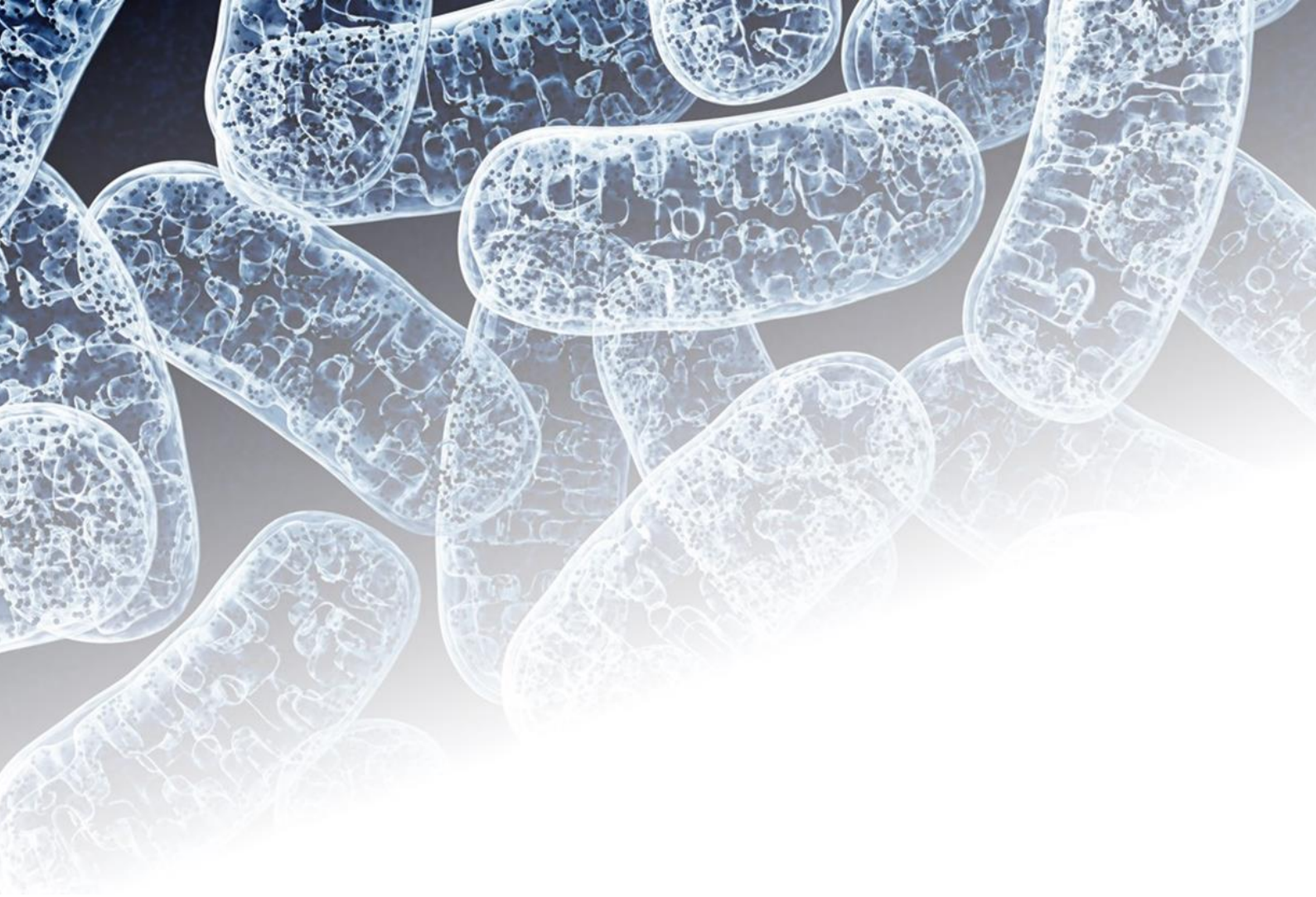

INTERIM FINANCIAL REPORT

30 JUNE 2022

poxel

Société anonyme (joint stock company) with capital of €585,775.02
Registered office: 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon, France
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1. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

1.1 Person responsible for the interim financial report

1. Thomas Kuhn, Chief Executive Officer of Poxel.

1.2 Certification by the person responsible

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

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

Lyon, October 3rd 2022
Thomas Kuhn, Chief Executive Officer of Poxel.

2. ACTIVITY REPORT AS OF 30 JUNE 2022

2.1 Highlights of the first half-year of 2022

Rare metabolic diseases

The Group is pursuing non-clinical studies to explore new potential indications for PXL065 and PXL770 and is preparing Proof of Concept studies for PXL065 and PXL770 in ALD with the most common form of disease (adrenomyeloneuropathy – AMN).

In February and April, the FDA awarded Fast Track Designation (FTD) to PXL065 and PXL770 respectively, for ALD. The FDA grants FTD to investigational drugs which treat a serious or life-threatening condition, and which fill an unmet medical need. Filling an unmet medical need is defined as providing a therapy where none exists or providing a therapy which may be potentially better than available therapy. The key benefits of FTD comprise enhanced access to the FDA, with regular and more frequent opportunities for consultation and discussion.In May 2022, the U.S. Food and Drug Administration (FDA) has granted Orphan Drug Designation (ODD) to PXL065 and PXL770 for the treatment of patients with adrenomyeloneuropathy (AMN).

In June 2022, U.S. Patent and Trademark Office (PTO) has issued to Poxel US Patent No. 11319313 which represents a new patent for PXL065, a novel, proprietary deuterium-stabilized R-stereoisomer of pioglitazone. This issued patent provides additional protection through 2041 and could expand protection for PXL065 worldwide, with the potential for an additional 5 years through patent term extension.

TWYMEEG's Sale status

TWYMEEG's initial commercial uptake has been affected by restrictions in Japan on prescribing any new drug in its first year of commercialization, and conditions related to COVID-19, which have reduced the frequency of physician visits and limited the extensive prescriber education efforts required for any launch of an innovative drug with a new mechanism of action. However, as a result of Sumitomo Pharma's promotional activities and efforts since launch, TWYMEEG is very well known among prescribers.

Composition of the Board of directors

In the course of the six-months period ended June 30, 2022, the composition of the Board of Directors changed as follows:

- The mandate of M. Pierre Legault and Mrs. Janice Bourque were renewed for a 3-year term during the June 21, 2022 general assembly meeting.

- Dr. John Kozarich transitioned off as a Board member due to the age limitation and will continue to assist the Board of Directors as a consultant and chair of the scientific committee of the Board.

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, other than the impact on the commercialization of TWYMEEG in Japan by the Group's partner Sumitomo Pharma. Similarly, the Group has not identified the occurrence of any material negative effect on its business due to the recent geopolitical events in Ukraine and Russia. 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 as well as recent geopolitical events in Ukraine and Russia 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.

2.2 Activity and results of the Group

Partnership activity

Sumitomo

The Company continued to work with Sumitomo Pharma during the first half of 2022. As mentioned in the note 2.1, Royalty revenue to Poxel based on TWYMEEG net sales in Japan has been limited following TWYMEEG's commercial launch on September 16, 2021 and amounted to €83 thousand for the first half of 2022.

Research and development activity

In NASH, the Group made significant progress in the development of PXL065 through a streamlined Phase 2 trial (DESTINY-1), which has been fully completed in August. Positive top-line results have been announced on August 30, 2022, and then histological results from liver biopsies that showed significant improvement in fibrosis and other parameters, were published on September 21, 2022.

