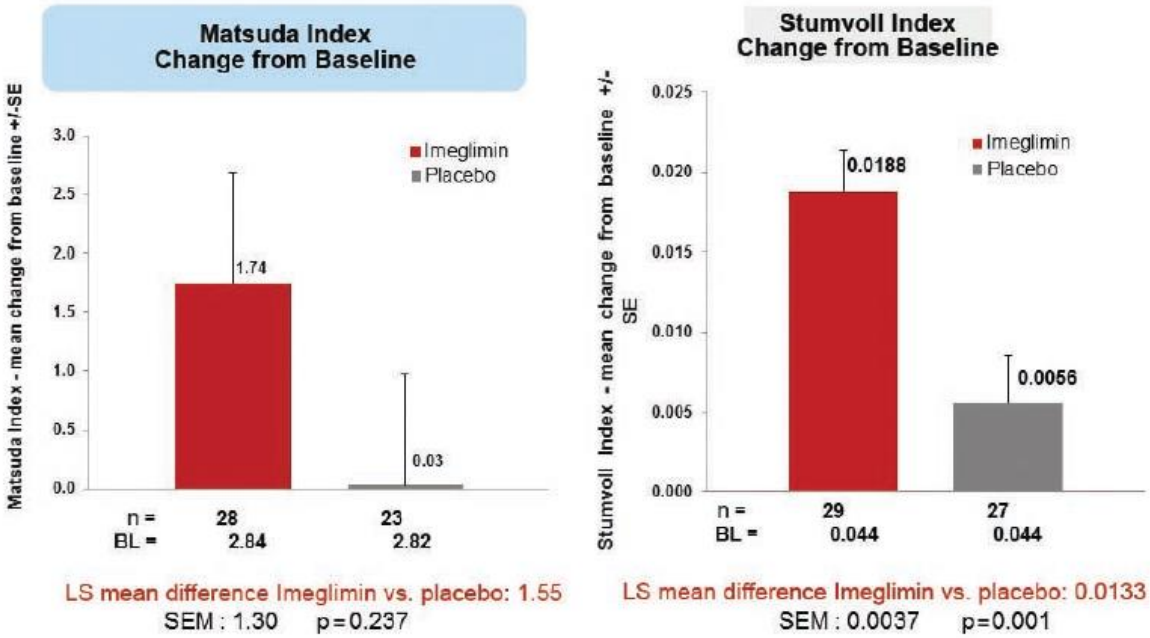
The diagrams below set forth the results observed during the Phase 2 trial.



During the glucose tolerance test, the insulin and C-Peptide (a byproduct of the insulin synthesis and a universal measure of insulin secretion) secretions were increased as compared to placebo and mathematical modeling of C-Peptide secretion increased in response to glucose. This suggested that

the improvement in insulin secretion can be partly explained by an improvement in the glucose sensing of the beta cells in the pancreas, or an improvement in glucose sensitivity. These results supported the effect of Imeglimin on insulin secretion observed during another Phase 2 clinical trial, using a hyperglycemic clamp technique (PXL008-006, described below). Similarly, mathematical modeling of the glucose, insulin or C-Peptide curves showed that Imeglimin significantly improved several surrogate markers of insulin sensitivity, including the Matsuda index or the Stumvoll index, that have been correlated with the result obtained using the reference method of the hyperinsulinemic clamp.

The results from this trial therefore support the dual mechanism of action of Imeglimin in type 2 diabetes patients, improving both glucose dependent insulin secretion (by improving the beta cell glucose sensitivity) and insulin sensitivity, as set forth in the diagrams below.



In addition, Imeglimin was well-tolerated during this trial, with 27% of treated subjects presenting at least one treatment-emergent adverse event, as compared to 59% in the placebo group. The only treatment related adverse events reported in the trial were events of hyperglycemia (3% of patients treated with Imeglimin as compared to 14% of patients treated with placebo).

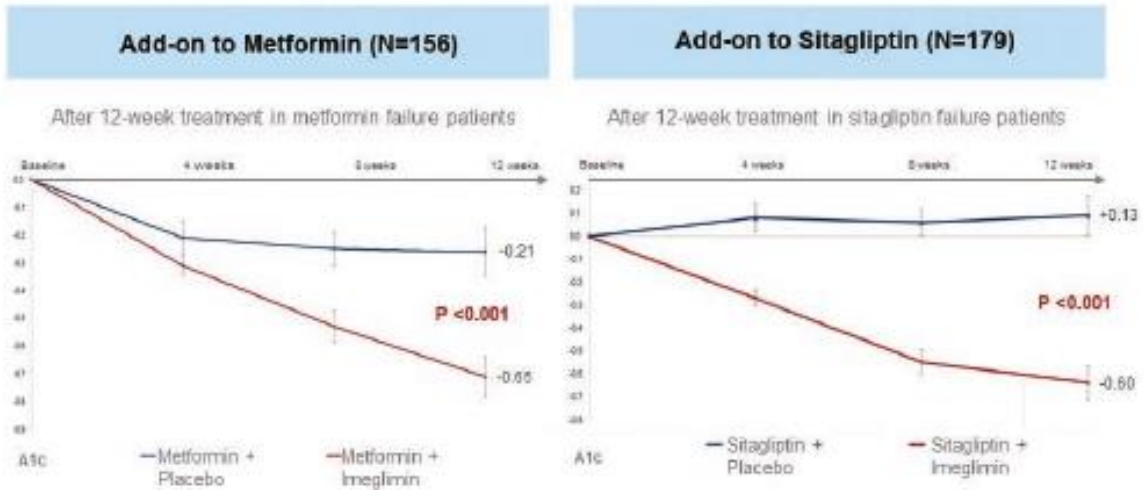
PXL008-002 and PXL008-004

The Company initiated these Phase 2 efficacy and safety studies of Imeglimin in combination with metformin and with a DPP-4 inhibitor, sitagliptin, in August 2010 and July 2011, respectively. The Company published the results of these studies in a peer reviewed journal, *Diabetes Care*.

The first trial (PXL008-002) assessed the benefit of combining metformin with Imeglimin, as compared to placebo in combination with metformin, in subjects for whom monotherapy by metformin alone was not sufficient to control their glycemia and assessed the safety of this combination after 12 weeks of treatment. A total of 156 type 2 diabetes patients were randomized in this trial. During this trial, the Company observed a 0.44% decrease in HbA1c levels ($p<0.001$) after 12 weeks of treatment in the group administered metformin and Imeglimin, as compared to those administered metformin and placebo. Overall, the incidence of adverse events was comparable in the two groups. The adverse events rate was 23.1% in the combined metformin and Imeglimin group and 19.2% in the group administered a combination of metformin and placebo.

The second trial (PXL008-004) assessed the benefit of combining Imeglimin with sitagliptin, as compared to sitagliptin in combination with a placebo, in subjects for whom monotherapy by sitagliptin had failed and the safety of this combination. A total of 170 type 2 diabetes patients were randomized in this trial. During this trial, the Company observed a decrease of 0.72% in HbA1c levels ($p<0.001$) after 12 weeks of treatment in the sitagliptin plus Imeglimin group, as compared to the sitagliptin plus placebo group. The incidence of adverse events was comparable in the two groups with an adverse event rate of 14.6% in the group administered sitagliptin and Imeglimin and 22.7% in the group administered sitagliptin in combination with placebo.

The diagram below sets forth details of the results observed with Imeglimin as an add-on to metformin or sitagliptin:

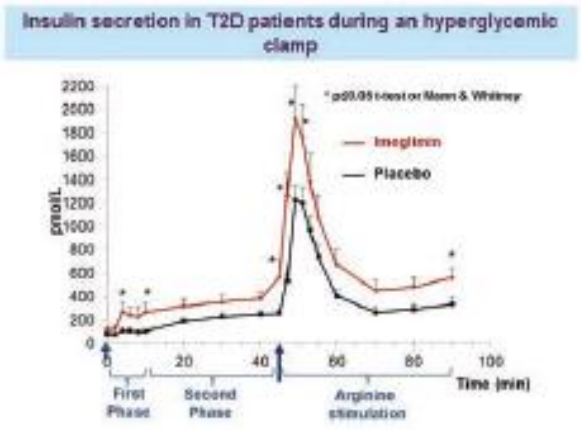


PXL008-006

The Company initiated a Phase 2 efficacy trial of Imeglimin's effect on pancreatic beta cell function in diabetes patients in April 2012. The trial took place over a seven-day period. Eighteen patients were treated with Imeglimin at the dose of 1,500 mg and 15 patients were treated with a placebo, for a total of 33 patients in the trial. The primary endpoint of the trial was insulin secretion as defined by total insulin response (which is reflected in the chart below as incremental area under the curve measured in zero to 45-minute periods) and insulin secretion rate ("ISR"). The Company observed that Imeglimin raised insulin secretory response to glucose by 112% ($p=0.035$), first-Phase ISR by 110% ($p=0.034$) and second-phase ISR by 29% ($p=0.031$). The trial's secondary endpoint of beta cell glucose sensitivity was also met. Imeglimin was not observed to affect glucagon secretion and was observed to be well-tolerated during this trial.

The diagram below sets forth insulin secretion observed during the hyperglycemic clamp.

Imeglimin Increased Insulin Secretion in Response to Glucose During a Hyperglycemic Clamp Study in Type 2 Diabetic Patients



Completed Phase 1 Trials

The Company conducted 15 Phase 1 trials of Imeglimin with an aggregate of 330 subjects. The Phase 1 trials assessed safety, tolerability and PK of Imeglimin in doses ranging from 100 mg to 8,000 mg per day. In these trials, it was observed that Imeglimin had a PK profile suggesting a low risk of drug interactions both alone and in combination with metformin, cimetidine and sitagliptin. These trials met the trial endpoints and Imeglimin was observed to be well-tolerated, including among patients with renal impairments.

Manufacturing and Supply

Imeglimin is manufactured using a three-step process. Merck Serono originally developed and optimized the synthesis process for the manufacture of Imeglimin and the process was further optimized at industrial scale. A group of specialized subcontractors and Sumitomo currently manage molecule synthesis, tablet manufacturing and control in accordance with good manufacturing practices ("**GMP**"). The Company believes the manufacturing process for immediate-release tablets is of sufficient size and robustness to support market launch.

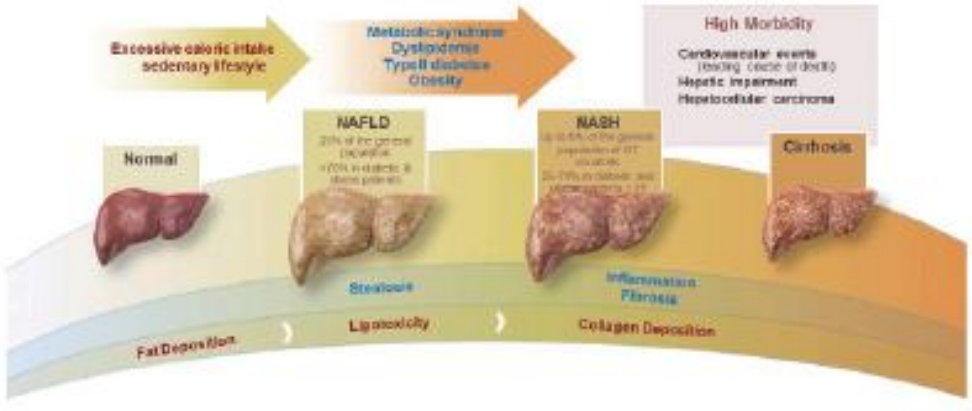
Imeglimin is formulated as a coated, oval-shaped tablet with immediate release. The Company has developed three different dosage strengths: 250 mg, 500 mg and 750 mg. Imeglimin is a stable active substance and, if kept below 25° C, has a shelf life of up to 60 months (depending on packaging used). Imeglimin's long shelf life has been observed during long-term stability studies in accordance with ICH recommendations.

2.1.6 PXL770 and PXL065 - Two Novel Drug-Candidates to treat patients with NASH

NASH Overview

NASH is a chronic and serious liver disease caused by an excessive accumulation of fat in the liver, and steatosis, which induces inflammation that can gradually lead to a fibrosis and liver cirrhosis. This state when it breaks down can lead to the shutdown of liver functions and cause the death of most severely affected patients. Other conditions, such as obesity and type 2 diabetes, present in most patients suffering from NASH, are all important risk factors. The scientific community recognizes that NASH is linked, both in developed countries and those in the process of development, to the Western diet and increased consumption of refined products containing polyunsaturated fatty acids and fructose. The main symptoms of NASH include liver steatosis, inflammation and ballooning of liver cells, fibrosis and metabolic disorders. NASH is a severe form of NAFLD.

The following diagram sets forth the evolution of NAFLD and NASH, as well as the main symptoms.



NASH Development Pipeline and Limitations

The diagnosis of NASH is complex and it is often made by default. Most patients are diagnosed based on blood tests revealing abnormal liver function tests, or liver steatosis in imaging exams. There is no approved treatment for NASH. The standard treatment consists of lifestyle changes intended to encourage physical exercise and diet modification to reduce weight, but no effective therapy to prevent disease course has been demonstrated yet.

The most commonly prescribed therapeutic solutions, such as the administration of antioxidants, antidiabetic treatments to reduce insulin resistance in the body and liver gluconeogenesis, antihyperlipidemic agents aim to improve the most common comorbidities, such as obesity and type 2 diabetes, and to reduce the risk of complications, such as CV disease or certain forms of cancer, such as hepatocellular carcinoma.

While the precise causes of the disease are still poorly understood, the various components of the pathogenesis of NASH all represent topics for research and processes that can be exploited for the development of new therapeutic targets.

Preclinical data for PXL770, a direct AMPK activator, and PXL065, an inhibitor of modulation of non-genomic targets including inhibition of the mitochondrial pyruvate carrier (MPC), have been observed to correlate with beneficial effects for the treatment of NASH, by reducing key hepatic disease-related parameters. These include: steatosis, ballooning, inflammation and fibrosis. In both Phase 1b and Phase 2a studies, PXL770 has been observed to produce statistically significant benefits on NASH-related parameters. In addition, in clinical studies to date, both PXL770 and PXL065 were observed to

be well-tolerated. The preclinical data show the potential for broad beneficial treatment effects for PXL770 and PXL065, as well as a potentially acceptable tolerability profile in comparison to other mechanism of actions. The Company believes that PXL770 and PXL065 can be distinguished from other compounds under development for liver diseases by their mechanisms of action.

The therapeutic efficacy of pioglitazone, a drug approved for the treatment of type 2 diabetes, has been demonstrated for the treatment of NASH, including in patients with advanced fibrosis. However, its PPARγ receptor-related adverse effects, such as weight gain, bone fractures and fluid retention, limit its therapeutic use and potential in some patients.

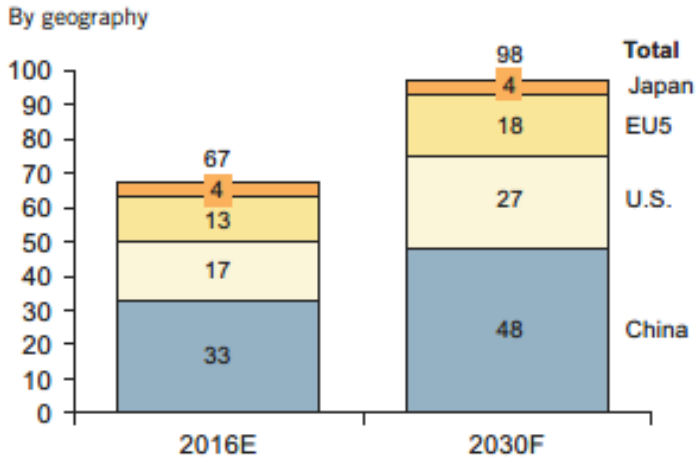
The Company's Market Opportunity: NASH

NASH is under-diagnosed and is a silent disease, meaning patients have no symptoms until the first signs of liver failure appear. With no approved drug treatments, NASH can lead to life-threatening conditions like cirrhosis, liver failure, liver cancer and death. NASH is considered one of the main causes of cirrhosis in adults. Cases of liver cirrhosis related to NASH are the second leading cause of liver transplants in the United States, and are expected in the next few years to become the leading cause of transplantation, ahead of hepatitis C and alcoholic cirrhosis.

A study published in 2018 estimated that there were approximately 16.5 million prevalent NASH cases in the United States in 2015, which is projected to increase by 63% to 27.0 million cases by 2030. The study also estimated that approximately 20% of NAFLD cases were classified as NASH, which was forecasted to increase to 27% by 2030, a reflection of both disease progression and an aging population. In 2015, there were an estimated 370,000 deaths among the NASH population, equivalent to 29% of total NAFLD deaths, which is projected to increase to almost 40% of deaths among NAFLD cases, or 716,800 annual deaths by 2030. In addition, approximately 40-50% of NASH patients have coexisting T2DM[4] and patients with type 2 diabetes are often afflicted with NASH (estimated 26%)[5].

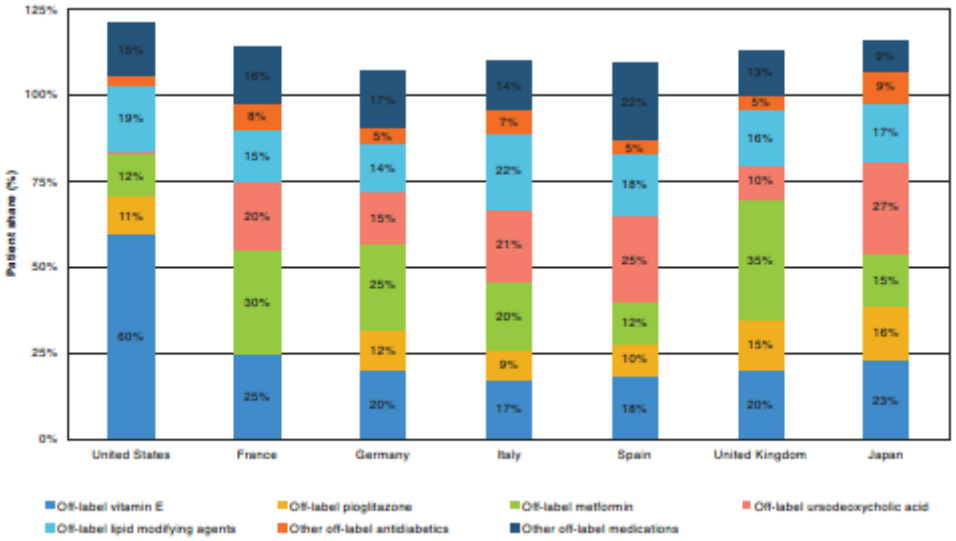
According to Decision Resources, up to 6% of the total population of the G7 countries suffered from NASH in 2018, representing almost 40 million people. In developing countries, such as China and India, NASH has become a liver disease with a high prevalence. It is recognized that in approximately 20% of patients with NASH, the disease worsens and progresses to the level of liver cirrhosis in the ten years following diagnosis.

The diagram below sets forth details of the NASH patient population in the United States, EU5 (Germany, Italy, the United Kingdom, France and Spain), China and Japan by geography (in millions of patients).



[4] Younossi ZM et al; Hepatology 2016.
[5] Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015.

Given that no product is currently approved for NASH, various products are used off-label, targeting symptoms and conditions associated with NASH such as type 2 diabetes, insulin resistance and dyslipidemia. The following diagram sets forth details of the patient share of NASH drug classes, by market, in 2015.



Source: Decision Resources, September 2019

According to Decision Resources, the NASH market is expected to increase from $135 million in 2015 to more than $9 billion by 2025, driven by entry of the first novel therapies indicated for NASH into the market (see Section 2.1.8 "*Competition*").

Poxel's NASH Drug Candidates — PXL770 and PXL065

PXL770

The Company believes that PXL770 has the potential to be a first-in-class drug candidate as a direct activator of AMPK. AMPK is a central regulator of multiple metabolic pathways leading to the control of lipid metabolism, glucose homeostasis and inflammation. Based on its central metabolic role, the Company believes that targeting AMPK offers the opportunity to pursue a wide range of indications to treat chronic metabolic diseases, including diseases that affect the liver, such as NASH. Activation of the AMPK enzyme is interesting because it could have benefits on the main pathophysiologic processes occurring in the liver and leading to NASH: steatosis, inflammation, ballooning and fibrosis.

Activation of AMPK plays a key role in the regulation of each component of NASH:

- Steatosis: AMPK regulates energy homeostasis and adjusts the available energy at the cellular level by promoting processes that generate energy (such as oxidation of fatty acids) and by stopping processes that consume energy (such as lipid production).
- Inflammation: AMPK changes the polarization of macrophages and decreases the production of pro-inflammatory cytokines.
- Ballooning: AMPK regulates mitochondrial function and integrity, thus protecting liver cell function and survival. Activation of AMPK has also been shown to protect hepatocytes from cell death.

- Fibrosis: AMPK reduces (i) activation of stellate cells responsible for the secretion of collagen fibers that form scar tissue and lead to fibrosis and (ii) secretion of the extracellular matrix in the liver.

By directly targeting the primary regulator of cellular energy, the Company believes that PXL770 is well positioned for the treatment of NASH. In particular, based on clinical trials and preclinical studies to date, PXL770 has been observed to:

- improve sensitivity to insulin and normalize elevated glucose;
- inhibit the two main sources of steatosis, DNL and lipolysis;
- reduce inflammation in the liver and fat tissue;
- reduce profibrogenic pathways leading to fibrosis; and
- reduce cardiovascular risk factors.

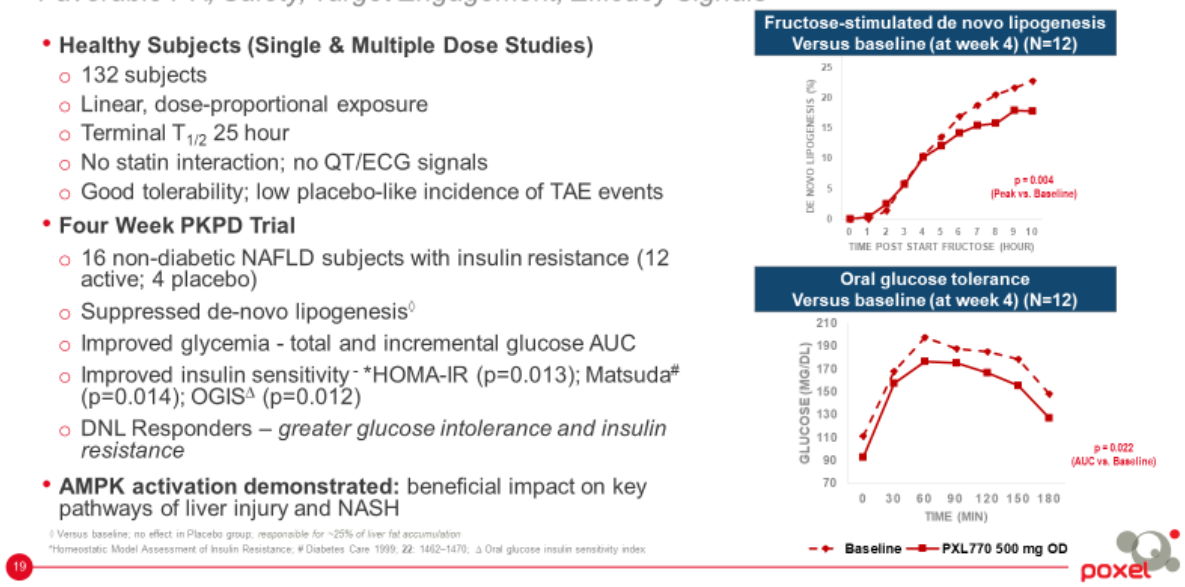
The Company believes that PXL770, if approved, has the potential to be prescribed as monotherapy and in combination with other therapies under development in NASH that target other components of the disease, such as MPC inhibitors and FXR agonists.

Clinical Development

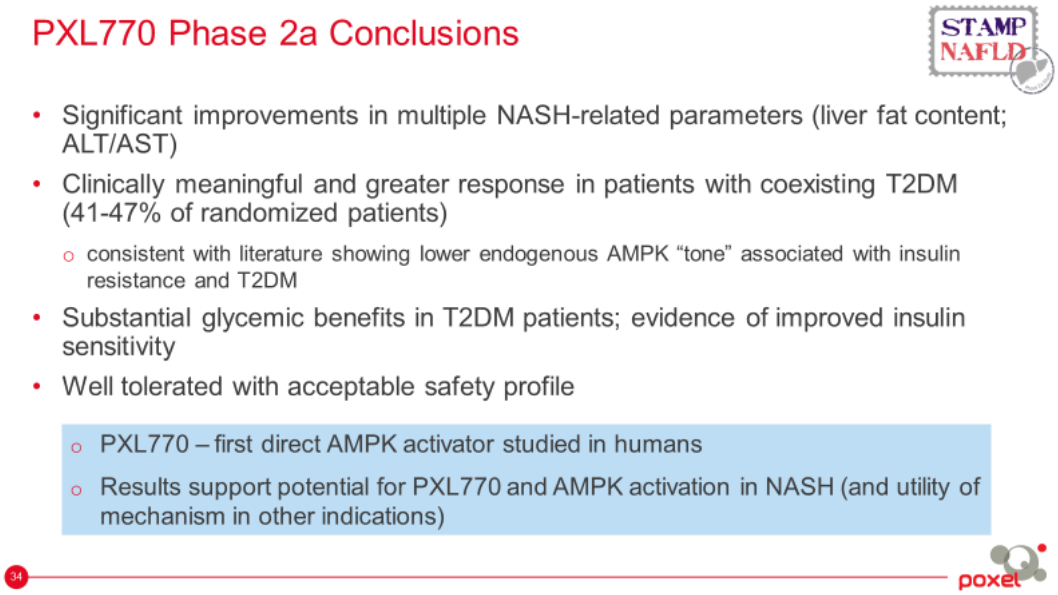
In July 2018, the Company announced results of its two-part Phase Ib trial of PXL770, consisting of a trial with multiple ascending doses and a drug interaction trial. The multiple ascending doses trial was conducted in 48 subjects to evaluate the safety, tolerability and PK of PXL770 administered once or twice daily for 10 days, with six dose groups ranging from 60 mg to 500 mg. No serious adverse events and no adverse events leading to discontinuation of the trial in subjects were observed in this trial. PXL770 was well-tolerated up to the highest dose of 500 mg, without meeting the criteria for stopping the dose increase. In this trial, an electrocardiogram ("ECG"), was performed at each dose, and PXL770 was not associated with any prolongation of the QT interval, which is a cardiac safety measurement, or any changes in other ECG parameters. The PK parameters of PXL770 were linear with a saturation tendency at the highest dose tested.

In addition to the trial with multiple ascending doses, a drug interaction trial was also conducted with rosuvastatin, a statin that is also the recommended substrate for OATP (organic anion transporting polypeptides) transporters and that can cause PK interactions when co-administered with other drugs and is commonly used in clinical trials to assess drug interaction with drug interacting with these transporters. In this trial, 12 subjects received 250 mg of PXL770 and a standard dose of rosuvastatin once daily. There were no observed PK interactions between PXL770 and OATP transporter substrates. A 14C-ADME study was also conducted in 6 subjects, showing that PXL770 has an appropriate distribution, metabolism and excretion pattern in human.

In August 2019, the Company initiated a pharmacokinetic and pharmacodynamic (PK/PD) trial to confirm target engagement and PXL770's PK profile in a population of likely NASH patients. This study included non-diabetic subjects with non-alcoholic fatty liver disease (NAFLD) that were treated for 4 weeks with 500 mg QD of PXL770 (n=12) vs. placebo (n=4). Statistically significant suppression of fructose-stimulated DNL was observed – confirming target engagement in human as well as the reduction in one key cause of steatosis. In addition, improved glycaemia and indices of insulin sensitivity were observed. The chart below summarizes the Phase I Program for PXL770.



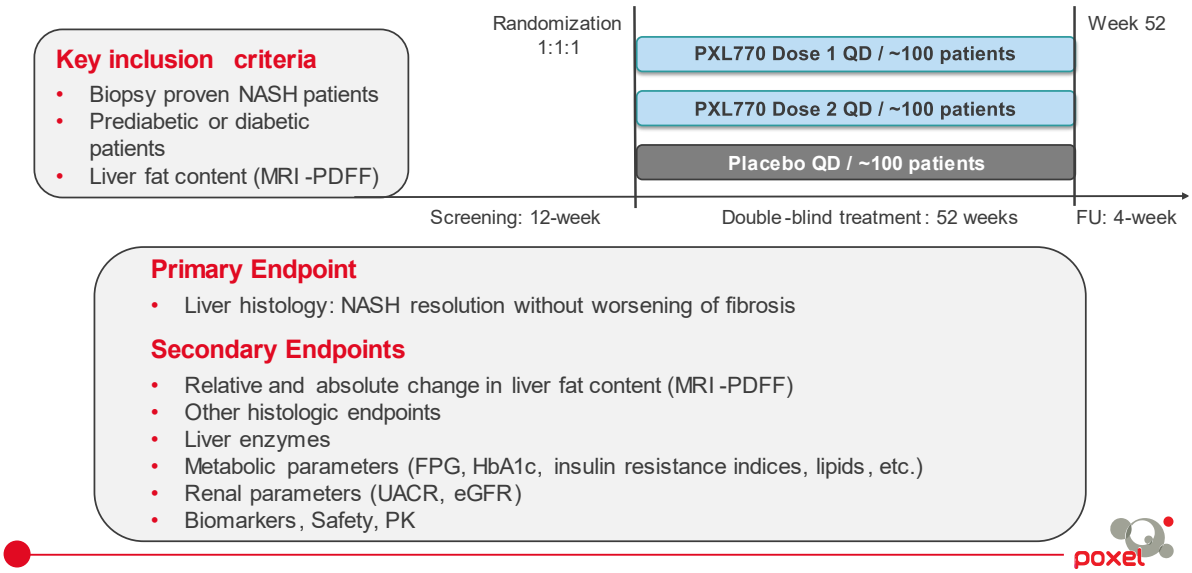
Based on the results of the Phase lb trial and the tolerability profile observed in the Phase la single ascending dose trial, the Company launched a Phase 2a proof-of-concept program in April 2019. In October 2020, positive results from the Phase 2a proof-of-concept NASH Trial with PXL770 were released. The STAMP-NAFLD study was a 12-week, randomized, controlled trial in 120 likely NASH patients, with or without Type 2 diabetes (T2DM), which evaluated three dosing regimens of PXL770 versus placebo. The primary endpoint was the relative change in liver fat content measured by MRI-PDFF. In the overall population, PXL770 produced a significant reduction in both relative liver fat content (-18%; p=0.004) and ALT (-6.3 IU/L; p=0.04) at the highest dose. In patients with T2DM (41-47% of each group), the treatment with PXL770 produced disproportionate efficacy; a -27% mean relative reduction in liver fat content at 500 mg QD (p=0.004) versus baseline was observed. In further analysis of this subpopulation of T2DM patients, findings included greater increases in the proportion of responders (>30% reduction in liver fat); and more substantial mean decreases in alanine transaminase (ALT) and aspartate transaminase (AST) levels despite slightly elevated mean baseline ALT levels (36-47 IU/L; normal range <41 IU/L). Although baseline fasting glucose (121-144 mg/dL) and HbA1c (6.6-7.1%) levels were well controlled in this population, significant placebo-adjusted decreases were observed in both glycemic parameters along with improvements in commonly used fasting indexes of insulin sensitivity (HOMA-IR and QUICKI scores). In both the whole population and in the T2DM subpopulation, PXL770 was generally safe and well tolerated and the number of total treatment-emergent adverse events (TEAS) was similar to placebo. Conclusions from the STAMP-NAFLD trial are summarized below.



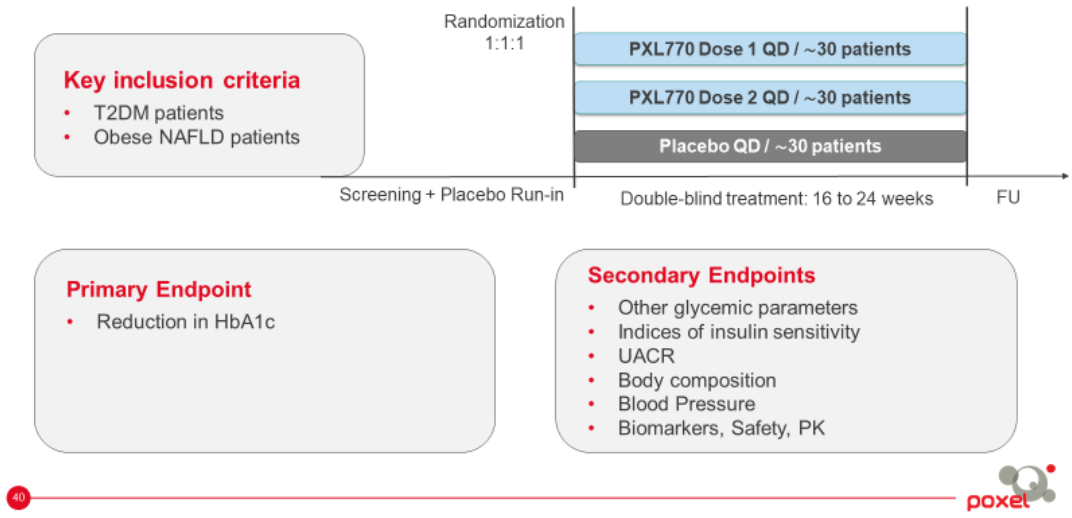
Based on the results of the Phase 2a trial, as well as other results and published literature, the Company plans to initiate a 52-week Phase 2b trial in non-cirrhotic biopsy-proven NASH patients with coexisting prediabetes or T2DM.

The trial will evaluate up to two oral daily doses of PXL770 compared to placebo in approximately 100 patients per study arm; clinical sites located in the U.S and in Europe will be utilized. The primary endpoint of the trial will be NASH resolution with no worsening of fibrosis as assessed by histology. The Phase 2b trial will also evaluate efficacy on other histology endpoints (fibrosis), and will assess metabolic and non-metabolic parameters, pharmacokinetics, as well as safety and tolerability. The Phase 2b trial is expected to begin during the second half of 2021. In addition to conducting this Phase 2b NASH trial, the Company is planning to potentially conduct a separate "Metabolic Benefits" Phase 2 trial to better characterize net effects on glycaemia and insulin sensitivity (as well as other parameters) in patients with T2DM and NAFLD. An outline of the design of both trials is shown below.

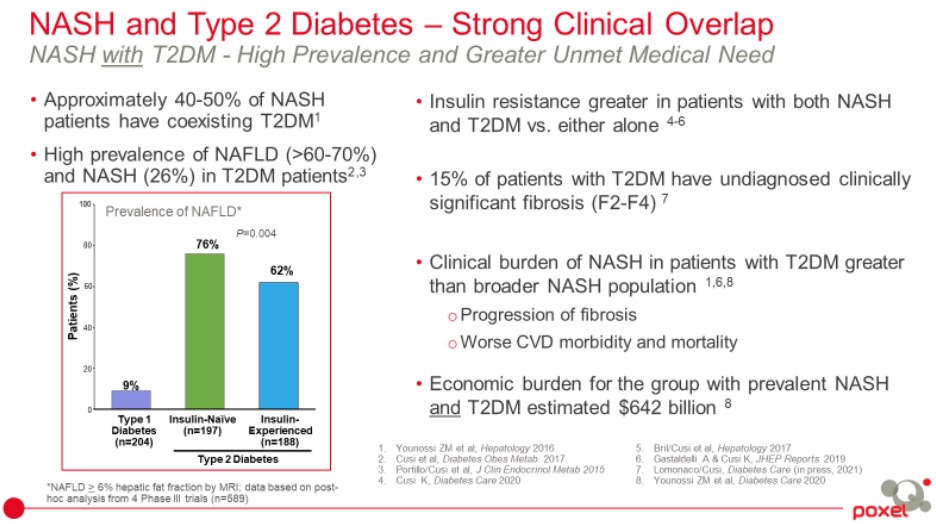
PXL770 Phase 2b: Trial Design (~300 patients)



PXL770: Option to Perform Separate Metabolic Benefits Trial



As described above, PXL770 has potential to treat both NASH and T2DM and might also be expected to achieve greater NASH efficacy in patients with both disorders. The clinical overlap between NASH and T2DM is substantial and patients with both disorders are at greater risk as summarized in the chart below.



The Phase 3 program will be discussed with the FDA and the European Medicine Agency (the "**EMA**") following receipt of the Phase 2b data.

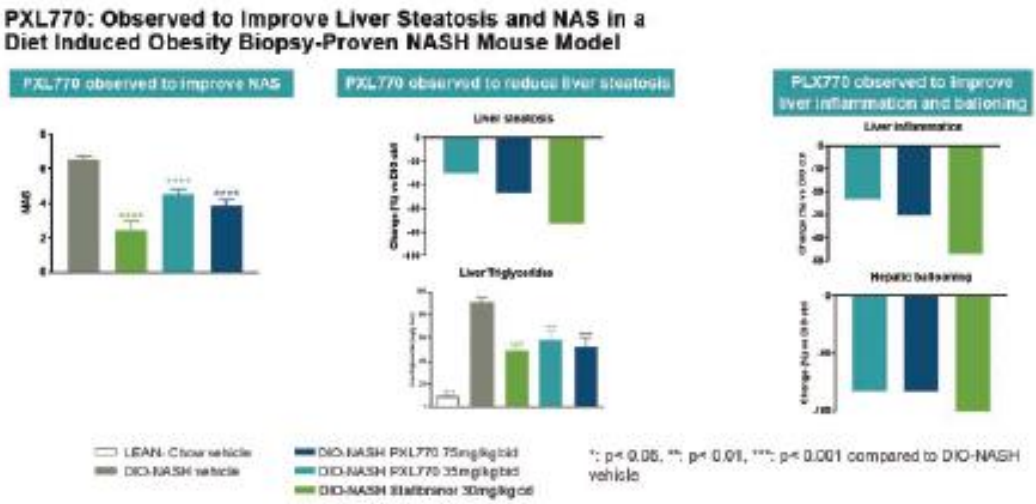
Preclinical Development

In February 2018, the Company announced the presentation of results of animal proof-of-concept experiments in which PXL770 was evaluated as a new therapeutic approach for the potential treatment and improvement of NAFLD or NASH. The effects of PXL770 were evaluated in a mouse model of NASH linked to food-related obesity (chronic exposure to a diet rich in fat, fructose and cholesterol), and confirmed by histology at the start and at the end of the 8-week treatment period. Several groups of mice (12 in each group) were studied in parallel including a vehicle control group and multiple dose levels of PXL770. NAFLD activity score ("NAS"), is a commonly accepted, semi-quantitative evaluation of liver histology results that assesses the severity of steatosis, inflammation and ballooning in the liver. In this NASH mouse model, the NAS score is elevated as expected compared to mice receiving a normal diet.

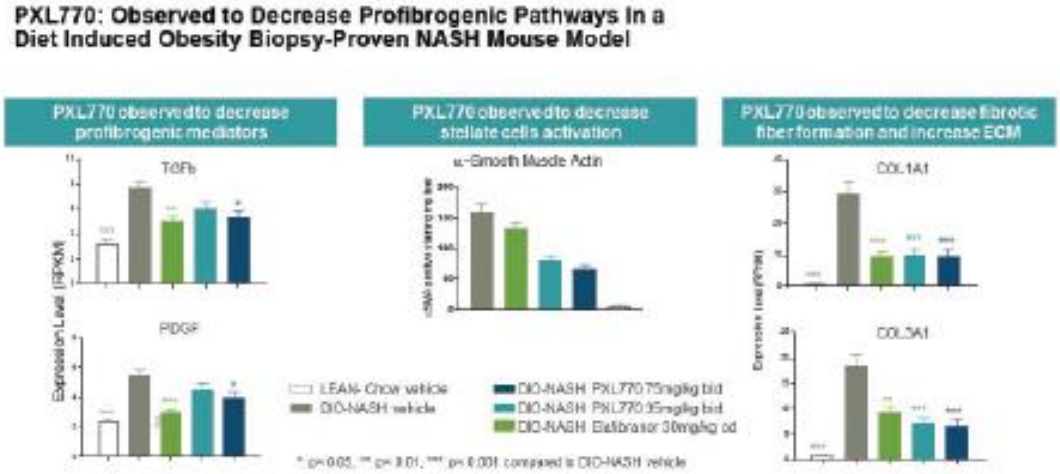
PXL770 treatment was observed to increase the activity of AMPK in the liver. Compared to the control group, PXL770 was observed to be associated with a slight reduction in body weight as well as a reduction of the weight of the liver and adipose tissue depots. PXL770 was also observed to reduce the plasma levels of free fatty acids and cholesterol; in addition, PXL770 lowered elevated levels of ALT plus AST which are liver derived biomarkers that indirectly measure the degree of liver cell damage.

When liver tissue samples from treated vs. control mice were examined, PXL770 was observed to reduce the NAS via favorable improvements including reduction in steatosis, liver inflammation and hepatocyte ballooning. The benefit on liver steatosis was correlated with a specific reduction of liver triglycerides. In addition, PXL770 was observed to reduce the expression of a panel of genes involved in fibrosis, such as the genes coding for collagen type I and collagen type III.

The diagrams set forth below details several effects of PXL770 on liver steatosis, liver triglycerides, liver inflammation and ballooning, as well as the effect of PXL770 on NAS Score.



The diagrams below set forth details of the effect of PXL770 on fibrogenic gene expression.



The results of the preclinical study showed a beneficial effect of the activation of AMPK in this NASH model. The Company believes that PXL770 is a promising treatment option for NASH.

The effects of PXL770 were also studied in a high-fat diet-induced glucose intolerance and obesity model. In this study, 5-week-old mice on a hyperlipidemic diet or a normal diet were treated with 75 mg/kg of PXL770 versus control. Among the mice subjected to the hyperlipidemic diet, those treated with PXL770 were observed to gain less weight than the control group despite identical caloric intake. In the PXL770-treated group, an increase in total energy expenditure and a significant increase in fat oxidation, compared to the control mice subjected to the same hyperlipidemic diet, was also observed.

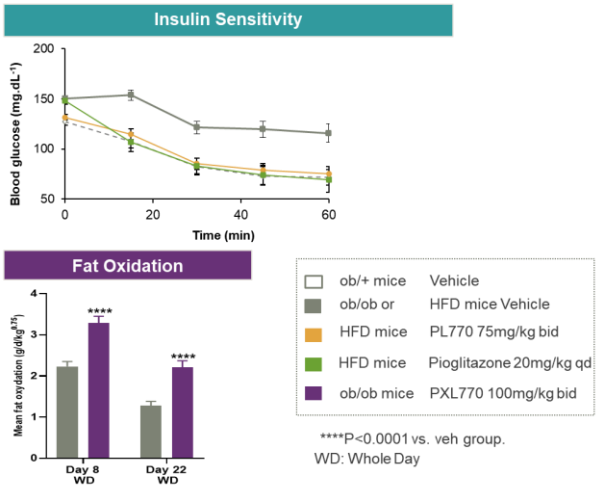
Finally, over the 4- to 5-week treatment period, PXL770 was observed to improve fasting glucose and glucose tolerance, with a 32% decrease ($p<0.0001$), and reduced fat mass by 53% ($p<0.0001$) compared to the control mice, consistent with the results observed in previous studies.

The inhibition induced by PXL770 on liver lipogenesis was evaluated on primary mouse and human hepatocytes, as well as in vivo in nine-week-old mice. PXL770 was observed to reduce liver lipogenesis, in a dose-dependent manner, in all models tested. These results are consistent with previous studies that observed a decrease in fatty acid synthesis following PXL770 treatment, which the Company believes confirms the key role of AMPK in this metabolic pathway.

The Company believes that these studies support the potential of PXL770 for the treatment of liver metabolic diseases, as well as other metabolic disorders, such as type 2 diabetes and lipid disorders.

The diagrams below show the effect of PXL770 on certain CV risk factors associated with NASH.

- Improves metabolic syndrome associated with NASH
  - Improves glycemia and lipids in metabolic rodent models:
    - Increased insulin sensitivity
    - Glycemic control: basal glycemia, glucose tolerance and HbA1c
    - Lower circulating lipids (TG's, FFA's)
- Induces a metabolic switch toward preferential fat oxidation



PXL065

PXL065, the third drug-candidate, which the Company acquired pursuant to a strategic agreement with DeuteRx, offers a new approach to the treatment of NASH. PXL065 is the deuterated-stabilized R stereoisomer (single R-isomer) of pioglitazone, its parent molecule, which has been marketed for the treatment of type 2 diabetes since 1999.

Pioglitazone is a mixture, in equal proportions, of two mirror molecules (R and S stereoisomers) that interconvert in vivo. Like all other products in its class, pioglitazone targets both inhibition of the MPC and activation of PPARy. Pioglitazone has been the subject of a large number of clinical trials for the treatment of NASH, which have demonstrated pioglitazone's ability to target disease resolution (based on NAS score) and to also improve fibrosis. Pioglitazone is the only drug recommended in protocols by the AASLD and is the only drug product identified in potential treatment by the EASL for the treatment of biopsy-confirmed cases of NASH. However, its use is restricted due to the adverse effects associated with the activation of PPARy receptors, such as weight gain, bone fractures and fluid retention.

PXL065, the R-stereoisomer, has little or no observed PPARy activity and mediates its effects selectively via non-genomic pathways including MPC inhibition. In contrast the S- stereoisomer of pioglitazone is a potent PPARy agonist which is responsible for weight gain and fluid retention in animals. Preclinical models have shown activity of PXL065 in NASH that is similar to pioglitazone with little or no weight gain or fluid retention.

Clinical Development

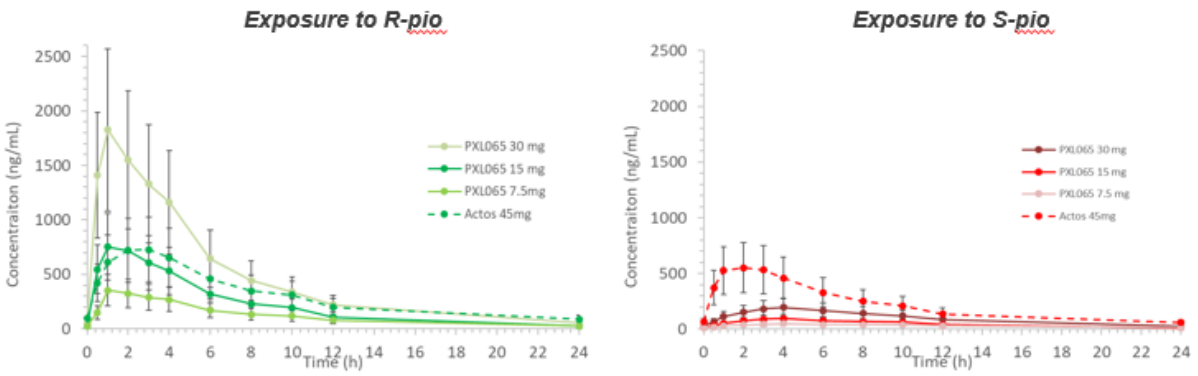
In November 2018, the Company announced the results of the first part of a Phase la open-label trial conducted by DeuteRx to evaluate the safety, tolerance and PK of a single dose of PXL065 compared to pioglitazone in healthy subjects. In this trial, 12 healthy volunteers received a single oral dose of either 45 mg of pioglitazone or 22.5 mg of PXL065. Following treatment, the subjects were monitored in a hospital setting for 36 hours after taking the drug and were then seen externally on days 4 and 7 for follow-up assessments. Based on these results, a PK model was generated to predict the dose of PXL065 that would produce the same exposure to R-pioglitazone as the 45 mg dose of pioglitazone, as well as the number of days of use of the drug required to achieve this equilibrium. In addition, exposure to PPARy agonist metabolites was compared with equivalent doses of PXL065 and pioglitazone.

During the Phase Ia trial, PXL065 was well-tolerated and no adverse effects were reported. After a single 22.5 mg dose of PXL065, the relative exposure to R-pioglitazone increased by more than 300% compared to a single 45 mg dose of Actos® pioglitazone. Total exposure to the PPARγ, M-III and M-IV agonist metabolites decreased by 50% compared with pioglitazone. M-II and M-IV are two major agonist metabolites in humans and dogs.

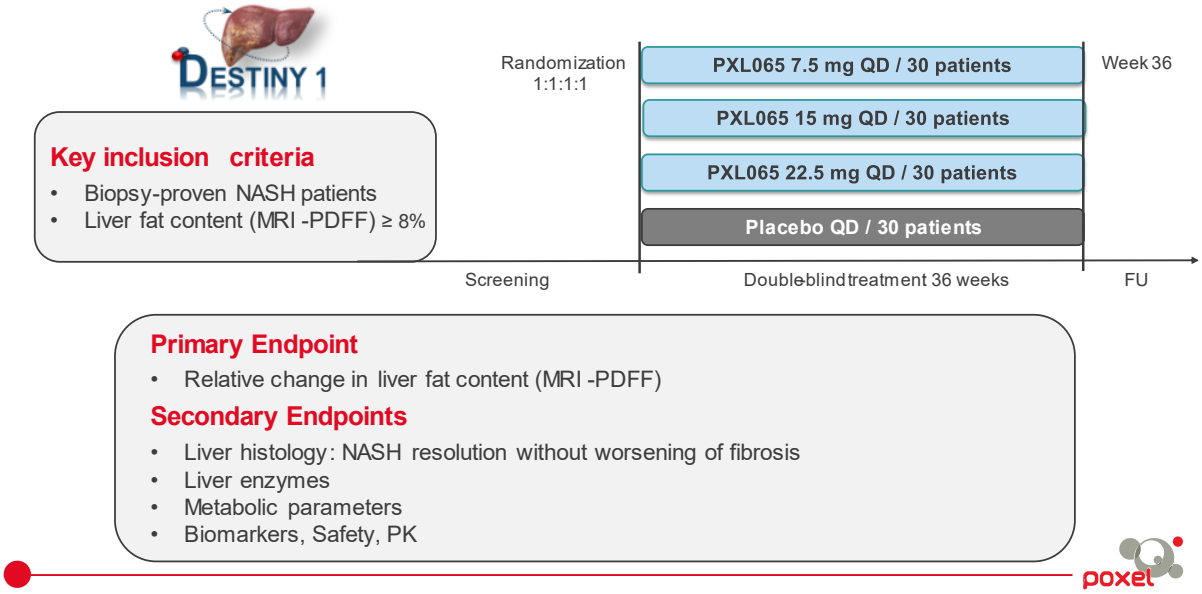
PK modeling predicted that a 15 mg dose of PXL065 should provide the same exposure to R-pioglitazone as a 45 mg dose of pioglitazone. The PK results and simulations in humans, associated with preclinical animal studies, suggest that PXL065 could potentially have the same efficacy on NASH as pioglitazone, but with fewer PPARγ receptor-related adverse effects, such as weight gain and fluid retention.

In April 2019, the Company announced results of the second part of the Phase Ia trial, a single ascending dose trial that included three single doses of PXL065 as capsules and a single dose of pioglitazone (Actos®), which tested different doses of PXL065 (7.5 mg, 22.5 mg and 30 mg) and evaluated the safety and PK profile of the product compared to pioglitazone in 24 healthy subjects. In this trial, PXL065 was well-tolerated, with no serious adverse events. PK assessment showed that PXL065 plasma exposure (Cmax and AUC) increased in a dose-proportional manner up to the 22.5 mg dose following oral administration with moderate inter-individual variability. Furthermore, stabilization of R-pioglitazone with deuterium was confirmed at all doses tested.

A Phase Ib double-blind, randomized, placebo-controlled trial aimed at evaluating the safety and the PK profile of the drug candidate after repeated administration of PXL065 was initiated in September 2019. In December 2019, the Company announced results from this multiple ascending dose, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065 administered as tablets. The trial was observed to show dose proportionality at all doses tested and the safety profile was also acceptable. The diagrams below show the different exposure to R-pioglitazone (right panel) and S-pioglitazone (left panel) when subjects received repeated administration of pioglitazone versus several dose of PXL065. 15 mg PXL065 dose yields similar R-pioglitazone exposure but S-pioglitazone exposure decreased by ~5-fold compared to 45 mg Actos®.



Based on these results and other clinical and preclinical data, the Company was able to identify the dosing range of 7.5 mg to 22.5 mg that is being evaluated in a Phase 2 trial. This trial was initiated in September 2020.



Based on the Company's pre-investigational new drug meeting with the FDA in the fourth quarter of 2019, the Company plans to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development.

Preclinical Development

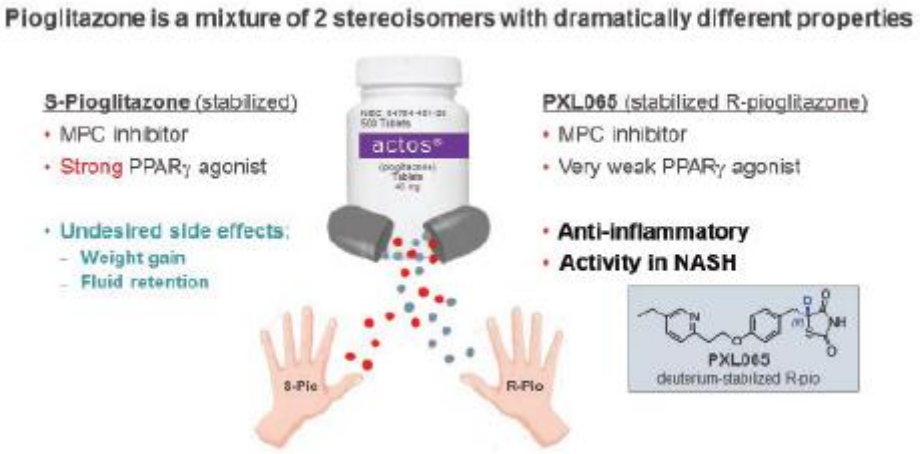
Preclinical data have highlighted key aspects related to the PK and PD roles of stereoisomers belonging to the class of TZDs as well as their potential relevance for the treatment of NASH. Representatives of TZDs include rosiglitazone, pioglitazone and lobeglitazone, all being mixtures of R and S stereoisomers exhibiting interconversion between each stereoisomer. Studies in animals and humans have shown that these compounds have variable potential efficacy in the treatment of NASH.

The main observations presented from the preclinical data were: (i) all TZDs are racemic mixtures and the enantiomer undergo interconversion; (ii) unexpected differences in activity on PPARγ when comparing the S- (PPARγ active) to R-(little or no PPARγ activity) stereoisomers; , and (iii) the stabilization of the stereoisomers of pioglitazone by deuterium substitution to characterize and identify R-pioglitazone as the stereoisomer of choice for NASH treatment.

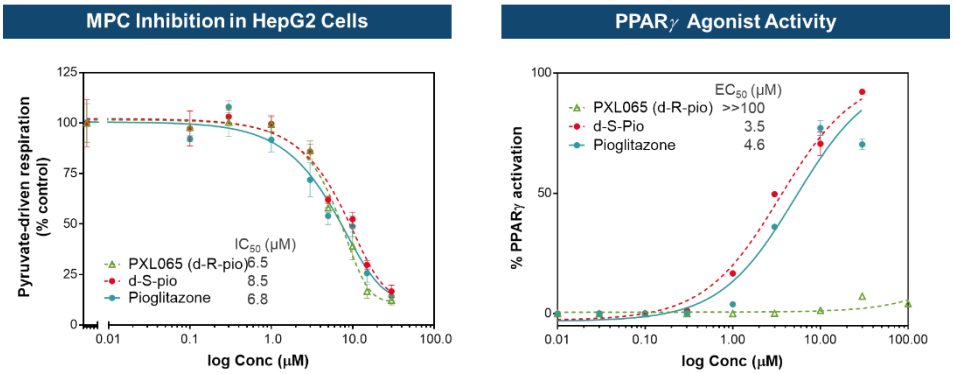
Preclinical data showed that each stereoisomer of pioglitazone and its active metabolites have different PPARγ activity. Other data showed that PXL065 is an MPC inhibitor, with little or no observed PPARγ activity in a cofactor recruitment assay. Studies of PXL065 in murine NASH models have observed liver benefits that are similar to pioglitazone. In preclinical models, PXL065 was associated with reduced or no weight gain and fluid retention, these adverse effects being mainly associated with the S-stereoisomer of pioglitazone that acts on the PPARγ receptor.

PXL065: Characterization and Target Product Profile

Benefits of Pioglitazone for NASH with Reduced PPARγ Side Effects



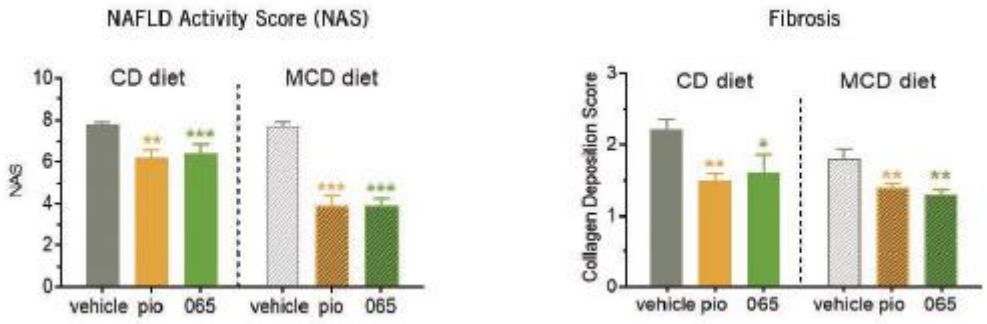
The diagram below shows the effect of PXL065 on inhibition of the MPC and PPARγ agonism. PXL065, PXL064 (d-S-pio) and pioglitazone reduced pyruvate-driven mitochondrial maximal respiration, as measured by oxygen consumption rate in HepG2 cells, to the same extent. Pioglitazone and PXL064 were shown to bind to PPARγ and behave as PPARγ agonists, while PXL065 showed little binding and no PPARγ agonist activity at concentrations up to 100 µM.



In addition, PXL065 was observed to have similar activity as pioglitazone in NASH mouse models. In particular, the PXL065 was observed to be as active as pioglitazone on the NAS as well as on fibrosis.

PXL065 was compared to pioglitazone in the methionine and choline-deficient (MCD) diet model and in the choline-deficient (CD) diet model. PXL065 was observed to be as active as pioglitazone on the NAS as well as on fibrosis in these NASH mouse models.

These results confirm the role of mitochondrial function modulation as an important contributor to the efficacy of pioglitazone in NASH, as shown in the diagram below.



Combination Therapy

Given the mechanistic heterogeneity of NASH, the Company believes there is a need for combination approaches that target multiple pathways in the disease's progression. The Company's two lead products in NASH target distinct pathways, and the Company believes that the differentiated profiles of PXL770, which allosterically activates AMPK to mitigate metabolic overload in liver cells, and of PXL065, which inhibits MPC to prevent liver inflammation and fibrosis, are well-suited for use as a combination therapy, if approved. To this end, the Company is currently conducting preclinical studies for PXL770 and PXL065 in combination together and with other therapies using other mechanisms of action that it believes could have additive or synergistic benefits for the treatment of NASH.

Other Drug candidates

PXL007 (EYP001 - out licensed to Enyo, which is fully responsible for its development and commercialization), is an orally bioavailable small molecule currently being evaluated in a phase 2 trial in patients with chronic hepatitis B. EYP001 is a synthetic non-steroidal, non-bile acid FXR agonist which has been observed to have a good tolerability profile. Contrary to lifelong standards of care that target virus replication, EYP001 is targeting the cccDNA, or virus reservoir, of the hepatitis B virus, which the Company believes gives it the potential to cure hepatitis B.

Preclinical Activities

The Company is pursuing preclinical activities for AMPK activation and MPC inhibition for additional metabolic, specialty and rare diseases.

Manufacturing and Supply

PXL770

The active substance PXL770 is manufactured according to a synthetic pathway in several stages. This process has been optimized to reduce the number of synthesis steps and allow sufficient batch size for clinical supply in accordance with GMP.

PXL770 was initially formulated as an immediate release capsule available in three different dosage strengths: 30 mg, 125 mg and 250 mg. An immediate release tablet formulation was then developed, with three proposed dosage strengths: 125 mg, 250 mg, and 375 mg. PXL770 is a stable active substance and the finished product has a shelf life of up to 36 months (depending on formulation and packaging used). PXL770's long shelf life has been observed during long-term stability studies in accordance with ICH recommendations. A group of specialized subcontractors manages this molecule synthesis and finished product manufacturing and control, as well as batch certification for clinical use. The Company believes the manufacturing process for immediate-release capsules and tablets can support manufacturing of batches of sufficient size to perform clinical trials up to Phase 2b.

PXL065

The active substance PXL065 is manufactured from pioglitazone. PXL065 was initially formulated as an immediate release capsule and available in three dosage strengths: 7.5 mg, 22.5 mg and 30 mg. An immediate release tablet formulation was later developed, with two proposed dosage strengths: 7.5 mg and 15 mg. A group of specialized subcontractors manages the molecule synthesis and finished product manufacturing and control, as well as batch certification for clinical use. The Company believes the manufacturing process for immediate-release capsules and tablets can support manufacturing of batches of sufficient size to perform Phase 2 studies. Scale-up is ongoing to support Phase 3 clinical supply.

2.1.7 Intellectual Property

As of the date of this *Document d'Enregistrement Universel*, the Company owns or co-owns 36 families of patents and patent applications covering AMPK activators, and deuterated TZDs, as well as its other diabetes programs. The Company also holds an exclusive, worldwide license for five families of patents and patent applications owned by Merck Serono covering its AMPK activator main programs, as well as an exclusive, worldwide license for 16 families of patents and patent applications owned by Merck Serono covering its other diabetes treatment programs. The exclusive, worldwide license for the patents and patent applications owned by Merck Serono is granted to the Company for the duration of the patents, subject to performance of the Company's obligations under the MS Agreement.

The Company's patent portfolio as of the date of this *Document d'Enregistrement Universel* can be summarized and separated into the following four groups:

- Imeglimin;
- AMPK activators;
- Deuterated TZDs; and
- other diabetes programs, including GLP-1 agonists, FxR agonists, glucokinase activators and 11-betahydroxysteroid dehydrogenase inhibitors, which are still in the research phase.

The patents and patent applications in these four groups include those covering drug products, manufacturing procedures, combination therapies and new therapeutic applications.

Imeglimin

The intellectual property portfolio for Imeglimin contains 19 families of patents and patent applications directed to various aspects of that compound, manufacturing procedures, combination therapies and methods of use for treating diabetes and other indications. As of the date of this *Document d'Enregistrement Universel*, all the 19 families of the patents and patent applications directed to this program and owned or co-owned by the Company are either in force or pending in a number of jurisdictions, such as Australia, Brazil, Canada, China, Europe, India, Indonesia, Israel, Japan, South Korea, Mexico, Russia, Singapore, Taiwan, Thailand, the United States and South Africa. The patents and patent applications have statutory expiration dates between 2021 and 2039. Patents assigned to the Company by Merck Serono have statutory expiration dates as late as 2029. Patent term adjustments or patent term extensions could result in later expiration dates.

AMPK Activators

The intellectual property portfolio for the Company's AMPK activators program contains 14 families of patents and patent applications directed to compositions of matter for PXL770 and analogs, compositions of matter for AMPK activators having different structural features (i.e., different compound classes), as well as combination therapies and methods of use for these compounds. As of the date of this *Document d'Enregistrement Universel*, the Company owns 9 families of patents and patent applications directed to this program. 8 families of the owned patents and patent applications are directed to PXL770, comprising a number of jurisdictions, such as Australia, Brazil, Canada, China, Russia, Europe, Israel, India, Japan, South Korea, Mexico, South Africa and the United States. The families directed to PXL770, including the PXL770 composition of matter patent, have statutory expiration dates ranging from 2033 to 2041. The other family that the Company owns has statutory expiration dates in 2031. In addition, the Company is exclusively, only with respect to a limited number of compounds, licensed to five families of patents and patent applications directed to this program, in a number of jurisdictions, including Argentina, Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, Israel, India, Indonesia, Japan, South Korea, Mexico, Russia, Singapore, South Africa and the

United States. The licensed patents and patent applications have statutory expiration dates between 2026 and 2029. Patent term adjustments or patent term extensions could result in later expiration dates.

Deuterated Thiazolidinediones

The intellectual property profile for the Company's deuterated thiazolidinedione program contains 8 families of patents and patent applications directed to compositions of matter for PXL065, compositions of matter for deuterated TZDs having different structural features (i.e., different compound classes), as well as methods of use for these novel compounds. All 8 of the families of patents and patent applications in this program are owned by the Company as of the date of this *Document d'Enregistrement Universel*. 5 families of the owned patents and patent applications are directed to PXL065. The earliest filed family directed to PXL065 includes the granted PXL065 composition of matter patent with an expiration date in 2031, and also includes other patents and pending applications which have expected expiration dates in 2028, with all patents and applications in the family granted and active only in the United States. The second filed family directed to PXL065 has statutory expiration dates in 2035, is granted in the United States and pending in Europe. The third filed family directed to PXL065 has statutory expiration dates in 2036 and is pending only in the United States. The fourth and fifth families are unpublished US provisional applications directed to forms and processes related to PXL065, which could eventually lead to worldwide patent rights, and would have projected statutory expiration dates in 2041. In addition, the Company owns three families of patents and patent applications directed to deuterated TZDs other than PXL065, one of which has statutory expiration dates in 2034 and is granted in the United States and Europe and is pending in Canada, and the remaining two families have statutory expiration dates in 2036 and are pending only in the United States. Patent term adjustments or patent term extensions could result in later expiration dates.

Other Programs

The intellectual property portfolio for the Company's other programs contains patents and patent applications directed to compositions of matter for GLP-1 agonists, FxR agonists, glucokinase activators and 11-beta-hydroxysteroid dehydrogenase inhibitors, manufacturing procedures, and methods of using them for treating various diseases including diabetes. As of the date of this *Document d'Enregistrement Universel*, the Company co-owns one family directed to the FxR agonists program (co-owned with INSERM; Universite Claude Bernard; Ecole Normale Superieure de Lyon, Centre National de la Recherche Scientifique; and Edelris), and which has a statutory expiration date in 2034. The Company also holds an exclusive license to four families of patents and patent applications directed to GLP-1 agonists program, six families directed to glucokinase activators program, and five families directed to 11-beta-hydroxysteroid dehydrogenase inhibitors program. The licensed patents and patent applications have statutory expiration dates between 2026 and 2029. Patent term adjustments or patent term extensions could result in later expiration dates.

The term of individual patents depends upon the legal term for patents in the countries in which they are obtained. In most countries, including the United States, the patent term is 20 years from the earliest filing date of a non-provisional patent application. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO, in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over another patent which has an earlier statutory expiration date. The term of a patent that covers a drug or biological product may also be eligible for patent term extension when FDA approval is granted, provided statutory and regulatory requirements are met (see Section 2.1.9 "*Regulatory Environment*" for additional information on such exclusivity). In the future, if and when its drug candidates receive approval by the FDA or foreign regulatory authorities, the Company expects to apply for patent term extensions on issued patents covering those drugs, depending upon the length of the clinical trials for each drug and other factors. However, there can be no assurance that any of

the Company's pending patent applications will issue or that it will benefit from any patent term extension or favorable adjustment to the term of any of its patents.

As with other biotechnology and pharmaceutical companies, the Company's ability to maintain and solidify its proprietary and intellectual property position for its drug candidates and technologies will depend on its success in obtaining effective patent claims and enforcing those claims if granted. However, its pending patent applications, and any patent applications that it may in the future file or license from third parties may not result in the issuance of patents. For example, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, the Company cannot know with certainty whether it was the first to file for patent protection of the inventions claimed in its owned and licensed patents or pending patent applications. It also cannot predict the breadth of claims that may be allowed or enforced in its patents. Any issued patents that the Company may receive in the future may be challenged, invalidated or circumvented. In addition, because of the extensive time required for clinical development and regulatory review of a drug candidate the Company may develop, it is possible that, before any of its drug candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby limiting protection such patent would afford the respective product and any competitive advantage such patent may provide.

In addition to patents, the Company relies upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain its competitive position. The Company seeks to protect its proprietary information, in part, by executing confidentiality agreements with its partners and scientific advisors, and non-competition, non-solicitation, confidentiality, and invention assignment agreements with its employees and consultants. The Company has also executed agreements requiring assignment of inventions with selected scientific advisors and partners. The confidentiality agreements the Company enters into are designed to protect its proprietary information and the agreements or clauses requiring assignment of inventions to the Company are designed to grant it ownership of technologies that are developed through its relationship with the respective counterparty. The Company cannot guarantee, however, that these agreements will afford it adequate protection of its intellectual property and proprietary information rights.

Trademarks and Domain Names

The Company owns a number of trademarks and domain names, including its logo and the URL for its website, as well as a number of websites including the name "Imeglimin" or "Imeglimine". Poxel® is a registered trademark of the Company in France, the EU and the United States. Poxel® with its semi-figurative color logo is a registered trademark of the Company in France and the EU.

2.1.8 Competition

The Company faces potential competition from various sources, including any pharmaceutical or biotechnology company, academic institution, governmental agency or public or private research institution that has drugs on the market or is developing drug candidates for type 2 diabetes. The biotechnology and pharmaceutical industries are highly competitive and subject to significant and rapid technological change as researchers learn more about diseases and develop new technologies and treatments. Significant competitive factors in this industry include product efficacy and safety; quality and breadth of an organization's technology; skill of an organization's employees and its ability to recruit and retain key employees; timing and scope of regulatory approvals; government reimbursement rates for, and the average selling price of, products; the availability of raw materials and qualified manufacturing capacity; manufacturing costs; intellectual property and patent rights and their protection; and sales and marketing capabilities. Given the intense competition in this industry, the Company cannot assure that any of the products that it successfully develops will be clinically superior or scientifically preferable to products developed or introduced by its competitors.

The Company's competitors in the type 2 diabetes space are primarily large pharmaceuticals companies including, but not limited to, AstraZeneca PLC, GlaxoSmithKline plc, Eli Lilly & Co., Sanofi, Novo Nordisk A/S, Johnson & Johnson, Boehringer, and Merck Sharp & Dohme Corp. The Company's competitors in the NASH space include large pharmaceuticals, established and specialty biotech companies including, but not limited to, Novartis AG, Pfizer Inc., Novo Nordisk A/S, Gilead Sciences, Inc., Allergan PLC, Intercept Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., Viking Therapeutics, Inc., and Akero Therapeutics.

Such competitors may also succeed in obtaining EMA, FDA, PMDA or other regulatory approvals for their drug candidates more rapidly than the Company, which could place it at a significant competitive disadvantage or deny it marketing exclusivity rights. Market acceptance of the Company's drug candidates will depend on a number of factors, including:

- potential advantages over existing or alternative therapies or tests;
- the actual or perceived safety of similar classes of products;
- the effectiveness of sales, marketing, and distribution capabilities; and
- the scope of any approval provided by the FDA or foreign regulatory authorities.

While its competitors are developing new, or have on the market, type 2 diabetes therapies the Company believes that the unique mechanism of action of Imeglimin (i.e., a mitochondrialbioenergetics enhancer) positions the drug candidate as a potential monotherapy or combination therapy. The Company also believes that PXL770 is the most clinically advanced drug candidate for treatment of NASH with an AMPK activation mechanism of action, an energy sensor that controls energy metabolism. PXL770 is currently being developed as monotherapy and has the potential for combination therapy with PXL065 and with other agents. Additionally, the Company believes that PXL065 (deuterium-stabilized R-isomer of pioglitazone), an MPC inhibitor, offers a differentiated approach to the treatment of NASH with the potential for robust efficacy and a reduction of side effects associated with the parent drug, pioglitazone. PXL065 is currently being developed as monotherapy and has the potential for combination therapy with PXL770 and with other agents.

Although the Company believes that its drug candidates possess attractive attributes, it cannot ensure that its drug candidates will achieve regulatory or market acceptance, or that it will be able to compete effectively in the biopharmaceutical drug markets. If the Company's drug candidates fail to gain regulatory approvals and acceptance in their intended markets, it may not generate meaningful revenues or achieve profitability.

In addition, many of the Company's competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical studies, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Company's competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through partnership arrangements with large and established companies. These companies also compete with the Company in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Company's programs.

There are currently no therapeutic products approved for the treatment of NASH or NAFLD. There are several marketed therapeutics that are currently used off label for the treatment of NASH, such as antihyperlipidemic agents (e.g., gemfibrozil), pentoxifylline ursodiol, and pioglitazone, which is the most extensively studied drug for NASH and has demonstrated resolution of NASH without worsening of fibrosis in several trials as well as improvements in fibrosis. The Company is aware of several companies that may have drug candidates that promote AMPK activation, including Energenesis Biomedical, Betagenon; however, molecules being pursued by these companies are not known to be direct AMPK activators; other companies may have such candidates in earlier stage programs. Also, it is possible that one or more of the AMPK activator drug candidates mentioned above that are being developed by the Company's competitors could be used for the treatment of NASH. In addition, Cirius Therapeutics completed a Phase 2b clinical study with a drug candidate targeting MPC, MSDC-0602K and is now planning Phase 3 studies with a focus on patients with NAFLD/NASH and Type 2 diabetes.

2.1.9 Regulatory Environment

Pharmaceutical Approval in the European Union

The Company's ability to market a product within the EEA (which is comprised of the Member States of the European Union, plus Norway, Iceland and Liechtenstein) is contingent upon obtaining a marketing authorization from the appropriate regulatory authorities. While there is a set of common rules governing issuance of marketing authorization, the requirements governing pricing and reimbursement vary widely from country-to-country.

Preclinical studies

Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy. Preclinical studies involving animals shall follow a set of harmonized rules which aim at reducing the number of studies and animals used for scientific purposes and encourage the development of alternative methods. Recourse to animal models shall be used only when no other methods are available for the purposes of the study, and shall demonstrate strict proportionality in terms of replacement, reduction and refinement of the use of animals (so-called "**3 Rs Principles**").

Clinical trials

Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into healthy human patients or patients with the target disease or condition and tested for safety, dosage tolerability, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness.

- Phase 2: (begins if phase 1 studies don't reveal unacceptable toxicity) The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerability and optimal dosage.

- Phase 3: (begins if evidence of effectiveness is shown in phase 2) The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.

- **Applicable provisions**

In the European Union, the regulations governing clinical trials are currently based on Directive No. 2001/20/EC of 4 April 2001 on the application of good clinical practice in the conduct of clinical trials on drugs for human use. Each Member State had to transpose this Directive into national law, finally adapting it to its own regulatory framework. A clinical trial application, or CTA, must be submitted to each country's national health authority and an independent ethics committee. Once the CTA is approved in accordance with a country's requirements, clinical trial development may proceed in that country.

In France, Directive No. 2001/20/EC was initially transposed by Law No. 2004-806 of 9 August 2004 on public health policy and Decree No. 2006-477 of 26 April 2006 amending Chapter I of Title II of Book I of Part I of the Public Health Code ("**PHC**") on biomedical research.

The new Regulation No. 536/2014 on clinical trials on drugs for human use, repealing Directive No. 2001/20/EC, aims to enhance patient safety, to increase accessibility to clinical trials, to raise attractiveness of the European Union and to ensure transparency. While Regulation 536/2014 entered

into force on 16 June 2014, the timing of its application depends on the development of a fully functional EU clinical trials portal and database, which will be confirmed by an independent audit (i.e., six months after the European Commission publishes a notice of this confirmation), which is currently planned for 2020. In France, Ordinance No. 2016-800 of 16 June 2016 on research involving the human person amended the applicable legal regime, in particular by adapting French law to Regulation (EU) No. 536/2014. Ordinance No. 2018-1125 of 12 December 2018 updated the provisions on the protection of personal data.

- **Opinion of the Committee for the Protection of Persons**

Article L. 1121-4 of the PHC establishes a system of prior authorization of any interventional clinical trial (i.e., involving intervention on the person not justified by his or her usual care) concerning drugs. The French public agency in charge of authorizing and monitoring the use on the market of drugs, medical devices and other health products (*Agence Nationale de Sécurité des Médicaments et produits de santé*, "**ANSM**") and a local Committee for the Protection of Persons ("CPP") must grant respectively an authorization and a favorable opinion on the concerned trial.

Under Article L. 1123-7 of the PHC, the CPP must give its opinion on the conditions for the validity of the research, in particular as regards the protection of participants, the information provided to them and the procedure followed to obtain their informed consent, as well as the relevance of the research, the adequacy of the assessment of the expected benefits and risks and the adequacy between the objectives pursued and the means implemented, the qualifications of the investigator(s), the amounts and conditions for compensation of the participants and the method of recruitment of participants.

- **Authorization of the ANSM**

After submission of the complete trial authorization application file – containing an administrative file, a research file including in particular the protocol and brochure for the investigator and, where applicable, a technical file relating to the product, the acts performed and the methods used, as well as the opinion of the ethics committee – the ANSM may inform the sponsor that it opposes the implementation of the research or request any additional information from the sponsor to decide on the application. The latter may then modify the content of the research project and submit the modified or completed application to the ANSM; this procedure may not, however, be followed more than once for each project. If the sponsor does not modify the content of his application or does not produce the requested elements within the prescribed time limits, he shall be deemed to have abandoned his application.

In accordance with Article R. 1123-38 of the PHC, the time limit for the examination of a marketing authorization application may not exceed 60 days from the receipt of the complete file, except for a number of products listed in Article R. 1123-7 of the PHC. Finally, in accordance with Article L. 1123-11 of the PHC, in the event of a risk to public health or in the absence of a response from the sponsor or if the ANSM considers that the conditions under which the research is conducted no longer correspond to those indicated in the application for authorization or do not comply with the provisions of Title 2 of Book 1 of Part 1 of the PHC, it may, at any time, request that changes be made to the procedures for conducting the research, to any document relating to the research, and suspend or ban such research.

The decision of 24 November 2006 lays down the rules of good clinical practice ("**GCP**") in the conduct of interventional clinical trials on drugs for human use provided for in Article L. 1121-3 of the PHC. The objective of GCPs is to ensure the reliability of clinical trial data and the protection of clinical trial participants. GCPs should apply to all clinical trials, including pharmacokinetic, bioavailability and bioequivalence studies in healthy volunteers.

- **Protection of clinical trial subjects**

Under French law, in accordance with Article L. 1121-2 of the PHC, research involving the human person may only be undertaken if: (i) it is based on the latest state of scientific knowledge and sufficient preclinical experimentation, (ii) the foreseeable risk to the subjects is proportionate to the expected benefit to them or the interest of the research, (iii) it aims to extend the scientific knowledge of the human being and the means likely to improve his condition and (iv) it has been designed to minimize pain, inconvenience, fear and any other foreseeable inconvenience associated with the disease or research, taking particular account of the degree of maturity of minors and the capacity of understanding for adults who are not able to express their consent. Research can only begin if all these conditions are met.

In accordance with Article L. 1121-3 of the PHC, research involving the human person may only be undertaken if it is carried out under the following conditions: (a) under the direction and supervision of a doctor with appropriate experience and (b) under material and technical conditions appropriate to the research and compatible with the requirements of scientific rigor and safety of the persons carrying out the research.

Two documents must be provided to research subjects before the trial is conducted.

First of all, pursuant to Article L. 1122-1 of the PHC, the research subject must receive information from the investigator or a doctor representing him or her, prior to the conduct of the research, in particular concerning: the objective, methodology and duration of the research; the expected benefits; in the case of interventional research, the constraints and foreseeable risks resulting from the administration of the products used in the research, including in the event of termination of the research before its end, any medical alternatives, the conditions of medical care after completion of the research, if applicable; the favorable opinion of the ethics committee and the authorization of the ANSM; the processing of personal data. The information provided is summarized in a written document given to the person whose consent is sought. The person whose participation is requested or, where applicable, the persons, bodies or authorities responsible for assisting, representing or authorizing the research shall be informed of his or her right to refuse to participate in the research, to withdraw his or her consent or, where applicable, his or her authorization at any time, without incurring any liability or prejudice as a result.

Then, under Article L. 1122-1-1 of the PHC, interventional research cannot be carried out without his or her free and informed consent, collected in writing, after the information provided for in Article L. 1122-1 of the PHC has been provided. No interventional research that involves only minimal risks and constraints may be conducted on a person without his or her free, informed and express consent. No non-interventional research may be conducted on a person when he or she has objected.

Research involving the human person on a minor may only be undertaken if the informed consent of the parents or legal representative has been obtained. Research involving the human person on adults under guardianship requires the informed consent of the legal representative.

- **Liability of the sponsor**

Under Article L. 1121-10 of the PHC, the sponsor must assume liability for compensation for any harmful consequences of the research to the benefit of the participant and his or her successors in title, unless the sponsor can prove that the damage is not attributable to his fault or that of any intervener, when it is not caused by third party or the voluntary withdrawal of the person who initially consented to participate in the research.

Under the same article L. 1121-10 of the PHC, any interventional research (as mentioned in 1° or 2° of article L. 1121-1 of the PHC) requires the prior subscription, by its sponsor, of an insurance guaranteeing its civil liability defined in this article and that of any intervener, regardless of the nature

of the links existing between the interveners and the sponsor. The provisions of this article are of public order.

- **Declarations of financial interests (French Sunshine Act and anti-gifts provisions)**

Law No. 2011-2012 of 29 December 2011 on strengthening the health safety of drugs and health products, as amended, supplemented by the decree No. 2012-745 of 9 May 2012 on public declaration of interests and transparency in matters of public health and health security, introduced rules on the transparency of remuneration received by certain health professionals from companies producing or marketing health products reimbursed by social security (Article L. 1453-1 of the PHC). These provisions were subsequently redefined and extended by Decree No. 2016-1939 of 28 December 2016 and Decree No. 2018-1126 of 11 December 2018 and strengthened more recently by Law No. 2019-774 of 24 July 2019. These provisions require companies producing or marketing health products in France, whether or not reimbursed, or providing services associated with these products, to make public, on a single public website (https://transparence.sante.gouv.fr), the benefits and fees paid to health professionals for a certain amount (i.e. currently exceeding 10 euros, it being specified that this amount should be amended in the coming months), as well as the existence of agreements concluded with them, accompanied by specific information on each agreement (its precise purpose, the date of signature of the agreement, its duration, the direct beneficiary and the final beneficiary and the amount paid).

