2022
Universal Registration Document

poxel

POXEL SA

A *société anonyme* (French joint-stock company) with a share capital of EUR 638,879.22
Registered office: 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon
510 970 817 RCS LYON

UNIVERSAL REGISTRATION DOCUMENT

This *Universal Registration Document* has been filed on April 28th, 2023, 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 *Universal Registration Document* 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 *Universal Registration Document*. The resulting document shall be subject to AMF approval in accordance with the Regulation (EU) 2017/1129.

Pursuant to Article 19 of Regulation (EU) 2017/1129 dated June 14, 2017 and to the Commission delegated regulation EU 2019/980, the statutory and consolidated financial statements, as well as the related statutory auditors' reports for the year ended December 31, 2021, and the statutory and consolidated financial statements, as well as the related statutory auditors' reports for the year ended December 31, 2020 included in the registration documents filed with the AMF on May 4, 2022 under number D.22-0412 and on March 25, 2021 under number D.21-0195 are incorporated by reference in this *Universal Registration Document* .

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).

TABLE OF CONTENTS

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 638,879.22, 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 Universal Registration Document 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 Universal Registration Document 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 Universal Registration Document 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,

I am happy to share with you this new edition of our *Universal Registration Document* that provides the opportunity to review Poxel's accomplishments during the year 2022, which importantly represents the first full year TWYMEEG® (Imeglimin), our first approved drug, has been commercialized in Japan by our partner Sumitomo Pharma, a leading company in the diabetes field in Japan. We have observed a strong sales growth trajectory in sales in the past year that led our partner to increase its full year 2022 forecast by 20%. The recent acceleration in TWYMEEG sales reflects both the end, in September 2022, of restrictions applied to the first year of commercialization of any product in Japan, and Sumitomo's continuous commercial efforts to leverage TWYMEEG's potential. Due to its unique dual mechanism of action and safety profile, TWYMEEG can be used both in combination with the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy. TWYMEEG's strong growth trend also provides better visibility on our future royalties and royalty rate, as Poxel is entitled to receive sales-based payments and escalating 8-18% royalties on product sales.

Recently, we were pleased to finalize an important step for the Company's progress as we significantly extended our cash runway through Q2 2025 based upon a successful debt restructuring and a new equity-linked financing facility. This debt restructuring has been facilitated by TWYMEEG's strong growth momentum, which has exceeded Sumitomo's original forecast, providing increased confidence that TWYMEEG royalties will generate substantial future cash flows, some of which will be used for debt repayments. We now have more financial flexibility that we can build on to secure additional financing options, including ongoing active partnership discussions related to our programs, with the objective to pursue our plan in rare diseases, starting with our ALD studies.

In NASH, 2022 was important as we finalized our Phase 2 DESTINY study and reported positive results, in which PXL065 met its primary efficacy endpoint – liver fat content reduction for all doses – and demonstrated a strong improvement in fibrosis without worsening of NASH, which is an FDA approval endpoint and represents the key unmet medical need for this disease. Those important results have been presented at major conferences such as the last annual American Association for the Study of Liver Diseases (AASLD) end of 2022, where our late-breaking abstract was selected by AASLD as one of the "best of the liver meeting" for the year. These results were also published in the prestigious *Journal of Hepatology* and a review by *Nature* concluded that a safer pioglitazone alternative, which is what PXL065 represents, is effective.

We continue to believe that the NASH field represents a large and underserved opportunity. We recognize that the landscape in NASH remains a challenging environment due to the large investment required to run the Phase 3 trials. However, there have been several positive developments in NASH over the past few months, along with our positive readout, and it is very encouraging for the field, as there is still no approved medicine for patients.

As our strategic objective is to advance and expand our portfolio of clinical assets in rare metabolic diseases, which represents the intersection of high unmet medical needs, promising pre-clinical and clinical data, opinion leader enthusiasm, significant commercial opportunity, and attractive time horizons, we have substantially added to the regulatory designations for our rare disease indications. For adrenoleukodystrophy (ALD), the US FDA granted Orphan Drug and Fast Track Designation to both PXL770 and PXL065. Orphan Drug was also granted to both compounds for ALD in Europe. For autosomal-dominant polycystic kidney disease (ADPKD), for which our preclinical results support the development of PXL770 as a Phase 2 clinical program, the FDA granted orphan drug designation to PXL770.

The work and success have been accomplished in 2022 with the objective to be able to develop products in indications for which we can be efficient with our resources and expediently deliver novel medicines to patients, with an even stronger potential to create significant value for the benefit of our shareholders.

I want to thank our dedicated and talented employees, the patients and physicians who took part in our clinical trials, and thank our shareholders for their continuous support.