In the rare metabolic disease of adrenoleukodystrophy (ALD), the Group continued preparations to initiate two identical Phase 2a clinical POC biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), the most common form of the disease.

In the rare metabolic disease of autosomal-dominant polycystic kidney disease (ADPKD), preclinical studies were completed and demonstrated efficacy of PXL770. Initiation of development planning and regulatory interactions is underway.

Human resources

The average consolidated workforce was 55 employees in the first half of 2022, compared to 52 employees in the first half of 2021.

Results

The Group reported revenue of €83 thousand at 30 June 2022 compared with €13,274 thousand at 30 June 2021. This revenue corresponds to royalties received in 2022 following Imeglimin commercial launch on September 16, 2021.

R&D costs amounted to €8,818 thousand for the first half of 2022, compared with €16,243 thousand at 30 June 2021. These costs mainly reflected the DESTINY-1 clinical program cost for PXL065 in NASH.

The research tax credit calculated for the first half of 2022 amounted to €936 thousand, compared with €1,538 thousand at 30 June 2021.

General overheads were €4,298 thousand for the first half of 2022, compared with €5,512 thousand at 30 June 2021.

The Group had an operating loss of €12,178 thousand at June 30, 2022 compared with an operating loss of €6,833 thousand at 30 June 2021.

Financial loss stood at €1,223 thousand at June 30, 2022 compared with a financial loss of €1,178 thousand at 30 June 2021. This mostly reflected the interest and the change in derivative liability fair value associated to the IPF loan over the period.

Net loss stood at €13,401 thousand at June 30, 2022, compared with a net loss of €8,011 thousand at 30 June 2021.

Cash

Cash at 30 June 2022 was €16,143 thousand, compared with €32,287 thousand at 31 December 2021. The change in cash was due to:

- operating cash flows of -€13,301 thousand;
- investment flows of -€70 thousand;
- financing flows of -€2,776 thousand.

2.3 Trends and prospects

Based on:

i. its cash position at June 30, 2022,

ii. the current development plan of the Group including 1) the full completion of the Phase 2 NASH trial for PXL065 (DESTINY-1) but excluding 2) the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies in adrenomyeloneuropathy (AMN),

iii. the cash forecast for the year 2022 approved by the Board of Directors of the Company, that does not include, as a conservative approach, any net royalties from Imeglimin in Japan,

iv. a strict control of its operating expenses, and

v. the amendment to the IPF debt facility with the postponement of the Q3 2022 and Q4 2022 amortization payments until end of February 2023, as well as a full drawdown of all tranches of the equity-linked financing arrangement with IRIS for a total amount of EUR 6 million, before December 31, 2022,

the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least February 2023.

During the second half of the year, the Group intends to:

- capitalize on Phase 2 DESTINY-1 results for PXL065 in NASH and pursue discussions for a potential pivotal program in NASH;
- actively pursue additional financing options, prioritizing non-dilutive sources;
- initiate the Phase 2a clinical POC biomarker studies of PXL065 and PXL770, subject to additional funding, in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype;
- consider leveraging the Imeglimin data package in specific territories, including those resulting from inbound interest.

2.4 Events occurring after the end of the half-year

Debt Restructuring with IPF

On August 8, 2022, the Group announced that it has entered into an agreement with IPF to restructure its existing debt facility with the objective to extend its cash runway. This restructuring consists in postponing repayment of EUR 3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023. In addition, IPF and the Company agreed to temporarily amend the financial covenants of the debt facility until 31 January 2023 so that no breach occurs before February 2023, independently of any potential l financing in addition of the IRIS equity-linked financing described below. Under the revised financial covenants, the Company shall maintain a minimum cash position between EUR 15 million and EUR 10 million through January 2023. After such date, the previously existing financial covenants will be reinstated.

The amendment of the debt facility also includes an increase of 3% of the PIK margin (in addition to the existing 2% PIK). IPF shall also be entitled to a fee payable at the maturity date of each tranche and set at a total amount of approximately EUR 4 million.

Should the Group close a financing transaction of a minimum amount of EUR 15 million, and subject to the then applicable debt to market capitalization gearing ratio of the Group, Poxel will partially prepay IPF debt with an amount up to 20% of the proceeds of such transaction as a partial early debt repayment, which would reduce the Group's indebtedness. Such early repayment shall consist in principal and shall not include any early repayment fee.

As part of the amendment agreement, IPF will be appointed as an observer to the Company's Board of Directors. IPF will have the same right to information as the Directors and may participate in meetings of the Board of Directors of the Company in an advisory capacity but will not have any voting rights.

The terms of the existing warrants held by IPF which were attached to the Tranche 1, 2 and 3 bonds giving right to subscribe 630,804 shares at respectively €7.37, €7.14, €6.72 per warrant for each Tranche, remain unchanged and thus trigger no potential additional dilution.

Equity-linked financing with IRIS

On August 8, 2022, the Group also announced the implementation of an equity-linked financing with IRIS, a venture capital firm specialized in providing financing solutions to listed companies. This funding aims to increase the Group's cash position to support its operations. Proceeds shall be used mainly to support ongoing regulatory and development activities as well as general corporate purposes.

In accordance with the terms of the agreement, IRIS, acting as a specialized investor without a strategy to retain a stake in the Company's share capital, has committed to subscribe to bonds convertible into new ordinary shares of the Company for an initial amount of EUR 4 million. At the Company's sole discretion, two additional tranches of EUR 1 million each, may be drawn down in Q4 2022, subject to usual condition precedents for this type of financing including absence of event of default and minimum share price at the time of drawdown. The agreement with IRIS also includes usual event of defaults for this type of financing including the absence of timely delivery of shares in conversion of the convertible bonds (e.g. in case of insufficient authorizations from the general assembly meeting of the shareholders or in the absence of publication of a prospectus, as the case may be). No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares.

IRIS has the right to request the conversion of its bonds into new ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance of shares upon conversion of the bonds shall be made on each conversion date on the basis of the average volume weighted share price over the last trading day preceding each issue, less a discount of 8%, subject to a floor corresponding to the average volume weighted share price over the twenty trading days preceding each issue, less a discount of 20%.

During the term of the financing, IRIS is expected to sell the newly issued shares received upon conversion of the convertible bonds on the market or in block trades. In connection with the financing, the Company will issue shares out of its authorized share capital in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022 with excluded pre-emptive rights of the existing shareholders for the benefit of certain category of investors. The new shares issued under the terms of this agreement shall be admitted to trading on Euronext Paris. No application for admission to trading on any market whatsoever will be made for the convertible bonds.

Considering the anticipated number of shares to be issued upon conversion of the convertible bonds issued, based on the share price of the Company on August 5, 2022, this operation does not give rise at this stage to publication of prospectus, to be submitted to the approval by the French securities regulator, the *Autorité des marchés financiers* (AMF). Should a prospectus be required in the future due to a potentially higher than expected issuance of shares, the Company and IRIS have agreed that the issuance program will be suspended for a maximum period of three months, until such prospectus has been approved by the AMF.

On the basis of the issuance of all three tranches of the financing facility with IRIS and the average price weighted by volumes of the Company's share on August 5, 2022, the stake of a shareholder with 1% of the Company's share capital would decrease to 0.91%, i.e. a 9% dilution.

As part of the equity-linked financing, certain shareholders of the Company, including M. Thomas Kuhn, Chief Executive Officer, have undertaken to loan part of their shares to IRIS. At the time of this report, this loan consists of 400,000 shares and will only be used to facilitate implementation of the financing and avoid potential delays related to the delivery-settlement of shares issued upon conversion of the bonds. Such loan agreement shall terminate at the latest on the date of full conversion of the bonds.