The French anti-gift rule, extended by the Law No. 2011-2012 as amended by Ordinance No. 2017-49 and the Law No. 2016-41 of 26 January 2016 modernizing the French healthcare system, as amended by Ordinance No. 2017-49 of 19 January 2017, which extended its scope, also strengthened the rules on benefits proposed or offered by persons manufacturing or marketing health products or services to healthcare professionals (as described in Section 2.2.7.2 "*The Company is subject to healthcare laws and regulations which may require substantial compliance efforts and could expose the Company to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties"*).

Marketing Approval

In the EEA, drugs can only be commercialized after obtaining a marketing authorization. There are three types of marketing authorizations:

- the Community marketing authorization, which is issued by the European Commission through the Centralized Procedure under Regulation (EC) No. 726/2004 of 31 March 2004 laying down Community procedures for the authorization and supervision of drugs for human and veterinary use and establishing a European Medicines Agency, based on the opinion of the Committee for Drugs for Human Use (the "**CHMP**") of the EMA, and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology drugs, orphan drugs, and drugs containing an entirely new active substance indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, auto immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific, or technical innovation or which are in the interest of public health in the EU.
- under the Decentralized Procedure ("**DCP**"), governed by Directive No. 2001/83/EC of 6 November 2001 on the Community code relating to drugs for human use, as amended by Directive 2004/27marketing authorizations are granted in each concerned Member States to products not falling within the mandatory scope of the Centralized Procedure. An identical dossier is submitted to the competent authorities of each of the Member States in which the marketing authorization is sought, one of which being selected by the

applicant as the reference member state ("**RMS**"). The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristic ("**SPC**"), and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Concerned Member States) for their approval. If the Concerned Member States raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling, and/or packaging proposed by the RMS, the product is subsequently granted a national marketing authorization in all of the selected Member States (i.e., in the RMS and the selected Concerned Member States). Where the marketing of a product has already been authorized in a Member State of the EEA, this DCP approval can be recognized in other Member States through the Mutual Recognition Procedure (the "**MRP**").

- National Procedure marketing authorizations, which are issued by a single competent authority of the Member States of the EEA and only covers their respective territory, are also available for products not falling within the mandatory scope of the Centralized Procedure. Once a product has been authorized for marketing in a Member State of the EEA through the National Procedure, this National Procedure marketing authorization can also be recognized in other Member States through the MRP.

Under the procedures described above, before granting the marketing authorization, the EMA or the competent authority(ies) of the Member State(s) of the EEA assesses the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

Post-Approval requirements

The holder of a Community marketing authorization or National marketing authorization is subject to various obligations under applicable EEA regulations, such as pharmacovigilance obligations, requiring it to, among other things, report and maintain detailed records of adverse reactions, and to submit periodic safety update reports to the competent authorities. The holder must also ensure that the manufacturing and batch release of its product is in compliance with the applicable requirements. The marketing authorization holder is further obliged to ensure that the advertising and promotion of its products complies with applicable laws, which can differ from Member State to Member State of the EEA.

- **Pharmacovigilance**

Under Directive 2010/84/EU of 15 December 2010 amending, as regards pharmacovigilance, Directive 2001/83/EC and Regulation (EU) No. 1235/2010 of 15 December 2010, the holder of a Centralized or National marketing authorization must establish and maintain a pharmacovigilance system.

It must designate a Qualified Person Responsible for Pharmacovigilance (the "**QPPV**"). Its main obligations include the recording of any suspected adverse effect, and prompt reporting of any suspected serious adverse reactions and the submission of periodic pharmacovigilance update reports ("**PSURs**").

All new MA applications must include a Risk Management Plan ("**RMP**") setting out measures to prevent or minimize the risks associated with the drug. The authorities may make the MA conditional on the fulfilment of specific obligations. These risk reduction measures or post-authorization obligations may include, without being limited to, enhanced safety monitoring, more frequent submission of PSURs or the conduct of additional clinical trials or post-authorization safety studies. RMP and PSURs are regularly made available to third parties upon request, subject to adequate protection of commercial information (i.e., redaction of confidential information before disclosure).

- **Advertising**

Any advertising or promotion of a drug must comply with the authorized summary of its characteristics and therefore any promotion of unauthorized characteristics is prohibited.

Advertising of prescription drugs directly to the consumer is also prohibited in the EU. Although the general principles for the advertising and promotion of drugs are laid down by EU directives, the details are governed by the regulations of each Member State and may differ from one country to another.

In France, following the adoption of Law No. 2011-2012 of 29 December 2011, any kind of authorized advertising and promotion of drugs and certain medical devices requires prior approval from the ANSM. Advertising and promotional materials for drugs must be submitted to the ANSM following a specific timetable. Any advertising must (i) comply with the provisions of the marketing authorization and the treatment strategy recommended by the French Health Authority (*Haute Autorité de Santé*), (ii) present the drug objectively and encourage proper use, and (iii) must not be misleading nor adversely impact the protection of public health.

- **Pricing and reimbursement**

Once the marketing authorization has been granted, decisions on pricing and reimbursement shall be taken at the level of each Member State, taking into account the potential role and use of the drug within the national health system of the country concerned.

In France, pricing and reimbursement are governed by framework agreements entered into between the French Pricing Committee (*Comité économique des produits de santé*, the "**CEPS**") and each company authorized to market pharmaceutical products ("exploitant"), on the basis of a framework entered into with the relevant professional organization representing the industry.

All drugs are subject to a health technology assessment carried out by the French Health Authority (*Haute Autorité de Santé*, the "**HAS**") before inclusion on a positive list of reimbursed products. Such assessment is based on medical evidence.

Pharmaceutical Approval outside the European Union

The FDA and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and onerous requirements upon companies involved in the clinical development, manufacture, marketing and distribution of drugs, such as those that the Company is developing. These agencies and other federal, state and local entities regulate, among other things, the research and development, testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion, distribution, post-approval monitoring and reporting, sampling and export and import of the Company's drug candidates.

If the Company does not comply with the applicable requirements relating to authorization, advertising, pharmacovigilance, or pricing, it could be subject to fines, suspensions or withdrawals of regulatory approvals, drug recalls, drug seizures, operating restrictions and criminal proceedings, among other things.

U.S. Government Regulation

In the United States, the FDA regulates drugs under the FDCA, and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending new drug applications ("**NDAs**"), withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following):

- completion of preclinical laboratory studies, animal studies and formulation studies in compliance with the FDA's GLP regulations;
- submission to the FDA of an IND application, which must become effective before human clinical trials may begin in the US;
- approval by the IRB at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with GCP requirements to establish the safety and efficacy of the proposed drug product for each indication;
- FDA review and approval of the NDA, upon (i) satisfactory completion of an FDA advisory committee review, if applicable, and (ii) satisfactory completion of an FDA inspection of clinical sites where the studies to assess compliance with GCP were conducted and the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP requirements and to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity.

Preclinical Studies

An IND sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND, in order to be authorized to conduct clinical research. The FDA has 30 days to allow the IND to proceed or raise concerns or questions related to one or more proposed clinical trials, in which case the clinical trial is placed on a clinical hold. The IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the IND to human patients under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research patients provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their www.clinicaltrials.gov website.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Each of Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA may impose a clinical hold at any time which includes during on an ongoing clinical trial if, for example, safety concerns arise, in which case the trial cannot recommence without the FDA’s authorization. A clinical hold can result in a substantial delay and expense. The sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.)

Marketing Approval

Assuming successful completion of the required clinical testing, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. In addition, under the Pediatric Research Equity Act of 2003, as amended and reauthorized, certain NDAs or supplements to an NDA must contain data that are adequate to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements.

The FDA also may require submission of a risk evaluation and mitigation strategies plan ("REMS") plan to ensure that the benefits of the drug outweigh its risks. The REMS plan could include medication guides, physician communication plans, assessment plans, or elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools.

After evaluating the NDA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or preclinical testing in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs.

505(b)(2) NDAs

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA.

Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the approved reference drug. The FDA may then approve the new drug candidate for all, or some, of the label indications for which the reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims are subject to prior FDA review and approval. In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in mandatory revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant fines and liability.

Coverage and Reimbursement

Sales of the Company's drug candidates, if approved, will depend, in part, on the extent to which such products will be covered by third-party payors, such as government health care programs, commercial insurance and managed healthcare organizations. These third-party payors determine which medications they will cover and establish reimbursement levels. In addition, these third-party payors are increasingly limiting coverage or reducing reimbursements for medical products and services. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use the Company's drug candidates unless coverage is provided and reimbursement is adequate to

cover all or a significant portion of the cost of the products. As a result, adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit the Company's net revenue and results. Decreases in third-party reimbursement for the Company's drug candidates or a decision by a third-party payor to not cover the Company's drug candidates could reduce physician usage of the drug candidates, once approved, and have a material adverse effect on the Company's sales, results of operations and financial condition.

Other Healthcare Laws

The Company will also be subject to healthcare regulation and enforcement by the U.S. federal government and the states and foreign governments in which it will conduct its business once the drug candidates are approved. Failure to comply with these laws, where applicable, can result in the imposition of significant administrative, civil, and criminal penalties. The laws that may affect the Company's ability to operate in the United States include:

- the federal healthcare programs' Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal false claims and civil monetary penalties laws, including the civil False Claims Act, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996 (the "HIPAA"), which created additional federal criminal statutes that impose criminal and civil liability for, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or knowingly and willingly falsifying, concealing or covering up a material fact or making false statements relating to healthcare matters;
- the Physician Payments Sunshine Act, which requires manufacturers of drugs, devices, biologics, and medical supplies to report annually to the Centers for Medicare & Medicaid Services (the "CMS"), information related to payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and ownership and investment interests held by physicians and their immediate family members;
- certain state laws governing the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

In addition, many states have similar laws and regulations, such as anti-kickback and false claims laws that may be broader in scope and may apply regardless of payor, in addition to items and services reimbursed under Medicaid and other state programs. Further, certain states enacted laws that require: pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; the reporting of information related to drug pricing; the registration of pharmaceutical sales representatives. In addition, certain

states enacted legislation to govern the privacy and security of health information, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Additionally, to the extent that its product is sold in a foreign country, the Company may be subject to similar foreign laws.

Healthcare Reform

Current and future legislative proposals to further reform healthcare or reduce healthcare costs may result in lower reimbursement for the Company's drug candidates, if and when approved. The cost containment measures that payors and providers are instituting and the effect of any healthcare reform initiative implemented in the future could significantly reduce the Company's revenues from the sale of its drug candidates, if and when approved.

Recently, there has been heightened governmental scrutiny recently over the manner in which manufacturers set prices for their marketed products. At the federal level, the current administration's budget proposals for fiscal years 2019 and 2020 contain further drug price control measures that could be enacted during the budget process or in other future legislation. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

The Company expects that additional U.S. federal and state, as well as foreign, healthcare reform measures will be adopted in the future, any of which could result in reduced demand for its drug candidates, if and when approved, or additional pricing pressure.

Pharmaceutical Approval in Japan

In Japan, applications are filed with the PMDA. An inspection is done in conjunction with a data reliability survey by a team from the Organization for Pharmaceutical Safety and Research. Afterwards, the evaluation process is passed on to the Central Pharmaceuticals Affairs Council whose executive committee members issue a report to the PMDA. After further evaluation a final report is distributed to the Ministry of Health, Labor and Welfare (the "MHLW"), which makes the final decision on the drug's outcome. Once the MHLW has approved the application, the applicant may market and sell the drug.

2.1.10 Facilities

The Company leases 450 square meters of office space in Lyon, France under a lease that expires in August 2024 and 904 square meters of office space in Lyon under a lease that expires in March 2027, with opt out provisions in March 2021 and March 2024.

The Company also occupies additional office space in Paris under a six-months contract, automatically renewable in November 2021 as well as office space in Tokyo under a one-year contract, automatically renewable in February 2022.

The Company also leases 4,089 square feet of office space in Burlington, MA in the United States under a lease that was executed in April 2019, and expires in June 2024, with opt out provisions after 36 and 48 months, and an option to extend.

2.1.11 Legal Proceedings

From time-to-time, the Company may be a party to legal, administrative or arbitration proceedings arising in the ordinary course of its business.

As of the date of this *Document d'Enregistrement Universel*, the Company is not a party to any other material legal, administrative or arbitration proceedings that, if determined adversely to it, would individually or taken together have a material adverse effect on its business, financial condition, results of operations or cash flows.

Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

In connection with the application of the MS Agreement to the Roivant License Agreement, the Company and Merck Santé had a different interpretation of a clause which allocates between them the value of certain compensation received by the Company from partners in consideration for the granting of rights to Merck's intellectual property (known as Partnering Additional Revenues or "***PAR***"). In particular, the Parties disagreed as to whether certain compensation received under the Roivant License Agreement and the Sumitomo License Agreement fell within certain specific exceptions provided for in the MS Agreement.

In April 2019, the Company was notified that Merck Santé had initiated an arbitral proceeding in order to resolve this difference in interpretation.

On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Santé.

The Final Award held that:

- Items falling within the exceptions provided for in the definition of PAR included in the MS Agreement are excluded from the scope of PAR only if they have no "causal link" with the granting of Partnering rights to the Merck Serono (Santé) Technology;

- The Tribunal (i) rejected Merck's first claim amounting to approximately EUR 3M (EUR 3.6M incl. VAT) in connection with the Roivant License Agreement, (ii) granted Merck's second claim amounting to approximately EUR 1.8M (EUR 2.4M incl. VAT and interest) in connection with the investment of Roivant in the Company's shares, (iii) rejected the Company's counterclaim amounting to approximately EUR 1.4M (EUR 1.7M incl. VAT) in connection with the Sumitomo License Agreement and (iv) ordered the Company to pay two-thirds of the arbitration and legal costs; and

- In the absence of an alternative claim made by Merck Santé in respect of certain non-monetary PAR received by the Company pursuant to the Roivant License Agreement (i.e., the interest-free loan received from Roivant) and of any evidence that would allow to quantify this non-monetary PAR, the Arbitral Tribunal was not in a position to grant relief to Merck Santé. The Tribunal left open the question whether Merck Santé is entitled to a share of that non-monetary PAR.

The tribunal's decision is final.

2.1.12 Trends

In the context of the COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on March 12, 2020, the Company is regularly reviewing the impact of the outbreak on its business.

As of the date of this *Document d'Enregistrement Universel*, and based on publicly available information, the Company has not identified the occurrence of any material negative effect on its business due to the COVID-19 pandemic that remains unresolved. However, the Company anticipates that the COVID-19 pandemic could have further material negative impact on its business operations. The worldwide impact of COVID-19 may notably affect the Company's internal organization and efficiency, particularly in countries where it operates and where confinement measures are implemented by the authorities. In addition, COVID-19 may impact market conditions and the Company's ability to seek additional funding or enter into partnerships. Particularly, delays in the supply of drug substance or drug products, in the initiation or the timing of results of preclinical and/or clinical trials, as well as delays linked to the responsiveness of regulatory authorities could occur, which could potentially have an impact on the Company's development programs and partnered programs. The Company will continue to actively monitor the situation.

2.2 **Risk factors**

Any investment in a Company involves a degree of risk. Potential investors are asked to read attentively all the information contained in this Document d'Enregistrement Universel, and especially consider all the risks associated with such an investment, including the risk factors described in this section, before deciding to subscribe or acquire shares of the Company.

The Company performed a review of risks that could have an unfavorable effect on the Company, its business, prospects, capacity to meet its objectives, financial position, cash flows or operating results.

In application of and in accordance with article 16 of the Prospectus Regulation, the risk factors section of this Document d'Enregistrement Universel has been prepared in order to enhance and improve their clarity. The attention of potential investors is drawn to the fact that, the list of risks presented below is not exhaustive in application of article 16 of the Prospectus Regulation pursuant to which only significant risks should be disclosed in this Document d'Enregistrement Universel.

Other risks or uncertainties that are unknown or have not been considered, as of the date of this Document d'Enregistrement Universel, as likely to have a significant unfavorable effect may exist, and the manifestation of one or more of these risks could have a significant unfavorable result on the Company, its business, prospects, capacity to meet its objectives, financial position, cash flows or operating results.

The internal review of the risks is regularly analyzed within the risk management processes of the Company, including through their mapping by the Company's management and its review by the Audit Committee. Seven different categories have been therefore identified by the Company, as indicated below. Only the most significant risks are presented below, following the implementation of the risk management processes of the Company.

The table below indicates the probability of occurrence and the magnitude of their potential negative impact of the main risks identified by the Company. The probability of occurrence has been assessed on three different levels ("High", "Moderate" and "Low") and the potential negative impact has been assessed on four different levels ("Critical", "High", "Moderate" and "Low"). In each category, the risks with the highest probability of occurrence and potential negative impact are mentioned first.

NATURE OF THE RISK	PROBABILITY OF OCCURRENCE	NEGATIVE IMPACT IN CASE OF OCCURRENCE	TREND
RISKS RELATED TO PRODUCT DEVELOPMENT AND REGULATORY APPROVAL			
DRUG CANDIDATES UNDER DEVELOPMENT MUST UNDERGO COSTLY, RIGOROUS AND HIGHLY REGULATED PRECLINICAL STUDIES AND CLINICAL TRIALS, WHOSE TIME OF COMPLETION, NUMBER AND OUTCOMES ARE UNCERTAIN.	**HIGH**	**CRITICAL**	⇨
THE COMPANY CANNOT BE CERTAIN THAT IMEGLIMIN, PXL770 OR PXL065 WILL RECEIVE REGULATORY APPROVAL, AND WITHOUT REGULATORY APPROVAL, THE COMPANY WILL NOT BE ABLE TO COMMERCIALIZE ITS DRUG CANDIDATES.	**HIGH**	**CRITICAL**	⇨
THE COMPANY'S DRUG CANDIDATES MAY CAUSE UNDESIRABLE SIDE EFFECTS OR HAVE OTHER PROPERTIES THAT COULD DELAY OR PREVENT THEIR REGULATORY APPROVAL, OR, IF APPROVAL IS RECEIVED, REQUIRE SUCH DRUG CANDIDATES TO BE TAKEN OFF THE MARKET, REQUIRE THEM TO INCLUDE SAFETY WARNINGS OR OTHERWISE LIMIT THEIR SALES.	**HIGH**	**CRITICAL**	⇨
CLINICAL FAILURE CAN OCCUR AT ANY STAGE OF CLINICAL DEVELOPMENT. THE RESULTS OF EARLIER CLINICAL TRIALS ARE NOT NECESSARILY PREDICTIVE OF FUTURE RESULTS AND ANY DRUG CANDIDATE THE COMPANY ADVANCES THROUGH CLINICAL TRIALS MAY NOT HAVE FAVORABLE RESULTS IN LATER CLINICAL TRIALS.	**HIGH**	**CRITICAL**	⇨
THE COVID-19 EPIDEMIC COULD HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S ACTIVITIES	**HIGH**	**CRITICAL**	⇗
THE COMPANY IS DEVELOPING PXL065 AND PXL770 FOR THE TREATMENT OF NASH, A CONDITION FOR WHICH NO DRUG HAS YET BEEN COMMERCIALIZED AND FOR WHICH THERE IS LITTLE CLINICAL EXPERIENCE. AS A RESULT, THE COMPANY'S DEVELOPMENT APPROACH INVOLVES NEW ENDPOINTS AND METHODOLOGIES. THERE IS A RISK THAT THE OUTCOME OF THE COMPANY'S CLINICAL TRIALS WILL NOT BE FAVORABLE OR THAT, EVEN IF FAVORABLE, REGULATORY AUTHORITIES MAY NOT FIND THE RESULTS OF SUCH CLINICAL TRIALS TO BE SUFFICIENT FOR MARKETING APPROVAL.	**HIGH**	**HIGH**	⇨
THE COMPANY INTENDS TO DEVELOP ITS DRUG CANDIDATES FOR USE IN COMBINATION WITH OTHER THERAPIES, WHICH MAY DELAY OR PROHIBIT THEIR MARKETABILITY OR EXPOSES IT TO ADDITIONAL RISKS	**HIGH**	**HIGH**	⇨
CHANGES IN REGULATORY REQUIREMENTS, GUIDANCE FROM REGULATORY AUTHORITIES OR UNANTICIPATED EVENTS DURING CLINICAL TRIALS OF THE COMPANY'S DRUG CANDIDATES COULD NECESSITATE CHANGES TO CLINICAL TRIAL PROTOCOLS OR ADDITIONAL CLINICAL TRIAL REQUIREMENTS, WHICH WOULD RESULT IN INCREASED COSTS TO THE COMPANY AND COULD DELAY ITS DEVELOPMENT TIMELINE.	**HIGH**	**HIGH**	⇨
THE COMPANY MAY NOT BE SUCCESSFUL IN ITS EFFORTS TO IDENTIFY, DISCOVER OR DEVELOP ADDITIONAL PRODUCT CANDIDATES	**HIGH**	**MODERATE**	⇗
RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL			

The Company has never generated profits from product sales and has also accumulated operating losses since its incorporation of €162.2 million. Currently, the Company has no product approved for commercial sale, and to date the Company has not generated any revenue from product sales. As a result, its ability to reduce losses and reach consistent profitability from product sales is unproven, and the Company may never sustain profitability.	**High**	**Critical**	⇨
the Company will need to raise additional funding, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force the Company to delay, limit or terminate its product development efforts or other operations.	**High**	**Critical**	⇨
If the Company or its partners do not achieve its product development or commercialization objectives in the timeframes the Company expects, the Company may not receive product revenue, milestones or royalty payments and the Company may not be able to conduct its operations as planned.	**High**	**Critical**	⇨
The revenues generated from the Company's collaboration and license agreements have contributed and are expected to contribute a large portion of the Company's revenue for the foreseeable future.	**High**	**High**	⇨
Risks Related to the Company's Dependence on Third Parties			
The Company has established partnership agreements with third parties for the development and commercialization of Imeglimin, and the Company depends upon these partners for the execution of its development and commercialization programs.	**High**	**Critical**	⇨
The late-stage development and marketing of the Company's other drug candidates may partially depend on its ability to establish collaborations with major biopharmaceutical companies.	**High**	**High**	⇨
The Company relies upon a small number of third party suppliers.	**Moderate**	**High**	⇨
Risks Related to the Commercialization of the Company's Drug Candidates			
Even if the Company successfully completes clinical trials of its drug candidates, those candidates may not be commercialized successfully for other reasons.	**High**	**Critical**	⇨
There are numerous competitors in the market for therapeutic treatments of metabolic pathologies.	**High**	**High**	⇨
Government restrictions on pricing and reimbursement, as well as other healthcare payor cost-containment initiatives, may negatively impact the Company's ability to generate revenues if the Company obtains regulatory approval to market a product	**High**	**High**	⇨
Even if any of the Company's drug candidates are commercialized, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare prescribers, third-party payors or the medical community in general necessary for commercial success.	**Moderate**	**Critical**	⇨

Any of the Company's drug candidates for which the Company obtains marketing approval could be subject to post-marketing restrictions or withdrawal from the market, and the Company may be subject to substantial penalties if the Company fails to comply with regulatory requirements or experiences unanticipated problems with its drugs following approval.	**Moderate**	**High**	⇨
Risks Related to the Company's Operations			
The Company expects to expand its organization, and as a result, the Company may encounter difficulties in managing its growth, which could disrupt its operations.	**High**	**High**	⇨
The Company's internal computer systems, or those of its collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of the product development programs.	**High**	**High**	⇨
The Company may be exposed to significant foreign exchange risk. Exchange rate fluctuations may adversely affect the foreign currency value of the ordinary shares.	**High**	**Moderate**	⇨
Risks Related to the Company's Intellectual Property			
The Company's ability to compete may decline if the Company is unable to or does not adequately protect its intellectual property rights or if its intellectual property rights are inadequate for its technology and drug candidates.	**Moderate**	**Critical**	⇨
Patent terms may be inadequate to protect the Company's competitive position on its drugs for an adequate amount of time, and the Company may seek to rely, but may not be able to rely, on other forms of protection, such as regulatory specificity.	**High**	**Moderate**	⇨
The Company will not seek to protect its intellectual property rights in all jurisdictions throughout the world and the Company may not be able to adequately enforce its intellectual property rights even in the jurisdictions where the Company seeks protection.	**Moderate**	**Moderate**	⇨
Risks related to Legal and Compliance Matters			
Failure to comply with European restrictive regulations governing the collection, use, processing and cross-border transfer of personal information may result in substantial penalties.	**Moderate**	**High**	⇨
The Company is subject to healthcare laws and regulations which may require substantial compliance efforts and could expose the Company to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.	**Moderate**	**High**	⇨

2.2.1 Risks Related to Product Development and Regulatory Approval

2.2.1.1 Drug candidates under development must undergo costly, rigorous and highly regulated preclinical studies and clinical trials, whose time of completion, number and outcomes are uncertain.

In order to obtain marketing approval from regulatory authorities for the sale of its drug candidates, the Company must conduct extensive clinical trials to demonstrate safety and utility of the drug candidates. Preclinical studies and clinical trials are generally expensive, are difficult to design and implement, can take many years to complete and are inherently uncertain as to outcome. The Company cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. The Company may experience delays in drug development, for example there have been occasional delays in the development of PXL770 and PXL065. In 2016, during the Phase 1 study of PXL770, the Company observed a different metabolic pattern in humans compared to animals that were treated with PXL770. Therefore, based on regulatory guidelines, the Company needed to further evaluate the profile of the metabolites, which may have been pharmacologically active, prior to the start of the second part of the Phase 1 study. As a result of this additional preclinical work, the second part of the Phase 1b study, scheduled in 2016, was delayed for a period of 12 months. These delays cost the Company additional development costs that it had not originally anticipated. In the same manner, the COVID-19 outbreak may have a significant impact on the Company's timelines for the development of its drug candidates. As an example, the Company initially planned to initiate a Phase 2 trial on PXL065 in the second quarter of 2020, but eventually initiated this study in September 2020 in order to ensure a safe and stable environment for patient recruitment and the availability of clinical trial sites during the COVID-19 outbreak.

It may take several years to complete the preclinical studies and clinical development necessary to commercialize a drug candidate, and delays or failure can occur at any stage. The design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. An unfavorable outcome in one or more trials would be a major setback for the Company and its drug candidates. Due to the Company's limited financial resources, an unfavorable outcome in one or more trials may require the Company to delay, reduce the scope of, or eliminate one or more product development programs, which could have a material adverse effect on its business and financial condition and on the value of its securities.

In connection with clinical testing and trials for its drug candidates, the Company faces a number of risks, including:

- delays in reaching a consensus with the EMA, the FDA, the PMDA (as contemplated for the current drug candidates developed by the Company), or other regulatory authorities on trial design;

- delays in reaching agreement on acceptable terms with prospective contract research organizations ("**CROs**"), and clinical trial sites;

- due to the development of drug candidates as potential treatments for severe, life-threatening diseases (see Section 2.2.1.3 "*The Company's drug candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, or, if approval is received, require such drug candidates to be taken off the market, require them to include safety warnings or otherwise limit their sales*"), delays in (a) recruiting suitable patients to participate in its future clinical trials or (b) in

having patients complete participation in a clinical trial or (c) return for post-treatment follow-up;

- imposition of a clinical hold by regulatory authorities as a result of a serious adverse event or after inspection of the Company's clinical trial operations or clinical trial sites;

- failure to perform in accordance with GCPs, or applicable regulatory guidelines in Japan and other key markets;

- delays in the testing, validation, manufacturing and delivery of its drug candidates to the clinical trial sites, including delays by third parties with whom the Company have contracted to perform certain of those functions;

- clinical trial sites dropping out of a clinical trial;

- selection of clinical endpoints that require prolonged periods of clinical observation or analysis of the resulting data;

- patients may die or suffer other adverse effects for reasons that may or may not be related to the drug candidate being tested;

- extension studies on long-term tolerability could invalidate the use of its drug candidates; and

- the results may not meet the level of statistical significance required by regulatory authorities to establish the safety and efficacy of its drug candidates or such regulatory authorities could interpret results in a manner differently than the Company has.

The COVID-19 outbreak may have a significant impact on some of these risks, in particular but not limited to, the preclinical activities of the Company, the recruitment and maintenance of suitable patients within its clinical trials, potential delays in the testing, validation, manufacturing and delivery of its drug candidates to the clinical trial sites, including delays by third parties with whom the Company have contracted to perform certain of those functions, difficulties to maintain clinical sites operational throughout a clinical trial or death of patients linked to COVID-19. As an example, two clinical sites which were selected for the Phase 2 trial on PXL065 could not recruit patients due to COVID-19. Similar difficulties could be encountered in the context of the Phase 2b trial on PXL770 which the Company is expecting to begin in the second half of 2021. Furthermore, the resources available in the healthcare industry of certain countries, especially in the United States where the Company will conduct its clinical trials in the short term, may be significantly impacted by COVID-19 as personal, sites and materials may be diverted to fight the pandemic. The Company is monitoring the situation on a regular basis alone and with its partners and CROs to prepare for mitigation plans should one of these risks materialize itself.

Success in preclinical studies and early clinical trials for the Company’s drug candidates does not ensure that subsequent clinical trials will generate the same or similar results.

Any inability to successfully complete preclinical and clinical development could result in additional costs to the Company or impair its ability to generate revenues from product sales, regulatory and commercialization milestones and royalties. In addition, if the Company makes manufacturing or

formulation changes to its drug candidates, the Company may need to conduct additional studies to bridge its modified drug candidates to earlier versions.

2.2.1.2 **The Company cannot be certain that Imeglimin, PXL770 or PXL065 or any of its future drug candidates will receive regulatory approval, and, without regulatory approval, the Company will not be able to commercialize its drug candidates.**

The Company currently has no drug products approved for sale, and the Company cannot guarantee that it will ever have drug products approved for commercialization. Its business and future success depends upon its ability to complete clinical development of its three most advanced drug candidates, Imeglimin, PXL770 and PXL065 (whose stages of development are detailed in Section 1.2.1 "*General information, history and achievements over the period*"), and obtain regulatory approval for and successfully market these three drug candidates. Any failure to successfully complete the development or marketing of Imeglimin, PXL770 or PXL065 or a significant delay in such development or marketing could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The development of a drug candidate and its approval and marketing are subject to extensive regulation by the FDA in the United States, the EMA in Europe, the PMDA in Japan (as contemplated for the drug candidates currently developed by the Company) and regulatory authorities in other countries, with regulations differing from country to country. The Company is not permitted to market its drug candidates in the United States, Europe or Japan until the Company receives approval of an NDA, from the FDA or the PMDA or a marketing authorization application from the EMA. The Company has not submitted any marketing applications for any of its drug candidates.

Obtaining approval of a NDA or a marketing authorization application is a lengthy, expensive and uncertain process, and the Company may not be successful in obtaining approval. The FDA, EMA and PMDA review processes can take years to complete and approval is never guaranteed. For example, Sumitomo submitted a registration dossier (a Japanese New Drug Application, or JNDA) for Imeglimin in July of 2020, with first product launch in Japan targeted for the second half of 2021, if approved. Historically, Japan takes approximately one year to review a JNDA, with no guarantee for approval. If the Company submits an NDA to the FDA, the FDA must decide whether to accept or reject the submission for filing. The Company cannot be certain that any submissions will be accepted for filing and review by the FDA. Regulators of other jurisdictions, such as the EMA and the PMDA, have their own procedures for approval of drug candidates. Regulatory authorities in countries outside of the United States, Europe and Japan also have requirements for approval of drug candidates with which the Company must comply prior to marketing in those countries. Obtaining regulatory approval for marketing of a drug candidate in one country does not ensure that the Company will be able to obtain regulatory approval in any other country. In addition, delays in approvals or rejections of marketing applications in the United States, Europe, Japan or other countries may be based upon many factors, including regulatory requests for additional analyses, reports, data, preclinical studies and clinical trials, regulatory questions regarding different interpretations of data and results, changes in regulatory policy during the period of drug development and the emergence of new information regarding the Company's drug candidates or other drug candidates. Also, regulatory approval for any of its drug candidates may be withdrawn.

On the date of this *Document d'Enregistrement Universel*, the FDA, EMA and PMDA have not indicated that their review process would be significantly delayed due to the COVID-19 outbreak. However, their responsiveness may be impacted by the pandemic and delays in the obtention of certain authorizations may occur in the near future.

The Company cannot predict whether its future trials will be successful or whether regulators will agree with its conclusions regarding the preclinical studies and clinical trials the Company have conducted to date and will conduct in the future.

2.2.1.3 The Company's drug candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, or, if approval is received, require such drug candidates to be taken off the market, require them to include safety warnings or otherwise limit their sales.

Undesirable side effects caused by the Company's drug candidates could cause the Company or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the EMA, FDA, PMDA or other comparable authorities in other jurisdictions. If severe side effects were to occur, or if any of the Company's drug candidates is shown to have other unexpected characteristics, the Company may need to either restrict its use of such product to a smaller population or abandon development of such drug candidates.

In addition, the Company's drug candidates are being developed as potential treatments for severe, life-threatening diseases and, as a result, its trials will necessarily be conducted in a patient population that will be more prone than the general population to exhibit certain disease states or adverse events. For example, type 2 diabetes patients may suffer from other co-morbidities, such as CV disease and obesity, that may increase the likelihood of certain adverse events. As such, it may be difficult to discern whether certain events or symptoms observed during such trials were due to the drug candidates or some other factor, resulting in the Company and its development programs being negatively affected even if such events or symptoms are ultimately determined to be unlikely related to its drug candidates.

If one or more of its drug candidates received marketing approval, and the Company or others later identify undesirable side effects caused by such drugs or negative interactions with other products or treatments (including, for example, as a result of interactions with other products once on the market : see Section 2.2.1.7 "*The Company intend to develop its drug candidates in combination with other therapies, which may delay or prohibit their marketability and exposes the Company to additional risks*"), a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the product's label;
- the Company may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- the Company could be sued and held liable for harm caused to patients;
- sales of the product may decrease significantly; and
- its reputation may suffer.

Any of these events could prevent the Company from achieving or maintaining market acceptance of the particular drug candidate, if approved, and could have a material adverse effect on its business, prospects, financial condition, cash flows or results of operations.

2.2.1.4 **Clinical failure can occur at any stage of clinical development. The results of earlier clinical trials are not necessarily predictive of future results and any drug candidate the Company advances through clinical trials may not have favorable results in later clinical trials.**

Clinical failure can occur at any stage of the Company's clinical development. Success in preclinical studies and early clinical trials does not ensure that subsequent clinical trials will generate the same or similar results. A number of companies in the pharmaceuticals industry, including those with greater resources and experience than the Company, have suffered significant setbacks in Phase 2 and 3 clinical trials, even after seeing promising results in earlier clinical trials, and the Company could face similar setbacks in relation to Imeglimin, PXL770 and/or PXL065. In some instances, there can be significant variation in safety or efficacy results between different clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. In particular, the Company's drug candidate PXL065 for the treatment of NASH is in relatively early stages of clinical development, and has not yet completed any Phase 2 clinical trials assessing its efficacy. Moreover, data obtained from preclinical and clinical activities is subject to varying interpretations, which may delay, limit or prevent regulatory approval. Any such delays or failures could negatively impact the Company's business, financial condition, results of operation and prospects.

2.2.1.5 **The COVID-19 epidemic could have a significant impact on the Company's activities**

The progressive development of the COVID-19 pandemic on a global scale since the end of December 2019 has resulted in significant and evolving health threats in many countries, including countries in which the Group's clinical trials are planned or ongoing, such as France and the United States. COVID-19 having been declared a pandemic by the World Health Organization (WHO) on March 12, 2020, the Company has been regularly reviewing the impact of the outbreak on its business.

Nonetheless, the eventual impact of the COVID-19 pandemic on the Company will depend on future developments, which are highly uncertain and cannot be predicted.

At this stage, the Company believes that the main risk factors that the Group could face in this context are the following, it being specified this list is not exhaustive:

- disruptions or interruptions of the Company's preclinical and/or clinical trial activities, whether conducted by the Company or in collaboration with its partners, due in particular to:
    - delays or difficulties in recruiting patients, limitations or redirection of human or material resources normally allocated to these clinical trials. The only significant impact of COVID-19 on the Company as of the date of this *Document d'Enregistrement Universel* was the absence of recruitment of patients by two clinical sites which were selected for the Phase 2 trial on PXL065 in 2020;
    - delays in, or even lack of, the supply of drug substance or drug products and materials necessary for the performance of clinical trials, or
    - travel restrictions imposed or recommended by local authorities;
- reduced resources in the healthcare industries of the countries in which the Company will conduct its clinical trials, as the resources might be diverted to fight the pandemic;

- this could also result in delays in obtaining from regulatory authorities the approvals required to launch the clinical trials contemplated by the Company, as well as delays in the necessary interactions with local authorities or other important organizations and third-party partners;

- changes in local regulations due to the measures taken in response to the COVID-19 pandemic, which could require the Company to modify the conditions of its clinical trials, potentially resulting in unforeseen costs or even the interruption of these trials, and could also lead to the rejection of clinical data conducted in these territories;

- reduced operational efficiency, including interruptions to the R&D activity, resulting from challenges associated with remote work arrangements and limited resources available to employees working remotely, as well as a potential decrease in Group employees' engagement following short-time working measures or long periods of remote work during lockdown periods; or

- difficulties in accessing, in a timely manner or on acceptable terms, financing opportunities as a result of dislocations in the capital markets, liquidity constraints on potential commercial partners, and general disruptions to global and regional economies.

As of the date of this *Document d'Enregistrement Universel*, and based on publicly available information, the Company has not identified the occurrence of any material negative effect on its business due to the COVID-19 pandemic that remains unresolved. The Company will continue to strongly monitor the impact of the pandemic on its business, prospects, financial condition, cash flows or results of operations.

2.2.1.6 **The Company is developing PXL065 and PXL770 for the treatment of NASH, a condition for which no drug has yet been commercialized and for which there is little clinical experience. As a result, the Company's development approach involves new endpoints and methodologies. There is a risk that the outcome of the Company's clinical trials will not be favorable or that, even if favorable, regulatory authorities may not find the results of such clinical trials to be sufficient for marketing approval.**

The Company is developing two of its drug candidates, PXL770 and PXL065, for the treatment of NASH, a disease for which there are currently no approved treatments (see Section 2.1.8 "*Competition*"). As a result, the design and conduct of clinical trials for these diseases and other indications the Company may pursue will be subject to increased risk.

The FDA and EMA generally require two pivotal clinical trials to approve an NDA or marketing approval authorization. Furthermore, for full approval of an NDA or marketing approval authorization, the FDA or EMA, respectively, requires a demonstration of efficacy based on a clinical benefit endpoint. The FDA can grant accelerated approval for a new drug if it complies with the following criteria: (i) it treats a serious condition; (ii) it provides a meaningful advantage over available therapies and (iii) it demonstrates an effect on an endpoint reasonably likely to predict clinical benefit.

As there is no existing approved treatment of NASH, there can be no assurance that the endpoints and methodologies involved in the development of PXL770 and PXL065 will be satisfactory and incidentally there can be no assurance that the outcome of the Company's clinical trials will be favorable or that, even if favorable, FDA, EMA, PMDA or other relevant regulatory authorities may not find the results of its clinical trials to be sufficient for marketing approval.

2.2.1.7 The Company intends to develop its drug candidates for use in combination with other therapies, which may delay or prohibit their marketability and exposes it to additional risks.

Certain of the Company's drug candidates are intended to be used in combination with certain other products. The Company undertakes studies to determine any risks arising from the Company's drug candidates' interaction with other products and treatments when taken in combination. For example, combined use of Imeglimin and metformin may in the future show additive toxicities notwithstanding its current belief of sufficient mechanistic differences between these drugs. The same could apply to the combined use of Imeglimin and sitagliptin (see Section 2.1.5 *"Imeglimin – the first type 2 diabetes treatment with the ambition of slowing disease course and its complications"* for more details on such combination). These studies, by their nature, cannot cover every possible combination. In addition, the Company's drug candidates may interact negatively with other products and treatments in certain populations not covered by any of its studies. Further, such negative interactions may only arise once its drug candidates, if approved, have been released to the market. Any such interactions may have unacceptable or undetected side effects or reduce or negate the efficacy of its drug candidates, which could reduce the marketability of its drug candidates, delay the development of its drug candidates and, in turn, have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

2.2.1.8 Changes in regulatory requirements, guidance from regulatory authorities or unanticipated events during clinical trials of the Company's drug candidates could necessitate changes to clinical trial protocols or additional clinical trial requirements, which would result in increased costs to the Company and could delay its development timeline.

Changes in regulatory requirements, FDA guidance or guidance from the EMA, PMDA or other regulatory authorities, or unanticipated events during its clinical trials, may force the Company to amend clinical trial protocols. The regulatory authorities could also impose additional clinical trial requirements. Amendments to the Company's clinical trial protocols would require resubmission to the EMA, FDA**,** PMDA, national clinical trial regulators and institutional review boards ("**IRBs**"), for review and approval, which may adversely impact the cost, timing or successful completion of a clinical trial. In particular, given the advanced stage of development of Imeglimin in Japan, a change in regulation, particularly by the PMDA, could lead to a significant delay in the final steps of Imeglimin related approval and commercialization. Further, the Company intends to submit an NDA under Section 505(b)(2) for PXL065, a regulatory process available to new drug candidates modifying a pharmaceutical product already approved by the FDA**.** While this could allow the Company to conduct fewer preclinical or clinical studies and reduce development costs, the FDA could reject its application and the Company would be subject to the standard requirements for drug development. This could have a significant impact on its drug candidate development program and plans. If the Company experiences delays completing, or if the Company terminates, any of its clinical trials, or if the Company is required to conduct additional clinical trials, the commercial prospects for its drug candidates may be harmed and its ability to generate product revenue will be delayed.

2.2.1.9 The Company may not be successful in its efforts to identify, discover or develop additional product candidates

The Company is seeking to develop a broad and innovative pipeline of product candidates and may not be successful in identifying additional product candidates for clinical development for a number of reasons. For example, the Company's research methodology may be unsuccessful in identifying future potential product candidates or the potential product candidates identified by the Company may have harmful side effects, lack efficacy or have other characteristics that make them unmarketable or unlikely to receive regulatory approval.

Research programs to pursue the development of the Company's drug candidates for additional indications in order to maximize the commercial potential of such drug candidates and to identify new product candidates and disease targets require substantial technical, financial and human resources. The Company's research programs may initially show promise in identifying potential indications or product candidates, yet fail to yield results for clinical development.

Accordingly, there can be no assurance that the Company will ever be able to identify additional indications for its product candidates or to identify and develop new product candidates through internal research programs. The Company may focus its efforts and resources on potential product candidates or other potential programs that ultimately prove to be unsuccessful.

2.2.2 Risks Related to the Company's Financial Position and Need for Additional Capital

2.2.2.1 **The Company has never generated profits from product sales and has also accumulated operating losses since incorporation through December 31, 2020 of €162.2 million. Currently, the Company has no product approved for commercial sale, and to date the Company has not generated any revenue from product sales. As a result, its ability to reduce losses and reach consistent profitability from product sales is unproven, and the Company may never sustain profitability.**

The Company is an international clinical-stage biopharmaceutical company. Investment in product development in the healthcare industry, including of biopharmaceutical products, is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential drug candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and/or become commercially viable. The Company has no products approved for commercial sale, and have not generated any revenue from product sales to date. As of December 31, 2020, the Company had an accumulated loss of € 162.2 million.

The Company has devoted most of its financial resources to research and development, including its clinical and preclinical development activities. Even if the Company obtains regulatory approval to market a drug candidate, its future revenues will depend upon the size of any markets in which its drug candidates have received approval and its ability to achieve sufficient market acceptance, reimbursement from third-party payors and adequate market share for its drug candidates in those markets. There can be no assurance that the Company will ever earn any revenues or revenues sufficient to offset past, current and future losses or achieve profitability, which would impair its ability to sustain its operations. Any inability to generate sustained profits could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

The Company, even though it does not generate any profit, still has to face certain contractual obligations and commitments (See Section 3.1.8 – "*Contractual Obligations and Commitments*").

The Company expects to continue to incur significant expenses and operating losses for the foreseeable future. The Company had net losses during the year ended December 31, 2020. The Company does not anticipate achieving profitability in the future unless the Company obtains regulatory approval for one or more product candidates and achieve sales of such products. The Company anticipates that its expenses will increase substantially if, and as, the Company:

- continues the preclinical and clinical development of its drug candidates;
- expands the scope of its current clinical trials for its drug candidates;

- begins new clinical trials for its drug candidates;
- seeks regulatory and marketing approvals for any drug candidates that successfully completes clinical trials;
- establishes a sales, marketing and distribution infrastructure to commercialize any drugs for which the Company may obtain marketing approval for which the Company has not entered into a collaboration with a third-party;
- seeks to discover, identify and validate additional drug candidates;
- acquires or in-license other drug candidates and technologies;
- makes milestone, royalty or other payments under in-license or collaboration agreements;
- maintains, protects and expands its intellectual property portfolio;
- attracts new and retains existing skilled personnel; and
- creates additional infrastructure to support its operations as a public company.

The net losses the Company incurs may fluctuate significantly from year to year, such that a period-to-period comparison of its results of operations may not be a good indication of its future performance. In any particular period or periods, its operating results could be below the expectations of securities analysts or investors, which could cause the price of the shares to decline.

2.2.2.2 **The Company will need to raise additional funding, which may not be available on acceptable terms, or at all, and failure to obtain this necessary capital when needed may force the Company to delay, limit or terminate its product development efforts or other operations.**

The Company is currently advancing its drug candidates through clinical development and conducting preclinical studies with respect to other programs. Developing drug candidates is expensive, lengthy and risky, and the Company expects its research and development expenses to increase substantially in connection with its ongoing activities, particularly as the Company seeks to advance its product candidates toward commercialization. If its clinical trials are successful and the Company obtains regulatory approval for product candidates that the Company develops, to the extent the Company pursues commercialization of its own products, as opposed to relying on third parties for commercialization, the Company will likely incur commercialization expenses before these drug candidates are marketed and sold.

As of December 31, 2020, the Group's cash and cash equivalents were €40.2 million. The Group's cash and cash equivalents net of financial liabilities were €17.1 million (IFRS 16 impacts and derivative debts excluded).

Based on its cash forecast for the year 2021 approved by the Board of Directors of the Company, that includes (i) a milestone payment from Sumitomo Dainippon Pharma of JPY 1,750 million (approx. EUR 13.8 million based on the JPY/€ exchange rate at December 31, 2020) and (ii) a drawdown of the third tranche of the IPF financing for EUR 13.5 million by December 2021, the Group expects that its

resources will be sufficient to fund its operations and capital expenditure requirements through at least 12 months from the date of this *Document d'Enregistrement Universel*. This milestone payment and the drawdown of the third tranche of the IPF financing are both subject to the obtention of the marketing approval of Imeglimin in Japan, expected in 2021 (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). As of the date of approval of the financial statements by the Board of Directors of the Company, management has not identified any reason which would jeopardize the obtention of the marketing approval of Imeglimin in Japan. In addition, in order to anticipate a potential breach of certain financial covenants in 2021, the Group has obtained a waiver from IPF Partners.

In any event, the Company will require additional capital to pursue preclinical and clinical activities, obtain regulatory approval for and commercialize its drug candidates.

In November 2019, the Company entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches for up to an aggregate of €30.0 million, subject to the occurrence of contractually defined triggering events, and related warrants to purchase up to €4.5 million of the Company's ordinary shares. The Company borrowed €6.5 million under the first tranche and issued warrants to purchase 264,587 ordinary shares with an exercise price of €7.37 per share in November 2019. In March 2020, the Company borrowed an additional €10 million under the second tranche and issued warrants to purchase 209,967 ordinary shares with an exercise price of €7.14 per share.

Such bonds contain customary financial and security interest covenants and increases in interest due upon certain defaults, including a pledge on certain intellectual property rights should the Company's cash position fall below its nine-month cash runaway. As of the date of this *Document d'Enregistrement Universel*, no intellectual property rights have been pledged. In addition, a six-month cash runway covenant applies throughout the duration of the agreement.

Until the Company can generate sufficient product or royalty revenue to finance its cash requirements, which the Company may never do, the Company may seek additional financing in the form of public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these sources. Any additional fundraising efforts may divert its management from their day-to-day activities, which may adversely affect its ability to develop and commercialize its drug candidates. In addition, the Company cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to the Company, if at all. Specifically, in the context of the COVID-19 outbreak the Company anticipates that such additional financing may be difficult to obtain in the near future. Moreover, the terms of any financing may adversely affect the holdings or the rights of the Company's shareholders and the issuance of additional securities, whether equity or debt, by the Company, or the possibility of such issuance, may cause the market price of its shares to decline. The sale of additional equity or convertible securities would be dilutive to the Company's shareholders. The Company could also be required to seek funds through arrangements with collaborators or otherwise at an earlier stage than otherwise would be desirable and the Company may be required to relinquish rights to some of its technologies or drug candidates or otherwise agree to terms unfavorable to the Company. If the Company is unable to obtain funding on a timely basis, the Company may be required to significantly curtail, delay or discontinue one or more of its research or development programs or the commercialization of any drug candidate or be unable to expand its operations or otherwise capitalize on its business opportunities, as desired, which could impair its prospects.

2.2.2.3 **If the Company or its partners do not achieve its product development or commercialization objectives in the timeframes the Company expects, the Company may not receive product revenue, milestones or royalty payments and the Company may not be able to conduct its operations as planned.**

The Company has received and expects to continue to receive payments from its partner Sumitomo when the Company satisfies certain pre-specified milestones under its Sumitomo License Agreement. For example, the Company is eligible to receive payments related to achieving regulatory and sales milestones under its Sumitomo License Agreement of over USD 253 million (including approx. EUR 13.8 million upon obtaining the JNDA based on the JPY/€ exchange rate at December 31, 2020) and it is also eligible to receive escalating double-digit royalties on net sales. The Company currently depends to a large degree on the milestone payments from its existing partner in order to fund its operations.

The termination of the Roivant License Agreement had no immediate financial consequence for the Group. Nevertheless, the Company was entitled to receive potential future development, regulatory and sales milestone payments up to max USD 600 million, which the Company will not receive as a result of the termination of this agreement. The Company cannot ensure that it will be able to enter into additional collaboration agreements that also provide for milestone payments in the future. In addition, the milestone payments in these collaboration agreements are generally dependent on the accomplishment of various scientific, clinical, regulatory, sales and other product development objectives. The successful or timely achievement of many of these milestones is outside of the Company's control, in part because some of these activities are being or will be conducted by its partners. If the Company or its partners fail to achieve the applicable milestones, the Company will not receive such milestone payments. A failure to receive any such milestone payment may cause the Company to:

- delay, reduce or terminate certain research and development programs or otherwise find ways to reduce short-term expenses that may not be in its long-term best interest;
- raise funds through additional equity or convertible debt financings that could be dilutive to its shareholders and holders of its ordinary shares;
- obtain funds through collaboration agreements that may require the Company to assign rights to technologies or products that the Company would have otherwise retained;
- sign new collaboration or license agreements that may be less favorable than those the Company would have obtained under different circumstances; and
- consider strategic transactions or engaging in a joint venture with a third party.

Any potential royalty payments are also dependent on the successful product development and commercialization of the Company's drug candidates, which may never occur. The Company's failure to receive milestone or royalty payments and the occurrence of any of the events above may have a material adverse impact on its business, prospects, financial conditions and results of operations.

2.2.2.4 **The revenues generated from the Company's collaboration and license agreements have contributed and are expected to contribute a large portion of the Company's revenue for the foreseeable future.**

The Company had entered into two partnership and license agreements for Imeglimin, one with Sumitomo in respect of Japan, China and eleven other East and Southeast Asian countries (the "**Sumitomo License Agreement**"), and one with Roivant, in respect of the United States, Europe

and all the other countries not covered by the joint development and license agreement with Sumitomo (the "**Roivant License Agreement**"). The revenue recognized from the Sumitomo License Agreement and the Roivant License Agreement were €6.7 million and €26.5 million for the years ended December 31, 2020 and 2019 respectively (see Sections 2.3.2 "*Sumitomo License Agreement*" and 2.3.4 "*Roivant License Agreement*" for more details on such agreements).

On January 31, 2021, and following the decision by its former partner, Roivant, not to advance Imeglimin into a Phase 3 program for strategic reasons, the Roivant License Agreement was terminated and Company regained all rights to Imeglimin in the US, Europe and the other countries not covered by the partnership agreement with Sumitomo. The termination of the Roivant License Agreement had no immediate financial consequence for the Company. Nevertheless, the Company will no longer benefit from the potential future development, regulatory and sales milestone payments up to max USD 600 million it had anticipated under the Roivant License Agreement and cannot ensure that it will be able to enter into a new collaboration agreement or find other options to compensate for such loss.

The Company also enhances its research efforts by establishing collaborations with academic or non-profit research institutions and other biopharmaceutical companies. The participation in these collaborations may generate revenue and funding in the form of operating grants or the reimbursement of research and development expenses.

The Company's existing or future partners may not execute their obligations as planned or refuse to honor their commitments under the collaboration and license agreements. The Company may not be able to renew or maintain its license agreements or collaborative research contracts or may be unable to sign new agreements with new collaborators on reasonable terms or at all. The non-performance of partners, early termination of a contract such as the termination of the Roivant License Agreement in January 2021, the non-renewal of a contract or the Company's inability to find new or replacement partners may negatively impact its revenues and research and development activities and funding therefor. Should any of these risks materialize, this could have an adverse effect on the Company's business, prospects, financial condition and results of operations.

2.2.3 Risks Related to the Company's Dependence on Third Parties

2.2.3.1 The Company has established partnership agreements with third parties for the development and commercialization of Imeglimin, and the Company depends upon these partners for the execution of its development and commercialization programs.

The Company's development of Imeglimin in Japan, China and eleven other East and Southeast Asian countries is entirely dependent upon the Sumitomo License Agreement. Outside of the territories covered by the Sumitomo License Agreement, including the United States and Europe, its development of Imeglimin was entirely dependent upon the Company's development and license agreement with Roivant, or the Roivant License Agreement (see Sections 2.3.2 "*Sumitomo License Agreement*" and 2.3.4 "*Roivant License Agreement*" for more details on such agreements). However due to the termination of the Roivant License Agreement on January 31, 2021, the Company can no longer rely on Roivant for the development of Imeglimin outside of the territories covered by the Sumitomo License Agreement, including the United States and Europe. The Company is currently considering various options to advance Imeglimin in these territories but cannot ensure that it will be able to find a viable path for such development.

In the territories covered by the Sumitomo License Agreement, the Company has limited control over the amount and timing of resources that Sumitomo will dedicate to the development and commercialization of its drug candidates. Its ability to generate revenue from these agreements will depend on its partner' abilities to carry out the intended plans. In addition, as it has occurred for the

Roivant License Agreement in January 2021, Sumitomo has the right to abandon research or development projects and terminate its collaboration agreements prior to or upon expiration of the terms. The Company's current collaboration involving the development and commercialization of Imeglimin pose a number of risks, and the Company may enter into further partnership agreements with third parties for the development and commercialization of its other drug candidates in the future, which may be subject to the same or similar risks, including:

- partners have significant discretion in determining the efforts and resources that they will apply to these partnerships and may not perform their obligations as expected;

- partners may not pursue development and commercialization of Imeglimin, or may elect not to continue or renew development or commercialization programs, based on clinical trial results, changes in the collaborators' strategic focuses, available funding or external factors that divert resources or create competing priorities;

- partners may delay clinical trials, provide insufficient funding for a clinical program, stop a clinical trial or abandon Imeglimin, repeat or conduct new clinical trials, or require a new formulation of Imeglimin for clinical testing;

- partners could independently develop, or develop with third parties, products that compete directly or indirectly with Imeglimin;

- disagreements with partners, including over: proprietary rights; contract interpretation; or the preferred course of development, might cause: delays or termination of the research, development or commercialization of Imeglimin; additional responsibilities with respect to Imeglimin; or result in litigation or arbitration, any of which could be time-consuming and expensive;

- partners may not properly maintain or defend the Company's intellectual property rights, or may use its proprietary information in such a way as to invite litigation that could jeopardize or invalidate its intellectual property or proprietary information, or expose the Company to potential litigation;

- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of Imeglimin; and

- if one of its partners is involved in a business combination, it could decide to delay, diminish or terminate the development or commercialization of Imeglimin licensed to it by us. Collaboration agreements might not result in highly performing development or commercialization of Imeglimin, or might simply not give any results at all.

Regarding PXL065 more specifically, the Company acquired this program from DeuteRx in August 2018. The Company's current development and clinical trial activities for PXL065 could be delayed, suspended or interrupted if the quality or accuracy of data obtained by DeuteRx in the past is compromised or challenged for any reason, especially if DeuteRx failed to comply with clinical protocols or any regulatory requirements or failed to execute certain obligations under the agreement signed with the Company, which could lead to expenses and delays impeding successful marketing of PXL065 according to the planned timetable.

2.2.3.2 **The late-stage development and marketing of the Company's other product candidates may partially depend on its ability to establish collaborations with major biopharmaceutical companies.**

In order to develop and market some of its product candidates, the Company relies on collaboration, research and license agreements with pharmaceutical companies to assist in the development of product candidates and the financing of their development. For its most advanced clinical product candidate, Imeglimin, the Company had entered into agreements with Sumitomo and Roivant, in part because of their late-stage development and marketing capabilities. However due to the termination of the Roivant License Agreement on January 31, 2021, the Company can no longer rely on Roivant for the development of Imeglimin outside of the territories covered by the Sumitomo License Agreement, including the United States and Europe. The Company is currently considering various options to advance Imeglimin in these territories but cannot ensure that it will be able to enter into find a viable path for such development.

As the Company continues to develop PXL770 and PXL065, as well as identifying new product candidates, the Company will determine the appropriate strategy for development and marketing, which may result in the need to establish collaborations with major biopharmaceutical companies for such product candidates. The Company may also enter into agreements with institutions and universities to participate in its other research programs and to out license intellectual property rights.

The Company may fail to find collaboration partners and to sign new agreements for its other product candidates and programs. The competition for partners is intense, and the negotiation process is time-consuming and complex. Particularly, in the context of the COVID-19 outbreak, collaboration partners may have other priorities in the near term which could impair the ability of the Company to sign new agreements for its other product candidates and programs.

Any new collaboration may be on terms that are not optimal for the Company, and it may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations or the collaborator terminates the collaboration. Any such collaboration, or other strategic transaction, may require the Company to incur non-recurring or other charges, increase its near- and long-term expenditures and pose significant integration or implementation challenges or disrupt its management or business.

These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of the Company's business and diversion of its management's time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies.

Accordingly, although there can be no assurance that the Company will undertake or successfully complete any transactions of the nature described above, any transactions that the Company does complete may be subject to the foregoing or other risks and have a material and adverse effect on its business, financial condition, results of operations and prospects.

Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to the Company could delay the development and potential commercialization of its product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

2.2.3.3 **The Company relies upon a small number of third-party suppliers.**

The Company currently relies, and expects to continue to rely, on a small number of third-party suppliers for the supply of various raw materials and chemical products and clinical batches needed for its preclinical studies and clinical trials, the execution of its preclinical studies and clinical trials and, in the future, the production of its product candidates for which the Company obtains marketing approval. For example, as of December 31, 2020, one supplier, a global leader in the field, accounted for 16 % of the Company's total purchases mainly in connection with the clinical development of Imeglimin. The Company may be unable to establish any additional agreements with third-party suppliers or to do so on acceptable terms.

Even if the Company is able to establish agreements with third-party suppliers, reliance on third-party suppliers entails additional risks, including:

- reliance on the third party for regulatory compliance, quality assurance and safety;
- the possible breach of the supply agreement by the third-party;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for the Company; and
- risks that such third parties are subject to cyber-attacks or similar events. In 2020 several of the third-party suppliers the Company had relied on, in particular for the execution of its preclinical studies and clinical trials have been targeted by cyber-attacks. Due to their internal organization and readiness the consequences of such cyber-attacks did not lead to any material consequences for the Company. However, the Company cannot exclude that future cyber-attacks could have a material negative impact on the Company's activities.

Third-party manufacturers may not be able to comply with current GMP, regulations or similar regulatory requirements outside the United States. The Company's failure, or the failure of its third-party suppliers, to comply with applicable regulations could result in sanctions being imposed on the Company, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drug candidates, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect the duration, cost or continuation of its clinical trials, which would, in turn, affect the eventual manufacturing and marketing of its drug candidates, if approved, and harm its business and results of operations.

The Company aims to select its suppliers as carefully as possible to ensure the delivery of raw materials, chemical products and clinical batches it needs. Although the Company generally selects several suppliers for raw materials, a single supplier is usually relied on for the development of a production process and the upscaling thereafter, due to financial and time constraints. The risk associated to a delay or non-compliance in production of the clinical batches is integrated in the development timelines of each drug-candidates of the Company. As of December 31, 2020, the Company is using approximately 75 suppliers for its preclinical studies and clinical trials.

In the context of the COVID-19 outbreak, the Company anticipates that certain of its third-party manufacturers may not be able to deliver the raw materials, chemical products and clinical batches it needs within the agreed upon timelines. The Company is closely monitoring the situation with its suppliers and will implement mitigation plans which may include the use of additional third-party manufacturers as will be necessary.

Any performance failure on the part of the Company's existing or future suppliers could delay clinical development or marketing approval. If any one of its current suppliers cannot perform as agreed, the Company may be required to replace that supplier. Although the Company believes that there are several potential alternative suppliers who could supply the various raw materials and chemical products and clinical batches needed for its preclinical studies and clinical trials, the Company may incur added costs and delays in identifying and qualifying any such replacement.

Its current and anticipated future dependence upon others for the supply and manufacture of its drug candidates may adversely affect the Company's future profit margins and its ability to commercialize any drug candidates that receive marketing approval on a timely and competitive basis.

2.2.4 Risks Related to the Commercialization of the Company's Drug Candidates

2.2.4.1 Even if the Company successfully complete clinical trials of its drug candidates, those candidates may not be commercialized successfully for other reasons.

Even if the Company successfully completes clinical trials for one or more of its drug candidates and obtain relevant regulatory approvals or clearance, those candidates may not be commercialized for other reasons, including:

- failing to receive regulatory clearances required to market them as drugs;
- being subject to proprietary rights held by others;
- failing to obtain clearance from regulatory authorities on the manufacturing of the Company's drug candidates;
- being difficult or expensive to manufacture on a commercial scale;
- having adverse side effects that make their use less desirable;
- having negative interactions with other products or treatments;
- failing to compete effectively with products or treatments commercialized by competitors; or
- failing to show that the long-term benefits of the Company's drug candidates exceed their risks.

2.2.4.2 There are numerous competitors in the market for therapeutic treatments of metabolic pathologies.

The biotechnology and pharmaceutical industries are highly competitive and subject to significant and rapid technological change as researchers learn more about diseases and develop new technologies and treatments. Numerous biopharmaceutical laboratories, biotechnology companies, institutions, universities and other research entities are actively engaged in the discovery, research, development and marketing of therapeutic responses to treat type 2 diabetes making it a highly competitive field, such as AstraZeneca PLC, GlaxoSmithKline plc, Eli Lilly & Co., Sanofi, Novo Nordisk A/S, Johnson & Johnson, Boehringer, and Merck Sharp & Dohme Corp. There are also a number of products in development for the treatment of NASH that could reach the market before the Company's drug candidates, such as Novartis AG, Pfizer Inc., Novo Nordisk A/S, Gilead Science, Inc., Allergan PLC,

Intercept Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., Viking Therapeutics, Inc., and Akero Therapeutics. Significant competitive factors in this industry include product efficacy and safety, quality and breadth of an organization's technology, skill of an organization's employees and its ability to recruit and retain key employees, timing and scope of regulatory approvals, government reimbursement rates for, and the average selling price of, products, the availability of raw materials and qualified manufacturing capacity, manufacturing costs, intellectual property and patent rights and their protection and sales and marketing capabilities. Given the intense competition in its industry, the Company cannot assure you that any of the products that the Company successfully develops will be clinically superior or scientifically preferable to products developed or introduced by its competitors.

In addition, significant delays in the development of the Company's drug candidates could allow its competitors to succeed in obtaining EMA, FDA, PMDA or other regulatory approvals for their drug candidates more rapidly than the Company, which could place it at a significant competitive disadvantage or deny it marketing exclusivity rights.

Further, many of the organizations competing with the Company have significantly greater financial resources and expertise in research and development, manufacturing, preclinical studies, conducting clinical trials, obtaining regulatory approvals and marketing, especially regarding NASH treatment. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Company's competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through partnership arrangements with large and established companies. These companies also compete with the Company in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, its programs.

In addition, a number of surgical and other alternative therapies to combat type 2 diabetes are being researched and are in various stages of development, consisting essentially of metabolic surgery and diabetic nephropathy. Should these therapies prove effective, it could reduce the potential size of the market for the Company's drug candidates.

The occurrence of any of the foregoing could have a significant impact on the Company's ability to generate profits from its drug candidates, which could, in turn, have a material adverse effect on its business, prospects, financial condition, cash flows or results of operations.

2.2.4.3 **Government restrictions on pricing and reimbursement, as well as other healthcare payor cost-containment initiatives, may negatively impact the Company's ability to generate revenues if it obtains regulatory approval to market a product.**

The Company's ability to successfully commercialize any of its drug candidates, if approved, will depend in part on to the extent to which coverage and adequate reimbursement for these products will be available from third-party payors, including government authorities, such as Medicare and Medicaid in the United States, private health insurers and health maintenance organizations. These third-party payors determine which medications they will cover and establish reimbursement levels. The Company cannot be sure that coverage and reimbursement will be available for any potential drug candidate that it may commercialize and, if reimbursement is available, what the level of reimbursement will be.

Assuming the Company obtains coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their

conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use the Company's drug candidates unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of the Company's drug candidates. Coverage and adequate reimbursement is critical to new product acceptance.

Third-party payors are developing increasingly sophisticated methods of controlling healthcare costs, such as by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices as a condition of coverage, are using restrictive formularies and preferred drug lists to leverage greater discounts in competitive classes, and are challenging the prices charged for medical products. As a result, the coverage determination process is often a time-consuming and costly process that will require the Company to provide scientific and clinical support for the use of its products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

In some countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. In addition, in certain markets, the pricing of prescription drugs is subject to government control and reimbursement may in some cases be unavailable. The requirements governing drug pricing vary widely from country to country. For example, in Japan, almost all medical care is covered by public health insurance. Drug prices are decided by governmental rules, enlisted into a drug price list and then decreased year by year. Pharmaceutical companies cannot seek specific price adjustment. Furthermore, the rules on drug pricing in Japan are becoming more and more restrictive for pharmaceutical companies due to the increased financial burden for the country as a result of a rapidly aging society.

National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. There can be no assurance that any country that has price controls or reimbursement limitations for biopharmaceutical products will allow favorable reimbursement and pricing arrangements for any of the Company's drug candidates.

2.2.4.4 **Even if any of the Company's drug candidates are commercialized, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare prescribers, third-party payors or the medical community in general necessary for commercial success.**

To date, the Company has never commercialized a product, and even if one of its drug candidates is approved by the appropriate regulatory authorities for marketing and sale, it may nevertheless fail to gain sufficient market acceptance by physicians, patients, healthcare prescribers, third-party payors and others in the medical community.

Even if the medical community accepts a product as safe and efficacious for its indicated use, physicians may choose to restrict the use of the product if the Company is unable to demonstrate that, based on experience, clinical data, side-effect profiles and other factors, its product is preferable to any existing products or treatments. Given that no products are currently approved for the treatment of NASH, the Company does not know the degree to which PXL770 and PXL065 would be accepted as a therapy, if approved. Consequently, the Company cannot predict the degree of market acceptance of any drug candidate that receives marketing approval, especially for PXL770 and PXL065, which will depend on a number of factors, including, but not limited to:

- the demonstration of the clinical efficacy and safety of the product; and the perception of its therapeutic benefit by prescribers and patients;

- the approved labeling for the product and any required warnings;

- the potential occurrence of unfavorable side-effects and interactions;

- the product's ease of use, in particular in respect of its method of administration;

- the advantages and disadvantages of the product compared to alternative treatments;

- the Company's ability to educate the medical community about the safety and effectiveness of the product;

- the market price of its product relative to competing treatments;

- the availability of coverage and adequate reimbursement from governments and other third-party payors pertaining to the product, and patients' willingness to pay out-of-pocket for cost shares or the product if third-party payor reimbursement is limited or not available;

- the effective implementation of a scientific publication strategy;

- the support of opinion leaders in the field of type 2 diabetes and NASH; and

- the development of one or more competing products for the same indication.

If one or more of the Company's drug candidates, if approved, fails to be accepted by the market for any of the reasons set forth above or for any other reason in one or more jurisdictions, this could negatively affect the profitability and marketability of such drugs, which could, in turn, have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.
In addition, the marketing of the Company's drug candidates, if approved will require the entering into of partnerships.

2.2.4.5 **Any of the Company's drug candidates for which the Company obtains marketing approval could be subject to post-marketing restrictions or withdrawal from the market, and the Company may be subject to substantial penalties if the Company fails to comply with regulatory requirements or experiences unanticipated problems with its drugs following approval.**

Any of the drug candidates for which the Company obtains marketing approval, as well as the manufacturing processes, post-approval studies and measures, labeling, advertising and promotional activities for such drugs, among other things, will be subject to continual requirements of and review by the EMA, FDA, PMDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a drug candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the FDA requirement to implement a Risk Evaluation and Mitigation

Strategy ("**REMS**") to ensure that the benefits of a drug or biological product outweigh its risks, or a drug candidate would be required to carry a warning in its labeling and on its packaging. Drugs with boxed warnings are subject to more restrictive advertising regulations than drugs without such warnings.

The EMA, FDA and PMDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of a product, such as long-term observational studies on natural exposure. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. Violation of the FDCA and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription drugs may lead to investigations or allegations of violations of federal and state health care fraud and abuse laws and state consumer protection laws.

2.2.5 Risks Related to the Company's Operations

2.2.5.1 The Company expects to expand its organization, and as a result, the Company may encounter difficulties in managing its growth, which could disrupt its operations.

As of December 31, 2020, the Company had 53 full-time employees. The Company expects to experience significant growth in the number of its employees and the scope of its operations, particularly in the areas of lead discovery and product development, regulatory affairs, clinical affairs and manufacturing and, if any of its drug candidates receives marketing approval, sales, marketing and distribution.

In order to manage its anticipated development and expansion, including the potential commercialization of its drug candidates in Europe and the United States, the Company must continue to implement and improve its managerial, operational and financial systems, expand its facilities and continue to recruit and train additional qualified personnel. Due to its limited financial resources and the limited experience of its management team in managing a company with such expected growth, the Company may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. The expansion of its operations may lead to significant costs and may divert the attention of its management and business development resources away from day-to-day activities and devote a substantial amount of time to managing internal or external growth. Any inability to manage growth could delay the execution of the Company's business plans or disrupt its operations. If the Company's management is unable to effectively manage its expected development and expansion, its expenses may increase more than expected, its ability to generate or increase its revenue could be reduced and the Company may not be able to implement its business strategy. Its future financial performance and its ability to commercialize its drug candidates, if approved, and compete effectively will depend, in part, on its ability to effectively manage the future development and expansion of the Company.

2.2.5.2 The Company's internal computer systems, or those of its collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of its product development programs.

The Company's internal computer systems and those of its current and any future collaborators and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event

were to occur and cause interruptions in the Company's operations, it could result in a material disruption of its development programs and its business operations, whether due to a loss of its trade secrets or other proprietary information or other similar disruptions.

In the ordinary course of its business, the Company collects and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about its employees, intellectual property and proprietary business information. The Company manages and maintain its applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information, including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of its operating activities, shutdowns or service disruptions at its company or vendors that provide information systems, networks or other services to the Company pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on the Company and its business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and its disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of the Company's operations, damage to its reputation or a loss of revenues. In addition, the Company may not have adequate insurance coverage to compensate for any losses associated with such events.

The Company could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of the Company and its vendors, including personal information of its employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate its systems or those of its vendors or fraudulently induce its personnel or the personnel of its vendors to disclose sensitive information in order to gain access to its data and/or systems.

The Company may experience threats to its data and systems, including malicious codes and viruses, phishing and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of its information technology systems or those of its vendors occurs, the market perception of the effectiveness of its security measures could be harmed and its reputation and credibility could be damaged. The Company could be required to expend significant amounts of money and other resources to repair or replace information systems or networks.

The Company has implemented regular risk management processes (through the recruitment of relevant employees) in order to mitigate any potential occurrence of risks related to data and systems. The Company has also implemented new infrastructure solutions and IT applications in 2020 and plans to continue to improve its IT infrastructure controls in the future.

In addition, the Company could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although the Company develops and maintains systems and controls designed to prevent these events from occurring, and the Company have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome

security measures become increasingly sophisticated. Moreover, despite its efforts, the possibility of these events occurring cannot be eliminated entirely.

As the Company outsources more of its information systems to vendors, engage in more electronic transactions with payors and patients, and rely more on cloud-based information systems, the related security risks will increase and the Company will need to expend additional resources to protect its technology and information systems. In addition, there can be no assurance that its internal information technology systems or those of its third-party contractors, or its consultants' efforts to implement adequate security and control measures, will be sufficient to protect the Company's against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyber-attack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm. In 2020 several of the vendors the Company has relied on, in particular for the execution of its preclinical studies and clinical trials, have been targeted by cyber-attacks. Due to their internal organization and readiness the consequences of such cyber-attacks did not lead to any material consequences for the Company. However, the Company cannot exclude that future cyber-attacks could have a material negative impact on the Company's activities.

2.2.5.3 **The Company may be exposed to significant foreign exchange risk. Exchange rate fluctuations may adversely affect the foreign currency value of its ordinary shares.**

The Company incurs some of its expenses, and expects to receive certain future revenues, in currencies other than the euro. The Company has also received, and expects to continue to receive, payments from its partner Sumitomo, under its partnership agreement in currencies other than the euro. As the Company expands into new markets and its drug candidates approach advanced clinical trials and marketability, it is likely that non-euro-denominated arrangements will increase in number and value. In particular, as the Company expands its operations and conducts clinical trials in the United States, the Company will incur expenses in U.S. dollars. As a result, the Company is exposed to foreign currency exchange risk as its results of operations and cash flows are subject to fluctuations in foreign currency exchange rates.

The Company has significant financial cash flows in Japanese yen and U.S. dollar. As a consequence, the Company is exposed to Japanese yen and U.S. dollar exchange rate. However, up to December 31, 2020, the Company had an internal netting solution for its operations in Japanese Yen (the Company used its cash in Japanese yen to pay its invoices and debts in Japanese yen). As it relates to U.S. dollar, the Company has implemented forward purchases to limit the foreign exchange risk. As a consequence, the exchange expenses & sources of income reported in the Company's audited financial statements in 2019 and as of December 31, 2020 are mostly non-cash expenses / sources of income and mostly consist in accounting entries that takes into account the daily exchange rate for each entry and year-end reevaluation of deposit in Dollar.

From December 31, 2020 going forward, the Company will continue to be exposed in U.S. dollar and may continue implementing forward purchases to limit the foreign exchange risk. As it relates to Japanese yen, the Company may implement forward sales agreements to limit the foreign exchange risk from revenue. The expenses engaged in Japanese yen will be limited. As a consequence, the Japanese yen exposure should remain quite low.

As of December 31, 2020, the Company has:

- Trade payables in U.S. dollar for USD $2,196k;
- Trade payables in Japanese yen for JPY 9,289k.

A 1% increase in the EUR/JPY will lead to a €71 k decrease in revenue (out of €6,708k). A 1% increase in the Euro/U.S. dollar exchange rate has no effect in revenue.

Notwithstanding forward sale or purchase agreements that the Company may implement, an increase in the value of the euro against the Japanese yen could have a negative impact on its revenue and earnings growth as Japanese yen revenue and earnings, if any, are translated into euros at a reduced value. The Company cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect its financial condition, results of operations and cash flows.

2.2.6 Risks Related to the Company's Intellectual Property

2.2.6.1 The Company's ability to compete may decline if the Company is unable to or does not adequately protect its intellectual property rights or if its intellectual property rights are inadequate for its technology and drug candidates.

The Company's commercial success and viability depends on its ability to obtain and maintain patent protection in the United States, Europe, Japan and other countries with respect to drug candidates owned by or licensed to the Company, as well as to successfully defend these rights against third-party challenges. The Company's strategy and future prospects are based, in particular, on its patent portfolio, including those relating to Imeglimin, PXL770 and PXL065. The Company has acquired all the patents related to the development of Imeglimin (see Section 2.3.1 "*Merck Serono agreement*") and owns all the patents related to the development of PXL065 and PXL770.

The Company will only be able to protect its drug candidates and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. Also, intellectual property rights have limitations and do not necessarily address all potential threats to the Company's competitive advantage. Its ability to obtain patent protection for its drug candidates is uncertain and the degree of future protection afforded by its intellectual property rights is uncertain due to a number of factors, including, but not limited to:

- the Company or its licensor may not have been the first to make the inventions covered by pending patent applications or issued patents;
- the Company or its licensor may not have been the first to file patent applications for the Company's drug candidates or the compositions the Company developed or for their uses;
- others may independently develop identical, similar or alternative products or compositions and uses thereof;
- the Company's or its licensors' disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- any or all of the Company's or its licensors' pending patent applications may not result in issued patents;
- the Company or its licensor may not seek or obtain patent protection in countries that may eventually provide the Company a significant business opportunity;

- any patents issued to the Company or its licensor may not provide a basis for commercially viable products, may not provide any competitive advantages, or may be successfully challenged by third parties;

- the Company's or its licensors' compositions and methods may not be patentable;

- others may design around its patent claims to produce competitive products which fall outside of the scope of the Company's patents;

- others may identify prior art or other bases which could invalidate the Company's or its licensors' patents;

- its competitors might conduct research and development activities in the United States and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where the Company does not have patent rights, and then use the information learned from such activities to develop competitive products for sale in its major commercial markets; or

- the Company may not develop additional proprietary technologies that are patentable.

Even if the Company has or obtains patents covering its drug candidates or compositions, the Company may still be barred from making, using and selling its drug candidates or technologies because of the patent rights of others. Others may have filed, and in the future may file, patent applications covering compositions or products that are similar or identical to those of the Company. There are many issued patents relating to therapeutic drugs, and some of these relate to compounds the Company intends to commercialize. Numerous issued patents and pending patent applications owned by others exist in the type 2 diabetes field in which the Company is developing drug candidates. These could materially affect the Company's ability to develop its drug candidates or sell its drug candidates, if approved. Because patent applications can take many years to issue, there may be currently pending applications unknown to the Company that may later result in issued patents that its drug candidates or compositions may infringe. These patent applications may have priority over patent applications filed by the Company.
Obtaining and maintaining a patent portfolio entails significant expense and resources. Part of the expense includes periodic maintenance fees, renewal fees, annuity fees, various other governmental fees on patents or applications due in several stages over the lifetime of patents or applications, as well as the cost associated with complying with numerous procedural provisions during the patent application process. The Company may not choose to pursue or maintain protection for particular inventions. In addition, there are situations in which failure to make certain payments or noncompliance with certain requirements in the patent process can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If the Company chooses to forgo patent protection or allow a patent application or patent to lapse purposefully or inadvertently, its competitive position could suffer.

In January 2021, one patent related to the composition of matter of Imeglimin useful for the treatment of diabetes has expired. As of the date of this *Document d'Enregistrement Universel*, there is no patent in the Company's portfolio which (a) is due to expire within the next five (5) years or (b) could not be extended in the short term and whose expiration would impact significantly the business of the Company. Legal actions to enforce the Company's patent rights can be expensive and may involve the diversion of significant management time. In addition, these legal actions could be unsuccessful and could also result in the invalidation of its patents or a finding that they are unenforceable. The

Company may or may not choose to pursue litigation or other actions against those that have infringed on its patents, or used them without authorization, due to the associated expense and time commitment of monitoring these activities. If the Company fails to protect or to enforce its intellectual property rights successfully, its competitive position could suffer, which could harm its results of operations.

2.2.6.2 **Patent terms may be inadequate to protect the Company's competitive position on its drugs for an adequate amount of time, and the Company may seek to rely, but may not be able to rely, on other forms of protection, such as regulatory specificity.**

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. The Company carries out an internal as well as an external (through outside counsels) monitoring of (i) its patents and (ii) the potential competitor patents which may be filed. The IP strategy of the Company is also assessed in order to protect itself from any potential counterfeiting. The Company expects to seek extensions of patent terms in the United States and, if available, in other countries where the Company is prosecuting patents, including Japan. In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication (or any additional indications approved during the period of extension). Article 67(2) of the Japanese Patent Act includes similar provisions, except that several patents may be extended based on the same marketing authorization and that a single patent may be extended several times based on successive marketing authorizations for different indications. However, the applicable authorities, including the FDA and the U.S. Patent and Trademark Office (the "**USPTO**"), in the United States, and any equivalent regulatory authority in other countries, including Japan, may not agree with its assessment of whether such extensions are available, and may refuse to grant extensions to the Company's patents, or may grant more limited extensions than the Company requests. The Company may also seek to rely on other forms of protection, such as regulatory specificity.

Through such specificity, beyond patent protection, the Company can also rely on regulatory data exclusivity and corresponding market protection which enable holders of marketing authorizations granted within the EU, in the US or in Japan, to benefit from a market exclusivity period from the date of its first marketing authorization.

However, there can be no assurance that such other forms of protection will be available or sufficient.