Sincerely,

Thomas Kuhn

Chief Executive Officer

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 serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and 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 Company is developing a portfolio of drug candidates, which includes: PXL770 for the treatment of rare metabolic diseases including X-linked adrenoleukodystrophy (ALD) and Autosomal dominant polycystic kidney disease (ADPKD), and PXL065, for the treatment of NASH an earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

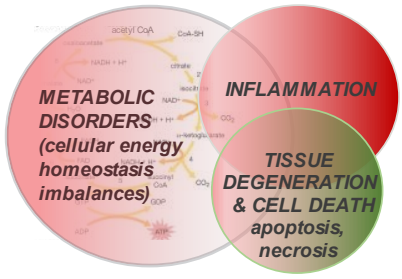
With its heritage in diabetes, Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Company's partner, Sumitomo Pharma. Poxel receives royalties on net sales of TWYMEEG from Sumitomo Pharma and expects to receive sales-based payments based on certain sales thresholds. Facilitated by the strong growth trajectory of TWYMEEG sales, the Company restructured its debt obligations in March 2023 to postpone the initiation of repayments until Q1 2025 at the latest, to be repaid with positive net royalty flow to Poxel[1]. With its strategic shift towards rare metabolic diseases, Poxel continues to execute its strategic plan to advance and expand its portfolio of clinical assets for both NASH and rare metabolic diseases. This strategy leverages the Company's scientific strengths with newer promising pre-clinical and clinical data in rare metabolic indications which represent the intersection of high unmet medical needs, opinion leader enthusiasm, significant commercial opportunity, and attractive time horizons.

Poxel 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 Imeglimin and the AMPK activator program that led to the Company's discovery of PXL770. The Company's management team is composed of experts with extensive experience in metabolic diseases and rare disorders. Key members of its team have experience from Merck Serono, Servier, Eli Lilly, Biogen 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).

1 First 8% of royalties on net sales of Imeglimin are paid to Merck Serono. Net royalties above 8% retained by Poxel.

Poxel's Mission & Key Investment Highlights

To discover, develop and commercialize innovative therapies for patients suffering from **serious chronic and rare diseases** with underlying **metabolic** pathophysiology



- Strategic focus on **rare metabolic diseases** and **NASH**
- **Royalties** from TWYMEEG ® (Imeglimin), approved and launched in Japan in 2021 for Type 2 Diabetes
- Proven capabilities to **build solid partnerships** and to **lead drug development**
- Highly **Experienced Management Team** in Metabolic Diseases

Stages of Development of Principal Drug Candidates

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

Robust Mid-to-Late Stage Metabolic Pipeline

Focus on Rare Metabolic Diseases and NASH

	Indication	MOA	Preclinical / PH1 / PH2 / PH3 / Approved/ Marketed	Recent & Upcoming Milestones
Rare Metabolic Indications				
PXL770	ALD[1]	AMPK[3] Activator	PH1	• Fast Track & Orphan Drug Designations (2022) • Phase 2 launch pending additional financing
PXL770	ADPKD[2]	AMPK Activator	PH1	• Orphan Drug Designation (2022) • Completed preclinical • Phase 2 ready, developing clinical strategy
D-TZD (PXL065)	ALD[1]	Non-Genomic TZD[4]	PH1	• Fast Track & Orphan Drug Designations (2022) • Optional Phase 2, pending additional financing
NASH				
PXL065	NASH	Non-Genomic TZD	PH2	• Positive Phase 2; Discussions for a potential pivotal program in NASH, leveraging 505(b)(2) pathway
Type 2 Diabetes (T2D)				
TWYMEEG® Japan / Asia Sumitomo Pharma	T2D	MRC[6] Modulator	Approved/ Marketed	• TWYMEEG approved and launched (Sept.2021) for T2D in Japan • Poxel entitled to receive 8-18% royalty on net sales[7]
Imeglimin US / EU / Other	T2D	MRC Modulator	PH2	• Considering specific territories partnerships

1. Adrenoleukodystrophy.
2. Autosomal dominant polycystic kidney disease.
3. AMP-kinase.
4. Deuterium -modified thiazolidinedione.
5. Includes: China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos.
6. Mitochondrial Respiratory Chain.
7. First 8% royalty of Imeglimin net sales paid to Merck.

a) Rare Metabolic Disease

Rare Metabolic Disease – X-Linked Adrenoleukodystrophy (ALD)

X-linked adrenoleukodystrophy – ALD – is a deadly, inherited rare metabolic disease characterized by neurodegeneration. ALD is a monogenic inborn error of metabolism due to mutations in the ABCD1 gene which encodes a key cellular fatty acid transporter – this defect results in accumulation of very long chain fatty acids (VLCFA) with resulting damage to several tissues in particular neurons.

ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening. Thus, the prevalence of ALD is similar to hemophilia or spinal muscular atrophy – about 20,000 in the US alone[2]. Globally it may affect more than 400,000 people.

Forms of this disease include cerebral ALD (C-ALD) and adrenomyeloneuropathy (AMN) which is the most common form – typically occurring in adolescence through adulthood. AMN is characterized by chronic and progressive distal axonopathy involving the long tracts of the spinal cord and to a lesser extent the peripheral nerves resulting in progressive stiffness and weakness in the legs, impaired gait and balance, incontinence, and loss of sensation. As an X-linked disease, nearly all men with a diagnosis of ALD will develop AMN and are more severely affected, but many women also present with features of AMN with a later onset. C-ALD is characterized by inflammatory demyelination of cells in the brain and typically afflicts children, but many men with AMN may also develop cerebral disease; these white matter brain lesions lead to severe neurologic deficits and death.

There are currently no approved medicines for ALD (other than glucocorticoid supplements for associated adrenal insufficiency). Cerebral-ALD (C-ALD), when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions.

PXL770 & D-TZD platform in ALD

In line with its new strategic direction, Poxel is investigating the potential of PXL770 and the deuterium modified thiazolidinedione (TZD) platform (utilizing PXL065) in ALD. The Company is preparing to initiate two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL770 and PXL065 in adrenomyeloneuropathy (AMN), the most common form of the disease. AMN afflicts adults with ALD resulting in progressive spinal cord axonal degeneration that leads to spasticity, impaired balance and gait, bladder and bowel dysfunction, impotence. These deficits ultimately cause severe disabilities. Over 90% of male ALD patients develop AMN by age 60[3].

The Phase 2a studies will enroll adult male patients with AMN and observe the effect of PXL770 and PXL065 over 12 weeks of treatment on pharmacokinetics, safety, and efficacy using relevant biomarkers, including potential impact on elevated VLCFA, the hallmark plasma marker of the disease. These two studies are prepared to initiate, subject to additional funding, with data expected within a year.

In February and April 2022, the FDA granted Fast Track Designation (FTD) to PXL065 and PXL770, respectively, for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions. FTD provides Poxel with substantially enhanced access to FDA, including

2 Bezman L. Am J Med Genet. 1998; 76:415-19.; Matteson J. Int J Neonatal Screen. 2021, 7:22
3 Huffnagel IC. J Clin Endocrinol Metab. 2019; 104:118-26.

opportunities for face-to-face meetings and written consultations throughout the remaining development of PXL065. Drugs with FTD are eligible to apply for Accelerated Approval and Priority Review at the time of a New Drug Application (NDA) submission, which may result in faster product approval.

In ALD pathophysiology, increases in VLCFA, specifically saturated C26 fatty acid, are the primary driver of disease with downstream pathologies leading to axonal degeneration for both cerebral and spinal cord disease. Both PXL065 and PXL770 have the potential to target ALD pathophysiology; this could include suppression of elevated VLCFA, specifically saturated C26:0 fatty acid, the primary driver of disease. In addition, downstream pathologies such as inflammation and mitochondrial dysfunction could be ameliorated. Net effects could include reduced axonal degeneration for both cerebral and spinal cord disease.

In Q4 2022, the European Commission granted orphan drug designation (ODD) to PXL770 and PXL065 for the treatment of adrenoleukodystrophy (ALD). The decision follows a positive opinion from the Committee for Orphan Medicinal Products (COMP) of the European Medicines Agency (EMA). The U.S. Food and Drug Administration has previously granted ODD to both PXL770 and PXL065 for the treatment of ALD.

Importantly, multiple recent publications support the utility of both AMPK activation and deuterated thiazolidinediones (D-TZD)-related pathways for the treatment of ALD[4]. The Company has developed evidence to show that both AMPK activation and D-TZDs can be leveraged to address this pathophysiology to correct the primary defect - suppressing VLCFA levels - and by potentially ameliorating downstream consequences that include mitochondrial dysfunction, inflammation and cell death.

Both PXL065 and PXL770 mediate neurologic benefits. The Company has studied both of its lead molecules in classical ALD preclinical models, patient-derived cells and the ABCD1 null mouse. In these data, it has been observed that both compounds produced substantial reductions in VLCFA both *in vitro* and *in vivo*, including in brain and spinal cord. In more recent experiments that were also conducted using ABCD1 mouse, evidence of improved neural histology and neuro-behavior were observed with both PXL065 and PXL770. Preclinical results pertaining to the utility of PXL770 and PXL065 in ALD were published in 2022: Monternier P-A et al, J Pharmacol Exp Ther 382:208-222 and Monternier P-A et al, J Inherited Met Dis 45:832-847.