Phase 2 NASH Trial for PXL065 positive results

On August 30, 2022, the Group announced positive top-line results for DESTINY-1 (Deuterium-stabilized R-pioglitazone [PXL065] Efficacy and Safety Trial In NASH), the dose-ranging Phase 2 trial of PXL065 for the treatment of NASH. The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint which demonstrated that PXL065-treated patients achieved statistically significant improvements in the relative decrease in liver fat content measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. PXL065 was observed to be safe and well tolerated with no dose dependent increase in body weight and no increased lower extremity edema vs. placebo. Safety profile is consistent with reduced PPARγ -mediated side effects vs. published results of pioglitazone.

On September 21, 2022, the Group announced additional positive histology results. Histology findings from paired liver biopsies showed strong improvement in fibrosis without worsening of NASH, consistent with dose-dependent reduction of all biomarkers related to fibrogenesis and fibrosis risk scores. Improvement was seen in other NASH histology components. The DESTINY-1 trial was not powered to detect statistically significant changes in histology endpoints. The positive study results validated the hypothesis that the deuterated-thiazolidinediones (d-TZD) platform reduces PPARγ side-effects while retaining the efficacy benefits of TZDs, and thus warrants exploration in other diseases, such as ALD.

Based on positive results from the DESTINY-1 trial, the Group will prioritize PXL065 for further development in NASH with pursuit of a potential partnership to enable the launch of a pivotal trial. PXL770 development will focus exclusively on rare diseases, driven by promising data base which showed strong potential in multiple rare metabolic indications.

2.5 Risk factors and transactions between related parties

2.5.1 Risk factors

The risks for the Company are set out in Chapter 2.2, "Risk factors" of the Company's 2021 Universal Registration Document. Except for the risks described below, no significant change in the assessment of these risks has been identified by the Company.

In light of the Group's debt restructuring agreement with IPF Partners (IPF) and equity-linked financing with Iris Capital Investment (IRIS) announced on August 8, 2022, and based on (i) its cash position at June 30, 2022, (ii) the current development plan of the Company including 1) the completion of its

ongoing Phase 2 NASH trial for PXL065 (DESTINY-1) but excluding 2) the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies in adrenomyeloneuropathy (AMN), (iii) the cash forecast for the year 2022 approved by the Board of Directors of the Company, that does not include, as a conservative approach, any net royalties from Imeglimin in Japan, (iv) a strict control of its operating expenses, and (v) the amendment to the IPF debt facility with the postponement of the Q3 2022 and Q4 2022 amortization payments until end of February 2023, as well as a full drawdown of all tranches of the equity-linked financing arrangement with IRIS for a total amount of EUR 6 million, before December 31, 2022, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least February 2023. The Group is actively pursuing various financing options which would extend its cash runway through at least 12 months from the date of this interim financial report.

In addition, the equity-linked financing with IRIS and its implementation has and will lead to dilution of the Company's shareholders when new shares are issued to IRIS upon conversion of the convertible bonds. Furthermore, in the event of non-fulfillment of all the tranches of this financing the Company may have to seek additional financings and to review accordingly its development strategy and its objectives if an event of default occurs or certain minimum share price prevent the drawdown of the Tranches II and/or III of the financing, respectively of EUR 1 million each. Finally, given IRIS' strategy, which is to sell newly issued shares shortly after conversion of the convertible bonds it holds, the share price and the volatility of the Company's shares could fluctuate significantly after the issuance of the convertible bonds issued to IRIS.

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 and the recent geopolitical events in Ukraine and Russia, 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.

2.5.2 Transactions between related parties

Transactions between related parties are the same as those presented in Chapter 4.4, "Related party transactions" of the 2021 Universal Registration Document.

3. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

3.1 Statement of financial positions

POXEL Statements of financial position (in € thousand)	Notes	June 30, 2022	Dec 31, 2021
ASSETS			
Intangible assets	6	16,615	16,631
Property, plant and equipment		1,572	1,716
Other non-current financial assets		143	206
Deferred tax assets		-	-
Total non-current assets		18,330	18,552
Trade receivables	7	51	50
Other receivables	7	4,501	3,999
Current tax asset		-	-
Cash and cash equivalents	8	16,143	32,287
Total current assets		20,694	36,337
Total Assets		**39,024**	**54,889**

The accompanying notes form an integral part of the condensed consolidated financial statements

POXEL Statements of financial position (in € thousand)	Notes	June 30, 2022	Dec 31, 2021
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	10	579	574
Premiums related to the share capital	10	24,775	24,780
Retained earnings (deficit)		-15,997	6,338
Net income (loss)		-13,401	-23,763
Accumulated other comprehensive income		451	277
Total shareholder's equity		**-3,594**	**8,206**
Non-current liabilities			
Employee benefits		237	370
Non-current financial liabilities	12	26,155	30,094
Provisions	13	74	318
Total non-current liabilities		**26,466**	**30,782**
Current liabilities			
Current financial liabilities	12	7,842	5,046
Derivative liabilities	12	-	153
Trade payables	14.1	6,105	8,417
Tax and employee-related payables	14.2	2,186	2,270
Contract liabilities		19	15
Total current liabilities		**16,152**	**15,901**
Total Liabilities and Shareholder's equity		**39,024**	**54,889**

The accompanying notes form an integral part of the condensed consolidated financial statements

3.2 Consolidated statements of income (loss)

POXEL Income statement (in € thousand)	Notes	June 30, 2022	June 30, 2021 Adjusted*
Revenue	15	**83**	**13,274**
Cost of sales		-83	-
Gross Margin		**-**	**13,274**
Research and development expenses	16.1	-8,818	-16,243
Subsidies	16.1	936	1,570
General and administrative expenses	16.2	-4,295	-5,434
Operating income (loss)		**-12,178**	**-6,833**
Financial expenses	18	-1,537	-1,505
Financial income	18	154	40
Exchange gains	18	160	287
Financial income (loss)	**18**	**-1,223**	**-1,178**
Net income (loss) before taxes		**-13,401**	**-8 011**
Income tax		-	-
Net income		**-13,401**	**-8 011**

Earnings/(loss) per share (€/share)	June 30, 2022	June 30, 2021
Weighted average number of shares in circulation	28,931,599	28,595,981
Basic Earnings (loss) per share (€/share)	**-0.46**	**-0.28**
Diluted Earnings (loss) per share (€/share)	**-0.46**	**-0.28**

** Cf. Note 2 "change in accounting policies" related to the application of IFRIC decision dated to April 20, 2021 (IAS 19)*

The accompanying notes form an integral part of the condensed consolidated financial statements

3.3 Consolidated statement of comprehensive income (loss)

POXEL Statement of comprehensive income (loss) (in € thousand)	Notes	June 30, 2022	June 30, 2021 Adjusted*
Net income (loss) of the year		-13,401	-8 011
Actuarial gains (losses) from defined benefit plans (non-recyclable)		183	27
Currency translation adjustment (recyclable)		-9	11
Tax effect associated with these elements		-	-
Other comprehensive income (loss) (net of tax)		174	38
Total comprehensive income (loss)		**-13,227**	**-7 973**

** Cf. Note 2 "change in accounting policies" related to the application of IFRIC decision dated to April 20, 2021 (IAS 19)*

The accompanying notes form an integral part of the condensed consolidated financial statements