2.2.6.3 **The Company will not seek to protect its intellectual property rights in all jurisdictions throughout the world and the Company may not be able to adequately enforce its intellectual property rights even in the jurisdictions where the Company seeks protection.**

Through the Sumitomo License Agreement, the Company is currently developing its main drug candidate, Imeglimin, in Japan, China and eleven other East and Southeast Asian countries, and the Company expects to pursue development of Imeglimin in the United States, Europe and all the other countries not covered by the Sumitomo License Agreement. The development of PXL770 and PXL065 are currently running in the United States, through the 505(b)(2) regulatory pathway for the latter (see Section 2.1.6 "*PXL770 and PXL065 - Two Novel Drug-Candidates to treat patients with NASH*") and in Europe.

Consequently, filing, prosecuting and defending patents on the Company's drug candidates in all countries and jurisdictions throughout the world would be prohibitively expensive. Competitors may use its technologies in jurisdictions where the Company does not pursue and obtain patent protection to develop their own products and further, may export otherwise infringing products to territories

where the Company has patent protection. These products may compete with the Company's drug candidates and its patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if the Company pursues and obtains issued patents in particular jurisdictions, its patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to biopharmaceuticals or biotechnologies. This could make it difficult for the Company to stop the infringement of its patents, if obtained, or the misappropriation of its other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, the Company may choose not to seek patent protection in certain countries, and the Company will not have the benefit of patent protection in such countries.

Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial costs and divert the Company's efforts and attention from other aspects of its business, put its patents at risk of being invalidated or interpreted narrowly, put its patent applications at risk of not being issued and provoke third parties to assert claims against the Company. The Company may not prevail in any lawsuits that the Company initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the countries where the Company develops its drug candidates may affect the Company's ability to obtain adequate protection for its technology and the enforcement of intellectual property. Accordingly, its efforts to enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that the Company develops or licenses.

2.2.7 Risks Related to Legal and Compliance Matters

2.2.7.1 Failure to comply with European restrictive regulations governing the collection, use, processing and cross-border transfer of personal information may result in substantial penalties

The Company may collect, process, use or transfer personal information from individuals located in the European Union in connection with its business, including in connection with conducting clinical trials in the European Union.

Strict requirements on controllers and processors of personal data, including special protections for "sensitive information" which includes health and genetic information of data subjects residing in the EU are imposed by the provisions of the General Data Protection Regulation ((EU) 2016/679), or the GDPR.

More specifically, this legislation imposes requirements relating to having legal bases for processing personal information relating to identifiable individuals and transferring such information outside of the European Economic Area, or EEA, including to the United States or other regions that have not been deemed to offer "adequate" privacy protections, providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data

processing agreements with third parties who process personal information, responding to individuals' requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers, conducting data protection impact assessments and record-keeping.

The GDPR imposes additional obligations and liabilities in relation to personal data that the Company processes and the Company may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. Failure to comply with the requirements of the GDPR and related national data protection laws of the member states of the European Union may result in substantial fines of up to 4% of global revenues, or €20,000,000, other administrative penalties and civil claims being brought against the Company, which could have a material adverse effect on its business, prospects, financial condition and results of operations.

2.2.7.2 **The Company is subject to healthcare laws and regulations which may require substantial compliance efforts and could expose the Company to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties.**

Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of the Company's drug candidates, if approved. The Company's arrangements with such persons and third-party payors and its operations will expose the Company to broadly applicable anti-bribery, fraud and abuse and other healthcare laws and regulations, that may constrain the business or financial arrangements and relationships through which the Company researches, markets, sells and distributes its products, if it obtains marketing approval.

More specifically, the development of therapeutic products for human use is heavily regulated and therefore involves significant interaction with public officials which is likely to cause a risk of corruption or bribery. For instance, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to enforcement actions. That is why business activity may be subject to anti-bribery or anticorruption laws, regulations or rules of other countries in which the Company operates, including without limitation the Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act (UKBA) or the French "Sapin 2" Law n°2016-1691. The implementation of these statutes may also impose to develop internal compliance programs, procedures and guidelines to detect and report any suspicious activities and to mitigate any risks of noncompliance which may occur.

In addition, the Company may be subject to specific French and foreign healthcare laws and regulations. For instance anti-kickback and false claims laws, such as the French "Bertrand Law", French Ordinance n°2017-49 of 19 January 2017, the "French Sunshine Act", and analogous state or foreign laws and regulations, such as U.S. federal transparency requirements under the Physician Payments Sunshine Act, that require applicable manufacturers of covered drugs to track and report the agreements, payments and other transfers of value provided to physicians, and certain ownership and investment interests held by physicians or their immediate family members.

Ensuring that the Company's business arrangements with third parties comply with applicable healthcare laws and regulations will likely be costly. If its operations were found to be in violation of any of these laws or any other governmental regulations, the Company may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from government funded healthcare programs, additional reporting requirements and

oversight if it becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could substantially disrupt the Company's operations.

2.3 Material contracts

Except for the agreements described below, the Company has only entered into agreements in the normal course of business.

2.3.1 Merck Serono agreement

On March 19, 2009, the Company entered into an assignment and licensing agreement with Merck Serono, as amended to date, (the "**MS Agreement**"), as part of Merck Serono's spin-off of its research and development activities in the cardiometabolic field. Under the MS Agreement, Merck Serono paid the Company a non-refundable upfront amount of €7.2 million to support the Company's research and development activities and reflect Merck Serono's economic interest in its development.

Under the terms of the MS Agreement, the Company acquired certain patents from Merck Serono (the "**Assigned Patents**"). The Company was also granted a non-exclusive, worldwide right and license to specified patents (the "**Licensed Patents**"), as well as know-how to research and develop pharmaceutical products using the patents assigned and licensed to the Company by Merck Serono.

Pursuant to the MS Agreement, the Company had an option to convert the license to an exclusive, worldwide right and license in respect of 25 drug candidates, per research program, such drug candidates to be selected by the Company. The Company partially exercised this option on July 23, 2009.

On February 13, 2018, the Company exercised its option to require Merck Serono to assign the full and complete ownership of the key Imeglimin patents over which it had an exclusive worldwide license. The Company entered into a patent assignment agreement with Merck Serono on April 25, 2018 to reflect this assignment. The expected expiration date of the last to expire patents under the MS Agreement covering the Company's Imeglimin program is 2029 and covering certain AMPK activator compounds, other than PXL770, is 2029. For further information in relation to the Company's patent portfolio, see Section 2.1.7 "*Intellectual Property*".

The Company benefited from a license to Merck Serono's rights over five families of patents for innovative structures serving as AMPK activators as well as four other programs involving the treatment of diabetes: GLP-1 agonists, FxR agonists, 11-beta-hydroxysteroid dehydrogenase type-Page 120 1 (11βHSD1) inhibitors and glucokinase activators. The stages of advancement of issuance of these patents vary by country. None of these patents relate to any of the main drug candidates developed by the Company (e.g. Imeglimin, PXL770 and PXL065), for which the Company fully owns all patents related to such drug candidates.

Merck Serono is entitled to the following compensation:

- royalties on net sales of the products covered by the assigned patents at a rate equivalent (at the higher end of the range) to a high single digit for Imeglimin and (at the lower end of the range) a low single digit rate for other products; and

- an additional percentage of certain revenue from any partnering agreement relating to the drug candidates covered by the assigned patents, at a low double-digit rate for Imeglimin. For other compounds, if the Company enters into a partnering agreement, a percentage ranging from low double-digits to high double-digits of certain partnering revenues with respect to products covered by the assigned patents depending on the product and its stage of development when it is partnered would be owed to Merck Serono.

1,088,531 ordinary shares were issued to Merck Serono on May 23, 2014, in connection with its waiver of certain rights under the MS Agreement that were triggered by the Company's initial public offering on Euronext Paris. Merck Serono has already sold its entire stake in transactions on the open market and does not own any ordinary shares.

The term of the MS Agreement continues on a country-by-country and product-by-product basis until the later of: (i) the final expiration date of any patent right relating to the Company's pharmaceutical products that contain or comprise substances covered by the Licensed Patents in such country; or (ii) ten years from the first sale for monetary value for use or consumption by the general public of such pharmaceutical product in such country following regulatory approval for such product in such country. Thereafter, the Company will have a fully paid up, irrevocable and exclusive license with respect to the products.

Either party may terminate the MS Agreement if the other party breaches a material provision (and such breach is not cured) or if the other party or its affiliates becomes insolvent or bankrupt.

Such termination would not have any impact on the ownership of the assigned patents (including all the Imeglimin patents which have been effectively assigned on April 25, 2018). However, it would impact the Licensed Patents, which are not related to any of the main drug candidates developed by the Company, as the underlying licenses would then be terminated as well.

In addition, the Company was involved in an arbitration with Merck Serono. See Section 2.1.11 "*Legal Proceedings*".

2.3.2 SUMITOMO License Agreement

On October 30, 2017, the Company entered into the Sumitomo License Agreement, for the co-development and marketing of Imeglimin.

Under this agreement, Sumitomo has an exclusive, royalty-bearing license, with the right to grant sublicenses, to develop, manufacture, use, import and register any medicinal products containing Imeglimin and its salt, (the "**Licensed Product**"), solely for the purpose of commercializing the Licensed Product in Japan, China and eleven other countries in Southeast Asia, for all human and veterinary indications, including type 2 diabetes.

The Sumitomo License Agreement also grants Sumitomo an exclusive, royalty-free license (with the right to grant sublicenses) under the Company's trademarks that have been registered for commercializing the Licensed Product in the designated territory in East and Southeast Asia for all uses related to developing, manufacturing and commercializing Licensed Product in such territory. The expected expiration date of the last to expire patents under the Sumitomo License Agreement is 2039. For further information in relation to the Company's patent portfolio, see Section 2.1.7 "*Intellectual Property*".

Sumitomo is permitted under the Sumitomo License Agreement to develop the Licensed Product for the purpose of commercializing it within the designated territory. Both parties will jointly develop the Licensed Product for Phase 3 clinical trials with the aim of obtaining approval to market the Licensed Product in Japan, the costs of which Sumitomo will largely be responsible for. The Sumitomo License Agreement provides that the Company and Sumitomo will co-finance certain development activities relating to manufacturing improvement, in respect of which the Company's commitment is capped at €1.25 million. Sumitomo will assume any development costs above this threshold, as well as certain commercial costs as provided in the Sumitomo License Agreement. The Company has also committed to fund a bioequivalence study and the wages of its team that contribute to the development process.

Under the Sumitomo License Agreement, Sumitomo is responsible for applying for regulatory approval for the Licensed Product in the designated territory. Sumitomo is also responsible for regulatory activities concerning the development, manufacturing and commercialization of the Licensed Product in the designated territory and will be the holder of all regulatory approvals issued by relevant regulatory authorities.

Upon signing the Sumitomo License Agreement, Sumitomo made an initial non-refundable payment to the Company in an amount of ¥4,750 million (approximately $42 million). Following the submission of the Imeglimin J-NDA in July 2020, the Company received a JPY 500 million (EUR 4.1 million) milestone payment from Sumitomo.

The Sumitomo License Agreement also provides for future potential development and regulatory milestone payments of up to ¥2,250 million (approximately $20 million). Sumitomo will also pay the Company sales-based payments depending on net sales thresholds up to an aggregate amount of ¥26,500 million (approximately $233 million), as well as escalating royalties on net sales of the Licensed Product at percentages ranging from the low double digits to the low twenties.

The royalty rate will be reduced in certain circumstances relating to the expiry of certain licensed patents, generic competition, third-party license payments or if the national health insurance drug price in Japan is less than certain specified prices. Royalties due under the Sumitomo License Agreement will not, however, be reduced below the royalty rate the Company is obliged to pay to Merck Serono under the MS Agreement.

The Sumitomo License Agreement will expire on a country-by-country basis upon expiry of the later of: (i) the exclusive period in such country (meaning the period beginning on the first commercial sale of the Licensed Product in the relevant country until the latest of (x) a valid claim covering the Licensed Product in such country, and (y) any regulatory exclusivity for the Licensed Product in such country); or (ii) ten years from the first commercial sale of the Licensed Product in such country.

The Sumitomo License Agreement as a whole will expire on the date upon which the Sumitomo License Agreement terminates with respect to the last country in the designated territory. Thereafter, Sumitomo will have a fully paid up, perpetual and exclusive license with respect to the Licensed Products in the designated territory.

Either party may terminate the Sumitomo License Agreement if the other party materially breaches the terms and conditions of the Sumitomo License Agreement and such breach is not remedied or if the other party becomes insolvent, is declared bankrupt, ceases business or is subject to any procedure for similar effect under applicable laws. Sumitomo may also terminate the Sumitomo License Agreement on a country-by-country basis or in its entirety, upon 180 days' written notice to the Company.

2.3.3 DeuteRx Agreement

On August 29, 2018, the Company entered into a strategic collaboration and acquisition agreement with DeuteRx (the "**DeuteRx Agreement**"), with respect to DRX-065 (now PXL065) and a portfolio of other potential deuterated drug-candidates for the treatment of rare and specialty metabolic diseases (although the Company owns the patents and have the rights with respect to all indications for PXL065 and this portfolio), which the Company refers to as the "**PXL065 Products**". Pursuant to the DeuteRx Agreement, DeuteRx sold, transferred and assigned to the Company all industrial and intellectual property rights and interests in DeuteRx's know-how and patent rights useful for the development, manufacture or commercialization of the PXL065 Products.

Under the DeuteRx Agreement, the Company is responsible for, and control the development and commercialization of, the PXL065 Products.

As consideration under the DeuteRx Agreement, the Company paid DeuteRx a non-refundable upfront payment of €6.8 million and issued 1,290,000 new ordinary shares to DeuteRx.

Under the DeuteRx Agreement, the Company is also obliged to pay DeuteRx, in cash or in shares (valued based on a daily volume weighted average of actual trading prices for a specified period), as the case may be, amounts tied to attaining certain development and regulatory objectives for products under the acquired programs, such as the completion of certain phases of clinical study and the receipt of marketing approvals in various countries. The Company is further required to make cash payments to DeuteRx linked to sales targets and low single-digit royalty payments based on net sales (subject to reduction in certain circumstances).

The term of the DeuteRx Agreement will last until the Company has satisfied its clinical milestone, sales milestone and royalty-based payment obligations. Royalty-based payments continue until equivalent products to the product being sold become generally available in the subject country from third-party sellers. The Company may terminate the agreement at any point with notice to DeuteRx. In the event that DeuteRx commits and does not cure a material breach of the DeuteRx Agreement, the Company is entitled to reduce payments owed to DeuteRx under the DeuteRx Agreement.

2.3.4 ROIVANT License Agreement

On February 9, 2018, the Company signed the Roivant License Agreement for the development and marketing of Imeglimin in the United States, Europe and other countries not covered by the existing partnership in Asia between the Company and Sumitomo (see Section 2.3.2 "*Sumitomo License Agreement*").

On November 20, 2020, the Company and Roivant announced that Roivant had conducted a strategic review and had decided not to move forward with the development of Imeglimin in the United States, Europe and other countries not covered by the existing partnership in Asia between the Company and Sumitomo. This decision was not based on any efficacy, safety or other data generated through the partnership.

The Roivant License Agreement was effectively terminated January 31, 2021, and Roivant returned to the Company all rights to Imeglimin, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from the Company as part of the return of the program.

2.4 Organizational structure and employees

2.4.1 Organizational structure

2.4.1.1 Legal organization chart

As of the date of this *Document d'Enregistrement Universel*, the Company holds 100% of its two subsidiaries: Poxel Japan and Poxel Inc.

2.4.1.2 Group Companies

POXEL S.A.: Parent company of the Group, based in Lyon (Department 69).

POXEL JAPAN KK: incorporated in March 2018 and domiciled in Tokyo, a wholly owned subsidiary of Poxel, engaged in research and development activity.

POXEL INC: incorporated in January 2019 and domiciled in Burlington (Massachusetts), a wholly owned subsidiary of Poxel, engaged in research and development activity.

2.4.1.3 Group financial flows

As part of the launch of its wholly-owned Japanese subsidiary's and its wholly-owned US subsidiary's business activities, the Group has implemented agreements related to the organization of financial flows and the movement of products within the Group, in line with the following structure:

- Charging back of intercompany services: an intra-group agreement was signed between the Company Poxel Japan KK and Poxel Inc., concerning reciprocal service provision between the Company (research, corporate and management services) Poxel Japan KK and Poxel Inc. (research, corporate and administrative services).

- Financial flows: a cash facility agreement was signed between the Company, Poxel Japan KK and Poxel Inc., to determine the conditions governing cash advances made by the Company to its subsidiary.

As of December 31, 2020, €244,966 was invoiced by the Company to Poxel Japan KK in 2020 for chargebacks on services or for interest on current account advances.

As of December 31, 2020, JPY 131,953,749 was invoiced by Poxel Japan KK to the Company in 2020 for research and management services.

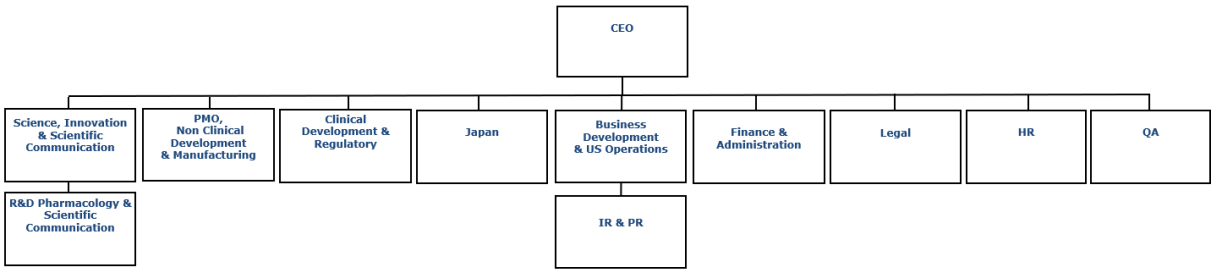
As of December 31, 2020, €211,297 was invoiced by the Company to Poxel Inc. in 2020 for chargebacks on services or for interest on current account advances.

As of December 31, 2020, $3,333,777 was invoiced by Poxel Inc. to the Company in 2020 for corporate and management services.

2.4.2 Employees

2.4.2.1 Number of employees and breakdown by function

2.4.2.1.1 Organizational Structure



The average workforce totaled 53 people as of December 31, 2020 as compared to 47 employees in 2019 and to 33 employees in 2018.

2.4.2.1.2 Presentation of the management team

To ensure development of its products, the Company relies on a dynamic, highly qualified team, with significant experience in large pharmaceutical groups.

On December 31, 2020, the Company employed 53 people, including three fixed-term contract employees and 50 employees with permanent contracts. More than 70% of the workforce was assigned to research and development activities, the remaining 30% being assigned to business development operations and to administrative and financial management. The workforce four doctors, eight pharmacists, eleven PhDs (some of whom are also doctors or pharmacists) and twelve scientists. The team was composed of 16 men and 37 women, which represents 30% of men and 70% of women while the senior management team is composed of 62.5 % of men and 37.5% of women.

As of the date of this *Document d'Enregistrement Universel* an executive committee of eight people runs the Company. Members of the executive committee collectively have expertise covering the value chain necessary for development of a new drug. All have held positions of high responsibility in large groups, and for the most part, have key experience working in pharmaceutical companies with widely known diabetes franchises.

	Thomas Kuhn, CEO and Co-Founder Doctor of Pharmacy (Lyon – France) & MBA (Ashridge – UK) Fifteen years of experience in the pharmaceutical industry (Generics UK and Merck Serono) Has served as the Company's Chief Executive Officer since March 2009 and a member of its board of directors since 2010. Mr. Kuhn began his career with Merck KGaA in 2000 where he held various positions in clinical development, largely in the therapeutic area of Type 2 diabetes and was responsible, in particular, for forging partnerships with Japanese pharmaceutical companies. Between 2004 and 2007, Mr. Kuhn directed Merck's global research and development projects with two products in Phase 2 clinical trials and all the life cycle management projects, including for metformin, the current

	reference in diabetes treatment. Following Merck's acquisition of Serono in 2007, Mr. Kuhn was part of the team that refined Merck Serono's strategy for divesting from the diabetes therapeutic area. Mr. Kuhn initiated and concluded the project for the transfer of Merck Serono's assets under development in Diabetes to the Company in March, 2009. Mr. Kuhn holds a pharmacy degree from the University of Lyon I (France) and an M.B.A from Ashridge Business School (UK).
	Pascale Fouqueray, Executive Vice President, in charge of Clinical Development and Regulatory Affairs, Co-Founder Doctor of Medicine (Angers-France), Endocrinologist (Paris-France) & Doctor in Sciences (Paris-France) Has served as the Company's Executive Vice President of Early Development and Translational Medicine since March 2009. Dr. Fouqueray joined Merck KGaA in 2000 from Paris VII University, where she was an assistant professor of physiology. At Merck KGaA, Dr. Fouqueray's research activities were centered on metabolism, with a particular focus on diabetes and obesity, and she was responsible for the clinical development of compounds for the treatment of diabetes and gout disease. Dr. Fouqueray holds an M.D. from the University of Angers (France) where she specialized in endocrinology and metabolism at the Paris Descartes University (University of Paris V). Dr. Fouqueray also holds a Ph.D. from the University of Paris-Sud (University of Paris XI).
	Sébastien Bolze, Chief Operating Officer, Executive Vice President in charge of Project Management, Non Clinical and Manufacturing operations, Co-Founder Has served as the Company's Executive Vice President of Non Clinical Development since May 2009. Prior to joining the Company, from 2006 to 2009, Dr. Bolze served as global head of the preclinical candidate selection unit at Solvay Pharmaceuticals, a chemical company, where he had experience in drug development from discovery screening to first-in-man clinical trials. From 2003 to 2006, Dr. Bolze held the position of executive head of the Absorption, Distribution, Metabolism and Excretion (ADME) department at Fournier Pharma. Before 2003, Dr. Bolze was Head of the Absorption, Distribution, Metabolism and Excretion department at Merck Santé. Dr. Bolze has also co-authored numerous research publications and posters. Dr. Bolze holds a Ph.D. in pharmacokinetics and drug metabolism from the University of Lyon I (France).
	Sophie Bozec, Senior Vice President in charge of R&D Pharmacology and Scientific Communication, Co-Founder Has served as the Company's Senior Vice President of R&D Pharmacology since July 2009. Dr. Bozec joined Merck KGaA in 1998 where she managed a drug discovery team in a pharmacology department. Dr. Bozec has

	acquired strong experience in managing research projects from target identification to preclinical development candidates. Dr. Bozec has developed her knowledge in models (in vivo and in vitro) used in research programs for identifying preclinical development candidates in the diabetes field. She acquired an expertise in metabolic diseases particularly in the diabetes field. This experience in pharmacology led Dr. Bozec to support a clinical development compound for all preclinical pharmacology aspects and contribute to clinical pharmacology designs. Dr. Bozec holds a Ph.D. in Nutrition, Metabolism and Obesity from the Université Denis Diderot (Paris VII).
	Noah D. Beerman, Executive Vice President in charge of Business Development and President of Operations in the United States Has served as the Company's Executive Vice President of Business Development and President of U.S. Operations since May 2015. Mr. Beerman has been an executive in the biopharmaceutical industry for more than 30 years, beginning his career at Repligen, Sandoz, Curis, and Technology Management & Funding. In 1997, Mr. Beerman joined Indevus Pharmaceuticals and served in business development capacities including as Chief Business Officer from 2004 to 2009. At Indevus, Mr. Beerman was responsible for multiple licensing, co-promotion and mergers and acquisitions agreements. Subsequently, from 2009 to 2011, he served as President, Chief Executive Officer and director of RXI Pharmaceuticals (now Galena BioPharma), and from 2011 to 2013, as Executive Vice President and Chief Operating Officer at Coronado Biosciences. From January 2014 to May 2015, Mr. Beerman served as an executive consultant in the biopharmaceutical industry. Mr. Beerman holds an M.B.A. from Northeastern University and a B.S. in molecular genetics from the University of Rochester.
	Dr. David E. Moller, Chief Scientific Officer Has served as the Company's Chief Scientific Officer since January 2020. Dr. Moller has over 20 years of experience leading R&D efforts at Eli Lilly and Company and Merck, where he focused on cardiometabolic drug discovery and development as well as other disease areas including endocrine and musculoskeletal disorders. He joined the Company from Sigilon Therapeutics, where as CSO he led the company's rare disease and type 1 diabetes efforts. Prior to that, Dr. Moller served in senior roles at Eli Lilly over a twelve-year period, including Vice President (VP) of Endocrine and Cardiovascular Research and Clinical Investigation and VP of Business Development – Emerging Technology and Innovation. Importantly, his team was responsible for the development of Trulicity® (dulaglutide) (registered trademark of Eli Lilly and Company) and other key product candidates. Prior to Eli Lilly, Dr. Moller served in senior roles over a ten-year period at Merck. As VP of Metabolic Disorders, he led

	the global diabetes and obesity discovery area, which included oversight of the team that discovered Januvia® (sitagliptin) (registered trademark of Merck and Co). Dr. Moller obtained a BS from Brown University and a Doctor of Medicine degree from the University of Cincinnati. He began his career as Assistant Professor at Harvard Medical School focused on elucidating the pathophysiology of type 2 diabetes, where he had also completed a research and clinical postdoctoral fellowship in Endocrinology. He has published more than 130 peer-reviewed papers. His honors include election to the American Society of Clinical Investigation, the Association of American Physicians, and appointment as an Adjunct Professor at the Karolinska Institute.
	Anne Renevot, Chief Financial Officer Has served as the Company's Chief Financial Officer since May 2017. Prior to joining the Company, Ms. Renevot served as Chief Financial Officer of EOS Imaging from March 2011 to May 2017 where she played a key role in EOS' IPO on Euronext Paris, which raised €39 million. At EOS Imaging, Ms. Renevot helped to raise capital through private placements, equity lines of credit debt offerings. Ms. Renevot was responsible for financial regulatory compliance, financial planning and communications, and she also held leading roles in the company's acquisitions and partnerships. Before her appointment at EOS Imaging, Ms. Renevot served at Cartier, a luxury goods company, as Chief Financial Officer of Cartier Joaillerie Manufacturing Division and as International Financial Controller. Earlier in her career, Ms. Renevot served as Manager at EY Audit and as a Division Controller at Legris Industries. Ms. Renevot holds a bachelor's degree in finance from Audencia Business School in Nantes, France and a master's degree in corporate finance from Ohio State University, Columbus, Ohio.
	Quentin Durand, Chief Legal Officer Has served as the Company's Chief Legal Officer since September 2019. Prior to joining the Company, Mr. Durand was a lawyer at Dechert LLP from March 2015 to September 2019 in Paris, where he focused his practice on corporate and securities matters with an emphasis on capital markets, including public company reporting and governance. While at Dechert Mr. Durand worked closely with the Company. He was also involved in various M&A and equity capital market transactions both domestic and cross border across a wide range of industry sectors, including healthcare, technology and financial services. Prior to working at Dechert LLP, Mr. Durand served as a legal officer within the corporate finance division of the *Autorité des marchés financiers* where he was involved in numerous transactions and regulatory work. Mr. Durand also

	acted as a prosecutor before the *Autorité des marchés financiers* enforcement committee. Mr. Durand holds a master's degree in Management from ESCP Europe in France, and in Business Law from University Paris Sud in France. Mr. Durand became a lawyer in 2010.
	Takashi Kaneko, Ph.D., Senior Vice President of Medical and President of Poxel Japan Has served as the Company's Vice-President of Medical and as President of Poxel Japan K.K. since September 2018. Dr. Kaneko has over 33 years of experience, which includes pharmaceutical industry experience with a focus on medical affairs and clinical development ranging from product evaluation, development and post-commercial launch, and clinical practice and medical research experience. Prior to joining us, Dr. Kaneko was Head of Medical Affairs at Janssen Pharmaceutical K.K. from December 2016 to March 2018. Prior to Janssen Pharmaceutical K.K., Dr. Kaneko was the Department Head of the Medical Excellence Department in the Medical Division at Novartis K.K. from November 2015 to November 2016. Dr. Kaneko also held several senior-level positions at Santen from January 2012 to October 2015, which included the areas of Compliance, Global Clinical Development and Medical Affairs, Head of Global Research and Development as well as other research and development-related positions. In addition, Dr. Kaneko was a Vice President, Medical Director at Sanofi-Aventis K.K., and served in clinical development roles at Bristol-Myers K.K., BMS, Japan. Dr. Kaneko holds an M.D. and Ph.D. degree from the University of Tokyo, Tokyo, Japan

This team is surrounded by scientific boards composed of well-known experts in diabetology, clinical development and new formulations, to collect their opinion on the results obtained during development of the Company's drug candidates, as well as on the next R&D steps.

The Company has established three committees of experts for its programs:

i. A Scientific Diabetes Committee composed of four members, reputed diabetologists and opinion leaders in the United States and Europe, who have been involved in the analysis of the clinical results obtained on Imeglimin since the origin of the Company and make recommendations on future studies to be carried out. These members are:

   - Professor Harold Lebovitz: Harold is currently a professor of medicine at SUNY Health Science Center in Brooklyn (USA), where he also previously served as chief of the Endocrinology Division and Director of the Clinical Research Center.
   - Professor Michael Roden: Michael is an endocrinologist, professor of medicine and Director of the Heinrich Heine Metabolic Diseases Department in Düsseldorf, Germany. He is also Scientific Director of the German Diabetes Center (DDZ), and Director of the Karl Landsteiner Institute for Endocrinology and Metabolism in Vienna, Austria.

- Professor John M. Amatruda: John is Professor Adjunct, Department of Medicine, Section of Endocrinology, Yale University (United States)
- Professor Ralph DeFronzo: Ralph is Professor of Medicine and Endocrinology at U. Texas, San Antonio (United States)

ii. A second Scientific Committee on Diabetes, consisting of four members, reputed diabetologists and opinion leaders, in Japan, who make recommendations on product development strategy in Japan and who take part in the analysis of clinical results of studies conducted in Japan. At the present time, the four members of this committee are:

- Professor Masato Kasuga: Masato is currently President of the National Center for Global Health and Medicine, based in Tokyo, Japan.
- Professor Kohjiro Ueki: Kohjiro is currently Professor at the University of Tokyo, Japan, in the Diabetology Department.
- Professor Wataru Ogawa: Wataru is Professor of Medicine and Head of the Clinical, Diabetes and Metabolic Diseases Department of the University of Kobe (Japan)
- Professor Hirotaka Watada: Hirotaka is Professor of Medicine in the Department of Medicine, Metabolism and Endocrinology at the University of Juntendo, Tokyo (Japan) School of Medicine.

iii. A Scientific Committee on NASH, composed of six members, reputed hepatologists and opinion leaders in the United States and Europe, who are involved in the analysis of the results obtained on PXL770 and PXL065 and who make recommendations on future studies to be carried out. At the present time, the following committee members collaborate with the Company on the two NASH products in development:

- Professor Kenneth Cusi: Ken is Director of the Endocrinology, Diabetes and Metabolism Department at the University of Florida (United States) School of Medicine.
- Professor Vlad Raziu: Vlad is Professor of Medicine at Université Pierre et Marie Curie in Paris and works at the Hôpital de la Pitié Salpêtrière (France).
- Professor Stephen Harrison: Stephen is Professor of Medicine and Director of the Clinical Research Unit of Pinnacle in San Antonio (United States).
- Professor Arun Sanyal: Arun is Professor of Medicine, Division of Gastroenterology, Virginia Commonwealth School of Medicine (United States)
- Professor Quentin Anstee: Quentin is Professor of Experimental Hepatology, Newcastle University (UK)
- Professor Jeremy Tomlinson: Jeremy is Professor of Metabolic Endocrinology, University of Oxford (UK)

Finally, *ad hoc* experts are frequently enrolled for the development of the Company's drug candidates.

2.4.2.1.3 **Organization of operations**

Nine departments manage the Company's operations:

- **Science, Innovation and Scientific Communication Department**: Composed of five people, the Science, Innovation and Scientific Communication department manages all scientific aspects of the company, defining and executing the strategy for non-clinical research and preclinical pharmacology activities, supporting the Company's pipeline expansion via scientific oversight of new indications and external opportunities. The Science, Innovation and Scientific Communication department is also responsible for preclinical and clinical scientific communications. The department relies and work with a network of subcontractors, academic teams and key opinion leaders. It continually develops and maintains this network to maintain a close relationship with the teams and good response times. It also uses a network of international experts to challenge its strategy and design its studies.
- **Project Management Office, Non Clinical & Manufacturing Department:** Composed of seven people, the Non Clinical, Manufacturing & Project Management Department defines the strategy for non-clinical development (toxicology, pharmacokinetics and metabolism, bioanalysis), defines the design of studies to be performed and then organizes and manages the subcontracting of these studies. This department also manages all the manufacturing and supply activities of the Company, through various third-party suppliers. All these activities are conducted with an ad hoc level of quality (GLPs, GMPs, GCPs, etc.). To do so, it has all the necessary skills in chemistry, manufacturing, analytics, packaging, pharmacokinetics, toxicology, and project management either internally or through external consultants. It works closely with the medical department to provide it with the necessary support in the design and completion of pharmacokinetic and/or mechanistic clinical trials, in order also to ensure a smooth transition from preclinical to clinical. The Project Management Office drives the programs execution with the Executive Committee and liaise with Finance Department and head of functions to monitor budget and resources dedicated to each program.
- **Clinical Development and Regulatory Affairs Department**: Composed of 16 people, the Clinical Development and Regulatory Affairs department defines the clinical development strategy in partnerships with the Science, Innovation and Scientific Communication, Non Clinical, Manufacturing & Project Management and the Business Development departments. The department prepares the design of the clinical studies to be performed, taking into account objectives and constraints while ensuring feasibility. The department selects subcontractors and controls all their activities during the completion of clinical studies, ensuring they are conducted in compliance with good clinical practices. The Clinical Development and Regulatory Affairs department also analyzes in detail the results, which will then be submitted to a committee of international experts selected by the Company for discussion and validation before any external exploitation. Finally, the Clinical Development and Regulatory Affairs Department ensures registration with worldwide Regulatory agencies and in particular in US, EU and Japan and develop competitive regulatory strategies for each program of the Company.
- **Japan Office:** composed of three people, the Japan Office is in charge of ensuring Imeglimin success in Japan, together with the Company's partner Dainippon Sumitomo Pharma (DSP). They are involved in all activities associated to Imeglimin, R&D, regulatory and Medical affairs ones, in liaison DSP and the other members of the Company. Finally, the Japan Office also contributes to the development strategy of all other PXL products in Asia.
- **Business Department and Investor Relations**: Consisting of five people, it ensures development of the Company's assets with strategic partners. It establishes the partnership strategy with industrial and biotech companies, academic teams and teaching hospitals. It ensures the smooth

operation of these partnering arrangements in relation with the corporate strategy, both for the Company's internal programs, and also the external opportunities aimed at adding to the Company's portfolio of products. It is also in charge of investor relations and public relations worldwide.

- **Finance and Administration Department**: Consisting of seven people, it manages day-to-day accounting, financial and IT current issues, forecasts and anticipates cash needs by seeking adequate resources for the conduct of projects undertaken by the Company, controls costs and structures administrative procedures to minimize the financial risk factors detailed in Section 2.2.2 of this *Document d'Enregistrement Universel*.
- **Legal Department:** composed of three people, the Legal Department supports the R&D, Finance, Business development, Corporate Communications and HR functions for all legal related activities. It ensures Corporate matters (assistance to the Board of Directors, General Meeting of Shareholders, Governance). The Legal Department also drives Compliance activities (GDRP, securities law, business conduct), Contract Management and Insurance.
- **Quality Assurance Department:** consisting of three people, the Quality Assurance Department ensures quality compliance for all activities performed by the Company (internally and with suppliers) to meet quality standards defined by key stakeholders including health authorities. It also develops risk management approach and quality management system. The Quality Assurance Department supports the others department in the definition and follow up of operational and support processes. Then, it ensures that archiving R&D archiving activities are compliant.
- **Human Resources Department:** composed of three people, the Human Resources Department is responsible for guiding and managing the overall HR processes, such as recruitment, training, employee relations, facilities, compensation and benefits, and organization development.

2.4.2.2 Equity and stock options held by members of management

See Section 4.2 "*Compensation and benefits*" of this *Document d'Enregistrement Universel*.

2.4.2.3 Employee share ownership

Some employees own founder warrants that may grant them a 1.50% interest in the capital in case of full exercise (see Sections 4.5.2.4.1 "*Stock subscription warrant plan*" and 4.5.2.4.2 "*Founder warrant Plan*" of this *Document d'Enregistrement Universel*).

2.4.2.4 Profit sharing and incentive agreements

None.

2.5 **CSR Report**

Poxel is a dynamic biopharmaceutical Group developing innovative treatments for metabolic diseases, in particular type 2 diabetes and liver diseases, such as nonalcoholic steatohepatitis (NASH). Poxel was spun out in 2009 from Merck Serono, which was at the time one of the global leaders in the field of metabolic disorders. The registered office is in Lyon, France and the Group also has offices in Paris, Burlington (U.S, Massachusetts) and Tokyo (Japan).

The Group's expertise is based on the understanding of the key mechanisms involved in metabolic diseases and the Group's ability to develop innovative solutions for treating patients. The management team and the Board of Directors have extensive experience in the pharmaceutical industry, ranging from molecular research, through development and marketing, to patient access and the management of the drug life cycle. The Group has defined its code of conduct and its inside information policy, published on its website.

The Group's expertise consists in:

- **Developing novel treatments for metabolic diseases, including type 2 diabetes and liver diseases, such as non-alcoholic steatohepatitis, or NASH;**
- **Leading the clinical development of the Group's drug candidates.**

The Group intends to generate further growth through strategic partnerships and pipeline development.

A more detailed description of the Group's business operations is set out in Section 2.1 "Business" of this *Document d'Enregistrement Universel.* In 2020, the Group has initiated a process to formalize its CSR approach and improve its global strategy on CSR.

2.5.1. Social and environmental information

On December 31, 2020, an Executive Committee of eight people ran the Group (five men and three women). The members of this Executive Committee collectively have expertise which covers all of the value chain involved in the development of a new drug. All have held positions of high responsibility in large groups and, for the most part, have key experience working in pharmaceutical companies with widely known diabetes franchises. The Executive Committee consists of four of the co-founders, as well as the Executive Vice-President - Business Development & US Operations, the Executive Vice-President - Chief Scientific Officer, the Executive Vice President, Chief Legal Officer, and the Executive Vice President, Chief Financial Officer.

2.5.1.1 Employment and social information

The Group carries out research and development in the medical sector. As such, its employees are at the heart of its business model. To motivate and retain in the long term all of its key people, the Group has implemented a policy of talent management. The Group was incorporated in March 2009 and employed 53 persons on December 31, 2020. In just over ten years, the Group has hired qualified and competent staff, especially around Lyon.

a) Employment:

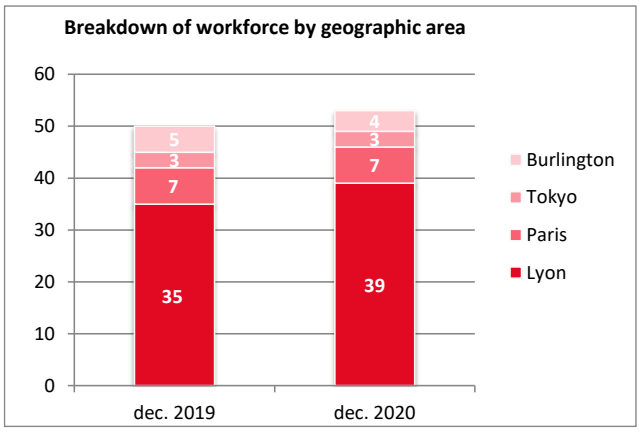
Workforce:

On December 31, 2020, the Group's workforce was composed of 46 employees in France, 3 in Japan and 4 in the USA. In 2020, the Group's workforce increased by 3 people. This change is due to 7 new hires (5 in France, 1 in Japan and 1 in USA), 4 departures (1 in France, 1 in Japan and 2 in USA). More than 96% of the workforce has a permanent contract.

The workforce indicators presented below describe information for all employees at the end of each financial year.

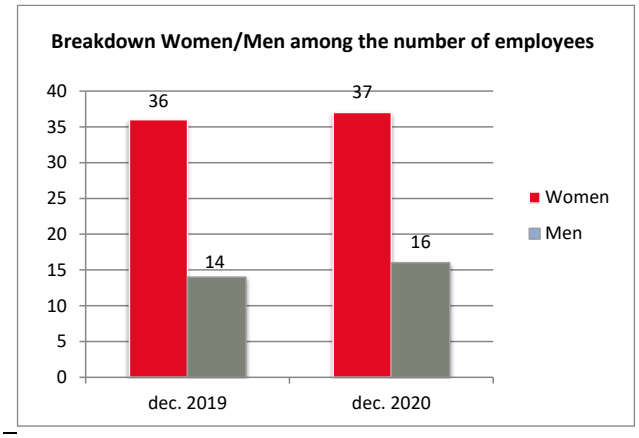
Breakdown by geographic area:

Employees work in two main sites in France: Lyon (head office) and Paris (secondary office), one office in Tokyo, Japan and one office in Burlington, USA.



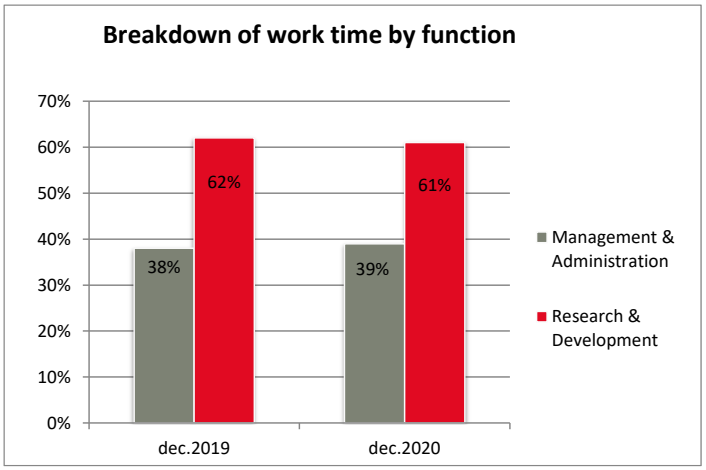
Men/women breakdown:

On December 31, 2020, women employees accounted for 70% of the Group's contractual workforce, compared to 72% on December 31, 2019. The distribution of employees by gender is as follows:



Breakdown by function:

The staff has extensive experience in the management of research and innovation, with more than 96 % of experienced employees. As shown in the table below, employees spend most of their working hours - more than 60% of their working hours - on research and development:

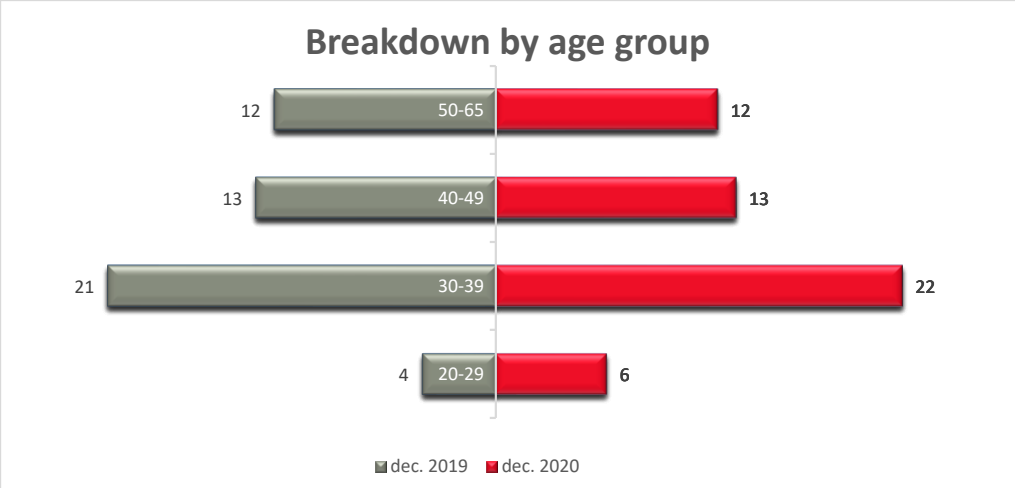


This shows the importance given to research within Poxel.

Seniority:

On December 31, 2020, the average age of the staff was 41 years (steady compared with the average age of 42 years in 2019), with an average length of service of approximately three years and nine months (against an average length of service of approximately three years on December 31, 2019).

Poxel employees combine experience and competence.



The Group benefits from a balanced distribution of its workforce, between young professionals and more experienced employees. In 2020, 30 employees are under 40 and 23 are over 40.

Remuneration:

Personnel expenses (from the IFRS accounts) rose by 13 % in 2020. They were one of the Group's main operating expense items. The increase reflects recruitment to support the expansion of clinical development activities and the continuous growth and development of the Group.

Personnel expenses per fiscal year	2 019	2 020
As a percentage of operating expenses	14,53%	23,30%
Total amount in k€	8 081	9 128

The pay scale only varies based upon the position of each employee and the associated seniority, and on internal and external benchmarks.

The Group's bonus policy is based on reaching both common objectives of the Group and measurable individual objectives. The weight of the target bonus varies according to the employee's level of responsibility. The individual objectives achievement are assessed during the annual review of employees, according to the individual objectives set the previous year during their meeting with their line manager. All permanent employees benefit from an annual review. A summary review of the previous year is compiled in order to validate the objectives achieved and the final allocation of the bonus. The individual objectives for the current year are also discussed.

b) Organization of labor:

The employment contracts of the employees are submitted to the Collective Agreement of the Pharmaceutical industry.

Since October 1, 2015 the working time of managerial staff is calculated based on the total working days in a year ("forfait-jour"). A home office agreement was prepared in 2018 and signed in January 2019, thus ushering in a new work organizational structure. Home office is a solution to the need to ease the constraints related to the organization of work and the needs of employees. A group collective agreement on the right to disconnect was also prepared in 2018 and signed in January 2019 for Group employees, in order to bring the proper use of IT and digital tools in line with the necessary respect of rest and holiday periods, as well as with work-life balance.

Absenteeism increased in 2020. This is a result of the health crisis (the COVID-19 pandemic). However, sickness absences remained limited during 2020 (less than 2% of theoretical working days).

Absenteeism	2019	2020
total days worked	7 552	9 171
total days of absenteeism	208	248
For Illness	*39*	*167*
For Maternity leave	*169*	*81*
% absenteeism / days worked	2,8%	2,7%

Absenteeism is calculated on the basis of the hours worked by the French staff of the Group (employees on permanent contract and employees on temporary contracts).

c) Labor relations:

Labor relations are organized around the Group institutions representing the personnel, mainly the Social and Economic Committee “CSE”. The Group has a “CSE” of three staff representatives (two principals and one deputy representatives) who were elected in June 2018 for a four-year term. The Group maintains a constructive social dialog with the “CSE”; a social dialog driven by transparency, consultation, and attention. Also, monthly meetings take place between the “CSE” and the HRD and CEO.

d) Health and Safety:

The safety of the personnel and the management of the working conditions are fundamental for the sustainable development of the Group. The Group has made the compulsory reports concerning its facilities and has received approvals to perform its activities. The control and maintenance of the technical and electric facilities has been made according to the applicable legislation. The staff has the necessary clearances and training for using the equipment and for keeping up with the health and safety requirements.

The single occupational risk assessment document is also regularly updated. These documents are at the disposal of the whole staff. As stated earlier, the Group has implemented on home office agreements in order to reduce commuting, and on the right to disconnection, in order to prevent information overload and stress. The Internal Regulations are regularly updated. It summarizes the main rules of workplace health and safety that employees must follow and presents the common rules applicable to all employees to allow them to evolve in satisfactory work and safety conditions.

Upon hiring, the new employee follows an integration pathway, intended to allow him/her to meet key persons and learn about the rules of operation of the Group. At the end of a period of one month, an informal intake report is prepared. A recruitment medical examination is organized for all staff. Subsequently, a medical examination is organized every two years.

Following negotiations with various agencies, the Group has signed a medical insurance contract offering to its employees, minimum guarantees and full coverage for certain equipment, which took effect as of January 1, 2016. All employees also have access to a complementary insurance contract with extended guarantees, in the event of long-term sick leave / disability or death. The Group provided access to meal vouchers during the working day to its employees in 2017.

In 2020, the Group did not identify any work or commuting accidents. No occupational disease or professional character has been declared in 2020 nor in the previous financial year. No permanent incapacity has been notified to the Group for this financial year and the previous years.

e) Training:

The Group has implemented a HR training policy, which aimed at attracting and retaining the best profiles. This is achieved by pursuing a proactive compensation policy and keeping the training budget adapted to the needs of the employees and their activities. Moreover, individual career-building support is offered to each employee. The staff is highly skilled, and the Group attaches great importance to maintaining this high individual level of knowledge and skill of each employee.

In 2020, despite the global health and economic context, the Group continued to support the development of its employees by offering, as part of its Skills Development Plan, technical, behavioral and managerial training. Complementary training could also be provided.

Also, all employees benefited from training sessions in 2020, for a total budget of around 116,000 euros.

Employees can make specific training requests during the year depending on their specific needs. Their requests are thus submitted to the line manager for validation.

Monitoring of training plans	2019	2020
Number of training courses attended by employees	30	39
Number of training hours attended	1 034	1 667

f) Equality of treatment:

In order to avoid any discrimination during hiring procedures, the Group strives to make an objective selection based on the concrete needs of the Group. In this framework, a job description is drafted for each of the proposed positions. It describes the missions entrusted, the responsibilities related to the position, the people with whom the new employee will interact, and the skills required for the position. This ensures a non-discriminatory recruitment process that is based solely on the criteria of skills and talent.

In order to clarify and facilitate recruitment, a Careers section is available on the Group's website where offers of employment are posted.

The Group pursues a non-discriminatory wage policy. Regardless of their occupational group ("*catégorie professionnelle*"), the compensation management and individual profile evaluation procedures are identical for both men and women. The Group aims at hiring without any discrimination every person presenting all the qualifications required for its development.

This also applies to the access to training. The Group, concerned by the insertion of young professionals on the labor market, offers employment to young people whenever possible, namely through traineeships.

In 2019, the Group initiated a process for implementing a policy aimed at promoting the integration of people recognized as disabled. After carrying out a diagnosis and identifying the challenges for the Group, an action plan around four axes was defined and implemented in 2020:

- Internal awareness and mobilization, a workshop on this subject and its challenges was carried out in October 2020,
- Recruitment and integration, all positions are open to the diversity of profiles that may correspond to the Group's needs,
- Collaboration with the sheltered and adapted work sector, in particular through a service contract with an ESAT in waste collection,

- Job retention and career support: in 2020, 1 employee benefited from the recognition of the status of disabled worker.

The objective is to adopt a long-term and structured “disability” policy.

2.5.1.2 Environmental information

Due to its activity (research & development), the Group considers that its environmental impact is limited. Its activities do not include any industrial manufacturing or distribution, the heavy use of raw materials, or significant discharges into the environment. Its activities do not require the use of mains gas, nor specialty gases. The Group does not generate any particular noise nuisance for the staff or the local population. The Group estimates that the discharges into the air related to its activity are not significant and have little impact on the air quality. The details concerning the greenhouse gas emissions include plane & train travels (indicated below).

In addition, the Group operates within a highly constrained regulatory framework, to which it complies. The Group has all the necessary approvals to carry out its activities.

In this context, only the following issues have been identified as relevant for the Group and will therefore be dealt with in the rest of the Report:

- General environmental policy;
- Measures taken to preserve and develop biodiversity;
- Sustainable use of resources:
    - Energy consumption
    - Greenhouse gas emissions

General environmental policy:

In order to limit travel and its impact on the environment, the Group attempts to use video conferencing and teleconferencing tools whenever possible in the course of its internal and external meetings. This trend has increased in 2020, due to the COVID-19 context and in order to comply with the governmental recommendations to use remote work as much as possible. The Group has also formalized a digitalization policy in order to keep and share some of its working documents. In addition, in 2020, the Group has also implemented the electronic signature to materialize a part of its commitments.

In Lyon, the Group has leased premises in a building certified BBC (*Bâtiment Basse Consommation*), rated B for energy consumption (53.7 kWhPE/sq.m/year, almost class A, for which the limit is 50) and A for greenhouse gas emissions (0.6 kg eq. CO_2/sq.m/year). This building was recognized by the *Prebat* (Program of Research on Energy in Buildings) in 2009.

For the activities and investments for which it is responsible, the Group also seeks to limit its impact on the environment.

The Group generates limited waste. It mainly generates administrative waste, paper, or office consumables (printer cartridges), or coffee capsules. For office consumables, the Group has signed a contract for the collection of this waste by a specific contractor in charge of recycling them. Special containers have been installed in the offices in Lyon to collect paper (136 kg in three trimesters in 2020), thin cardboard, bottles and coffee pods (49 kg in 2020).

The Group has set up a specific follow-up process for the manufacturing, packaging, use and destruction of the active ingredients that are used in the pre-clinical and clinical studies performed by external providers. As such, the Group checks the destruction certifications obtained by the CRO (the contract research organization that performs the external clinical tests).

Measures taken to preserve and develop biodiversity:

The Group does not directly conduct pre-clinical or clinical studies. In order to protect biodiversity in the framework of carrying out such tests, the Group demands that its service providers comply with strict safety rules and with the regulations applicable in the countries, where the studies are carried out. In addition, the studies outsourced by the Group do not have a direct impact on global climate change and the evolution of biodiversity.

Circular economy: waste prevention and management:

The Group has signed contracts with specialized service providers for the recovery of used consumables and the disposal of its archives. Printer consumables are collected directly by a service provider. The Group also has a contract with a specialized provider for the disposal and recycling of waste electric and electronic equipment.

The group does not operate in the agri-food area, so measures relating to the food waste are not applicable.

Circular Economy: Sustainable use of resources:

The Group's activity is focused on research and not on manufacturing. Therefore, it does not buy significant quantities of raw materials. Similarly, energy and water consumption is limited to servicing IT tools (and other electrical facilities) and the sanitary installations of the employees. This consumption is not significant.

Therefore, the main greenhouse gas emissions remain limited to releases related to the consumption of electricity (main factor of scope 2) and employees' travel (cars/aircraft/trains, main factor of scope 3) whose impact is described in the following paragraphs. There are no other significant emission factors involved in the cycle of activity of the Group.

In 2020, electricity consumption was 19,400 kWh for premises leased on the two floors of the building in Lyon and 5,551 kWh in Burlington, U.S. (compared with 21,370 kWh in 2019 in Lyon and 4,863 kWh in Burlington), representing emissions of roughly 1.8 tons of CO_2 equivalent. These data correspond to electricity consumption on the basis of actual data for 2019 and 2020. The Group does not monitor the electricity consumption of its offices in Paris and Tokyo which were deemed to be non-significant given the surface areas occupied.

Given the Group's activity, its employees have had to travel by plane on domestic and international flights many times over the past two years. Consequently, the Group has set up criteria to monitor CO_2 emissions caused by those trips. This information has been estimated from data collected internally. Due to the COVID-19 pandemic, there were few trips in 2020.

	Greenhouse gas emissions in teq CO2	
	2019	2020
TOTAL	439	115

Train travel of employees is insignificant, and its impact is estimated at approximately 0.2 tons of CO_2 equivalent releases of greenhouse gases for all 2020 trips.

2.5.2. Information relating to societal sustainable development commitments

Since 2019, Poxel proactively answers to the ESG data collection and analysis campaign of Gaïa Rating, the ESG rating agency of EthiFinance. The Group continued this pro-active approach in 2020 and was again rated on its level of transparency and performance for each of the criteria evaluated (Governance, Social, Environment, Stakeholders). This rating is used by leading management companies in their management processes and investment decisions. The results highlight the quality and good practices of the Group in terms of its social policy for which the score obtained was higher than the average score of the Gaïa panel.

Measures granted in favor of consumer health and safety:

The Group focuses on consumer health and safety: researching and developing innovative treatments for metabolic diseases, namely type 2 diabetes and NASH. These research activities are further described in this *Document d'Enregistrement Universel*.

The development of a new drug-candidate follows a rigorous evaluation process, in which the safety related to the use of the drug-candidate is the most important concern for the Group that develops the product and the competent authorities in charge of its evaluation. As a consequence, the Group has to comply with the applicable rules (Good Manufacturing Practices, Good Laboratory Practices, Good Clinical Practices), and the rules set up by the bodies in charge of the evaluation of those new drugs and the public health protection, as the European Medicine Agency (EMA), the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, of the Food and Drug Administration (FDA) in the United States.

Sponsoring and philanthropy:

Poxel was also a sponsor of the ALD Connect from 2018 to 2020 meeting held in Philadelphia in November. In 2020, Poxel financed the HealthTech For Care fund by making a donation as part of the Health Tech Innovation days. The HealthTech For Care fund was founded by France Biotech and aims to foster access to innovative healthcare solutions for all patients through the organization of Europe-focused initiatives and events.

Outsourcing and suppliers:

At this stage, the Group has not set up any specific CSR criteria in its supplier selection procedure. Its selection criteria are based on the supplier's ability to meet the Group's requirements, which may be related to products, manufacturing procedures, process and equipment, staff qualifications, quality management systems or implementation times of the services entrusted.

A specific operating process related to supplier selection and management was set up and is available to any employee. Every Group supplier is submitted to this process. As a consequence, the following supplier families are concerned:

- The CRO (Contract Research Organizations) which performs studies;
- The CMO (Clinical Manufacturing Organizations) which provides the Group with the research necessary material.

The Group thus creates shared value by involving the suppliers and health professionals in its corporate responsibility approach. The R&D strategy is structured into development projects, which are coupled with specifications in order to entrust the implementation to one or several sub-contractors, who may be industrial partners, Contract Research Organizations, academia (e.g., University Hospital Centers,

CNRS, INSERM, Yale University in the United States, etc.), sometimes with the help of recognized experts, with which the Group maintains relations for the development of its molecules.

Several sub-contractors are contacted for each development project. Their selection is based on objective criteria defined upstream (incorporating, at minimum, aspects of expertise in the field, quality, successful experience, cost and timing). The collaboration of the Group with its service providers is part of a process of continuous quality improvement. In this respect, during its collaborations, Poxel performs audits to confirm that these stakeholders comply with best practices and regulatory standards.

A quality department, independent of operational activities, is responsible for all quality assurance and audit activities. This department is also assisted by external quality auditors, experts in the fields concerned.

As a study supervisor, the quality department ensures the implementation and respect of a quality management system appropriate to its activities. All clinical activities are in accordance with the recommendations of good clinical practice ICH-GCP (International Conference of Harmonization) aiming at the harmonization of MA requirements between the United States, Japan and the European Union. Non-clinical activities are carried out in compliance with GMP (Good Manufacturing Practice), GLP (Good Laboratory Practice) and applicable local regulations.

Methodology note:

This report presents CSR data concerning the Group and its Japanese and American subsidiaries for fiscal years 2019 and 2020. Financial year 2019 covers the period between January 1, 2019 and December 31, 2019. Financial year 2020 covers the period between January 1, 2020 and December 31, 2020. The Group has two geographical locations in France: its head office in Lyon and an office in Paris, as well as two international offices: one in Tokyo, Japan since September 1st, 2018, and one in Burlington, USA since January 2nd, 2019. Unless otherwise specified in the report, the data presented aggregates information relating to these four sites.

All the indicators are monitored by the Investor Relations & Communication Director, the Director of Human Resources, the Chief Financial Officer, the Financial Controllers and the Chief Legal Officer. The employment indicators are established based on a non-accounting summary, supported by employment data arising from salaries and personnel files. The indicators that were collected, calculated and consolidated may be subject to inherent limits due to practical modalities of collection and consolidation of these data.

Concerning environmental indicators, non-accounting monitoring is performed. Based on this monitoring, actual electricity consumption is calculated on the basis of consumption billed. We used a CO_2 equivalent emission factor of around 72g CO_2/kWh based on the ADEME carbon accounting v7.1.

Information was collected by the Investor Relations & Communication Director. The information was checked by the Human Resources Director, the Financial Controllers, the Chief Financial Officer and the Chief Legal Officer.

3 FINANCIAL INFORMATION

3.1 Management discussion and analysis

The reader is invited to read the following information relative to the financial position and the results of the Group in conjunction with the *Document d'Enregistrement Universel* as a whole and, in particular, the Group's consolidated financial statements prepared in accordance with IFRS since January 1, 2015. The consolidated financial statements cover the twelve-month periods ended December 31, 2019 and 2020.

The comments on the financial statements presented in Section 3.1 **Erreur ! Source du renvoi introuvable.** of the *Document d'Enregistrement Universel* are established solely on the basis of the IFRS consolidated financial statements presented in Section 3.2 "*Consolidated Financial Statements for the years ended December 31, 2020 and 2019*" of this *Document d'Enregistrement Universel*.

3.1.1 Overview

Poxel is an international clinical-stage biopharmaceutical Group focused on the development of novel treatments for metabolic diseases, including type 2 diabetes and liver diseases, such as non-alcoholic steatohepatitis (NASH). With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, the Group have developed a portfolio of drug candidates, including the Group's three most advanced candidates: Imeglimin, for the treatment of type 2 diabetes, PXL770 and PXL065, for the treatment of NASH. The Group is also advancing early-stage opportunities from its AMPK activation and TZD platforms.

Since its incorporation on March 11, 2009, the Group has devoted substantially all of its financial resources to research and development efforts. The Group does not have any products approved for sale and have not generated any revenues from product sales. The Group has funded its operations to date primarily through private and public offerings of its equity securities, debt financing arrangements, upfront and milestone payments, Research Tax Credit (*Crédit Impôt Recherche*) reimbursements and other government subsidies.

Since inception, the Group has incurred significant operating losses. Its ability to generate revenue sufficient to achieve profitability will depend significantly upon the successful development, regulatory approval and eventual commercialization of one or more of its drug candidates, which may never occur. The Group had a net loss of €31.9 million and €25.7 million for the years ended December 31, 2020 and 2019 respectively.

In 2019, the Group entered into a Subscription Agreement with IPF Partners. The financing consists of three separate bond tranches: €6.5 million, €10 million and €13.5 million, for a total amount of up to €30 million, subject to the occurrence of contractually defined triggering events. The first tranche was drawn down in November 2019 and the second tranche in March 2020. The third tranche amounts to €13.5 million and is to be subscribed before December 31, 2021, subject to the marketing approval of Imeglimin in Japan. Debt covenants are attached to the contract.

In May 2020, the Group announced a successful private placement with both U.S and European investors and raised €17.7 million.

The Group received a JPY 500 million (EUR 4.1 million) milestone payment from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA in July 2020.

In October 2020, the Group received the approvals from BNP Paris, BPI France and CIC Lyonnaise de Banque for a €6.0 million non-dilutive financing in the form of a French Government Guarantee loan (PGE). Each individual lender has provided a loan of € 2 million. The French government will guarantee 90% of the amount due in the case of default.

In April 2019, the Company was notified that Merck Serono had initiated an arbitral proceeding in order to resolve a difference in interpretation in connection with the application of the MS Agreement to the Roivant License Agreement. On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Serono (See section 2.1.11 "*Legal Proceedings*").

The Group had cash and cash equivalents of €40.2 million as of December 31, 2020. Its cash and cash equivalents net of financial liabilities of €23.0 million (IFRS 16 impacts and derivative debt excluded), reflecting mainly its commitments to French Government loan (PGE) and IPF debt, were €17.1 million as of December 31, 2020.

3.1.2 Presentation of financial information

The Group's consolidated financial statements included in this *Document d'Enregistrement Universel* have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board, or IASB. In addition, due to the listing of its ordinary shares on the regulated market of Euronext Paris and in accordance with European Union Regulation No 297/2008 of March 11, 2008, the Group also prepares its financial statements in accordance with IFRS as issued by the IASB and as endorsed by the EU.

3.1.3 Principal Factors Affecting the Group's Results of Operations

The following factors have affected, and the Group expects will continue to affect, its results of operations:

3.1.3.1 Licensing and Partnership Agreements

The Group has entered into development, licensing partnerships and licensing agreements with various pharmaceutical companies, pursuant to which have received upfront payments and are entitled to milestone payments upon achieving pre-determined development and regulatory events and to royalty payments and sales-based milestones after the commercialization of its drug candidates. Its main partnerships and collaboration agreements are summarized below. All U.S. dollar amounts which have been received in cash are converted into euros as at the then-prevailing exchange rate (i.e., the spot rate at the moment of the transaction).

3.1.3.1.1 Merck Serono Assignment and Licensing Agreement

The Group entered into the MS Agreement as part of the spin-off of Serono's research and development activities in the cardiometabolic field. The MS agreement was amended on July 30, 2009 to include an additional patent for which Merck granted a license to us (see Section 2.3.1 "*Merck Serono agreement*").

Merck Serono is entitled to the following compensation:

- royalties on net sales of the products covered by the assigned patents at a rate equivalent (at the higher end of the range) to a high single digit for Imeglimin and (at the lower end of the range) a low single digit rate for other products; and

- an additional percentage of certain revenue from any partnering agreement relating to the drug candidates covered by the assigned patents, at a low double-digit rate near the bottom of the range for Imeglimin. For other compounds, if the Group enters into a partnering agreement, the Group would owe a percentage of certain partnering revenues with respect to products covered by the assigned patents depending on the product and its stage of development when it is partnered.

3.1.3.1.2 **Sumitomo Collaboration Agreement for Imeglimin in Type 2 Diabetes**

On October 30, 2017, the Sumitomo License Agreement for the co-development and marketing of Imeglimin. Under this agreement, Sumitomo has an exclusive, royalty-bearing license, with the right to grant sublicenses, to develop, manufacture, use, import and register Imeglimin solely for the purpose of commercializing the product in Japan, China and eleven other countries in Southeast Asia, for all human and veterinary indications, including type 2 diabetes.

Upon signing the Sumitomo License Agreement, Sumitomo made an initial non-refundable payment to the Group in an amount of ¥4,750 million (approximately $42 million). In July 2020, the Group received a JPY 500 million (EUR 4.1 million) milestone payment from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA.

The Sumitomo License Agreement also provides for staggered payments, subject to attainment of certain regulatory milestones for Imeglimin for an aggregate maximum amount of ¥2,250 million (approximately $20 million) for first Japanese NDA approval and first Chinese NDA approval for Imeglimin.

Sumitomo will also pay the Group sales-based payments depending on net sales thresholds up to an aggregate amount of ¥26,500 million (approximately $233 million), as well as escalating royalties on net sales of licensed products at percentages ranging from the low double digits to the low twenties (see Section 2.3.2 "*Sumitomo License Agreement*").

3.1.3.1.3 **Roivant License Agreement for Imeglimin in Type 2 Diabetes**

On February 9, 2018, the Company signed the Roivant License Agreement for the development and marketing of Imeglimin in the United States, Europe and other countries not covered by the existing partnership in Asia between the Company and Sumitomo (see Section 2.3.2 "*Sumitomo License Agreement*").

On November 20, 2020, the Company and Roivant announced that Roivant had conducted a strategic review and had decided not to move forward with the development of Imeglimin in the United States, Europe and other countries not covered by the existing partnership in Asia between the Company and Sumitomo. This decision was not based on any efficacy, safety or other data generated through the partnership.

The Roivant License Agreement was effectively terminated January 31, 2021, and Roivant returned to the Company all rights to Imeglimin, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from the Company as part of the return of the program.

3.1.3.1.4 **DeuteRx Partnership Agreement**

On August 29, 2018, the Group entered into the DeuteRx Agreement, with respect to DRX-065 (now PXL065) and a portfolio of other potential deuterated drug candidates for the treatment of rare and

specialty metabolic diseases (although the Group owns the patents and have the rights with respect to all indications for PXL065 and this portfolio).

As consideration under the DeuteRx Agreement, the Group paid DeuteRx a non-refundable upfront payment of €6.8 million and issued 1,290,000 of new ordinary shares to DeuteRx. Under the DeuteRx Agreement, the Group is also obligated to pay DeuteRx, in cash or in shares (valued based on a daily volume weighted average of actual trading prices for a specified period), as the case may be, amounts tied to attaining certain development and regulatory objectives for products under the acquired programs, such as the completion of certain phases of clinical trials and the receipt of marketing approvals in various countries. The Group is further required to make cash payments to DeuteRx linked to sales targets and low single-digit royalty payments based on net sales (subject to reduction in certain circumstances) (see Section 2.3.3 "*DeuteRx agreement*").

3.1.3.1.5 **Enyo Pharma License Agreement**

In May 2015, the Group entered into a license agreement with Enyo Pharma S.A.S. ("**Enyo**"), for its farnesoid X receptor, or FXR, agonist program. Enyo has launched the Phase 2 development program for hepatitis B and is studying its development potential for NASH.

The Enyo license agreement did not have any material impact on the Group's results of operations in 2019 or 2020. The Group is potentially entitled to royalties pursuant to the agreement.

3.1.3.2 **Research and Development Activities**

The Group engages in substantial research and development efforts to develop potential treatments for type 2 diabetes and other metabolic diseases such as non-alcoholic steatohepatitis (NASH). Its research and development efforts are focused on its existing drug candidates, including the advancement of Imeglimin, PXL770 and PXL065.

Research and development activities are central to its business. As drug candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development due to the increased size and duration of later-stage clinical trials, the Group expects that its research and development costs will increase in the foreseeable future. For the year ended December 31, 2020 and the year ended December 31, 2019, 80% and 87%, respectively, of its operating expenses were for research and development purposes.

The Group expects to continue to incur significant expenses and operating losses for the foreseeable future. The Group anticipates that its expenses will increase substantially as the Group:

- continues to invest in the preclinical and clinical development of its drug candidates, including PXL770, PXL065;
- continues preclinical development of its other programs;
- hires additional research and development and general and administrative personnel;
- pursues partnership or licensing arrangements, including any milestone or royalty payments due in connection with such arrangements;
- maintains, expand and protect its intellectual property portfolio.

The Group cannot determine with certainty the duration and completion costs of the current or future clinical trials of its drug candidates or if, when, or to what extent the Group will generate revenue from the commercialization and sale of any of its drug candidates that obtain regulatory approval. The Group may never succeed in achieving regulatory approval for any of its drug candidates. The duration,

costs and timing of clinical trials and development of its drug candidates will depend on a change of factors, including:

- the scope, progress, outcome and expenses of its clinical trials and other research and development activities, including establishing an appropriate safety profile with IND-directed studies;
- successful patient enrollment in, and the initiation and completion of, clinical trials;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- the expense of filing, prosecuting, maintain, defending and enforcing patent claims and other intellectual property rights;
- significant and changing government regulation;
- launching commercial sales of its drug candidates, if and when approved, whether alone or in collaboration with others;
- maintaining a continued acceptable safety profile of the drug candidates following approval;
- the ability to market, commercialize and achieve market acceptance for Imeglimin, PXL770, PXL065 or any other drug candidate that the Group may develop in the future; and
- significant competition and rapidly changing technologies within the biopharmaceutical industry.

The Group may never succeed in achieving regulatory approval for any of its drug candidates. The Group may obtain unexpected results from its clinical trials. The Group may elect to discontinue, delay or modify clinical trials of some drug candidates or focus on others. A change in the outcome of any of these change with respect to the development of drug candidates that the Group is developing itself or with its collaborators could mean a significant change in the costs and timing associated with the development of such drug candidates. For example, if the EMA or the FDA or other regulatory authority were to require the Group to conduct non-clinical and clinical studies beyond those which the Group currently anticipates will be required for the completion of clinical development, or if the Group experiences significant delays in enrollment in any clinical trials, the Group could be required to spend significant additional financial resources and time on the completion of clinical development.

At this stage, the Group has not generated any revenue from sales of its drug candidates and the Group does not expect to do so unless and until the Group successfully completes development of, obtain marketing approval for and successfully commercialize one or more of its drug candidates. Nevertheless, the Group anticipates that it will need to raise additional capital, prior to completing clinical development of any of its drug candidates. Until such time that it can generate substantial revenues from sales of products, if ever, the Group expects to finance its operating activities through a combination of equity offerings, debt financings, government or other third-party funding and partnerships, and licensing arrangements.

However, the Group may be unable to raise additional funds or enter into such arrangements when needed on favorable terms, or at all, which would have a negative impact on its financial condition and could force the Group to delay, limit, reduce or terminate its development programs or commercialization efforts or grant to others rights to develop or market drug candidates that the Group would otherwise prefer to develop and market itself. Failure to receive additional funding could cause the Group to cease operations, in part or in full.

3.1.4 Components of Its Results of Operations

3.1.4.1 Sources of Revenue

The Group's revenue in its continuing operations to date have consisted of upfront payments in relation with research and development services, license fees and milestone payments received in connection with its partnership and collaboration agreements.

Partnership agreements with its commercial partners for research and development activities generally include non-refundable, upfront fees, milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones; license fees; and royalties on sales.

The Group has not generated any revenue from product sales. Its ability to generate product revenue and to become profitable will depend upon its ability to successfully develop, obtain regulatory approval and commercialize Imeglimin, PXL770, PXL065 and its other drug candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, the Group is unable to predict the amount, timing or whether the Group will be able to obtain product revenue.

3.1.4.2 Components of Operating Expenses

Since inception, its operating expenses have consisted primarily of expenses resulting from its research and development activities and general and administrative expenses.

The Group expects its operating expenses to increase substantially as compared to prior periods in connection with its ongoing and planned activities, particularly as the Group continues the development of its drug candidates, expand its pipeline and invest in its proprietary discovery platform.

Its operating expenses may change substantially from period to period mainly driven by the initiation of future clinical trials, the timing of enrollment of patients in clinical trials and other research and development activities.

3.1.4.2.1 Research and Development Expenses

Research and development expenses consist primarily of:

- expenses associated with third-party contractors and academic institutions involved in preclinical studies or clinical trials for Imeglimin, PXL770 and PXL065;
- personnel expenses, including salaries, benefits and share-based compensation, for its 32 employees engaged in scientific research and development functions as well as conference and travel expenses;
- professional fees, including fees related to maintenance of its intellectual property portfolio;
- purchases of biological raw materials; and
- laboratories and allocated facilities expenses.

Research and development expenses are expensed as incurred (other than expenses for the TIMES program in Japan, which are reported in accordance with the completion rate of the program).

Expenses for certain activities, such as manufacturing and preclinical studies and clinical trials, are generally recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to the Group by its vendors and collaborators.

The Group typically uses its employee, consultant and infrastructure resources across its development programs and the Group does not track or allocate these internal expenses to any particular drug candidates or programs. The Group does track outsourced development expenses by drug candidate or preclinical program. The following table summarizes its outsourced research and development expenses by drug candidate and preclinical program for the periods presented:

(In € thousands)	December 31, 2020	December 31, 2019
Imeglimin	1,410	20,441
PXL770	8,033	9,695
PXL065	7,533	7,441

Research and development activities are central to its business. Drug candidates in later stages of clinical development generally have higher development expenses than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. The Group expects that its research and development expenses will continue to increase in the foreseeable future as the Group initiates clinical trials for certain drug candidates and pursue later stages of clinical development of its drug candidates.

3.1.4.2.2 **Subsidies**

As a Group that carries extensive research and development activities, the Group benefits from grants and research and development incentives from certain governmental agencies. These grants and research and development incentives generally aim to partly reimburse approved expenditures incurred in its research and development efforts.

Its subsidies consist of research tax credits and government grants from the European Research Agency and the French National Research Agency that are accounted for as a reduction of the related expenses in the Group's statement of income in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

3.1.4.2.3 **Research Tax Credit**

The Research Tax Credit is granted to companies by the French tax authorities in order to encourage them to conduct technical and scientific research. Companies demonstrating that they have expenses that meet the required criteria, including research expenses located in France or, since January 1, 2005, within the EU or in another state that is a party to the agreement in the European Economic Area (the "**EEA**") that has concluded a tax treaty with France that contains an administrative assistance clause, receive a tax credit which can be used against the payment of the corporate tax due the fiscal year in which the expenses were incurred and during the next three fiscal years, or, as applicable, can be reimbursed for the excess portion. The expenditures taken into account for the calculation of the Research Tax Credit involve only research expenses.

The main characteristics of the Research Tax Credit are the following:

- the Research Tax Credit results in a cash inflow to the Company from the tax authorities, i.e., it is used to offset the payment of corporate tax or is paid directly to the Company for the portion that remains unused the year after the date of its record as a tax credit in the income statement;
- a company's corporate income tax liability does not limit the amount of the Research Tax Credit — a company that does not pay any corporate income tax can request direct cash

payment of the research tax credit the year following its record in the income statement; and

- the Research Tax Credit is not included in the determination of the corporate income tax.

As a result, the Company has concluded that the Research Tax Credit meets the definition of a government grant as defined in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. As no research and development expenditure is capitalized before obtaining marketing authorization, the Research Tax Credit related to its research programs has been classified as other operating income within operating income in its consolidated statement of profit or loss.

Since its inception, the Company has been granted the Research Tax Credit and collected it in cash the year after the year the tax credit is recorded in its financial statements, pursuant to the application of community tax rules for small and medium enterprises in compliance with the current regulations. The Group received the reimbursement for the 2018 Research Tax Credit in the amount of €3.6 million in 2019. The Company received the reimbursement for the 2019 Research Tax Credit in the amount of €4.4 million in 2020.

3.1.4.2.4 **Other Subsidies and Conditional Advances**

The Company has received financial assistance from BPI France, the French public investment bank, and other governmental organizations in connection with the development of its drug candidates. BPI France's mission is to provide assistance and support to emerging French enterprises to facilitate the development and commercialization of innovative technologies. Such funding, in the form of non-refundable subsidies and conditional advances, is intended to finance its research and development efforts and the recruitment of specific personnel.

Non-refundable subsidies are recognized over the duration of the funded project. Funds are recognized in other income in its consolidated statement of profit or loss in the fiscal year when there is a reasonable assurance that the subsidies will be received.

Since its inception through December 31, 2020, the Company has received €31.9 million in non-refundable subsidies, mainly from the Research Tax Credit (€31.4 million). For the year ended December 31, 2020, the Group recorded subsidies of €2.4 million, as a result of research and development expenses incurred during the period, as compared to subsidies of €4.4 million for the year ended December 31, 2019.

Funds received from BPIFrance in the form of conditional advances are recognized as financial liabilities, as the Company is obligated to reimburse BPIFrance for such conditional advances in cash based on a repayment schedule.

3.1.4.2.5 **General and Administrative Expenses**

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and share-based compensation, for the Group's employees other than those engaged in research and development functions, as well as travel expenses and entertainment expenses. General and administrative expenses also include fees for professional services, including audit, information technology, finance, accounting, recruitment and legal as well as business development and public relations expenses, allocated facilities and insurance expenses.

The Group expects that the amount of general and administrative expenses will increase in the future to support its continued growth.

3.1.4.2.6 **Financial Income (Loss), Net**

The financial result includes all changes in fair value of the debts recorded at fair value through profit or loss, expenses related to its financing, interests on debts, income related to the interest payments received and foreign exchange gains or losses.

3.1.5 Results of Operations

3.1.5.1 **Comparisons for the years ended December 31, 2019 and 2020**

The table below sets forth the Group's financial results for the years ended December 31, 2019 and December 31, 2020:

In € thousands	December 31, 2020	December 31, 2019	Change	Change %
Revenue	**6,806**	**26,557**	**-19,751**	**-74%**
Research and development expenses	*-29,235*	*-44,550*	*15,315*	*-34%*
Subsidies	*2,517*	*4,373*	*-1,856*	*-42%*
General and administrative expenses	*-9,935*	*-11,051*	*1,116*	*-10%*
Operating income (loss)	**-29,847**	**-24,671**	**-5,177**	**21%**
Financial expenses	*-1,727*	*-1,158*	*-569*	*49%*
Financial income	*1,722*	*222*	*1,500*	*674%*
Exchange gain (loss)	*-1,970*	*-136*	*-1,834*	*1,352%*
Financial income (loss)	***-1,975***	***-1,071***	***-904***	***84%***
Net income (loss) before taxes	***-31,822***	***-25,742***	***-6,080***	***24%***
Income taxes	***-36***	***-1***	***-35***	***2,366%***
Net income (loss)	**-31,858**	**-25,743**	**-6,115**	**24%**

3.1.5.1.1 **Revenue**

The total revenue for the year ended December 31, 2020 was €6.8 million, as compared to €26.6 million for the year ended December 31, 2019, a decrease of €19.8 million, or 74%. The total revenue comprises revenue from its license and partnership agreements. The decrease in total revenue in 2020 was largely attributable to the amounts received under the Sumitomo License Agreement, which was signed in October 2017 and in effect for the full year of 2018 and 2019. In 2020, the end of phase 3 of the TIMES program has resulted in a decrease in re-invoiced costs and allocation of the upfront payment. In 2020, revenue also includes a JPY 500 million (EUR 4.1 million) milestone payment that Poxel received from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA.

The table below sets forth the third-party revenue, by contract, for the years ended December 31, 2019 and 2020:

(In € thousands)	December 31, 2020	December 31, 2019	Change	Change %
Sumitomo Contract	6,787	26,180	-19,393	-74%
Roivant Contract	18	276	-258	-93%
Others	1	101	-100	-99%
Revenue	**6,806**	**26,557**	**-19,751**	**-74%**

All the Group's contracts are accounted for in accordance with IFRS 15 Revenue from contracts with customers.

For the Sumitomo License Agreement, two performance obligations have been identified: one related to the license granted and one related to the service of co-development and research work in Japan. The agreement also provides for regulatory and sales milestone payments and for the payment of royalties based on sales of Imeglimin in the allotted territories. No sales were made by Sumitomo under the license granted by the Group, and accordingly no amounts for royalties have been recognized through December 31, 2020. In July 2020, Poxel received a JPY 500 million (EUR 4.1 million) regulatory milestone payment from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA.

For the Roivant License Agreement, one performance obligation has been identified under the agreement as it relates exclusively to a license assignment for Imeglimin. The revenue has, accordingly, been recognized at the point in time on the date the license was granted, in 2018.

The accounting treatment of these contracts are described in note 18 to the Group's audited consolidated financial statements in Section 3.2.7 "*Notes to the consolidated financial statements*".

3.1.5.1.2 **Operating Expenses**

The Group's operating expenses comprise research and development expenses, research tax credit and government subsidies and general and administrative expenses. The table below sets forth the Group's operating expenses for the years ended December 31, 2019 and December 31, 2020.