In addition to the aforementioned clinical experience with PXL065 in NASH, PXL770 has also demonstrated evidence of target engagement and clinical safety as follows: in a 12-week Phase 2a trial of 120 presumed NASH patients with or without type 2 diabetes completed in 2020, expected effects of AMPK activation including glucose lowering and reductions in liver fat content were observed. PXL770 was also 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.

4 Morato L. Brain. 2013; 136:2432-43; Weidling I. J Neurochem 2016:138:10-13.

Rare Metabolic Disease – Autosomal Dominant Polycystic Kidney Disease (ADPKD)

Autosomal dominant polycystic kidney disease, or ADPKD, is a form of chronic kidney disease which is caused by mutations in the PKD1 or PKD2 genes. This causes multiple cysts, or pouches filled with fluid, to form in the kidneys. Autosomal dominant (AD) relates to how the disease is passed down from the parent to child. With ADPKD, cysts develop and grow in the kidneys over time. These cysts continuously grow in the kidneys, causing the kidneys to increase in size and volume. Over time, the growing cysts make it harder for the kidneys to function and eventually lead to kidney failure. Most people with ADPKD have pain, high blood pressure, and kidney failure at some point in their lives.

ADPKD is the fourth leading cause of chronic kidney disease (CKD), affecting 1 in every 400 to 1,000 people (approximately 140,000 patients in the US) and is the most common kidney disorder passed down through family members. More than 50% of ADPKD patients develop renal failure by age 50, followed by dialysis and/or kidney transplantation. Only one drug, tolvaptan (Jynarque®), is approved to attenuate progression and is associated with severe liver adverse events and poor tolerability (polyuria).

PXL770 in ADPKD

Several lines of evidence support the rationale for AMPK and PXL770 target for ADPKD[5]. Firstly, cyst growth is, in part, due to fluid accumulation through activation of the cystic fibrosis transmembrane conductance regulator (CFTR) chloride channel and elevated cAMP levels. AMPK is known to phosphorylate and inhibit CFTR activity and may also reduce cAMP levels. Second, activation of the mechanistic target of rapamycin (mTOR) complex (TORC1), has been emphasized as a major driver of ADPKD pathophysiology. AMPK inhibits TORC1 activity via well-known mechanisms. Third, metabolic reprogramming occurs in ADPKD kidneys and could be potentially reversed by activation of AMPK[6]. Indeed, overnutrition and diabetes (associated with reduced AMPK tone) are known to potentiate ADPKD progression whereas caloric restriction or intermittent fasting in ADPKD animal models (which are known to activate AMPK) are reported to markedly attenuate cyst growth. Furthermore, defective mitochondrial biogenesis participates in disease and it is well described that AMPK activation increases mitochondrial biogenesis. Finally, cyst enlargement is also accompanied by inflammation and fibrosis whereas AMPK activation has been shown to reduce inflammation and fibrosis in multiple tissues. Pharmacologic evidence also includes the following: activation of AMPK with metformin or salsalate[7] (both weak and non-selective) were reportedly associated with beneficial effects to reduce cyst disease severity in preclinical models.

PXL770 is a Phase 2-ready molecule for ADPKD. In 4Q2022, Orphan Drug Designation was granted by the US FDA for this indication. In addition, PXL770 has shown robust efficacy in preclinical ADPKD

5 Caplan, MJ. Front Med (Lausanne), 2022. 9: 753418.
6 Nowak KL and K Hopp, Clin J Am Soc Nephrol 2020. 15: 577-584.
7 Leonard WN et al. EBioMedicine 2019. 47: 436-445.

model systems as follows: PXL770 was shown to inhibit cyst growth in a canine model where cysts form in a 3D matrix. In post nephrectomy kidney cells obtained from an ADPKD patient that form cysts *in vitro*, PXL770 dose dependently inhibited human cyst growth. No evidence of non-specific cytotoxicity was present in these experiments and target engagement was also confirmed. In human cysts, effects of PXL770 were also similar to those observed with the tolvaptan positive control. The potential of PXL770 in ADPKD has been evaluated *in vivo* in an established and relevant animal model, the tamoxifen-inducible, kidney epithelium-specific *Pkd1*-deletion mouse. This model exhibits many of the biochemical, histopathologic, and clinical phenotypes that have been characterized in the human disease. Chronic PXL770 treatment normalized kidney function and also significantly prevented kidney weight increases. Hematoxylin-eosin staining of kidney slices revealed that treatment with PXL770 also produced a beneficial effect to reduce the onset, or attenuate the growth and size of, renal cysts *per se*. Blinded assessments of special staining with specific antibodies also revealed improvements in cell proliferation, inflammation, and fibrosis after PXL770 treatment. Evidence of AMPK target engagement in the kidney of diseased mice was also shown following PXL770 treatment. Furthermore, additional preclinical results have shown a beneficial effect of chronic PXL770 treatment in another chronic kidney disease model – the ZSF-1 rat which develops diabetic kidney disease that is similar to the human condition.

b) <u>Non-alcoholic steatohepatitis (NASH)</u>

NASH is a severe form of non-alcoholic fatty liver disease (NAFLD) that results in an accumulation of fat in the liver and 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. 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.