3.4 Consolidated statements of changes in shareholders' equity

Changes in Shareholders' equity (in € thousand except the number of shares)	*Capital Number of shares*	Share Capital	Premiums related to the share capital	Retained earnings adjusted	Other comprehensive income (loss)	Total Equity
As of December 31, 2020 – adjusted *	*28,495,523*	**570**	**145,849**	**-119,587**	**232**	**27,065**
Net loss as of June 30, 2021				-8,011		-8,011
Other comprehensive income (loss)					38	38
Total Comprehensive income (loss)				-8,011	38	-7,973
Issuance of shares	*174,835*	3	228			231
Allocation			-121,361	121,361		-
Subscription of share warrants			65			65
Share base payments				2,364		2,364
Treasury shares				1		1
As of June 30, 2021 – adjusted *	*28,670,358*	**573**	**24,781**	**-3,873**	**270**	**21,752**
As of December 31, 2021	*28,703,692*	**574**	**24,780**	**-17,424**	**277**	**8,206**
Net loss as of June 30, 2022				-13,401		-13,401
Other comprehensive income (loss)					174	174
Total Comprehensive income (loss)				-13,401	174	-13,227
Issuance of shares	*248,958*	5	-5			-
Share base payments				1,484		1,484
Treasury shares				-57		-57
As of June 30, 2022	*28,952,650*	**579**	**24,775**	**-29,399**	**451**	**-3,594**

(In € thousand)	Currency translation adjustment (recyclable)	Actuarial gains (losses) from defined benefit plans (non-recyclable)	Tax effects associated with these elements	Total "Other comprehensive income (loss)"
As of December 31, 2020 – adjusted *	**262**	**-29**		**232**
Other comprehensive income (loss)	11	27		38
As of June 30, 2021 – adjusted *	**273**	**-2**		**270**
As of December 31, 2021	**183**	**94**		**277**
Other comprehensive income (loss)	-9	183		174
As of June 30, 2022	**174**	**277**		**451**

** Cf. Note 2 "change in accounting policies" related to the application of IFRIC decision dated to April 20, 2021 (IAS 19)*

The accompanying notes form an integral part of the condensed consolidated financial statements

3.5 Consolidated statements of cash flows

POXEL Statement of cash flows (in € thousand)	Notes	June 30,2022	June 30, 2021, Adjusted*
Cash flows from operating activities			
Net income (loss) for the period		-13,401	-8,011
Elimination of amortization of intangible assets		18	16
Elimination of depreciation of property, plant and equipment		263	267
Provisions booked		188	307
Reversal of provisions		-329	-2,409
Expenses associated with share-based payments	11	1,484	2,364
Interests expenses		1,301	983
Interests income		-1	-40
Change in IPF derivative liability fair value	12.1	-153	134
Effect of unwinding the discount related to IPF Debt	12.1	227	122
Effect of unwinding the discount related to PGE debt	12.2	9	56
US loan non-cash profit		-	-106
Other creditors and other liabilities		-4	-
Cash flows from operating activities before change in working capital requirement		**-10,398**	**-6,314**
Trade receivables (net of impairment of trade receivables)	7	-	-13,058
Other receivables	7	-501	-775
Trade payables	14.1	-2,311	4,368
Tax and social security liabilities	14.2	-104	-279
Other creditors and other liabilities		13	10
Changes in working capital requirements		**-2,904**	**-9,753**
Cash flows from operating activities		-13,301	-16,067
Cash flows from investing activities			
Acquisitions of intangible assets		-2	-15
Acquisitions of property, plant and equipment		-7	-16
Interests received		2	40
Other cash flows from investing activities		-63	-2
Cash flows from investing activities		-70	10
Cash flows from financing activities			
Share capital increase, including premium, net of expenses	10		231
Subscription of share warrants	10		65
Interests paid		-915	-442
Roivant contract debt		-	-
IPF debt net of expenses	12.1	-	13,297
IPF repayment	12.1	-1,650	-
PGE debt	12.2	-	-
US loan		-	-
Capitalized interests	12.1	-	-
Repayment of loans and conditional advances		-	-166
Repayment of the lease debt		-211	-210
Cash flows from financing activities		-2,776	12,775

Impact of foreign currency exchange fluctuations	2	-
Increase (decrease) in cash and cash equivalents	-16,145	-3,282
Cash and cash equivalents at the opening date (including short-term bank overdrafts)	32,287	40,203
Cash and cash equivalents as of the closing date (including short-term bank overdrafts)	16,143	36,921
Increase (decrease) in cash and cash equivalents	-16,145	-3,282

** Cf. Note 2 "change in accounting policies" related to the application of IFRIC decision dated to April 20, 2021 (IAS 19)*

The accompanying notes form an integral part of the condensed consolidated financial statements

3.6 Notes to the interim condensed consolidated financial statements

Note 1: General information about the Group

The accompanying interim condensed consolidated financial statements for the six months periods ended June 30, 2022 and 2021, and the related notes, present the Group's activities.

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 treatments for severe chronic serious diseases, including non-alcoholic steatohepatitis (NASH) and rare disorders (AMN/ALD).

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, PXL770 and PXL065. In October 2017, the Group signed a first strategic partnership agreement with Sumitomo 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. The Group has obtained additional funding in the form of a bond loan from 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 achievement of objectives contractually defined. The three tranches were drawn down in November 2019, March 2020 and June 2021 successively. A debt covenant is attached to the contract.

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, and the amount of royalties received from these agreements (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 September 20, 2022.

Note 2: Basis of presentation

Except for share and per share amounts, the interim condensed 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 notes to the condensed consolidated financial statements at June 30, 2022 were prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed by the European Union, which requires the disclosure of selected notes only. The interim condensed financial statements do not include all disclosures required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements for year ended December 31, 2021.

The general accounting conventions were applied in accordance with the underlying assumptions, namely (i) going concern, (ii) permanence of accounting methods from one year to the next and (iii) independence of financial years, and in conformity with the general rules for the preparation and presentation of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the period ended December 31, 2021.

The results of the operations are for the six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the year ended December 31, 2022 or for any other interim period or for any year in the future.

The interim condensed consolidated financial statements have been prepared using the same accounting methods as those applied by the Group as of December 31, 2021 except for:

- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 37 – Onerous Contract – contract execution costs;
- Amendments to IAS 16 – Tangible asset – proceeds before intended use;
- Annual Improvements 2018-2020.

The adoption of these standards did not have any significant impact on the Company's results or financial position. The standards and interpretations that are optionally applicable to the Company as of June 30, 2022 were not applied in advance.

Recently issued accounting pronouncements are as follows:

- Amendments to IAS 1 – Disclosure of Accounting policies;
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IFRS 17 – Insurance contracts;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Group does not anticipate any material impact on its financial statements.

Changes in accounting policies

The consolidated financial statements have been prepared applying the change in accounting policy reported in the adjusted 2021 interim consolidated financial statements and related to the application of the IFRS Interpretations Committee agenda decision date April 20, 2021 "Attributing Benefit to Periods of Service (IAS 19 Employee Benefits, see note 2 to the Group's consolidated financial statements at December 31, 2021).

The change in accounting policy was recorded retrospectively, resulting in an adjustment to the previously reported financial statements for the first half of fiscal year 2021:

The adjustments corresponds to the provision for pension are summarized below :

(Amounts in K€)	**As reported**	**IFRIC Adjustment**	**Adjusted**
As of January 1st, 2021	**581**	**(186)**	**395**
Service cost	67	(19)	48
Interest cost	0	1	1
Actuarial gains and losses	(104)	77	-27
As at June 30, 2021	**544**	**(127)**	**417**

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 June 30, 2022 amounts to €16,143 thousand.