(In € thousands)	**December 31, 2020**	**December 31, 2019**	**Change**	**Change %**
Research and development expenses	-29,235	-44,550	15,315	-34%
Subsidies	2,517	4,373	-1,856	-42%
General and administrative expenses	-9,935	-11,051	1,116	-10%
Total operating expenses	**-36,653**	**-51,227**	**14,574**	**-28%**

The Group's operating expenses for the year ended December 31, 2020 were €36.7 million, as compared to €51.2 million for the year ended December 31, 2019, a decrease of €14.6 million or 28%. The decrease in research and development expenses comes mainly from the TIMES program in Japan, for which expenses of €1.3 million were incurred in 2020, compared with €20 million in 2019. The decrease of the General and administrative expenses mainly reflects non-recurring costs incurred in 2019, partially offset by increasing personnel costs, reflecting recruitments to support the continuous growth and development of the Group.

Research and development expenses

Research and development expenses decreased by €15.3 million, or -34%, to €29.2 million for the year ended December 31, 2020, as compared to €44.6 million for the year ended December 31, 2019. This decrease was primarily attributable to a €20.1 million decrease in sub-contracting, studies and research costs associated with the preclinical studies and clinical trials related primarily to the development of Imeglimin, in particular the Phase III TIMES clinical program. It was partially offset by a €0.3 million increase in personnel cost (reflecting 32 employees in research and development functions at December 31, 2020, compared to 28 at December 31, 2019) as well as a €0.4 million increase in intellectual property fees.

The Group also accrued the amount due to Merck Serono, reflecting the final settlement of the arbitral proceeding communicated to the Group in February 2021 (See section 2.1.11 "*Legal Proceedings*").

Research and development expenses represented 80% and 87% of total operating expenses in 2020 and 2019, respectively.

Subsidies

Subsidies amounted to €2.5 million for the year ended December 31, 2020 and €4.3 million for the year ended December 31, 2019. These subsidies are mainly related to the Research Tax Credit.

General and administrative expenses

Total general and administrative expenses decreased by €1.1 million, or -10%, to €9.9 million for the year ended December 31, 2020, as compared to €11.0 million for the year ended December 31, 2019. This decrease is primarily due to a €2.1 million decrease in professional fees reflected non-recurring costs incurred in 2019, partially offset by a €0.8 million increase in personnel costs (reflecting 20 average full-time employees in finance and administrative functions at December 31, 2020, compared to 16 at December 31, 2019).

3.1.5.1.3 **Financial income (loss)**

For the year ended December 31, 2020, the Group recognized financial loss of -€2.0 million, as compared to financial loss of -€1.1 million for the year ended December 31, 2019. The financial loss in 2020 is due to:

- change in IPF derivative liability fair value for €1.3 million, as compared to -€0.9 million in 2019 ;
- foreign exchange losses related to the evolution of the Japanese yen and U.S. dollar exchange rates for -€1.9 million, as compared to -€0.1 million in 2019;
- proceeds from financial investments for €0.4 million, as compared to €0.2 million in 2019;
- other financial expenses, which mainly correspond to the interest on lease assets and interests on IPF financial debt for -€1.7 million, as compared to -€0.2 million in 2019.

3.1.5.1.4 **Income taxes**

The Group has not recognized deferred tax assets in its statement of financial position. As of December 31, 2020, the amount of accumulated tax loss carryforwards since its inception was €164 million. The Group estimates that, to date, the probability of taxable profits being available does not allow recognition of all or part of the balance of its tax loss carried forward.

The tax rate applicable to the Group for its profit, excluding long-term capital gains, is the rate in force in France, 28%. The rate under French legislation application for future years is 26.5% in 2021 and 25% in 2022. The tax rate applicable to the Group for its long-term capital gains and intellectual property-related income is the rate in force in France, in 2019 and 2020 i.e 10%.

3.1.5.1.5 **Net income (loss)**

As a result of the foregoing, the Group's net loss for the year ended December 31, 2020 was -€31.9 million, as compared to a net loss of -€25.7 million for the year ended December 31, 2019.

3.1.6 Liquidity and Capital Resources

Since inception, the Group has incurred significant operating losses and expect to continue to incur significant expenses and operating losses for the foreseeable future.

The Group had cash and cash equivalents of €40.2 million as of December 31, 2020. Its cash and cash equivalents net of financial liabilities of €23.0 million (lease and derivative debt excluded), reflecting mainly its commitments to French Government loan (PGE) and IPF debt, was €17.1 million as of December 31, 2020.

3.1.6.1 **Sources of Funds**

The Group has funded its operations to date primarily through private and public offerings of its equity securities, collaboration agreements, debt financing arrangements, Research Tax Credits and other government subsidies and loan. The Group does not have any products approved for sale and have not generated any revenues from product sales. From inception through the date of this *Document d'Enregistrement Universel*, the Group has received an aggregate of €272.5 million from:

- equity financing arrangements for €142.7 million, mainly including €64.2 million in gross proceeds from private placements to U.S. and European investors following its initial public offering and listing on Euronext Paris, €26.8 million in gross proceeds from its February 2015 initial public offering and listing on Euronext Paris, €12 million in gross proceeds from a private placement to Roivant, and €34.1 million in gross proceeds from private placements conducted prior to February 2015, as well as the proceeds from the exercise of options and instruments;
- €67.6 million in upfront and milestone payments from its partners, including €39.6 million from its partnership with Sumitomo and €28 million ($35 million) from its development and license agreement with Roivant;
- other sources of capital totaling €39.7 million, consisting mainly of €31.4 million of Research Tax Credit and €7.2 million of initial research and development funding from Merck Serono in 2009.
- bond loan from IPF Partners for €6.5 million in November 2019 and €10.0 million in March 2020.
- French Government Guarantee Loan (PGE loan) for €6.0 million in October 2020.

In November 2019, the Group entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of its ordinary shares.

The Group borrowed €6.5 million under the first tranche and issued warrants for IPF to purchase 264,587 ordinary shares with an exercise price of €7.37 in November 2019 (the exercise price could be revised if certain conditions are met).

In March 2020, the Group borrowed €10.0 million under the second tranche and issued warrants for IPF to purchase 209,967 ordinary shares with an exercise price of €7.14.

The Group may borrow additional amount and issue additional warrants under the third tranche subject to the achievement of certain developmental milestones in Japan for Imeglimin.

The maturity of the first two tranches is five years from drawdown and the third tranche is four years from drawdown with a quarterly redemption. The maturity of the first two tranches is five years from drawdown and the third tranche is four years from drawdown with a quarterly redemption starting from the 18th month after drawdown for tranche A and the 12th month for tranches B and C.

The bonds bear interest rate of EURIBOR 3M + 6.5% for the first two tranches and EURIBOR 3M + 6.0% for the third tranche, plus an additional 2% PIK interest paid on all three tranches. The bonds contain customary financial and security interest covenants.

Customary security interests are granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should the cash position is less than the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 9-month period.

Furthermore, the Group is subject to cash covenants (please refer to Section 3.1.8.3 below). A breach of any of those covenants would constitute an event of default. In such a situation, the debt would become immediately payable.

In October 2020, the Group has received financing approval from BNP Paribas, BPIfrance and CIC Lyonnaise de Banque for a total of €6.0 million in the form of state-guaranteed loans (Prêts Garantis par l'Etat, or PGE in France) in the context of the COVID-19 pandemic. Each individual lender has provided a loan of € 2 million. The French government will guarantee 90% of the amount due in the case of default. Each loan has an initial term of one-year, with a five-year extension option.

Except for Imeglimin in Japan, the Group anticipates that it will need to raise additional capital, prior to completing clinical development of any of its drug candidates. Until such time that it can generate substantial revenues from sales of products, if ever, the Group expects to continue to finance its operating activities through a combination of equity offerings, debt financings, government or other third-party funding and collaborations, and licensing arrangements.

However, the Group may be unable to raise additional funds or enter into such arrangements when needed on favorable terms, or at all, which would have a negative impact on its financial condition and could force the Group to delay, limit, reduce or terminate its development programs or commercialization efforts or grant to others rights to develop or market drug candidates that the Group would otherwise prefer to develop and market itself. Failure to receive additional funding could cause the Group to cease operations, in part or in full. Its present and future funding requirements will depend on many factors, including, among other things:

- the size, progress, timing and completion of its clinical trials for any current or future drug candidates, including Imeglimin, PXL770 and PXL065;
- the number of potential new drug candidates that it identifies and develops;
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims of infringement raised by third parties;
- the time and costs involved in obtaining regulatory approval for its drug candidates and any delays it may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these drug candidates; and
- the amount of revenues, if any, that may be derived either directly, or in the form of royalty payments from its current partnership agreements regarding Imeglimin and from any future

potential partnership agreements regarding Imeglimin, PXL770 and PXL065, or relating to any of its other drug candidates.

3.1.6.2 Cash Flows comparisons for the years ended December 31, 2019 and 2020

The following table sets forth a summary of its cash flows for the years ended December 31, 2019 and 2020:

(In € thousands)	December 31, 2020	December 31, 2019	Change	Change %
Cash flows from (used in) in operating activities	-25,749	-25,693	-55	0%
Cash flows from (used in) in investing activities	52	352	-299	-85%
Cash flows from (used in) financing activities	28,712	-4,208	32,920	-782%
Net increase in cash and cash equivalents	**3,016**	**-29,549**	**32,565**	**-110%**

3.1.6.2.1 Cash flows from (used in) operating activities

Its cash flows used in operating activities for the year ended December 31, 2020 amounted to - €25.7 million, the same amount as the previous year.

Its cash flows used in operating activities in 2020 primarily reflect the funding of its clinical developments and ongoing activities.

3.1.6.2.2 Cash flows from (used in) investing activities

The Group uses subcontractors for many of its research activities, and the Group only in-source controls and projects management functions. Accordingly, its operations do not typically require significant cash investments.

Its cash flows from investing activities for the year ended December 31, 2020 were €0.1 million and its cash flows from investing activities for the year ended December 31, 2019 were €0.4 million.

Its cash flows from investing activities in 2020 mainly reflect acquisitions in equipment and interests received from bank deposits.

3.1.6.2.3 Cash flows from (used in) financing activities

The Group's cash flows from financing activities in the year ended December 31, 2020 were 28.7 million and its cash flows used in financing activities in the year ended December 31, 2019 were -€4.2 million.

For the year ended December 31, 2020, cash flows from financing activities were primarily due to cash received from:

- bond loan with IPF Partners in an amount of €9.9 million,
- PGE loan in an amount of €6.0 million,
- share capital increase, net of expenses for €16.8 million,
- repayment in the financing of Roivant's development program for -€2.8 million,
- Interests paid in connection with the IPF loan -€1.2 million.

For the year ended December 31, 2019, cash flows used in financing activities were primarily due to cash received from bond loan with IPF Partners in an amount of €6.5 million and repayment in the financing of Roivant's development program for -€10.9 million.

3.1.6.3 Capital Expenditures

The Group's operations generally require little investment in tangible assets because most of the manufacturing and research activities are outsourced to third parties. Its offices in Lyon, Paris, Japan and the United States, along with certain computer equipment, are leased under operating lease agreements. See Section 3.1.8.4 "*Contractual Obligations and Commitments – Real Estate Leases*". The Group accounts for its payments for these items as operating expenses and financial expenses in its statement of loss.

3.1.7 Off-Balance Sheet Arrangements

The Group does not have any relationship with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

The Group does not engage in off-balance sheet financing arrangements. In addition, the Group does not engage in trading activities involving non-exchange traded contracts. The Group therefore believes that it is not materially exposed to any financing, liquidity, market or credit risk that could arise if the Group had engaged in these relationships.

3.1.8 Contractual Obligations and Commitments

The following table summarizes its contractual cash obligations and other commercial commitments at December 31, 2020:

In € (thousands)	Less than 1 year	1 to 5 years	Total
Operating leases (1)	369	234	**603**
Repayable advances (2)	228		**228**
Total financial commitments	**597**	**234**	**831**

(1) Real estate leases related to the Group's offices in France, Japan and the United States

(2) Conditional advance obtained from Bpifrance Financement Innovation for Imeglimin

3.1.8.1 Commitment in Respect of the Agreement with Merck Serono

In accordance with the MS Agreement, Merck Serono transferred certain patents and granted the Group a license for other patents and know-how for the research, development and marketing of pharmaceutical products. This license is exclusive and covers a list of 25 molecules by program, each by its selection.

Merck Serono is entitled to the following compensation:

- royalties on net sales of the products covered by the assigned patents at a rate equivalent (at the higher end of the range) to a high single digit for Imeglimin and (at the lower end of the range) a low single digit rate for other products; and

- an additional percentage of certain revenue from any partnering agreement relating to the drug candidates covered by the assigned patents, at a low double-digit rate near the bottom of the range for Imeglimin. For other compounds, if the Group enters into a partnering agreement, it would owe a percentage of certain partnering revenues with respect to products covered by the assigned patents depending on the product and its stage of development when it is partnered.

3.1.8.2 **Obligation under the DeuteRx Contract**

On August 29, 2018, the Group entered into the DeuteRx Agreement with respect to DRX-065 (now PXL065) and a portfolio of other potential deuterated drug-candidates for the treatment of rare and specialty metabolic diseases (although the Group owns the patents and have the rights with respect to all indications for PXL065 and this portfolio), (the PXL065 Products). Pursuant to the DeuteRx Agreement, DeuteRx sold, transferred and assigned to the Group all industrial and intellectual property rights and interests in DeuteRx's know-how and patent rights useful for the development, manufacture or commercialization of the PXL065 Products.

Under the DeuteRx Agreement, the Group is also obliged to pay DeuteRx, in cash or in shares (valued based on a daily volume weighted average of actual trading prices for a specified period), as the case may be, amounts tied to attaining certain development and regulatory objectives for products under the acquired programs, such as the completion of certain phases of clinical study and the receipt of marketing approvals in various countries. The Group is further required to make cash payments to DeuteRx linked to sales targets and low single-digit royalty payments based on net sales (subject to reduction in certain circumstances).

3.1.8.3 **Obligation under the IPF debt**

In November 2019, the Group entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of its ordinary shares.

The bonds contain customary financial and security interest covenants.

Customary security interests are granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should the cash position is less than the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 9-month period.

Furthermore, the Group is subject to the following covenants at consolidated level:

- Gearing ratio: The Group should maintain a Gearing Ratio lower than 50%. The Gearing Ratio is measured by the ratio of total net debt to the market capitalization value of the Group.
- Cash management: The Group should maintain a minimum cash position of the highest of ten million euros and the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 6-month period.

A breach of any of those covenants would constitute an event of default. In such a situation, the debt would become immediately payable.

In order to anticipate a potential breach of certain financial covenants in 2021, the Group obtained in March 2021 a waiver from IPF Partners.

3.1.8.4 **Real Estate Leases**

In 2015, in relation with its activities, the Group moved its headquarters and entered into a commercial lease in Lyon with an effective date of September 1, 2015. Its term is nine years, until August 31, 2024. The Group has the possibility to provide notice to terminate the lease only every three years.

In November 2017, the Group entered into a commercial lease allowing the Group to enlarge the surface of its headquarters offices. This lease started on April 1, 2018. Its term is six complete and consecutive years, until June 30, 2024. The Group has the possibility to provide notice to terminate the lease only every three years.

In September 2019, a new commercial lease was concluded, under the same conditions as the previous ones, to enlarge the office space in Lyon.

The Group also leases an office in Paris for a 12-month term that is renewable annually.

In Japan, the Group has leased its premises in Tokyo from January 15, 2020 for a period of two years, as well as an additional office for a one-year period from March 1, 2020.

In the United States, on December 31, 2018 the Group began a lease for its premises in Burlington, Massachusetts, for a period of five years, subject to early termination rights after three years.

According to IFRS 16, the Group recognized a lease debt of €1.9 million as of December 31, 2020. This lease debt was €1.6 million as of December 31, 2019.

3.1.8.5 **Roivant Contract**

The obligation to participate in the financing of Roivant's development program has been treated as a financial liability, which was fully reimbursed in 2020 first half (see note 14.5 on the Group audited consolidated financial statements as of year ended December 31, 2020 included elsewhere in this *Document d'Enregistrement Universel*).

3.1.8.6 **Commitments for post-employment benefits**

No post-employment benefit is granted to the members of the board of directors.

Under his management agreement entered into with the Company, Mr. Thomas Kuhn (CEO) is owed compensation related to forced departure without cause and a non-compete clause as set below:

(i) a compensation of one year of his fixed compensation at the date of the termination.

(ii) if not paid yet, the earned variable compensation of the calendar year preceding the one in which the termination occurs.

(iii) the earned variable compensation of the calendar year in which the termination occurs, in proportion of his effective presence.

(iv) an amount equal to 100% of the variable compensation for the year in which the termination date occurs, based on his fixed compensation at the date of the termination.

(v) a non-competition clause with a monthly compensation, during 18 months, of 50% of the average gross remuneration he received over the course of the 12 months preceding the termination

3.1.9 Critical Accounting Policies and Estimates

The Group's financial statements are prepared in accordance with IFRS as issued by IASB and endorsed by the EU. The preparation of its consolidated financial statements requires the Group to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses.

The Group bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable under the circumstances. The Group evaluates its estimates and assumptions on an ongoing basis. Its actual results may differ significantly from these estimates in line with assumptions or different conditions.

The main estimates or significant judgments made by the Group's management impact the following items:

- recognition of revenues, notably for the estimate of the transaction price and of the choice of the method of allocation of the transaction price to the performance obligations;
- allocation of share subscription warrants, stock-options, performance shares or warrants to employees, executives and external providers notably on the evaluation methods of the instruments;
- IPF debt and derivative liability, notably on the evaluation of the derivative liability;
- assessment of risk of impairment of the DeuteRx intangible asset; and
- outflow in relation to the Merck Serono litigation, reflecting the February 2021 final settlement of the arbitral tribunal.

Agreements are analyzed according to IFRS 15. The Group applies the five-step model prescribed by this standard: (1) identify the customer contract; (2) identify the contract's performance obligation; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation and (5) recognize revenue when or as a performance obligation is satisfied. See ''— Critical Accounting Policies and Estimates".

Under IFRS 15, revenue is recognized when the Group satisfies a performance obligation by transferring a promised asset or service to a customer. A service is considered an asset for IFRS 15 even though it is not recognized as an asset by the customer, as it is simultaneously received and consumed and therefore expensed as transferred. An asset is transferred when the customer obtains control of the asset or service.

In the application of IFRS 15, the Group made significant judgments in the following areas:

Assessing whether the estimate of variable consideration should be constrained

Under IFRS 15, the estimated amount of variable consideration should be included in the transaction price only to the extent that it is highly probable that a significant reversal of revenue will not occur when the contingency is subsequently resolved. The Group is entitled to future development and regulatory milestone payments, which are contingent upon successful outcome of clinical trials and obtaining marketing approval from regulatory authorities. The Group has considered that such payments do not meet the highly probable threshold required by IFRS 15 and should therefore be excluded from the transaction price. This is because the contingency relates to factors that are outside of its influence and historical experience has no predictive value. Accordingly, no revenue has been accrued for these contingent payments.

Assessing whether variable consideration should be allocated to a single specific performance obligation

A variable consideration should be allocated directly to a specific performance obligation if the variability relates to the entity's efforts in satisfying the specific performance obligation, or to a specific outcome from satisfying that performance obligation, and only if such an allocation is consistent with the overall allocation objective in the standard. The Group is entitled to reimbursement of external subcontracting costs incurred in providing the R&D service to Sumitomo. It has allocated such cost reimbursement entirely to the R&D service. The Group believes it is consistent with the overall allocation objective, after taking in account all fixed and variable consideration and all performance obligations in the contract.

Estimating the standalone selling price of each performance obligation

When a contract includes multiple performance obligations, the transaction price must be allocated to the performance in proportion to their respective standalone selling prices (except in the specific circumstances discussed above). The standalone selling price is the price at which the Group would have sold the asset or service in a separate transaction. For example, the Group has allocated the fixed portion of the Sumitomo transaction price (which includes the upfront payment) to the license and the service in proportion to their standalone selling prices. Such standalone selling prices are not directly observable and have been estimated as follows:

- for the service component, the standalone selling price is determined as the expected cost (including both internal and subcontracted costs) plus a margin consistent with what would be expected by an independent CRO for similar services (clinical trials).
- For the license component, the standalone service price is estimated using a discounted cash flow, or DCF, approach. Inputs in the DCF estimate include: probability of success of Phase 3 clinical trials and regulatory approval, drug product sales volumes and price, royalty rates, upfront payments and milestone payments, and discount rate. These inputs are corroborated by observable data, including: stock market analyst reports who disclosed assumptions used in performing a DCF valuation of its Asian franchise, independent survey of historical clinical development success rates, independent market study for Imeglimin drug, the terms of the agreement between Poxel and Roivant (which, as compared to the Sumitomo deal, is a separate license sale for same drug, same indication and different territory) and information publicly released by other biotech companies about the terms of their licensing agreements.

New pronouncements issued by the IASB and applicable from 2020 or later

The Group did not elect for early application of the following new standards, amendments and interpretations, which were adopted but not mandatory as of December 31, 2020:

- IFRS 17 Insurance Contracts issued on 18 May 2017 including Amendments to IFRS 17 issued on 25 June 2020 and whose application is for annual reporting periods beginning on or after January 1, 2023;

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date issued on January 23, 2020 and July 15, 2020 respectively and whose application is for annual reporting periods beginning on or after January 1, 2023;

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018-2020, all issued May 14, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2022;

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 issued on June 25, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2021;

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 issued on August 27, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2021.

The Group has assessed the impacts following the first application of these new standards and does not anticipate any material impact on its financial statements. See Note 2 to its 2020 audited consolidated financial statements included elsewhere in this *Document d'Enregistrement Universel* for a description of its critical accounting, significant judgement and estimates and other significant accounting policies.

3.1.10 Share-Based Compensation

The Group has granted instruments to members of its board of directors, as well as certain employees and executives, in the form of: (i) warrants (BSAs); (ii) founders' share warrants (BSPCEs); (iii) Stock Options; and (iv) Performance shares.

The following table summarizes data relating to these instruments as of December 31, 2020:

SHARE BASED COMPENSATION	Number of instruments issued	Number of instruments outstanding	Maximum number of shares to be issued	Fair Value of the underlying share	Fair Value of the instruments	Strike price	Duration	Volatility
BSA - Various grants between 2010 and 2019	879,500	875,000	970,000	€3.33 to €12.23	€1.5 to €6.77	€3.33 to €10.77	10 years	44% to 57%
BSPCE - Various grants between 2010 and 2019	352,000	267,334	295,834	€3.33 to €8.00	€1.77 to €5.58	€2.50 to €8.45	10 years	45% to 53%
Stock Options - Various grants between 2010 and 2019	1,657,500	1,077,500	1,077,500	€5.16 to €12.55	€2.40 to €5.88	€5.16 to €12.55	10 years	44% to 53%
Performance shares - Various grants in 2019	805,100	655,963	655,963	-	-	-	-	-

3.1.10.1 Valuation Methods of the BSAs, Stock Options and BSPCEs

The fair value of instruments was determined using the Black & Scholes evaluation model. The modalities of the assessment used in estimating the fair value of the options are specified below:

- for the rights attributed before its listing on Euronext Paris, the share price used is equal to the price of subscription of investors or by reference to internal valuations; for the rights attributed after its listing on Euronext Paris, the share price used is equal to the share price on the date of award;

- the risk-free rate is determined from the average life of instruments; and
- the volatility is measured from fluctuations in the share price of the Company over a specified period of time. The volatility of peer companies is also analyzed in order to examine if their volatility is coherent with one of the Company.

3.1.10.2 Valuation Methods of Performance Shares

The fair value of options subject to market condition was determined using the Monte Carlo model. The modalities of the assessment used in estimating the fair value of the performance shares are specified below:

- the share price used is equal to the share price on the allocation date;
- the risk-free rate is determined from the average life of instruments; and
- the volatility is determined on the basis of a sample of listed companies in the biotechnology sector, on the date of subscription of the instruments and on a period equivalent to the duration of the life of the option.

For the year ended December 31, 2020, the Group recorded total share-based compensation expenses of €2.8 million (1.3 million as "Research and development" expense and €1.5 million as "General and administrative" expense), as compared to €1.2 million (€0.4 million as "Research and development" expense and €0.8 million as "General and administrative" expense) for the year ended December 31, 2019.

(In € thousands, except number of shares)	Number of instruments outstanding	IFRS 2 cost of the plan	Cumulative expense at opening	2019 expense	Cumulative expense at Dec 31, 2019	2020 expense	Cumulative expense at Dec 31, 2020
Total BSA	875,000	3,443	3,413	28	3,443		3,443
Total BSPCE	267,334	1,832	1,634	151	1,785	39	1,825
Total Stock Options	1,077,500	5,698	2,146	505	2,651	1,260	3,911
Total Performance shares	655,963	3,998	291	491	782	1,495	2,277
Grant total	**2,875,797**	**14,971**	**7,485**	**1,175**	**8,662**	**2,794**	**11,456**

3.1.11 Qualitative and Quantitative Disclosure about Market Risk

The Group primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of interest rates, particularly because its investments, including cash equivalents, are in the form of a money market fund and marketable securities.

The Group is also exposed to market risk related to changes in foreign currency exchange rates. It contracts with vendors that are located in the United States, the United Kingdom, Singapore and Japan and certain invoices are denominated in foreign currencies. The Group is subject to fluctuations in foreign currency rates in connection with these arrangements.

At this stage, the Group has not adopted any recurring mechanism of coverage to protect its activity against currency fluctuations. From time to time, the Group may nevertheless subscribe currency term accounts in order to cover a commitment in currency as described above. The Group may consider in the future using a suitable policy to cover exchange risks in a more significant manner if needed.

Inflation generally affects the Group by increasing its cost of labor and clinical trial costs. The Group does not believe that inflation had a material effect on its business, financial condition or results of operations during the years ended December, 2019 and 2020.

3.1.12 Profit forecasts or estimates

The Group does not communicate any profit forecast or estimates.

3.2 Consolidated Financial Statements for the years ended December 31, 2020 and 2019

3.2.1 Statement of financial position

POXEL Statements of financial position	Notes	Dec 31, 2020 K€	Dec 31, 2019 K€
ASSETS			
Intangible assets	6	16,642	16,614
Property, plant and equipment	7	2,224	2,323
Other non-current financial assets	8	246	477
Deferred tax assets	22	-	-
Total non-current assets		19,113	19,414
Trade receivables	9	281	6,593
Other receivables	9	5,480	9,107
Current tax asset	22	-	-
Cash and cash equivalents	10	40,203	37,187
Total current assets		45,964	52,888
Total assets		**65,077**	**72,302**

POXEL Statements of financial position	Notes	Dec 31, 2020 K€	Dec 31, 2019 K€
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	12	570	521
Premiums related to the share capital	12	145,849	129,024
Retained earnings (deficit)		-87,756	-64,564
Net income (loss)		-31,858	-25,743
Accumulated other comprehensive income		74	-96
Total shareholder's equity		**26,879**	**39,142**
Non-current liabilities			
Employee benefits	15	581	375
Non-current financial liabilities	14	20,986	1,842
Provisions	16	172	94
Total Non-current liabilities		**21,739**	**2,311**
Current liabilities			
Current financial liabilities	14	2,866	8,941
Derivative liabilities	14	691	1,766
Provisions	16	2,409	0
Trade payables	17.1	8,362	16,406
Tax and employee-related payables	17.2	2,117	2,120
Contract liabilities	17.3	14	1,616
Total Current liabilities		**16,459**	**30,849**
Total Liabilities and Shareholder's equity		**65,077**	**72,302**

The accompanying notes form an integral part of the consolidated financial statements.

3.2.2 Consolidated statement of income (loss)

POXEL Income statement	Notes	Dec 31, 2020 K€	Dec 31, 2019 K€
Revenue	18	**6,806**	**26,557**
Research and development expenses			
Research and development expenses	19.1	-29,235	-44,550
Subsidies	19.1	2,517	4,373
General and administrative expenses	19.2	-9,935	-11,051
Operating income (loss)		-29,847	**-24,671**
Financial expenses	21	-1,727	-1,158
Financial income	21	1,722	222
Exchange gains (losses)	21	-1,970	-136
Financial income (loss)	**21**	**-1,975**	**-1,071**
Net income (loss) before taxes		**-31,822**	**-25,742**
Income tax	22	-36	-1
Net income		**-31,858**	**-25,743**

Earnings/(loss) per share (€/share)	Dec 31, 2020	Dec 31, 2019
Weighted average number of shares in circulation	27,528,783	25,936,131
Basic Earnings (loss) per share (€/share)	**(1.16)**	**(0.99)**
Diluted Earnings (loss) per share (€/share)	**(1.16)**	**(0.99)**

The accompanying notes form an integral part of the consolidated financial statements.

3.2.3 Consolidated statement of comprehensive income (loss)

POXEL - IFRS Statement of comprehensive income (loss)	Notes	Dec 31, 2020 K€	Dec 31, 2019 K€
Net income (loss) of the year		-31,858	-25,743
Actuarial gains (losses) from defined benefit plans (non-recyclable)	15	-102	-26
Currency translation adjustment (recyclable)		272	-4
Tax effect associated with these elements		-	-
Other comprehensive income (loss) (net of tax)		170	-31
Total comprehensive income (loss)		**-31,688**	**-25,774**

The accompanying notes form an integral part of the consolidated financial statements.

3.2.4 Consolidated statement of changes in shareholders' equity

Changes in Shareholders' equity	*Capital Number of shares*	Share Capital	Premiums related to the share capital	Retained earnings	Other comprehensive income (loss)	Total Equity
		K€	K€	K€		K€
As of January 1st, 2019	*25,856,827*	**517**	**127,996**	**-66,017**	**-65**	**62,432**
Net income (loss) for 2019				-25,743		-25,743
Other comprehensive income (loss)					-31	-31
Total Comprehensive income (loss)				-25,743	-31	- 25,744
Issuance of shares (note 12)						
Exercise of share warrants and employee warrants (note 13)	*197,936*	4	1,027			1,031
Share base payments				1,175		1,175
Treasury shares				278		278
As of December 31, 2019	*26,054,763*	**521**	**129,024**	**-90,307**	**-96**	**39,142**
Net income (loss) for 2020				-31 858		-31,858
Other comprehensive income (loss)					170	170
Total Comprehensive income (loss)				-31,858	170	-31,688
Issuance of shares (note 4.1)	*2,358,483*	*47*	16,597			16,645
Issuance of warrants			65			65
Exercise of share warrants (note 4.1)	*82,277*	2	162			164
Share base payments				2,794		2,794
Treasury shares				-243		-243
As of December 31, 2020	*28,495,523*	**570**	**145,849**	**-119,614**	**74**	**26,879**

	Currency translation adjustment (recyclable)	Actuarial gains (losses) from defined benefit plans (non recyclable)	Tax effects associated with these elements	Total
As of December 31, 2018,	**-5**	**-60**		**-65**
Other comprehensive income (loss)	-4	-26		**-31**
As of December 31, 2019,	**-10**	**-86**		**-96**

As of December 31, 2019,	**-10**	**-86**		**-96**
Other comprehensive income (loss)	272	-102		**170**
As of December 31, 2020	**262**	**-188**		**74**

The accompanying notes form an integral part of the consolidated financial statements.

3.2.5 Consolidated statement of cash flows

POXEL Statement of cash flows	Notes	Dec 31, 2020 K€	Dec 31, 2019 K€
Cash flows from operating activities			
Net income (loss) for the period		-31,858	-25,743
(-) Elimination of amortization of intangible assets	6	-17	-3
(-) Elimination of depreciation of property, plant and equipment	7	-534	-421
(-) Provisions booked	15-16	-2,686	-164
(-) Reversal of provisions	16	143	18
(-) Expenses associated with share-based payments	13	-2,794	-1,175
(+) Interests expenses		-1,283	-128
(-) Interests income		333	222
(-) Change in IPF derivative liability fair value	14.1	1,278	-925
(-) Effect of unwinding the discount related to IPF Debt	14.1	-336	-34
(-) Effect of unwinding the discount related to repayable advances	14.2	78	-22
Cash flows from operating activities before change in working capit requirement		-26,040	-23,111
(-) Changes in working capital requirements		-292	2,582
Cash flows from operating activities		-25,749	-25,693
Cash flows from investing activities			
Acquisitions of intangible assets	6	-46	-40
Acquisitions of property, plant and equipment	7	-235	-73
(+) Interests received		345	292
Other cash flows from investing activities	8	-12	173
Cash flows from investing activities		52	352
Cash flows from financing activities			
Share capital increase, including premium, net of expenses (1)	12	16,808	1,031
Subscription of share warrants	12	65	
(-) Interests paid		-1,083	-47
Roivant contract debt	14.5	-2,782	-10,865
IPF debt net of expenses	14.1	9,850	6,204
PGE debt	14.4	6,000	-
US loan	14.6	106	-
Capitalized interests	14.1	287	-
Repayment of loans and conditional advances	14.2	-142	-240
Repayment of the lease debt	14.3	-398	-291
Cash flows from financing activities		28,712	-4,208
Impact of foreign currency exchange fluctuations			
Increase (decrease) in cash and cash equivalents		3,016	-29,549
Cash and cash equivalents at the opening date (including short-term bank overdrafts)		37,187	66,737
Cash and cash equivalents as of the closing date (including short-term bank overdrafts)		40,203	37,187
Increase (decrease) in cash and cash equivalents		3,016	-29,549

3.2.6 Explanatory note to the consolidated statements of cash flows

Detail of the changes in working capital	Dec 31, 2020	Dec 31, 2019
Trade receivables (net of impairment of trade receivables)	-6,312	-7,669
Other receivables	-3,627	1,836
Trade payables	8,043	4,336
Tax and social security liabilities	3	-990
Contract liabilities	1,602	5,069
Total changes in working capital	-292	2,582

The accompanying notes form an integral part of the consolidated financial statements.

3.2.7 Notes to the consolidated financial statements

Note 1: General information about the Group

The accompanying consolidated financial statements as of December 31, 2019 and 2020 and related notes, or the Consolidated Financial Statements, present the operations of the Group. Each of these years has a duration of twelve months covering the period from 1 January to 31 December.

1.1 Information on the Group and its business

Incorporated in March 2009 as a result of a Merck Serono spin-off of its anti-diabetic drug candidates portfolio, Poxel (hereinafter referred to as "**Poxel**" and together with its subsidiaries, referred to as the "**Group**") is a French joint stock company (société anonyme) governed by French law and has its registered office located at 259/261 Avenue Jean Jaurès, Immeuble le Sunway, 69007 Lyon, France (register Number at the company's house: 510 970 817 RCS de LYON). The Group is developing innovative and first in class molecules for the treatment of metabolic diseases, including type 2 diabetes and nonalcoholic steatohepatitis (NASH).

Except for the year in which it was incorporated and for 2018, the Group has incurred losses each year. These losses result from internal and external research and development expenses, particularly related to the performance of numerous preclinical and clinical trials, mainly in the context of the development of Imeglimin. In October 2017, the Group signed a first strategic partnership agreement with Sumitomo Dainippon Pharma for the development and commercialization of Imeglimin, a drug candidate for the treatment of type 2 diabetes, in Japan, China and eleven other developing countries in Asia. A second strategic partnership was signed in February 2018 with Roivant Sciences for the development and commercialization of Imeglimin in the United States, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma. On August 30, 2018, the Group signed a strategic agreement with DeuteRx for the acquisition of development and commercial rights on an innovative drug candidate in clinical development for the treatment of NASH, as well as other programs for the treatment of metabolic diseases. The Group has obtained additional funding in the form of a bond loan from IPF Partners. The financing consists of three separate bond tranches: EUR 6.5 million, EUR 10 million and EUR 13.5 million, for a total amount of up to EUR 30 million, subject to the occurrence of contractually defined triggering events. The first tranches were drawn down in November 2019 and March 2020. A debt covenant is attached to the contract as detailed in note 14.1. On November 20, 2020, the Group announced that Roivant has decided not to pursue the development of Imeglimin for strategic reasons.

The Group's future operations are highly dependent on a combination of factors, including: (i) the success of its research and development programs; (ii) the continuation of the partnership agreements entered into by the Group, (iii) securing regulatory approvals and market access of the Group's drug candidates; (iv) the timely and successful completion of additional funding initiatives; and (v) the development of competitive therapies by other biotechnology and pharmaceutical companies. As a result, the Group is and should continue, in the short to mid-term, to be financed through partnerships agreements for the development and commercialization of its drug candidates and through the issuance of new equity or debt instruments.

1.2 Date of authorization of issuance

The consolidated financial statements have been prepared under the responsibility of management of the Group and were approved and authorized for issuance by the board of directors on March 24th, 2021.

Note 2: Basis of preparation

Except for share and per share amounts, the consolidated financial statements are presented in thousands of euros. Amounts are rounded up or down the nearest whole number for the calculation of certain financial data and other information contained in these accounts. Accordingly, the total amounts presented in certain tables may not be the exact sum of the preceding figures.

Statements of compliance

The consolidated financial statements cover the twelve-month periods ended December 31, 2019 and 2020.

In accordance with Regulation No.1606/2002 of the European Parliament and Council of July 19, 2002 on the application of international accounting standards, Poxel has presented its consolidated financial statements in accordance with IFRS since January 1, 2005. The term "IFRS" refers collectively to international accounting and financial reporting standards (IASs and IFRSs) and to interpretations of the interpretations committees (SIC and IFRIC) with mandatory application as of December 31, 2020.

The consolidated financial statements of Poxel as of December 31, 2020 have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB) and with IFRS as endorsed by the European Union as of December 31, 2020.

New standards, amendments and interpretations applicable for annual periods beginning on or after January 1, 2020

- Amendments to References to the Conceptual Framework in IFRS Standards, issued on March 29, 2018 and whose application is mandatory from January 1, 2020;
- Amendments to IAS 1 and IAS 8: Definition of Material, issued on October 31, 2018 and whose application is mandatory from January 1, 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform, issued on September 26, 2019 and whose application is mandatory from January 1, 2020;
- Amendments to IFRS 3 Business Combinations, issued on October 22, 2018 and whose application is mandatory from January 1, 2020;
- Amendment to IFRS 16 Leases Covid 19- Related Rent Concessions issued on May 28, 2020 and whose application is for annual reporting periods beginning on or after June 1, 2020; early adoption is permitted.

These new amendments published by the IASB did not have a material impact on the Group's consolidated financial statements.

New pronouncements issued by the IASB and applicable from 2020 or later

The Group did not elect for early application of the new standards, amendments and interpretations, which were issued but not mandatory as of December 31, 2020:

Standards, amendments and interpretations not adopted by the European Union but not yet mandatory for financial years starting as from 1st January 2020:

- IFRS 17 Insurance Contracts issued on 18 May 2017 including Amendments to IFRS 17 issued on 25 June 2020 and whose application is for annual reporting periods beginning on or after January 1, 2023;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of

Effective Date issued on January 23, 2020 and July 15, 2020 respectively and whose application is for annual reporting periods beginning on or after January 1, 2023;
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018-2020, all issued May 14, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2022;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 issued on June 25, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 issued on August 27, 2020 and whose application is for annual reporting periods beginning on or after January 1, 2021.

The Group has assessed the impacts following the first application of these new standards and does not anticipate any material impact on its financial statements.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments, if any) measured at fair value
- defined benefit pension plans measured at fair value.

Going concern

The cash position of the Group as of December 31, 2020 amounts to € 40.2 million. Based on this cash position and on the cash forecast for the year 2021 approved by the Board of Directors of the Company, that includes (i) a milestone payment from Sumitomo Dainippon Pharma of JPY 1,750 million (approx. €13.8 million based on the JPY/€ exchange rate at December 31, 2020) and (ii) a secured €13.5 million additional debt funding, which should be drawn down by December 31, 2021, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least 12 months from the reporting date (December 31, 2020). The obtention of the milestone and of the secured debt hereinbefore mentioned are both subject to the marketing approval of Imeglimin in Japan which is expected in 2021 (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). As of the date of approval of the financial statements by the Board of Directors of the Company, management has not identified any reason which would jeopardize the obtention of the marketing approval of Imeglimin in Japan. In addition, in order to anticipate a potential breach of certain financial covenants in 2021, the Group obtained in March 2021 a waiver from IPF Partners.

Use of judgments and estimates

In order to prepare financial statements in accordance with IFRS, estimates, judgments and assumptions were made by the Group'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.

The main estimates or significant judgments made by the Group's management impact the following items:

- recognition of revenues (note 18), notably for the estimate of the transaction price and of the choice of the method of allocation of the transaction price to the performance obligations;
- allocation of share subscription warrants, stock options, performance shares or warrants to employees, executives and external providers (note 13) notably on the evaluation methods of the instruments;
- IPF debt and derivative liability (note 14.1), notably on the evaluation of the derivative liability.
- assessment of risk of impairment of the DeuteRx intangible asset (note 6);
- outflow in relation to the Merck Serono litigation, reflecting the February 2021 final settlement of the arbitral tribunal (note 16).

Changes in accounting policies

The Group did not change any accounting methods for the year ended December 31, 2020.

Note 3: Summary of significant accounting policies

3.1 Consolidation scope and methods

The Group applies IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities.

IFRS 10 presents a single consolidation model identifying control as the criteria for consolidating an entity. An investor controls an investee if it has the power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns.

Subsidiaries are entities over which the Group exercises control. They are fully consolidated from the date the Group obtains control and are deconsolidated from the date the Group ceases to exercise control. Inter-company balances and transactions are eliminated.

The following entities are included in the Group's consolidation scope:

COMPANY NAME	COUNTRY	CONSOLIDATION METHOD		% CONTROL		% INTEREST	
		AS OF DECEMBER, 31		AS OF DECEMBER, 31		AS OF DECEMBER, 31	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
POXEL S.A.	France	-	-	-	-	-	-
POXEL JAPAN KK	Japan	FC	FC	100%	100%	100%	100%
POXEL INC	USA	FC	FC	100%	100%	100%	100%

FC: full consolidation.

3.2 Translation of Group entities' consolidated financial statements

Pursuant to IAS 21 – The Effects of Changes in Foreign Exchange Rates, items included in the consolidated financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Consolidated Financial Statements are prepared in euros which is the Group's presentation and functional currency.

The financial statements of foreign entities, whose functional currency is not the euro, are translated into euros as follows:

- assets and liabilities are translated at the closing exchange rate at the reporting date; and
- income and expense items are translated at the exchange rate on the transaction date or at the average exchange rate for the period, if this rate approximates the exchange rate on the transaction date.

Exchange differences resulting from the application of this method are recognized in consolidated equity in "Other comprehensive income".

3.3 Foreign currency

Transactions in foreign currency are translated into the Group's functional currency by applying the foreign exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the year-end closing exchange rate.

Any resulting foreign exchange gains and losses on monetary assets correspond to the difference between the amortized cost in the functional currency at the opening of the period, adjusted for the impact of the effective interest rate and payments for the period, and the amortized cost in the foreign currency translated at the year-end closing exchange rate.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at fair value are translated into the functional currency using the exchange rate at the date on which fair value was determined. Any resulting translation differences are recorded in income.

Receivables and payables denominated in a foreign currency are recorded at the exchange rate in effect at the initial transaction. At year-end, the accounts corresponding to assets and liabilities are valued at the closing exchange rate.

3.4 Intangible assets

Separately acquired research and development

Separately acquired research and development are capitalized within "Other intangible assets" provided that they meet the definition of an intangible asset: a resource that is (i) controlled by the Group, (ii) expected to provide future economic benefits for the Group, and (iii) identifiable (i.e. it is either separable or arises from contractual or legal rights).

In accordance with paragraph 25 of IAS 38 Intangible Assets, the first recognition criterion, relating to the likelihood of future economic benefits generated by the intangible asset, is presumed to be achieved for research and development activities when they are acquired separately.

In this context, amounts paid to third parties in the form of initial payments or milestone payments relating to pharmaceutical specialties that have not yet obtained generating economic benefit are recognized as intangible assets. These rights are amortized on a straight-line basis, after obtaining the

marketing authorization, over their useful life. Unamortized rights (before marketing authorization) are subject to impairment tests in accordance with the method defined in note 3.6.

Internally generated research and development

Pursuant to IAS 38 – Intangible Assets, research costs are recorded in the consolidated financial statements as expenses in the period during which they are incurred.

Development costs are only recognized as intangible assets if the following criteria are met:

- It is technically feasible to complete the development of the project;
- The Group's intention to complete the project and to utilize it;
- Capacity to utilize the intangible asset;
- Proof of the probability of future economic benefits associated with the asset;
- Availability of the technical, financial, and other resources for completing the project;
- Reliable evaluation of the development expenses.

The initial measurement of the asset is the sum of expenses incurred starting on the date on which the development project meets the above criteria. Expenditures cease to be capitalized when the intangible asset is ready for use. Development costs capitalized are amortized over their useful lives.

Because of the risks and uncertainties related to regulatory approvals and to the research and development process, the Group believes that the six criteria stipulated by IAS 38 have not been fulfilled to date and the application of this principle has resulted in all development costs being expensed as incurred in all periods presented.

Other intangible assets

Other intangible assets are primarily composed of acquired software. Costs related to the acquisition of software licenses are recognized as assets based on the costs incurred to acquire and set up the related software. Software is amortized using the straight-line method over a period of one to three years depending on the anticipated useful life.

3.5 Tangible assets

Pursuant to IAS 16 – Property, Plant and Equipment, property, plant and equipment are recognized at their acquisition cost (purchase price and directly attributable costs) or at their production cost by the Group, as applicable.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

The depreciation periods and methods used are primarily the followings:

Items	Depreciation period
Facilities and fixtures	5 to 10 years (SL)
IT equipment	1 to 3 years (SL)
Furniture	5 years (SL)

SL: straight line

The useful lives of property, plant and equipment as well as any residual values are reviewed at each year-end and, in the event of a significant change, resulting in a prospective revision of the depreciation schedule.

The amortization expense of property, plant and equipment is recognized in the income statement in the category of administrative costs given the nature of the assets held.

Leases and right-of-use assets

From January 1, 2019, with the adoption of IFRS 16 Leases, the Group adopted the following accounting policies for leases and right-of-use assets:

As lessee, the Group assesses whether a contract contains a lease at inception of a contract and upon the modification of a contract. The Group elected to allocate the consideration in the contract to the lease and non-lease components on the basis of the relative standalone price. The Group recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at the present value of the future lease payments as from the commencement date of the lease to the end of the lease term. The lease term includes the period of any lease extension that in management's assessment is reasonably certain to be exercised by the Group. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the Group incremental borrowing rate for the asset subject to the lease in the respective markets.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a change to the lease terms or expected payments under the lease, or a modification that is not accounted for as a separate lease. The portion of the lease payments attributable to the repayment of lease liabilities is recognized in cash flows used in financing activities, and the portion attributable to the payment of interest is included in cash flows from operating activities.

Right-of-use assets are initially recognized on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentives received and any initial direct costs incurred by the Group, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable using cash flow projections for the useful life.

3.6 Impairment of assets

Pursuant to IAS 36 – Impairment of assets, assets with an indefinite useful life are not amortized and are subject to an annual impairment test. Depreciated assets are tested for impairment whenever there is an internal or external indication that an asset may have lost value.

The impairment test consists in comparing the net book value of the tested asset with its recoverable value. The test is performed at the level of the Cash Generating Unit ("CGU"), which is the smallest group of assets that includes the asset and whose continued use generates cash inflows that are largely independent of those generated by the cash generating unit of other assets or groups of assets.

An impairment loss is recorded in the amount of the excess of the carrying amount over the recoverable amount of the asset. The recoverable amount of an asset is its fair value less costs to sell or its value in use, whichever is greater.

Impairment tests are performed at the end of the year for unamortized assets (whether or not there is an indication of impairment), based on estimated cash flows determined by management. The estimates used in calculating the recoverable value are highly sensitive and depend on assumptions specific to the nature of the Group's activities with regard to:

- Forecast development cost, sales and cost of sales versus the Term of Patent Protection,
- Discount rate: discount rates are determined on the basis of a base rate calculated for the group, adjusted if necessary, by a specific risk premium.
- Long-term sales forecasts
- Actions of competitors
- Outcome of R&D activities (compound efficacy, results of clinical trials, etc…)
- Probability of obtaining regulatory approval
- Amount and timing of projected costs to develop IP R&D into commercially viable products

Fair value less costs of disposal is the amount that can be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of exit.

Value in use is the present value of expected future cash flows expected from the continued use of an asset and its disposal at the end of its useful life. Value in use is determined from estimated cash flows of plans or budgets, based on the expected asset and sales development plan and discounted using long-term after-tax market rates that reflect market estimates of the time value of money and the specific risks of assets.

As of December 31, 2020:

- The Group has no intangible assets with an indefinite life.
- As explained in Note 3.4, the Group has an amortizable intangible asset related to the acquired R&D, which amortization will start as from the obtention of the marketing authorization. This asset has been subject to an impairment test (note 6);
- Non-current assets do not present any indication of impairment.

3.7 Financial assets

From January 1, 2018 and pursuant to IFRS 9 – *Financial Instruments*, the Group's financial assets are classified in two categories according to their nature and the intention of management:

- Financial assets at fair value through profit and loss;
- Financial assets at amortized cost.

All purchases and sales of financial assets are recognized at the settlement date.

Financial assets at fair value through profit or loss

This category includes marketable securities, cash and cash equivalents. They represent financial assets held for trading purposes, i.e., assets acquired by the Group to be sold in the short-term. They are measured at fair value and changes in fair value are recognized in the consolidated statement of income (loss) as financial income or expense, as applicable.

Financial assets at amortized cost

This category includes other financial assets (non-current), trade receivables (current) and other receivables and related accounts (current). Other financial assets (non-current) include advances and deposits granted to third parties as well as term deposits, which are not considered as cash equivalents.

Financial assets at amortized cost primarily consist of deposits and guarantees, restricted cash, trade receivables, other receivables, conditional advances and loans. They are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset, except trade receivables that are initially recognized at the transaction price as defined in IFRS 15.

After initial recognition, these financial assets are measured at amortized cost using the effective interest rate method when both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recorded in the consolidated statement of income (loss) when they are derecognized, subject to modification of contractual cash flows and/or impaired.

IFRS 9 – *Financial Instruments* requires an entity to recognize a loss allowance for expected credit losses on a financial asset at amortized cost at each Statement of Financial Position date. The amount of the loss allowance for expected credit losses equals to: (i) the 12- month expected credit losses or (ii) the full lifetime expected credit losses. The latter applies if credit risk has increased significantly since initial recognition of the financial instrument. An impairment is recognized, where applicable, on a case–by–case basis to take into account collection difficulties which are likely to occur based on information available at the time of preparation of the consolidated financial statements.

Disputed receivables are written-off when the entity has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof, and existing credit loss allowance are released.

Cash and cash equivalents

Cash and short-term deposits recorded in the balance sheet comprise cash balances and short-term deposits very liquid having initial maturity term less or equal to three months and which are not subject to a material risk of changes of the fair value.

Cash equivalents consist of marketable securities. Cash equivalents are held for trading purposes, are readily convertible into a known amount of cash and are subject to a negligible risk of change in value. They are measured at fair value and changes in value are recorded in financial income.

For the purpose of the cash flow statement, in accordance with IAS 7, net cash includes cash and cash equivalents, net of bank overdrafts.

Fair value of financial instruments

Securities classified as cash equivalents at the end of the financial year are recognized at fair value in the statement of income (loss), with fair value corresponding to market value.

Borrowings and financial liabilities are recognized at amortized cost, calculated using the effective interest rate or the fair value option in the statement of loss.

The fair value of trade receivables and trade payables is equivalent to their carrying amount, given the short settlement times. The same applies to other current receivables and payables.

The Group uses the following three-level hierarchy for financial instruments according to the consequences that their characteristics have on their valuation method and uses this classification to present certain disclosures requested in IFRS 7 *Financial Instruments: Disclosures:*

- Level 1: financial instruments that reflect quoted prices in active markets;
- Level 2: financial instruments measured using observable market inputs other than Level 1 inputs;
- Level 3: inputs not based on observable market data. Unobservable inputs are defined as an input whose value results from assumptions or correlations that are not based on transaction prices on the observable market, on the same instrument at the measurement date, or on observable market data available at the same date.

Instruments recognized at fair value in the statement of loss held by the Group include:

- Cash and cash equivalents, using level 1 measurements for cash at hand and money market funds and level 2 for Fixed term deposits.
- The fair value of IPF derivative liability, which fall under the level 3.

3.8 Share Capital

The classification in equity depends on the specific analysis of the characteristics of each instrument issued. Based on this analysis, when the entity that issued the financial instrument does not have a contractual obligation to deliver cash or another financial asset to the bearer, the financial instrument is an equity instrument. Thus, if the holder of an equity instrument is entitled to a proportionate share of the dividends, the issuer has no contractual obligation to make this distribution, as this is the sole decision of shareholders at the annual general meeting.

Company's treasury shares held are deducted from equity.

Transaction costs directly attributable to the issuance of shares or equity warrants are recognized as a deduction from shareholders' equity when the likelihood of the capital increase is considered reasonably probable. Until that point, transaction costs are expensed. In the event that the transaction ultimately does not take place, these costs would then be fully expensed in the following year.

3.9 Share-based payment

Since its inception, the Group has established several plans for compensation paid in equity instruments in the form of performance shares ("Attributions gratuites d'actions de Performance", or "AGAP"), share options ("SO"), share subscription warrants ("Bons de souscription d'actions", or "BSA") and Founder's share warrants (Bons de souscription de parts de créateur d'entreprise, or "BSPCE") granted to its employees, executives, members of the board of directors and other individuals including scientific consultants.

Pursuant to IFRS 2 – Share based payment, these awards are measured at their fair value on the date of grant and the cost of equity-settled transactions is recognized as an expense over the period in which the rights to benefit from the equity instruments are acquired, in exchange for an increase in equity.

The Group has applied IFRS 2 to all equity instruments granted, since the inception of the Group, to employees, members of the Board of Directors or individuals providing services such as consultants.

The fair value is calculated with the most relevant formula regarding the conditions and the settlement of each plan (see Note 13).

3.10 Financial liabilities

Pursuant to IFRS 9 – Financial Instruments, financial liabilities are measured at amortized cost or at fair value through profit or loss. Financial liabilities that are due within one year are presented in "Financial liabilities—current portion" in the consolidated statement of financial position.

Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities recognized at fair value through profit or loss.

Financial liabilities at amortized cost

Borrowings and other financial liabilities, such as conditional advances, are recognized at amortized cost calculated using the effective interest rate. Financial liabilities that are due in less than one year are presented in "Financial liabilities—current portion" in the statement of financial position.

Financial liabilities at fair value through profit or loss

Where applicable, a financial liability may be recognized at fair value in the income statement. This category includes derivative financial instruments.

Conditional advances and subsidies

Conditional advances

Funds received from Bpifrance Financement, the French public investment bank (formerly Oséo) in the form of conditional advances are recognized as financial liabilities, as the Group has a contractual obligation to reimburse in cash Bpifrance Financement for such conditional advances, based on a repayment schedule. Each award of an advance is made to help fund a specific development milestone. The details concerning the conditional advances are provided in Note 14.2. Receipts or

reimbursements of conditional advances are reflected as financing transactions in the statement of cash flows.

The Group receives interest-free, conditional advances to finance research and development projects. The difference between the present value of the advance at market rate (i.e., capital repaid at maturity without interest, discounted to the market rate) and the amount received as cash from the French public investment bank constitutes a subsidy within the meaning of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, or IAS 20. This benefit is determined by applying a discount rate equal to the market interest rate.

The implicit interest rate resulting from taking into account the whole repayments plus the additional payments due in case of commercial success as described in Note 14.2 is used to determine the amount recognized annually as a finance expense, based on observable rates of comparable companies.

In the event of a change in payment schedule of the stipulated repayments of the conditional advances, the Group recalculates the net book value of the debt resulting from the discounting of the anticipated new future cash flows at the initial effective interest rate. The adjustment that results therefrom is recognized in the statement of loss for the period during which the modification is recognized.

Subsidies are presented separately in the consolidated statement of income (loss) and the Group opted for a classification as a deduction of the "Research and development expenses" since they correspond to innovation aid and funding for research and development activities in accordance with IAS 20.

In the consolidated statement of financial position, these advances are recorded in "Financial liabilities" as current or non-current portion depending on their maturity. In the event the Group fails to achieve a particular milestone that would trigger reimbursement of the conditional advance, the remaining liability is recognized as a subsidy in the consolidated statement of income (loss).

Subsidies

Subsidies received are grants that are not repayable by the Group and are recognized in the Consolidated Financial Statements where there exists reasonable assurance that the Group will comply with the conditions attached to the subsidies and the subsidies will be received.

Subsidies that are upfront payments are presented as deferred revenue and recognized through income up to expenses incurred as part of the research and development program to which the subsidy relates.

Research Tax Credit

The Group benefits from the provisions of Articles 244c and 49f of the French General Tax Code relating to the French research tax credit ("Crédit d'Impôt Recherche" or "CIR"). The CIR is granted to companies by French tax authorities in order to encourage them to conduct technical and scientific research. Companies that prove that they have expenditures which meet the required criteria (research expenditures located in France or, since January 1, 2005, within the European Union or in another State that is a party to the Agreement on the European Economic Area and has concluded a tax treaty with France that contains an administrative assistance clause) receive a tax credit that can be used for the payment of the corporate income tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or as applicable, can be reimbursed in cash. The expenditures taken into account for the calculation of the CIR involve only research and development expenses.

The Group has been granted CIR since its inception and receives reimbursements in cash the year after the date of its record as a tax credit in the Group's financial statement, pursuant to the application of Community tax rules for small and medium firms in compliance with the regulatory texts.

The CIR is presented under "other operating income" in the consolidated statement of income (loss) as it meets the definition of government grant as defined in IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance.

3.11 Employee benefits

The Group's employees in France benefit from retirement benefits provided under French law, which consist in the following:

- Compensation paid by the Group to employees upon their retirement (a defined benefit plan);
- Payment of retirement pensions by the social security agencies, which are funded by the contributions made by the companies and employees (a defined contribution plan).

In accordance with IAS 19 – *Employee Benefits*, the liability with respect to defined benefit plans is estimated by using the projected credit unit method. According to this method, the cost of the retirement benefit is recognized in the consolidated statement of income (loss) so that it is distributed uniformly over the term of the services of the employees. The retirement benefit commitments are valued at the current value of the estimated future payments, discounted using the market rate for high quality corporate bonds with a term that corresponds to that estimated for the payment of the benefits. The difference between the amount of the provision at the beginning of a period and at the close of that period is recognized through profit or loss for the portion representing the costs of services rendered and the net interest costs, and through other comprehensive income / (loss) for the portion representing the actuarial gains and losses.

The Group's payments for the defined contribution plan are recognized as expenses on the consolidated statement of income (loss) of the period in which they become payable.

3.12 Provisions

Provisions correspond to commitments resulting from litigation and various risks to which the Group may face in the context of its operations. In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when the Group has an obligation to a third party resulting from a past event that will probably result in an outflow of resources to the third party, with no equivalent consideration expected, and for which future cash outflows may be estimated reliably. The amount recorded as a provision is an estimate of the expenditure required to settle the obligation, discounted where necessary at year-end.

3.13 Income tax

Tax assets and liabilities payable for the financial year and previous years are recorded at the amount that is expected to be recovered from or paid to the tax authorities in accordance with IAS 12 – Income Tax. The tax rate and regulations used to determine this amount are those which have been enacted or substantively enacted at year-end.

Deferred taxes are recorded using the balance sheet liability method, for temporary differences at year-end between the carrying amount of assets and liabilities and their tax basis, and losses carried forward. The main temporary differences are related to tax loss carryforwards.

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized beyond the amount of existing deferred tax liability in the same tax jurisdiction and the same taxable entity. The measurement of the amount of deferred tax assets may require management to make estimates regarding the period during which the tax loss carryforwards are to be used and on the level of future taxable income.

3.14 Revenue

Group's revenue comes from out-licensing of intellectual property and research and development services. The turnover is presented net of VAT and discounts.

- Sale of licenses

The licenses granted by the Group correspond to rights of use. As a result, income under these licenses is recognized immediately from the date from which the customer can begin to use the license. The consideration received may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur.

When royalty payments are made in the form of royalties, based on future sales by the customer, the Group applies the exception provided by IFRS 15 to the general rule of valuation of variable payments. The royalties are thus recorded in sales when the customer's sales take place.

- Services

The Group provides research and development services to clients. These services are carried out in the context of obtaining a future Marketing Authorization. The turnover for these services is recognized at the stage of advancement, the customer benefiting from the service as the group carries out the work. Advancement is measured by costs.

- Collaboration agreements

The Group may enter into collaborative agreements that include both the sale of a license and research and development services. For these contracts, the Group estimates the amount to which it is entitled in exchange for each item promised to customers. The amount that is highly probable (non-refundable advances, guaranteed payments and estimated research and development costs incurred) is allocated to the various elements of the contract in proportion to their specific selling prices.

Contracts may include milestone payments, the perception of which depends on the achievement of certain development, regulatory or commercial objectives. Milestone income is recognized at the point in time when it is highly probable that the respective milestone event criteria is met, and the risk of reversal of revenue recognition is remote.

3.15 Financial income (loss)

Net financial income / (loss) includes:

- changes in the fair value of liabilities recognized at fair value through profit or loss;
- expenses related to interest incurred on financial liabilities;
- income related to interest received;

- exchange gains or losses on foreign currency held at year-end are also recorded in net financial income / (loss).

3.16 Earnings per share

In accordance with IAS 33 – *Earnings per Share*, basic income (loss) per share is calculated by dividing the income (loss) attributable to equity holders of the Group by the weighted average number of outstanding shares for the period.

Diluted income (loss) per share is measured by dividing the income (loss) attributable to holders of equity and dilutive instruments by the weighted average number of outstanding shares and dilutive instruments for the period.

If in the calculation of diluted income (loss) per share, instruments giving deferred rights to capital such as warrants generate an antidilutive effect in the event of an income loss. In such case, these instruments are not taken into account.

Note 4: Significant events

4.1 Year ended December 31, 2020

Increase in capital

On May 25, 2020, the Group announced a raise of €17.7 million and issued 2,358,483 ordinary shares with a par value of €0.02, at a price of €7.50 per share, including share premium, for a total subscribed amount of €17,688,622.50, representing approximately 9.04% of the share capital of the Company.

In addition, the Group issued 1,768,861 warrants with a five-year term attached to the new shares representing a total of 75% coverage on the new share issuance, representing 1,768,861 potential additional new ordinary shares and 5.93% of the Company's outstanding fully diluted share capital. The strike price of the warrants is equal to €10.03.

Performance shares and BSPCE

In January 2020:

- an employee exercised 500 BSPCE corresponding to 10,000 ordinary shares at a strike price of €2.5, representing a capital increase of €200 with a share premium of €24,800;
- an employee exercised 1,666 BSPCE corresponding to 1,666 ordinary shares at a strike price of €7.26, representing a capital increase of €33 with a share premium of €12,062;
- the Group noted the definitive allocation of 26,611 performance shares, representing a capital increase of €532, taken from the reserves.

In June 2020, an employee exercised 1,000 BSPCE corresponding to 20,000 ordinary shares at a strike price of €2.5, representing a capital increase of €400 with a share premium of €49,600.

In August 2020, an employee exercised 1,200 BSPCE corresponding to 24,000 ordinary shares at a strike price of €3.2, representing a capital increase of €480 with a share premium of €76,320.

Warrants (BSA)

In July 2020, an employee subscribed to 45,000 BSA at a subscription price of €1.45 per warrant, corresponding to 45,000 ordinary shares at a strike price of €9.62, representing a share premium increase of €65,250.

Accordingly, the share capital is €569,910.46 at December 31, 2020, divided in 28,495,523 shares of €0.02 of nominal value.

IPF Financing

In November 2019, the Group entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of the Company's ordinary shares. In November 2019, the Group borrowed €6.5 million under the first tranche and issued warrants to purchase 264,587 ordinary shares with an exercise price of €7.37.

In March 2020, the Group borrowed €10.0 million under the second tranche of IPF Venture Loan (see note 14.1) and issued warrants to purchase 209,967 ordinary shares with an exercise price of €7.14.

The obtention of the third tranche of € 13,5 million, which has to be withdrawn before December 31, 2021, is conditioned to the approval of the Imeglimin in Japan.

French Government Guarantee Loan (PGE Loan)

The Group received the approvals from BNP Paribas, Bpifrance and CIC Lyonnaise de Banque for a € 6 million non-dilutive financing in the form of a French Government Guarantee loan.

Each individual lender has provided a loan of € 2 million. The French government will guarantee 90% of the amount due in the case of default. Each loan has an initial term of one-year, with a five-year extension option.

Sumitomo agreement – Recognition of the Imeglimin J-NDA milestone

Poxel received a JPY 500 million (EUR 4.1 million) milestone payment from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA in July 2020. The Group therefore fully recognized the related milestone event amount as revenue at December 31, 2020.

Update on Roivant partnership with Imeglimin

On November 20, 2020, the Group announced that, for strategic reasons, Roivant has decided not to advance Imeglimin into a Phase 3 program in Europe and US. The partnership agreement with Roivant has been terminated, effective January 31, 2021. Roivant has returned all rights to Imeglimin to Poxel, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from Poxel as part of the return of the program.

Composition of the Board of directors

The composition of the Board of Directors changed as follows:

- On February 17, Mr. Thibaut Roulon and BpiFrance Investissement represented by Mr. Olivier Martinez resigned from their position as Board observers,
- On June 24, the mandates of Mr. Thomas Kuhn, Mr. Khoso Baluch, Mrs. Pascale Boissel and Mrs. Kumi Sato as Board members and of BpiFrance Participations represented by Mr. Laurent Higueret as Board observer were renewed for a three-year term,
- On June 24, the mandates of Mr. Thierry Hercend as Board member and of Andera Partners represented by Mr. Raphaël Wisniewski as Board observer were not renewed and ended after the ordinary general assembly meeting ruling on the financial statements for the financial year ended on December 31, 2019.

COVID-19 outbreak

In the context of the COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on March 12, 2020, the Group is regularly reviewing the impact of the outbreak on its business.

Based on this review, the Group had identified only one significant impact of the COVID-19 outbreak related to the initiation of the Phase 2 study enrollment for its drug candidate, PXL065, which the Group initially planned during the second quarter of 2020 and which was eventually initiated on September 2, 2020.

4.2 Post closing events

Update on Roivant partnership with Imeglimin

As mentioned in paragraph 4.1, as part of the decision by Roivant not to advance Imeglimin into a Phase 3 program for strategic reasons, its partnership agreement with Roivant has been terminated, effective January 31, 2021. Roivant has returned all rights to Imeglimin to Poxel, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from Poxel as part of the return of the program.

Arbitration with Merck Serono

In connection with the application of the MS Agreement to the Roivant License Agreement, the Company and Merck Santé had a different interpretation of a clause which allocates between them the value of certain compensation received by the Company from partners in consideration for the granting of rights to Merck's intellectual property (known as Partnering Additional Revenues or "***PAR***"). In particular, the Parties disagreed as to whether certain compensation received under the Roivant License Agreement and the Sumitomo License Agreement fell within certain specific exceptions provided for in the MS Agreement.

In April 2019, the Company was notified that Merck Santé had initiated an arbitral proceeding in order to resolve this difference in interpretation.

On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Santé.

The Final Award held that:

- Items falling within the exceptions provided for in the definition of PAR included in the MS Agreement are excluded from the scope of PAR only if they have no "causal link" with the granting of Partnering rights to the Merck Serono (Santé) Technology;

- The Tribunal (i) rejected Merck's first claim amounting to approximately EUR 3M (EUR 3.6M incl. VAT) in connection with the Roivant License Agreement, (ii) granted Merck's second claim amounting to approximately EUR 1.8M (EUR 2.4M incl. VAT and interest) in connection with the investment of Roivant in the Company's shares, (iii) rejected the Company's counterclaim amounting to approximately EUR 1.4M (EUR 1.7M incl. VAT) in connection with the Sumitomo License Agreement and (iv) ordered the Company to pay two-thirds of the arbitration and legal costs; and

- In the absence of an alternative claim made by Merck Santé in respect of certain non-monetary PAR received by the Company pursuant to the Roivant License Agreement (i.e., the interest-

free loan received from Roivant) and of any evidence that would allow to quantify this non-monetary PAR, the Arbitral Tribunal was not in a position to grant relief to Merck Santé. The Tribunal left open the question whether Merck Santé is entitled to a share of that non-monetary PAR.

The tribunal's decision is final.

Covid-19 outbreak

As of the date of this report, and based on publicly available information, the Group has not identified the occurrence of any material negative effects on its business due to the COVID-19 pandemic that remains unresolved. However, the Group anticipates that the COVID-19 pandemic could have further material negative impact on its business operations. The worldwide impact of COVID-19 may notably affect the Group's internal organization and efficiency, particularly in countries where it operates and where confinement measures are implemented by the authorities. In addition, COVID-19 may impact market conditions and the Group's ability to seek additional funding or enter into partnerships. Particularly, delays in the supply of drug substance or drug products, in the initiation or the timing of results of preclinical and/or clinical trials, as well as delays linked to the responsiveness of regulatory authorities could occur, which could potentially have an impact on the Group's development programs and partnered programs. The Group will continue to proactively monitor the situation.

Note 5: Segment information

The Group operates in one segment: the development of innovative molecules for the treatment of metabolic diseases, in particular type 2 diabetes and non-alcoholic steatohepatitis (NASH).

Poxel SA has a subsidiary in Japan since 2018 and a subsidiary in the USA since 2019, which have no significant activity at closing, except for personnel expenses. Thus, most of the assets and operating income presented are located in France. The Group's performance is currently assessed at the consolidated level.

In 2019 and 2020, 99% of the Group's revenues come from Sumitomo Dainippon Pharma.

Note 6: Intangible assets

GROSS VALUE (Amounts in K€)	Software	In-process research and development	In process other intangible assets	Total
Statement of financial position as of December 31, 2018	**9**	**16,572**		**16,580**
Capitalization of development costs				
Acquisition	5		36	40
Disposal				
Transfer				
Statement of financial position as of December 31, 2019	**13**	**16,572**	**36**	**16,621**
Capitalization of development costs				
Acquisition	46			46
Disposal				
Transfer	36		-36	
Statement of financial position as of December 31, 2020	**95**	**16,572**	**-**	**16,667**

AMORTISATIONS (Amounts in K€)				
Statement of financial position as of December 31, 2018	**4**			**4**
Increase	3			**3**
Reduction				
Statement of financial position as of December 31, 2019	**7**			**7**
Increase	17			**17**
Reduction				
Statement of financial position as of December 31, 2020	**24**			**24**

NET BOOK VALUES				
As of December 31, 2019	**6**	**16,572**	**36**	**16,614**
As of December 31, 2020	**71**	**16,572**	**-**	**16,642**

In 2018, as part of the contract signed with DeuteRx, the Group acquired a development and commercial license to an innovative drug candidate in clinical development for the treatment of NASH (DRX-065), as well as other programs for the treatment of metabolic diseases for a non-refundable upfront payment of € 15,780 thousand, of which € 8,914 thousand were paid in shares and $ 8 million (€ 6,866 thousand) were paid in cash and additional variable considerations (note 25.2). This acquisition is recognized as an intangible asset for an amount of € 16,572 thousand, which includes € 791 thousand of acquisition costs.

The impairment tests (described in Note 3.6) did not lead to the recognition of any impairment in the financial years presented. As part of the sensitivity tests (increase/decrease of the Probabilities of Success rate +/- 2%, changes in sales +/- 5%, increase/decrease of the discount rate +/-1%), the Group has not identified any change in key assumptions that could lead to an impairment, as the net present

value of the cash flows related to the DeuteRx intangible asset is higher than the carrying amount of the assets related to the project. The main assumptions retained are:

- A discount rate amounting to 11%;
- A cash-flow projection of 12 years (no terminal value was considered in the impairment test) which relies on:
    - Long-term forecasts
    - Probabilities of success from Phase 2 to Marketing approval

The amortization of intangible assets related to the license will commence upon generating economic benefits.

Due to the risks and uncertainties related to the research and development process, the six capital criteria are not considered fulfilled for any of the current development projects. As a result, all internally generated R&D costs incurred by the Group are expensed.

Note 7: Property, Plant and Equipment

GROSS VALUE (Amounts in K€)	Property	Installation and fixtures	Computer hardware	Furniture	Total	Including right of use
Statement of financial position as of December 31, 2018	**1,698**	**241**	**125**	**111**	**2,176**	**1,709**
Acquisition	665	12	31	31	**739**	**665**
Scrapping						
Transfer						
Statement of financial position as of December 31, 2019	**2,363**	**254**	**156**	**142**	**2,914**	**2,374**
Acquisition	174	155	17	89	**435**	**201**
Scrapping						
Transfer						
Statement of financial position as of December 31, 2020	**2,537**	**409**	**173**	**231**	**3,349**	**2,575**

DEPRECIATION (Amounts in K€)						
Statement of financial position as of December 31, 2018		**47**	**81**	**43**	**170**	
Increase	335	30	28	28	421	343
Reduction						
Statement of financial position as of December 31, 2019	**335**	**77**	**109**	**71**	**591**	**343**
Increase	423	37	28	45	534	430
Reduction						
Statement of financial position as of December 31, 2020	**758**	**114**	**137**	**116**	**1,125**	**772**

NET BOOK VALUES						
As of December 31, 2019	**2,028**	**177**	**47**	**71**	**2,323**	**2,031**
As of December 31, 2020	**1,779**	**295**	**36**	**115**	**2,224**	**1,803**

There has been no recognition of impairment loss in application of IAS 36 over the presented periods.

Note 8: Other non-current financial assets

OTHER NON-CURRENT FINANCIAL ASSETS (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Equity part of the liquidity contract	113	356
Deposits related to simple leases	133	121
Other deposits		
Total other non-current financial assets	**246**	**477**

Non-current financial assets are recorded for the deposits paid in relation to:

- the treasury part of the market liquidity contract (€113 thousand in 2020 vs €356 thousand in 2019) signed with Oddo Corporate Finance;
- contracts for the simple rental of premises for the years ended December 31, 2020 and 2019, mainly for the premises of the Group headquarter in Lyon, France.

Note 9: Trade and other receivables

Trade receivables (€ 281 thousand in 2020 compared with € 6,593 thousand in 2019) correspond up to € 279 thousand in 2020 and € 6,519 thousand in 2019 to research expenses costs incurred as part of Imeglimin phase 3 TIMES program in Japan, re-invoiced to Sumitomo Dainippon Pharma, the amount of which is reported according to the program completion rate.

Other receivables

OTHER RECEIVABLES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Research tax credit	2,411	4,372
Value added tax, or VAT	368	933
Debtor suppliers	1,629	1,682
Prepaid expenses	953	898
Other tax receivables	72	800
Credit notes	33	397
Other	14	25
Total other receivables	**5,480**	**9,107**

Research Tax Credit ("CIR")

The Group benefits from the provisions of articles 244 quater B and 49 septies F of the French General Tax Code relating to Research Tax Credits. In accordance with the principles described in Note 2, Research Tax Credits are deducted from research expenses for the year to which the eligible research expenses relate. Research Tax Credits are presented as a subsidy in "Research and development costs." In the absence of a taxable result at least equal to the amount of the claim on the State relating to the Research Tax Credit ("CIR"), its balance is repayable the year following that of its recognition, when the Group has the status SMEs in the European sense, which is the case for Poxel.

VAT

VAT receivables mainly relate to deductible VAT as well as VAT refund claims.

Debtor suppliers

Debtor suppliers correspond in 2020 to advances paid to subcontractors as part of ongoing clinical studies. In 2019, they consisted to advances paid to subcontractors as part of the TIMES Phase 3 study invoiced to Sumitomo Dainippon Pharma for the amount of € 0.9 million, and whose counterpart was reported in advance received for the same amount (see note 17.3).

Other tax receivables

In 2019, other tax receivables correspond notably to a € 553 thousand payment made by the Group following a tax adjustment. This adjustment was disputed by the Group.
Early 2021, the Administrative Court dismissed the claim of the Group and confirmed the amount of the tax adjustment. The corresponding expense was fully recognized in 2020 accordingly.

Note 10: Cash and cash equivalents

Cash and cash equivalents are presented below:

CASH AND CASH EQUIVALENTS (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Bank accounts (cash at hand)	15,587	18,161
Term deposits	24,616	19,026
Total cash and cash equivalents	**40,203**	**37,187**

Cash and cash equivalents net of financial liabilities (see note 14) amounted to €17,053 thousand at December 31, 2020 and €27,446 thousand at December 31, 2019.

Note 11: Financial assets and liabilities and effects on income

The Group's assets and liabilities are valued as follows for each year:

Amounts in K€	Dec 31, 2019				
	Value of the statement of financial situation	Fair value (3)	Fair value through profit and loss	Loans and receivables (1)	Debts at amortized cost (2)
Non-current financial assets	477	477		477	
Clients and related accounts	6,593	6,593		6,593	
Other receivables	9,107	9,107		9,107	
Cash and cash equivalents	37,187	37,187	37,187		
Total financial assets	**53,365**	**53,365**	**37,187**	**16,178**	
Current financial liabilities	8,941	8,941			8,941
Derivative liabilities	1,766	1,766	1,766		
Non-current financial liabilities	1,842	1,842			1,842
Suppliers debts and related accounts	16,406	16,406			16,406
Total financial liabilities	**28,955**	**28,955**	**1,766**		**27,188**

Amounts in K€	Dec 31, 2020				
	Value of the statement of financial situation	Fair value (3)	Fair value through profit and loss	Loans and receivables (1)	Debts at amortized cost (2)
Non-current financial assets	246	246		246	
Clients and related accounts	281	281		281	
Other receivables	5,480	5,480		5,480	
Cash and cash equivalents	40,203	40,203	40,203		
Total financial assets	**46,211**	**46,211**	**40,203**	**6,008**	
Current financial liabilities	2,866	2,866			2,866
Derivative liabilities	691	691	691		
Non-current financial liabilities	20,986	20,986			20,986
Suppliers debts and related accounts	8,362	8,362			8,362
Total financial liabilities	**32,905**	**32,905**	**691**		**32,214**

(1) The fair value of "loans and receivables" corresponds to the value reported in the statement of financial position (value at the transaction date and then tested for impairment on each reporting date)

(2) The carrying amount of financial liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value

(3) The fair value of financial assets held for trading (such as cash at hand and money market funds in cash and cash equivalents) is determined based on Level 1 fair value measurements and corresponds to the market value of the assets

Note 12: Capital

12.1 Share capital issued

Share capital is set at €569,910.46. As of December 31, 2020, it is divided into 28,495,523 ordinary shares that are fully subscribed and paid up with a par value of €0.02.

The 28,495,523 shares do not include outstanding share warrants (*Bons de souscription d'actions* or BSAs), founder's share warrants (*Bons de souscription de parts de créateur d'entreprise* or BSPCEs), and stock options (SO), which have not been exercised. Performance shares (Attribution Gratuite d'Actions de Performance, or AGAP) are not included before their definitive acquisition.

COMPOSITION OF SHARE CAPITAL	**Dec 31, 2020**	**Dec 31, 2019**
Capital (in euros)	569,910.46	521,095
Number of shares	28,495,523	26,054,763
of which ordinary shares	28,495,523	26,054,763
of which preference shares	0	0
Nominal value (in euros)	0.02 €	0.02 €

12.2 Change in share capital

In 2019 and 2020, various equity transactions occurred that modified the Group's share capital which are further described in Note 4.1.

Capital management

The Group manages its capital to safeguard that it will be able to continue as a going concern. At the same time, the Group wants to ensure the return to its shareholders through the results from its research and development activities.

Poxel capital structure consists of cash at bank and in hand and cash equivalents, financial debt, and equity attributed to the holders of the Company's equity instruments, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity.

The Group manages its capital structure and makes the necessary adjustments in the light of changes of economic circumstances, the risk characteristics of underlying assets and the projected cash needs of the current research and development activities.

The adequacy of the capital structure will depend on many factors, including scientific progress in the research and development programs, the magnitude of those programs, the commitments to existing and new clinical CROs, the ability to establish new alliance or collaboration agreements, the capital expenditures, market developments and any future acquisition.

Neither Poxel nor any of its subsidiaries are subject to any externally imposed capital requirements, other than the covenant related to the six-month cash covenant that applies to the IPF partners agreement (described in note 14.1) and those imposed by generally applicable company law requirements.

Changes in share capital

Amounts In K€ (except number of shares)	Number of shares	Share capital	Premium related to share capital
Total as of January 1, 2019	**25,856,827**	**517**	**127,996**
Performance shares	24,150		
Exercise of equity warrants	33,800	1	84
Exercise of equity warrants	139,986	2	944
Subscription of equity warrants			
Total as of December 31, 2019	**26,054,763**	**521**	**129,024**

Total as of December 31, 2019	**26,054,63**	**521**	**129,024**
Performance shares	26,611	1	-1
Exercise of BSPCE employees	55,666	1	163
Capital increase (May 2020)	2,358,483	47	16,597
Subscription of equity warrants			66
Total as of December 31, 2020	**28,495,523**	**570**	**145,849**

Distribution of dividends

The Group did not distribute any dividend for any of the periods presented.

The results of the previous financial years are fully allocated to the reserves.

Note 13: Share warrants

The Group has issued warrants, or BSAs, and founder's share warrants, or BSPCEs, Stock Options or SO and Performance shares.