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. NASH is also 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%)8 and many patients with type 2 diabetes also have NASH (estimated 26%)9. In addition, patients with NASH and coexisting type 2 diabetes are more likely to have progressive fibrosis. 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.

8 Younossi ZM et al; Hepatology 2016.

9 Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015.

PXL065 - NASH

PXL065 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 and intends to advance PXL065 into NASH pivotal trials, subject to a partnership agreement.

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 ("**PPARy**") and modulation of non-genomic targets including inhibition of the mitochondrial pyruvate carrier ("**MPC**") and long chain acyl-CoA synthetase 4 ("**ACSL4**").

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[10].

Pioglitazone is the only drug recommended in guidelines of 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 are related to the S stereoisomer of pioglitazone. Preclinical models have shown that PXL065 retains efficacy that is similar to pioglitazone in NASH with little or no weight gain or fluid retention[11] .

In Q3 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. Enrollment in this trial was initiated in September 2020 and completed in September 2021. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial in NASH) was a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. 117 subjects were randomized to one of 4 daily (QD) treatment arms (7.5 mg, 15 mg, 22.5 mg, placebo). Analysis of histologic changes was based on paired liver biopsies in PXL065 vs. placebo-treated NASH patients before and after the 36-week treatment period. The results will be used to help identify the dose or doses for a Phase 3 registrational trial.

10 Musso G. Hepatology 2017; 65:1058-61.
11 Jacques V et al. Hepatol Comm 2021 ;5:1412-25.

The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint: PXL065-treated patients achieved statistically significant improvements (p=0.024 to p=0.008) in the relative decrease (21% to 25%) in liver fat content vs. placebo measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. 40% of patients who received PXL065 at the 22.5 mg dose achieved a >30% relative reduction in liver fat content. 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. Fibrosis improvement by >1 stage without worsening of NASH, an endpoint recognized by FDA for approval, occurred in 31-50% patients in the PXL065 study arms vs. 17% with placebo. Across all PXL065 treatment arms (pooled data), 39% of patients had fibrosis improvement by ≥1 stage without worsening NASH (%) vs. 17% with placebo. Improvement was observed in other NASH histology components.

In this Phase 2 trial, 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, validating a safety profile consistent with reduced PPARγ-mediated side effects (weight gain and edema) vs. published results of pioglitazone. As predicted, pharmacokinetic measurements showed dose-proportional drug levels with the desired degree of higher exposure to the pioglitazone R-stereoisomer and reduced exposure to the (PPARγ active) S-stereoisomer. With respect to other safety measures, PXL065 was observed to be generally safe and well tolerated. The number of patients presenting with treatment-emergent serious adverse events (TESAEs) were similar among all groups including placebo without dose effect. None were treatment related.

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.

c) Diabetes

According to the International Diabetes Foundation, in 2021 an estimated 537 million people between the ages of 20 and 79 are living with diabetes globally (1 in 10), with more than 90% of those affected having type 2 diabetes. This estimate is predicted to rise to 643 million by 2030 and 783 million by 2045. Diabetes caused at least USD 966 billion in total healthcare expenditures in 2021, a 316% increase over the last 15 years. Globally, 541 million adults have Impaired Glucose Tolerance, which places them at high risk of type 2 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).

Diabetes in Japan

According to Decision Resources, Japan is the second largest diabetes market worldwide, behind the United States, and could grow by more than 20% by 2023. According to Decision Resources, estimated sales in Japan were $4.2 billion in 2020.

There are an increasing number of patients seeking treatment for diabetes in Japan, both type 1 and type 2, Japan is among the top five countries in Asia for prevalence of diabetes; the latest estimate is 11 million patients[12]. 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.

Imeglimin for Type 2 Diabetes

Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Company's partner, Sumitomo Pharma. Imeglimin is a novel, first-in-class diabetes treatment because it has the ability to target mitochondria and cellular energy metabolism leading to a dual mechanism of action; to the Company's 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 the risk of cardio-renal disease. 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.