Based on:

i. its cash position at June 30, 2022,

ii. the current development plan of the Group including 1) the completion of its ongoing Phase 2 NASH trial for PXL065 (DESTINY-1) but excluding 2) the two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN),

iii. the cash forecast approved by the Board of Directors of the Company, that does not include, as a conservative approach, any net royalties from Imeglimin in Japan,

iv. a strict control of its operating expenses, and

v. the amendment to the IPF debt facility with the postponement of the Q3 2022 and Q4 2022 amortization payments until end of February 2023, as well as a full drawdown before December 31, 2022 of all tranches of the equity-linked financing arrangement with IRIS that was announced on August 8, 2022 for a total amount of EUR 6 million,

the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least February 2023.

In addition, the Company is actively pursuing various financing options that would allow it to extend its cash runway. These financing options include dilutive and non-dilutive financing sources.

If the Company does not obtain additional financing to extend its cash runway, it may not be able to realize its assets and paid its liabilities in the normal course of business.

However, the Company's management believes that it has reasonable assurance of obtaining these additional financings before February 2023. As a consequence, the Company interim condensed consolidated financial statements for the period ended June 30, 2022 are presented on a going concern basis.

Use of judgments and estimates

In order to prepare consolidated 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 consolidated 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 judgments and estimates made by the Management and the main assumptions used are the same as those applied in the development of the consolidated financial statements as of 31 December 2021.

Note 3: Consolidation scope

The condensed consolidated financial statements include the accounts of the subsidiaries in which the Group holds, directly or indirectly, sole control. The Group considers that it has exclusive control over an entity when it has the ability to govern the entity's operational and financial policies in order to obtain economic benefits.

The full consolidation method takes into account, after elimination of internal operations and results, all the assets, liabilities, and income statements items of the Companies concerned, the share of the results and shareholders' equity attributable to the Group Companies (Share of the Group) being distinguished from that relating to the interests of the other shareholders (non-controlling interests). All significant transactions between the Consolidated Companies as well as the internal results of the consolidated group are eliminated.

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

At the date of publication of these consolidated financial statements, the Group does own two wholly owned subsidiaries consolidated using the full consolidation method:

COMPANY NAME	COUNTRY	CONSOLIDATION METHOD AS OF		% CONTROL / % INTEREST AS OF	
		DECEMBER 31, 2021	JUNE 30, 2022	DECEMBER 31, 2021	JUNE 30, 2022
POXEL S.A.	FRANCE	-		-	
POXEL JAPAN KK	JAPAN	FC	FC	100%	100%
POXEL INC	USA	FC	FC	100%	100%

FC: full consolidation

Note 4: Significant events

4.1: Period ended June 30, 2022

Increase in capital

Performance shares and warrants

On January 27, 2022, the Group noted the definitive allocation of 30,307 performance shares, representing a capital increase of €606 taken from the reserves.

On January 31, 2022, the Group noted the definitive allocation of 218,051 performance shares, representing a capital increase of €4,361 taken from the reserves.

On June 21, 2022, the Group noted the definitive allocation of 600 performance shares, representing a capital increase of €12 taken from the reserves.

Accordingly, the share capital is €579,053 as of June 30, 2022, divided in 28,952,650 shares of €0.02 of nominal value.

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, other than the impact on the commercialization of TWYMEEG in Japan by the Group's partner Sumitomo Pharma. Similarly, the Group has not identified the occurrence of any material negative effect on its business due to the recent geopolitical events in Ukraine and Russia. 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 as well as recent geopolitical events in Ukraine and Russia 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.

4.2: Post-closing events

Debt Restructuring with IPF

On August 8, 2022, the Group announced that it has entered into an agreement with IPF to restructure its existing debt facility with the objective to extend its cash runway. This restructuring consists in postponing repayment of EUR 3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023. In addition, IPF and the Company agreed to temporarily amend the financial covenants of the debt facility until 31 January 2023 so that no breach occurs before February 2023, independently of any potential l financing in addition of the IRIS equity-linked financing described below. Under the revised financial covenants, the Company shall maintain a minimum cash position between EUR 15 million and EUR 10 million through January 2023. After such date, the previously existing financial covenants will be reinstated.

The amendment of the debt facility also includes an increase of 3% of the PIK margin (in addition to the existing 2% PIK). IPF shall also be entitled to a fee payable at the maturity date of each tranche and set at a total amount of approximately EUR 4 million.

Should the Group close a financing transaction of a minimum amount of EUR 15 million, and subject to the then applicable debt to market capitalization gearing ratio of the Group, Poxel will partially prepay IPF debt with an amount up to 20% of the proceeds of such transaction as a partial early debt

repayment, which would reduce the Group's indebtedness. Such early repayment shall consist in principal and shall not include any early repayment fee.

As part of the amendment agreement, IPF will be appointed as an observer to the Company's Board of Directors. IPF will have the same right to information as the Directors and may participate in meetings of the Board of Directors of the Company in an advisory capacity but will not have any voting rights.

The terms of the existing warrants held by IPF which were attached to the Tranche 1, 2 and 3 bonds giving right to subscribe 630,804 shares at respectively €7.37, €7.14, €6.72 per warrant for each Tranche, remain unchanged and thus trigger no potential additional dilution.

Equity-linked financing with IRIS

On August 8, 2022, the Group also announced the implementation of an equity-linked financing with IRIS, a venture capital firm specialized in providing financing solutions to listed companies. This funding aims to increase the Group's cash position to support its operations. Proceeds shall be used mainly to support ongoing regulatory and development activities as well as general corporate purposes.

In accordance with the terms of the agreement, IRIS, acting as a specialized investor without a strategy to retain a stake in the Company's share capital, has committed to subscribe to bonds convertible into new ordinary shares of the Company for an initial amount of EUR 4 million. At the Company's sole discretion, two additional tranches of EUR 1 million each, may be drawn down in Q4 2022, subject to usual condition precedents for this type of financing including absence of event of default and minimum share price at the time of drawdown. The agreement with IRIS also includes usual event of defaults for this type of financing including the absence of timely delivery of shares in conversion of the convertible bonds (e.g. in case of insufficient authorizations from the general assembly meeting of the shareholders or in the absence of publication of a prospectus, as the case may be). No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares.

IRIS has the right to request the conversion of its bonds into new ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance of shares upon conversion of the bonds shall be made on each conversion date on the basis of the average volume weighted share price over the last trading day preceding each issue, less a discount of 8%, subject to a floor corresponding to the average volume weighted share price over the twenty trading days preceding each issue, less a discount of 20%.

During the term of the financing, IRIS is expected to sell the newly issued shares received upon conversion of the convertible bonds on the market or in block trades. In connection with the financing, the Company will issue shares out of its authorized share capital in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022 with excluded pre-emptive rights of the existing shareholders for the benefit of certain category of investors. The new shares issued under the terms of this agreement shall be admitted to trading on Euronext Paris. No application for admission to trading on any market whatsoever will be made for the convertible bonds.

Considering the anticipated number of shares to be issued upon conversion of the convertible bonds issued, based on the share price of the Company on August 5, 2022, this operation does not give rise

at this stage to publication of prospectus, to be submitted to the approval by the French securities regulator, the *Autorité des marchés financiers* (AMF). Should a prospectus be required in the future due to a potentially higher than expected issuance of shares, the Company and IRIS have agreed that the issuance program will be suspended for a maximum period of three months, until such prospectus has been approved by the AMF.