Warrants (Bons de souscription d'actions, or BSAs)

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

Grant date	Type	Number of warrants issued	Number of lapsed warrants	Number of warrants exercised	Number of warrants outstanding	Maximum number of shares to be issued
July 5, 2010	BSA directors	4,500	0	4,500	0	0
Feb 20, 2013	BSA 31/10/2012	2,500	0	0	2,500	50,000
March 12, 2014	BSA 31/10/2012	2,500	0	0	2,500	50,000
Jan 8, 2015	BSA 25-07-2014	42,500	0	0	42,500	42,500
April 29, 2015	BSA 16-06-2015	42,500	0	0	42,500	42,500
May 7, 2015	BSA 16-06-2015	240,000	0	0	240,000	240,000
Jan 29, 2016	BSA 29-01-2016	42,500	0	0	42,500	42,500
Jan 29, 2016	BSA 29-01-2016	42,500	0	0	42,500	42,500
March 31, 2016	BSA 29-01-2016	42,500	0	0	42,500	42,500
Jan 27, 2017	BSA 27-01-2017	62,500	0	0	62,500	62,500
June 30, 2017	BSA 30-06-2017	25,000	0	0	25,000	25,000
Jan 25, 2018	BSA 2018	90,000	0	0	90,000	90,000
Jan 24, 2019	BSA 2019	120,000	0	0	120,000	120,000
Feb 14, 2020	BSA 2020	120,000	0	0	120,000	120,000
At December 31, 2020		**879,500**		**4,500**	**875,000**	**970,000**

Underlying assumptions used for the measurement of the compensation expense								
Type	**Fair value of the underlying share**	**Fair value of the warrants**	**Expected term**	**Strike price (in €)**	**Duration**	**Volatility**	**Risk-free rate**	**IFRS 2 valuation at inception**
BSA directors	3.33 €	1.50 €	5 years	3.33 €	10 years	45%	3.5%	135
BSA 31/10/2012	4.23 €	2.04 €	5 years	4.00 €	10 years	52%	2.2%	72
BSA 31/10/2012	8.00 €	5.16 €	4.5 years	4.00 €	10 years	55%	1.8%	228
BSA 25-07-2014	8.20 €	5.16 €	6 years	4.00 €	10 years	57%	0.0%	219
BSA 16-06-2015	13.57 €	6.77 €	6 years	9.37 €	10 years	57%	0.0%	288
BSA 16-06-2015	13.57 €	6.46 €	6 years	9.62 €	10 years	57%	0.1%	1,551
BSA 29-01-2016	9.07 €	2.84 €	6 years	9.05 €	10 years	53%	0.2%	121
BSA 29-01-2016	9.07 €	2.84 €	6 years	9.05 €	10 years	53%	0.2%	121
BSA 29-01-2016	12.23 €	5.19 €	6 years	9.26 €	10 years	53%	0.0%	220
BSA 27-01-2017	6.76 €	2.66 €	5.5 years	7.17 €	10 years	53%	0.0%	166
BSA 30-06-2017	6.61 €	2.64 €	5.5 years	6.90 €	10 years	53%	0.0%	66
BSA 2018	6.74 €	2.84 €	5.5 years	6.60 €	10 years	53%	0.1%	256
BSA 2019	5.16 €	0.00 €	5.5 years	5.20 €	10 years	53%	0.0%	
BSA 2020	10.38 €	0.00 €	4 years	10.77 €	10 years	44%	0.0%	

The warrants issued before the division of the nominal by 20, effective in March 2014, are convertible to 20 ordinary shares. Consequently, the underlying fair value, the fair value of the warrant and the exercise price have been adjusted accordingly.

The exercise price of the rights attributed after the listing on the stock market is based on the average share price during the 20 days before attribution.

Warrants issued between 2010 and 2019 are fully vested at December 31, 2020.

Exercise rights for warrants issued in January 2020 are immediately vested.
The exercise of the warrants issued is not subject to a performance condition. It is subject to a condition of presence.

All warrants have been fully subscribed except for the BSA 2019 and BSA 2020 which have a subscription period of 10 years from the grant date. These plans are qualified as “equity settled”. The Group does not commit to repurchase these instruments from beneficiaries in the event of departure or in the case of non-occurrence of a particular event.

Stock options

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

Grant date	Type	Number of Stock Options issued	Number of lapsed Stock Options	Number of Stock Options exercised	Number of Stock Options outstanding	Maximum number of shares to be issued
March 31, 2016	Stock Options	80,000	0	0	80,000	80,000
Nov 23, 2016	Stock Options	150,000	0	0	150,000	150,000
Jan 27, 2017	Stock Options	12,500	0	0	12,500	12,500
Jan 27, 2017	Stock Options	185,000	61,679	123,321	0	0
June 30, 2017	Stock Options	97,500	17,500	0	80,000	80,000
Jan 25, 2018	Stock Options	215,000	77,502	16,665	120,833	120,833
Sept 27, 2018	Stock Options 2018-2	130,000	0	0	130,000	130,000
Jan 24, 2019	Stock Options	40,000	0	0	40,000	40,000
Nov 4, 2019	Stock Options	70,000	70,000	0	0	0
Nov 18, 2019	Stock Options	257,500	138,333	0	119,167	119,167
Feb 14, 2020	Stock Options 2020-1	40,000	0	0	40,000	40,000
Feb 14, 2020	Stock Options 2020-2	230,000	75,000	0	155,000	155,000
Feb 14, 2020	Stock Options 2020-3	150,000	0	0	150,000	150,000
At December 31, 2020		**1,657,500**	**440,014**	**139,986**	**1,077,500**	**1,077,500**

Underlying assumptions used for the measurement of the compensation expense								
Type	**Fair value of the underlying share**	**Fair value of the Stock Options**	**Expected term**	**Strike price (in €)**	**Duration**	**Volatility**	**Risk-free rate**	**IFRS 2 valuation at inception**
Stock Options	12.55 €	5.88 €	5.5 years	12.55 €	10 years	53%	0.0%	471
Stock Options	6.47 €	3.15 €	6 years	6.47 €	10 years	53%	0.0%	472
Stock Options	6.76 €	3.15 €	5.5 years	6.76 €	10 years	53%	0.0%	39
Stock Options	6.76 €	3.27 €	6 years	6.76 €	10 years	53%	0.0%	605
Stock Options	6.61 €	3.20 €	6 years	6.61 €	10 years	53%	0.0%	312
Stock Options	6.74 €	3.27 €	6 years	6.79 €	10 years	53%	0.2%	679
Stock Options 2018-2	6.82 €	3.31 €	6 years	6.82 €	10 years	53%	0.1%	430
Stock Options	5.16 €	2.40 €	5.5 years	5.16 €	10 years	53%	0.0%	96
Stock Options	7.55 €	3.60 €	6 years	7.76 €	10 years	53%	0.0%	252
Stock Options	7.55 €	3.66 €	6 years	7.04 €	10 years	53%	0.0%	558
Stock Options 2020-1	10.38 €	4.25 €	6 years	10.26 €	10 years	44%	0.0%	170
Stock Options 2020-2	10.38 €	4.25 €	6 years	10.26 €	10 years	44%	0.0%	977
Stock Options 2020-3	10.38 €	4.25 €	6 years	10.26 €	10 years	44%	0.0%	637

Stock Options issued in 2016 and 2017 are fully vested at December 31, 2020.

Exercise rights for Stock Options issued in January 2018, 2019 and 2020 are vested:

- annually by third for Stock Options granted in 2018 and 2019.
- on the first anniversary date of the grant for Stock Options granted by the Board of Directors on January 2019.
- immediately for the Stock Options 2020-1
- annually by third for the Stock Options 2020-2 and 2020-3.

The exercise of the Stock Options issued is subject to a presence condition.

These plans are qualified as “equity settled”. The Group does not commit to repurchase these instruments from beneficiaries in the event of departure or in the case of non-occurrence of a particular event.

Founder's share warrants (Bons de souscription de parts de créateur d'entreprise, or BSPCEs)

The following table summarizes the data relating to the founder's share warrants as well as the assumptions used for the measurement thereof in accordance with IFRS 2:

Grant date	Type	Number of warrants issued	Number of lapsed warrants	Number of warrants exercised	Number of warrants outstanding	Maximum number of shares to be issued
June 20, 2010	BCE 10-06-2010-1	5,000	2,750	2,250	0	0
Dec 17, 2010	BCE 10-06-2010-2	3,000	0	3,000	0	0
Sept 20, 2011	BCE 10-06-2010-2	1,500	0	1,500	0	0
March 12, 2014	BCE 31-10-2012	5,000	0	3,500	1,500	30,000
July 29, 2016	BSPCE 29-07-2016	45,000	45,000	0	0	0
March 31, 2017	BSPCE 31-03-2017	100,000	0	0	100,000	100,000
June 30, 2017	BSPCE 2017-2	177,500	25,000	1,666	150,834	150,834
Sept 21, 2017	BSPCE 2017-3	15,000	0	0	15,000	15,000
At December 31, 2020		**352,000**	**72,750**	**11,916**	**267,334**	**295,834**

Underlying assumptions used for the measurement of the compensation expense								
Type	**Fair value of the underlying share**	**Fair value of the warrants**	**Expected term**	**Strike price (in €)**	**Duration**	**Volatility**	**Risk-free rate**	**IFRS 2 valuation**
BCE 10-06-2010-1	3.33 €	1.77 €	5 years	2.50 €	10 years	45%	3.5%	177
BCE 10-06-2010-2	3.33 €	1.72 €	4.5 years	2.50 €	10 years	45%	3.73%	103
BCE 10-06-2010-2	3.74 €	2.00 €	3.5 years	2.50 €	10 years	50%	4.00%	60
BCE 31-10-2012	8.00 €	5.58 €	4.5 years	3.20 €	10 years	55%	1.80%	558
BSPCE 29-07-2016	7.53 €	3.30 €	5.5 years	8.45 €	10 years	53%	0.00%	99
BSPCE 31-03-2017	6.76 €	2.63 €	6 years	5.91 €	10 years	53%	0.00%	263
BSPCE 2017-2	6.61 €	3.04 €	6 years	7.26 €	10 years	53%	0.00%	532
BSPCE 2017-3	5.76 €	2.72 €	6 years	6.01 €	10 years	53%	0.00%	41

The warrants issued before the division of the nominal by 20, effective in March 2014, are convertible to 20 ordinary shares. Consequently, the underlying fair value, the fair value of the warrant and the exercise price have been adjusted in order to take this into account.

The exercise price for the rights attributed after the listing on the stock market is based on the mean share price during 20 days before the award.

The exercise rights for all founder's share warrants are acquired annually on the grant date in increments of one-third. The exercise of founder's share warrants is not subject to performance conditions. However, there is a service condition under which the beneficiary must still be an employee or director of the Group. These plans are qualified as "equity settled" under IFRS 2. The Group does

not have an obligation to purchase these instruments from employees in the event of departure or if a specific event does not occur.

Valuation methods of BSAs, Stock Options and BSPCEs

The fair value of warrants was determined using the Black&Scholes model. The valuation methods used to estimate the fair value of the warrants are presented below:

- for grants prior to the initial public offering on Euronext Paris, the share price used is equal to the investors' subscription price or by applying internal valuations; for grants after the listing on Euronext Paris, the share price is based on the closing quoted price of the ordinary shares;
- the risk-free rate is determined based on the yield on French government bonds over the term equal to the maturity of the warrants;
- the volatility is determined based on a sample of listed companies in the biotechnologies sector, at the subscription date of the instruments and over a period equal to the lifetime of the option.

Performance shares

Grant date	Type	Number of performance shares issued	Number of lapsed performance shares	Number of performance shares exercised	Number of performance shares outstanding	Maximum number of shares to be issued	Valuation of the plan
Jan 25, 2018	Perf. shares	126,500	37,626	50,761	38,113	38,113	3.31 - 6.74 €
Jan 24, 2019	Perf. shares	240,000	37,500	0	202,500	202,500	3.46 - 5.16 €
June 20, 2019	Perf. shares	3,600	0	0	3,600	3,600	3.46 - 7.04 €
Sept 25, 2019	Perf. shares	65,000	0	0	65,000	65,000	5.54 - 7.76 €
Jan 20, 2020	Perf. shares	370,000	23,250	0	346,750	346,750	6.69 - 10.84€
At December 31, 2020		**805,100**	**98,376**	**50,761**	**655,963**	**655,963**	

On January 25, 2018, the Board of Directors awarded 126,500 performance shares to employees.

On January 24, 2019, June 20, 2019 and September 25, 2019, the Board of Directors were respectively awarded 240,000, 3,600 and 65,000 performance shares to employees.

On January 29, 2020, the Board of Directors awarded 370,000 performance shares to employees.

For the January 2018 plan the performance criterias are defined and assessed annually and the definitive allocation of the performance shares is carried out by one-third on each anniversary date of the award. The 2018 performance shares acquired before the second anniversary date of the award are subject to a lock-up period until the second anniversary date.

For the January and June 2019 plans the performance criterias are defined and assessed annually and the definitive allocation of performance shares is carried on the second anniversary date of the award for two-third and on the third anniversary date of the award for one-third. The June 2019 performance shares acquired before the third anniversary date of the award are subject to a lock-up period until the third anniversary date.

Each annual tranche is subject to a condition of presence and three performance conditions, each of which conditions the obtaining of one third of the annual tranche:

- two annual performance conditions not linked to market conditions, such that the total number of shares delivered will depend on the level of achievement of the conditions for each year. For each of these conditions, the probability to achieve the objective has been estimated by management. The expense recognized as such in 2019 and 2020 was based on the number of performance shares expected to be definitively granted by the Group. This figure has been defined on the basis of the management estimate.
- an annual performance condition linked to market conditions and reflected in the fair value measurement.

For September 2019 plan, the definitive allocation of performance shares is defined through three tranches. The first one is based on a presence condition and vested on three years. The second one depends on three performance conditions, for which the probability to achieve the objective has been estimated by management. The third one is based on an annual performance condition linked to market conditions and reflected in the fair value measurement.

For January 2020 plan, the definitive allocation of performance shares is defined through three tranches:

- two tranches with annual performance conditions not linked to market conditions, such that the total number of shares delivered will depend on the level of achievement of these conditions. For each of these conditions, the probability to achieve the objective has been estimated by management. The expense recognized as such in 2020 is based on the number of performance shares expected to be definitively granted by the Group. This figure has been defined on the basis of the management estimate.
- one tranche an annual performance condition linked to market conditions and reflected in the fair value measurement.

The Board of 29 January 2020 modified the performance conditions attached to 2020 of the January 2018 plan and to 2020 and 2021 of the January and June 2019 plans, aligning them with the terms of the 2020 plan. In accordance with IFRS 2.27 B43, this amendment increases the fair value of the equity instruments granted, its effects result in the recognition of the fair value incremental, equal to the difference between the fair value of the modified equity instrument and the fair value of the original equity instrument, both measured at the date of amendment of the transaction.

For these 5 plans, the fair value of the options subject to the market conditions was determined using the Monte Carlo model. The valuation methods used to estimate the fair value of the performance shares are specified below:

- the price of the share used is equal to the share price on the grant date (except for the estimate of the incremental fair value of 2018 and 2019 plan described above);
- the risk-free rate is determined from the average life of the instruments;
- the volatility was determined on the basis of a sample of listed companies in the biotechnology sector, on the instrument's subscription date and over a period equivalent to the life of the option.

These plans are qualified as “equity settled”. The Group does not commit to repurchase these instruments from employees in the event of departure or in the case of non-occurrence of a particular event.

Breakdown of the compensation expenses accounted for under IFRS 2 for the years ended December 2019 and 2020

Warrants (Bons de Souscription d'Actions, or BSAs)	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2	Cumulated expense as of the period ended Dec 31, 2018	Expense related to the period ended Dec 31, 2019	Cumulated expense as of the period ended Dec 31, 2019	Expense related to the period ended Dec 31, 2020	Cumulated expense as of the period ended Dec 31, 2020
BSA directors	0	135	135		135		135
BSA 31/10/2012	2,500	72	72		72		72
BSA 31/10/2012	2,500	228	228		228		228
BSA 25-07-2014	42,500	219	219		219		219
BSA 16-06-2015	42,500	288	288		288		288
BSA 16-06-2015	240,000	1,551	1,551		1,551		1,551
BSA 29-01-2016	42,500	121	120	1	121		121
BSA 29-01-2016	42,500	121	120	1	121		121
BSA 29-01-2016	42,500	220	214	6	220		220
BSA 27-01-2017	62,500	166	166		166		166
BSA 30-06-2017	25,000	66	66		66		66
BSA 2018	90,000	256	234	20	256		256
BSA 2019	120,000						
BSA 2020	120,000						
Total - BSA	**875,000**	**3,443**	**3,413**	**28**	**3,443**		**3,443**

Founders share warrants (Bons de Souscription de Parts de Créateurs d'Entreprise, BSPCEs)	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2	Cumulated expense as of the period ended Dec 31, 2018	Expense related to the period ended Dec 31, 2019	Cumulated expense as of the period ended Dec 31, 2019	Expense related to the period ended Dec 31, 2020	Cumulated expense as of the period ended Dec 31, 2020
BCE 10-06-2010-1	0	177	177		177		177
BCE 10-06-2010-2	0	103	103		103		103
BCE 10-06-2010-2	0	60	60		60		60
BCE 31-10-2012	1,500	558	558		558		558
BSPCE 29-07-2016	0	99	99		99		99
BSPCE 31-03-2017	100,000	263	216	40	256	7	263
BSPCE 2017-2	150,834	532	393	102	495	29	524
BSPCE 2017-3	15,000	41	28	9	38	3	41
Total - BSPCE	**267,334**	**1,832**	**1,634**	**151**	**1,785**	**39**	**1,825**

Stock options	Number of Stock options outstanding	Measurement thereof in accordance with IFRS 2	Cumulated expense as of the period ended Dec 31, 2018	Expense related to the period ended Dec 31, 2019	Cumulated expense as of the period ended Dec 31, 2019	Expense related to the period ended Dec 31, 2020	Cumulated expense as of the period ended Dec 31, 2020
Stock Options	80,000	471	471		471		471
Stock Options	150,000	472	425	47	472		472
Stock Options	12,500	39	39		39		39
Stock Options	0	605	525	-122	403		403
Stock Options	80,000	312	234	60	295	17	312
Stock Options	120,833	679	383	119	502	-8	494
Stock Options 2018-2	130,000	430	68	226	294	101	395
Stock Options 2019	40,000	96		90	90	6	96
Stock Options 2019	119,167	558		59	59	268	328
Stock Options 2019	0	252		26	26	-26	0
Stock Options 2020-1	40,000	170				170	170
Stock Options 2020-2	155,000	977				372	372
Stock Options 2020-3	150,000	637				360	360
Total - Stock Options	**1,077,500**	**5,698**	**2,146**	**505**	**2,651**	**1,260**	**3,911**

Performance shares	Number of performance shares outstanding	Measurement thereof in accordance with IFRS 2	Cumulated expense as of the period ended Dec 31, 2018	Expense related to the period ended Dec 31, 2019	Cumulated expense as of the period ended Dec 31, 2019	Expense related to the period ended Dec 31, 2020	Cumulated expense as of the period ended Dec 31, 2020
Perf. shares	38,113	474	291	160	450	39	489
Perf. shares	202,500	664		276	276	193	469
Perf. shares	3,600	13		3	3	6	9
Perf. shares	65,000	449		53	53	209	262
Perf. shares	346,750	2,398				1,047	1,047
Total – Perf. shares	**655,963**	**3,998**	**291**	**491**	**782**	**1,495**	**2,277**

Total IFRS 2:

	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2	Cumulated expense as of the period ended Dec 31, 2018	Expense related to the period ended Dec 31, 2019	Cumulated expense as of the period ended Dec 31, 2019	Expense related to the period ended Dec 31, 2020	Cumulated expense as of the period ended Dec 31, 2020
Total IFRS 2	**2,875,797**	**14,971**	**7,485**	**1,175**	**8,662**	**2,794**	**11,456**

The total share-based compensation expense amounts to €2,794 thousand (€1,275 thousand in "Research and development" and €1,520 thousand in "General and administrative expense," respectively) for the fiscal year ended December 31, 2020 and €1,175 thousand (€392 thousand in

"Research and development" and €783 thousand in "General and administrative expense," respectively) for the fiscal year ended December 31, 2019.

Note 14: Loans and financial liabilities

LOANS AND FINANCIAL LIABILITES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Repayable advances		62
IPF debt	13,885	
PGE debt	5,621	
Lease debt	1,479	1,780
Financial liabilities - Non current portion	**20,986**	**1,842**

Repayable advances	228	297
Loan US	106	
IPF debt	1,802	5,528
PGE debt	293	
Lease debt	436	329
Derivative liabilities	691	1,766
Roivant contract		2,782
Agios	2	5
Financial liabilities - Current portion	**3,557**	**10,708**

Total financial liabilities	**24,542**	**12,549**

Breakdown of financial liabilities by maturity

The maturities of financial liabilities are presented below for 2019 and 2020:

CURRENT AND NON-CURRENT LIABILITES (Amounts in K€)	Dec 31, 2019			
	Gross amount	Less than 1 year	From 1 to 5 years	Longer than 5 years
IPF Financial debt	5,528	5,528		
Roivant contract	2,782	2,782		
Lease debt	2,109	329	1,365	415
Derivative liabilities	1,766	1,766		
Repayable advances	359	297	62	
Agios	5	5		
Total financial liabilities	**12,549**	**10,707**	**1,427**	**415**

CURRENT AND NON-CURRENT LIABILITES (Amounts in K€)	Dec 31, 2020			
	Gross amount	Less than 1 year	From 1 to 5 years	Longer than 5 years
IPF Financial debt	15,686	1,802	13,885	
PGE debt	5,914	293	5,621	
US loan	106	106		
Lease debt	1,914	436	1,237	242
Derivative liabilities	691	691		
Repayable advances	228	228		
Agios	2	2		
Total financial liabilities	**24,542**	**3,557**	**20,743**	**242**

14.1 IPF Financial debt

(Amounts in K€)	Tranche A	Tranche B	Total IPF Debt
As at December 31, 2019	**5,528**		**5,528**
Increase		10,000	10,000
Derivative liability at inception date		-251	-251
Transaction costs		-150	-150
Capitalized interests	134	154	287
Cash interests	434	499	933
Effect of unwinding the discount	248	88	336
Interest paid	-498	-499	-997
As at December 31, 2020	**5,846**	**9,841**	**15,686**

In March 2020, the Group borrowed €10.0 million under the second tranche of IPF Venture Loan and issued warrants to purchase 209,967 ordinary shares with an exercise price of €7.14. The Group incurred €150 thousand of transaction costs of which legal and advisory fees. These fees were included in determining the amortization of the loan using the amortized cost method.

After taking into account the transaction costs and the discount related to the 2nd tranche warrants (€ 251 thousand), the effective interest rate of the bond is 9,91%.

As for Tranche A and as a result of the analysis of warrants under the provisions of IAS 32, no "equity" component was found, since the conversion formula depends on an adjustment mechanism based on share value. As a result, warrants are referred to as derivative liability recorded for their fair value on the date of issuance. Subsequently, at each closing, change in fair value is recognized through financial income/(loss).

The fair value of warrants was determined using the Black&Scholes model. The valuation methods used to estimate the fair value of the warrants are presented below:

- the share price is based on the closing quoted price of the ordinary shares;
- the risk-free rate is determined based on the yield on French government bonds over the term equal to the maturity of the warrants;

- the volatility is determined based on a sample of listed companies in the biotechnologies sector, at the subscription date of the instruments and over a period equal to the lifetime of the option.

- The main hypotheses are:

- Expected term: 2.3 years.

- Volatility: 46%

- Risk-free rate: 0%

As of December 31, 2020:

- For Tranche A, the derivative liability amounted to €377 thousand as compared to €1,718 thousand as of December 31, 2019. The decrease in fair value over the period amounts to €1,340 thousand.

- For Tranche B, the derivative liability amounted to €314 thousand as compared to €251 thousand at the drawdown date. The change in fair value over the period amounts to €62 thousand.

Furthermore, the Company is subject to the following covenants at consolidated level:

- Gearing ratio: The Group should maintain a Gearing Ratio lower than 50%. The Gearing Ratio is measured by the ratio of total net debt (defined as total financial liabilities reduced by the aggregate amount of cash freely and immediately available) to the market capitalization value of the Group.
- Cash management: The Group should maintain a minimum cash position of the highest of ten million euros and the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 6-month period.

In order to anticipate a potential breach of certain financial covenants in 2021, the Group obtained in March 2021 a waiver from IPF Partners.

A breach of any of those covenants would constitute an event of default. In such a situation, the debt would become immediately payable.

14.2 Repayable advances

The following table presents changes in conditional advances:

(Amounts in K€)	OSEO INNOVATION Imeglimin (New Formulation)
As at December 31, 2018	**576**
(+) Increase	
(-) Decrease	-240
Subsidies	
Financial expenses	22
As at December 31, 2019	**359**
(+) Increase	
(-) Decrease	-143
Subsidies	
Financial expenses	11
As at December 31, 2020	**228**

In the context of the Covid-19 outbreak, the Company was allowed to postpone 2 of the 4 quarterly instalments, which explains a limited repayment in 2020 as compared to 2019.

Breakdown of conditional advances and subsidies by maturity

(Amounts in K€)	OSEO INNOVATION Imeglimin (New formulation)
As at December 31, 2019	**359**
Portion less than 1 year	297
From 1 year to 5 years	62
Portion above 5 years	

(Amounts in K€)	OSEO INNOVATION Imeglimin (New formulation)
As at December 31, 2020	**228**
Portion less than 1 year	228
From 1 year to 5 years	
Portion above 5 years	

Bpifrance Financement Innovation —Imeglimin (new formulation) conditional advance

At the end of 2011, the Group obtained €950 thousand in conditional, interest-free innovation aid from Bpifrance Financement (formerly Oséo) for the development of a new formulation of Imeglimin for the treatment of diabetes.

Payments from Bpifrance Financement were made in installments between the signature of the contract and the end of the project (first payment of €700 thousand on January 16, 2012 and the balance, limited to €150 thousand, on September 2nd, 2016).

Given that the technical milestone has been achieved for the project, the repayment of this conditional advance will take place between 2016 and 2021. The fair value of this conditional advance is determined on the basis of market interest rate estimated at 3.84% per year. The difference between the amount of the advance at historical cost and the discounted amount at the market rate is recognized in income as a subsidy received from the French government.

14.3 Lease debt

(Amounts in K€)	**Lease debt**
As at January 1st, 2019	**1,709**
Increase	665
Decrease	-266
As at December 31, 2019	**2,109**

At December 31, 2019	**2,109**
Increase	201
Decrease	-395
As at December 31, 2020	**1,914**

In 2020, the group leased additional spaces in Japan. The weighted average incremental borrowing rate applied by the Group to this contract was 2.5%.

14.4 PGE debt

The Group received the approvals from BNP Paribas, Bpifrance and CIC Lyonnaise de Banque for a € 6 million non-dilutive financing in the form of a French Government Guarantee loan.

(Amounts in K€)	PGE loan
As at December 31, 2019	
Increase	6,000
Inception costs	-16
Capitalized interests	6
Effect of unwinding the discount	30
Repayment	
Other movements	-106
As at December 31, 2020	**5,914**

Each loan has an initial term of one-year, with a five-year extension option. The Group already decided to activate the extension option.

The average guarantee and interest rates amounts to 0.5% for the first year. The rate to be applied to the 5 next years will be determined in 2021.

The fair value of this loan is determined on the basis of market interest rate estimated at 2.5% per year. The difference between the amount of the advance at historical cost and the discounted amount at the market rate is recognized in income as a subsidy received from the French government.

14.5 Obligation to participate in the financing of the Roivant's development program

(Amounts in K€)	Roivant debt
As at December 31, 2018	**13,646**
Increase	
Repayment	-10,865
As at December 31, 2019	**2,782**

(Amounts in K€)	Roivant debt
As at December 31, 2019	**2,782**
Increase	
Repayment	-2,782
As at December 31, 2020	**-**

As regards the Roivant Sciences' contract, the Group received an initial payment of $35 million and has also committed to contribute $25 million to the financing of the development of Imeglimin in the United States and Europe. The portion of the initial payment that is counterpart to the obligation to participate in the financing of Roivant's development program has been treated as a financial liability, which was fully reimbursed in 2020 first half.

14.6 Other financial debt

In May 2020, Poxel Inc received a loan as part of the "Paycheck Protection Program" amounting to $131 thousand (€106 thousand). The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses in the context of the Covid-19 outbreak.

Note 15: Employee benefits

15.1 Defined-benefit plan

Employee benefits obligations include the provision for the defined benefit plan, measured based on the provisions stipulated under the applicable collective agreements, i.e., the French pharmaceutical industry's collective agreement. This commitment only applies to employees subject to French law.

The main actuarial assumptions used to measure the post-employment benefits are as follows:

Actuarial assumptions	**Dec 31, 2020**	**Dec 31, 2019**
Retirement age	Voluntary retirement at 65/67 years old	
Collective agreement	Pharmaceutical industry	
Discount Rate (IBoxx Corporates AA)	0.33%	0.77%
Mortality rate table	INSEE 2017	INSEE 2017
Salary increase rate	2%	2%
Turnover rate	Low	Low
Employee contribution rate	45%	50%

Changes in the projected benefit obligation for the periods presented were as follows:

PROJECTED BENEFIT OBLIGATION **Amounts in K€**	**Employee benefits**
As at December 31, 2018	**279**
Service cost	65
Interest cost	5
Actuarial gain and losses	26
As at December 31, 2019	**375**
Service cost	101
Interest cost	3
Actuarial gain and losses	102
As at December 31, 2020	**581**

The defined benefit plan is not supported by any plan asset.

15.2 Defined-contribution plan

The Group's payments in relation to defined-contribution plan is recognized as expense in the statement of loss during the period to which they relate, amounting to €345 thousand and €424 thousand respectively in 2019 and 2020.

Note 16: Provisions

Non-current

On December 31, 2020, the Group accrued for social contributions amounting to €172 thousand. These contributions relate to the performance shares awarded in 2018, 2019,2020 and only for the portions not yet acquired. They would be payable upon their definitive acquisition.

Current

In connection with the application of the MS Agreement to the Roivant License Agreement, the Company and Merck Santé had a different interpretation of a clause which allocates between them the value of certain compensation received by the Company from partners in consideration for the granting of rights to Merck's intellectual property (known as Partnering Additional Revenues or "***PAR***"). In particular, the Parties disagreed as to whether certain compensation received under the Roivant License Agreement and the Sumitomo License Agreement fell within certain specific exceptions provided for in the MS Agreement.

In April 2019, the Company was notified that Merck Santé had initiated an arbitral proceeding in order to resolve this difference in interpretation.

On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Santé.

The Final Award held that:

- Items falling within the exceptions provided for in the definition of PAR included in the MS Agreement are excluded from the scope of PAR only if they have no "causal link" with the granting of Partnering rights to the Merck Serono (Santé) Technology;

- The Tribunal (i) rejected Merck's first claim amounting to approximately EUR 3M (EUR 3.6M incl. VAT) in connection with the Roivant License Agreement, (ii) granted Merck's second claim amounting to approximately EUR 1.8M (EUR 2.4M incl. VAT and interest) in connection with the investment of Roivant in the Company's shares, (iii) rejected the Company's counterclaim amounting to approximately EUR 1.4M (EUR 1.7M incl. VAT) in connection with the Sumitomo License Agreement and (iv) ordered the Company to pay two-thirds of the arbitration and legal costs; and

- In the absence of an alternative claim made by Merck Santé in respect of certain non-monetary PAR received by the Company pursuant to the Roivant License Agreement (i.e., the interest-free loan received from Roivant) and of any evidence that would allow to quantify this non-monetary PAR, the Arbitral Tribunal was not in a position to grant relief to Merck Santé. The Tribunal left open the question whether Merck Santé is entitled to a share of that non-monetary PAR.

The tribunal's decision is final.

Note 17: Suppliers and other current liabilities

17.1. Trade payables

No discount was applied to payables and related accounts since the amounts did not have a maturity over one year at the end of the current financial year.

SUPPLIERS DEBT AND OTHER RELATED ACCOUNTS (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Suppliers debts	3,065	10,223
Invoiced not received	5,297	6,183
Total of supplier debts and related accounts	**8,362**	**16,406**

Trade payables decrease is mainly driven by the end of the TIMES program in Japan.

17.2 Tax and employee-related payables

Tax and employee-related payables are presented below:

TAX AND EMPLOYEE-RELATED PAYABLES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Staff and related accounts	1,345	1,452
Social security and other social agencies	731	615
Other taxes, dues and similar contribution	41	54
Total tax and employee-related and other current liabilities	**2,117**	**2,120**

17.3 Contract liabilities

Contract liabilities are presented below:

CONTRACT LIABILITIES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Deferred income - initial payment of the Sumitomo Contract		738
Advances received		845
Other	14	33
Total of liabilities on contracts	**14**	**1,616**

In 2019 :

- the deferred revenue relates to the initial payment received under the Sumitomo Dainippon Pharma contract, which was recognized according to the completion rate of the TIMES phase 3 program for Imeglimin in Japan (see note 18).
- the advances received corresponded to the re-invoicing to Sumitomo Dainippon Pharma of advances made by the Group to a CRO under the TIMES phase 3 program for Imeglimin in Japan.

At December 31, 2020, these advances have been fully reimbursed.

Note 18: Revenue

REVENUE (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Sumitomo Contract	6,787	26,180
Roivant Contract	18	276
Others	1	101
Total revenue	**6,806**	**26,557**

At December 31, 2019 and December 31, 2020, revenue was mainly related to the contract signed with Sumitomo Dainippon Pharma in 2017.

At December 31, 2020, revenue includes a portion of the EUR 36.0 million upfront payment received from Sumitomo Dainippon Pharma in 2017, as well as the residual Imeglimin Phase 3 program costs in Japan incurred in 2020 that were re-invoiced to Sumitomo Dainippon Pharma. Both the portion of the upfront payment and the re-invoiced costs of the Imeglimin Phase 3 program were recognized based on the accounting percentage of completion of this program.

Revenue also includes a JPY 500 million (EUR 4.1 million) milestone payment that Poxel received from Sumitomo Dainippon Pharma following the submission of the Imeglimin J-NDA, which has been completed and recognized in 2020 according to the IFRS15 accounting standard.

In the application of IFRS 15, the Group has made significant judgments in the following areas:

Assessing whether the estimate of variable consideration should be constrained

Under IFRS 15, the estimated amount of variable consideration should be included in the transaction price only to the extent that it is highly probable that a significant reversal of revenue will not occur when the contingency is subsequently resolved. The group is entitled to future development and regulatory milestone payments, which are contingent upon successful outcome of clinical trials and obtaining marketing approval from regulatory authorities. The Group has considered that such future payments do not meet the highly probable threshold required by IFRS 15 and should therefore be excluded from the transaction price. This is because the contingency relates to factors that are outside of the Group's influence and historical experience has no predictive value.

Accordingly, no revenue has been accrued for these contingent payments.

Assessing whether variable consideration should be allocated to a single specific performance obligation

A variable consideration should be allocated directly to a specific performance obligation if the variability relates to the entity's efforts in satisfying the specific performance obligation, or to a specific outcome from satisfying that performance obligation, and only if such an allocation is consistent with the overall allocation objective in the standard. We are entitled to reimbursement of external subcontracting costs incurred in providing the R&D service to Sumitomo. We have allocated such cost reimbursement entirely to the R&D service. We believe it is consistent with the overall allocation objective, after taking in account all fixed and variable consideration and all performance obligations in the contract.

Estimating the standalone selling price of each performance obligation

When a contract includes multiple performance obligations, the transaction price must be allocated to the performance in proportion to their respective standalone selling prices (except in the specific circumstances discussed above). The standalone selling price is the price at which the Group would have sold the asset or service in a separate transaction. For example, we have allocated the fixed portion of the Sumitomo transaction price (which includes the upfront payment) to the license and the service in proportion to their standalone selling prices. Such standalone selling prices are not directly observable and have been estimated as follows:

- For the service component, the standalone selling price is determined as the expected cost (including both internal and subcontracted costs) plus a margin consistent with what would be expected by an independent CRO for similar services (clinical trials).

- For the license component, the standalone service price is estimated using a discounted cash flow approach. Inputs in the DCF estimate include: probability of success of Phase III clinical trials and regulatory approval, drug product sales volumes and price, royalty rates, upfront payments and milestone payments, and discount rate. These inputs are corroborated by observable data, including: stock market analyst reports who disclosed assumptions used in performing a DCF valuation of the Company's Asian franchise, independent survey of historical clinical development success rates, independent market study for Imeglimin drug, the terms of the agreement between Poxel and Roivant (which, as compared to the Sumitomo deal, is a separate license sale for same drug, same indication and different territory) and information publicly released by other biotech companies about the terms of their licensing agreements.

Accounting treatment of the Roivant contract:

On February 9, 2018, the Group entered into an exclusive agreement with Roivant Sciences GmbH ("Roivant") for the development and commercialization of Imeglimin, an oral drug candidate developed by the Group 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 Group and Sumitomo Dainippon Pharma.

This contract was analyzed as an exclusive license assignment for Imeglimin in Roivant. No other performance obligation has been identified. The contract price on the transaction date was valued at $ 10 million and recognized as revenue at the date of the grant of the license. This price consists of a non-refundable fixed payment of $ 35 million, net of $ 25 million made by the Corporation in the form of a firm commitment to participate in the financing of the Roivant development program. The part of the initial payment relating to the financing of the research program of Roivant was treated as a financial liability and was fully reimbursed at December 31, 2020.

The license agreement also provided for the payment by Roivant of conditional development, regulatory and commercial milestone payments and royalties based on Imeglimin's sales in the territories granted. These payments fall into the category of variable counterparties remunerating the Group's transfer of license to Roivant.

Milestone payments based on development milestones and regulatory milestones were not considered highly probable as of December 31, 2020, no sales were recorded as such in 2020.

- The milestone payments based on a level of sales as well as the royalties based on the sales of Imeglimin benefit from the exception provided by the standard IFRS 15 relating to the royalties on license of intellectual property. No sales were recorded as such in 2020.

The partnership agreement with Roivant has been terminated, effective January 31, 2021. Roivant is not entitled to any payment from Poxel as part of the return of the program.

Accounting treatment of the Sumitomo contract:

In October 2017, the Group signed a partnership contract with Sumitomo Dainippon Pharma, under 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 development costs and the commercialization costs.

This contract provides for the following payments:

- an initial payment of €36,031 thousands, which was collected in December 2017 and is non-refundable;
- reimbursement of external development costs incurred in connection with Phase 3 clinical trials, under the conditions set out in the contract;
- regulatory and sales-based milestone payments; and
- sales-based royalties.

The Group determined that the contract includes two separate performance obligations:

- Grant of license: the performance obligation is satisfied immediately for the license, as this is a case of static licenses.
- Co-development: the performance obligation is satisfied over time. The nature of the performance obligation is to provide development services, primarily comprised of phase III clinical trials. Progress-to-completion is measured by the ratio of cost incurred to total estimated costs at completion, including both internal and external direct costs necessary to fulfill the development obligation.

The transaction price is composed of the initial payment and the reimbursement of specified external costs. Future regulatory milestone payments will be included into the transaction price when and if they become highly probable. Sales-based milestone payments and royalties will be recognized when and if Imeglimin sales occur.

The Group allocated the transaction price between the two performance obligations as follows:

- the reimbursement of external R&D costs has been allocated to the co-development performance obligation as it is contingent upon the actual cost incurred by the Group in satisfying this performance obligation, in accordance with IFRS 15.85;
- the initial payment has been allocated based on the relative standalone selling prices of each performance obligations. The standalone selling prices have been estimated maximizing the use of observable inputs.

At December 31, 2020, the performance obligations related to the Sumitomo R&D services were fulfilled at 100%. At December 31, 2019, the total remaining unfulfilled performance obligations was estimated amount to €4,040 thousand.

The license agreement also provides for the payment by Sumitomo of conditional development, regulatory and commercial milestone payments and royalties based on Imeglimin's sales in the territories granted. These payments fall into the category of variable counterparties remunerating the Group's transfer of license to Sumitomo.

- At December 31, 2020, a JPY 500 million (EUR 4,144 million) milestone payment that Poxel is received from Sumitomo Dainippon Pharma upon submission of the Imeglimin J-NDA and has been reported in revenue;

- No other milestone payments based on future development milestones and regulatory milestones are considered highly probable as of December 31, 2020, no sales were recorded as such in 2020. These payments will be considered highly probable when the development of Imeglimin is sufficiently advanced to reach the defined technical and regulatory milestones.

- The milestone payments based on a level of sales as well as the royalties based on the sales of Imeglimin benefit from the exception provided by the standard IFRS 15 relating to the royalties on license of intellectual property. Payments and royalties will be recognized as revenue as they become due, based on sales made by Sumitomo.

Note 19: Operating Expenses

19.1 Research and development expenses

RESEARCH AND DEVELOPMENT EXPENSES (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Sub-contracting, studies and research (1)	18,070	36,305
Personnel costs (2)	5,476	5,224
Share-based payments (3)	1,275	392
Travel and events	167	622
Intellectual property fees	519	98
Professional fees	2,247	1,720
Other	1,481	188
Research and development expenses (excluding subsidies received)	**29,235**	**44,550**
Research tax credit	2,411	4,373
Subsidies	106	
Subsidies classified as a reduction of research and development expenses	**2,517**	**4,373**

(1) Research and development expenses mainly relate to studies and clinical trials for Imeglimin, PXL770 and PXL065. The Group conducted its studies through its network of subcontracted service providers. Compensation of these contracts constitutes the majority of its research operating expenses.

(2) The tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi*), or CICE, is immaterial for the presented periods.

(3) Refers to note 13.

The decrease in subcontracting costs comes mainly from the TIMES program in Japan, for which expenses of €1,3 million were incurred in 2020, compared with €20 million in 2019.

The increase in other expenses corresponds notably to the rental of additional premises for R&D department and the tax adjustment confirmed by the Administrative Court.

19.2 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Professional fees	2,814	4,866
Personnel costs	3,652	2,857
Share-based payments (1)	1,520	783
Travel and events	229	933
Other	1,720	1,612
General and administrative expenses	**9,935**	**11,051**

(1) Refers to note 13.

The decrease of the General and administrative expenses mainly reflects non-recurring costs incurred in 2019, partially offset by increasing personnel costs, reflecting recruitments to support the continuous growth and development of the Group.

Note 20: Employees

The Group's average workforce during the years ended December 31, 2019 and 2020 was as follows:

Average number of employees	Dec 31, 2020	Dec 31, 2019
Senior staff	49	43
Non-senior staff	2	1
Total average number of employees	**51**	**44**

Note 21: Financial income (loss)

FINANCIAL INCOME (LOSS) (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Change in IPF derivative liability fair value	1,278	-925
Other financial expenses	-1,665	-233
Financial income	382	222
Foreign currency exchange gains (losses)	-1,970	-136
Financial income (loss)	**-1,975**	**-1,071**

The financial result as of December 31, 2019 and 2020 is mainly composed of:

- financial income corresponding to the change in fair value of derivative instruments (an income of €1,278 thousand in 2020 compared to an expense of €925 thousand in 2019) and income from financial investments (€382 thousand in 2020 compared to €222 thousand in 2019);
- other financial expenses, which mostly correspond to:
    - interests on IPF debt (€1 220 thousands in 2020 compared to no interest in 2019);
    - lease debt interest (€51 thousands in 2020 compared to €43 thousands in 2019).
- exchange rate gains and losses (a loss of € 1,666 thousand, mostly reflecting year-end reevaluation of deposit in Dollar compared to a loss of €233 thousand in 2019).

Note 22: Income tax

The Group has not recognized deferred tax assets in the statement of financial position. As of December 31, 2020, the amount of accumulated tax loss carryforwards since inception was €164 million with no expiration date.

Applicable French law provides that, for fiscal years ending after December 31st, 2012, the allocation of these losses is subject to a maximum of €1 million, plus 50% of the portion of net earnings exceeding this amount.

The unused balance of tax loss carry-forward remains deferrable in future fiscal years and may be deferred under the same conditions without restriction of time.

The tax rate applicable to the Group for its profit excluding long-term capital gain is the rate in force in France, i.e. 28%. The rate voted for future years amounts to 26.5% in 2021 and 25% in 2022.

The tax rate applicable to the Group for its long-term capital gains and Intellectual Property related income is the rate in force in France, in 2019 and 2020 i.e. 10%.

The Group estimates that, to date, the probability of taxable profits being available does not allow recognition of all or part of the balance of its tax loss carried forward.

In accordance with the principles discussed in note 3.13, no deferred tax asset is recognized in the Group's consolidated financial statements in excess of deferred tax liabilities.

Reconciliation between theoretical and effective tax rate

Reconciliation between theoretical and effective tax rate (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Net income (loss)	-31,858	-2,743
Income taxes	-36	-1
Income (loss) before tax	**-31,822**	**-25,742**
Statutory tax rate in France	28%	31.00%
Nominal income tax expense (benefit) under statutory French tax rate	**-8,910**	**-7,980**
Permanent differences	-94	-797
Use of prior tax losses		
Impact of tax rate difference		1,526
Unrecognized deferred tax assets on tax losses carryforwards	9,041	7,252
Income tax expense	**36**	**1**
Effective tax rate	*0.1%*	*0.0%*

The permanent differences primarily include the impact of the Research Tax Credit (which is a non-taxable operating income).

Deferred taxes balances by nature

NATURE OF DEFERRED TAX (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Other temporary differences	147	314
Temporary differences related to the Sumitomo Contract		116
Tax losses carried forward	40,992	32,705
Deferred tax assets, net	**41,139**	**33,135**

Temporary differences related to the Roivant contract	1,358	1,481
Temporary differences related to repayable advances	1	4
Other temporary differences	25	10
Deferred tax liabilities, net	**1,385**	**1,495**

Total deferred taxes, before allowance	**39,754**	**31,639**
Non-recognized deferred taxes - allowance	-39,754	-31,639
Total deferred taxes, net recognized in the statements of financial position		

Deferred taxes in 2019 and 2020 are based on a 25% tax rate (rate applicable in 2022 and beyond).

Note 23: Earnings per share

EARNINGS PER SHARE	Dec 31, 2020	Dec 31, 2019
Weighted average number of outstanding shares	27,528,783	25,936,131

Net income (loss) for the year	-31,858	-25,743
Basic earnings per share (€/share)	**- 1.16**	**- 0.99**
Diluted earnings per share (€/share)	**- 1.16**	**- 0.99**

Basic earnings per share

Earnings per share are calculated by dividing income attributable to equity holders of the Group by the weighted average number of outstanding ordinary shares for the year.

Diluted earnings per share

Diluted earnings per share integrate conversion of all dilutive instruments into account in the average number of shares outstanding potentially dilutive comprising warrants, BSPCE, stock options and performance shares.

In 2020, 21,144,658 instruments give deferred rights to capital (BSAs, BSPCEs and stock-options), corresponding to 5,242,732 potential shares (the 2020 weighted average number of potential shares in circulation amounts to 4,396,894 shares). These instruments are considered to have an antidilutive effect as they reduce loss per share. Accordingly, diluted loss per share is identical to Basic Loss per share.

Note 24: Related parties

Compensation paid to directors (CEO and board members) is presented below:

CORPORATE DIRECTORS COMPENSATION (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Fixed compensation owed	450	398
Variable compensation owed	124	97
Contribution in-kind	13	8
Employer contributions	173	125
Attendance fees-board of directors	404	417
Share-based payments	824	207
TOTAL	**1,987**	**1,253**

Terms for the allocation of variable compensation are defined based on qualitative and quantitative objectives set at 100% for Group-level objectives.

The methods for assessing benefits relating to share-based payments is presented in Note 13.

No post-employment benefit is granted to the members of the board of directors.

Under his management agreement entered into with the Company, Mr. Thomas Kuhn (CEO) is owed compensation related to forced departure without cause and a non-compete clause as set below:

(vi) a compensation of one year of his fixed compensation at the date of the termination.

(vii) if not paid yet, the earned variable compensation of the calendar year preceding the one in which the termination occurs.

(viii) the earned variable compensation of the calendar year in which the termination occurs, in proportion of his effective presence.

(ix) an amount equal to 100% of the variable compensation for the year in which the termination date occurs, based on his fixed compensation at the date of the termination.

(x) a non-competition clause with a monthly compensation, during 18 months, of 50% of the average gross remuneration he received over the course of the 12 months preceding the termination.

Note 25: Commitments

25.1 Commitment in respect of the agreement with Merck Serono at the creation of the Group

The Group entered into a transfer and license agreement with Merck Serono on 19 March 2009 amended on 30 July 2009, 22 June 2010, 23 May 2014 and then 28 November 2014 (the "MS Agreement"), which falls within the scope of the spin-off of Merck Serono's research and development activities in the cardiometabolic field.

Under the terms of the MS Contract, Merck Serono has transferred some patents and conceded other patents and know-how in license to the Group for research and development, as well as the marketing

of pharmaceutical products. This license is exclusive for a list of 25 molecules, by program, selected by the Group.

In consideration of the rights that have been granted in the framework of the MS Agreement, the Group must pay to Merck Serono:

- Royalties on net sales of products covered by the patents assigned or licensed by Merck Serono at a high single digit rate for the Imeglimin, and at a low single digit rate for other projects;

- A percentage of the income from any partnership agreement relating to the drug candidates covered by the patents granted or licensed, at a low double-digit rate. For other products, if the Group enters into a partnership agreement, it would have to pay over a percentage of the income from the partnership for the products covered by the patents transferred or licensed from Merck Serono, at a rate depending on the product and its stage of development at the time of the partnership.

25.2 Obligation under the DeuteRx contract

The Group has entered into an acquisition agreement with DeuteRx dated August 29, 2018 for DRX-065, a drug candidate in clinical development for the treatment of non-alcoholic steatohepatitis (NASH), a portfolio of other deuterated drug candidates for the treatment of rare and specialty metabolic diseases, and all associated DeuteRx industrial and intellectual property rights.

This agreement provides, for the entire product portfolio, the maximum issue of 4 million shares of the Group for the benefit of DeuteRx, and payments related to the achievement of development, regulatory and sales objectives of a maximum amount of US $ 545 million, a portion of which may be realized by issuing securities of the Group. It also provides royalties at a low range on sales. The first milestone payment corresponds to the Group's decision to initiate the Phase 3 clinical development program for the drug candidates covered by this agreement and will be carried out exclusively through the issuance of Group shares.

25.3 Obligation under the IPF debt

In November 2019, the Group entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of the Company’s ordinary shares (see Note 4.1).

The bonds contain customary financial and security interest covenants.

Customary security interests are granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should the cash position is less than the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 9-month period.

Furthermore, the Group is subject to the following covenants*:*

- Gearing ratio: The Group should maintain a Gearing Ratio lower than 50%. The Gearing Ratio is measured by the ratio of total net debt to the market capitalization value of the Group.

- Cash management: The Group should maintain a minimum cash position of the highest of ten million euros and the sum of the consolidated debt service of the Group and the amount of

cash required to be spent by the Group as part of its operations, in each case for the following 6-month period.

In order to anticipate a potential breach of certain financial covenants in 2021, the Group obtained in March 2021 a waiver from IPF Partners.

A breach of any of those covenants would constitute an event of default. In such a situation, the debt would become immediately payable.

25.4 Other commitments related to research and partnership arrangements

In the ordinary course of business, the Group regularly uses the services of subcontractors and enters into research and partnership arrangements with various contract research organizations, or CROs, who conduct clinical trials and studies in relation to the drug candidates, PXL770 and PXL065. The cost of services performed by CROs is recognized as an operating expense as incurred.

Note 26: Management and assessment of financial risks

The principal financial instruments held by the Group are cash and cash equivalents, and the receivables. The purpose of holding these instruments is to finance the ongoing business activities of the Group. It is not the Group's policy to invest in financial instruments for speculative purposes.

The principal risks to which the Group is exposed to are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

Interest rate risk

The Group has a very low exposure to interest rate risk, considering that:

- Its liquid assets include fixed term deposits;
- The repayable advances are not subject to interest rate risk;
- No debt has been entered into a variable interest rate.

Credit risk

The credit risk related to the Group's cash and cash equivalents is not significant in light of the quality of the co-contracting financial institutions.

Foreign currency risk

The Group was exposed to foreign exchange risk taking into account the volume of transactions that it carried out in yen in the framework of the contract signed with Sumitomo Dainippon Pharma in 2019, and, in a lesser extent, in 2020. However, it covered this risk in application of the principle provided in the contract, according to which the Group re-bills Sumitomo in the same currency as that, in which it has been charged for its purchases.

In addition, the Group is exposed to foreign exchange risk taking into account the transactions that it carries out in dollars as part of the ongoing clinical trials in the US.

At this stage, the Group has not adopted any other recurring mechanism of coverage to protect its activity against currency fluctuations. From time to time, the Group may nevertheless subscribe currency term accounts in order to cover a commitment in currency as described above.

The Group may consider in the future using a suitable policy to cover exchange risks in a more significant manner if needed.

Equity risk

The Group does not hold any equity investments or marketable securities on a regulated market.

Liquidity risk

Based on its cash forecast for the year 2021 approved by the Board of Directors of the Company, that includes (i) a milestone payment from Sumitomo Dainippon Pharma of JPY 1,750 million (approx. €13.8 million based on the JPY/€ exchange rate at December 31, 2020) and (ii) a secured €13.5 million additional debt funding, which should be drawn down by December 31, 2021, the Group does not believe that it is exposed to short-term liquidity risk, considering the cash and cash equivalents of €17,053 thousands net of financing liabilities available as of December 31, 2020 (see note 10). This amount is primarily cash at hand and term deposits that are convertible into cash immediately without penalty. Management believes that the amount of cash and cash equivalents available is sufficient to fund the Group's planned operations through the next twelve months. The obtention of the milestone and of the secured debt hereinbefore mentioned are both subject to the marketing approval of Imeglimin in Japan which is expected in 2021 (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). As of the date of approval of the financial statements by the Board of Directors of the Company, management has not identified any reason which would jeopardize the obtention of the marketing approval of Imeglimin in Japan. In addition, in order to anticipate a potential breach of certain financial covenants in 2021, the Group obtained in March 2021 a waiver from IPF Partners.

3.3 Statutory financial statements as of December 31, 2020

3.3.1 Statutory financial statements

POXEL Balance sheet - assets (K€)	Notes	Dec 31, 2020 Amount	Amort. Prov.	Carrying amount	Dec 31, 2019
INTANGIBLE ASSETS					
Concessions, patents and similar rights	3	16,667	24	16,642	16,578
Other intangible assets	3				36
PROPERTY, PLANT & EQUIPMENT	3	734	332	403	262
FINANCIAL ASSETS					
Other investments	3	155			-
Other financial assets	3	483	6	477	551
TOTAL FIXED ASSETS		**18,039**	**517**	**17,522**	**17,427**
Advances, prepayments/orders	4	1,629		1,629	1,911
RECEIVABLES					
Trade receivables	4	737		737	8,143
Other receivables	4	6,378	497	5,881	10,002
CASH AND CASH EQUIVALENTS					
Investment securities	5	24,615		24,615	19,014
Cash at hand	5	15,461		15,461	17,106
Prepaid expenses	7	858		858	875
TOTAL CURRENT ASSETS		**49,678**	**497**	**49,181**	**57,051**
Exchange rate adjustments on assets		6		6	261
TOTAL ASSETS		**67,722**	**1,014**	**66,709**	**74,739**

POXEL Balance sheet - liabilities (in €K)	Notes	Dec 31, 2020	Dec 31, 2019
SHAREHOLDERS'S EQUITY			
Share capital	8	570	521
Share issuance, merger and contribution premiums	8	131,521	114,696
Reserves	8	16,643	16,643
Retained earnings (deficit)	8	-91,556	-70,316
Net Income/(loss)	8	-29,804	-21,240
TOTAL SHAREHOLDER'S EQUITY		**27,374**	**40,304**
OTHER EQUITY			
Repayable advances	11	232	375
TOTAL OTHER EQUITY		**232**	**375**
PROVISIONS	**10**	**2,587**	**404**
LIABILITIES			
Other bonds	6	16,810	6,584
Loans and bank borrowings	6	6,008	5
Loans and financial debt	6		2,782
Advances and prepayments on current orders			845
Trade payables and related accounts	12	12,073	20,237
Tax and social security liabilities	12	1,565	1,468
Other liabilities	12	2	26
Deferred revenue	12		1,640
TOTAL LIABILITIES		**36,458**	**33,587**
Exchange rate adjustments on liabilities		57	70
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**66,709**	**74,739**

POXEL Income statement in K€	Notes	Dec 31, 2020	Dec 31, 2019
OPERATING INCOME			
Revenue	14.1	7,032	30,879
Reversals of depreciation and provisions and transferred charges	14.2	137	153
Other income		299	369
TOTAL OPERATING INCOME		**7,468**	**31,401**
OPERATING EXPENSES			
Other purchases and external expenses	14.3	25,829	48,905
Taxes and duties	14.3	71	82
Salaries and wages	14.3	4,208	3,445
Social security charges	14.3	1,772	1,506
OPERATING ALLOWANCES			
Fixed asset depreciation expense	3	108	75
Provisions for contingent liability	10	2,582	120
Other charges	14.3	1,913	2,957
TOTAL OPERATING CHARGES		**36,484**	**57,090**
OPERATING INCOME/(LOSS)		**-29,018**	**-25,689**
Financial income	15	1,343	1,868
Financial expenses	15	3,909	1,940
FINANCIAL INCOME/(LOSS)		**-2,566**	**-72**
CURRENT INCOME/(LOSS) BEFORE TAX		**-31,585**	**-25,761**
Non-recurring income	16	193	245
Non-recurring expenses	16	823	97
NON-RECURRING INCOME/(LOSS)		**-631**	**148**
Income taxes	17	-2,411	-4,373
NET INCOME/(LOSS)		**-29,804**	**-21,240**

3.3.2 Notes to the statutory financial statements

Note 1: Presentation of the business activities and major events

The following information constitutes the Notes to the financial statements and is part of the statutory financial statements for the fiscal years ended December 31, 2019 and December 31, 2020. Each of these years has a duration of twelve months covering the period from January 1 to December 31.

1.1 Presentation of the Company

Incorporated in March 2009 as a result of a Merck Serono spin-off of its anti-diabetic drug candidates portfolio, Poxel (hereinafter referred to as "Poxel" referred to as the "The Company") is a French joint stock company (société anonyme) governed by French law and has its registered office located at 259/261 Avenue Jean Jaurès, Immeuble le Sunway, 69007 Lyon, France (register Number at the company's house: 510 970 817 RCS de LYON). The Company is developing innovative and first in class molecules for the treatment of metabolic diseases, including type 2 diabetes and nonalcoholic steatohepatitis (NASH).

Except for the year in which it was incorporated and for 2018, the Company has incurred losses each year. These losses result from internal and external research and development expenses, particularly related to the performance of numerous preclinical and clinical trials, mainly in the context of the development of Imeglimin. In October 2017, the Company signed a first strategic partnership agreement with Sumitomo Dainippon Pharma for the development and commercialization of Imeglimin, a drug candidate for the treatment of type 2 diabetes, in Japan, China and eleven other developing countries in Asia. A second strategic partnership was signed in February 2018 with Roivant Sciences for the development and commercialization of Imeglimin in the United States, Europe and other countries not covered by the agreement with Sumitomo Dainippon Pharma. On August 30, 2018, the Group signed a strategic agreement with DeuteRx for the acquisition of development and commercial rights on an innovative drug candidate in clinical development for the treatment of NASH, as well as other programs for the treatment of metabolic diseases. The Group has obtained additional funding in the form of a bond loan from IPF Partners. The financing consists of three separate bond tranches: EUR 6.5 million, EUR 10 million and EUR 13.5 million, for a total amount of up to EUR 30 million, subject to the occurrence of contractually defined triggering events. The first tranches were drawn down in November 2019 and March 2020. A debt covenant is attached to the contract as detailed in note 20.6. On November 20, 2020, the Company announced that Roivant has decided not to pursue the development of Imeglimin for strategic reasons.

The Company's future operations are highly dependent on a combination of factors, including: (i) the success of its research and development programs; (ii) the continuation of the partnership agreements entered into by the Company, (iii) securing regulatory approvals and market access of the Company's drug candidates; (iv) the timely and successful completion of additional funding initiatives; and (v) the development of competitive therapies by other biotechnology and pharmaceutical companies. As a result, the Company is and should continue, in the short to mid-term, to be financed through partnerships agreements for the development and commercialization of its drug candidates and through the issuance of new equity or debt instruments.

1.2 Significant events

Increase in capital

On May 25, 2020, the Group announced a raise of €17.7 million and issued 2,358,483 ordinary shares with a par value of €0.02, at a price of €7.50 per share, including share premium, for a total subscribed amount of €17,688,622.50, representing approximately 9.04% of the share capital of the Company.

In addition, the Group issued 1,768,861 warrants with a five-year term attached to the new shares representing a total of 75% coverage on the new share issuance, representing 1,768,861 potential additional new ordinary shares and 5.93% of the Company's outstanding fully diluted share capital. The strike price of the warrants shall be equal to €10.03.

Free shares and BSPCE

In January 2020:

- an employee exercised 500 BSPCE corresponding to 10,000 ordinary shares at a strike price of €2.5, representing a capital increase of €200 with a share premium of €24,800.
- an employee exercised 1,666 BSPCE corresponding to 1,666 ordinary shares at a strike price of €7.26, representing a capital increase of €33 with a share premium of €12,062.
- the Group noted the definitive allocation of 26,611 free shares, representing a capital increase of €532, taken from the reserves.

In June2020, an employee exercised 1,000 BSPCE corresponding to 20,000 ordinary shares at a strike price of €2.5, representing a capital increase of €400 with a share premium of €49,600.

In August 2020, an employee exercised 1,200 BSPCE corresponding to 24,000 ordinary shares at a strike price of €3.2, representing a capital increase of €480 with a share premium of €76,320.

Warrants (BSA)

In July 2020, an employee subscribed to 45,000 BSA at a subscription price of €1.45 per warrant, corresponding to 45,000 ordinary shares at a strike price of €9.62, representing a share premium increase of €65,250.

Accordingly, the share capital is €569,910.46 at December 31, 2020, divided in 28,495,523 shares of €0.02 of nominal value.

IPF Financing

In November 2019, the Group entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of the Company's ordinary shares. In November 2019, the Group borrowed €6.5 million under the first tranche and issued warrants to purchase 264,587 ordinary shares with an exercise price of €7.37.

In March 2020, the Group borrowed €10.0 million under the second tranche of IPF Venture Loan and issued warrants to purchase 209,967 ordinary shares with an exercise price of €7.14.

French Government Guarantee Loan (PGE Loan)

The Group received the approvals from BNP Paribas, Bpifrance and CIC Lyonnaise de Banque for a € 6 million non-dilutive financing in the form of a French Government Guarantee loan.

Each individual lender will provide a loan of EUR 2 million. The French government will guarantee 90% of the amount due in the case of default. Each loan has an initial term of one-year, with a five-year extension option.

Sumitomo agreement – Recognition of the Imeglimin J-NDA milestone

Poxel received a JPY 500 million (EUR 4.1 million) milestone payment from Sumitomo Dainippon Pharma upon submission of the Imeglimin J-NDA. The Group therefore fully recognized the related milestone event amount as revenue at December 31, 2020.

Update on Roivant partnership with Imeglimin

On November 20, 2020, the Company announced that, for strategic reasons, Roivant has decided not to advance Imeglimin into a Phase 3 program in Europe and US. The partnership agreement with Roivant has been terminated, effective January 31, 2021. Roivant has returned all rights to Imeglimin to Poxel, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from Poxel as part of the return of the program.

Composition of the Board of directors

The composition of the Board of Directors changed as follows:

- On February 17, Mr. Thibaut Roulon and BpiFrance Investissement represented by Mr. Olivier Martinez resigned from their position as Board observers,
- On June 24, the mandates of Mr. Thomas Kuhn, Mr. Khoso Baluch, Mrs. Pascale Boissel and Mrs. Kumi Sato as Board members and of BpiFrance Participations represented by Mr. Laurent Higueret as Board observer were renewed for a three-year term,
- On June 24, the mandates of Mr. Thierry Hercend as Board member and of Andera Partners represented by Mr. Raphaël Wisniewski as Board observer were not renewed and ended after the ordinary general assembly meeting ruling on the financial statements for the financial year ended on December 31, 2019.

COVID-19 outbreak

In the context of the COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on March 12, 2020, the Company is regularly reviewing the impact of the outbreak on its business.
Based on this review, the Company had identified only one significant impact of the COVID-19 outbreak related to the initiation of the Phase 2 study enrollment for its drug candidate, PXL065, which the Company initially planned during the second quarter of 2020 and which was eventually initiated on September 2, 2020.

Note 2: Principles, rules and accounting policies

2.1 Principles, rules and accounting policies

The financial statements have been prepared and presented in accordance with the accounting rules in the respect of the principles laid down by Articles 121-1 and 121-5 and following of the General Accounting Plan 2014. The accounting policies have been applied in compliance with the provisions of the French Commercial Code, the accounting decree of November 29, 1983 and ANC regulation 2018-07 which amend ANC Regulation 2014-03 relative to the rewriting of the General Accounting Plan applicable to the closing of the fiscal year. The basic method used for the assessment of the elements entered in the accounts is the method of historical costs.

The general accounting conventions have been applied, in the respect of the principle of prudence, in accordance with the following assumptions:

- Going concern
- Permanence of accounting methods from one fiscal year to another; being specified that since 31 December 2015, the company has opted for the preferred method of imputing costs related to the capital increases occurring during the fiscal year to the share premium.
- Separation of accounting periods.

The assumption of going concern was used given the Company's financial position and liquidity to meet its financing needs for the next 12 months following the reporting and the issuance dates. Based on its cash forecast for the year 2021 approved by the Board of Directors of the Company, that includes (i) a milestone payment from Sumitomo Dainippon Pharma of JPY 1,750 million (approx. €13.8 million based on the JPY/€ exchange rate at December 31, 2020) and (ii) a secured €13.5 million additional debt funding, which should be drawn down by December 31, 2021, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least 12 months from the reporting date (December 31, 2020). The obtention of the milestone and of the secured debt hereinbefore mentioned are both subject to the marketing approval of Imeglimin in Japan which is expected in 2021 (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). As of the date of approval of the financial statements by the Board of Directors of the Company, management has not identified any reason which would jeopardize the obtention of the marketing approval of Imeglimin in Japan. In addition, in order to anticipate a potential breach of certain financial covenants in 2021, the Company obtained in March 2021 a waiver from IPF Partners.

For a better understanding of the accounts presented, the main modes and methods of assessment chosen are specified below, including when:

- A choice is offered by the legislation;
- An exception provided by the legislation is used;
- The application of an accounting prescription is not sufficient to give a faithful image;
- There is an exemption from the accounting requirements.

2.2 Intangible assets

Separately acquired research and development are capitalized within "Other intangible assets" provided that they meet the definition of an intangible asset: a resource that is (i) controlled by the Company, (ii) expected to provide future economic benefits for the Company, and (iii) identifiable (i.e. it is either separable or arises from contractual or legal rights).

The first recognition criterion, relating to the likelihood of future economic benefits generated by the intangible asset, is presumed to be achieved for research and development activities when they are acquired separately.

In this context, amounts paid to third parties in the form of initial payments or milestone payments relating to pharmaceutical specialties that have not yet obtained a marketing authorization are recognized as intangible assets. These rights are amortized on a straight-line basis, after obtaining the marketing authorization, over their useful life. Unamortized rights (before marketing authorization) are subject to impairment tests in accordance with the procedures defined in Note 2.5.

Other Intangible assets are primarily composed of acquired software.

Costs related to the acquisition of software licenses are recognized as assets based on the costs incurred to acquire and set up the related software. Software is amortized using the straight-line method over a period of one to three years depending on the anticipated useful life.
The intangible assets are evaluated at the cost of their acquisition or at the cost of their production. They are depreciated linearly over the duration of their use by the Company.

Elements	Depreciation periods
Licenses and software development	1 to 3 years

The expenditures related to the registration of patents are registered as a charge.

2.3 Property, Plant & Equipment

Property, Plant and Equipment are recognized at their acquisition cost (purchase price and directly attributable costs) or at their production cost by the Company, as applicable.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

Elements	Depreciation periods
Facilities and fixtures	5 to 10 years – Straight line
Computer hardware	1 to 3 years – Straight line
Furniture	5 years – Straight line

2.4 Financial assets

The financial assets are mainly:

- Equity interests in the Japanese and US subsidiaries created in 2018 and 2019;
- the treasury part of the market liquidity contract;
- sureties concerning contracts for the simple rental of premises;

2.5 Recoverable value of fixed assets

Assets with an indefinite useful life are not amortized and are subject to an annual impairment test. Depreciated assets are tested for impairment whenever there is an internal or external indication that an asset may have lost value.
The impairment test consists in comparing the net book value of the tested asset with its recoverable value. The test is performed per asset.
An impairment loss is recorded in the amount of the excess of the carrying amount over the recoverable amount of the asset. The recoverable amount of an asset is its fair value less costs to sell or its value in use, whichever is greater.

Impairment tests are performed at the end of the year for unamortized assets (whether or not there is an indication of impairment), based on estimated cash flows determined by management. The estimates used in calculating the recoverable value are highly sensitive and depend on assumptions specific to the nature of the Company's activities with regard to:

- Forecast development cost, sales and cost of sales versus the Term of Patent Protection,
- Discount rate: discount rates are determined on the basis of a base rate calculated for the company, adjusted if necessary, by a specific risk premium.
- Long-term sales forecasts
- Actions of competitors
- Outcome of R&D activities (compound efficacy, results of clinical trials, etc)
- Probability of obtaining regulatory approval
- Amount and timing of projected costs to develop IP R&D into commercially viable products

Fair value less costs of disposal is the amount that can be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of exit.

Value in use is the present value of expected future cash flows expected from the continued use of an asset and its disposal at the end of its useful life. Value in use is determined from estimated cash flows of plans or budgets, based on the expected asset and sales development plan and discounted using long-term after-tax market rates that reflect market estimates of the time value of money and the specific risks of assets.

As of December 31, 2020:

- The Company has no intangible assets with an indefinite life.
- As explained in Note 2.2, the company has an amortizable intangible asset related to the acquired R&D, which amortization will start as from the obtention of the marketing authorization. This asset has been subject to an impairment test (Note 3)

- Non-current assets do not present any indication of impairment.

2.6 Other receivables

Receivables are measured at nominal value. An impairment is recognized, where applicable, on a case–by–case basis through a provision to take into account collection difficulties which are likely to occur. Other receivables include the nominal value of the Research Tax Credit which is recognized as a receivable for the period corresponding to the fiscal year in which the eligible expenses that gave rise to the tax credit were incurred.

2.7 Securities

The securities are listed in the assets for their acquisition value.

The provisions for possible depreciation are determined by comparison between the acquisition value and the likely disposal value.

2.8 Foreign currency

The charges and products in foreign currencies are recorded for their counter-value at the date of the operation.

Transactions in foreign currency are translated into the Company's functional currency by applying the foreign exchange rate in effect at the transaction date.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the year-end closing exchange rate.

The difference resulting from the conversion of debts and claims in foreign currency to this last course is included in the balance sheet in the positions of "conversion differences" of assets and liabilities. The conversion differences are the subject of a provision for risks and charges by an equivalent amount, where appropriate.

2.9 Provisions

These provisions, recorded in compliance with the CRC Regulation No. 2000-06,
are recorded when the Company has an obligation to a third party resulting from a past event that will probably result in an outflow of resources to the third party, with no equivalent consideration expected, and for which future cash outflows may be estimated reliably

2.10 Employee benefits

The amounts of the future payments corresponding to the benefits granted to employees are assessed according to an actuarial method, taking the assumptions regarding the evolution of wages, the age of retirement and mortality. These assessments are then recognized at their present value.

These commitments are not the subject of provision but are included in the off-balance sheet commitments.

2.11 Borrowings

The borrowings are valued at their nominal value. The costs of issuance are immediately supported.

The accruals are recorded on the liabilities side, at the rate of interest provided for in the contract.

2.12 Conditional advances and subsidies

Conditional advances

The advances received from public agencies for the financing of the research activities of the Company or for the territorial commercial prospecting, whose refunds are conditional, are presented on the liability side under the heading "Conditional advances" and their characteristics are detailed in note 11.
Funds received from Bpifrance Financement, the French public investment bank (formerly Oséo) in the form of conditional advances are recognized as financial liabilities “Conditional advances”, as the Company has a contractual obligation to reimburse in cash Bpifrance Financement for such conditional advances, based on a repayment schedule.

Subsidies

Subsidies received are grants that are not repayable and are recognized in the income statement where there exists reasonable assurance that the Company will comply with the conditions attached to the subsidies and the subsidies will be received.

Subsidies that are upfront payments are presented as deferred revenue and recognized through income up to expenses incurred as part of the research and development program to which the subsidy relates.

Research tax credit

The CIR (Research Tax Credit) is granted to companies by French tax authorities in order to encourage them to conduct technical and scientific research. Companies that prove that they have expenditures which meet the required criteria (research expenditures located in France or, since January 1, 2005, within the European Union or in another State that is a party to the Agreement on the European Economic Area and has concluded a tax treaty with France that contains an administrative assistance clause) receive a tax credit that can be used for the payment of the corporate income tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or as applicable, can be reimbursed in cash. The expenditures taken into account for the calculation of the CIR involve only research and development expenses.

The Company has been granted CIR since its inception and receives reimbursements in cash the year after the date of its record as a tax credit in the Company’s financial statement, pursuant to the application of Community tax rules for small and medium firms in compliance with the regulatory texts. The research tax credit is presented in the income statement to the credit of the line "Income tax".

2.13 Revenue

The revenue corresponds to the fair value of the consideration received or to be received for goods and services sold in the context of the Company’s activities. It is presented net of value added tax, returns of merchandise, rebates and reductions.

In the Company’s ordinary activities, it may enter into partnership agreements with pharmaceutical companies. The compensation received in relation to these agreements is generally based on:

- payment of a premium upon signing (i.e., upfront fees);
- payments for specific developments on the achievement of regulatory milestones;
- payment for research and development efforts;
- Income from future sale of products (royalties and sales-based milestones)

When the agreement provides that the Company still has obligations to render within the scope of the partnership, non-refundable advances are deferred and recognized as revenue staggered over the period of the collaboration agreement.

The milestone payments represent amounts received from partners under these cooperation agreements. Their perception depends on the achievement of certain development, regulatory or commercial objectives. The milestone payments are recorded as profit when the generator fact occurs and that there no conditions precedent to their payment. The generator facts can be stages of development, or even the regulatory steps or the marketing of products derived from development work conducted in the framework of the agreement.

2.14 Industry information

The Company operates in one segment: the development of innovative molecules for the treatment of metabolic diseases, in particular type 2 diabetes and non-alcoholic steatohepatitis (NASH).

2.15 Research and development expenses

Research and development costs are systematically expensed.

The amount of research costs incurred in the financial year 2020 is approximately €29 million.

2.16 Financial income/(loss)

Net financial income / (loss) includes:

- expenses related to interest incurred on financial liabilities;
- income related to interest received;
- exchange gains or losses on foreign currency;

2.17 Non-recurring income/(loss)

The expenses and income outside of ordinary activities of the Company constitute the non-recurring income.

2.18 Earnings per share

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

Diluted income (loss) per share is measured by dividing the income (loss) attributable to holders of equity and dilutive instruments by the weighted average number of outstanding shares and dilutive instruments for the period.

In the calculation of diluted income (loss) per share, instruments giving deferred rights to capital such as warrants may generate an antidilutive effect in the event of an income loss. In such case, these instruments are not taken into account.

Note 3: Intangible, tangible and financial assets

GROSS VALUES OF FIXED ASSETS (Amounts in K€)	Dec 31, 2019	Acquisitions	Disposals	Reclassification	Dec 31, 2020
Licenses	16,572	-	-	-	16,572
Software	13	46		36	95
Total concessions, patents and similar rights	**16,585**	**46**	**-**	**36**	**16,667**
Other intangible assets	36	-	-	-36	-
Total other intangible assets	**36**	**-**	**-**	**-36**	-
General installations, fixtures and fittings	245	155	-	-	400
IT and office equipment and furniture	259	76	-	-	335
Total Property, Plant & Equipment	**504**	**231**	**-**	**-**	**735**
Equity interests	155	-	-	-	155
Total other investments	**155**	**-**	**-**	**-**	**155**
Treasury shares	76	171	1	-	247
Liquidity Agreement deposit	356	-	243	-	113
Other financial assets	120	4	-	-	124
Total other financial assets	**551**	**175**	**243**	**-**	**484**
TOTAL	**17,830**	**452**	**243**	**-**	**18,041**

AMORTIZATION, DEPRECIATION AND IMPAIRMENT OF FIXED ASSETS (Amounts in K€)	Dec 31, 2019	Allocation	Reversal	Reclassification	Dec 31, 2020	Net Book Value Dec 31, 2020
Licenses	-	-	-	-	-	16,572
Software	7	17	-	-	24	70
Total concessions, patents, and similar rights	**7**	**17**	**-**	**-**	**24**	**16,642**
Other intangible assets	-	-	**-**	-	-	-
Total other intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
General installations, fixtures and fittings	74	37	-	-	111	289
IT and office equipment and furniture	167	53	-	-	220	115
Total property, plant & equipment	**241**	**90**	**-**	**-**	**331**	**403**
Equity interests	155	-	-	-	155	-
Total other investments	**155**	**-**	**-**	**-**	**155**	**-**
Treasury shares	-	6	-	-	6	240
Liquidity Agreement deposit	-	-	-	-	-	113
Other financial assets	-	-	-	-	-	124
Total other financial assets	**-**	**6**	**-**	**-**	**6**	**477**
TOTAL	**403**	**114**	**-**	**-**	**517**	**17,520**

In 2018, as part of the contract signed with DeuteRx, the Company acquired a development and commercial license to an innovative drug candidate in clinical development for the treatment of NASH (DRX-065), as well as other programs for the treatment of metabolic diseases for a non-refundable upfront payment of € 15,780 thousand, of which € 8,914 thousand were paid in shares and $ 8 million (€ 6,866 thousand) were paid in cash and additional variable considerations (note 20.5). This acquisition is recognized as an intangible asset for an amount of € 16,572 thousand, which includes € 791 thousand in acquisition costs.

The implementation of the depreciation tests described in note 2.5 did not lead to the recognition of any impairment in the financial years presented. As part of the sensitivity tests (increase/decrease of the Probabilities of Success to obtain marketing approval +/-2%, changes in sales +/-5%, increase/decrease of the discount rate +/-1%) , the Company has not identified any change in key assumptions that could lead to an impairment, as the net present value of the cash flows related to the DeuteRx intangible asset is higher than the carrying amount of the assets related to the project.

The main assumptions retained are:

- a discount rate amounting to 11%;
- a cash-flow projection of 12 years (no terminal value was considered in the impairment test) which relies on:
    - Long-term sales forecasts
    - Probabilities of success from Phase 2 to Marketing approval;

The amortization of intangible assets related to the license will commence upon generating economic benefits.

Due to the risks and uncertainties related to the research and development process, the six capital criteria are not considered fulfilled for any of the current development projects. As a result, all internally generated R&D costs incurred by the company are expensed.

The Company does not hold any financial lease contracts.

Note 4: Receivables

Breakdown of the Company Receivables at December 31, 2020:

	Dec 31, 2020		
STATEMENTS OF RECEIVABLES (Amounts in K€)	**Gross amount**	**One year maximum**	**More than one year**
Fixed assets			
Other financial assets	483	-	483
Total fixed assets	**483**	**-**	**483**
Current assets			
Advances and payments	1,629	1,629	-
Trade receivables	737	737	-
Research tax credit	2,411	2,411	-
Intercompany receivables	3,584	3,584	-
Value added tax, or VAT	340	340	-
Credit notes	33	33	-
Other receivables	9	9	-
Total current assets	**8,744**	**8,744**	**-**
Prepaid expenses	858	858	-
Total	**10,085**	**9,601**	**483**

In the absence of a taxable result at least equal to the amount of the claim on the State relating to the Research Tax Credit ("CIR"), its balance is repayable the year following that of its recognition, when the Company has the status SMEs in the European sense, which is the case for Poxel.

VAT receivables primarily relate to deductible VAT as well as VAT refund claim.

In 2019, other tax receivables correspond to a € 553 thousand payment made by the Group following a tax adjustment. This adjustment was disputed by the Group.
Early 2021, the Administrative Court dismissed the claim of the Group and confirmed the amount of the tax adjustment. The corresponding expense was fully recognized in 2020 accordingly.

Note 5: Cash and Cash equivalents

The cash accounts include term deposits.

Cash and cash equivalents are presented below:

CASH AND CASH EQUIVALENTS (Amounts in K€)	Dec 31, 2020		Dec 31, 2019	
	Carrying value	Market value	Carrying value	Market value
Term deposits	24,615		19,014	
Cash in bank and cash at hand	15,461		17,106	
Total cash and cash equivalents	**40,076**		**36,120**	

Note 6: Loans and financial liabilities

LOANS AND FINANCIAL LIABILITIES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
IPF debt	16,810	6,584
Roivant debt	-	2,782
PGE	6,000	-
Other financial liabilities	6	5
Total loans and financial liabilities	**22,817**	**9,371**

IPF financial debt

In November 2019, the Company entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million subject to the achievement of developmental milestones in Japan for Imeglimin for tranches B and C and related warrants to purchase up to €4.5 million of the Company's ordinary shares, with the following characteristics :

- The three tranches amount respectively to €6.5 million, €10 million (to be subscribed before March 31, 2020) and €13.5 million (to be subscribed before December 31, 2021).
- Each tranche is independent and its draw is subject to the Company's decision. Moreover, tranche B is subject to achieving positive results for the Phase 3 TIMES clinical trials in Japan for Imeglimin and tranche 3 is subject to obtaining Pharmaceuticals and Medical Device Agency approval of Imeglimin in Japan;
- the maturity of the first two tranches is five years from drawdown and the third tranche is four years from drawdown with a quarterly redemption. First installment deferred for an

18-month period for each of tranche A and tranche B and a 12-month period for tranche C;
- the bonds, when and if issued, bear interest rate of EURIBOR 3M + 6.5% for the first two tranches and EURIBOR 3M + 6.0% for the third tranche, plus an additional 2% PIK interest paid on all three tranches.
- The Company has to pay fees amounting to 1.5% of each tranche, only at the tranche issuance;

Customary security interests are granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should the cash position be less than the sum of the consolidated debt service of the Company and the amount of cash required to be spent by the Company as part of its operations, in each case for the following 9-month period.