Commercial Partner – Sumitomo Pharma

In 2017, the Company has entered into a partnership agreement for Imeglimin with Sumitomo Pharma, for commercialization and development rights in Japan, China and eleven other East and

12 International Diabetes Federation 2021 Atlas;
https://diabetesatlas.org/idfawp/resource-files/2021/07/IDF_Atlas_10th_Edition_2021.pdf

Southeast Asian countries (see Sections 2.3.2 "*Sumitomo Pharma License Agreement*" for more details on this agreement). As per this agreement, the Company has received upfront payments and payments related to achieving clinical development and regulatory milestones totaling JPY 7.0 billion (approximately EUR 53 million) between 2017 and 2021. The Company is entitled to receive sales-based payments up to JPY 26.5 billion approximately EUR 188 million, USD 201 million)[13] and escalating 8-18% royalties on net sales under the Sumitomo Pharma license Agreement. As part of the Merck Serono licensing agreement (see Sections 2.3.1 "*Merck Serono Agreement*" for more details on this agreement), Poxel will pay Merck Serono the first 8% royalty based on the net sales of Imeglimin, independent of the level of sales. Poxel retains the net royalties above 8%. For the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption Poxel expects to receive 8% royalties on TWYMEEG net sales. Therefore, the royalty stream will be cash and net result neutral until TWYMEEG revenues cross the first threshold. When TWYMEEG achieves the next commercial threshold, the royalty rate will increase to the next level for a positive net cash flow to Poxel. Based on the Sumitomo Pharma forecast submitted to the Japanese pricing authority, before the end of Sumitomo fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million) entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million). Beyond 2024, Poxel expects to receive escalating double-digit royalties for the remainder of TWYMEEG's commercial life, as well as additional sales-based payments upon achievement of contractually based sales thresholds.

On June 23, 2021, The Company and Sumitomo Pharma announced the approval of Imeglimin (TWYMEEG), for the treatment of type 2 diabetes in Japan. Japan is the first country in the world to approve Imeglimin. The approval triggered a JPY1.75 billion (approximately EUR 13.2 million, USD 15.8 million) [14] milestone payment to the Company. The product launch of TWYMEEG, 500mg tablets for the treatment of type 2 diabetes in Japan, occurred on September 16, 2021.

For the quarter ended December 2022, TWYMEEG sales[15] in Japan increased 90% to JPY 0.8 billion (EUR 5.5 million) over the prior quarter sales of JPY 0.4 billion (EUR 2.9 million) as reported by Sumitomo Pharma (Sumitomo). The acceleration in sales reflects both the end of initial launch year restrictions for TWYMEEG in September 2022, which limited new products to two weeks prescriptions, and Sumitomo's commercial efforts to leverage TWYMEEG's potential. Due to its unique mechanism of action and safety profile, TWYMEEG can be used both in combination with other treatments, such as SGLT2 and DPP4 inhibitors, which are the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy. Based on sales trends and cumulative TWYMEEG sales, Sumitomo has increased its fiscal year 2022 (ending March 2023) forecast by 20% to JPY 1.8 billion[16] (EUR 12.8 million). Until the end of the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption Poxel expects to receive 8% royalties on TWYMEEG net sales. Therefore, the royalty stream will be net cash neutral for Poxel. Before the end of Sumitomo fiscal

13 Converted at the exchange rate as of December 31, 2022.
14 Converted at the exchange rate as of June 21, 2021.
15 Sumitomo Pharma reports gross sales.
16 Gross sales per Sumitomo Pharma forecast published on January 31, 2023.

year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million) entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million). Beyond 2024, Poxel expects to receive escalating double-digit royalties as well as additional sales-based payments upon achievement of contractually based sales thresholds.

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 *Universal Registration Document.*

1.3. **Selected Financial information**

The financial information are presented in thousands of euros. Amounts are rounded to the nearest thousand and include individually rounded data. Arithmetic calculations based on rounded items may differ from the aggregates or subtotals shown.

1.3.1. Selected Financial Information

The following selected consolidated statements of income (loss) data for the two years ended December 31, 2021 and 2022 and the selected consolidated statements of financial position data as of December 31, 2021 and 2022 have been derived from the Group's audited consolidated financial statements included elsewhere in this *Universal Registration Document.*