On the basis of the issuance of all three tranches of the financing facility with IRIS and the average price weighted by volumes of the Company's share on August 5, 2022, the stake of a shareholder with 1% of the Company's share capital would decrease to 0.91%, i.e. a 9% dilution.

As part of the equity-linked financing, certain shareholders of the Company, including M. Thomas Kuhn, Chief Executive Officer, have undertaken to loan part of their shares to IRIS. At the time of this report, this loan consists of 400,000 shares and will only be used to facilitate implementation of the financing and avoid potential delays related to the delivery-settlement of shares issued upon conversion of the bonds. Such loan agreement shall terminate at the latest on the date of full conversion of the bonds.

Phase 2 NASH Trial for PXL065 positive results

On August 30, 2022, the Group announced positive top-line results for DESTINY-1 (Deuterium-stabilized R-pioglitazone [PXL065] Efficacy and Safety Trial In NASH), the dose-ranging Phase 2 trial of PXL065 for the treatment of NASH. The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint which demonstrated that PXL065-treated patients achieved statistically significant improvements in the relative decrease in liver fat content measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. PXL065 was observed to be safe and well tolerated with no dose dependent increase in body weight and no increased lower extremity edema vs. placebo. Safety profile is consistent with reduced PPARγ -mediated side effects vs. published results of pioglitazone.

On September 21, 2022, the Group announced additional positive histology results. Histology findings from paired liver biopsies showed strong improvement in fibrosis without worsening of NASH, consistent with dose-dependent reduction of all biomarkers related to fibrogenesis and fibrosis risk scores. Improvement was seen in other NASH histology components. The DESTINY-1 trial was not powered to detect statistically significant changes in histology endpoints. The positive study results validated the hypothesis that the deuterated-thiazolidinediones (d-TZD) platform reduces PPARγ side-effects while retaining the efficacy benefits of TZDs, and thus warrants exploration in other diseases, such as ALD.

Based on positive results from the DESTINY-1 trial, the Group will prioritize PXL065 for further development in NASH with pursuit of a potential partnership to enable the launch of a pivotal trial. PXL770 development will focus exclusively on rare diseases, driven by promising data base which showed strong potential in multiple rare metabolic indications.

Note 5: Segment information

The Group operates in one segment: the development of innovative treatments for chronic serious diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare disorders (ALD/AMN).

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.

For the six months ended June 30, 2022 and 2021, 100% of the Group's revenue comes from Sumitomo Pharma.

Note 6: Intangible assets

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). This acquisition is recognized as an intangible asset for an amount of €16,572 thousand, which includes €791 thousand of acquisition costs.

As of June 30, 2022, although the company considered that there was no indication of impairment, management reviewed the corresponding cash flow forecasts and considered that no impairment was necessary.

Note 7: Trade and other receivables

Trade receivables (€51 thousand in June 2022 compared with €50 thousand in December 2021) correspond mainly to royalties related for the second quarter 2022 related to Imeglimin following it's commercial launch on September 16, 2021.

Other receivables

OTHER RECEIVABLES (Amount in € thousand)	**June 30, 2022**	**Dec 31, 2021**
Research tax credit	3,164	2,228
Value added tax, or VAT	169	288
Debtor suppliers	658	665
Prepaid expenses	477	760
Other	33	59
Total other receivables	**4,501**	**3,999**

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

As of June 30, 2022, the amount of the tax credit consists of the tax credit receivable for the year 2021 and the research tax credit receivable estimated on the basis of research undertaken and eligible for the tax credit in the first half of 2022.

Debtor suppliers relate to advance payments to CROs for the ongoing clinical studies.

Prepaid expenses relate to current expenses.

Note 8: Cash and cash equivalents

Cash and cash equivalents are presented below:

CASH AND CASH EQUIVALENTS (Amount in € thousand)	June 30, 2022	Dec 31, 2021
Bank accounts (cash at hand)	16,143	28,754
Term deposits	-	3,534
Total cash and cash equivalents	**16,143**	**32,288**

Financial net debt amounted to €17,350 thousand as of June 30, 2022 as compared to €2,571 thousand at December 31, 2021 (see note 12).

Note 9: Financial assets and liabilities and effects on income

The Group's assets and liabilities are valued as follows for each year:

(Amounts in € thousand)	June 30, 2022				
	Value of the statement of financial situation	Fair Value (3)	Fair value through profit and loss	Assets at amortized cost (1)	Debts at amortized cost (2)
Non-current financial assets	143	143	-	143	-
Clients and related accounts	51	51	-	51	-
Other receivables	4,501	4,501	-	4,501	-
Cash and cash equivalents	16,143	16,143	16,143	-	-
Total financial assets	**20,837**	**20,837**	**16,143**	**4,694**	**-**
Current financial liabilities	7,842	7,842	-	-	7,842
Derivative liabilities	-	-	-	-	-
Non-current financial liabilities	26,155	26,155	-	-	26,155
Trade payables	6,105	6,105	-	-	6,105
Total financial liabilities	**40,102**	**40,102**	-	**-**	**40,102**

(Amounts in € thousand)	Dec 31, 2021				
	Value of the statement of financial situation	Fair Value (3)	Fair value through profit and loss	Assets at amortized cost (1)	Debts at amortized cost (2)
Non-current financial assets	206	206	-	206	-
Clients and related accounts	50	50	-	50	-
Other receivables	3,999	3,999	-	3,999	-
Cash and cash equivalents	32,287	32,287	32,287	-	-
Total financial assets	**36,543**	**36,543**	**32,287**	**4,255**	**-**
Current financial liabilities	5,046	5,046	-	-	5,046
Derivative liabilities	153	153	153	-	-
Non-current financial liabilities	30,094	30,094	-	-	30,094
Trade payables	8,417	8,417	-	-	8,417
Total financial liabilities	**43,710**	**43,710**	**153**	**-**	**43,557**

(1) The fair value of "assets at amortized costs" corresponds to the value reported in the statements 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. The fair value of derivative liabilities is based on level 2 fair value measurements, according to mathematic model and market assumptions Pas (risk-free rate, share price, volatility, etc.).

Note 10: Capital

Share capital issued

Share capital is set at €579,053 divided into 28,952,650 ordinary shares with a nominal value of €0.02 each, fully paid up after taking account changes in the capital in the first half of 2022.

The changes to the capital during the first half of 2022 are described in Note 4.

Distribution of dividends

The Group did not distribute any dividend for any of the periods presented.

Note 11: Share-based payments

Since its inception, the Group has issued share warrants, or BSAs, and founder's share warrants, or BSPCEs and Stock-Options or SO.

Breakdown of the compensation expenses accounted for under IFRS 2 for the period ended June 30, 2021 and 2022

(in € thousand, except for number of instruments outstanding)	Number of instruments outstanding	IFRS 2 valuation at inception	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended June 30, 2021	Cumulated expense as of the period ended June 30, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended June 30, 2022	Cumulated expense as of the period ended June 30, 2022
Total - BSA	996,803	3,308	3,308	-	3,308	3,308	-	3,308
Total - BSPCE	242,334	1,493	1,485	-	1,485	1,485	-	1,485
Total – Stock-Options	1,727,500	7,062	3,440	555	3,996	4,546	443	4,989
Total – Perf. shares	1,252,516	9,631	2,277	1,809	4,086	5,775	1,041	6,816
Total IFRS 2	4,219,153	21,494	10,511	2,364	12,875	15,114	1,484	16,598

The total share-based compensation expense amounts to €1,484 thousand (€771 thousand in "Research and development" and €713 thousand in "General and administrative expense," respectively) for the period ended June 30, 2022, as compared to €2,364 thousand (€1,320 thousand in "Research and development" and €1,044 thousand in "General and administrative expense," respectively) for the period ended June 30, 2021.