Furthermore, the Company is subject to the following covenants at consolidated level:

- Gearing ratio: The Group should maintain a Gearing Ratio lower than 50%. The Gearing Ratio is measured by the ratio of total net debt to the market capitalization value of the Group.
- Cash management: The Group should maintain a cash position higher than the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 6-month period.

In order to anticipate a potential breach of certain financial covenants in 2021, the Company obtained in March 2021 a waiver from IPF Partners.

As of December 31, 2020, and 2019, the Group was compliant with the covenants described above.

In November 2019, the Company borrowed €6.5 million under the first tranche.

In March 2020, the Group borrowed €10.0 million under the second tranche.

The warrants to each bond have the following characteristics:

- Warrants may be exercised from the issuance date until 7 years after the signing Date (ie: November 2026 and March 2027);
- one warrant is attached to each bond (6.5 million warrants were issued for tranche A and 10 million for Tranche B);
- warrants allow to purchase 264,587 ordinary shares with an exercise price of €7.37 (Tranche A) and 209,967 with and exercise price of €7.14 (Tranche B). However, the exercise price may be amended in case of capital increase over 10 million euros (in one time or cumulatively) from the drawdown till December 31, 2022 with a lower share price than €7.37 (Tranche A) or €7.14 (Tranche B).

Obligation to participate in the financing of the Roivant's development program

As regards the Roivant Sciences' contract, the Group received an initial payment of $35 million and has also committed to contribute $25 million to the financing of the development of Imeglimin in the United States and Europe. The portion of the initial payment that is counterpart to the obligation to participate in the financing of Roivant's development program has been treated as a financial liability, which was fully reimbursed in 2020 first half.

Note 7: Prepaid expenses

Breakdown of prepaid expenses by nature is broken down as follows:

PREPAID EXPENSES (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Real estate leases	3	74
Insurance	643	285
Fees, subscriptions	74	86
Studies	126	383
Travel expenses	-	32
Other	12	16
Total prepaid expenses	**858**	**875**

Note 8: Shareholders' equity

8.1 Changes in equity

The variation of the equity of analysis as follows:

POXEL Change in equity Amounts in K€	**Capital** *Number of shares*	**Capital**	**Share premiums**	**Reserves**	**Retained earnings**	**Income**	**Shareholders' equity**
At December 31, 2018	*25,856,827*	**517**	**113,669**	**16,643**	**-81,717**	**11,400**	**60,513**
Allocation of 2019 income	-	-	-	-	11,400	-11,400	-
2019 net income	-	-	-	-	-	-21,240	-21,240
Share issue	*197,936*	4	1 027	-	-	-	1,031
Share issue costs	-	-	-	-	-	-	-
Issue of warrants	-	-	-	-	-	-	-
At December 31, 2019	*26,054,763*	**521**	**114,696**	**16,643**	**-70,316**	**-21,240**	**40,304**
Allocation of 2019 income	-	-	-	-	-21,240	21,240	-
2020 net income	-	-	-	-	-	-29,804	-29,804
Share issue	*2,440,760*	49	17,804	-	-	-	17,853
Share issue costs	-	-	-1,044	-	-	-	-1,044
Issue of warrants	-	-	65	-	-	-	65
At December 31, 2020	*28,495,523*	**570**	**131,521**	**16,643**	**-91,556**	**-29,084**	**27,374**

8.2 Composition of the share capital and detail by categories of shares

Share capital is set at €569,910. As of December 31, 2020, it is divided into 28,495,523 ordinary shares that are fully subscribed and paid up with a par value of €0.02. In 2019 and 2020, various equity transactions occurred that modified the Company's share capital which are further described in Note 1.2 Significant events.

COMPOSITION OF SHARE CAPITAL	Dec 31, 2020	Dec 31, 2019
Capital (in euros)	569,910	521,095
Number of shares	28,495,523	26,054,763
Nominal value (in €)	0.02 €	0.02 €

8.3 Changes in share capital

Date	Nature of operations	Capital increase in €	Share premiums in €	Number of shares created	Number of shares constituting the capital	Nominal value in €	Share capital in €
	At December 31, 2018	**517,137**	**134,623,227**	**2,729,399**	**25,856,827**	**0.02**	**517,137**
January 2019	Performance shares	483	-483	24,150	25,880,977	-	517,620
March 2019	Subscription of equity warrants	676	83,824	33,800	2,914,777	-	518,296
October 2019	Subscription of equity warrants	2,466	831,184	123,321	26,038,098	-	520,762
October 2019	Subscription of equity warrants	333	112,822	16,665	26,054,763	-	521, 095
	At December 31, 2019	**521,095**	**135,650,574**	**2,927,335**	**26,054,763**	**0.02**	**521,095**
January 2020	Performance shares	532	-532	26,611	26,081,374	-	521,627
2020	Subscription of equity warrants	1,113	162,782	55,666	26,137,040	-	522,741
May 2020	Capital increase	47,170	17,641,453	2,358,483	28,495,523	-	569,910
	At December 31, 2020	**569,910**	**153,454,276**	**5,368,095**	**28,495,523**	**0.02**	**569,910**

8.4 Distribution of dividends

The Company has made no distribution of dividends during the financial years ended December 31, 2019 and 2020.

Note 9: Share warrants

9.1 Warrants (Bons de souscription d'actions, or BSAs)

Allocation date	Type	Number of warrants issued	Number of lapsed warrants	Number of exercised warrants	Number of outstanding warrants	Maximum of shares to be issued*	Exercise price in €	Exercise Period
July 5, 2010	BSA directors	4,500		4,500	-	-	3.33 €	10 years
February 20, 2013	BSA 10/31/2012	2,500		-	2,500	50,000	4.00 €	10 years
March 12, 2014	BSA 10/31/2012	2,500		-	2,500	50,000	4.00 €	10 years
January 8, 2015	BSA 07-25-2014	42,500		-	42,500	42,500	4.00 €	10 years
April 29, 2015	BSA 06-16-2015	42,500		-	42,500	42,500	9.37 €	10 years
May 7,2015	BSA 06-16-2015	240,000		-	240,000	240,000	9.62 €	10 years
January 29,2016	BSA 01-29-2016	42,500		-	42,500	42,500	9.05 €	10 years
January 29, 2016	BSA 01-29-2016	42,500		-	42,500	42,500	9.05 €	10 years
March 31, 2016	BSA 01-29-2016	42,500		-	42,500	42,500	9.26 €	10 years
January 27, 2017	BSA 01-27-2017	62,500		-	62,500	62,500	7.17 €	10 years
June 30,2017	BSA 06-30-2017	25,000		-	25,000	25,000	6.90 €	10 years
January 25, 2018	BSA 2018	90,000		-	90,000	90,000	6.60 €	10 years
January 24, 2019	BSA 2019	120,000		-	120,000	120,000	5.20 €	10 years
Feb 14, 2020	BSA 2020	120,000		-	120,000	120,000	10.77 €	10 years
At December 31, 2020		**879,500**		**4,500**	**875,000**	**970,000**		

* After splitting of stock by 20

9.2 Founders' share warrants (Bons de souscription de parts de créateur d'entreprise, or BSPCEs)

Allocation date	Type	Number of BSPCE issued	Number of lapsed BSPCE	Number of exercised BSPCE	Number of outstanding BSPCE	Maximum of shares to be issued	Exercise price in €	Exercise Period
June 20, 2010	BCE 10-06-2010-1	5,000	2,750	2,250	-	-	2.50 €	10 years
December 17, 2010	BCE 10-06-2010-2	3,000	-	3,000	-	-	2.50 €	10 years
September 20, 2011	BCE 10-06-2010-2	1,500	-	1,500	-	-	2.50 €	10 years
March 12, 2014	BCE 31-10-2012	5,000	-	3,500	1,500	30,000	3.20 €	10 years
July 29, 2016	BSPCE 29-07-2016	45,000	45,000	-	-	-	8.45 €	10 years
March 31, 2017	BSPCE 31-03-2017	100,000	-	-	100,000	100,000	5.91 €	10 years
June 30, 2017	BSPCE 2017-2	177,500	25,000	1,666	150,834	150,834	7.26 €	10 years
September 21, 2017	BSPCE 2017-3	15,000	-	-	15,000	15,000	6.01 €	10 years
At December 31, 2020		**352,000**	**72,750**	**11,916**	**267,334**	**295,834**		

9.3 Stock Options

Allocation date	Type	Number of Stock options issued	Number of lapsed Stock options	Number of exercised Stock options	Number of outstanding Stock options	Maximum number of shares to be issued	Exercise price in €	Exercise Period
March 31, 2016	Stock options	80,000	-	-	80,000	80,000	12.55 €	10 years
November 23, 2016	Stock options	150,000	-	-	150,000	150,000	6.47 €	10 years
January 27, 2017	Stock options	12,500	-	-	12,500	12,500	6.76 €	10 years
January 27, 2017	Stock options	185,000	61,679	123,321	-	-	6.76 €	10 years
June 30, 2017	Stock options	97,500	17,500	-	80,000	80,000	6.61 €	10 years
January 25, 2018	Stock options	215,000	77,502	16,665	120,833	120,833	6.79 €	10 years
September 27, 2018	Stock options	130,000	-	-	130,000	130,000	6.82 €	10 years
Jan 24, 2019	Stock options	40,000	-	-	40,000	40,000	5.16 €	10 years
November 4, 2019	Stock options	70,000	70,000	-	-	-	7.76 €	10 years
November 18, 2019	Stock options	257,500	138,333	-	119,167	119,167	7.04 €	10 years
Feb 14, 2020	Stock options 2020-1	40,000	-	-	40,000	40,000	10.26 €	10 years
Feb 14, 2020	Stock options 2020-2	230,000	75,000	-	155,000	155,000	10.26 €	10 years
Feb 14, 2020	Stock options 2020-3	150,000	-	-	150,000	150,000	10.26 €	10 years
At December 31, 2020		**1,657,500**	**440,014**	**139,986**	**1,077,500**	**1,077,500**		

9.4 Performance shares

Allocation date	Type	Number performance shares issued	Number of performance shares lapsed	Number performance shares vested	Number of performance shares outstanding	Maximum number of shares to be issued
January 25, 2017	Performance shares	126,500	37,626	50,761	38,113	38,113
January 24, 2019	Performance shares	240,000	37,500	-	202,500	202,500
June 20, 2019	Performance shares	3,600	-	-	3,600	3,600
September 25, 2019	Performance shares	65,000	-	-	65,000	65,000
January 29, 2020	Performance shares	370,000	23,250	-	346,750	346,750
At December 31, 2020		**805,100**	**98,376**	**50,761**	**655,963**	**655,963**

9.5 Equity instruments granted to executives

	BSA, BSPCE, Stock options and performance shares						
Name of the beneficiary*	**Type**	**Performance shares, warrants, SO issued allocated and subscribed**	**Performance shares, warrants, SO allocated and which can be subscribed**	**Performance shares, warrants, SO lapsed**	**Performance shares, warrants, SO exercable at the closure (lapse of time)**	**Performance shares, warrants, SO exercable at the closure with conditions**	**Decision to issue the warrants, performance shares, SO**
Thomas Kuhn	Performance shares	100,000	100,000	-	0	-	29-jan-20
Pierre Legault	SO	40,000	40,000	-	0	-	14-feb-20
Thomas Kuhn	Performance shares	40,000	40,000	-	0	-	24-jan-19
Pierre Legault	SO	40,000	-	-	40,000	-	24-jan-19
Thomas Kuhn	Performance shares	33,300	11,100	8,137	14,063	-	25-jan-18
Pierre Legault	SO	30,000	10,000	-	20,000	-	25-jan-18
Pierre Legault	SO	12,500	-	-	12,500	-	27-jan-17
Thomas Kuhn	BSPCE	50,000	-	-	50,000	-	30-jun-17
Pierre Legault	BSA	42,500	-	-	42,500	-	29-jan-16
Pierre Legault	BSA	42,500	-	-	42,500	-	31-mar-16
Pierre Legault	SO	150,000	-	-	150,000	-	23-nov-16
Thierry Hercend	BSA	1,875	-	-	1,875	-	12-mar-14
Thierry Hercend	BSA	1,000	-	-	1,000	-	20-feb-13

*Thierry Hercend was Chairman of the Board of Directors until 31 March 2016. Pierre Legault became president on April 1, 2016.
** * For warrants issued before and after the 1:20 share split that was effective in March 2014, each warrant is convertible into 20 ordinary shares and 1 ordinary share, respectively.

Note 10: Provisions

Litigation and liabilities

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.

In connection with the application of the MS Agreement to the Roivant License Agreement, the Company and Merck Santé had a different interpretation of a clause which allocates between them the value of certain compensation received by the Company from partners in consideration for the granting of rights to Merck's intellectual property (known as Partnering Additional Revenues or "***PAR***"). In particular, the Parties disagreed as to whether certain compensation received under the Roivant License Agreement and the Sumitomo License Agreement fell within certain specific exceptions provided for in the MS Agreement.

In April 2019, the Company was notified that Merck Santé had initiated an arbitral proceeding in order to resolve this difference in interpretation.

On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Santé.

The Final Award held that:

- Items falling within the exceptions provided for in the definition of PAR included in the MS Agreement are excluded from the scope of PAR only if they have no "causal link" with the granting of Partnering rights to the Merck Serono (Santé) Technology;

- The Tribunal (i) rejected Merck's first claim amounting to approximately EUR 3M (EUR 3.6M incl. VAT) in connection with the Roivant License Agreement, (ii) granted Merck's second claim amounting to approximately EUR 1.8M (EUR 2.4M incl. VAT and interest) in connection with the investment of Roivant in the Company's shares, (iii) rejected the Company's counterclaim amounting to approximately EUR 1.4M (EUR 1.7M incl. VAT) in connection with the Sumitomo License Agreement and (iv) ordered the Company to pay two-thirds of the arbitration and legal costs; and

- In the absence of an alternative claim made by Merck Santé in respect of certain non-monetary PAR received by the Company pursuant to the Roivant License Agreement (i.e., the interest-free loan received from Roivant) and of any evidence that would allow to quantify this non-monetary PAR, the Arbitral Tribunal was not in a position to grant relief to Merck Santé. The Tribunal left open the question whether Merck Santé is entitled to a share of that non-monetary PAR.

The tribunal's decision is final.

On December 31, 2020, the Company accrued for social contributions amounting to €172 thousand. These contributions relate to the performance shares awarded in 2018, 2019, 2020 and only for the portions not yet acquired. They would be payable upon their definitive acquisition.

In addition, at December 31, 2020 the Company recognized a provision for exchange losses of 6 K€.

Note 11: Repayable advances

The table below shows the composition and the evolution of conditional advances:

CHANGE IN REPAYABLE ADVANCES (Amount in K€)	Imeglimin (New Formulation)	Total
At December 31, 2018	**615**	**615**
(-) Decrease	-240	-240
At December 31, 2019	**375**	**375**
(-) Decrease	-143	-143
At December 31, 2020	**232**	**232**

Bpifrance Financement Innovation – Imeglimin (new formulation) conditional advance

At the end of 2011, the Company obtained €950 thousand in conditional, interest-free innovation aid from Bpifrance Financement (formerly Oséo) for the development of a new formulation of Imeglimin for the treatment of diabetes.

Payments from Bpifrance Financement were made in instalments between the signature date of the contract and the end of the project, the main stages of which were as follows:

- first installment of €700 thousand on January 16, 2012;
- the balance, limited to €150 thousand on September 2nd, 2016.

Given that the technical milestone has been achieved for the project, the repayment of this conditional advance will be as follows:

- €12 thousand for the last two quarters of 2016;
- €12 thousand for the first two quarters of 2017 and €23 thousand for the following two quarters;
- €22 thousand for the first two quarters of 2018 and €49 thousand for the following two quarters;
- €49 thousand for the first two quarters of 2019 and €71 thousand for the following two quarters;
- €71 thousand for the first two quarters of 2020 and €83 thousand for the following two quarters;
- the remaining balance in 2021.

In the context of the Covid-19 outbreak, the Company was allowed to postpone two of the four quarterly instalments, which explains a limited repayment in 2020 as compared to 2019.

Note 12: Breakdown of financial liabilities and payables by maturity

STATEMENTS OF FINANCIAL LIABILITIES AND PAYABLES (Amounts in K€)	Dec 31, 2020			
	Gross amount	One year maximum	1-5 years	More than five years
Financial liabilities				
IPF Financial debt	16,810	2,133	14,677	-
Roivant contract	-	-	-	-
PGE	6,000	300	5,700	-
Agios	8	8	-	-
Total financial liabilities	**22,817**	**2,441**	**20,377**	**-**
Operating payables				
Advances received	-	-	-	-
Trade payables and related accounts	12,073	12,073	-	-
Staff and related accounts	896	896	-	-
Social security and other social agencies	648	648	-	-
Other taxes, dues and similar contributions	23	23	-	-
Other liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Total operating payables	**13,641**	**13,641**	**-**	**-**
Total financial liabilities and payables	**36,458**	**16,081**	**20,377**	**-**

The Company did not use trade instruments to pay its suppliers.

Note 13: Accrued liabilities

BREAKDOWN OF ACCRUED LIABILITIES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Financial liabilities		
Accrued interest	6	65
Trade payables and related accounts		
Accrued supplier liabilities	9,050	10,042
Total trade payables and related accounts	**9,050**	**10,042**
Tax and social security liabilities		
Personnel - provision for paid leave	327	219
Personnel accrued expenses	569	571
Social security charges payable	263	404
State - accrued liabilities	19	52
Total tax and social security liabilities	**1,179**	**1,246**
Total accrued liabilities	**10,235**	**11,353**

Note 14: Operating income/(loss)

14.1 Revenue

REVENUE AND INCOME FROM OPERATIONS (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Revenue	**7,032**	**30,879**
Sumitomo Contract	6,569	30,082
Roivant Contract	18	277
Management fees	444	420
Enyo contract	0	100
Other	1	-

In 2020 and 2019, revenue mainly reflected a portion of the contract signed with Sumitomo Dainippon Pharma in October 2017.

Accounting treatment of the Sumitomo contract:

In October 2017, the Company signed a partnership contract with Sumitomo Dainippon Pharma, under 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 development costs and the marketing costs.

This contract provides for the following payments:

- an initial payment of €36,031 thousand, which was collected in December 2017 and is non-refundable;
- reimbursement of external development costs incurred in connection with Phase 3 clinical trials, under the conditions set out in the contract;
- regulatory and sales-based milestone payments; and
- sales-based royalties.

As the contract is a co-development agreement, the initial payment and the re-invoiced costs were reported in revenue according to the completion rate of the ph3 program TIMES in Japan. Progress-to-completion was measured by the ratio of cost incurred to total estimated costs at completion, including both internal and external direct costs necessary to fulfill this development.

The Company expects to achieve a positive margin on this contract. In the opposite case, a loss would have been accrued upon termination.

For the 2019 and 2020 financial years, revenue relating to this contract amount to 30,082 K€ and 6,569 K€, respectively, of which:

- 10,446 K€ and 1,640 K€ in 2019 and 2020 respectively under the averaging of initial payment received by the Company, the balance of 1,640 K€ being recognized in deferred income in 2019;
- 19,636 K€ and 882€ € in 2019 and 2020 respectively as charge-backs to Sumitomo Dainippon Pharma for development costs of phase 3 of Imeglimin in Japan and invoices submitted to that extent ;

- JPY 500 million (EUR 4,046 million) in 2020 as milestone payment that Poxel received at submission of the Imeglimin J-NDA.The license agreement also provides for the payment by Sumitomo of conditional development, regulatory and commercial milestone payments and royalties based on Imeglimin's sales in the territories granted. No other milestone payments based on future development milestones and regulatory milestones have been reached as of December 31, 2020, no sales were recorded as such in 2020.

14.2 Reversals of depreciation and provisions and transferred expenses

Transfers of charges constitute benefits in kind.

REVERSALS OF DEPRECIATION AND PROVISIONS AND TRANSFERRED EXPENSES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Contribution in kind	17	13
Reversal of provision	120	140
Total reversals of depreciation and provisions and transferred expenses	**137**	**153**

14.3: Operating expenses

External costs

External costs are presented below:

External expenses (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Subcontracting, studies and research	15,648	36,355
Professional fees	7,810	10,066
Personnel on secondment	0	39
Travel, missions and receptions	294	1,160
Intellectual property fees	519	103
Other charges	1 558	1,182
Total	**25,829**	**48,905**

The subcontracting costs mostly reflect research and development expenses for Imeglimin, PXL770 and PXL065. The decrease in 2020 comes mainly from the TIMES program in Japan, for which expenses of €1,3 million were incurred in 2020, compared with €20 million in 2019.

The decrease in professional fees mainly reflects non-recurring costs incurred in 2019.

Due to Covid-19 outbreak, the Company recorded a decrease in travels and receptions expenses.

The increase in Intellectual property fees mainly reflects the growing pipeline of the company.

The increase in other charges mainly reflects costs related to new office rental fees and insurance expenses.

Taxes and duties

Taxes and duties mainly correspond to the CET tax.

Personnel costs

Breakdown of personnel costs:

Personnel costs (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Wages	4,208	3,446
Social charges	1,772	1,506
Total personnel costs	**5,979**	**4,952**

The increase in personnel expenses reflects recruitments to support the continuous growth and development of the Company.

Other Charges

Other charges (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
License	836	1,558
License fees	383	328
Director's attendance fees	404	417
Others	290	654
Total	**1,913**	**2,957**

Note 15: Financial income/(loss)

FINANCIAL INCOME (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Interests	333	222
Financial income from investments	12	9
Reversal of financial provision	695	-
Foreign exchange gains	303	1,637
Total financial income	**1,343**	**1,868**

FINANCIAL EXPENSES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Provision for risks	154	696
Foreign exchange losses	2,518	1,160
Interests expenses	1,238	84
Total financial expenses	**3,909**	**1,940**

The financial result as of December 31, 2019 and 2020 is mainly composed of:

- exchange rate gains and losses, mostly reflecting at 2020 year-end reevaluation of deposit in Dollar;

- Interests from financial investments;
- Interests on IPF debt.

Note 16: Non-recurring income/(loss)

NON-RECURRING INCOME (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Gain on disposal of treasury shares	193	230
Prior-year income	-	2
Other non-recurring income	-	13
Total non-recurring income	**193**	**245**

NON-RECURRING EXPENSES (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Loss on disposal of treasury shares	264	83
Non-recurring amortization/depreciation of fixed assets	6	-
Other non-recurring expenses	553	13
Total non-recurring expenses	**823**	**97**

Other non-recurring expenses correspond exclusively to a tax adjustment confirmed by the Administrative Court in early 2021.

Note 17: Income taxes

The amounts recorded in the income statement as corporate income tax are related essentially to the Research Tax Credit (CIR) and amounted to:

- €4,373 thousand in 2019.
- €2,411 thousand in 2020.

As of December 31, 2020, the amount of accumulated tax loss carryforwards since inception was €164 million with no expiration date. They represent a relief in future tax debt of €41 million (based on a tax rate of 25%). No other reprocessing will increase or reduce the future tax debt.

Applicable French law provides that, for fiscal years ending after December 31st, 2012, the allocation of these losses is subject to a maximum of €1 million, plus 50% of the portion of net earnings exceeding this amount.

The unused balance of tax loss carry-forward remains deferrable in future fiscal years and may be deferred under the same conditions without restriction of time.

The tax rate applicable to the Company for its profit excluding long-term capital gain is the rate in force in France, i.e. 28%. The rate voted for future years amounts to 26.5% in 2021 and 25% in 2022.

The tax rate applicable to the Company for its long-term capital gains and Intellectual Property related income is the rate in force in France, in 2019 and 2020 i.e. 10%.

Note 18: Earnings per share

Basic earning

Earning per share is calculated by dividing income attributable to equity holders of the company by the weighted average number of outstanding ordinary shares for the year.

The set of instruments giving deferred right to the capital (BSA, BSPCE and bonds) are regarded as anti-dilutive when they induce a reduction in the loss per share. In that case, the diluted loss per share is identical to the base loss per share.

Diluted earnings

Diluted income (loss) per share is measured by dividing the income (loss) attributable to holders of equity and dilutive instruments by the weighted average number of outstanding shares and dilutive instruments for the period.

In 2019 and in 2020, the set of instruments giving right to the capital in a deferred way (BSA, BSPCE and stock options) are regarded as non-dilutive because they induce a reduction in the loss per share. This way, the diluted loss per share in 2019 and in 2020 is identical to the base loss per share.

BASIC EARNINGS PER SHARE (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Weighted average number of shares outstanding	27,528,783	25,936,131

Net income for the period	-29,804 494	-21,239,632
Basic earnings per share (€/share)	-1.08	**-0.82**
Diluted earnings per share (€/share)	-1.08	**-0.82**

Note 19: Related parties

The Company has not concluded any significant transactions at unusual market conditions with related parties.

Remuneration of executives (outside of allocation of capital instruments)

In application of Article 531-3 of the General Accounting Plan, executives of a business corporation with a Board of Directors are the Chairman of the Board of Directors, CEO as well as directors who are individuals or legal persons (and their permanent representatives).

Breakdown of compensation paid to executives (in K€):

Compensation of corporate officers (Amounts in K€)	**Dec 31, 2020**	**Dec 31, 2019**
Fixed compensation owed	450	398
Variable compensation owed	124	97
Contributions in-kind	13	8
Employer's contributions	173	125
Attendance fees – board of directors	404	417
TOTAL	**1,163**	**1,046**

No post-employment benefit is granted to the members of the board of directors.

Terms for the allocation of variable compensation are defined based on qualitative and quantitative objectives set at 100% for Company-level objectives.

The methods for assessing benefits relating to share-based payments is presented in Note 9.

Under his management agreement entered into with the Company, Mr. Thomas Kuhn is owed compensation related to forced departure without cause and a non-compete clause as set below:

(i) a compensation of one year of his fixed compensation at the date of the termination
(ii) if not paid yet, the earned variable compensation of the calendar year preceding the one in which the termination occurs.
(iii) the earned variable compensation of the calendar year in which the termination occurs, in proportion of his effective presence.
(iv) an amount equal to 100% of the variable compensation for the year in which the termination occurs, based on his fixed compensation at the date of the termination.
(v) a non-competition clause with a monthly compensation, during 18 months, of 50% of the average gross remuneration he received over the course of the 12 months preceding the termination.

Note 20: Commitments

20.1 Employee benefits

Methodology of calculation

The purpose of the actuarial valuation is to produce an estimate of the present value of the commitments of the Company in respect of severance pay to the planned retirement by the collective agreements.

These obligations related to the legal or conventional retirement compensation have been evaluated et December 31, 2019 and December 31, 2020. These allowances are not accrued but reported as off-balance sheet commitments.

This amount is determined on the basis of an actuarial evaluation, which is based on the use of the projected unit credit method, taking into account the staff tun-over and applicable mortality tables.

Actuarial assumptions

The main actuarial assumptions used for the evaluation of retirement benefits are the following:

ACTUARIAL ASSUMPTIONS	Dec 31, 2020	Dec 31, 2019
Retirement age	Voluntary retirement at 65/67 years old	
Collective agreements	Pharmaceutical industry	
Discount rate (IBOXX Corporates AA)	0.33%	1.83%
Mortality rate table	INSEE 2017	INSEE 2017
Salary increase table	2%	2%
Turnover rate	Low	Low
Employee contribution rate	45%	50%

EMPLOYEE BENEFITS (Amounts in K€)	Dec 31, 2020	Dec 31, 2019
Commitments	581	375

These commitments are not covered by an assets plan.

20.2 Finance leases

The Company does not hold any financial lease contracts.

20.3 Commercial leases

Real estate leases

In 2015, the Company entered into a commercial lease in Lyon with an effective date of July 1, 2015. Its term is nine complete and consecutive years, until June 30, 2024. The Company has the possibility to provide notice to terminate only every three years.

In November 2017, the Company entered into an additional commercial lease enabling it to enlarge the office space at its headquarters, effective April 1, 2018. Its term is nine complete and consecutive years, until March 31, 2027. The Company has the possibility to provide notice to terminate only every three years.

In September 2019, a new commercial lease was concluded, under the same conditions as the previous ones, to enlarge the office space in Lyon.

The Company also rents an office in Paris on a monthly basis.

Contractual obligations and commitments

The following table summarizes the Company's commitments as at December 31, 2020:

Commitment (Amounts in K€)	< 1 year	1-3 years	3-5 years	> 5 years	Total
Real estate's leases	303	214	12	0	529

20.4 Commitment in respect of the agreement with Merck Serono at the creation of the Company

The Company entered into a transfer and license agreement with Merck Serono on March 19, 2009 amended on July 30, 2009, June 22, 2010, May 23, 2014 and then November 28, 2014 (the "MS Agreement"), which falls within the scope of the spin-off of Merck Serono's research and development activities in the cardiometabolic field.

Under the terms of the MS Contract, Merck Serono has transferred some patents and conceded other patents and know-how in license to the Company for research and development, as well as the marketing of pharmaceutical products. This license is exclusive for a list of 25 molecules, by program, selected by the Company.

In consideration of the rights that have been granted in the framework of the MS Agreement, the Company must pay to Merck Serono:

- Royalties on net sales of products covered by the patents assigned or licensed by Merck Serono at a high single digit rate for the Imeglimin, and at a low single digit rate for other projects;

- A percentage of the income from any partnership agreement relating to the drug candidates covered by the patents granted or licensed, at a low double-digit rate. For other products, if the Company enters into a partnership agreement, it would have to pay a percentage of the income from the partnership for the products covered by the patents transferred or licensed from Merck Serono, at a rate depending on the product and its stage of development at the time of the partnership.

20.5 Obligation under the DeuteRx contract

The Company has entered into an acquisition agreement with DeuteRx dated August 29, 2018 for DRX-065, a drug candidate in clinical development for the treatment of non-alcoholic steatohepatitis (NASH), a portfolio of other deuterated drug candidates for the treatment of rare and specialty metabolic diseases, and all associated DeuteRx industrial and intellectual property rights.

This agreement provides, for the entire product portfolio, the maximum issue of 4 million shares of the Company for the benefit of DeuteRx, and payments related to the achievement of development, regulatory and sales objectives of a maximum amount of US $ 545 million, a portion of which may be realized by issuing securities of the Company. It also provides royalties at a low range on sales. The first milestone payment corresponds to the Company's decision to initiate the Phase 3 clinical development program for the drug candidates covered by this agreement and will be carried out exclusively through the issuance of Company shares.

20.6 Obligation under the IPF debt

In November 2019, the Company entered into a Subscription Agreement with IPF Partners to secure additional funding in the form of three separate bond tranches up to a total borrowing amount of €30 million and related warrants to purchase up to €4.5 million of the Company's ordinary shares (see Note 1.2).

The bonds contain customary financial and security interest covenants.

Customary security interests are granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should the cash position is less than the sum of the consolidated debt service of the Company and the amount of cash required to be spent by the Company as part of its operations, in each case for the following 9-month period.

Furthermore, the Company is subject to the following covenants at consolidated level:

- Gearing ratio: The Group should maintain a Gearing Ratio lower than 50%. The Gearing Ratio is measured by the ratio of total net debt to the market capitalization value of the Group.

- Cash management: The Group should maintain a minimum cash position of the highest of ten million euros and the sum of the consolidated debt service of the Group and the amount of cash required to be spent by the Group as part of its operations, in each case for the following 6-month period.

In order to anticipate a potential breach of certain financial covenants in 2021, the Company obtained in March 2021 a waiver from IPF Partners.

20.7 Other commitments related to research and partnership arrangements

In the ordinary course of business, the Company regularly uses the services of subcontractors and enters into research and partnership arrangements with various contract research organizations, or CROs, who conduct clinical trials and studies in relation to the drug candidates, PXL770 and PXL065. The cost of services performed by CROs is recognized as an operating expense as incurred.

Note 21: Employees

The Company's average workforce during the years ended December 31, 2019 and 2020 was as follows:

AVERAGE NUMBER OF EMPLOYEES	Dec 31, 2020	Dec 31, 2019
Senior staff	42	35
Non-senior staff	2	1
Total average number of employees	**44**	**36**

Note 22: Subsidiaries and equity holdings

Table of subsidiaries (Amounts in K€)	Capital	Reserve and retained earnings before appropriation of income (loss)	% of owners hip held	Carrying amount of shares held		Loans and advances granted by the Company (gross amount)	Profit or loss of last fiscal year	Divid ends	Comments
				Gross	Net				
POXEL JAPAN KK	154	-528	100%	154	-	1,295	-242	-	Impairment on equity interest 154 K€ Impairment on related receivables 497 K€ Guaranties and sureties: none Closing rate: 126.5 Average rate: 121.85
POXEL INC (USA)	1	-8	100%	1	-	2,289	-291	-	Impairment on equity interest 1 K€ Impairment on related receivables: non Guaranties and sureties: none Closing rate: 1.23 Average rate : 1.14

Poxel SA is the leading and consolidating company of the Group. POXEL JAPAN KK and POXEL INC are fully consolidated.

Note 23: Post-balance sheet closing date events

Update on Roivant partnership with Imeglimin

As mentioned in paragraph 1.2, as part of the decision by Roivant not to advance Imeglimin into a Phase 3 program for strategic reasons, its partnership agreement with Roivant has been terminated, effective January 31, 2021. Roivant has returned all rights to Imeglimin to Poxel, as well as all data, materials, and information, including FDA regulatory filings, related to the program. Roivant is not entitled to any payment from Poxel as part of the return of the program.

Arbitration with Merck Serono

In connection with the application of the MS Agreement to the Roivant License Agreement, the Company and Merck Santé had a different interpretation of a clause which allocates between them the value of certain compensation received by the Company from partners in consideration for the granting of rights to Merck's intellectual property (known as Partnering Additional Revenues or "***PAR***"). In particular, the Parties disagreed as to whether certain compensation received under the Roivant License Agreement and the Sumitomo License Agreement fell within certain specific exceptions provided for in the MS Agreement.

In April 2019, the Company was notified that Merck Santé had initiated an arbitral proceeding in order to resolve this difference in interpretation.

On 18 February 2021, an Arbitral Tribunal rendered a "Final Award" concluding the ICC arbitration between the Company and Merck Santé.

The Final Award held that:

- Items falling within the exceptions provided for in the definition of PAR included in the MS Agreement are excluded from the scope of PAR only if they have no "causal link" with the granting of Partnering rights to the Merck Serono (Santé) Technology;

- The Tribunal (i) rejected Merck's first claim amounting to approximately EUR 3M (EUR 3.6M incl. VAT) in connection with the Roivant License Agreement, (ii) granted Merck's second claim amounting to approximately EUR 1.8M (EUR 2.4M incl. VAT and interest) in connection with the investment of Roivant in the Company's shares, (iii) rejected the Company's counterclaim amounting to approximately EUR 1.4M (EUR 1.7M incl. VAT) in connection with the Sumitomo License Agreement and (iv) ordered the Company to pay two-thirds of the arbitration and legal costs; and

- In the absence of an alternative claim made by Merck Santé in respect of certain non-monetary PAR received by the Company pursuant to the Roivant License Agreement (i.e., the interest-free loan received from Roivant) and of any evidence that would allow to quantify this non-monetary PAR, the Arbitral Tribunal was not in a position to grant relief to Merck Santé. The Tribunal left open the question whether Merck Santé is entitled to a share of that non-monetary PAR.

The tribunal's decision is final.

Covid-19 outbreak

As of the date of this report, and based on publicly available information, the Company has not identified the occurrence of any material negative effects on its business due to the COVID-19 pandemic that remains unresolved. However, the Company anticipates that the COVID-19 pandemic could have further material negative impact on its business operations. The worldwide impact of COVID-19 may notably affect the Company's internal organization and efficiency, particularly in countries where it operates and where confinement measures are implemented by the authorities. In addition, COVID-19 may impact market conditions and the Company's ability to seek additional funding or enter into partnerships. Particularly, delays in the supply of drug substance or drug products, in the initiation or the timing of results of preclinical and/or clinical trials, as well as delays linked to the responsiveness of regulatory authorities could occur, which could potentially have an impact on the Company's development programs and partnered programs. The Company will continue to proactively monitor the situation.

Note 24: Management and assessment of financial risks

The principal financial instruments held by the Company are cash and cash equivalents, and the receivables. The purpose of holding these instruments is to finance the ongoing business activities of the Company. It is not the Company's policy to invest in financial instruments for speculative purposes. The Company does not use derivative financial instruments for hedging purposes.

The principal risks to which the Company is exposed to are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

Interest rate risk

The Company has a very low exposure to interest rate risk, considering that:

- its liquid assets include fixed term deposits;
- the repayable advances are not subject to interest rate risk;
- no debt has been entered into at a variable interest rate.

Credit risk

The credit risk is associated with the deposits with banks and financial institutions. For its cash investments, the Company uses first-rate financial institutions and does not bear any significant credit risk with regard to its cash.

Foreign currency risk

The Company is exposed to foreign exchange risk taking into account the volume of transactions that it carries out in yen in the framework of the contract signed with Sumitomo Dainippon Pharma in 2019, and, in a lesser extent, in 2020. However, it covers this risk in application of the principle provided in the contract, according to which the company re-bills Sumitomo Dainippon Pharma in the same currency as that in which it has been charged for its purchases.

In addition, the company is exposed to foreign exchange risk taking into account the transactions that it carries out in dollars as part of the ongoing clinical trials in the US.
At this stage, the Company has not adopted any other recurring mechanism of coverage to protect its activity against currency fluctuations. From time to time, the Company may nevertheless subscribe currency term accounts in order to cover a commitment in currency as mentioned above.

In the future, with the growth of its activity, which could expose the Company to the exchange risk in a more significant manner, it will consider using a suitable policy to cover these risks.

Equity risk

The Company does not hold any equity investments or marketable securities traded on a regulated market.

Liquidity risk

Based on its cash forecast for the year 2021 approved by the Board of Directors of the Company, that includes (i) a milestone payment from Sumitomo Dainippon Pharma of JPY 1,750 million (approx. €13.8 million based on the JPY/€ exchange rate at December 31, 2020) and (ii) a secured €13.5 million additional debt funding which should be drawn down by December 31, 2021, the Company considers that it is not exposed in the short term to liquidity risk, taking into account the fact that the cash available on December 31, 2020, which amounts to €40,076 thousand, is sufficient to finance the development of the Company in the course of the next twelve months. The obtention of the milestone and of the secured debt hereinbefore mentioned are both subject to the marketing approval

of Imeglimin in Japan which is expected in 2021 (it being specified that Sumitomo Dainippon Pharma's 2021 Fiscal Year is from April 2021 to March 2022). As of the date of approval of the financial statements by the Board of Directors of the Company, management has not identified any reason which would jeopardize the obtention of the marketing approval of Imeglimin in Japan. In addition, in order to anticipate a potential breach of certain financial covenants in 2021, the Company obtained in March 2021 a waiver from IPF Partners.

Note 25: Statutory auditors' fees

Amounts in K€	2020			2019		
	Deloitte	Mazars	Total	PwC	Mazars	Total
Audit	**65**	**65**	**130**	**69**	**66**	**135**
Other services	**13**	**37**	**50**	**799**	**28**	**827**
Required by regulation		9	**9**	8		**8**
Other services	13	28	**41**	791	28	**819**
Total audit fees	**78**	**102**	**180**	**868**	**94**	**962**

Other services: these fees correspond to services performed by the auditors in connection with specific corporate operations.

3.4 Auditors' reports

3.4.1 Statutory auditors' report on the consolidated financial statements (for the year ended December 31, 2020)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (For the year ended December 31, 2020)

To annual general meeting
Poxel
Immeuble Le Sunway
259, avenue Jean Jaurès
69007 Lyon

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of POXEL ("the Group") for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

- **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

- **Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from *January 1, 2020* to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of the provision for the Merck Serono litigation

(Notes 4.2 “Post closing events”, 16 “Provisions”, 25.1 "Obligations under the contract signed with Merck Serono at the inception of the company")

Risk identified

Poxel has entered into an “Assignment and License Agreement” with Merck Serono dated March 19, 2009, amended on July 30, 2009, June 22, 2010, May 23, 2014 and November 28, 2014. This agreement provides, in particular, that the Company shall pay Merck Serono, in the form of a royalty, a percentage of income from any partnership agreement relating to drug candidates covered by the patents assigned or licensed to which Imeglimin is a member.

The Company has entered in February 2018 into an exclusive contract with Roivant Sciences GmbH for the development and marketing of Imeglimin in the United States, Europe and other countries.

A percentage of the income related to this contract must be paid to Merck Serono in the form of royalties. As mentioned in the note 4.2 and 16, Poxel was in litigation with Merck Serono having a different interpretation of the calculation basis. In April 2019, Poxel was notified of the initiation of an arbitration procedure by Merck Serono.

As of February 18th, 2021, the arbitral court issued a final decision ending the arbitration procedure between Poxel and Merck Serono. As a result of this decision, Poxel will have to pay Merck Serono an

amount of approximately €2.4 million including VAT and interest, accrued in the accounts as of December 31, 2020.

We have considered the recognition of this provision as a key point in the audit, particularly in view of its materiality impact to the financial statements for the year ended December 31, 2020.

Our response

We obtained and read the contract and its related amendments signed with Merck Serono and the contract signed with Roivant and the final decision of the arbitral court ruling on the litigation between the company and Merck Serono. Finally, we verified that appropriate information was disclosed in the notes to the consolidated financial statements.

Revenues from collaboration and license agreements

(Notes 3.14 and 18 "Revenue")

Risk identified

The Group generates revenues from collaboration agreements and licenses for its drug candidates and its own technologies with pharmaceutical companies for a total amount of 6.8 million of euros as of December 31, 2020.

These contracts provide for different types of payments: initial payments, payments for the achievement of clinical and regulatory milestones, payments for the performance of research and development services, payments based on sales milestones and royalties based on sales of marketed products.

The method of accounting for the corresponding revenue depends, in particular, on the nature of the performance obligations provided by Poxel and its subsidiary to their partners. A misinterpretation of the contracts signed with the partners could lead to an inadequate accounting of the corresponding revenues under IFRS 15. The contracts can include services for which revenue is to be recognized overtime based on costs incurred. In that case, management make estimates of total ultimate costs and follow costs incurred to date for the services.

The recognition of these revenues is a key audit matter of the audit because of the change in accounting policy, the variety of contractual clauses that impact the accounting treatment and estimates needed to determine revenue to be recognized.

Our response

We obtained the license and partnership agreements signed with Sumitomo Dainippon Pharma and Roivant Sciences GmbH and conducted a critical review of these elements, notably including respective commitments of the parties, services to be provided and different types of payments.

We obtained the analyses and estimates made by management to determine the amount of revenue related to these contracts.

We assessed the reasonableness of methods used, the estimates made by management to the identify the performance obligations, the transaction price, the allocation of the transaction price to performance obligations as well as the revenue recognition related to the contract.

We have examined, with the help of our specialists, the compliance with IFRS15 as adopted by the European Union of the accounting treatments adopted by the company.

For the revenue recognized overtime with the percentage-of-completion method, we corroborated, by sampling, the assumptions and data retained by management to support total costs to be incurred with internal and external evidence (including outsourcing agreements) and costs incurred to date.

Finally, we verified that appropriate information was disclosed in the notes to the consolidated financial statements and in particular regarding the termination of the partnership with Roivant.

Valuation of acquired DeuteRx intangible assets

(Notes 3.4 “Intangible assets”, 3.6 “Impairment of assets” and 6 “Intangible assets”)

Risk identified

In August 2018, Poxel acquired, through a strategic agreement with DeuteRx, the DRX-065 drug candidate in clinical development for the treatment of non-alcoholic steatohepatitis ("NASH") as well as other programs including deuterated drug candidates for the treatment of rare and specialty metabolic diseases.

As indicated in note 3.4, amounts paid to third parties in the form of upfront or milestone payments relating to pharmaceutical specialties that have not yet obtained marketing authorization are recorded as assets. Poxel recognized an amortizable intangible asset for 16.6 million euros corresponding to the initial payment of 15.8 million euros and 0.8 million euros in acquisition costs.

These intangible assets are amortized on a straight-line basis, as from the date of marketing authorization, over their useful life. Unamortized rights (before marketing authorization) are subject to an impairment test annually and/or when an impairment triggering event is identified. It is based on a recoverable amount, determined by management based on the discounting of expected future cash flows. Notes 3.6 and 6 to the consolidated financial statements describe how the impairment test is performed.

There is a risk of not passing through the various development phases and ultimately not obtaining marketing authorization or not realizing the anticipated commercial potential. Therefore, this impairment test is based on numerous assumptions such as the discount rate, revenue growth and the probability of success of the research project.

We considered the assessment of the recoverable amount of this amortizable intangible asset as a key audit matter in view of the materiality of the related asset and the high degree of judgment and estimates that it involves on the part of management.

Our response

We examined the compliance of the methodology applied by your company with the accounting standards in force.

We have critically reviewed the methods used by management to determine the recoverable amount of amortizable intangible assets, including:

- reviewed the impairment test prepared by management,

- reviewed the methodology used by your company and assessed the reasonableness of the discount rate used by management with the assistance of our financial valuation experts,

- assessed the reasonableness of the data and assumptions used, in the light of external market and industry data and evidence obtained elsewhere during the audit, such as internal company communications and presentations, external communications and analysts' reports,

- performed a critical review of management's analysis of the sensitivity of the recoverable amount to changes in the main assumptions used.

Finally, we verified that appropriate disclosures were made in the notes to the consolidated financial statements.

Going concern

Note 2 “Going concern”

Risk identified

Since it was established, the Group has financed its activity through successive share capital increases, bond issues, research tax credits and the signature of partnership agreements. During fiscal year 2020, the Company also secured a State-Guaranteed Loan. At this stage, the Group records little revenue and Management considers that the Group should continue to generate further losses under it is able, where applicable, to generate revenue from the sale of its drug candidates in the development phase. As of December 31, 2020, the Group has cash of €40.2 million and reports a net loss of €31.9 million.

Management considers that the Group has sufficient cash resources to meet its financing requirements and comply with its financial commitments, including the finance covenants according to the IPF agreement, for the 12 months following the year-end. It has therefore prepared its consolidated financial statements on a going concern basis, founded on the items disclosed in the note 2 “Going concern” to the consolidated financial statements.

We considered the going concern principle to be a key audit matter due to the Group’s loss-making position, the level of short-term revenue, essentially comprising milestones receivable from Sumitomo, and the significant estimates necessary to identify cash requirements, which involve substantial Management judgment, notably with regard to the probability of obtaining marketing authorization for Imeglimine in Japan and estimated R&D costs.

Our response

We familiarized ourselves with the process implemented by Management to assess the going concern assumption over the twelve months following the year-end. In particular, we:

- familiarized ourselves with the procedures implemented to prepare cash forecasts,

- obtained and familiarized ourselves with cash forecasts for fiscal year 2021 prepared under the control of Executive Management and approved by the Board of Directors,

- verified the consistency of the assumptions adopted with discussions recorded in the minutes of Board of Directors' meetings and our knowledge of the business,

- conducted sensitivity analyses of the key assumptions adopted by Management to estimate R&D costs,

- assessed Management's ability to produce reliable forecasts by comparing prior year forecasts with actual figures,

- examined correspondence between the Company and external stakeholders involved in the procedure for obtaining marketing authorization for Imeglimine in Japan,

- questioned Management on its knowledge of events and circumstances after the year-end likely to call into question the forecasts for fiscal year 2021.

Finally, we verified that the "Going concern" note to the consolidated financial statements contains appropriate disclosures on the information underlying the continued application of the going concern principle in preparing the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other Legal and Regulatory Verifications or Information

- **Format of presentation of the consolidated financial statements intended to be included in the annual financial report**

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

- **Appointment of the Statutory Auditors**

We were appointed as statutory auditors of POXEL by the annual general meeting held on June 24, 2020 for Deloitte & Associés and on January 29, 2016 for Mazars.

As at December 31, 2020, Deloitte & Associés and Mazars were in the 1st year and 6th year respectively, being specified that Mazars Lyon, also member of Mazars network, was statutory auditor of POXEL from 2009 till 2014. Deloitte & Associés are in the 1st year and 6th year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

- **Objectives and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

- **Report to the Audit Committee**

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La-Défense, March 25, 2021

The Statutory Auditors

French original signed by

Mazars — Deloitte & Associés

Séverine Hervet — Julien Razungles

3.4.2 Statutory auditors' report on the financial statements (for the year ended December 31, 2020)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
(For the year ended December 31, 2020)

To annual general meeting
Poxel
Immeuble Le Sunway
259, avenue Jean Jaurès
69007 Lyon

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of POXEL for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

- **Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

- **Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we

did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of the provision for the Merck Serono litigation

(Notes 10 “Provisions”, 20.4 “Obligation under the contract signed with Merck Serono at the inception of the company”, 23 “Subsequent events”)

Risk identified

Poxel has entered into an “Assignment and License Agreement” with Merck Serono dated March 19, 2009, amended on July 30, 2009, June 22, 2010, May 23, 2014 and November 28, 2014. This agreement provides, in particular, that the Company shall pay Merck Serono, in the form of a royalty, a percentage of income from any partnership agreement relating to drug candidates covered by the patents assigned or licensed to which Imeglimin is a member.

The Company has entered in February 2018 into an exclusive contract with Roivant Sciences GmbH for the development and marketing of Imeglimin in the United States, Europe and other countries.

A percentage of the income related to this contract must be paid to Merck Serono in the form of royalties. As mentioned in the note 10 and 23, Poxel was in litigation with Merck Serono having a different interpretation of the calculation basis. In April 2019, Poxel was notified of the initiation of an arbitration procedure by Merck Serono.

As mentioned in notes 10 and 23, as of February 18th, 2021, the arbitral court issued a final decision ending the arbitration procedure between Poxel and Merck Serono. As a result of this decision, Poxel will have to pay Merck Serono an amount of approximately €2.4 million including VAT and interest, accrued in the accounts as of December 31, 2020.

We have considered the recognition of this provision as a key point in the audit, particularly in view of its material impact to the financial statements for the year ended December 31, 2020.

Our response

We obtained and read the contract and its related amendments signed with Merck Serono and the contract signed with Roivant and the final decision of the arbitral court ruling on the litigation between the company and Merck Serono. Finally, we verified that the appropriate information was disclosed in the notes to the statutory financial statements.

Revenues from collaboration and license agreements

(Notes 2.13 and 14.1 “Revenue”)

Risk identified

The Group generates revenues from collaboration agreements and licenses for its drug candidates and its own technologies with pharmaceutical companies for a total amount of 6.6 million of euros as of December 31, 2020.

These contracts provide for different types of payments: initial payments, payments for the achievement of clinical and regulatory milestones, payments for the performance of research and development services, payments based on sales milestones and royalties based on sales of marketed products.

The method of accounting for the corresponding revenue depends, in particular, on the nature of the rights granted and the types of payment provided for in these contracts. A misinterpretation of the contracts signed with the partners is likely to lead to an inadequate accounting of the corresponding products. The contracts can include some situations in which the revue should be recognized by the percentage-of-completion method. In this case, the management should make estimates of the costs to complete and follow the costs expensed for these services.

Revenue recognition is considered as a key audit matter given the diversity of contractual clauses that condition the accounting treatment and estimates necessary to determine the revenue to recognize.

Our response

We obtained the license and partnership agreements signed with Sumitomo Dainippon Pharma and Roivant Sciences GmbH and conducted an analysis of these elements, notably including respective commitments of the parties, services to be provided and different types of payments.

We obtained the analyses and estimates made by management to determine the amount of revenue related to these contracts.

We assessed the reasonableness of methods used and the estimates made by management to determine the amount of revenue related to these contracts.

We have examined, with the help of our specialists, the compliance of the accounting treatment to the applicable accounting standard and verified that the transactions meet the criteria of the selected accounting treatments.

For the revenue recognized with the percentage-of-completion method, we corroborated, by sampling, the assumptions and data retained with the internal and external documentation (including partnership agreements) and the supporting documentation of the costs incurred.

Finally, we verified that appropriate information was disclosed in the notes to the statutory financial statements and in particular in regard to the termination of the partnership with Roivant.

Valuation of acquired DeuteRx intangible assets

(Notes 2.2 “intangible assets”, 2.5 “recoverable value of fixed assets” and 3 “intangible, tangible and financial assets”)

Risk identified

In August 2018, Poxel acquired, through a strategic agreement with DeuteRx, the DRX-065 drug candidate in clinical development for the treatment of non-alcoholic steatohepatitis ("NASH") as well as other programs including deuterated drug candidates for the treatment of rare and specialty metabolic diseases.

As indicated in note 2.2, amounts paid to third parties in the form of upfront or milestone payments relating to pharmaceutical specialties that have not yet obtained marketing authorization are recorded as assets. Poxel recognized an amortizable intangible asset for 16.6 million euros corresponding to the initial payment of 15.8 million euros and 0.8 million euros in acquisition costs.

These intangible assets are amortized on a straight-line basis, as from the date of marketing authorization, over their useful life. Unamortized rights (before marketing authorization) are subject to an impairment test annually and/or when an impairment triggering event is identified. It is based on a recoverable amount, determined by management based on the discounting of expected future cash flows. Notes 2.5 and 3 to the annual financial statements describe how the impairment test is performed.

There is a risk of not passing through the various development phases and ultimately not obtaining marketing authorization or not realizing the anticipated commercial potential. Therefore, this impairment test is based on numerous assumptions such as the discount rate, revenue growth and the probability of success of the research project.

We considered the assessment of the recoverable amount of this amortizable intangible asset as a key audit matter in view of the materiality of the related asset and the high degree of judgment and estimates that it involves on the part of management.

Our response

We examined the compliance of the methodology applied by your company with the accounting standards in force.

We have critically reviewed the methods used by management to determine the recoverable amount of amortizable intangible assets, including:

- reviewed the impairment test prepared by management,
- reviewed the methodology used by your company and assessed the reasonableness of the discount rate used by management with the assistance of our financial valuation experts,

- assessed the reasonableness of the data and assumptions used, in the light of external market and industry data and evidence obtained elsewhere during the audit, such as internal company communications and presentations, external communications and analysts' reports,

- performed a critical review of management's analysis of the sensitivity of the recoverable amount to changes in the main assumptions used.

Finally, we verified that appropriate disclosures were made in the notes to the statutory financial statements.

Going concern

Note 2 “Going concern”

Risk identified

Since it was established, the Group has financed its activity through successive share capital increases, bond issues, research tax credits and the signature of partnership agreements. During fiscal year 2020, the Company also secured a State-Guaranteed Loan. At this stage, the Group records little revenue and Management considers that the Group should continue to generate further losses under it is able, where applicable, to generate revenue from the sale of its drug candidates in the development phase. As of December 31, 2020, the Group has cash of €40.2 million and reports a net loss of €31.9 million.

Management considers that the Group has sufficient cash resources to meet its financing requirements and comply with its financial commitments, including the finance covenants according to the IPF agreement, for the 12 months following the year-end. It has therefore prepared its statutory financial statements on a going concern basis, founded on the items disclosed in the “Going concern” note to the statutory financial statements.

We considered the going concern principle to be a key audit matter due to the Group’s loss-making position, the level of short-term revenue, essentially comprising milestones receivable from Sumitomo, and the significant estimates necessary to identify cash requirements, which involve substantial Management judgment, notably with regard to the probability of obtaining marketing authorization for Imeglimin in Japan and estimated R&D costs.

Our response

We familiarized ourselves with the process implemented by Management to assess the going concern assumption over the twelve months following the year-end. In particular, we:

- familiarized ourselves with the procedures implemented to prepare cash forecasts,

- obtained and familiarized ourselves with cash forecasts for fiscal year 2021 prepared under the control of Executive Management and approved by the Board of Directors,

- verified the consistency of the assumptions adopted with discussions recorded in the minutes of Board of Directors’ meetings and our knowledge of the business,

- conducted sensitivity analyses of the key assumptions adopted by Management to estimate R&D costs,

- assessed Management's ability to produce reliable forecasts by comparing prior year forecasts with actual figures,

- examined correspondence between the Company and external stakeholders involved in the procedure for obtaining marketing authorization for Imeglimin in Japan,

- questioned Management on its knowledge of events and circumstances after the year-end likely to call into question the forecasts for fiscal year 2021.

Finally, we verified that the "Going concern" note to the statutory financial statements contains appropriate disclosures on the information underlying the continued application of the going concern principle in preparing the statutory financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Article L. 225-37-4, L.22-10-9 and L. 22-10-10 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

- **Other Information**

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single Electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

- **Appointment of the Statutory Auditors**

We were appointed as statutory auditors of POXEL by the annual general meeting held on June 24, 2020 for Deloitte & Associés and on January 29, 2016 for Mazars.

As at December 31, 2020, Deloitte & Associés and Mazars were in the 1st year and 6th year respectively, being specified that Mazars Lyon, also member of Mazars network, was statutory auditor of POXEL from 2009 till 2014. Deloitte & Associés are in the 1st year and 6th year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

- **Objectives and audit approach**

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- **Report to the Audit Committee**

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss

with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La-Défense, March 25, 2021

The Statutory Auditors

French original signed by

Mazars	Deloitte & Associés
Séverine Hervet	Julien Razungles

3.5 Other financial information

3.5.1 Table of Poxel SA results of the last 5 years

(Amounts in K€, except for number of share and earning per share)	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020
CAPITAL AT YEAR END					
Share Capital	459	463	517	521	570
Number of existing ordinary shares	22,950,228	23,127,428	25,856,827	26,054,763	28,495,523
OPERATIONS AND RESULT					
Revenue exclusive of VAT	70	8,579	74,599	30,879	7,032
Earnings before tax, employee profit-sharing and allocations to depreciation, amortization and provisions	(26,079.70)	(15,052.97)	9,558,07	(25,883.74)	(30,175.06)
Income tax	(3,042.90)	(3,122.19)	(3,475.69)	(4,373.13)	(2,411.15)
Earnings after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	(23,068.82)	(12,054.41)	11,400.32	(21,239.63)	(29,804.49)
EARNING PER SHARE					
Earning before tax, employee profit-sharing and allocations to depreciation, amortization and provisions	(1.14)	(0.65)	0.37	(0.99)	(1.06)
Earning after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	(1.01)	(0.52)	0.44	(0.82)	(1.08)
Average number of employees during the financial year	17	20	27	36	4
Total payroll for the financial year	1,658	2,090	2,421	3,426	4,208
Cost of social benefits to pay during the financial year	538	937	1,164	1,484	1,772

3.5.2 Date of the latest financial information

The date of the latest financial information is December 31, 2020.

3.5.3 Dividend distribution policy

3.5.3.1 Dividends and reserves distributed by the Group in the course of the last two financial years

None.

3.5.3.2 Distribution Policy

It is not intended to initiate a policy of payment of dividends in the short term in view of the stage of development of the Group.

3.5.4 Proposal for allocation of the profit for financial year 2020

It is proposed to allocate the loss of the Company for the financial year ended December 31, 2020 in full to the carry-forward account. It is also proposed to entirely clear the negative carry-forward account, by allocation to the share premium account.

3.5.5 Expenses not deductible for tax purposes

In accordance with the provisions of Article 223 quater of the French General Tax Code, we inform you that the financial statements for the year under review include a sum of €9,485 corresponding to non-tax-deductible expenses as specified in Article 39-4 of the French General Tax Code and that there is therefore no tax to be paid.

3.5.6 Legal and arbitration proceedings

At the date of this *Document d'Enregistrement Universel*, for a period covering the last twelve months, with the exception of the arbitration proceeding with Merck Serono (see Section 2.1.11 "*Legal Proceedings*") there are no governmental, judicial or arbitration procedures, which could have or have recently had a material impact on the financial position or the profitability of the Company.

3.5.7 Information on the time limits for payment of suppliers

In accordance with Article D.441-4 I of the French Commercial Code, the following chart describes the invoices received and issued unpaid as of December 31, 2020 for which the term has expired:

	Article D. 441-4 I.-1°: Invoices *received* unpaid at the end of the financial year, for which the term has expired						**Article D. 441-4 I.-2°: Invoices *issued* unpaid at the end of the financial year, for which the term has expired**					
	0 day (indicative)	**1-30 days**	**31-60 days**	**61-90 days**	**91 days and over**	**Total (1 day and over)**	*0 day (indicative)*	**1-30 days**	**31-60 days**	**61-90 days**	**91 days and over**	**Total (1 day and over)**
(A) Late payment tranches												
Number of invoices involved	95					52	5					0
Total amount of invoices involved excluding tax	1,495,955	658,482	32,727	780,772	55,310	1,527,290	53,100	0	0	0	0	0
Percentage of total purchases excluding tax for the financial year	4.89%	2.15%	0.11 %	2.55%	0.18 %	4.99%						
Percentage of revenue excluding tax for the financial year							0.68%	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables												
Number of excluded invoices												
Total mount of excluded invoices												
(C) Reference payment term used (contractual or statutory - article L. 441-6 or article L. 443,1 of the French Commercial Code)												
Payment periods used to calculate late payments	Contractual terms: 45 days						Contractual terms: 30 days					

3.5.8 Material change in the financial or business position

To the knowledge of the Company, there has been no material change in the financial or business position of the Company since December 31, 2020.

3.5.9 Statutory auditors' fees

Amounts in K€	2020			2019		
	Deloitte	Mazars	Total	PwC	Mazars	Total
Audit	**65**	**65**	**130**	**69**	**66**	**135**
Other services	**13**	**37**	**50**	**799**	**28**	**827**
Required by regulation		9	**9**	8		**8**
Other services	13	28	**41**	791	28	**819**
Total audit fees	**78**	**102**	**180**	**868**	**94**	**962**

Other services: these fees correspond to services performed by the auditors in connection with specific corporate operations.

4 GOVERNANCE AND LEGAL INFORMATION

4.1 Governance

4.1.1 Administrative, management and supervisory bodies, and senior management

4.1.1.1 General information on founders, management and directors

The Company is a French *société anonyme à Conseil d'administration* (public limited company with a Board of Directors), where the positions of Chairman and Chief Executive Officer are separate.

A descriptive summary of the internal regulations of the Board of Directors and specialized Committees (the "**Committees**") are set out in Sections 4.1.2.3 "*Specialized Committees*" of this *Document d'Enregistrement Universel*. The internal regulations of the Board of Directors are available on the Company's website.

4.1.1.1.1 Composition of the Board of Directors and the Committees

At the date of this *Document d'Enregistrement Universel*, the Board of Directors of the Company is composed as set forth in the table below.

First name, last name, position (nominated for three years)	**Independent director**	**Date of nomination, renewal and term***
Pierre Legault Chairman of the Board of Directors and director	No	Nomination: GM of 1/29/2016 Renewal: GM of 5/9/2019 Term: OGM ruling on the financial statements for the financial year ended 12/31/2021
Thomas Kuhn Director and Chief Executive Officer	No	Nomination: GM of 6/23/2010 Renewals: GM of 4/15/2014, GM of 6/30/2017, GM of 6/24/2020 Term: OGM ruling on the financial statements for the financial year ended 12/31/2022
Khoso Baluch Director	Yes	Nomination: GM of 10/31/2012 Renewals: GM of 4/15/2014, GM of 6/30/2017, GM of 6/24/2020 Term: OGM ruling on the financial statements for the financial year ended 12/31/2022
Richard Kender Director	Yes	Nomination: GM of 1/8/2015 Renewal: GM of 6/21/2018 Term: OGM ruling on the financial statements for the financial year ended 12/31/2020
Pascale Boissel Director	Yes	Nomination: Board meeting of 3/5/2015 (ratification by GM of 6/16/2015) Renewals: GM of 6/30/2017, GM of 6/24/2020 Term: OGM ruling on the financial statements for the financial year ended 12/31/2022

Janice Bourque Director	Yes	Nomination: GM of 1/29/2016 Renewal: GM of 5/9/2019 Term: OGM ruling on the financial statements for the financial year ended 12/31/2021
Kumi Sato Director	Yes	Nomination: GM of 6/30/2017 Renewal: GM of 6/24/2020 Term: OGM ruling on the financial statements for the financial year ended 12/31/2022

Bpifrance Participations Permanent representative: Laurent Higueret Observer	--	Nomination: GM of 7/25/2014 Renewal: GM of 6/30/2017, GM of 6/24/2020 Term: OGM ruling on the financial statements for the financial year ended 12/31/2022

During the 2020 financial year, the composition of the Board of Directors changed as follows:

- On February 17, Mr. Thibaut Roulon and BpiFrance Investissement represented by Mr. Olivier Martinez resigned from their position as Board observers,
- On June 24, the terms of office of Mr. Thomas Kuhn, Mr. Khoso Baluch, Mrs. Pascale Boissel and Mrs. Kumi Sato as Board members and of BpiFrance Participations represented by Mr. Laurent Higueret as Board observer were renewed for a three-year term,
- On June 24, the terms of office of Mr. Thierry Hercend as Board member and of Andera Partners represented by Mr. Raphaël Wisniewski as Board observer were not renewed and ended after the General Meeting of Shareholders ruling on the financial statements for the financial year ended on December 31, 2019.

At the date of this *Document d'Enregistrement Universel*, the Company's Committees are made up as indicated in the table below:

First name, last name, position	Audit Committee	Compensation Committee	Business Development Committee	Scientific Advisory Committee	Governance and Nominations Committee	Strategic Committee
Pierre Legault Chairman of the Board of Directors and director	Member	Member	Member	Member	Member	Member
Thomas Kuhn Director and Chief Executive Officer	Observer	Observer	Observer	Observer	Observer	Observer
Khoso Baluch Director	--	Chairman	Member	Member	--	Member
Richard Kender Director	Member	Member	Chairman	--	--	Member
Pascale Boissel Director	Chairman	--	--	--	Member	--
Janice Bourque Director	Member	--	--	--	Chairman	--
Kumi Sato Director	--	--	Member	--	--	--

Directors (the "**Directors**") are appointed for a renewable term of three years. The Chairman is appointed for the length of his tenure as director.

The Company complies with the provisions of Article L. 225-37-4 Sub-paragraph 6 of the French Commercial Code relating to the diversity policy applied to members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience.

According to its internal regulations adopted on March 12, 2014, as amended on June 30, 2017, the Board of Directors guarantees the diversity of expertise and age within its members. The Company's objective is to maintain a policy of diversity in terms of experience and parity of the Directors for future renewal of the terms of office of Board members or the nomination of new Board members.

To this end, a summary note on any proposed Director candidate is shared to the Board of Directors describing its qualifications and experiences and disclosing its age. Consequently, the Directors come from a variety of backgrounds, in terms of both geography (France, United States, Japan, Canada) and experience. The Directors are from 47 to 65 years old with an average of 59 years old.

Members of the Board of Directors are renowned professionals in the industry in which the Company operates and have significant financial, strategic and scientific expertise.

The Board of Directors has applied these principles to the composition of its Committees, in particular the Audit Committee and the Governance and Compensation Committee.

The Company's Board of Directors consists of seven members, of which three women.

The business address of the Chairman of the Board of Directors and the Chief Executive Officer is the Company's registered office.

The business addresses of the other Directors are as follows:

- Mr. Khoso Baluch: 4439 Woods Edge Court, Chantilly, VA 20151, USA;
- Ms. Pascale Boissel: 31 avenue des cottages - 69300 Caluire, France;
- Mr. Richard Kender: 8775 W. Orchid Island Circle Vero Beach, Florida 32963, USA;
- Ms. Janice Bourque: Hercules Capital Inc., 31 St. James Avenue, Suite 790, Boston, MA 02116, USA;
- Ms. Kumi Sato: Cosmo Public Relations Corporation, Azabukaisei Building., 1-8-10 Azabudai, Minato-ku, Tokyo 106-0041 Japan.

The expertise and management experience of these persons stem from various employment and management positions they hold and which they have previously held (refer to Sections 4.1.1.1.2 "*Other current corporate offices and positions held in the last five years*" and 4.1.1.1.3 "*Directors' biographies*" of this *Document d'Enregistrement Universel*).

There are no family ties between the people listed above.

Over the last five years, none of these people:

- has been convicted of fraud;
- has been associated in his capacity as a manager or director in a bankruptcy, receivership or liquidation;
- has been subject to a disqualification from management;
- has been subject to incriminations or official public sanctions imposed by statutory or regulatory authorities.

4.1.1.1.2 **Other current corporate offices and functions**

At the date of this *Document d'Enregistrement Universel*, the other current corporate offices or functions held by the directors, as well as the corporate offices or functions held by the directors during the last five financial years but having ended, are:

Name	Current corporate offices		Positions held in the last five years	
	Companies	**Nature of mandate or position**	***Companies***	***Nature of mandate or position***
Pierre Legault	Syndax Pharmaceuticals*, Inc.* [(2)]	Member of the Board of Directors	Forest Laboratories, Inc. [(2)]	Member of the Board of Directors
	Clementia, *Inc.* [(2)]	Member of the Board of Directors	NPS Pharmaceuticals, Inc. [(2)]	Member of the Board of Directors
	Urovant *Ltd.* [(2)]	Member of the Board of Directors (Lead director)	Regado Biosciences Inc. [(2)]	Member of the Board of Directors
	Stone Sunny Isles Inc.	CEO	Oreo Real Estate	Member of the Board of Directors
	Artios Pharma *Ltd.*	Chairman and Member of the Board of Directors	Tobira Therapeutics Inc. [(2)]	Member of the Board of Directors
	Bicycle therapeutics plc [(2)]	Chairman and Member of the Board of Directors	Nephrogenex Inc. [(2)]	Member of the Board of Directors
	Amolyt Pharma [(1)]	Chairman and Member of the Board of Directors	Iroko Pharmaceuticals, LLC [(2)]	Member of the Board of Directors
			Armo Biosciences Inc. [(2)]	Member of the Board of Directors
			Semprae Inc.	Chairman and Member of the Board of Directors
Thomas Kuhn	Poxel Japan KK Sole Director Poxel Inc. President		*None*	
Khoso Baluch	CorMedix inc [(2)]	CEO and Member of the Board of Directors	*Vedim Pharma S.A. (Spain)*	*Manager*
			UCB Pharma Ltd (Spain)	*Manager*
			UCB Inc. (United States)	*Member of the Board of Directors, Senior Vice-President and President of the region of Europe*
			UCB Pharma Ab (Sweden)	*Chairman of the Board of Directors*
			UCB A.E (Greece)	*Chairman of the Board of Directors*
			UCB Pharma A.S (Norway)	*Chairman of the Board of Directors*
			UCB Pharma Sp. z.o.o. (Poland)	*Chairman of the Management Committee*

Name	Current corporate offices		Positions held in the last five years	
	Companies	**Nature of mandate or position**	***Companies***	***Nature of mandate or position***
			UCB Pharma Ltd *UCB*	*Member of the Board of Directors* *Vice-President and President of the EMEA region of UCB*
Richard Kender	Seres Therapeutics, inc *(2)* Bicycle therapeutics plc (2) ReViral Ltd	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	*INC Research* Abide Therapeutics	*Member of the Board of Directors* Member of the Board of Directors
Pascale Boissel	Sarterious Stedim Biotech *(1) (2)* Innate Pharma *(1) (2)*	Member of the Board of Directors Member of the Board of Directors	*Bioaster (1)*	*Deputy-Chief Executive Officer - Administrative and Financial Director*
Janice Bourque	Hercules Capital, Inc *(2)* The Village Bank Springboard Enterprises TBS Technologies LLC Forsyth Institute Crystal Lake Conservancy Hyde Community Center 173 Lincoln St Condo Association Commodore Builders, Inc Rhia Ventures	Managing Director, Life Sciences Member of the Board of Directors Member of the Life Science Committee Member of the Consultation Committee Member of the Board of Directors Co-Chairman Member of the Board of Directors Trustee Member of the Board of Directors Member, Investment Advisory Board	*None*	

Name	Current corporate offices		Positions held in the last five years	
	Companies	**Nature of mandate or position**	***Companies***	***Nature of mandate or position***
	Bicycle therapeutics plc[(2)]	Member of the Board of Directors		
Kumi Sato	Cosmo Public Relations Corporation Global Life Learning	Chairman - CEO Member of the Board of Directors	*None*	

(1): French companies
(2): Listed companies in France and/or other countries

4.1.1.1.3 **Biographies of the Directors**

Pierre Legault

Chairman of the Board of Directors

Pierre Legault has served as a member of the Company's Board of Directors since January 2016 and as Chairman of the Board of Directors since March 31, 2016. He has over 35 years of experience working in the pharmaceutical and biotechnology industry. Pierre Legault is also the Chairman and director of Amolyt Pharma, Bicycle Therapeutics and Artios Pharma Companies. He is also a director of Syndax Pharmaceuticals and Lead Director at Urovant Sciences. In the past he has been a director with multiple companies, including Tobira Therapeutics, Clementia, Armo Biosciences, NPS Pharmaceuticals, Forest Laboratories, Regado Biosciences, Iroko Pharmaceuticals, Cyclacel Pharmaceuticals, Eckerd Pharmacy, Rite Aid and NephroGenex, a biotechnology company specialized in treatment of kidney diseases, where he was CEO from 2012 to 2016. From 2010 to 2012, he served as the Chairman and Chief Executive Officer of Prosidion Ltd., specialized in the treatment of diabetes and obesity. From 2009 to 2010, he served as the Executive Vice President of OSI Pharmaceuticals. From 2006 to 2007, Mr. Legault also served as the President of Eckerd Pharmacies. Between 1989 and 2005, he held various roles, such as CEO, President and Chief Financial Officer of various companies of the Sanofi-Aventis group. Mr. Legault holds an M.B.A. in Marketing from McGill University (Canada) and a Bachelor's degree from HEC. He also studied at Harvard Business School and he is a CA & CPA.

Thomas KUHN

Chief Executive Officer, Director

Thomas Kuhn has served as CEO of the Company since 2009 and a member of the Company's Board of Directors since 2010. He began his career with Merck KGaA in 2000 where he held various positions in clinical development, mainly in the therapeutic area of Type 2 diabetes and was responsible, in particular, for forging partnerships with Japanese pharmaceutical laboratories. Between 2004 and 2007, he directed Merck's global R&D projects with two products in Phase 2 clinical trials and all life-cycle management projects, primarily for metformin, the current reference in diabetes treatment.

Following Merck's acquisition of Serono in 2007, Thomas Kuhn was part of the team which refined Merck Serono's strategy for divesting from the diabetes therapeutic area. Thomas Kuhn initiated and concluded the project for the transfer of Merck Serono's assets under development in Diabetes to a new legal entity called Poxel. Since this transfer, Thomas Kuhn has been Poxel's Chief Executive Officer.

Mr. Kuhn holds a pharmacy degree from the University of Lyon I (France) and an M.B.A. from Ashridge University (UK).

Khoso BALUCH

Independent director

Khoso Baluch has been a director of the Company since 2012. He retired as a Senior Vice President and President of the Europe Region of UCB, an international biopharmaceutical company, in 2016, after having worked there since 2008. Khoso Baluch has served as CEO of Cormedix Inc. since October 2016. Before joining UCB, Khoso Baluch worked for Eli Lilly & Co. for 24 years, holding international positions spanning Europe, the Middle East and the United States in general management, business development, market access and product leadership. From 2002 to 2008, Khoso Baluch also served as Vice President of the US Diabetes and Family Health Business Unit during his tenure at Eli Lilly. Mr. Baluch serves on the board of directors of Cormedix Inc. and also served as a member of the board of the Juvenile Diabetes Research Foundation, Indiana Chapter. Khoso Baluch was also a member of the National Industry Advisory Council of the American Diabetes Association and the Executive Committee of the World Federation of Advertisers (WFA). He holds a Bachelor of Sciences Degree from the City of London University and an MBA from Cranfield University.

Richard KENDER

Independent director

Richard Kender has served as a member of the Company's board of directors since 2015. Mr. Kender joined Merck & Co., Inc. in 1978, and served as Merck's Vice President of Corporate Development from 1996 to 2000. In 2000, he was promoted to Senior Vice President and his responsibilities were expanded to include Corporate Licensing and Worldwide Business Development, where he managed Merck's Mergers and Acquisitions, Licensing, Financial Evaluation and Analysis and Global Competitive Intelligence departments. Mr. Kender left Merck in September 2013. Mr. Kender is currently a director of Seres Therapeutics and Bicycle Therapeutics plc. He previously served on the board of directors of Abide Therapeutics and INC Research. He holds a Bachelor of Science degree in Accounting from Villanova University and an M.B.A. from Fairleigh Dickinson University.

Pascale BOISSEL

Independent director

Pascale Boissel has served as a member of the Company's board of directors since 2015. She served as the Chief Financial Officer of EnyoPharma, a French biotechnology company specialized in the treatment of liver diseases that also studies other therapeutic areas using an original approach inspired by biomimetism from May 2017 to May 2019. She serves as a director for Sartorious Stedim Biotech and also assists small biotech

companies and Life Science projects in their financial strategy and their operations. These include Novadiscovery, a company developing InSilico models and simulations to speed up the identification and development of new drugs for which she serves as the part time CFO. Before that, she was the Deputy-Chief Executive Officer and Head of Finance and Administration of the BIOASTER institute, a French not-for-profit organization that develops collaborative research programs in the field of infectious diseases and microbiology. She held this position from March 2012 to December 2016. From 2009 to 2012, Ms. Boissel has been the Chief Financial Officer of Ipsogen, a molecular diagnostics company. She holds an M.B.A. from HEC (Paris) and is also a certified accountant.

Janice BOURQUE

Independent director

Janice Bourque has served as a member of the Company's Board of Directors since January 2016. She has served as the Managing Director, Life Sciences of Hercules Technology Growth Capital Inc., a technology and life science specialty finance company, since 2010. From 2009 to 2010, Ms. Bourque served as a consultant for Commons Capital, where she engaged in fund raising. From 2005 to 2009, she served as the Senior Vice President and Group Head-Life Sciences at Comerica Bank in Boston, Massachusetts. Ms. Bourque also held the position of President and Chief Executive Officer of the Massachusetts Biotechnology Council, the oldest biotechnology trade association in the world, where she was instrumental in its growth from 1992-2004. Ms. Bourque currently serves on the Board of Directors and on the Audit, Governance and Compensation Committees of the Village Bank and as a director to Bicycle Therapeutics plc. Ms. Bourque holds an M.B.A. in Finance and Accounting from the University of New Hampshire and a bachelor's degree in Veterinary Science.

Kumi SATO

Independent director

Kumi Sato has been a director of Poxel SA since June 2017. For more than 30 years, Kumi Sato has chaired and directed the COSMO Public Relations Corporation, a strategic communication and public relations firm based in Tokyo and specialized in the health sector through its COSMO Healthcare division. Before taking over as CEO, in 1987, she founded COSMO International, a strategic consulting firm intended for Japanese companies seeking to penetrate the U.S. market. She has held prestigious roles, such as Chair and founder of Women Japan.com and independent director of Rokko & Associates Inc. In 2010, she founded BioCube, a reflection group on the Japanese health system and other topics related to biotechnology. She is currently a senior advisor for the Global Health Innovative Technology Fund in Tokyo, a lecturer at the Graduate School of Business Breakthrough University and Honorary Chair of the American Chamber of Commerce in Japan. She is also co-chair of the Global Council for the Asia Society, based in New York. Kumi Sato has also authored two business textbooks on communication strategies and CSR. She began her career with McKinsey & Co. in New York and obtained a Bachelor of Arts in Oriental Studies from Wellesley College in Massachusetts.

4.1.1.2 Conflicts of interest at the level of the administrative bodies and executive management

In accordance with the internal rules of the Board of Directors, each of the Directors has undertaken to act in all circumstances with loyalty and in the corporate interest of the Company. Before accepting

their duties, Directors have to review the provisions of the laws or regulations related to their duties, stock market violations as well as the Company's bylaws and articles of incorporation, and the other rules for the internal functioning of the Board of Directors. Each Director has signed a copy of the internal rules of the Board of Directors.

Each Director must inform the Board of Directors, as soon as he becomes aware of any conflict of interest situation, even if only potential, and must refrain from participating in the debates and in the vote on the corresponding deliberation. The Directors must present their resignation in the event of a permanent conflict of interest. The Governance and Nominations Committee reviews, at least once a year, the identified conflicts of interest and reports the outcome of this review to the Board of Directors. The Chairman of the Board, the Board of Directors and the CEO are not required to communicate to the members of the Board who are, or think are in a conflict of interest, information or documents pertaining to the agreement, transaction or situation causing the conflict of interest. They may inform the Board in such situations.

The Chairman, Chief Executive Officer and all Directors are direct or indirect shareholders of the Company and/or holders of securities giving access to the Company's share capital (see Sections 4.2.5 "*Warrants, Founder Warrants, Stock Options and Performance Shares*" and Section 4.3 "*Shareholding and Stock Performance*" of this *Document d'Enregistrement Universel*).

There are related-party agreements, as described in Sections 4.4.2 "*Significant agreements concluded with related parties*" and 4.4.4 "*Special reports of the Statutory Auditors on related-party agreements and commitments*" of this *Document d'Enregistrement Universel*.

To the best of the Company's knowledge and subject to personal interests related to the agreements presented in Section 4.1.2.2 "*Service contracts between the directors and the Company*" of this *Document d'Enregistrement Universel*, there is no existing or potential conflict of interest between the duties in respect of the Company and the private interests and/or other duties of the members of the administration and management bodies and the executive management as referred to in Section 4.1.1.1 "*General information on founders, management and directors*" of this *Document d'Enregistrement Universel*.

To the best of the Company's knowledge, there is no other arrangement or agreement entered into with shareholders, customers, suppliers or others pursuant to which one of the Directors or one of the Executives of the Company has been appointed, or providing for a restriction applicable to the persons referred to in Section 4.1.1.1 "*General information on founders, management and directors*" of this *Document d'Enregistrement Universel* concerning any disposal of their interests in the Company's share capital.