Selected Consolidated Statements of Income (Loss) Data (in thousands, except shares and per share amounts)	**December 31, 2022**	**December 31, 2021**	**Change**	**Change %**
Revenue	**674**	**13,397**	**-12,723**	**-95%**
COGS	*-672*	*-59*	*613*	*1039%*
Gross margin	**2**	**13,339**	**-13,337**	**-100%**
Research and development expenses	*-13,940*	*-27,479*	*13,539*	*-49%*
Subsidies	*1,491*	*2,305*	*-814*	*-35%*
General and administrative expenses	*-9,443*	*-10,627*	*1,184*	*-11%*
Operating income (loss)	**-21,890**	**-22,463**	**573**	**-3%**
Financial expenses	*-9,908*	*-2,950*	*-6,958*	*236%*
Financial income	*170*	*868*	*-698*	*-80%*
Exchange gain (loss)	*229*	*785*	*-556*	*-71%*
Financial income (loss)	***-9,509***	***-1,297***	***-8,212***	***633%***
Net income (loss) before taxes	***-31,396***	***-23,760***	***-7,636***	**32%**
Income taxes	*-2*	*-2*	-	-
Net income (loss)	**-31,398**	**-23,763**	**-7,635**	**32%**
Basic and diluted earnings (loss) per share	*(1.08)*	*(0.83)*		
Number of shares used for computing basic and diluted earnings (loss) per share	*29,076,716*	*28,642,334*		

Consolidated Statement of Financial Position Data (in thousands)	December 31, 2022	December 31, 2021	Change	Change %
Cash and cash equivalents	*13,058*	*32,287*	*-19,229*	*-60%*
Total assets	***34,714***	***54,889***	***-20,175***	***-37%***
Total shareholders' equity	*-18,241*	*8,206*	*-26,447*	*-322%*
Total non-current liabilities	*25,537*	*30,782*	*-5,245*	*-17%*
Total current liabilities	*27,419*	*15,901*	*11,518*	*72%*
Total liabilities	*52,956*	*46,683*	*6,273*	*13%*
Total liabilities and shareholders' equity	***34,714***	***54,889***	***-20,175***	***-37%***

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, 2023.

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 serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and 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 Company is developing a portfolio of drug candidates, which includes: PXL770 for the treatment of rare metabolic diseases including X-linked adrenoleukodystrophy (ALD) and Autosomal dominant polycystic kidney disease (ADPKD), and PXL065, for the treatment of NASH Earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

With its heritage in diabetes, Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Company's partner, Sumitomo Pharma. Poxel receives royalties on net sales of TWYMEEG from Sumitomo Pharma and expects to receive sales-based payments based on certain sales thresholds. Facilitated by the strong growth trajectory of TWYMEEG sales, the Company restructured its debt obligations in March 2023 to postpone the initiation of repayments until Q1 2025 at the latest, to be repaid with positive net royalty flow to Poxel[17]. With its strategic shift towards rare metabolic diseases, Poxel continues to execute its strategic plan to advance and expand its portfolio of clinical assets for both NASH and rare metabolic diseases. This strategy leverages the Company's scientific strengths with newer promising pre-clinical and clinical data in rare metabolic indications which represent the intersection of high unmet medical needs, opinion leader enthusiasm, significant commercial opportunity, and attractive time horizons.

Poxel 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 Imeglimin and the AMPK activator program that led to the Company's discovery of PXL770. The Company's management team is composed of experts with extensive experience in metabolic diseases and rare disorders. Key members of its team have experience from Merck Serono, Servier, Eli Lilly, Biogen and Merck & Co. and were involved in the discovery, clinical trial designs and regulatory approvals for a

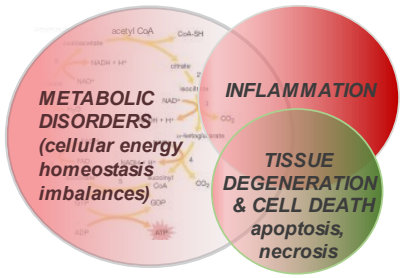
Note: unless otherwise stated, all currencies other than euro presented in this Chapter 2. *"Company's activities"*, are converted as of the December 31, 2022 currency rate.

17 First 8% of royalties on net sales of Imeglimin are paid to Merck Serono. Net royalties above 8% retained by Poxel.

number of products prescribed globally, including Glucophage® (metformin), Trulicity® (dulaglutide) and Januvia® (sitagliptin).

Poxel's Mission & Key Investment Highlights

To discover, develop and commercialize innovative therapies for patients suffering from **serious chronic and rare diseases** with underlying **metabolic** pathophysiology



- Strategic focus on **rare metabolic diseases** and **NASH**
- **Royalties** from TWYMEEG® (Imeglimin), approved and launched in Japan in 2021 for Type 2 Diabetes
- Proven capabilities to **build solid partnerships** and to **lead drug development**
- Highly **Experienced Management Team** in Metabolic Diseases