Note 12: Loans and financial liabilities

LOANS AND FINANCIAL LIABILITES (Amounts in € thousand)	June 30, 2022	Dec 31, 2021
IPF debt	20,057	23,172
PGE debt	5,164	5,830
Lease debt	934	1,092
Financial liabilities – Non-current portion	**26,155**	**30,094**

IPF debt	6,516	4,465
PGE debt	869	194
Lease debt	455	387
IPF Derivative liabilities	-	153
Other	2	-
Financial liabilities - Current portion	**7,842**	**5,199**

Total financial liabilities	**33,997**	**35,293**

Breakdown of financial liabilities by maturity

The maturities of financial liabilities are presented below as of June 30, 2022 and December 31, 2021:

CURRENT AND NON- CURRENT LIABILITES (Amounts in € thousand)	June 30, 2022			
	Gross amount	Less than 1 year	From 1 to 5 years	Longer than 5 years
IPF Financial debt	26,573	6,516	20,057	-
PGE debt	6,033	869	5,164	-
Lease debt	1,389	455	934	-
Derivative liabilities	-	-	-	-
Other	2	2	-	-
Total financial liabilities	**33,997**	**7,842**	**26,155**	**-**

CURRENT AND NON- CURRENT LIABILITES (Amounts in € thousand)	Dec 31, 2021			
	Gross amount	Less than 1 year	From 1 to 5 years	Longer than 5 years
IPF Financial debt	27,637	4,465	23,172	
PGE debt	6,024	194	5,830	
Lease debt	1,479	387	1,040	52
Derivative liabilities	153	153		
Total financial liabilities	**35,293**	**5,199**	**30,042**	**52**

12.1 IPF Financial debt

(Amounts in thousand €)	Tranche A	Tranche B	Tranche C	Total IPF Debt
As at December 31, 2021	**5,276**	**9,138**	**13,223**	**27,637**
Capitalized interests	71	115	172	358
Cash interests	186	299	412	897
Effect of unwinding the discount	130	44	53	228
Repayment	-650	-1,000	-	-1,650
Interest paid	-186	-299	-412	-897
As at June 30, 2022	**4,827**	**8,298**	**13,449**	**26,573**

In June 2021, the Group borrowed €13.5 million under the third tranche of IPF Venture Loan and issued warrants to purchase 156,250 ordinary shares with an exercise price of €6.72. The Group incurred €203 thousand of transaction costs. These costs were included in determining the amortization of the loan using the amortized cost method.

After taking into account the transaction costs and the fair value of the third tranche warrants (€282 thousand), the effective interest rate of the bond is 9.67%.

As for Tranches A, B and C, 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 assumptions are:
    - Expected term: 0.9 year;
    - Volatility: 46%;
    - Risk-free rate: (0.26%).

As of June 30, 2022:

- For Tranche A, the derivative liability is nil as compared to €56 thousand as of December 31, 2021. The decrease in fair value over the period amounts to €56 thousand.
- For Tranche B, the derivative liability is nil as compared to €50 thousand as of December 31, 2021. The decrease in fair value over the period amounts to €50 thousand.
- For Tranche C, the derivative liability is nil as compared to €47 thousand as of December 31, 2021. The decrease in fair value over the period amounts to €47 thousand.

As of June 30, 2022, the Group cash position is below the cash needed to fund its operations over the 9 following months, including the debt service. As a consequence, the interest rate has been increased by 1% for Q2 and Q3 2022 (see Note 22.1).

12.2 PGE debt

In October 2020, 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 loan has an initial term of one-year, with a five-year extension option. in July 2021, addendums to the original contracts were executed to exercise this extension option and formalize a 2-year interest-only period followed by a 4-year repayment period.

Note 13: Provisions

Non-current

On June 30, 2022, the Group accrued for social contributions amounting to €74 thousand (compared to €318 thousand on December 31, 2021). These contributions relate to the performance shares awarded in 2021 and 2022 and only for the portions not yet acquired. They would be payable upon their definitive acquisition.

Current

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

On June 30, 2022, there are no other provisions recognized.

Note 14: Suppliers and other current liabilities

14.1. Trade payables

Trade payables (Amounts in € thousand)	**June 30, 2022**	**Dec 31, 2021**
Suppliers' debts	2,662	3,671
Invoices to be received	3,443	4,746
Total of trade payables	**6,105**	**8,417**

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 period.

Invoices to be received mainly relate to the completion of ongoing clinical studies.

14.2 Tax and employee-related payables

Tax and employee-related payables are presented below:

TAX AND EMPLOYEE-RELATED PAYABLES (Amount in € thousand)	**June 30, 2022**	**Dec 31, 2021**
Staff and related accounts	1,143	1,451
Social security and other social agencies	937	743
Other taxes, dues and similar contributions	105	76
Total tax and employee-related and other current liabilities	**2,186**	**2,270**

Note 15: Gross margin

Note 15.1: Revenue

For the six-months period ending June 30, 2022:

REVENUE (Amounts in € thousand)	June 30, 2022	June 30, 2021
Sumitomo Contract	83	13,274
Other contracts	-	-
Total revenue	**83**	**13,274**

As of June 30, 2021 and June 30, 2022, revenue was related to the contract signed with Sumitomo Pharma in 2017.

As of June 30, 2022, revenue corresponds to royalties received in 2022 following Imeglimin commercial launch on September 16, 2021.

As of June 30, 2021, revenue includes a JPY 1,750 million (€13.2 million) milestone payment that Poxel has received from Sumitomo Pharma in July 2021 following the approval of Imeglimin in Japan, which has been completed on June 23, 2021 and recognized in Q2 2021 according to the IFRS15 accounting standard.

The license agreement provides for the payment by Sumitomo Pharma 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 Pharma.

- At June 30, 2021, a JPY 1,750 million (€13.2 million) milestone payment, that Poxel received from Sumitomo Pharma following the approval of the Imeglimin in Japan, has been reported in revenue;

- No other milestone payments based on future development milestones and regulatory milestones are considered highly probable as of June 30, 2022. 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 are recognized as revenue as they become due, based on sales made by Sumitomo Pharma.

- As of June 30, 2022, JPY 11 million royalties (€83 thousand) have been reported following Imeglimin commercial launch in Japan on Sept 16 2021, corresponding to 8% of Imeglimin net sales in Japan.

Note 16: Operating expenses

16.1 Research and development expenses

For the six-months period ending June 30, 2022:

RESEARCH AND DEVELOPMENT EXPENSES (Amount in € thousand)	June 30, 2022	June 30, 2021
Sub-contracting, studies and research [1]	3,987	10,329
Personnel costs	3,105	3,018
Share-based payments [2]	771	1,320
Travel and events	51	19
Intellectual property fees	362	433
Professional fees	399	632
Other	141	493
Research and development expenses (excluding subsidies received)	**8,818**	**16,243**
Research tax credit	936	1,538
Subsidies	-	32
Subsidies classified as a reduction of research and development expenses	**936**	**1,570**

(1) Research and development expenses mainly related to studies and clinical trials for 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) Refers to note 11

The decreasing subcontracting cost mainly reflects the phase 2 DESTINY study evaluating PXL065 in NASH, which started in the second part of 2020 and for which expenses of €2.4 million were incurred during the first six months of 2022.