4.1.2 Operation of the administrative and management bodies

4.1.2.1 The Company is a French société anonyme à Conseil d'administration (public limited company with a Board of Directors)

By resolution dated June 23, 2010, the Board of Directors decided to separate the duties of Chairman from those of CEO. Pierre Legault has been the Chairman of the Board of Directors since March 31, 2016. Thomas Kuhn represents the Company vis-a-vis third parties in his capacity as Chief Executive Officer.

The detailed composition of the Board of Directors and the expiry dates of the terms of office of the members of the Board of Directors are set out in Section 4.1.1.1.1 "*Composition of the Board of Directors and Committees*" of this *Document d'Enregistrement Universel*.

During the 2020 financial year, the Board of Directors of the Company met 9 times. The average of the Directors' attendance rate is 97.06%.

4.1.2.2 Service contracts between the directors and the Company

The Company is linked to some of its Directors and Officers pursuant to the agreements described in Section 4.4.2 "*Significant agreements concluded with related parties*".

4.1.2.3 Specialized Committees

The Board of Directors has set up six permanent specialized committees (Audit Committee, Compensation Committee, Scientific Advisory Committee, Governance and Nominations Committee, Business Development Committee, and Strategic Committee) to assist the Board of Directors in its work. The role and operating procedures of its Committees are set out in the internal regulations adopted March 12, 2014, as amended on June 30, 2017 as well as for the Audit Committee in the audit committee charter adopted June 30, 2017, as amended on March 26, 2020. The Committee members shall receive no compensation other than directors' remuneration.

4.1.2.3.1 Audit Committee

Objectives – Allocations

The Audit Committee monitors issues relating to the preparation and the oversight of accounting and financial information and is responsible for making recommendations to the Board of Directors in its permanent assignment of oversight of the management of the Company as required by law and the bylaws of the Company.

Without prejudice to the powers of the Board of Directors, the Audit Committee is specifically responsible for:

- the development process for financial information and where appropriate, formulating recommendations to guarantee this in its entirety;
- the effectiveness of the internal control and risk management systems;
- the Company's compliance with legal and regulatory requirements;
- the statutory audit of the annual and consolidated financial statements by the Statutory Auditors;
- the Statutory Auditors qualifications and independence, and all the means to secure Statutory Auditors independence;
- the process for selecting the Statutory Auditors;

The Audit Committee is also responsible for approving:

- non-audit services provided by the Statutory Auditors and the level of fees allowed for non-audit services provided by the Statutory Auditors;
- all budgets for statutory audits and other engagements provided by the Statutory Auditors.

The Audit Committee monitors the services provided by the Statutory Auditors in relation to what is permitted by law or regulation.

The Audit Committee is responsible for formulating recommendations on the statutory auditors proposed for nomination by the General Meeting of Shareholders and/or during the renewal of their term and to approve provision of the services referred to in Article L. 822-11-2 of the French Commercial Code. The Chairman of the Audit Committee ensures that the reports of the activities of the Audit Committee to the Board of Directors will permit it to be fully informed, thus facilitating its deliberations.

If, in the course of its work, the Audit Committee detects a significant risk that did not appear to be adequately addressed, the Chairman of the Audit Committee promptly alerts the Chairman of the Board of Directors.

The role of the Audit Committee is less one of going into the details of the accounts and more about monitoring the processes for their preparation and assessing the validity of the methods chosen for processing significant transactions.

In this context, the Audit Committee may examine the Company's annual financial statements as they are presented to the Board of Directors, hear the opinions of the Statutory Auditors and the Chief Financial Officer and receive information in relation to their analysis work and their conclusions.

Within the scope of their assignments, Committee members have the same rights to information as Directors.

The Audit Committee may use external experts at the expense of the Company, after having informed the Chairman of the Board of Directors or the Audit Committee, and must report on the work by the experts to the Board of Directors.

Composition – Compensation

The Committee is composed of at least three directors of the Board. Committee members are appointed by the Board of Directors from among the members of the Board, excluding executive directors. They are appointed for a fixed period of time, which may not exceed the length of their terms of office as directors and they may be removed by the Board of Directors at any time and without reason. Their appointments are renewable without limitation. On the date of this *Document d'Enregistrement Universel* the Audit Committee is comprised of four members three of which are independent directors including the Committee Chairman.

The Committee may invite any person, internal or external to the Company, to take part in its meetings and its work.

Committee members must be competent in financial or accounting matters and at least the chairperson must be independent in accordance with the provisions of the MiddleNext Code.

The Committee Chairman is appointed by the Board of Directors.

The duties of the Committee members within the Committee may be taken into consideration in determining the allocation of attendance fees.

Operating procedures

The Committee meets when the Chairman of the Committee of the Board of Directors considers it useful and at least twice per year, particularly before publication of the financial statements. The Committee may be convened by any means at least 24 hours before the meeting by the Committee Chairman or of the Chairman of the Board of Directors, the Chief Executive Officer or any individual to whom one of them shall have delegated the necessary authority.

The Committee meets at the registered office or in any other place mentioned in the meeting notice. It may also meet by video conference or by any means of telecommunication as specified in the internal regulation of the Board of Directors.

Meetings are chaired by the Committee Chairman and, if he/she is absent, by another member designated by the Committee to chair the meeting.

The presence of at least two-thirds of the Committee members in office is necessary for the validity of the deliberations.

A Committee member may be represented by another Committee member.

The Committee's recommendations are adopted by a simple majority and, in the event of a tie in the voting, the Committee Chairman has the deciding vote.

At the end of each meeting, if the members deem it necessary, the minutes of the meeting may be prepared. Minutes are signed by the Chairman of the session and at least one Committee member.

The Committee Chairman reports regularly to the Board of Directors on the Committee's work and shall immediately report any difficulty encountered.

The Audit Committee has met seven times during the 2020 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Audit Committee has notably:

- reviewed non-audit services provided by the Statutory Auditors and the level of fees allowed for non-audit services provided by the Statutory Auditors;
- monitored a request for proposal and provided the Board of Directors with a recommendation in connection with the appointment of new statutory auditors, acknowledging that the mandate of one of the Statutory Auditors of the Company was expiring on the date of General Meeting of Shareholders convened to approve the financial statements for the financial year ended December 31, 2019, conducted (see Section 4.5.1.3 "*Information on auditors who have resigned, have been removed or have not been renewed*");
- met with the Statutory Auditors (including for the review of the year-end and half-year financial statements) and discussed their audit plan, fees, as well as the materiality thresholds used in the context of the statutory audit of the Company's annual and consolidated financial statements;
- reviewed the Statutory Auditors reports and discussed the key audit findings with the Statutory Auditors acknowledging that no material finding was reported;
- reviewed the internal control procedure of the Company and ensured the integrity of the financial reporting;
- reviewed the financial communication proposed by the management;

4.1.2.3.2 **Compensation Committee**

Objectives – Allocations

The Committee's role is to make recommendations to the Board of Directors in relation to the appointment and compensation of the executive directors and the operational and functional managers and with regard to appointments and compensation policy and internal profit sharing. In particular, the Compensation Committee:

- makes recommendations and proposals to the Board of Directors concerning the appointment, compensation, retirement and provident scheme, supplementary pension benefits, benefits in kind, various financial rights of the Company's managers and executive officers, the allocation of performance shares, share subscription warrants, share subscription or share purchase options, for the benefit of employees, managers, consultants or other employees of the Company and, where applicable, its subsidiaries, in accordance with legal provisions;
- defines the methods for determining the variable portion of the compensation of corporate officers and monitors its application;
- proposes a general policy for awarding bonus or performance shares, and options to subscribe or purchase shares, and determines the frequency thereof, depending on the categories of beneficiaries;
- examines the system of allocating compensation among the members of the Board of Directors, particularly according to their participation in the Company Committees;
- expresses its opinion to senior management about the compensation of the principal senior executives.

Within the scope of their assignments, Committee members have the same rights to information as Directors.

Composition – Compensation

The Committee is composed of at least two members. Committee members are appointed by the Board of Directors from among the members of the Board of Directors or third parties. They are appointed for a fixed period of time, which may not exceed, as applicable, the length of their terms of office as directors and they may be removed by the Board of Directors at any time and without reason. Their appointments are renewable without limitation. Executive directors may also be appointed; however, individual executive directors may not take part in deliberations concerning themselves. On the date of this *Document d'Enregistrement Universel* the Compensation Committee is comprised of three members two of which are independent directors including the Committee Chairman.

The Committee may invite any person, internal or external to the Company, to take part in its meetings and its work.

The Committee Chairman is appointed by the Board of Directors.

The duties of Committee members within the Committee may be taken into consideration in determining the allocation of attendance fees.

Operating procedures

The Committee meets when the Committee Chairman or the Chairman of the Board of Directors considers it useful and at least twice per year, particularly before publication of the financial statements. The Committee may be convened by any means at least 24 hours before the meeting by the Committee Chairman or the Chairman of the Board of Directors or any individual to whom one of them shall have delegated the necessary authority.

The Committee meets at the registered office or in any other place mentioned in the meeting notice. It may also meet by video conference or by any means of telecommunication as specified in the internal regulation of the Board of Directors.

Meetings are chaired by the Committee Chairman and, if he/she is absent, by another member designated by the Committee to chair the meeting.

A Committee member may be represented by another Committee member.

The Committee's recommendations are adopted by a simple majority and, in the event of a tie in the voting, the Committee Chairman has the deciding vote.

At the end of each meeting, if the members deem it necessary, the minutes of the meeting may be prepared. Minutes are signed by the Chairman of the session and at least one Committee member.

The Committee Chairman reports regularly to the Board of Directors on the Committee's work and shall immediately report any difficulty encountered.

The Compensation Committee has met nine times during the 2020 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Compensation Committee has notably:

- reviewed the recruitment plan and progress on recruitment during the 2020 financial year;
- reviewed the achievement of the 2019 corporate objectives and made recommendations for the allocation of variable compensation to the Company's managers and executive officers;
- made a recommendation on the Company's corporate objectives for 2020 as well as on the objectives for the variable compensation of the Company's managers and executive officers;
- reviewed and made recommendations on the achievement of the performance conditions to be assessed by the Board of Directors for the acquisition of certain performance shares in the financial year 2020;
- made a recommendation on the number of long-term incentives to be granted in the financial year 2020 as well as on the performance conditions associated to such incentives, if any;
- reviewed and made recommendations on the compensation of the members of the Board of Directors and potential new candidates for appointment as directors, particularly in connection to their participation in the Company Committees.

4.1.2.3.3 **Business Development Committee**

Objectives – Allocations

The Business Development Committee prepares recommendations for the Board of Directors regarding customer development, in particular:

- to make recommendations and proposals to the Board of Directors concerning the main lines of Business Development;
- to assist the Chief Executive Officer in implementing this policy;
- to analyze the competitive environment, target markets and development opportunities, both in France and abroad;
- to analyze the Company's operations and prepares recommendations for their optimization.

Within the scope of their assignments, Committee members have the same rights to information as Directors.

Composition – Compensation

The Committee is composed of at least two members. Committee members are appointed by the Board of Directors from among the members of the Board of Directors or third parties. They are appointed for a fixed period of time, which may not exceed, as applicable, the length of their terms of office as directors and they may be removed by the Board of Directors at any time and without reason. Their appointments are renewable without limitation. Executive directors may also be appointed.

The Committee may invite any person, internal or external to the Company, to take part in its meetings and its work.

The Committee Chairman is appointed by the Board of Directors.

The duties of the Committee members within the Committee may be taken into consideration in determining the allocation of attendance fees.

Operating procedures

The Committee meets when the Chairman of the Committee or of the Board of Directors considers it useful and at least four times per year. The Committee may be convened by any means at least 24 hours before the meeting by the Committee Chairman or the Chairman of the Board of Directors or any individual to whom one of them shall have delegated the necessary authority.

The Committee meets at the registered office or in any other place mentioned in the meeting notice. It may also meet by video conference or by any means of telecommunication as specified in the internal regulation of the Board of Directors.

Meetings are chaired by the Committee Chairman and, if he/she is absent, by another member designated by the Committee to chair the meeting.

A Committee member may be represented by another Committee member.

The Committee's recommendations are adopted by a simple majority and, in the event of a tie in the voting, the Committee Chairman has the deciding vote.

At the end of each meeting, if the members deem it necessary, the minutes of the meeting may be prepared. Minutes are signed by the Chairman of the session and at least one Committee member.

The Committee Chairman reports regularly to the Board of Directors on the Committee's work and shall immediately report any difficulty encountered.

The Business Development Committee has met six times during the 2020 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Business Development Committee has notably:

- monitored the relationship and the progress made with the Company's partners for the development of Imeglimin;
- reviewed and provided recommendations in connection with the termination of the Roivant License Agreement;
- reviewed partnership opportunities for the Company's other programs;
- discussed competitive environment, target markets and development opportunities;
- reviewed potential external opportunities.

4.1.2.3.4 **Scientific Advisory Committee**

Objectives – Allocations

The objective of the Scientific Advisory Committee is to prepare strategic advice and recommendations for the Board of Directors regarding research and development programs, in particular:

- to make recommendations and proposals to the Board of Directors with regard to current and future R&D projects;
- to advise the Board of Directors on the scientific merits of these programs;
- to provide general strategic advice on scientific and technological developments.

Within the scope of their assignments, Committee members have the same rights to information as those of Directors.

Composition – Compensation

The Committee is composed of at least two members. Committee members are appointed by the Board of Directors from among the members of the Board of Directors or third parties. They are appointed for a fixed period of time, which may not exceed, as applicable, the length of their terms of office as directors, and they may be removed by the Board of Directors at any time and without reason. Their appointments are renewable without limitation. Executive directors may also be appointed.

The Committee may invite any person, internal or external to the Company, to take part in its meetings and its work.

The Committee Chairman is appointed by the Board of Directors.

The duties of the Committee members within the Committee may be taken into consideration in determining the allocation of attendance fees.

Operating procedures

The Committee meets when the Committee Chairman or the Chairman of the Board of Directors considers it useful and at least four times per year. The Committee may be convened by any means at least 24 hours before the meeting by the Committee Chairman or the Chairman of the Board of Directors or any individual to whom one of them shall have delegated the necessary authority.

The Committee meets at the registered office or in any other place mentioned in the meeting notice. It may also meet by video conference or by any means of telecommunication as specified in the internal regulation of the Board of Directors.

Meetings are chaired by the Committee Chairman and, if he/she is absent, by another member designated by the Committee to chair the meeting.

A Committee member may be represented by another Committee member.

The Committee's recommendations are adopted by a simple majority and, in the event of a tie in the voting, the Committee Chairman has the deciding vote.

At the end of each meeting, if the members deem it necessary, the minutes of the meeting may be prepared. Minutes are signed by the Chairman of the session and at least one Committee member.

The Committee Chairman reports regularly to the Board of Directors on the Committee's work and shall immediately report any difficulty encountered.

The Scientific Advisory Committee has met five times during the 2020 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Scientific Advisory Committee has notably:

- reviewed the results of the clinical studies related to PXL770;
- reviewed the development plan and preparation of the Phase 2 study for PXL065
- monitored the progress made with the Company's partners for the development of Imeglimin;
- discussed potential internal and external opportunities for the expansion of the Company's portfolio.

4.1.2.3.5 **Governance and Nominations Committee**

Objectives – Allocations

The objective of the Governance and Nominations Committee is to assist the Board of Directors on all governance matters and to assist it in the process of appointing new members, and in particular to:

- periodically review the diversity of the composition of, especially, the Board of Directors, the organization and functioning of the Board of Directors and its Committees, to formulate recommendations and proposals;
- identify and review candidates for appointment as directors or corporate officers or members of a Board Committee;
- make recommendations to ensure the succession of the Company's officers and key persons;
- make recommendations on all matters relating to the rights and obligations of directors, and in particular in light of conflicts of interest;
- ensure the training of directors and the integration of new directors;
- discuss the qualification of each director as an independent director at the time of his or her appointment and, if applicable, during the exercise of his or her term;
- review the Company's non-financial risk factors;
- review and make recommendations on the Board's performance (annual evaluation, self-evaluation);
- periodically review the Articles of Association of the Company, the Internal Regulation of the Board of Directors, as well as other internal operating rules of the Board of Directors or the Company (code of conduct, internal regulation of the Company, etc.).

Within the scope of their assignments, Committee members have the same rights to information as Directors.

Composition – Compensation

The Committee is composed of at least two members. Committee members are appointed by the Board of Directors from among the members of the Board of Directors or third parties. They are appointed for a fixed period of time, which may not exceed, as applicable, the length of their terms of office as directors and they may be removed by the Board of Directors at any time and without reason. Their appointments are renewable without limitation. Executive directors may also be appointed.

The Committee may invite any person, internal or external to the Company, to take part in its meetings and its work.

The Committee Chairman is appointed by the Board of Directors.

The duties of the Committee members within the Committee may be taken into consideration in determining the allocation of attendance fees.

Operating procedures

The Committee meets when the Committee Chairman or the Chairman of the Board of Directors considers it useful and at least four times per year. The Committee may be convened by any means at least 24 hours before the meeting by the Committee Chairman or the Chairman of the Board of Directors or any individual to whom one of them shall have delegated the necessary authority.

The Committee meets at the registered office or in any other place mentioned in the meeting notice. It may also meet by video conference or by any means of telecommunication as specified in the internal regulation of the Board of Directors.

Meetings are chaired by the Committee Chairman and, if he/she is absent, by another member designated by the Committee to chair the meeting.

A Committee member may be represented by another Committee member.

The Committee's recommendations are adopted by a simple majority and, in the event of a tie in the voting, the Committee Chairman has the deciding vote.

At the end of each meeting, if the members deem it necessary, the minutes of the meeting may be prepared. Minutes are signed by the Chairman of the session and at least one Committee member.

The Committee Chairman reports regularly to the Board of Directors on the Committee's work and shall immediately report any difficulty encountered.

The Governance and Nominations Committee has met five times during the 2020 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Governance and Nominations Committee has notably:

- reviewed the composition of the Board of Directors and its committees and discussed the renewal of certain Director's terms of office;
- conducted interviews to identify and review candidates for potential appointment as members of the Board of Directors;
- implemented and monitored a self-evaluation of the Board of Directors and made recommendations thereafter to improve the organization and functioning of the Board of Directors and its Committees;
- reviewed the recommendations and vigilance points of the MiddleNext Code;
- reviewed and updated certain of the Company's corporate policies;
- worked on the succession plan for the executive officers of the Company;
- regularly reviewed potential conflicts of interest of the Directors;
- initiated preparatory work in connection with the implementation of a corporate social responsibility (CSR) strategy within the Company.

4.1.2.3.6 **Strategic Committee**

The permanent Strategic Committee was created starting January 1, 2021 by a decision by the Board of Directors on October 1st, 2020 and will replace the Strategic and Pricing Committee which was created by a decision by the Board of Directors on June 30, 2017.

This committee has the vocation to meet regularly and on an *ad hoc* basis as the case may be, to assist the Board of Directors in its work on strategic discussions.

4.1.2.4 **Observers**

In accordance with the Company's bylaws, the Company has a panel of observers composed of a maximum of five (5) observers, who may be appointed upon a decision by an Ordinary General Meeting of Shareholders or a decision by the Board of Directors, for a term of three (3) years. Their term of appointment ends at the end of the ordinary general meeting of shareholders called to approve the financial statements for the previous financial year and held during the year in which the term expires.

They are dismissed by decision of the Ordinary General Meeting of Shareholders or of the Board of Directors.

Observers are called to attend all meetings of the Company's Board of Directors in the same way as directors. They have the same right to information as the directors.

They take part in meetings of the Board of Directors of the Company in an advisory capacity, and do not have any voting rights.

On the date of this *Document d'Enregistrement Universel*, the Company had the following observer:

- Bpifrance Participations (represented by Laurent Higueret), appointed July 25, 2014 for a three-year term, as renewed on June 30, 2017 and on June 24, 2020 as an observer for a three-year term.

4.1.2.5 **Statement related to corporate governance**

The Company refers to the MiddleNext Code of Corporate Governance as updated in September 2016 and approved as a reference code by the AMF, in as much as the principles contained in the Code are compatible with the Company's organization, size, resources and shareholder structure, particularly in relation to the drafting of the corporate governance report, provided for by Article L. 225-37 of the French commercial code.

The Board of Directors consists of seven members, including the Chief Executive Officer. The composition of the Board of Directors is set out in Section 4.1.1.1.1 "*Composition of the Board of Directors and the Committees*" of the *Document d'Enregistrement Universel*.

The Company currently has five independent directors, as defined by the MiddleNext Code of Corporate Governance, namely Khoso Baluch, Richard Kender, Pascale Boissel, Janice Bourque and Kumi Sato. These directors are considered independent because they:

- are not employed by nor are executive directors of the Company, nor have they held such a position in the past five years;
- do not have and have not had, over the last two years, significant business relationships with the Company (customers, suppliers, competitors, providers, creditors, bankers, etc.);
- are not reference shareholders of the Company or do not hold a significant percentage of voting rights;

- do not have close ties or family connections with any executive director or reference shareholder;
- have not been auditors of the Company for the last six years.

The table below shows the situation of independent directors in the light of the criteria of independence retained by the Company, in accordance with the MiddleNext Code of corporate governance:

Independence criteria	M. Khoso Baluch	R. Kender	P. Boissel	J. Bourque	K. Sato	Explanations in case of non-compliance
Not be, or have been within the last 5 years, an employee or executive officer of the Company	Compliant	Compliant	Compliant	Compliant	Compliant	
Not have been in the last 2 years and not be in a significant business relationship with the Company (clients, service providers, creditors, bankers, etc.)	Compliant	Compliant	Compliant	Compliant	Compliant	
Not be a reference shareholder of the Company or hold a significant percentage of voting rights	Compliant	Compliant	Compliant	Compliant	Compliant	
Not having any close family or close ties with a corporate officer or a reference shareholder	Compliant	Compliant	Compliant	Compliant	Compliant	
Not having been an auditor of the Company in the last 6 years	Compliant	Compliant	Compliant	Compliant	Compliant	

The independent directors were awarded share subscription warrants for (i) a subscription price in order to reflect the fair market value of the right represented by these stock warrants based on, where applicable, work carried out by an independent expert, and (ii) an exercise price based on the price of Company shares at the time of the decision of the Board of Directors to issue stock warrants in order to reflect the actual value of the share. Taking into account these elements and the insignificant amounts involved, the Company Board of Directors has found that the allocations of stock warrants to these directors did not undermine their independence.

The internal regulation of the Board of Directors, as well as the specialized Committees it describes, supplement the legal and regulatory provisions, in compliance with the French Commercial Code and the MiddleNext Code of Corporate Governance.

The Company has six specialized Committees set up by the Board of Directors: the Audit Committee, the Compensation Committee, the Business Development Committee, the Scientific Advisory Committee, the Governance and Nominations Committee and the Strategic Committee, presented in Section 4.1.2.3 "*Specialized Committees*" of this *Document d'Enregistrement Universel*.

The following table summarizes the Company's position on each of the recommendations set out in the MiddleNext Corporate Governance Code:

Recommendation of the MiddleNext Code	Adopted	Will be adopted if applicable	Not adopted
Oversight authority			
R1 - Ethics of board members	X		
R2 - Conflicts of interest	X		
R3 - Composition of the board - Presence of independent members	X		
R4 - Information of the board members	X		
R5 - Organization of the meetings of the board and committees	X		
R6 - Establishment of committees	X		
R7 - Establishment of a board internal regulation	X		
R8 - Choice of each board member	X		
R9 - Duration of the terms of office of board members	X		
R10 - Compensation of board members	X		
R11 - Establishment of an assessment of the board's work (Note 1)	X		
R12 - Relations with "shareholders"	X		
Executive authority			
R13 - Definition and transparency of the compensation of the company executives	X		
R14 - Preparation of the succession of the "executives"	X		
R15 - Accumulation of work contract and company mandate (Note 2)		X	
R16 - Employee severance benefits (Note 3)	X		
R17 - Supplementary retirement plans (Note 4)		X	
R18 - Stock options and allocation of performance shares	X		
R19 - Review of the points for monitoring (Note 5)	X		

Note 1: The Company Board of Directors performs a self-assessment of its working methods and operation on an annual basis in accordance with its internal regulation. The 2020 results were discussed by the Board and resulted in an action plan.

Note 2: No executive director of the Company currently has an employment contract. If such a situation were to be put in place, Recommendation 15 would be followed.

Note 3: Mr. Thomas Kuhn is owed compensation during his term of office related to forced departure without cause. (see Section 4.2.9.1. "*General principles and structure of the total compensation of the executive officers*").

Note 4: Even though no supplementary retirement plan is currently in place, Recommendation 17 to ensure greater transparency for shareholders would be followed where applicable, if the Company were to adopt such plans.

Note 5: The Company Board of Directors reviews the MiddleNext points for monitoring on an annual basis.

4.1.2.6 Statement related to the General Meeting of Shareholders

The Company held its annual General Meeting of Shareholders on June 24, 2020. 46.74% of the Company voting rights were present or represented. All resolutions submitted to the General Meeting of Shareholders and recommended for approval by the Company's Board of Directors were passed with more than 94% votes in favor.

As of the date of this *Document d'Enregistrement Universel*, no shareholder individually holds either control of the Company, or a percentage likely to lead to the presumption of control of the Company within the meaning of the provisions of Article L. 233-3 of the French Commercial Code. Section 4.3.1 "*Share capital and voting right distribution"* describes the ownership structure and the identity of shareholders directly or indirectly holding more than 5% of the share capital or voting rights at general meetings as of the date of this *Document d'Enregistrement Universel*.

The Company Board of Directors has specifically reviewed the votes of the shareholders referred to as "Public" in Section 4.3.1 "*Share capital and voting right distribution"*, during its June 24, 2020 General Meeting of Shareholders. These shareholders present or represented at the General Meeting of Shareholders represented 0.88% of the total Company voting rights (and 1.88% of the Company voting rights that were present or represented at the General Meeting of Shareholders). The Company Board of Directors noted that a majority of shareholders referred to as "Public" in Section 4.3.1 "*Share capital and voting right distribution"* voted against certain resolutions submitted to the General Meeting of Shareholders and is committed to engage a dialog with such shareholders to better understand their position.

4.1.2.7 Internal controls

The Company uses the internal audit system definition set out by the AMF, according to which the internal control procedure is a system that the Company defines and implements under its own responsibility. This system aims to ensure:

- compliance with laws and regulations;
- application of the instructions and guidelines set by Senior Management;
- proper functioning of the Company's internal processes;
- reliability of financial information; and,
- more generally, it helps manage the Company's activities, control the efficiency of its operations and oversee the efficient use of its resources.

The Company continued the implementation during the financial year of an internal control process designed to "internally guarantee the relevance and reliability of the information used and disseminated in the Company's activities." Since October 2020, the key finance processes are handled under Netsuite, a SOC 1 certified accounting system. This implementation reinforces the will of the company to enhance internal control through automation, ITGCs and segregation of duties.

However, internal control cannot provide an absolute assurance that the Company's objectives will be achieved, or that the risk of error or fraud will be totally controlled or eliminated.

Components of internal control

The internal control system relies on clear coordination of responsibilities, benchmarks, resources, and processes. Since its creation, the Company has been in the process of developing a quality assurance system, to compile existing documents and audits, ensure their updating and consistency, and consolidate them when necessary. The processes governing all of the Company's businesses are

described in procedures, operating methods, notices and forms. These documents also chart business flows, designate the resources and responsibilities of participants and specify the Company's expertise, while also giving instructions for particular operations.

All of the Company's stakeholders are involved in internal control.

Procedures related to the operating processes

All documents governing quality management are saved on a dedicated intranet allowing for optimized access, as well as continuous changes in business activity (Document Life Cycle Management). The goal is continuous quality improvement in the operating, management and support processes of the Company and the Group.

The quality assurance system covers the following fields:

- quality assurance, health and safety, risk management;
- administrative, legal, social and social and financial fields, including internal controls.
- pharmaceutical, pre-clinical and clinical research and development.

Organization of the accounting and financial department

The financial function is internally managed by the Chief Financial Officer. The accounting function is performed with the assistance of a certified accountant. The Company is committed to maintaining a separation between its activities of production and supervision of the financial statements and hires independent experts for the valuation of complex accounting items (retirement obligations, valuation of share warrants/founder warrants) and/or requiring subjective assumptions.

Payroll and tax compliance are carried out by a certified accountant.

The financial statements, prepared in accordance with French standards and IFRS with the assistance of an accounting firm, are subject to an audit by the Company's co-statutory auditors.

The Finance Department reports directly to the Chief Executive Officer.

Budget process and "monthly reporting"

The accounting system implemented by the Company is based on IFRS accounting standards. An annual budget is drawn up by the Company. The Company also draws up a "monthly report," which includes an operating account, balance sheet and cash flow forecasts. These components are presented to the Executive Committee and to the Board of Directors as needed. The Company monitors the budget precisely and on a timely manner.

Delegation of authority

A delegation of authority has been granted to each executive responsible for an activity in order to develop and negotiate purchases of goods or services. The effective order is nevertheless signed by Senior Management (or the Chief Financial Officer, on instructions from Senior Management). Purchase or service requests or pre-clinical or clinical study contracts (which are treated as purchase requests because they are specific to each study) are the subject of requests for expenditure commitments validated by Management Control and Senior Management. Invoices are then reconciled with these commitment requests and delivery notes for the goods, before accounting, approval and payment - these three activities being carried out by different individuals in accordance with the principles of separation of duties.

Most payments are transfers validated by an electronic signature. This system ensures systematic archiving of the transactions and allows for the tracking of the signatories, the bank contact details of the suppliers and a comprehensive ex-post audit if needed.

4.2 Compensation

This section includes a complete description of the components of the compensation for the corporate officers of the Company. The General Meeting of June 23, 2021 is invited to decide upon the following components:

- with regard to the Chairman of the Board, the Chief Executive Officer and the Directors of the Company of the Company: the compensation policy for the corporate officers pursuant to article L. 22-10-8 of the French Commercial Code, which is presented at Section 4.2.9 of this *Document d'Enregistrement Universel* and which is the subject of the resolutions proposed to the General Meeting;
- with regard to the Chairman of the Board, the Chief Executive Officer and the Directors of the Company: the elements which make up the total remuneration and the benefits of all kinds paid during 2020 or awarded in respect of 2020 pursuant to article L. 22-10-9 of the French Commercial Code. These elements are described at Sections 4.2.2 to 4.2.8 of this *Document d'Enregistrement Universel* and are the subject of the resolutions proposed to the General Meeting, pursuant to article L. 22-10-34 of the French Commercial Code;

The information is prepared by reference to the corporate governance code as published on December 2009 by MiddleNext, updated in September 2016 and validated as a reference code by the AMF.

The tables provided for in "AMF Position–Recommendation DOC 2021-02" of January 8, 2021 are presented below.

4.2.1 Compensation policy applicable to corporate officers

This section sets out the compensation policy for the corporate officers of the Company which will be submitted to the General Meeting of Shareholders on June 23, 2021, pursuant to article L. 22-10-8 of the French Commercial Code.

Upon the proposal of the Compensation Committee and in accordance with the rules set out in the MiddleNext Code, the Board of Directors has determined a compensation policy which is consistent with the Company's corporate interest, contributes to its sustainability and is in line with its strategy.

Considering that the proposed compensations policies for the corporate officers of the Company have been approved at more than 95% by the General Meeting of Shareholders on June 24, 2020 pursuant to article L. 22-10-8 of the French Commercial Code, the Board of Directors of the Company decided not to amend the principles and structure for the compensation of the executive officers for the future.

4.2.1.1 General principles and structure of the total compensation of the executive officers

The general principles of the compensation policy of the executive officers are decided by the Board of Directors upon the proposal of the Compensation Committee.

The compensation policy takes into account the following principles in accordance with the rules set out in the MiddleNext Code to which the Company has adhered:

- **Comprehensiveness of the compensation** presented: all compensation components are taken into account in the overall assessment of the compensation; they are clearly substantiated,
- The **principle of balance and consistency**: the Compensation Committee ensures the balance and consistency of the compensation to ensure it is in the company's general interest,

- **Understandability of the rules**: the rules must be simple and transparent; the performance criteria used to establish the variable part of the compensation, or where applicable, for the grant of stock options or performance shares must be in relation with the company's performance, correspond to its objectives, be exacting, explicable and, as far as possible, of a long-term nature,

- **Proportionality**: the determination of the compensation must ensure a fair balance and take into account both the company's general interest, market practices and the management performance,
- **Transparency**: provision of annual information to the shareholders on the entire amount of compensation and benefits received by the management is carried out transparently in accordance with the applicable regulations,
- The Board of Directors and the Compensation Committee comply with the **principle of comparability** (benchmark). Compensation is assessed in the context of the reference market within the limit of the specificities of the roles, the responsibility assumed, the results obtained and the work carried out by the executive officers.

As of December 31, 2020, the executive officers are:

- Mr. Pierre Legault, Chairman of the Board of Directors; and
- Mr. Thomas Kuhn, Chief Executive Officer.

The structure of the compensation of the executive officers is reviewed every year by the Board of Directors, which sets the various components of said compensation, based on the Compensation Committee's recommendations.

At its meeting on January 27, 2021, the Board of Directors resolved to increase the components of compensation of the executive officers, as this structure ensures a link with the Company's performance and maintenance of the balance between short-term and medium-term performance.

Fixed compensation

The fixed annual compensation of the executive officers is determined by the Board of Directors on the Compensation Committee's recommendations.

In this respect, it should be noted that the Chairman of the Board of Directors, and the Chief Executive Officer, receive fixed compensation.

Furthermore, in the event of the appointment of a new Chairman, a new Chief Executive Officer, a deputy chief executive officer or several of the above, the principles set out above would be applicable for the determination of their compensation policy, it being specified that the amount could be adapted depending on the profile, experience or the level of responsibility of the new executive officer.

Variable compensation

Variable compensation is aimed at associating the executive officers with the Company's short-term performance. Only the Chief Executive Officer can be granted variable compensation. The Chairman of the Board of Directors is not allocated any variable compensation.

Moreover, the rules for setting this compensation are consistent with the Company's strategy. The terms and conditions of the annual variable compensation are understandable for the shareholder and are the subject each year of clear, exhaustive information provided in the annual report.

The indicators taken into account in determining variable compensation and the level of the objectives to be met are set every year by the Board of Directors on the recommendation of the Compensation Committee at the beginning of the reference period to which they apply.

As part of the determination of the variable portion of the compensation for the Chief Executive Officer, upon recommendation of the Compensation Committee, the Board of Directors has set financial performance indicators in his objectives and weightings for 2021.

It is specified that any variable compensation to the executive officers may only be paid subject to shareholder approval pursuant to article L. 22-10-34 of the French Commercial Code.

The performance criteria used to determine variable compensation are based on a plan of precise objectives based on quantitative and qualitative criteria, which correspond to objectives common to the Company. No individual objectives have been set. The objectives are based on criterias including the share price performance, the development of the portfolio of products of the Company, the financing of the Company as well as on the performance of various key steps in the field of research and development.

The target level set for each criteria is strategic and economically sensitive information, which cannot be made public.

In the event of the appointment of a new executive officer, these same principles will apply, whereby it is specified that in the event of an appointment made during the second half of a financial year, the performance assessment will be made on a discretionary basis by the Board of Directors.

Long-term and exceptional compensation

Long-term compensation

For the term of office of the Chairman of the Board of Directors and the Chief Executive Officer, the executive officers can receive compensation allocated in the form of stock options and / or performance shares, in accordance with the recommendations of the MiddleNext Code.

The performance shares which can be granted to the Chief Executive Officer are subject to a two-years acquisition period and an additional one-year lock-up period. The performance conditions set out for the purposes of the acquisition of these performance shares are based on precise objectives (quantitative and qualitative criteria) which include (i) share price performance, (ii) certain clinical milestones to be reached and (iii) certain regulatory milestones to be reached, in order to align the vesting conditions of the Performance Shares with the interest of the Company's shareholders.

The stock-options which can be granted to the Chairman of the Board of Directors are also subject to performance conditions linked to his participation to the Board meetings as well as to the assessment of the Board's organization and functioning.

Exceptional compensation

At its own discretion, the Board of Directors may award executive officers in office or appointed during the financial year exceptional compensation in certain specific circumstances and in compliance with the principles set out in the MiddleNext Code, noting that said compensation may only be paid subject to shareholder approval pursuant to article L. 22-10-34 of the French Commercial Code.

Compensation or benefits due for termination of the executive officers' office

Mr. Thomas Kuhn is owed compensation related to forced departure and a non-compete clause (see Section 4.2.6 "*Elements of compensation and benefits due or likely to be due owing to or after the termination of the duties of executive officers of the Company*"). Mr. Legault is not owed any compensation related to forced departure and/or a non-compete clause.

Employment contract

Neither executive officer has an employment contract.

Benefits in kind

In addition, Mr. Thomas Kuhn benefits from GSC unemployment insurance for corporate officers. Mr. Pierre Legault does not benefit from such mandatory social GSC insurance.

Supplementary pension plan

Neither executive officer benefits from a supplementary pension plan for his term of office.

Civil liability insurance coverage for executive officers

Mr. Pierre Legault and Mr. Thomas Kuhn benefit from civil liability insurance for executive officers.

4.2.1.2 Compensation policy of the directors

Directors receive a remuneration (previously called "Directors' fees"). The maximum amount is approved by the General Shareholder Meeting and then allocated between the members by the Board of Directors in accordance with the remuneration policy.

The Board of Directors is proposing total authorized remuneration of €550,000 for 2021. It being specified that as of the date of this *Document d'Enregistrement Universel* and subject to adjustments in the course of the year within this limit, the Board of Directors intends to allocate this envelope as follows:

- a yearly base compensation of €50,000 for its independent Directors;
- an additional compensation of €12,000 for members of the Audit and Business Development and €17,000 for their Chairpersons;
- an additional compensation of €10,000 for members of the Scientific Advisory and Compensation Committee and €14,000 for their Chairpersons;
- an additional compensation of €7,000 for members of the Appointments and Governance Committee and €10,000 for its Chairperson;
- an additional compensation of $20,000 per meeting for members of the Strategic Committee.

The following table summarizes these principles of remuneration of non-executive directors:

NAME	BASE COMPENSATION	AUDIT COMMITTEE	BUSINESS DEVELOPMENT COMMITTEE	COMPENSATION COMMITTEE	SCIENTIFIC ADVISORY COMMITTEE	GOVERNANCE AND NOMINATIONS COMMITTEE	STRATEGIC COMMITTEE
JANICE BOURQUE	50,000€	12,000€	-	-	-	10,000€*	-
KHOSO BALUCH	50,000€	-	12,000€	14,000€*	10,000€	-	20,000 $
PASCALE BOISSEL	50,000€	17,000€*	-	-	-	7,000€	-
RICH KENDER	50,000€	12,000€	17,000€*	10,000€	-		20,000 $
KUMI SATO	50,000€	-	1,000€**	-	-	-	-

** Chairperson*
*** As an exception to the principles set forth above, and in order to provide Mrs. Kumi Sato with flexibility in her work as member of the Business Development committee she will receive a compensation of €1 000 per attended meeting.*

Long-term and exceptional compensation

For the term of their office, Directors can receive warrants. In such case, the subscription price and the exercise price of the warrants are determined after valuation by an independent expert and are reflecting the fair market value of such instruments according to such independent expert so that they are not considered compensation under the French Commercial Code.

Moreover, members of the Board may also receive exceptional remuneration for specific tasks, under the fulfillment of performance conditions as established by the Board of Directors.

4.2.2 Summary of the compensation of the executive officers

Table 1: Summary tables of compensation, options (warrants, SO and/or BSPCE) and Performance Shares allocated to each executive corporate officer

Summary table of compensation, options and Performance Shares granted to each executive corporate officer		
	Financial year 2019	**Financial year 2020**
Mr. Pierre Legault, Chairman of the Board of Directors		
Fees due for the financial year	160,000 €	179,000 €
Director's remuneration		
Value of year-on-year variable compensation granted during the financial year		

Summary table of compensation, options and Performance Shares granted to each executive corporate officer		
	Financial year 2019	**Financial year 2020**
Value of Stock Options granted during the financial year (explained in Table 4)	96,124 €	169,925 €
Value of Performance Shares awarded (explained in Table 6)		
Total	**256,124 €**	**348,925 €**
Mr. Thomas Kuhn, Chief Executive Officer		
Compensation due for the financial year (explained in Table 2)	327,517 €	405,445 €
Value of year-on-year variable compensation granted during the financial year		
Value of Stock Options granted during the financial year (explained in Table 4)		
Value of Performance Shares awarded (explained in Table 6)	115,556 €	656,600 € (1)
Total	**443,073 €**	**1,062,045 €**

(1) Value of Performance Shares at the time of their allocation as used in the application of IFRS 2, based on the last closing share price of the Company on the Euronext market before their allocation, i.e., €10.84 per share. The Performance Shares are subject to a two-years acquisition period and an additional one-year lock-up period. The performance conditions set out for the purposes of the acquisition of these incentive instruments are based on precise objectives (quantitative and qualitative criteria) which include (i) share price performance, (ii) certain clinical milestones to be reached and (iii) certain regulatory milestones to be reached, in order to align the vesting conditions of the Performance Shares with the interest of the Company's shareholders.

4.2.3 Compensation of the corporate officers (including information stated in paragraph I of article L. 22-10-9 of the French Commercial Code)

Table 2: Table summarizing the compensation of each executive officers

The following tables show the compensation due to executive officers in respect of the financial years ended December 31, 2019 and 2020 and the compensation they received during these financial years.

	Financial year 2019		**Financial year 2020**	
	amounts due[(1)]	**amounts paid[(2)]**	**amounts due[(1)]**	**amounts paid[(2)]**
Mr. Pierre Legault, Chairman of the Board of Directors				
Fixed compensation	€160,000	€169,030	€175,000	€175,000
Variable compensation			€4,000	€4,000
Exceptional compensation				

	Financial year 2019		Financial year 2020	
	amounts due[(1)]	amounts paid[(2)]	amounts due[(1)]	amounts paid[(2)]
Director's remuneration				
Benefits in kind				
TOTAL	**€160,000**	**€169,030**	**€179,000**	**€179,000**
Mr. Thomas Kuhn, Chief Executive Officer				
Fixed compensation (3)	€230,084	€230,084	€270,833	€270,833
Variable compensation (4)	€122,007	€87,500	€115,104 (6)	€122,007
Exceptional compensation				
Director's remuneration				
Benefits in kind (5)	€9,933	€9,933	€12,605	€12,605
TOTAL	**€327,517**	**€327,517**	**€398,542**	**€405,445**

(1) For financial year

(2) During the financial year

(3) The compensation of the Chief Executive Officer is provided for under his management contract (see Section 4.4.2 "*Significant agreements entered into with related parties*" of this *Document d'Enregistrement Universel*).

(4) The variable compensation of the Chief Executive Officer (of a maximum percentage of fixed compensation – 50% for the 2019 and 2020 financial years) is based on a plan of precise objectives (quantitative and qualitative criteria) corresponding to objectives common to all employees. For 2020, these objectives were based on the share price performance as well as on the timeliness of initiation of clinical trials, fulfilment of regulatory milestones and obtaining dilutive and non-dilutive financing. Variable compensation is paid during the course of Year N+1. Variable compensation of the Chief Executive Officer for the 2019 financial year has been paid further to the approval of the General Meeting of Shareholders of June 24, 2020. Variable compensation of the Chief Executive Officer for the 2020 financial year will be paid in one installment, subject to approval of the General Meeting of Shareholders of June 23, 2021.

(5) Benefits in kind correspond to GSC unemployment insurance.

(6) 2020 variable compensation of the Chief Executive Officer corresponding to an 85% achievement of the objectives set by the Board of Directors on January 29, 2020, it being specified that these objectives have not been modified by the Board of Directors after January 29, 2020 despite the COVID-19 outbreak.

Table 3: Table of compensation received by non-executive directors

Non-executive directors	Compensation	Amounts paid during financial year 2019 (1)	Amounts paid during financial year 2020 (2)
Mr. Khoso Baluch	Directors' remuneration (fixed, variable)	77,000 €	90,000 €
	Other compensation (3)	0 €	0 €
Ms. Pascale Boissel	Directors' remuneration (fixed, variable)	65,500 €	74,000 €
	Other compensation (3)	0 €	0 €
Mr. Rich Kender	Directors' remuneration (fixed, variable)	80,000 €	93,000 €
	Other compensation (3)	0 €	0 €
Ms. Janice Bourque	Directors' remuneration (fixed, variable)	63,500 €	72,000 €
	Other compensation (3)	0 €	0 €
Ms. Kumi Sato	Directors' remuneration (fixed, variable)	54,000 €	52,000 €
	Other compensation (3)	0 €	0 €
Mr. Thierry Hercend (4)	Directors' remuneration (fixed, variable)	56,000 €	30,729 €
	Other compensation (3)	0 €	0 €
TOTAL		396,000 €	411,729 €

(1) The General Meeting of Shareholders of June 21, 2018 resolved to award total authorized allocation of attendance fees of €380,000. On January 24, 2019, the Board of Directors approved an allocation of attendance fees to the independent directors and to Mr. Thierry Hercend totaling €45,000 for the 2019 financial year. In addition to this compensation, a remuneration is awarded to Directors for their participation in the Board Committees, as follows:

Audit Committee Chairperson €17,000, Member €12,000;

Business Development Committee Chairperson €17,000, Member €12,000;

Compensation Committee Chairperson €14,000, Member €10,000;

Scientific Advisory Committee Chairperson €14,000, Member €10,000;

Appointments and Governance Committee Chairperson €10,000, Member €7,000;

Strategic and Pricing Committee €1,000 per meeting.

(2) The General Meeting of Shareholders of May 9, 2019 resolved to award total authorized allocation of attendance fees of €440,000 and on June 23, 2020 the General Meeting of Shareholders approved the compensation policy for the corporate officers up to the same amount. On January 29, 2020, the Board of Directors approved an allocation of attendance fees to the independent directors and to Mr. Thierry Hercend totaling €50,000 for the 2020 financial year. In addition to this compensation, a remuneration is awarded to Directors for their participation in the Board Committees, in the same manner as for the 2019 financial year (see footnote (1)).

(3) The Directors received warrants in 2019 and 2020 financial years (see also Section 4.5.2.4.1 "*Stock subscription warrant plan*"). The subscription price and the exercise price of the warrants were determined after valuation by an independent expert and were reflecting the fair market value of such

instruments according to such independent expert so that the valuation of warrants that were granted to the directors is equal to zero under the application of IFRS 2.

(4) The term of office of Mr. Thierry Hercend as Board member was not renewed and ended on June 24, 2020, after the Ordinary General Meeting of Shareholders ruling on the financial statements for the financial year ended on December 31, 2019.

Table 4: Warrants, stock options or founder warrants awarded to each executive officer by the Company or any company of its Group during the financial years ended December 31, 2019 and 2020.

Executive corporate officers	Date of allocation	Nature of the options (BSA, SO or BSPCE)	Value of the options according to the Black & Scholes method (in euros)	Total options allocated	Subscription price per share	Maturity date
Pierre Legault	Jan 24, 2019	Stock Options	2.40€	40,000	5.16 €	Jan 24, 2029
Pierre Legault	Feb 14, 2020	Stock Options	4.25€	40,000	10.26 €	Feb 14, 2030
TOTAL				**80 000**		

Table 5: Warrants or Founder warrants exercised by each executive corporate officer during the financial years ended December 31, 2019 and 2020.

None.

Table 6: Performance shares awarded to each executive officer during the financial years ended December 31, 2019 and 2020

Name of the corporate officer	Plan number and date (1)	Number of performance shares awarded during the financial year	Value of the shares according to the method used for the consolidated financial statements (2)	Vesting date	Date of availability	Performance conditions
Thomas Kuhn	2019 Plan, Board meeting of January 24, 2019	40,000	€115,556	13,334: January 24, 2021 13,333: January 24, 2022 13,333: January 24, 2023	13,334: January 24, 2021 13,333: January 24, 2022 13,333: January 24, 2023	YES (3)
Thomas Kuhn	2020 Plan, Board meeting of January 29, 2020	100,000	€656,600	100,000: January 29, 2022	100,000: January 29, 2022	YES (3)

(1) Date of allocation of performance shares (date of Board of Directors meeting).

(2) Value of Performance Shares at the time of their allocation as used in the application of IFRS 2, based on the last closing share price of the Company on the Euronext market before their allocation, i.e., €10.84 per share, after specifically taking into account any discount related to performance criteria and the probability of the holder's presence in the Company at the end of the vesting period, but before spreading the expense over the vesting period under IFRS 2. The Performance Shares are subject to a two-years acquisition period and an additional one-year lock-up period.

(3) The Performance Shares were allocated to Thomas Kuhn subject to the fulfillment of performance conditions determined by the Board of Directors under a three-year plan for the 2019 Performance Shares and under a one-year plan for the 2020 Performance Shares. The performance conditions set out for the purposes of the acquisition of these incentive instruments are based on precise objectives (quantitative and qualitative criteria) which include (i) share price performance as well as (ii) certain

clinical milestones to be reached and (iii) certain regulatory milestones to be reached, in order to align the vesting conditions of such Performance Shares with the interest of the Company's shareholders.

Table 7: Performance Shares granted that became available to each executive officer during the financial years ended December 31, 2019 and 2020

Name of the corporate officer	Plan number and date (1)	Number of Performance Shares granted that became available during the financial year (2)	Theorical number of Performance Shares upon initial grant (3)
Thomas Kuhn	2018 Plan, Board meeting of January 25, 2018	14,063 (4)	22,200

(1) Date of allocation of Performance Shares (date of Board of Directors meeting).

(2) These Performance Shares remain subject to an additional one-year lock-up period

(3) Potential number of Performance Shares to be acquired as set by the Board of Directors at the date of allocation

(4) Based on the achievement of 60% of the performance conditions for the first tranche of the 2018 Performance Shares and 66.7% of the performance conditions for the second tranche of the 2018 Performance Shares as assessed by the Board of Directors.

Table 8: History of the allocations of warrants or founder warrants granted to corporate officers

See tables in Sections 4.5.2.4.1 "*Stock subscription warrant plan*" and 4.5.2.4.2 "*Founder Warrant Plan*" of this *Document d'Enregistrement Universel*.

Table 9: Warrants and Stock Options granted to the top 10 employees of the Group who are not corporate officers and warrants exercised by them

	2019		2020	
	Warrants	**SO**	**Warrants**	**SO**
Date of the Board of Directors meeting	N/A	November 18, 2020	N/A	February 14, 2020
Weighted average price	N/A	€7.04	N/A	€10.26
Number of rights granted during each of these financial years to the ten Group employees with the largest number of rights granted as of December 31, 2020	0	327,500	0	380,000
Number of rights exercised during each of these financial years by the ten Group employees with the largest number of rights exercised as of December 31, 2020	0	139,986	0	0

Table 10: Previous allotments of Performance Shares.

Please refer to Section 4.5.2.4.4 "*Performance share plan*"

Table 11: Table summarizing the employment contracts and commitments given to executive corporate officers

The following table provides details about the conditions of compensation and other benefits granted to executive corporate officers:

Executive corporate officers	**Employment contract**		**Supplementary pension plan**		**Compensation or benefits due or likely to be due as a result of termination or change of function**		**Compensation linked to a non-compete clause**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Mr. Pierre Legault, Chairman of the Board of Directors		X		X		X		X
	Start date of mandate: General Meeting of Shareholders of January 29, 2016 (Renewal: General Meeting of Shareholders of May 9, 2019)							
	End date of mandate: General Meeting of Shareholders called to approve the financial statements for the year ended December 31, 2021							
Mr. Thomas Kuhn, Chief Executive Officer		X		X	X (1) (2)		X (1)	
	Start date of mandate: Board of Directors of June 23, 2010							
	End date of mandate: N/A							

(1) See section 4.2.6 "*Elements of compensation and benefits due or likely to be due owing to or after the termination of the duties of executive officers of the Company*"

(2) Thomas Kuhn has a GSC corporate officer insurance policy.

4.2.4 Sums set aside or reported by the Company for the purposes of payment of pensions, retirement or other benefits to directors and managers

The Company did not book any provisions for pensions, retirement payments or any other benefits for corporate officers.

The Company did not grant any sign-on or severance bonuses to any corporate officer.

4.2.5 Warrants, Founder Warrants, Stock Options and Performance Shares

Relevant director and executive	**Pierre Legault** *Chairman of the Board of Director as of April 1st, 2016*	**Thierry Hercend (2)** *Chairman of the Board of Director until April 1st, 2016*	**Thomas Kuhn** *CEO*	**Mohammed Khoso Baluch** Independent director	**Richard Kender** *Independent director*	**Pascale Boissel** *Independent director*	**Janice Bourque** *Independent director*	**Kumi Sato** *Independent director*	**TOTAL**
Warrants 10 31 2012 (1)		2,875		2,125					**5,000**
Warrants 07 25 2014					42,500				**42,500**
Warrants 06 16 2015						42,500			**42,500**
Warrants 01 29 2016	42,500						42,500		**85,000**
Warrants 03 31 2016	42,500								**42,500**
Stock-options 11 23 2016	150,000								**150,000**
Warrants 01 27 2017		12,500		12,500	12,500	12,500	12,500		**62,500**
Stock-options 01 27 2017	12,500								**12,500**
BSPCE 2017-2			50,000						**50,000**
Warrants 06 30 2017								25,000	**25,000**
Warrants 01 25 2018		15,000		15,000	15,000	15,000	15,000	15,000	**90,000**
Stock-options 01 25 2018	30,000								**30,000**
Performance Shares 01 25 2018			33,300						**33,300**
Warrants 01 24 2019		20,000		20,000	20,000	20,000	20,000	20,000	**120,000**
Stock-options 01 24 2019	40,000								**40,000**
Performance Shares 2019			40,000						**40,000**
Warrants 02 14 2020		20,000		20,000	20,000	20,000	20,000	20,000	**120,000**
Stock options 02 14 2020	40,000								**40,000**

Performance Shares 2020			100,000						**100,000**
Number of shares to be potentially issued at the time of grant	**357,500**	**125,000**	**223,300**	**110,000**	**110,000**	**110,000**	**110,000**	**80,000**	**1,225,800**

(1) Each 10.31.2012 warrant entitles the holder to subscribe in cash for twenty (20) new shares at a price of €4.00

See Sections 4.5.2.4.1 "*Stock subscription warrant Plan*," 4.5.2.4.2 "*Founder Warrant (BSPCE) Plan*," 4.5.2.4.3 "*Stock Option Plan*" and 4.5.2.4.4 "*Performance Share Plan*" of this *Document d'Enregistrement Universel* for details of the terms and conditions for exercising the various categories of warrants and founder warrants, Stock Options and Performance Shares.

(2) The mandate of Mr. Thierry Hercend as Board member was not renewed and ended on June 24, 2020, after the Ordinary General Meeting of Shareholders meeting ruling on the financial statements for the financial year ended on December 31, 2019.

4.2.6 Elements of compensation and benefits due or likely to be due owing to or after the termination of the duties of executive officers of the Company

Under his management agreement entered into with the Company on June 20, 2019 (see Section 4.4.2 "*Significant agreement concluded with related parties*"), the Chief Executive Officer is owed compensation during his term of office related to forced departure without cause and a non-compete clause as set below:

(i) a compensation of one year of his fixed compensation at the date of the termination.

(ii) if not paid yet, the earned variable compensation of the calendar year preceding the one in which the termination occurs

(iii) the earned variable compensation of the calendar year in which the termination occurs, in proportion of his effective presence

(iv) an amount equal to 100% of the variable compensation for the year in which the termination occurs, based on his fixed compensation at the date of the termination

(v) a non-competition clause with a monthly compensation, for 18 months, of 50% of the average gross remuneration he received over the course of the 12 months preceding the termination.

4.2.7 Loans and guarantees granted to management

None.

4.2.8 Management compensation and Employee Compensation

The following tables provide comparison details between the average and median compensation of the Company's employees and the compensation of the executive corporate officers during the last five financial years, in accordance with law n°2019-486 dated May 22, 2019 on business growth and transformation (the "**Pacte Law**"), and articles L. 22-10-9, 6° and 7° of the French Commercial Code.

The following ratios have been calculated on the basis of fixed and variable compensation paid during the financial years as well as the warrants, stock options, founder warrants and performance shares

granted during the same periods and valued as described in Sections 4.2.3 "*Compensation of corporate officers*", 4.5.2.4.1 "*Stock subscription warrant plan*" and 4.5.2.4.2 "*Founder warrant Plan*".

4.2.8.1 Comparison details between the average and the median compensation of the Group's employees and the compensation of the executive corporate officers during the last five financial years [(1)(2)]

The comparison table below applies to all employees of the Group.

	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020
Chairman of the Board of Directors					
Ratio with the median compensation of the Group's employees (1)	8.19	1.69	3.48	3.30	3.56
Ratio with the average compensation of the Group's employees (2)	6.19	1.18	2.75	2.14	2.01
Chief Executive Officer					
Ratio with the median compensation of the Group's employees (1)	2.88	4.82	6.23	5.71	10.85
Ratio with the average compensation of the Group's employees (2)	2.18	3.35	4.92	3.69	6.11

(1) The ratio has been calculated in application with the following formula: *(Total Compensation of the Chairman of the Board of Directors including value of warrants, stock options, founder warrants and performance shares) / Median annual compensation of the Group's employees including value of warrants, stock options, founder warrants and performance shares) and (Total Compensation of the Chief Executive Officer including value of warrants, stock options, founder warrants and performance shares / Median annual compensation of the Group's employees including value of warrants, stock options, founder warrants and performance shares)*

(2) The ratio has been calculated in application with the following formulas: *(Total Compensation of the Chairman of the Board of Directors including value of warrants, stock options, founder warrants and performance shares / Average annual compensation of the Group's employees including value of warrants, stock options, founder warrants and performance shares) and (Total Compensation of the Chief Executive Officer / Average annual compensation of the Group's employees including value of warrants, stock options, founder warrants and performance shares*)

4.2.8.2 Evolution of the compensation of the Company's employees and the compensation of the executive corporate officers during the last five financial years

Chief Executive Officer	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020
Compensation	184,566 €	395,129 €	436,418 €	443,073 €	1,062,045 €
Evolution (absolute figures)		210,563 €	41,289 €	6,655 €	618,972 €
Evolution (%)		114%	10%	2%	140%

Chairman of the Board of Directors	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020
Compensation	524,985 €	138,603 €	243,487 €	256,124 €	348,925 €
Evolution (absolute figures)		-386,382 €	104,884 €	12,637 €	92,801 €
Evolution (%)		-74%	76%	5%	36%

Group's employees	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020
Compensation	84,803 €	117,930 €	88,638 €	119,914 €	173,948 €
Evolution (absolute figures)		33,127 €	-29,292 €	31,277 €	54,033 €
Evolution (%)		39%	-25%	35%	45%

Consolidated net result (in k€)	Financial year 2016	Financial year 2017	Financial year 2018	Financial year 2019	Financial year 2020
Net result (in k€)	-24,483	-22,298	1,301	-25,743	-31,858
Evolution (absolute figures)		2,185	23,599	-27,044	-6,115
Evolution (%)		-9%	-106%	-2079%	24%

4.2.9 Elements of the 2020 compensation of the corporate officers

The elements which make up the total compensation and benefits in kind paid during or allocated for the previous financial year, are the subject of the resolution proposed to the General Meeting of June 23, 2021, pursuant to article L. 22-10-34 of the French Commercial Code

The compensation components for the Chairman and the Chief Executive Officer for the financial year ended on December 31, 2020, as described below, have been approved by the General Meeting of Shareholders on June 24, 2020:

Chairman of the Board of Directors – Mr. Pierre Legault

Mr. Pierre Legault does not receive any variable compensation for 2020 for his term of office as Chairman of the Board of Directors.

For his term of office as Chairman of the Board of Directors, it is specified that for financial years 2019 and 2020, Mr. Pierre Legault received compensation allocated in the form of stock options, in accordance with the recommendations of the MiddleNext Code.

For financial year 2020, Mr. Pierre Legault, Chairman of the Board of Directors since March 31, 2016, has received compensation totaling €179,000. On February 14, 2020, the Board of Directors awarded him 40,000 options giving right to subscribe shares, for a subscription price of €10.26 per share (corresponding to the closing share price on the Euronext market immediately preceding the Board of Directors meeting). He does not benefit from benefits in kind and has not signed any contract of employment with the Company.

Chief Executive Officer – Mr. Thomas Kuhn

Mr. Thomas Kuhn's target variable annual compensation is subject to performance criteria, for which the targets are set every year. It corresponds to a maximum percentage of the amount of his fixed compensation determined on an annual basis by the Board of Directors on the Compensation Committee's recommendations. This percentage was 50% of the 2020 financial year.

The variable compensation of the Chief Executive Officer is based on a plan of precise objectives (quantitative and qualitative criteria) corresponding to objectives common to all employees. For 2020, these objectives were based on the share price performance as well as on the timeliness of initiation of clinical trials, fulfilment of regulatory milestones and obtaining dilutive and non-dilutive financing.

Mr. Thomas Kuhn, Chief Executive Officer, was awarded a fixed compensation totaling €270,833. The Board of Directors of the Company decided on January 27, 2021 to award the Chief Executive Officer a variable compensation totaling €115,104, corresponding to an 85% achievement of the targets set by the Board of Directors on January 29, 2020, it being specified that these objectives have not been modified by the Board of Directors after January 29, 2020 despite the COVID-19 outbreak. The variable compensation of the Chief Executive Officer for the 2020 financial year will be paid in 2021, in one installment, subject to approval of the General Meeting of Shareholders of June 23, 2021.

He received benefits in kind during the 2020 financial year totaling €12,605 under a GSC corporate officer insurance policy.

On January 29, 2020, the Board of Directors awarded him 100,000 performance shares subject to presence and performance conditions determined by the Board of Directors under a one-year plan. The performance conditions set out for the purposes of the acquisition of these incentive instruments are based on precise objectives (quantitative and qualitative criteria) which include (i) share price performance as well as (ii) certain clinical milestones to be reached and (iii) certain regulatory milestones to be reached, in order to align the vesting conditions of such Performance Shares with the interest of the Company's shareholders.

He has not signed a contract of employment with the Company.

Under his management agreement entered into with the Company on June 20, 2019 (see Section 4.4.2 "*Significant agreements concluded with related parties*"), the Chief Executive Officer is owed compensation during his term of office related to forced departure without cause and a non-compete clause as set below:

(i) a compensation of one year of his fixed compensation at the date of the termination.

(ii) if not paid yet, the earned variable compensation of the calendar year preceding the one in which the termination occurs

(iii) the earned variable compensation of the calendar year in which the termination occurs, in proportion of his effective presence

(iv) an amount equal to 100% of the variable compensation for the year in which the termination occurs, based on his fixed compensation at the date of the termination

(v) a non-competition clause with a monthly compensation, for 18 months, of 50% of the average gross remuneration he received over the course of the 12 months preceding the termination.

Directors

The General Meeting of Shareholders on June 23, 2020 has approved the compensation policy for the corporate officers pursuant to article L. 22-10-8 of the French Commercial Code. On January 29, 2020, the Board of Directors approved an allocation of attendance fees to the independent directors and to Mr. Thierry Hercend totaling €50,000 for the 2020 financial year. In addition to this compensation,

attendance fees are assigned to directors as a function of their participation in the Board Committees, as follows:

Audit Committee Chairperson €17,000, Member €12,000;

Business Development Committee Chairperson €17,000, Member €12,000;

Compensation Committee Chairperson €14,000, Member €10,000;

Scientific Advisory Committee Chairperson €14,000, Member €10,000;

Appointments and Governance Committee Chairperson €10,000, Member €7,000;

Strategic and Pricing Committee €1,000 per meeting.

For their term of office as Directors, it is specified that for financial years 2019 and 2020, the Directors received warrants (see also Section 4.5.2.4.1 "*Stock subscription warrant plan*"). The subscription price and the exercise price of the warrants were determined after valuation by an independent expert and were reflecting the fair market value of such instruments according to such independent expert so that the valuation of warrants that were granted to the directors is equal to zero under the application of IFRS 2 and are not considered compensation under the French Commercial Code.

The detailed compensation received by each Director of the Company individually is described in Section 4.2.3 "*Compensation of the corporate officers (including information stated in paragraph I of article L. 22-10-9 of the French Commercial Code)*", Table 3.

4.3 Shareholding and stock performance

4.3.1 Share capital and voting right distribution

As of the date of this *Document d'Enregistrement Universel*, and in accordance with Article L. 233-13 of the French Commercial Code, as far as the company is aware, the ownership structure and the identity of shareholders directly or indirectly holding more than 5% of the share capital or voting rights at general meetings is as follows:

Shareholders	Total shares	Voting rights	Capital %	Voting rights %
Thomas Kuhn [(1)]	1,539,406	1,539,406	5.38%	5.39%
Other Founders	1,123,941	1,123,941	3.93%	3.93%
Subtotal Founders (2)	*2,663,347*	*2,663,347*	*9.31%*	*9.32%*
FCPR Innobio	2,174,354	2,174,354	7.60%	7.61%
Bpifrance Participations	2,588,091	2,588,091	9.05%	9.06%
Other Bpifrance affiliated funds	704,490	704,490	2.46%	2.47%
BPIfrance subtotal	*5,466,935*	*5 466 935*	*19,11%*	*19,14%*
Andera Partners (formerly Edmond de Rothschild Investment Partners)	2,829,185	2,829,185	9,89%	9,90%
Roivant Sciences Ltd	1,431,399	1,431,399	5,00%	5,01%
Subtotal of shareholders holding more than 5% of share capital (2)	*12,390,866*	*12,390,866*	*43.31%*	*43.37%*
Public	16,178,768	16,178,768	56.55%	55.31%
Self-held	41,620	N/A	0.15%	N/A
Total	28,611,254	28,569,634	100.00%	100.00%

(1) Founding individual who is a corporate officer

(2) There is no concerted action between these shareholders, who are presented under the subtotals for purposes of comprehension only

As far as the Company is aware, there are no other shareholders holding directly or indirectly, alone or in concert, more than 5% of the capital or voting rights at the date of this *Document d'Enregistrement Universel*.

See Section 4.5.2.4 "*Convertible or exchangeable securities or securities with attached warrants*" of this *Document d'Enregistrement Universel* for details on the conditions for conversion of the convertible bonds, exercise of subscription or founders' warrants, and subscription options for performance shares, and Section 4.5.2.7.1 "*Table showing changes in the capital over the last three financial years*" for a detailed presentation of capital increases.

4.3.2 Significant shareholders not represented on the Board of directors

As of the date of this *Document d'Enregistrement Universel*, Andera Partners and Roivant Sciences Ltd are significant shareholders who are not members of the Company Board of Directors.

4.3.3 Recent transactions with regard to the share capital of the Company

On March 21, 2019, an employee exercised 1,690 BSPCE, which resulted in the creation of 33,800 new ordinary shares and in a share capital increase, as recorded by the Board on December 6, 2019 of €676.

On October 11, 14, 15 and 16, 2019, an employee exercised an aggregate amount of 139,986 stock-options, which resulted in the creation of 139,986 new ordinary shares and in a share capital increase, as recorded by the Board on December 6, 2019 of €2,799.52.

On January 10, 2020 an employee exercised 1,666 BSPCE which resulted in the creation of 1,666 new ordinary shares and in a share capital increase, as recorded by the Board on January 29, 2020 of €33.32.

On January 20, 2020 an employee exercised 500 BSPCE which resulted in the creation of 10,000 new ordinary shares and in a share capital increase, as recorded by the Board on January 29, 2020 of €200.

On January 25, 2020, 26,611 performance shares were acquired which resulted in a share capital increase as recorded by the Board on January 29, 2020 of €532.22.

On May 25, 2020, the Company raised €17.7 million and issued 2,358,483 ordinary shares with a par value of €0.02, at a price of €7.50 per share, including share premium, for a total subscribed amount of €17,688,622.50, representing approximately 9.04% of the share capital of the Company.

In June 2020, an employee exercised 1,000 BSPCE corresponding to 20,000 ordinary shares at a strike price of €2.5, representing a capital increase of €400 with a share premium of €49,600.

In August 2020, an employee exercised 1,200 BSPCE corresponding to 24,000 ordinary shares at a strike price of €3.2, representing a capital increase of €480 with a share premium of €76,320.

On January 24, and January 25, 2021, 115,731 performance shares were acquired which resulted in a share capital increase as recorded by the Board on January 27, 2021 of €2314.62.

4.3.4 Transactions in securities carried out by executives and persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code

During the 2020 financial year, Mr. Thomas Kuhn, Chief Executive Officer of the Company acquired 7 403 performance shares pursuant to the 2018 share performance plan decided by the Board of Directors of the Company, upon delegation of the General Meeting of Shareholders, on January 25, 2018. This amount corresponds to the second tranche of the 2018 performance shares for which 66.7% of the performance conditions have been achieved, as assessed by the Board of Directors upon recommendation of the Compensation committee on January 29, 2020.

No other transaction in securities has been carried out by executives and persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code.

4.3.5 Voting rights of the main shareholders

As of the date of this *Document d'Enregistrement Universel*, the voting rights of each shareholder are equal to the number of shares held by each of them.

The general meeting of shareholders held on January 8, 2015 resolved to remove the automatic double voting rights as provided for by French law No. 2014-384 of March 29, 2014 aimed at recapturing the real economy.

4.3.6 Control of the Company

As of the date of this *Document d'Enregistrement Universel*, no shareholder individually holds either control of the Company, or a percentage likely to lead to the presumption of control of the Company within the meaning of the provisions of Article L. 233-3 of the French Commercial Code.

4.3.7 Agreements that may result in a change of control

No particular provision of the bylaws, any charter or any regulations of the issuer may result in delaying, deferring or preventing a change of control.

4.3.8 Agreements between the shareholders of which the Company is aware and that may result in restrictions on the transfer of shares and the exercise of voting rights

As of the date of this *Document d'Enregistrement Universel*, the Company is not aware of any agreement that may result in restrictions on the transfer of shares and the exercise of voting rights.

4.3.9 Pledges of Company security

As far as the Company is aware, there is no pledge of the Company's securities.

4.3.10 Crossing of thresholds

In the 2020 financial year, the Company has been made aware of the following thresholds crossing:

- further to a legal threshold crossing notification published by the AMF on July 24, 2020, Andera Partners stated that, on May 29, 2020, as a result of the increase of the share capital and voting rights of the Company, it had crossed the threshold of 15% of the capital and voting rights of the Company downwards and that it held 4,061,527 shares of the Company representing 14.27% of the capital and voting rights of the Company;

- further to a statutory threshold crossing notification received by the Company on November 10, 2020, as a result of purchase of shares of the Company, Caisse des Dépôts et Consignations announced that the CDC Croissance fund had crossed the threshold of 2% of the capital and voting rights of the Company upwards and that it held 570,270 shares of the Company representing 2.00% of the capital and voting rights of the Company and together with the CDC Group, 5,332,715 shares of the Company representing 18.71% of the capital and voting rights of the Company.

As of the date of this *Document d'Enregistrement Universel*, the Company has been made aware of the following additional thresholds crossing:

- further to a legal threshold crossing notification published by the AMF on February 12, 2021, Andera Partners stated that, on February 8, 2021, as a result of sale of shares of the Company

on the market, it had crossed the threshold of 10% of the capital and voting rights of the Company downwards and that it held 2,829,185 shares of the Company representing 9.89% of the capital and voting rights of the Company.

4.3.11 Changes in the share price

The Company's shares have been listed on the Euronext Paris regulated market under the symbol "POXEL.PA" since February 6, 2015.

The following table describes the changes in the closing price of the Company's share on Euronext Paris during the 2020 financial year:

PERIOD	HIGH	LOW
First quarter of 2020	€13.64	€4.87
Second quarter of 2020	€9.28	€5.54
Third quarter of 2020	€7.34	€6.13
Fourth quarter of 2020	€7.50	€5.80

4.4 Related party transactions

4.4.1 Intra-group transactions

During the 2020 financial year, the Company engaged in intra-group activities with its subsidiaries as described in Section 2.4.1.3 "*Group financial flows*" of this *Document* d'*Enregistrement Universel.*

An intercompany cost sharing agreement was entered into between the Company and Poxel Japan KK on March 8, 2018 for a one-year period, beginning as from April 1, 2018, which is tacitly renewable for successive periods of one year unless one of the parties gives a 6-month prior notice to terminate the agreement. Pursuant to this agreement, the Company and Poxel Japan KK agreed to share costs incurred in the course of development and licensing of the Company's drug candidates. The services provided are notably the following: (i) medical and clinical operations which are driven by the Company and locally managed by Poxel Japan KK in Japan, (ii) regulatory affairs which are driven by the Company and locally managed by Poxel Japan KK, (iii) other services regarding general management, assistance with quality control and regulatory affairs, etc.

An amended and restated costs sharing agreement was entered into, effective on December 31, 2019. This agreement includes the activities of Poxel Inc., created in 2019.

The Company and Poxel Inc. agreed to share costs incurred in the course of: (i) business development activities, (ii) investor relations activities, (iii) regulatory and medical affairs activities and (iv) other services regarding general management, quality insurance and administrative policies and assistance.

Pursuant to this agreement, the Company and Poxel Japan KK/Poxel Inc. are compensated for the services provided in an amount equal to actual costs and expenses incurred in this context with a margin of 5 %. The amount of the costs is determined and updated each year.

Pursuant to this agreement, the Company and Poxel Japan KK/Poxel Inc. also agreed to grant each other interest bearing current account advances or loans, depending on their available cash resources and respective cash flow needs. Such current account advances or loans shall bear interest at an annual rate equal to the 3-month EURIBOR (unless less than zero, in which case the EURIBOR shall be deemed to be zero) + 0.5%.

4.4.2 Significant agreements concluded with related parties

a) On June 20, 2019, as authorized by the Board of Directors on June 20, 2019 and ratified by the General Meeting of Shareholders on June 24, 2020, a management agreement was entered into between the Company and Thomas Kuhn.

It sets out the conditions for the performance of Thomas Kuhn's office in his capacity as Chief Executive Officer of the Company and will terminate on the date of removal or non-renewal of his office. This agreement is the only agreement concerning the work relationship between Mr. Kuhn and the Company.

Mr. Kuhn's compensation is determined on a yearly basis by the Board of Directors upon recommendation of the Compensation Committee.

The agreement was entered into for the duration of the term of office of Mr. Kuhn as Chief Executive Officer, notwithstanding the right of removal of the Board of Directors. Therefore, the Board will not make any decision with regard to the renewal of this agreement as long as the term of office of Thomas Kuhn continues. Mr. Kuhn may be revoked, in accordance with the terms of the Company's by-laws, or resign, with a four-month notice. Such notice may be waived by the Board of Directors, subject to compensation for the total amount of compensation due for such period.

Thomas Kuhn received compensation of €405,445.54 for his services in 2020.

b) On December 12, 2014 the Company entered into an agreement with Mr. Khoso Baluch to indemnify him for legal costs and convictions he may incur in the event that any liability is imposed against him in his capacity as a Company director, to the fullest permitted by applicable law, except in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.

This agreement will remain in force for 10 years following termination of Khoso Baluch's duties as director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

c) On December 12, 2014 the Company entered into an agreement with Mr. Richard Kender to indemnify him for the legal costs and convictions he may incur in the event that any liability is imposed against him in his capacity as a Company director, to the fullest permitted by applicable law, except in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.. This agreement was entered into following his appointment as a director of the Company on January 8, 2015. This agreement will remain in force for 10 years following termination of Richard Kender's duties as director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

d) On March 31, 2016, the Company entered into an agreement with Mr. Pierre Legault to indemnify him for the legal costs and convictions he may incur in the event that any liability is imposed against him, in his capacity as a Company director, to the fullest permitted by applicable law, except in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.. This agreement was set up in the context of the nomination of Mr. Pierre Legault as a director on March 31, 2016. It aims to offer a guarantee in consideration for duties performed. This agreement will remain in force for 10 years following the termination of his duties as a director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

e) On March 31, 2016, the Company entered into an agreement with Ms. Janice Bourque to indemnify her for the legal costs and convictions she may incur in the event that any liability is imposed against her, in her capacity as a Company director, to the fullest permitted by applicable law, except in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.. This agreement was set up in the context of the nomination of Ms. Janice Bourque as a director on March 31, 2016. It aims to offer a guarantee in consideration for duties performed. This agreement will remain in force for 10 years following the termination of her duties as a director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

f) On March 16, 2016, the Company entered into an agreement with Ms. Pascale Boissel to indemnify her for the legal costs and convictions she may incur in the event that any liability is imposed against her, in her capacity as a Company director, to the fullest permitted by applicable law, in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding

was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.. It aims to offer a guarantee in consideration for duties performed. This agreement will continue in force for 10 years following the termination of her duties as a director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

g) On August 1, 2017 the Company entered into an agreement with Ms. Kumi Sato to indemnify her for the legal costs and convictions she may incur in the event that any liability is imposed against her, in her capacity as a Company director, to the fullest permitted by applicable law, except in the event that is finally determined that: (i) the beneficiary's conduct forming the subject matter of the proceeding was not consistent with the corporate interests of the Company (ii) the beneficiary's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct.. It aims to offer a guarantee in consideration for duties performed. This agreement will remain in force for 10 years following the termination of her duties as a director and, if necessary, for one year following the termination of any proceedings still ongoing after this 10-year period.

h) On June 1, 2018, the Company signed a service agreement with Cosmo Public Relations Corporations, a company chaired and managed by Kumi Sato, member of the Board of Directors, under the terms of which Cosmo Public Relations Corporations is committed to providing communication services to the Company. The signature of this service agreement has been ratified, in accordance with the applicable provisions of the French *Code de commerce*, by the Company's General Meeting of Shareholders of May 9, 2019.

4.4.3 Procedure to identify regulated agreements

The Board of Directors, in accordance with article L. 225-37-4 10° of the French Commercial Code, approved an internal policy relating to the identification of transactions with related persons on March 26, 2020. This policy formalizes the process implemented to identify the related persons transactions as well as the evaluation of agreements entered into in the ordinary course of business and on arms' length terms.

The internal policy describes (i) prohibited agreements, (ii) related-party agreements subject to specific control procedure, (iii) criteria for the definition of "ordinary course of business" and "arms' length terms" as well as (iv) standards for review, approval and/or ratification of related person transactions.

The Company will determine on or before the execution date of each related person transaction if such transaction falls under the scope of this policy and as the case may be, if such related person transaction is deemed undertaken in the ordinary course of business and entered into on arms' length terms. The Audit Committee and the Board of Directors shall be involved in such procedure, as the case may be. This policy will be reviewed each year by the Board of Directors, upon recommendation of the Audit Committee.

4.4.4 Special report of the statutory auditors on regulated agreements

This is a translation into English of the special report of the statutory auditors on regulated agreements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of POXEL,

In our capacity as statutory auditors of your company, we present our report on regulated agreements.

It is our duty to inform you, on the basis of information provided to us, of the characteristics, the essential terms and the reasons justifying the interest for the company of agreements of which we have been advised or that we discovered during our engagement, without commenting on their usefulness and appropriateness or identifying such other agreements as may exist. It is your responsibility, pursuant to Article R. 225-31 of the French commercial code, to assess the interest in concluding these agreements with a view to their approval.

Furthermore, it is our responsibility, where appropriate, to provide you with the information provided for in Article R. 225-31 of the French commercial code relating to the performance, during the past financial year, of agreements already approved by the general meeting of shareholders.

We applied the procedures that we considered necessary in the light of the professional guidelines of the National Institute of Statutory Auditors relating to this engagement. This consisted in verifying the consistency of the information provided to us with the source documents from which it is derived.

AGREEMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

Agreements authorized and entered into during the past financial year

We inform you that we have not been advised of any agreements authorised and concluded during the past financial year to be submitted to the approval of the general meeting pursuant to the provisions of Article L. 225-38 of the Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved during prior fiscal years and whose performance continued during the past financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreements, already approved by the General Meeting in previous years, continued during the year just ended.

- Management contract with Mr. Thomas Kuhn

Person concerned: Mr. Thomas Kuhn, Chief Executive Officer.

Subject: management contract with Mr. Thomas Kuhn signed on 20 June 2019, replacing the preceding contract signed 28 March 2014, presenting a mission of management of the company with the limitations of powers which are applicable to him and for a period equivalent to that of his corporate

mandate as CEO. This contract also provides the methods used to set his gross earnings and termination benefits.

Compensation: A gross amount of 405 445,54 euros is included in expenses for the financial year.

- Services agreement with Cosmo Public Relations Corporations, company chaired and managed by Ms. Kumi Sato

Person concerned: Ms. Kumi Sato, director

Purpose: Agreement entered into on June 1st, 2018 pursuant to which Cosmo Public Relations Corporations undertakes to provide to the Company services of communication.

Compensation: under this contract, a sum of 34 335,36 euros gross is included in the expenses for the financial year.

Reason: provide services of communication in Japan to the Company.

- Indemnification agreement of Ms. Kumi Sato

Person concerned: Kumi Sato, director

Purpose: agreement entered into on 1 August 2017 with Ms. Kumi Sato to indemnify her for legal costs and convictions she may incur in the event that any liability is imposed on her, in her capacity as a director of the Company.

Reason: this agreement was entered into following the appointment of Ms. Kumi Sato as director. It aims to offer a guarantee in consideration of the functions performed.

- Indemnification agreement of Ms. Janice Bourque

Person concerned: Ms. Janice Bourque, director.

Purpose: agreement entered into on 31 March 2016 with Ms. Janice Bourque to compensate her for judicial costs and convictions that might arise in case of invoking of her responsibility in her capacity as a director of the Company.

Reason: This agreement was entered into following the appointment of Ms. Janice Bourque as director. It aims to offer a guarantee in consideration of the functions performed.

- Indemnification agreement of Mr. Pierre Legault

Person concerned: Mr. Pierre Legault, director.

Purpose: agreement entered into on 31 March 2016 with Mr. Pierre Legault to compensate him for judicial costs and convictions that might arise in case of invoking of his responsibility in his capacity as a director of the Company.

Reason: This convention was entered into following the appointment of Mr. Pierre Legault as director. It aims to offer a guarantee in consideration of the functions performed.