16.2 General and administrative expenses

For the six-months period ending June 30, 2022:

GENERAL AND ADMINISTRATIVE EXPENSES (Amount in € thousand)	June 30, 2022	June 30, 2021
Professional fees	760	1,581
Personnel costs	1,859	1,725
Share-based payments [(1)]	713	1,044
Travel and events	60	11
Other	906	1,151
General and administrative expenses (excluding subsidies received)	**4,298**	**5,512**
Subsidies	-3	78
Subsidies classified as a reduction of general and administrative expenses	**-3**	**78**

(1) Refers to note 11

The decrease in professional fees reflects non-recurring fees incurred in 2021.

Note 17: Employees

The Group's average workforce during the periods ended June 30, 2021 and 2022 was as follows:

Average number of employees	June 30, 2022	June 30, 2021
Senior staff	55	51
Non-senior staff	-	1
Total average number of employees	**55**	**52**

Note 18: Financial income (loss)

For the six months period ending June 30, 2022:

FINANCIAL INCOME (LOSS) (Amount in K€)	June 30, 2022	June 30, 2021
Change in derivative liability fair value	153	-134
Other financial expenses	-1,537	-1,162
Financial income	1	40
Late payment interests	-	-209
Foreign currency exchange gains	160	287
Financial income (loss)	**-1,223**	**-1,178**

The financial result as of June 30, 2021 and 2022 is mainly composed of:

- financial income corresponding mainly to change in fair value of derivative instruments (a €153 thousand gain compared to a €134 thousand loss in 2021);
- foreign currency exchange gains (a €160 thousand gain compared to a €287 thousand in 2021), in relation with the Yen and the Dollar exchange rates;
- other financial expenses, which mostly correspond to:
    - interests on IPF debt (€1,488 thousand in 2022 compared to €928 thousand in 2021);
    - PGE debt interest (€46 thousand in 2022, no interest expense as of June 30, 2021);
    - lease debt interest (€18 thousand in 2022 compared to €21 thousands in 2021).

Note 19: Income tax

As of December 31, 2021, and June 30, 2022, the Group did not recognize a deferred tax asset for its tax loss carryforwards. Given its stage of development, the Group considers that it is unable to make projections of its future taxable profits against which these unused tax losses may be charged.

The amount of accumulated tax loss carryforwards since inception was €179 million as of December 31, 2021.

Note 20: Earnings per share

For the six-months period ending June 30, 2022:

EARNINGS PER SHARE	**June 30, 2022**	**June 30, 2021**
Weighted average number of outstanding shares	28,931,599	28,595,981

Net income (loss) for the year	-13,401	-8,011
Basic earnings per share (€/share)	-0.46	-0.28
Diluted earnings per share (€/share)	-0.46	-0.28

Basic earnings per share

Earnings per share is 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 are based on an average number of outstanding shares adjusted for the weighted average number of shares that would result from the exercise, during the year, of existing stocks options or other dilutive instruments. They are considered as anti-dilutive in 2021 and 2022 as they would reduce loss per share. As a result, the diluted loss per share at June 30, 2021 and June 30, 2022 is identical to the basic earnings per share.

Note 21: Related parties

No post-employment benefits are granted to the members of the board of directors.

CORPORATE DIRECTORS' COMPENSATION	June 30, 2022	June 30, 2021
Fixed compensation owed	248	237
Variable compensation owed	89	115
Contribution in-kind	6	5
Employer contributions	88	131
Attendance fees-board of directors	233	204
Share-based payments	498	808
Consulting fees	-	-
TOTAL	**1,162**	**1,501**

Note 22: Commitments

Except for the IPF debt reported below, there has been no significant change in commitments since December 31, 2021.

22.1 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.

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.

A breach of any of those covenants would constitute an event of default. In such a situation, the debt would become immediately payable.

At June 30, 2022, the Group cash position is below the cash needed to fund its operations over the 9 following months, including the debt service. As a consequence, the interest rate has been increased by 1% for Q2 and Q3 2022 (see Note 12.1).

As reported in note 4.2, the Group has entered on August 5, 2022 into an agreement with IPF to restructure its existing debt facility with the objective to extend its cash runway. This restructuring consists in postponing repayment of EUR 3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023. In addition, IPF and the Company agreed to temporarily amend the financial covenants of the debt facility until 31 January 2023 so that no breach occurs before February 2023, independently of any other potential additional financing of the Company. Under the revised financial covenants, the Company shall maintain a minimum cash position between EUR 15 million and EUR 10 million through January 2023. After such date, the previously existing financial covenants will be reinstated.

In addition, should the Group close a financing transaction of a minimum amount of EUR 15 million, and subject to the then applicable debt to market capitalization gearing ratio of the Group, Poxel will partially prepay IPF debt with an amount up to 20% of the proceeds of such transaction as a partial early debt repayment, which would reduce the Group's indebtedness. Such early repayment shall consist in principal and shall not include any early repayment fee.

Finally, as part of the amendment agreement, IPF will be appointed as an observer to the Company's Board of Directors. IPF will have the same right to information as the Directors and may participate in meetings of the Board of Directors of the Company in an advisory capacity but will not have any voting rights.

22.2 Obligation under the forward currency contract

The Group 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 Pharma, and in dollars as part of the ongoing clinical trials in the US.

As of June 30, 2022, no hedging contract has been implemented by the Group. At this stage, the Group has not adopted any other recurring mechanism of coverage to protect its activity against currency fluctuations.

At this stage, the Group has not adopted any other recurring mechanism of coverage to protect its activity against currency fluctuations.

4. STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

POXEL

Société anonyme

259/261, avenue Jean Jaurès

Immeuble le Sunway

69007 LYON

Statutory Auditors' review report on the half-yearly financial information

For the period from 1 January to 30 June 2022

Becouze

34, rue de Liège

75008 Paris

S.A.S. au capital de 309 700€

323 470 427 RCS Angers

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale Ouest Atlantique

Deloitte & Associés

6, place de la Pyramide

92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €

572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Versailles et du Centre

POXEL

Société anonyme

259/261, avenue Jean Jaurès

Immeuble le Sunway

69007 LYON

Statutory Auditors' review report on the half-yearly financial information

For the period from 1 January to 30 June 2022

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Poxel S.A. for the period from 1 January to 30 June 2022;
- the verification of the information presented in the half-yearly management report.

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

1 - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France.

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

In 2018, the Company acquired from DeuteRx a development and marketing license that was recognised in intangible assets on the Company's balance sheet for K€ 16,572, as specified in Note 6 to the condensed half-yearly consolidated financial statements. With regard to the Company's financial difficulties, described in Note 2 to the condensed half-yearly consolidated financial statements and further to our discussions with Company management, we were unable to gather the information that, in our opinion, would have been sufficient to justify the valuation of this asset and, accordingly, we were unable to assess the need to impair this intangible asset.

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

Without qualifying our conclusion, we draw your attention to Note 2 "Principles underlying the preparation of the financial statements – Going concern" to the condensed half-yearly consolidated financial statements describing the material uncertainty relating to events or circumstances likely to call into question the Company's ability to continue as a going concern.

2 - SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

With the exception of the point described in the “Conclusion on the financial statements” section, we have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris - La Défense, 3 October 2022

The Statutory Auditors

French original signed by

Becouze Deloitte & Associés

Fabien Brovedani Julien Razungles