- Indemnification agreement of Mr. Richard Kender

Person concerned: Mr. Richard Kender, director.

Purpose: agreement entered into on 12 December 2014 with Mr. Richard Kender to compensate him for judicial costs and convictions that might arise in case of invoking of his responsibility in his capacity as a director of the Company.

Reason: This convention was entered into following the appointment of Mr. Richard Kender as director. It aims to offer a guarantee in consideration of the functions performed.

Indemnification agreement of Mr Mohammed Khoso Baluch

Person concerned: Mr. Mohammed Khoso Baluch, director.

Purpose: agreement entered into on 12 December 2014 with Mr. Mohammed Khoso Baluch to compensate him for judicial costs and convictions that might arise in case of invoking of his responsibility in the framework of his mandate as director of the Company.

Reason: This convention has been put in place in the framework of the appointment of Mr. Mohammed Khoso Baluch as director. The aim of the agreement is to provide a guarantee in consideration for the duties performed.

- Indemnification agreement of Ms. Pascale Boissel

Person concerned: Ms. Pascale Boissel, director.

Purpose: agreement entered into on 16 March 2016 with Ms. Pascale Boissel to compensate her for judicial costs and convictions that might arise in case of invoking of her responsibility in the framework of her mandate as director of the Company.

Reason: This convention has been put in place in the framework of the appointment of Ms. Pascale Boissel as director. The aim of the agreement is to provide a guarantee in consideration for the duties performed.

Les Commissaires aux comptes

Mazars	Deloitte & Associes
Courbevoie, March 25, 2021	Paris-La-Défense, March 25, 2021

Séverine Hervet	Julien Razungles

4.5 Legal information

4.5.1 Statutory auditors

4.5.1.1 Statutory auditors

MAZARS SA, member of the regional institute of statutory auditors (*compagnie régionale des commissaires aux comptes*) of Versailles, Tour Exaltis – 61 rue Henri Regnault, 92400 Courbevoie
represented by Séverine HERVET
First appointment date: January 29, 2016
Term: Five years, corresponding to the remainder of the term of office of its predecessor
Term expiration date: during the General Meeting of Shareholders to approve the financial statements for the financial year ended December 31, 2020

DELOITTE & ASSOCIES, member of the regional institute of statutory auditors of Nanterre, 6 Place de la Pyramide, 92908 Paris La Défense, represented by Julien Razungles
Appointment date: June 24, 2020
Term: Six years
Term expiration date: during the General Meeting of Shareholders to approve the financial statements for the financial year ended December 31, 2025

4.5.1.2 Alternate statutory auditors

Emmanuel CHARNAVEL, member of the regional institute of statutory auditors of Lyon, Le Premium, 131 Boulevard Stalingrad, 69624 Villeurbanne Cedex
Alternate for MAZARS SA
Appointment date: January 29, 2016
Term: Five years, corresponding to the remainder of the term of office of its predecessor
Term expiration date: during the General Meeting of Shareholders to approve the financial statements for the financial year ended December 31, 2020

In accordance with the provisions of Article L. 823-1 of the French Commercial Code, no alternate statutory auditor has been appointed for DELOITTE & ASSOCIES.

4.5.1.3 Information on auditors who have resigned, have been removed or have not been renewed

In accordance with the Company's audit committee charter and the principles applicable under the MiddleNext Code of Corporate Governance, the audit committee of the Company, acknowledging that the mandate of PRICEWATERHOUSECOOPERS AUDIT, member of the regional institute of statutory auditors of Versailles, 63 rue de Villiers, 92208 Neuilly-Sur-Seine Cedex, represented by Cédric Mazille was expiring on the date of General Meeting of Shareholders convened to approve the financial statements for the financial year ended December 31, 2019, decided, in agreement with the Company's management, to conduct a request for proposal in connection with the potential renewal of PRICEWATERHOUSECOOPERS AUDIT or the appointment of new statutory auditors.

The audit committee has exercised all responsibilities devoted to it in the course of this request for proposal process. Three firms were contacted, and three answers were received. The request for proposal included several criteria meant to allow the audit committee to evaluate the proposals received in a fair manner. The fees of the statutory auditors as well as all relevant information were assessed by the audit committee. The audit committee conducted interview of the firms and after careful review of the proposals, recommended to the Board of Directors to select one of these candidates. The Company considers that the selection process was fair and efficient.

Further to the proposal of the Board of Directors, based on the recommendation of the audit committee, the shareholders of the Company have decided not to renew the mandate of PRICEWATERHOUSECOOPERS AUDIT, member of the regional institute of statutory auditors of Versailles, 63 rue de Villiers, 92208 Neuilly-Sur-Seine Cedex, represented by Cédric Mazille which was expiring during the General Meeting of Shareholders convened to approve the financial statements for the financial year ended December 31, 2019 and to appoint DELOITTE & ASSOCIES.

As a consequence, the mandate of M. Jean-Christophe GEORGHIOU, member of the regional institute of statutory auditors of Versailles, 63 rue de Villiers, 92208 Neuilly-Sur-Seine Cedex, alternate for PRICEWATERHOUSECOOPERS AUDIT, which was also expiring on such date was not renewed. In accordance with the provisions of Article L. 823-1 of the French Commercial Code, no alternate statutory auditor has been appointed for DELOITTE & ASSOCIES.

4.5.2 Share capital

4.5.2.1 Amount of share capital

As of the date of this *Document d'Enregistrement Universel*, the share capital amounted to €572,225.08, divided into 28,611,254 fully paid-up shares with a nominal value of €0.02 each.

4.5.2.2 Non-equity securities

None

4.5.2.3 Number, book value and nominal value of the shares held by the Company or for the Company

The Company's General Meeting of Shareholders of June 24, 2020 authorized in its 19th resolution the Board of Directors, for a period of eighteen months from the date of the Meeting, to implement a share buyback program within the framework of the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the general regulation of the AMF under the conditions described below:

Maximum number of shares that may be purchased: 10% of the total number of shares constituting its share capital at the date of the repurchase of the shares. When the shares are acquired for the purpose of promoting the trading and the liquidity of the shares, the number of shares taken into account for the calculation of the limit of 10% provided above corresponds to the number of shares purchased, after deduction of the number of shares resold during the duration of the authorization.

Objectives of the buyback of shares:

- the market making and liquidity of the Company's shares through a financial services provider acting independently pursuant to a liquidity agreement in accordance with an ethics code recognized by the AMF; and/or
- the performance of obligations related to stock option, performance share and employee savings plans or other share allocations to employees and officers of the Company or its affiliates; and/or
- the delivery of shares upon the exercise of rights attached to securities giving access to share capital; and/or
- the cancellation of all or part of the shares thus repurchased; and/or
- the implementation of any operation compliant with applicable law; and/or

- more generally, the pursuit of any purpose that may be authorized by law or any market practice that may be accepted by market authorities, it being specified that, in such a case, the Company would inform its shareholders by means of a press release.

The maximum purchase price: €20 (excluding acquisition costs), subject to adjustments intended to take into account the impact of new transactions involving the Company's capital, including a change of the nominal value of the share, capital increase by capitalization of reserves, the allocation of performance shares, stock split or consolidation, distribution of reserves or any other assets, amortization of capital, or any other operation involving equity.

Maximum amount of funds that can be assigned to buyback: €10,000,000

It is stated that the number of shares acquired by the Company in view of their holding and subsequent surrender in payment or in exchange in connection with a merger, de-merger or may not exceed 5% of its capital.

The shares thus bought may be canceled.

It is specified that the establishing of the share repurchase program and its implementation will be the subject of communications in accordance with the legal and regulatory provisions.

Moreover, on the basis of the resolution at the General Meeting of Shareholders of April 15, 2014, the Company signed a liquidity agreement on March 16, 2015 with Oddo BHF SCA. An amount of €250,000 was initially allocated to this liquidity agreement.

As of December 31, 2020, 37,830 shares were included in the liquidity account for a remaining cash balance of €113,195.17.

4.5.2.4 **Convertible or exchangeable securities or securities accompanied by warrants**

At the date of this *Document d'Enregistrement Universel*, the securities giving access to capital are the following:

4.5.2.4.1 **Stock subscription warrant plan**

	Warrant 10.31.2012 (1)		**Warrant 07.25.2014 (2)**	**Warrant 6.16.2015 (3)**		**Warrant 1.29.2016**			**Warrant 6.30.2017**		**Warrants 6.21.2018**	**Warrants 06.11.2019**	**Warrants 02.14.2020**	**Warrants 03.20.2020**	**Warrants 05.22.2020**	**Warrants 01.27.2021**
Date of General Meeting of Shareholders	10/31/2012		07/25/2014	06/16/2015		01/29/2016			6/30/2017		6/21/2018	06/20/2019				06/24/2020
Date of attribution by the Board of Directors	2/20/2013	03/12/2014	01/08/2015	4/29/2015	05/07/2015	1/29/2016	3/31/2016	1/27/2017	6/30/2017	1/25/2018	1/24/2019	06/11/2019	02/14/2020	03/20/2020	05/22/2020	01/27/2021
Total amount of attributed warrants (4)	2,500	2,500	42,500	42,500	240,000	85,000	42,500	62,500	25,000	90,000	120,000	6,500,000	120,000	10,000,000	1,768,861	100,282
Effective date of exercise of warrants	2/20/2013	03/12/2014	7/25/2015	6/16/2016	6/16/2015	1/29/2017	3/31/2017	1/27/2018	6/30/2018	1/25/2019	1/24/2020	11/06/2019	02/14/2020	03/20/2020	05/22/2020	01/27/2021
Warrant expiration date	10/31/2022		7/25/2024	6/16/2025		1/29/2026	3/31/2026	1/27/2027	6/30/2027	1/25/2028	1/24/2029	11/04/2026	02.14.2030	11/04/2026	05/22/2025	01/27/2031
Warrant subscription price	€ 12		€0.63	€1.41	€1.45	€1.60	€1.63	€0.38	€0.36	€0.35	€2.66 (5)	(6)	€3.54 (5)	(6)	(7)	€2.21 (5)
Warrant exercise price	€80.00		€4.00	€9.37	€9.62	€9.05	€9.26	€7.17	€6.90	€6.60	€5.20 (5)	€7.37 (8)	€10.77 (5)	€7.14 (8)	€10.03	€7.06 (5)
Number of shares subscribed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total number of warrants canceled or voided	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total number of warrants exercised	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total amount of remaining warrants (9)	2,500	2,500	42,500	42,500	240,000	85,000	42,500	62,500	25,000	90,000	120,000	6,500,000	120,000	10,000,000	1,768,861	100,282
Maximum number of shares that can be subscribed (10)	50,000	50,000	42,500	42,500	240,000	85,000	42,500	62,500	25,000	90,000	120,000	264,587	120,000	209,967	1,768,861	140,000 (11)

[1]. Each 10.31.2012 warrant entitles the holder to subscribe in cash for twenty (20) new shares at a price of €4.00.

[2]. Each 07.25.2014 warrant entitles the holder to subscribe in cash for one (1) new ordinary share at a price of €4.00.

[3]. The 06.16.2015 warrants were issued on the condition precedent of voting by the General Meeting of Shareholders of June 16, 2015 on a delegation of authority in favor of the Board of Directors. This delegation of authority was given by the General Meeting of Shareholders in its 18th resolution.

[4]. The attribution of warrants to the Chairman and the Directors is further described in Section 4.2.4 "Share Subscription Warrants, Founder Warrants, Stock Options and Performance" of this Document d'Enregistrement Universel*. The attribution of warrants to independent directors does not undermine their independent character*.

[5]. The subscription price and the exercise price of the warrants were determined after valuation by an independent expert and were reflecting the fair market value of such instruments according to such independent expert.

[6]. The 11.06.2019 and the 03.20.2020 warrants were subscribed to upon subscription of the bonds to which they were attached (OBSA) (at an EUR 1 subscription price).

[7]. The 05.22.2020 warrants were subscribed to upon subscription of the shares to which they were attached (at an EUR 7.50 subscription price).

[8]. Each 11.06.2019 and each 03.20.2020 warrant entitles the holder to subscribe in cash for one (1) new ordinary share at a price which is the lower of (i) respectively (y) €7.37 and (z) €7.14 and (ii) the subscription price of any share falling within the scope of any share issuance of a market value of more than EUR 10 million (in one or several issuances occurring within a period of 12 consecutive months, it being specified that in the event of several issuances, the subscription price shall be the average subscription price of these issuances) made by the Company (between November 7, 2019 and December 31, 2022), it being specified that this subscription price is subject to a EUR 6.37 floor.

[9]. By virtue of the delegation voted by the General Meeting of Shareholders on June 24, 2020 under its 31st and 33rd resolutions, the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to the delegation of authority relating to the warrants may not exceed (i) 6% of the share capital on a fully diluted basis recognized at the date of the decision to award the warrants, and (ii) with the securities that may be issued through the exercise of stock options and performance shares that may be granted, 7,5% of the share capital on a fully diluted basis recognized at the date of the decision to award the warrants; it being specified that the maximum amount referred to above will be increased by the securities issued to protect the rights of holders of securities giving access to capital pursuant to the provisions of the French Commercial Code.

[10]. All warrants have been fully subscribed except for the 01.24.2019, the 02.14.2020 and the 01.27.2021 warrants which have a subscription period of 10 years from the grant date.

[11]. The 01.27.2021 warrants, are subject to performance conditions assessed by the Board of Directors according to a one-year plan. In case of achievement of such performance conditions, each warrant shall give right to a number of shares calculated pursuant to an adjusted ratio. The amount presented in the table above represents the potential total maximum number of shares which could be issued upon full exercise of the 01.27.2021 warrants based on this adjusted ratio.

4.5.2.4.2 **Founder warrant (BSPCE) plan**

	BSPCE 2012 (1)	BSPCE 2017		
		2017-01	2017-02	2017-03
Date of General Meeting of Shareholders	10/31/2012	06/30/2017		
Date of attribution by the Board of Directors	03/12/2014	03/31/2017	06/30/2017	09/21/2017
Total amount of attributed founders' warrants (2)	5,000	100,000 (2)	177,500	15,000
Effective date of exercise of BSPCE	03/12/2014	3/31/2018	6/30/2018	21/09/2018
BSPCE expiration date	10/31/2022	3/31/2027	6/30/2027	21/09/2027
BSPCE exercise price	€3.20	€5.91	€7.26	€6.01
Number of shares subscribed	40,000	0	1,666	0
Total number of BSPCE canceled or voided	0	0	25,000	0
Total amount of exercised BSPCE	3,500	0	1,666	0
Total amount of remaining BSPCE	1,500	100,000	150,834	15,000
Maximum number of shares that can be subscribed (3)	30,000	100,000	150,834	15,000

[1]. Each BSPCE 10.31.2012 entitles the holder to subscribe for twenty (20) ordinary shares at the price of €3.20. BSPCEs 10.31.2012 may be exercised at any time, on condition that the holder is an employee or an executive subject to the employee tax regime at the exercise date.

[2]. The attribution of BSPCE to the Chief Executive Officer is further described in Section 4.2.4 "Share Subscription Warrants, Founder Warrants, Stock Options and Performance" of this Document d'Enregistrement Universel*.*

[3]. The 03.31.2017 BSPCE were issued on the condition precedent of voting by the General Meeting of Shareholders of June 30, 2017 on a delegation of authority in favor of the Board of Directors. This delegation of authority was given by the General Meeting of Shareholders in its 32[d] resolution.

4.5.2.4.3 **Stock option plan**

	SO 1.29.2016			SO 6.30.2017		SO 6.21.2018		SO 5.9.2019	SO 02.14.2020			SO 01.27.2021		
Date of General Meeting of Shareholders	1/29/2016			6/30/2017		6/21/2018		05/09/2019	05/09/2019			06/24/2020		
Date of attribution by the Board of Directors	3/31/2016	11/23/2016	1/27/2017	6/30/2017	1/25/2018	9/27/2018	1/24/2019	6/20/2019	02/14/2020	02/14/2020	02/14/2020	01/27/2021	01/27/2021	01/27/2021
Total amount of attributed SO (1)	80,000	150,000	197,500	97,500	215,000	130,000	40,000	257,500	40,000	230,000	150,000	40,000 (2)	274,500	70,000
Effective date of progressive exercise of stock options	3/31/2016	11/23/2017	1/27/2018	6/30/2018	1/25/2019	9/27/2019	1/24/2020	6/20/2020	02/14/2020	01/29/2021	01/29/2021	01/27/2021	01/27/2022	01/27/2022
SO expiration date	3/31/2026	11/23/2026	1/27/2027	6/30/2027	1/25/2027	9/27/2028	1/24/2029	6/20/2029	02/14/2030	02/14/2030	02/14/2030	01/27/2031	01/27/2031	01/27/2031
SO exercise price	€12.55	€6.47	€6.76	€6.61	€6.79	€6.82	€5.16	€7.04	€10.26	€10.26	€10.26	€6.64	€6.64	€6.64
Number of shares subscribed	0	0	123 321	0	16 665	0	0	0	0	0	0	0	0	0
Total number of SO canceled or voided	0	0	61 679	17 500	77 501	0	0	138 333	0	75 000	0	0	0	0
Total amount of remaining SO	80,000	150,000	12,500	80,000	120,834	130,000	40,000	119,167	40,000	155,000	150,000	40,000	274,500	70,000
Maximum number of shares that can be subscribed (3)	80,000	150,000	12,500	80,000	120,834	130,000	40,000	119,167	40,000	155,000	150,000	40,000	274,500	70,000

[1]. The attribution of Stock Options to the Chairman is further described in Section 4.2.4 "Share Subscription Warrants, Founder Warrants, Stock Options and Performance" of this Document d'Enregistrement Universel.

[2]. The Stock Options allocated to the Chairman on January 27, 2021, are subject to performance conditions assessed by the Board of Directors according to a one-year plan.

[3]. By virtue of the delegation voted by the General Meeting of Shareholders on June 24, 2020 under its 30th and 33rd resolutions, the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to the delegation of authority relating to the stock options may not exceed (i) 6% of the share capital on a fully diluted basis recognized at the date of the decision to award the stock options , and (ii) with the securities that may be issued through the exercise of warrants and performance shares that may be granted, 7,5% of the share capital on a fully diluted basis recognized at the date of the decision to award the stock options; it being specified that the maximum amount referred to above will be increased by the securities issued to protect the rights of holders of securities giving access to capital pursuant to the provisions of the French Commercial Code.

4.5.2.4.4 **Performance share plan**

	June 21, 2018 performance share allocation[1]	May 9, 2019 performance share allocation			June 24, 2020 performance share allocation
Date of General Meeting of Shareholders	6/21/2018	09/05/2019			06/24/2020
Date of attribution by the Board of Directors	1/24/2019	6/20/2019 (2)	9/25/2019 (3)	01/29/2020 (4)	01/27/2021 (5)
Total number of performance shares attributed (6)	240,000	3,600	65,000	370,000	603,250
Number of acquired shares	90,223	0	0	0	0
Total number of shares canceled or voided	82,246	0	0	23,250	0
Number of shares for which the acquisition and holding period have ended	90,223	0	0	0	0
Potential shares at the time of writing this report (7)	67,531	3,600	65,000	346,750	603,250

[1]. The June 21, 2018 performance shares are subject to the condition of presence of beneficiaries on the acquisition date and to performance conditions assessed by the Board of Directors according to a three-year plan.

The first and second third of the June 21, 2018 performance shares for which the performance conditions have been assessed by the Board of Directors at its first meeting in 2021, are subject to a two-years acquisition period and are not subject to an additional holding period. The final third of the June 21, 2018 performance shares for which the performance conditions will be assessed by the Board of Directors at its first meeting in 2022, are subject to a three-years acquisition period will not be subject to an additional holding period.

[2]. The performance shares allocated on June 20, 2019, are subject to the condition of presence of beneficiaries on the vesting date and to performance conditions assessed by the Board of Directors according to a three-year plan.

The first and second third of the performance shares allocated on June 20, 2019, for which the performance conditions will be assessed by the Board of Directors at its first meeting in 2021, are subject to a two-years acquisition period and will be subject to an additional one-year holding period. The final third of the performance shares allocated on June 20, 2019, for which the performance conditions will be assessed by the Board of Directors at its first meeting in 2022, are subject to a three-years acquisition period will not be subject to an additional holding period.

[3]. The performance shares allocated on September 25, 2019, are subject to the condition of presence of beneficiary on the vesting date and/or to performance conditions assessed by the Board of Directors.

20,000 performance shares allocated on September 25, 2019 are subject to the condition of presence of the beneficiary only, out of which two-third are subject to a two-years acquisition period and will be subject to an additional one-year holding period and one-third are subject to a two-years acquisition period and will not be subject to an additional holding period.

20,000 performance shares allocated on September 25, 2019, are subject to the condition of presence of beneficiary on the acquisition date and to performance conditions to be assessed by the Board of Directors at its first meeting after the second anniversary date of their allocation. Such performance shares are subject to a two-years acquisition period and will be subject to an additional one-year holding period.

25,000 performance shares allocated on September 25, 2019, are subject to the condition of presence of beneficiary on the acquisition date and to performance conditions to be assessed by the Board of Directors at any time between their allocation date and December 31, 2023. Such performance shares are subject to a two-years acquisition period and will be subject to an additional one-year holding period.

[4]. The performance shares allocated on January 29, 2020, are subject to the condition of presence of beneficiary on the acquisition date which will be two years after their date of grant and to performance conditions assessed by the Board of Directors according to a one-year plan. Such performance shares are subject to an additional one-year holding period after their acquisition.

[5]. The performance shares allocated on January 27, 2021, are subject to the condition of presence of beneficiary on the acquisition date which will be two years after their date of grant and to performance conditions assessed by the Board of Directors according to a one-year plan. Such performance shares are subject to an additional one-year holding period after their acquisition.

[6]. The attribution of performance shares to the Chief Executive Officer is further described in Section 4.2.4 "Share Subscription Warrants, Founder Warrants, Stock Options and Performance" of this Document d'Enregistrement Universel.

[7]. By virtue of the delegation voted by the General Meeting of Shareholders on June 24, 2020 under its 32nd and 33rd resolutions, the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to the delegation of authority relating to the performance shares may not exceed (i) 4.5% of the share capital on a fully diluted basis recognized at the date of the decision to award the performance shares, and (ii) with the securities that may be issued through the exercise of warrants and stock options that may be granted, 7,5% of the share capital on a fully diluted basis recognized at the date of the decision to award the performance shares.

4.5.2.4.5 **Summary of dilutive instruments**

The table below presents the summary of dilutive instruments as of the date of this *Document d'Enregistrement Universel*:

	Warrants	**BSPCE**	**SO**	**PA**
Total number of attributed warrants/BSPCE/SO/PA outstanding	19,244,143	267,334	1,462,001	1,086,131
Total number of shares that may be subscribed or bought based on the remaining warrants/BSPCE/SO/PA	3,353,415	295,834 (1)	1,462,001	1,086,131

[1]. After taking into consideration the conversion ratio of 20 shares for 1 BSPCE decided by the Company's Board of Directors on March 28, 2014

The total dilution that may arise as a result of the exercise of all of the financial instruments conferring access to the share capital or the exercise of all the warrants, BSPCE, stock options and performance shares entitling access to 6,197,381 of the Company's shares corresponds to a potential dilution of 17.80% on a fully diluted basis, or a total of 34,808,635 shares.

4.5.2.5 Acquisition rights and/or obligations attached to the capital issued but not paid-in and capital increase commitment

The following table summarizes the delegations in the course of validity granted by the General Meeting of Shareholders in the area of capital increases and the use of these delegations in the last year.

DATE OF THE GENERAL MEETING OF SHAREHOLDERS	SUBJECT OF THE DELEGATION	DURATION OF VALIDITY	CEILING (IN NOMINAL VALUE WHEN IT IS EXPRESSED IN EUROS)	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
JUNE 24, 2020	AUTHORIZATION TO BE GIVEN TO THE BOARD WITH A VIEW TO THE PURCHASE BY COMPANY OF ITS OWN SHARES (18TH RESOLUTION)	18 MONTHS	10% OF THE TOTAL NUMBER OF SHARES MAKING UP THE SHARE CAPITAL ON THE DATE OF THE REPURCHASE BY THE COMPANY	N/A
JUNE 24, 2020	AUTHORIZATION TO THE BOARD OF DIRECTORS TO REDUCE SHARE CAPITAL BY CANCELING TREASURY SHARES (19TH RESOLUTION)	18 MONTHS	10% OF THE TOTAL NUMBER OF SHARES MAKING UP THE SHARE CAPITAL PER 24-MONTH PERIOD.	N/A
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO CARRY OUT A CAPITAL INCREASE BY ISSUING SHARES, EQUITY SECURITIES CONFERRING ACCESS TO OTHER EQUITY SECURITIES OR CONFERRING THE RIGHT TO AN ALLOTMENT OF DEBT SECURITIES AND/OR SECURITIES CONFERRING ACCESS TO EQUITY SECURITIES, WITH PREFERENTIAL SUBSCRIPTION RIGHTS (20TH RESOLUTION)	26 MONTHS	CAPITAL INCREASE: €200,000 [1], AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000[2]	N/A
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO CARRY OUT A CAPITAL INCREASE BY ISSUING SHARES, EQUITY SECURITIES CONFERRING ACCESS TO OTHER EQUITY SECURITIES OR CONFERRING THE RIGHT TO AN ALLOTMENT OF DEBT SECURITIES AND/OR SECURITIES CONFERRING ACCESS TO EQUITY SECURITIES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, BY A PUBLIC OFFERING AND THE OPTION TO GRANT PRIORITY RIGHTS TO SHAREHOLDERS (21ST RESOLUTION)[3]	26 MONTHS	CAPITAL INCREASE: €208,000 [1], AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000[2]	N/A
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO CARRY OUT A CAPITAL INCREASE BY ISSUING SHARES, EQUITY SECURITIES CONFERRING ACCESS TO OTHER EQUITY SECURITIES OR CONFERRING THE RIGHT TO AN ALLOTMENT OF DEBT SECURITIES AND/OR SECURITIES CONFERRING ACCESS TO EQUITY SECURITIES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOR OF A SPECIFIC CATEGORY OF PERSONS (DEFINED AS:	18 MONTHS	CAPITAL INCREASE: €287,000 [1], AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000[2]	N/A

DATE OF THE GENERAL MEETING OF SHAREHOLDERS	SUBJECT OF THE DELEGATION	DURATION OF VALIDITY	CEILING (IN NOMINAL VALUE WHEN IT IS EXPRESSED IN EUROS)	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
	(1) NATURAL PERSONS OR FRENCH OR FOREIGN LEGAL ENTITIES, INCLUDING COMPANIES, TRUSTS, INVESTMENT FUNDS OR OTHER INVESTMENT VEHICLES, IRRESPECTIVE OF THEIR LEGAL FORM, INVESTING ON A USUAL BASIS IN THE PHARMACEUTICAL SECTOR, AND/OR (2) ONE OR MORE STRATEGIC PARTNERS OF THE COMPANY, LOCATED IN FRANCE OR ABROAD, HAVING CONCLUDED OR ABOUT TO CONCLUDE ONE OR MORE PARTNERSHIP AGREEMENTS (DEVELOPMENT, CO-DEVELOPMENT, DISTRIBUTION, MANUFACTURING, ETC.) OR TRADE AGREEMENTS WITH THE COMPANY (OR A SUBSIDIARY) AND/OR THE COMPANIES THEY CONTROL, THAT CONTROL THEM OR THAT ARE CONTROLLED BY THE SAME PERSON OR THE SAME PERSONS, DIRECTLY OR INDIRECTLY, WITHIN THE MEANING OF ARTICLE L. 233-3 OF THE FRENCH COMMERCIAL CODE; AND/OR (3) ALL FRENCH OR FOREIGN INVESTMENT SERVICES PROVIDERS, OR ANY FOREIGN INSTITUTIONS WITH AN EQUIVALENT LEGAL STATUS, SUSCEPTIBLE TO GUARANTEE THE COMPLETION OF AN ISSUANCE TO BE PLACED TO THE PERSONS MENTIONED IN (1) AND (2), AND IN THIS CONTEXT TO UNDERWRITE THE ISSUED SECURITIES (22ND RESOLUTION)[4]			
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO CARRY OUT A CAPITAL INCREASE, WITHIN THE LIMIT OF 20% OF THE SHARE CAPITAL PER YEAR, BY ISSUING SHARES, EQUITY SECURITIES CONFERRING ACCESS TO OTHER EQUITY SECURITIES OR CONFERRING THE RIGHT TO AN ALLOTMENT OF DEBT SECURITIES AND/OR SECURITIES CONFERRING ACCESS TO EQUITY SECURITIES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, BY AN OFFER TO QUALIFIED INVESTORS OR A RESTRICTED GROUP OF INVESTORS, WITHIN THE MEANING OF ARTICLE L. 411-2, OF THE FRENCH MONETARY AND FINANCIAL CODE (23RD RESOLUTION)[3]	26 MONTHS	CAPITAL INCREASE: €156,000 [1] AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000[2] IN THE LIMIT OF 20% OF THE SHARE CAPITAL PER YEAR, VALUED AT THE DATE OF THE DECISION OF THE BOARD MAKING USE OF THE DELEGATION	N/A
JUNE 24, 2020	AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES L. 225-136(1), PARAGRAPH 2, AND R. 225-119 OF THE FRENCH COMMERCIAL CODE TO SET THE ISSUE PRICE OF THE SHARES, EQUITY SECURITIES CONFERRING ACCESS TO OTHER EQUITY SECURITIES OR CONFERRING THE RIGHT TO AN	26 MONTHS	10% OF THE CAPITAL PER YEAR DETERMINED ON THE DAY OF THE DECISION OF THE BOARD MAKING USE OF THE DELEGATION	N/A

DATE OF THE GENERAL MEETING OF SHAREHOLDERS	SUBJECT OF THE DELEGATION	DURATION OF VALIDITY	CEILING (IN NOMINAL VALUE WHEN IT IS EXPRESSED IN EUROS)	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
	ALLOTMENT OF DEBT SECURITIES AND/OR SECURITIES CONFERRING ACCESS TO EQUITY SECURITIES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, UNDER THE DELEGATIONS OF AUTHORITY THAT ARE THE SUBJECT OF THE 21ST AND 23RD RESOLUTIONS (24TH RESOLUTION)[5]			
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES TO BE ISSUED IN THE EVENT OF A CAPITAL INCREASE WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS (25TH RESOLUTION)	26 MONTHS	15% OF THE INITIAL ISSUE[1]	N/A
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE CAPITAL BY CAPITALIZING PREMIUMS, RESERVES, PROFITS OR OTHER ITEMS (26TH RESOLUTION)	26 MONTHS	€156,000[1]	N/A
JUNE 24, 2020	DELEGATION GRANTED TO THE BOARD OF DIRECTORS TO ISSUE SHARES AND SECURITIES ENTAILING A CAPITAL INCREASE IN CONSIDERATION OF IN-KIND CONTRIBUTIONS (27TH RESOLUTION)	26 MONTHS	CAPITAL INCREASE: 10% OF THE CAPITAL OF THE COMPANY EXISTING AT THE DATE OF THE TRANSACTION [1], AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €18 MILLION [2]	N/A
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO ISSUE SHARES AND SECURITIES ENTAILING A CAPITAL INCREASE IN THE EVENT OF A PUBLIC EXCHANGE OFFER INITIATED BY THE COMPANY (28ND RESOLUTION)	26 MONTHS	CAPITAL INCREASE: €104,000[1] AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000[2]	N/A
JUNE 24, 2020	FIXING THE OVERALL LIMITATIONS OF THE AMOUNT OF ISSUES CARRIED OUT UNDER THE DELEGATIONS CONFERRED (29RD RESOLUTION)	--	CAPITAL INCREASE: €287,000 AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000	N/A

DATE OF THE GENERAL MEETING OF SHAREHOLDERS	SUBJECT OF THE DELEGATION	DURATION OF VALIDITY	CEILING (IN NOMINAL VALUE WHEN IT IS EXPRESSED IN EUROS)	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
JUNE 24, 2020	AUTHORIZATION TO THE BOARD OF DIRECTORS TO GRANT SHARE SUBSCRIPTION AND/OR PURCHASE STOCK OPTIONS ("OPTIONS"), WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOR OF A SPECIFIC CATEGORY OF PERSONS (DEFINED AS: EMPLOYEES AND/OR CORPORATE OFFICERS (OR SOME OF THEM) OF THE COMPANY OR COMPANIES OR GROUPINGS AFFILIATED WITH IT IN ACCORDANCE WITH THE CONDITIONS SET OUT IN ARTICLE L. 225-180, PARAGRAPH I OF THE FRENCH COMMERCIAL CODE. (30TH RESOLUTION)[6]	38 MONTHS	6.0% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT[8]	JANUARY 27, 2021: ISSUANCE OF 384,500 OPTIONS, GIVING RIGHT TO THE SUBSCRIPTION OF 384,500 SHARES OF THE COMPANY
JUNE 24, 2020	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO ISSUE AND ALLOT ORDINARY SHARE WARRANTS ("WARRANTS"), WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOR OF A SPECIFIC CATEGORY OF PERSONS (DEFINED AS: (I) ANY INDIVIDUAL OR LEGAL ENTITY WHO IS AN INDUSTRIAL OR COMMERCIAL STRATEGIC PARTNER OF THE COMPANY, IN THE PHARMACEUTICAL SECTOR, OR PERSONS WHO HAVE ENTERED INTO A SERVICE OR CONSULTING AGREEMENT WITH THE COMPANY OR ANY OF ITS SUBSIDIARIES; (II) SHAREHOLDERS, SENIOR MANAGEMENT EXECUTIVES OR EMPLOYEES OF SUCH ENTITIES IN THE CASE OF LEGAL ENTITIES; (III) THE SENIOR MANAGEMENT EXECUTIVES, CORPORATE OFFICERS OR EMPLOYEES OF THE COMPANY OR ITS SUBSIDIARIES) (31ST RESOLUTION)[7]	18 MONTHS	6.0% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT[8]	JANUARY 27, 2021: ISSUANCE OF 100,282 01.27.2021 WARRANTS, GIVING RIGHT TO THE SUBSCRIPTION OF POTENTIALLY 140,000 SHARES OF THE COMPANY[9]
JUNE 24, 2020	AUTHORIZATION TO THE BOARD OF DIRECTORS TO ALLOT PERFORMANCE SHARES ("PERFORMANCE SHARE ALLOCATION"), WHETHER EXISTING OR TO BE ISSUED, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS IN FAVOR OF A SPECIFIC CATEGORY OF PERSONS (DEFINED AS: EMPLOYEES, OR CERTAIN CATEGORIES OF THEM, OF THE COMPANY AND/OR ENTITIES DIRECTLY OR INDIRECTLY AFFILIATED WITH IT WITHIN THE MEANING OF ARTICLE L. 225-197-2 OF THE FRENCH COMMERCIAL CODE, AS WELL AS CORPORATE OFFICERS OF THE AFOREMENTIONED COMPANIES OR ENTITIES, AS DETERMINED BY THE BOARD	38 MONTHS	4.5% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT[8]	JANUARY 27, 2021: ISSUANCE OF 306,250 PERFORMANCE SHARES OF THE COMPANY.

DATE OF THE GENERAL MEETING OF SHAREHOLDERS	SUBJECT OF THE DELEGATION	DURATION OF VALIDITY	CEILING (IN NOMINAL VALUE WHEN IT IS EXPRESSED IN EUROS)	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
	OF DIRECTORS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L. 225-197-1 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE, OR SOME OF THEM, AND WHO, IN ADDITION, MEET THE CONDITIONS AND, IF APPLICABLE, THE ALLOTMENT CRITERIA THAT WILL HAVE BEEN SET BY THE BOARD OF DIRECTORS) (32ND RESOLUTION)			
JUNE 24, 2020	SETTING OF THE OVERALL LIMITS ON THE AMOUNT OF THE ISSUES CARRIED OUT PURSUANT TO THE AUTHORIZATIONS TO GRANT OPTIONS AND PERFORMANCE SHARES AND THE DELEGATIONS OF AUTHORITY TO ISSUE WARRANTS (33RD RESOLUTION)	-	7.5% OF SHARE CAPITAL ON A FULLY DILUTED BASIS RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT	N/A

[1]. Total nominal amount of €287,000 of the capital increases that may be carried out pursuant to the 20th, 21st, 22nd, 23rd, 27th and 28th resolutions (see the 29th resolution).

[2]. Total nominal amount of €100,000,000 for debt securities that may be issued pursuant to the 20th, 21st, 22nd, 23rd, 27th and 28th resolutions (see the 29th resolution).

[3]. The issue price of the securities that may be issued pursuant to this delegation of authority shall be determined by the Board of Directors in accordance with the following terms and conditions: the sum that the Company receives or should receive for each share issued or created by subscription, conversion, exchange, redemption, exercise of warrants or otherwise shall be at least equal to an amount determined in accordance with the regulations applicable on the issue date (as of this date, the average, weighted by the volumes of the share prices over the last three trading days prior to the beginning of the offer period, less a possible discount of no more than 10%, in accordance with Article R. 225-119 of the French Commercial Code).

[4]. The issue price of the securities issued pursuant to this delegation of authority shall be set by the Board of Directors using a multi-criteria method, provided the share subscription price is not less than 80% of the weighted average of the share prices over the twenty (20) trading days preceding the date when the issue price is set, and the issue price of securities conferring access to capital is such that the sum immediately received by the Company at the time of this issue, plus, if applicable, any sum that it may subsequently receive for each share issued as a result of the issue of such securities, is not less than 80% of the weighted average of the share prices over the twenty (20) trading days preceding the date the issue price is set.

[5]. The issue price of the securities issued pursuant to this delegation of authority shall be set by the Board of Directors using a multi-criteria method, provided the share subscription price is not less than 80% of the weighted average of the share prices over the five (5) trading days preceding the date when the issue price is set, and the issue price of securities conferring access to capital is such that the sum immediately received by the Company at the time of this issue, plus, if applicable, any sum that it may subsequently receive for each share issued as a result of the issue of such securities, is not less than 80% of the weighted average of the share prices over the five (5) trading days preceding the date the issue price is set.

[6]. The subscription or purchase price of shares resulting from exercising the Options shall be determined by the Board of Directors on the date that the Options are granted, as follows:

- in the case of options to subscribe for new shares, the price shall not be less than the share price on the last trading day prior to the date the Option is granted;
- in the case of options to subscribe for existing shares, the price shall not be less than 95% of the average price of the twenty (20) trading days prior to the date the Option is granted, or of the average purchase price of the shares held by the Company in accordance with Articles L. 225-208 and L. 225-

209 of the French Commercial Code.

[7]. The subscription price of an ordinary share upon exercise of a Warrant will be determined by the Board of Directors at the time of the award of the Warrants and the price shall not be less than the share price on the last trading day prior to the date the warrant is awarded.

[8]. Maximal percentage of the existing share capital to be issued pursuant to the share capital increases that may be carried out pursuant to the 30th to 32nd resolutions is 7.5% of the capital on a fully diluted basis, recognized on the date of the decision of the allotment (see the 33rd resolution).

[9]. The 01.27.2021 warrants, are subject to performance conditions assessed by the Board of Directors according to a one-year plan. In case of achievement of such performance conditions, each warrant shall give right to a number of shares calculated pursuant to an adjusted ratio. The amount presented in the table above represents the potential total maximum number of shares which could be issued upon full exercise of the 01.27.2021 warrants based on this adjusted ratio.

4.5.2.6 **Information relating to the share capital of Group companies which is the subject of a conditional or unconditional agreement providing for it to be placed under option**

As far as the Company is aware, there are no call options, put options or other commitments in favor of the shareholders of the Company or made by them with regard to the Company's shares.

4.5.2.7 Changes in share capital

4.5.2.7.1 Table showing changes in share capital over the last three financial years

Transaction Date	Nature of operations	Capital movement in €	Premium in €	Number of shares created	Number of shares constituting the capital	Nominal value in €	Share capital in €
January 2017	Exercise of 2,200 BSPCE	880	109,120	44,000	22,994,228		459,885
May 2017	Exercise of 2,000 BSPCE	800	127,200	40,000	23,034,228		460,685
October 2017	Exercise of 4,500 warrants	1,800	298,215	90,000	23,124,228		462,485
October 2017	Exercise of 160 BSPCE	64	7,936	3,200	23,127,428		462,549
	As of December 31, 2017	**462,549**	**109,159,352**	**177,200**	**23,127,428**	**0.02**	**462,549**
February 2018	Capital increase (with cancellation of preferred subscription rights in favor of a category of persons)	28,628	12,138,264	1,431,399	24,558,827		491,177
June 2018	Exercise of 400 BSPCE	160	19,840	8,000	24,566,827		491,337
September 2018	Capital increase (with cancellation of preferred subscription rights in favor of a designated person)	25,800	8,888,100	1,290,000	25,856,827		517,137
	As of December 31, 2018	**517,137**	**130,231,356**	**2,729,399**	**25,856,827**	**0.02**	**517,137**
January 2019	Vesting of 24,150 performance shares	483	0	24,150	25,880,977		517,620
March 2019	Exercise of 1,690 BSPCE	676	83,824	33,800	25,914,777		518,296
October 2019	Exercise of 139,986 stock-options	2,800	944,006	139,986	26,054,763		521,095
	As of December 31, 2019	**521,095**	**131,259,186**	**197,936**	**26,054,763**	**0.02**	**521,095**
January 2020	Exercise of 500 BSPCE	500	24,800	200	26,064,763		521,295
January 2020	Exercise of 1,666 BSPCE	33	12,062	1,666	26,066,429		521,328
January 2020	Vesting of 26,611 performance shares	532	0	26,611	26,093,040		521,860
May 2020	Capital increase (with cancellation of preferred subscription rights in favor of a designated person)	47,169	17,641,453	2,358,483	28,451,523		569,030
June 2020	Exercise of 1,000 BSPCE	400	49,600	20,000	28,471,523		569,430
August 2020	Exercise of 1,200 BSPCE	480	76,230	24,000	28,495,523		569,910
	As of December 31, 2020	**569,910**	**149,063,331**	**2,430,960**	**28,495,523**	**0.02**	**569,910**

4.5.2.7.2 Ownership of the Company's shares over the last three financial years

SHAREHOLDERS	12/31/2018	12/31/2019	12/31/2020
THOMAS KUHN	5.80%	5.78%	5.31%
OTHER MANAGERS AND EMPLOYEES	4.88%	4.86%	3.61%
BPIFRANCE TOTAL	15.61%	16.24%	19.19%
ANDERA PARTNERS (FORMERLY EDMOND DE ROTHSCHILD INVESTMENT PARTNERS)	16.84%	15.98%	11.26%
ROIVANT SCIENCES LTD	5.54%	5.49%	5.02%
DEUTERX	4.99%	4,95%	(1)
PUBLIC	46.20%	46.56%	55.48%
TREASURY SHARES	0.15%	0.15%	0.13%
TOTAL	**100%**	**100%**	**100%**

(1) The Company does not have information relating to the exact ownership of capital and voting rights of the management and employees of DeuteRX at the date of this Document d'Enregistrement Universel, as they own less than 5% of share capital or voting rights based on the shareholder disclosures received by the Company and the AMF.

4.5.2.8 Items likely to have an impact in the event of a takeover bid

Items likely to have an impact in the event of a takeover bid are presented and explained in accordance with the provisions of Article L. 22-10-11 of the French Commercial Code.

4.5.2.8.1 Structure of the Company's capital

The structure of the Company's capital is described in Section 4.5.2 "*Share capital*" of this *Document d'Enregistrement Universel*.

As far as the Company is aware, there are no other shareholders holding directly or indirectly, alone or in concert more than 5% of the capital or voting rights at the date of this report.

4.5.2.8.2 Restrictions provided for in the bylaws on the exercise of voting rights and share transfers or clauses brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code.

Not applicable.

4.5.2.8.3 Direct or indirect shareholdings in the Company's capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

As of the date of this *Document d'Enregistrement Universel*, no shareholder individually holds either control of the Company, or a percentage likely to lead to the presumption of control of the Company within the meaning of the provisions of Article L. 233-3 of the French Commercial Code.

4.5.2.8.4 List of the holders of any securities carrying special controlling rights and description of such securities

The Company is not aware of the existence of special controlling rights.

4.5.2.8.5 Control mechanisms provided for in any employee share ownership system, where the controlling rights are not exercised by the employees

The Company has not set up any system of employee share ownership that may contain control mechanisms where the controlling rights are not exercised by the employees.

4.5.2.8.6 Agreements between the shareholders of which the Company is aware and that may result in restrictions on the transfer of shares and in the exercise of the voting rights

Not applicable.

4.5.2.8.7 Rules applicable to the appointment and replacement of the members of the Board of Directors and to amendment of the bylaws

The rules applicable in this respect are provided for in the bylaws and are in compliance with the law and the regulations in force.

4.5.2.8.8 Powers of the Board of Directors, in particular the issuance or buyback of shares

Information about delegations of authority can be found in Section 4.5.2.5 "*Acquisition rights and/or obligations attached to the capital issued but not paid-in and capital increase commitment*" of this *Document d'Enregistrement Universel*.

4.5.2.9 Agreements entered into by the Company that have been amended or end in the event of a change in control of the Company

The Company entered into certain agreements, which involve stipulations relative to change of control of the Company.

Some terms and conditions of the securities giving access to capital also contain stipulations regarding an acceleration of the period of downtime in the event of a change of control of the Company (refer to Section 4.5.2.4 "*Convertible or exchangeable securities or securities accompanied by warrants*" of this *Document d'Enregistrement Universel*).

4.5.3 Certificate of incorporation of the Company and bylaws

4.5.3.1 Corporate purpose (article 2 of the Company's bylaws)

The purpose of the Company, in France and any other country, is as follows:

- Research and development of new therapeutic strategies for humans, contract manufacturing and sale and marketing in all its forms of specialty pharmaceuticals previously tested in pre-clinical and clinical studies, as well as all applied research and medical development activities, filing and acquisition of all patents, trademarks and industrial property rights;
- Consultation and conduct of market surveys and studies relating to pharmaceutical regulations and pharmaceutical and clinical development;
- Participation of the Company, by any means, directly or indirectly, in all operations which may be related to its purpose through the incorporation of new companies, contribution, subscription or purchase of shares or share rights, merger or otherwise, creation, acquisition, rental, or management of a lease over any businesses or establishments; the taking, acquisition, exploitation or transfer of all processes and patents related to such activities.

And generally, all industrial, commercial, financial or non-trading transactions, in personal or real property, that may be directly or indirectly related to the corporate purpose or any similar or related purpose.

4.5.3.2 Provisions of the bylaws and other provisions relating to members of administrative and management bodies

4.5.3.2.1 Board of Directors (Articles 12-14 of the Company's bylaws)

Appointment of the members of the Board of Directors

The Company is managed by a Board of Directors composed of between 3 and 18 members, who may be natural persons or legal entities, subject to the derogation provided for by law in case of a merger.

Any legal entity must, at the time of its appointment, appoint a natural person as its permanent representative on the Board of Directors. The length of the term of office of the permanent representative is the same as that of the legal entity director that it represents. When the legal entity removes its permanent representative from office, it must immediately arrange to replace him/her. The same provisions apply in the event of the death or resignation of the permanent representative.

No person over the age of 70 years shall be appointed as a Director. When directors cross this age limit during their term of office, thus bringing the number of directors aged over 70 to more than one-third, the oldest director shall be deemed to have automatically resigned.

Directors may or may not be shareholders of the Company.

During the life of the Company, Directors are appointed by a decision of the Ordinary General Meeting of Shareholders. The term of office of Directors is three (3) years. It ends at the close of the Ordinary General Meeting of Shareholders called to approve the financial statements for the previous financial year and held in the year during which their term of office expires.

In the event of a vacancy due to death or resignation of one or more Directors, the Board of Directors may make provisional appointments by co-optation in the period between two collective decisions by the shareholders. These appointments are then submitted to the next Ordinary General Meeting of Shareholders for ratification. A director appointed to replace another director performs his/her duties for the remainder of his/her predecessor's term of office.

Directors may be re-elected. They can be removed from office at any time by a decision of the Ordinary General Meeting of Shareholders.

Deliberations of the Board of Directors

The Board of Directors meets as often as required by the best interests of the Company, but at least four times a year, after being convened by the Chairman. The Chief Executive Officer at any time, or one-third of the Directors if the Board of Directors has not held a meeting for over two months, may ask the Chairman to convene a Board meeting with regard to a specified agenda.

Invitations shall be sent in writing (fax, letter or e-mail), at least five business days prior to the meeting of the Board on the first call and at least two business days before the meeting of the Board on the second call. In case of emergency or if all the Directors accept, the period of prior notice may be shortened.

Meetings shall be held at the registered office or in any other place mentioned in the meeting notice. Within the limits provided for by law, the Board of Directors may meet and deliberate by any means, including in particular video, fax, telephone conference, video conference, email or by any other means. Directors participating in the Board meeting by video conference or other means of telecommunication allowing the identification of participants and ensuring their effective participation in accordance with the conditions defined by the internal regulations of the Board of Directors are deemed to be present for the calculation of the quorum and majority.

The Board may also take certain decision by written consultation on matters within its remit in accordance with applicable law and regulations.

In case of written consultation, the Chairman shall send all documents necessary to take the decisions on the consultation's agenda, by any means, including by electronical communication, to each of the directors, as well as the case may be to the statutory auditors and the representative of the *Comité Social et Economique*.

The directors shall vote within the timeframe determined in the documents and sent their observations, if any to the Chairman in writing by any means, including by electronical communication.

Any director failing to answer to in the timeframe (if unspecified in the documents, this timeframe shall be of five (5) days after receipt of the documents) shall be considered as having abstained.

The written consultation shall be recorded in minutes signed by the Chairman which shall include an annex with the answers of each directors and shall be sent to the Company to be recorded in the same manner as the minutes of the deliberations of the Board of Directors.

The presence of at least half of the Board members in office is necessary for the validity of the Board's deliberations. A register of attendance is signed by the Directors attending the meeting.

Decisions shall be taken by a majority vote of the members present or represented at each meeting. The Chairman of the Board of Directors has the casting vote.

Deliberations of the Board of Directors are recorded in minutes included in a special register and signed by the Chairman of the meeting and at least one director or, in the event that the Chairman is unable to do so, by at least two directors.

Copies or extracts of the minutes of the deliberations are validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, or a duly empowered representative authorized for such purpose.

Powers of the Board of Directors

The Board of Directors determines the direction of the Company's business activities and oversees the implementation thereof in accordance with the Company's social interest and taking into account social and environmental aspects of its activity.

Subject to the powers expressly attributed to General Meetings of Shareholders and within the limit of the corporate purpose, it addresses any matters affecting the proper governance of the Company and settles the matters that concern it through its deliberations.

The Board of Directors performs the checks and verifications that it considers appropriate.

Each director must receive the necessary information for the performance of his/her duties and can obtain all the documents he/she considers useful from the Executive Management.

In dealings with third parties, the Company is bound even by the acts of the Board of Directors which do not fall within the scope of the corporate purpose or exceed the limitations on the powers provided for in the bylaws applicable to it, if it cannot prove that the third party was aware that the act exceeded such purpose or limitations, or that it could not fail to be aware of it given the circumstances.

The Chairman organizes and directs the Board of Directors' work on which he/she reports to the General Meeting of Shareholders and executes its decisions.

He/she makes sure that the Board of Directors functions properly and ensures that the directors are in a position to carry out their duties.

Security, endorsements and guarantees given by the Company are mandatorily subject to authorization by the Board of Directors.

The Board of Directors has the capacity to decide on the issuance of bonds.

The provisions of Article L. 225-38 of the French Commercial Code apply to agreements entered into, directly or via an intermediary, between the Company and one of its Directors or Chief Executive Officers.

4.5.3.2.2 **General management (Article 15 of the Company's bylaws)**

Chief Executive Officer (Directeur Général)

Appointment - Removal

Depending on the choice made by the Board of Directors, the general management is carried out either by the Chairman or by a natural person appointed by the Board of Directors and with the title of Chief Executive Officer, who may be a director or not.

If the Board of Directors chooses to separate the duties of Chairman from those of Chief Executive Officer, it shall proceed with the appointment of the Chief Executive Officer, set the length of his/her term of office, determine his/her compensation and, where applicable, the limitations on his/her powers.

The Chief Executive Officer must be less than 65 years old to exercise his/her functions. When in the course of their duties this age limit is reached, the CEO will be deemed to have resigned from office.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. When the Chief Executive Officer does not perform the duties of Chairman of the Board of Directors, his/her removal from office may give rise to damages, if it is decided without due cause.

Powers

When the general management of the Company is carried out by the Chairman of the Board of Directors, these provisions apply to him.

The Chief Executive Officer has the broadest powers to act in any circumstances in the name of the Company. He/she exercises these powers within the limit of the corporate purpose and subject to the powers that the law and the bylaws expressly attribute to General Meetings of Shareholders and to the Board of Directors and any limitations on the powers that are imposed on him/her by the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company is committed even by acts of the Chief Executive Officer that are not within the Company's purpose, unless it can prove that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances, mere publication of the bylaws not being sufficient to constitute such proof.

Deputy Chief Executive Officers (Directeurs généraux délégués)

On the proposal of the Chief Executive Officer, whether such duties are carried out by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more natural persons responsible for assisting the Chief Executive Officer with the title of Deputy Chief Executive Officer.

With regard to third parties the Deputy Chief Executive Officer(s) have the same powers as the Chief Executive Officer subject, where applicable, to the specific limitations on powers that may be imposed on them by the Board of Directors.

In the event of termination of the duties of the Chief Executive Officer or his/her inability to act, the Deputy Chief Executive Officers shall retain their duties and their responsibilities until the appointment of a new Chief Executive Officer unless otherwise decided by the Board of Directors.

4.5.3.2.3 **Internal regulations**

The internal regulations of the Board of Directors were adopted by the Board of Directors on March 12, 2014 and most recently updated on June 30, 2017.

The internal regulations of the Board of Directors, as well as the specialized Committees it describes, supplement the legal and regulatory provisions, in compliance with the French Commercial Code and the MiddleNext Code of Corporate Governance.

They set out, in particular, the role, the powers, the composition and the functioning of the Board of Directors, duties and ethical obligations of its members, the conditions of their compensation and of good information provision.

4.5.3.2.4 **Ethical charter**

The Company has implemented an ethical charter that was adopted by the Board of Directors on November 16, 2018, as amended on March 26, 2020.

The ethical charter reminds the Company's Directors, executive managers and employees of the Company's fundamental values of ethics and proper conduct. This document guides the Company's Directors, executive managers and employees in their decisions taken to ensure that they are in line with the Company's legal obligations and fundamental values of ethics.

4.5.3.2.5 **Other policies**

The Company has implemented an inside information policy that was adopted by the Board of Directors on May 9, 2019, as amended on March 26, 2020. This policy reminds the Company's Directors, executive managers and employees of the rules applicable in stock exchange matters and explain the requirements regarding the information they hold or may hold and what steps to take when they or members of their family wish to acquire or dispose of the Company's financial instruments.

The Company has also implemented a corporate disclosure policy that was adopted by the Board of Directors on March 26, 2020. This policy aims to provide consistent, full and fair public disclosure of material information pertaining to the business of the Company, regardless of the nature of such information, in accordance with applicable law.

4.5.3.3 **Rights, privileges and restrictions attached to the Company's shares (Articles 10 and 11 of the Company's bylaws)**

4.5.3.3.1 **Forms of the securities**

The shares shall be in registered or bearer form, at the option of the shareholder, subject to the provisions of laws and regulations in force. Shares that have not been paid up in full shall mandatorily be in registered form.

4.5.3.3.2 **Voting rights**

The voting right attached to shares is proportionate to the percentage of capital represented by the shares and each share carries the right to at least one vote. The General Meeting of Shareholders held on January 8, 2015 decided to remove the automatic double voting rights as provided for by French law No. 2014-384 of March 29, 2014 aimed at recapturing the real economy (known as the "Florange" law).

4.5.3.3.3 **Rights to dividends and profits**

Each share entitles the holder to ownership of the corporate assets, to a share of the profits and the liquidating dividend pro rata to the percentage of the share capital that it represents.

4.5.3.3.4 **Preferred subscription rights**

All of the Company's shares carry preferred subscription rights in the event of any capital increases.

4.5.3.3.5 **Limits on voting rights**

None.

4.5.3.3.6 **Identification of the holders of bearer shares**

The Company is entitled, under the legal and regulatory provisions in force, to request at any time, at its own cost, from the central depository which is responsible for keeping its securities issuance account, the name or corporate name, nationality, year of birth or year of incorporation, and address of the holders of securities granting voting rights at its own General Meetings of Shareholders immediately or in future, together with the quantity of securities held by each of them, and where applicable, the restrictions to which the securities may be subject and, more generally, to make use of the provisions of Article L. 228-2 of the French Commercial Code with regard to identification of the holders of securities granting voting rights at its own General Meetings of Shareholders immediately or in future.

4.5.3.3.7 **Company's repurchase of its own shares**

See Section 4.5.2.3 "*Number, book value and nominal value of the shares held by the Company or for the Company*" of this *Document d'Enregistrement Universel*.

4.5.3.4 **Changes in the shareholders' rights**

Only the Extraordinary General Meeting of Shareholders of the Company is empowered to make decisions with the effect of changing the rights of the shareholders provided by the Company's bylaws.

4.5.3.5 **General Meetings of Shareholders**

4.5.3.5.1 **Common rules that apply to all General Meetings of Shareholders (article 20 of the Company's bylaws)**

General Meetings of Shareholders are called under the conditions provided for by law.

General Meetings of Shareholders are held at the registered office or in any other location indicated in the notices or letters calling them to the meeting, in France or in any other country.

The agenda is set in accordance with the provisions of the laws and regulations in force.

Participation in General Meetings of Shareholders, in any form whatsoever, shall be subject to registering or recording shares under the conditions and within the time periods provided for by regulations in effect.

A shareholder may give a proxy in order to be represented at any General Meetings of Shareholders in accordance with the legal provisions in force. The specific proxy for each General Meeting is signed by the person granting the proxy who states his/her last name, first names and address.

For any proxy from a shareholder without an indication of the proxy, the Chair of the General Meeting of Shareholders casts a vote in favor of adoption of the draft resolutions presented or approved by the Board of Directors and a vote against the adoption of all other draft resolutions.

Correspondence voting takes place in accordance with the terms and conditions set by the provisions of the laws and regulations. Legal entities participate in General Meetings through their legal representatives or any other person duly and properly authorized by them.

General Meetings are chaired by the Chairman of the Board of Directors. In his/her absence, the General Meeting elects its chair itself.

The duties of vote-tellers are carried out by the two members of the General Meeting present and accepting such duties who hold the largest number of votes either in their own name or as proxy holders. If they do not accept, the General Meeting elects its vote-tellers itself.

The officers of the Meeting appoint the secretary, who can be chosen from outside the shareholders.

An attendance sheet is kept under the conditions provided for by law.

The deliberations of the General Meeting of Shareholders are recorded in minutes signed by the officers of the Meeting; these minutes must be included in a minute-book kept in accordance with regulatory provisions.

4.5.3.5.2 **Special provisions applicable to Ordinary General Meetings of Shareholders (article 21 of the Company's bylaws)**

The Ordinary General Meeting of Shareholders is composed of all the shareholders regardless of the number of shares they hold, on condition that all the amounts due thereon have been paid up.

In order to validly deliberate when called for the first time, the General Meeting must be composed of a number of shareholders representing at least one-fifth of the shares with voting rights.

If this condition is not met, the General Meeting of Shareholders is adjourned and called again in accordance with the forms provided for above. At this second meeting and, the deliberations made with regard to the same agenda as the previous meeting are valid regardless of the number of shares represented.

The deliberations of the Ordinary General Meeting of Shareholders are taken by a majority of the votes expressed in accordance with applicable law.

The Ordinary General Meeting of Shareholders can make any decisions other than those with the effect of amending the bylaws either directly or indirectly.

It is held at least once a year, within six months of the end of the Company's financial year, to approve the annual financial statements, unless this time period is extended by an order of the President of the Commercial Court deciding upon an application by the Board of Directors.

4.5.3.5.3 Special provisions with regard to Extraordinary General Meetings of Shareholders (Article 22 of the Company's bylaws)

Only the Extraordinary General Meeting of Shareholders is empowered to make decisions with the effect of amending the bylaws either directly or indirectly. Based on the decisions of the General Meeting of Shareholders held on June 24, 2020, the Board is empowered to make decisions with the effect of amending the bylaws in order to ensure their compliance with applicable laws and regulations, subject to the ratification of such decision by the next General Meeting of Shareholders.

The Extraordinary General Meeting of Shareholders is composed of all shareholders regardless of the number of shares they hold, on condition that all the amounts due thereon have been paid up.

In order to validly deliberate when called for the first time, the General Meeting must be composed of a number of shareholders representing at least one-fourth of the shares with voting rights.

If this condition is not met, the General Meeting of Shareholders shall be adjourned and called again in accordance with the forms provided for above. At this second meeting and, where applicable, any subsequent meetings, the deliberations made with regard to the same agenda as the previous meeting are valid if the General Meeting is composed of a number of shareholders representing at least one-fifth of the shares with voting rights. If no quorum is reached, the second General Meeting may be extended until a date no more than two months later than that on which it was called.

The deliberations of the Extraordinary General Meeting of Shareholders are taken by a majority of two-thirds of the votes expressed in accordance with applicable law.

By way of exception, the Extraordinary General Meeting of Shareholders may decide under the quorum and majority requirements provided for Ordinary General Meetings of Shareholders when the increase in capital takes place via the capitalization of reserves, profits or share premiums.

4.5.3.6 Mechanisms making it possible to delay, defer or prevent a change of control

The Company's bylaws do not provide any mechanism that may delay, defer or prevent a change of control.

4.5.3.7 Crossing of ownership thresholds (Article 10 of the Company's bylaws)

In addition to the legal obligations of declaration of crossing of thresholds, any natural person or legal entity, acting alone or in concert, who becomes the holder, in any manner whatsoever within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, of a fraction equal to 2% of the

share capital or voting rights, or any multiple of this percentage, must inform the Company of the total number of shares and voting rights of the Company that it owns (or that it may subsequently own in accordance with the meaning of Article L. 233-7 of the French Commercial Code), before and after the transaction that led to the crossing of such threshold, and the nature of this transaction. This declaration shall be made via a registered letter with return receipt requested (or by any equivalent means for persons who are resident outside France) sent to the registered office, at the latest, prior to the close of trade on the fourth trading day following the day on which the shareholding threshold is crossed.

This obligation applies under the same conditions as those provided for in Articles L. 233-7 *et seq.* of the French Commercial Code, whenever the fraction of the capital or voting rights held falls below one of the thresholds provided for in the aforementioned articles.

In the event of non-compliance with the above provisions, a shareholder who has not duly and properly made the declaration shall be deprived of the voting rights attached to the shares exceeding the fraction that has not been duly declared for any General Meeting of Shareholders that may be held, until the expiration of the time period provided for by French law and regulations in force following the date on which the notification is duly made. This sanction will only be applied upon a request, recorded in the minutes of the General Meeting of Shareholders, of one or more shareholders holding at least three percent (3%) of the Company's capital.

4.5.3.8 **Specific conditions governing changes to the share capital**

In the Company's bylaws, there is no specific provision governing the change in its share capital that would be stricter than the legal provisions.

4.5.4 Documents available to the public

Copies of this *Document d'Enregistrement Universel* are available without charge at the registered office of the Company, 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon.

This *Document d'Enregistrement Universel* is also available the Company's website (www.poxel.com) and the website of the AMF (www.amf-france.org).

The Company's bylaws, the minutes of general meetings of shareholders and other corporate documents, as well as historical financial information and all expert valuations and statements issued at the Company's request that must be made available to its shareholders under applicable laws can be examined, without charge at the registered office of the Company.

Regulated information within the meaning of the provisions of the AMF General Regulation are also available on the Company's website (www.poxel.com).

5 APPENDIXES

5.1 Responsible Persons, third party information, expert reports and approval of the competent authority

5.1.1 Person in charge of the *Document d'Enregistrement Universel*

Mr. Thomas Kuhn, Chief Executive Officer (*Directeur Général*)

5.1.2 Certification by the person in charge

I certify, that the information contained in this *Document d'Enregistrement Universel* is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the Group's assets and liabilities, financial position and results of operations, and that the management report, the table of concordance for which is set out on pages 371 and following, gives a reliable account of the developments in business activities, the results of operations and the financial position of the Company and all companies included in the consolidation as well as a description of the main risks and uncertainties with which they are faced.

Made in Lyon, on March 25, 2021

Mr. Thomas Kuhn,
Chief Executive Officer

5.1.3 Person in charge of financial reporting

Ms. Anne Renevot,
Chief Financial Officer
Address: 259/261 Avenue Jean Jaurès - Immeuble le Sunway - 69007 Lyon
Phone: 0033 4 37 37 20 10
Email: investors@poxelpharma.com

5.1.4 Expert reports or declaration

Not applicable.

5.1.5 Attestation related to third party information

Not applicable.

5.1.6 Control of this *Document d'Enregistrement Universel*

This *Document d'Enregistrement Universel* has been filed with the AMF on March 25, 2021, as competent authority pursuant to the Prospectus Regulation, without prior approval in accordance with article 9 of the Prospectus Regulation.

The *Document d'Enregistrement Universel* may be used for the purposes of any public offering or the admission to trading of any Company's securities on a regulated market if it is completed by a specific note on the said securities, a summary and any potential amendment to the *Document d'Enregistrement Universel*. This whole documentation shall be approved by the AMF in accordance with the Prospectus Regulation.

5.2 Concordance Table

5.2.1 Concordance table with Appendixes 1 and 2 of the Prospectus Regulation

The table of concordance below allows you to identify in this *Document d'Enregistrement Universel* the Information listed under Appendixes 1 and 2 of the Prospectus Regulation.

Reference	**Annexes 1 and 2 of regulation n° 2019 / 980**	**Reference in this *Document d'Enregistrement Universel***
Section 1	**Persons responsible, third party information, experts' reports and competent authority approval**	**Section 5.1**
Point 1.1	Persons responsible for the information	Sections 5.1.1 & 5.1.3
Point 1.2	Declaration by the persons responsible for the urd	Section 5.1.2
Point 1.3	Expert statement or report	Section 5.1.4
Point 1.4	Other statements in case of information sourced from a third party	Section 5.1.5
Point 1.5	Statement concerning the approval of the urd	Section 5.1.6
Section 2	**Statutory auditors**	**Section 4.5.1**
Point 2.1	Identification details	Sections 4.5.1.1 & 4.5.1.2
Point 2.2	Changes	Section 4.5.1.3
Section 3	**Risk factors**	**Section 2.2**
Point 3.1	Description of the material risks	Section 2.2
Section 4	**Information about the issuer**	**Section 1.2**
Point 4.1	Legal and commercial name	Section 1.2.2.1
Point 4.2	Registration and legal entity identifier (lei)	Sections 1.2.2.2 & 1.2.2.4
Point 4.3	Date of incorporation and length of life	Section 1.2.2.3
Point 4.4	Domicile – legal form – applicable law – website – other	Sections 1.2.2.2 & 1.2.2.4
Section 5	**Business overview**	**Section 2.1**
Point 5.1	Principal activities	Section 2.1.1

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Document d'Enregistrement Universel*
Point 5.1.1	Nature of operations and principal activities	Section 2.1.1
Point 5.1.2	New products and/or services	Sections 2.1.4 & 2.1.5
Point 5.2	Principal markets	Sections 2.1.4 & 2.1.5
Point 5.3	Important events	Sections 2.1.1, 2.1.4 & 2.1.5
Point 5.4	Strategy and objectives (financial and non-financial)	Section 2.1.3
Point 5.5	Extent of dependency	Section 2.2.3
Point 5.6	Competitive position	Section 2.1.8
Point 5.7	Investments	Section 1.3.2
Point 5.7.1	Material investments made	Section 1.3.2.1
Point 5.7.2	Current investments or firm commitments	Section 1.3.2.2 & 1.3.2.3
Point 5.7.3	Joint ventures and significant stakes	Section 2.4.1.2
Point 5.7.4	Environmental impact on tangible fixed assets	N/a
Section 6	**Organisational structure**	**Section 2.4**
Point 6.1	Brief description of the group	Section 2.4.1
Point 6.2	List of significant subsidiaries	Section 2.4.1.2
Section 7	**Operating and financial review**	**Section 3.1**
Point 7.1	Financial condition	Section 3.1.1
Point 7.1.1	Review of the development and performance of the business	Section 3.1.1
Point 7.1.2	Future development and activities in the field of research and development	Sections 2.1.4 & 2.1.5
Point 7.2	Operating results	Sections 3.1.4 & 3.1.5
Point 7.2.1	Significant factors	Section 3.1.3

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Document d'Enregistrement Universel*
Point 7.2.2	Material changes in net sales or revenues	N/a
Section 8	**Capital resources**	**Section 3.1.6**
Point 8.1	Capital resources (short and long term)	Section 3.1.6.1
Point 8.2	Cash flows	Section 3.1.6.2
Point 8.3	Borrowing requirements and funding structure	Section 3.1.6.1
Point 8.4	Restrictions on the use of capital resources	Section 3.1.6.1
Point 8.5	Anticipated sources of funds	Section 3.1.6.1
Section 9	**Regulatory environment**	**Section 2.1.9**
Point 9.1	Description of the regulatory environment and of the exterior factors that affect the operations	Section **2.1.9** & 3.1.3
Section 10	**Trend information**	**Section 2.1.12**
Point 10.1	A) most significant recent trends	Section 2.1.12
	B) significant change in the financial performance of the group since the end of the last financial period	Section 2.1.12
Point 10.2	Elements reasonably likely to have a material effect on prospects	Sections 2.2, 3.1.3, 3.2.7 & 3.3.2
Section 11	**Profit forecasts or estimates**	**Section 3.1.12**
Point 11.1	Forecast or estimate of the current profits	Section 3.1.12
Point 11.2	Principal assumptions	Section 3.1.12
Point 11.3	Statement on the profit forecast or estimates	Section 3.1.12
Section 12	**Administrative, management and supervisory bodies and senior management**	**Section 4.1.1**
Point 12.1	Details concerning the members of administrative and management bodies	Section 4.1.1.1.1
Point 12.2	Conflicts of interest	Section 4.1.1.1.2

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Document d'Enregistrement Universel*
Section 13	**Remuneration and benefits**	**Section 0**
Point 13.1	Remuneration and benefits in kind paid or granted	Sections 4.2.1 & 4.2.2
Point 13.2	Provisions for pensions or other similar benefits	Section 4.3
Section 14	**Board practices**	**Section 4.1.2**
Point 14.1	Duration of mandates	Section 4.1.2.1
Point 14.2	Service contracts	Section 4.1.2.2
Point 14.3	Committees	Section 4.1.2.3
Point 14.4	Compliance with governance rules	Section 4.1.2.5
Point 14.5	Potential material impacts and future changes in corporate governance	N/a
Section 15	**Employees**	**Section 2.4.2**
Point 15.1	Breakdown of employees	Section 2.4.2.1
Point 15.2	Shareholdings and stock options	Sections 4.3 4.5.2.4.1 4.5.2.4.2 4.5.2.4.3 & 4.5.2.4
Point 15.3	Arrangements for involving the employees in the share capital	Sections 2.4.2.3 & 2.4.2.4
Section 16	**Major shareholders**	**Section 4.3**
Point 16.1	Breakdown of shareholding	Section 4.3.1
Point 16.2	Different voting rights	Section 4.3.5
Point 16.3	Control of the issuer	Section 4.3.6
Point 16.4	Shareholder agreements	Section 4.3.8
Section 17	**Related party transactions**	**Section 4.4**

Reference	**Annexes 1 and 2 of regulation n° 2019 / 980**	**Reference in this *Document d'Enregistrement Universel***
Point 17.1	Details of related party transactions	Section 4.4
Section 18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	**Section 3**
Point 18.1	Historical financial information	Section 3.2
Point 18.1.1	Audited historical financial information	Section 3.2
Point 18.1.2	Change of accounting reference date	N/a
Point 18.1.3	Accounting standards	Section 3.1.2
Point 18.1.4	Change of accounting framework	Section 3.1.2
Point 18.1.5	Minimum content of audited historical financial information	Section 1.3 & 3.2
Point 18.1.6	Consolidated financial statements	Section 3.2
Point 18.1.7	Age of financial information	Section 3.2
Point 18.2	Interim and other financial information	N/a
Point 18.2.1	Quarterly or half-yearly financial information	N/a
Point 18.3	Auditing of historical annual financial information	Section 3.4.1
Point 18.3.1	Auditor's report	Section 3.4.1
Point 18.3.2	Other audited information	N/a
Point 18.3.3	Non-audited financial information	N/a
Point 18.4	Pro forma financial information	N/a
Point 18.4.1	Significant gross change of assets, liabilities and earnings	N/a
Point 18.5	Dividend policy	Section 3.5.3
Point 18.5.1	Description	Section 3.5.3
Point 18.5.2	Amount of the dividend per share	N/a

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Document d'Enregistrement Universel*
Point 18.6	Legal and arbitration proceedings	Section 2.1.11
Point 18.6.1	Significant proceedings	Section 2.1.11
Point 18.7	Significant change in the issuer's financial position	N/a
Point 18.7.1	Significant change since the end of the last financial period	N/a
Section 19	**Additional information**	**Section 4.5.2**
Point 19.1	Share capital	Section 4.5.2
Point 19.1.1	Amount of issued capital	Section 4.5.2.1
Point 19.1.2	Non-equity securities	Section 4.5.2.3
Point 19.1.3	Treasury shares	Section 4.5.2.3
Point 19.1.4	Convertible securities, exchangeable securities or securities with warrants	Section 4.5.2.4
Point 19.1.5	Terms of any acquisition rights and/or obligations	Section 4.5.2.5
Point 19.1.6	Option or agreement	Section 4.5.2.6
Point 19.1.7	History of share capital	Section 4.5.2.7
Point 19.2	Certificate of incorporation and by-laws	Section 4.5.3
Point 19.2.1	Registration and corporate purpose	Section 4.5.3.1
Point 19.2.2	Existing classes of shares	Section 4.5.3.3
Point 19.2.3	Provisions impacting a change in control	Section 4.5.3.6
Section 20	**Material contracts**	**Section 2.3**
Point 20.1	Summary of each contract	Section 2.3
Section 21	**Documents available**	**Section 4.5.4**
Point 21.1	Statement on available documents	Section 4.5.4

5.2.2 Table of concordance with the Annual Financial Report

The table of concordance below allows you to identify in this *Document d'Enregistrement Universel* all elements of the financial report as set forth in articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation.

Annual financial report		**Reference in this *Document d'Enregistrement Universel***	**Pages**
1	Certification of the person responsible for the annual financial report	Section 5.1.1	370
2	Management report	See index below	
3	Corporate governance report	See index below	
4	Communication of auditors' fees	Section 3.5.9	291
5	Financial statements prepared in accordance with ifrs standards	Section 3.2	171
6	Report of the statutory auditors on the consolidated financial statements prepared in accordance with ifrs standards	Section 3.4.1	270
7	Annual financial statements	Section 3.3	233
8	Report of the statutory auditors on the annual financial statements	Section 0	279

5.2.3 Table of concordance with management report

The table of concordance below allows you to identify in this *Document d'Enregistrement Universel* all elements of the management report as required by articles L. 225-100 et seq., L. 232-1, II and R. 225-102 et seq. of the French Commercial Code.

Management report		**Reference in this *Document d'Enregistrement Universel***	**Pages**
1	Situation of the company and activity during the past financial year	Section 2.1 & 3	16 & 149
2	Foreseeable developments and prospects for the future	Section 2.1	16

3	Important events that have occurred since the close of the year	Section 3.5.8	290
4	Activities of subsidiaries and controlled companies	Sections 2.4.1 & 3	130 & 149
5	Key financial and non-financial performance indicators, including information on environmental and personnel matters	Sections 1.3 & 2.5	14 & 139
6	Objective and exhaustive analysis of the company's business development, results and financial situation, in particular the debt situation of the company and the group	Section 3	149
7	Principal risks and uncertainties the company is facing / use of financial instruments by the company / technological risks	Section 2.2	94
8	Taking into account the social and environmental consequences of the activity, including the consequences on climate change and the use of goods and services produced, as well as societal commitments to sustainable development, the circular economy, the fight against food waste and the fight against discrimination and the promotion of diversity	Section 2.5	139
9	Internal control and risk management procedures relating to the preparation and processing of accounting and financial information	Section 4.1.2.7	314
10	Information on financial risks related to the effects of climate change	N/a	
11	Activity in research and development	Sections 2.1.7 & 3.1.4.2.1	76 & 154
12	Existing branch	N/a	
13	Changes in the composition of the capital during the financial year	Section 4.5.2.7	359
14	Significant stakes assumed in companies having their headquarters in France, or assuming control of such companies; transfers of said stakes	N/a	
15	Participation of employees in the capital at the end of the financial year	Section 2.4.2.3	138
16	Information relating to the distribution of capital and the self-assessment - share buyback program	Sections 4.3 & 4.5.2.3	133 & 344

17	Adjustment of securities giving access to the share capital	Section 4.5.2.4	345
18	Change in the share - risk of price variation	Section 4.3.11	336
19	Allocation of results	Section 3.5.4	289
20	Summary of dividends distributed during the last three years	Section 3.5.3	288
21	Expenses not deductible for tax purposes	Section 3.5.5	289
22	Information on timeframes for payment of suppliers	Section 3.5.7	290
23	Injunctions or financial penalties for antitrust practices	N/a	
24	Inter-company loan amounts	N/a	
25	Classified facilities falling within the scope of article l. 225-102-2 of the French commercial code	N/a	
26	Summary of operations of the executives and the persons mentioned in article l. 621-18-2 of the French monetary and financial code on company securities sold during the financial year	Section 4.3.4	335
27	Table of results over the past five financial years	Section 3.5.1	288

5.2.4 Table of concordance with the corporate governance report

The table of concordance below allows you to identify in this *Document d'Enregistrement Universel* all elements of the corporate governance report as required by articles L. 225-37 et seq. and L. 22-10-8 et seq. of the French Commercial Code.

Corporate governance report		**Reference in this *Document d'Enregistrement Universel***	**Pages**
1	**Board of directors and general management**		
	List of all terms of office and functions performed by each corporate officer	Section 4.1.1	292
	Composition and conditions for preparing and organizing works of the board of directors	Sections 4.1.1.1, 4.1.2 & 4.5.3.2.1	292, 301 & 362
	Gender balance on the board of directors - description of the diversity policy	Section 4.1.1.1.1	292
	Possible limitations on the powers of the chief executive officer by the board of directors	Sections 4.4.2 & 4.5.3.2	320 & 362
	Information relating to agreements entered into between the company and (i) an officer holding more than 10% of the voting rights of a company or (ii) a company holding more than half of the share capital of the company.	Section 4.4.2	320
2	**Board committees**		
	Audit committee	Section 4.1.2.3.1	302
	Compensation committee	Section 4.1.2.3.2	304
	Business development committee	Section 4.1.2.3.3	306
	Scientific advisory committee	Section 4.1.2.3.4	308
	Governance and nominations committee	Section 4.1.2.3.5	309
	Strategic committee	Section 4.1.2.3.6	311
	Corporate governance code	Section 4.1.2.5	311
3	**Compensation**		
	Remuneration policy of the corporate officers	Section 0	316

	Remuneration and benefits of any kind paid during or awarded in respect of the fiscal year to each corporate officer	Sections 4.2.1 to 4.2.6	316 - 228
	Commitments made by the company to its corporate officers upon or after taking up / terminating / changing functions (including pension commitments)	Sections 4.2.1 to 4.2.6	316 - 228
	Allocation of bonus shares, options and share subscription warrants	Sections 4.2.4 to 4.5.2.4	327 - 345
	Elements of compensation and benefits due or likely to be due owing to or after the termination of the duties of executive directors of the company	Section 4.2.5	327
	Ratios between the remuneration of executive directors and the average and median remunerations of the company employees	Section 4.2.8.1	329
	Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the company and the way the performance criteria has been applied	Section 4.2.9	330
	Manner in which the vote of the last ordinary general meeting provided for by ii of article l. 225-100 of the French commercial code has been taken into account	Section 4.2.8	329
	Deviation from the procedure for the implementation of the remuneration policy and any derogations	Section 4.2.9	330
4	**Conflicts of interest**	**Section 4.1.1.2**	**300**
5	**Delegation of authorities or competence granted by the general meeting of shareholders for capital increases**	**Section 4.5.2.5**	**353**
6	**Participation of shareholders in the general meeting of shareholders**	**Section 4.5.3.5**	**367**
7	**Items likely to have an impact in the event of a public offer required by article l. 225-37-5 of the French commercial code.**	**Section 4.5.2.8**	**360**
	Structure of the company's capital	Section 4.5.2.8.1	360
	Restrictions provided for in the bylaws on the exercise of voting rights and share transfers or clauses	Section 4.5.2.8.2	360

	brought to the company's attention pursuant to article l. 233-11 of the French commercial code.		
	Direct or indirect shareholdings in the company's capital of which it is aware pursuant to articles l. 233-7 and l. 233-12 of the French commercial code	Section 4.5.2.8.3	361
	List of the holders of any securities carrying special controlling rights and description of such securities	Section 4.5.2.8.4	361
	Control mechanisms provided for in any employee share ownership system, where the controlling rights are not exercised by the employees	Section 4.5.2.8.5	361
	Agreements between shareholders of which the company is aware and that may result in restrictions on the transfer of shares and the exercise of voting rights	Section 4.5.2.8.6	361
	Rules applicable to the appointment and replacement of members of the board of directors and amendment of the bylaws	Section 4.5.2.8.7	361
	Powers of the board of directors, in particular the issuance or repurchase of shares	Section 4.5.2.8.8	361
	Agreements entered into by the company that have been amended or end in the event of a change in control of the company	Section 4.5.2.9	361
	Agreements providing for indemnities for members of the board of directors or employees, if they resign or are dismissed without real or serious cause or if their employment terminates due to a public offering	N/A	