Stages of Development of Principal Drug Candidates

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

Robust Mid-to-Late Stage Metabolic Pipeline

Focus on Rare Metabolic Diseases and NASH

	Indication	MOA	Preclinical / PH 1 / PH 2 / PH 3 / Approved/ Marketed	Recent & Upcoming Milestones
Rare Metabolic Indications				
PXL770	ALD[1]	AMPK[3] Activator	PH 1	• Fast Track & Orphan Drug Designations (2022) • Phase 2 launch pending additional financing
PXL770	ADPKD[2]	AMPK Activator	PH 1	• Orphan Drug Designation (2022) • Completed preclinical • Phase 2 ready, developing clinical strategy
D-TZD (PXL065)	ALD[1]	Non-Genomic TZD[4]	PH 1	• Fast Track & Orphan Drug Designations (2022) • Optional Phase 2, pending additional financing
NASH				
PXL065	NASH	Non-Genomic TZD	PH 2	• Positive Phase 2; Discussions for a potential pivotal program in NASH leveraging 505(b)(2) pathway
Type 2 Diabetes (T2D)				
TWYMEEG® Japan / Asia Sumitomo Pharma	T2D	MRC[5] Modulator	Approved/ Marketed	• TWYMEEG approved and launched (Sept.2021) for T2D in Japan • Poxel entitled to receive 8-18% royalty on net sales[7]
Imeglimin US / EU / Other	T2D	MRC Modulator	PH 2	• Considering specific territories partnerships

1. Adrenoleukodystrophy.
2. Autosomal dominant polycystic kidney disease.
3. AMP-kinase.
4. Deuterium-modified thiazolidinedione.
5. Includes: China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos.
6. Mitochondrial Respiratory Chain.
7. First 8% royalty of Imeglimin net sales paid to Merck.

a) Rare Metabolic Disease

Rare Metabolic Disease – X-Linked Adrenoleukodystrophy (ALD)

ALD Market Overview

X-linked adrenoleukodystrophy – ALD – is a deadly, inherited rare metabolic disease characterized by neurodegeneration. ALD is a monogenic inborn error of metabolism due to mutations in the ABCD1 gene which encodes a key cellular fatty acid transporter – this defect results in accumulation of very long chain fatty acids (VLCFA) with resulting damage to several tissues in particular neurons.

ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening. Thus, the prevalence of ALD is similar to hemophilia or spinal muscular atrophy – about 20,000 in the US alone.[18] Globally it may affect more than 400,000 people.

Forms of this disease include cerebral ALD (C-ALD) and adrenomyeloneuropathy (AMN) which is the most common form – typically occurring in adolescence through adulthood. AMN is characterized by chronic and progressive distal axonopathy involving the long tracts of the spinal cord and to a lesser extent the peripheral nerves resulting in progressive stiffness and weakness in the legs, impaired gait and balance, incontinence, and loss of sensation. As an X-linked disease, nearly all men with a diagnosis of ALD will develop AMN and are more severely affected, but many women also present with features of AMN with a later onset. C-ALD is characterized by inflammatory demyelination of cells in the brain and typically afflicts children, but many men with AMN may also develop cerebral disease; these white matter brain lesions lead to severe neurologic deficits and death.

There are currently no approved medicines for ALD (other than glucocorticoid supplements for associated adrenal insufficiency). Cerebral-ALD (C-ALD), when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions.

Following the new strategic direction announcement made in H2 2021, Poxel is investigating the potential of PXL770 and of its D-TZD platform, utilizing PXL065, in ALD. The Company is preparing to initiate two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), the most common form of the disease. AMN afflicts adults with ALD resulting in progressive spinal cord axonal degeneration that leads to spasticity, impaired balance and gait, bladder and bowel dysfunction, impotence. These deficits ultimately cause severe disabilities. Over 90% of male ALD patients develop AMN by age 60.[19]

Two identical Phase 2a studies will enroll adult male patients with AMN and observe the effect of PXL065 and PXL770 over 12 weeks of treatment on pharmacokinetics, safety, and efficacy using relevant biomarkers, including potential impact on elevated VLCFA, the hallmark plasma marker of the disease. These two studies are prepared to initiate, subject to additional funding, with data expected within a year. The data from these studies will be utilized to select which compound possesses the preferred profile to advance into a pivotal study.

In ALD pathophysiology, increases in VLCFA, specifically saturated C26 fatty acid, are the primary driver of disease with downstream pathologies leading to axonal degeneration for both cerebral and spinal cord disease. Multiple recent publications support the utility of both AMPK activation and

18 Bezman L. Am J Med Genet. 1998; 76:415-19.; Matteson J. Int J Neonatal Screen. 2021, 7:22
19 Huffnagel IC. J Clin Endocrinol Metab. 2019; 104:118-26.

deuterated thiazolidinediones (D-TZD)-related pathways for the treatment of ALD,[20] and the Company has developed evidence to show that both AMPK activation and D-TZDs can be leveraged to address this pathophysiology by both correcting the primary defect - suppressing VLCFA levels - and by potentially ameliorating downstream consequences that include mitochondrial dysfunction, inflammation and cell death.

In 2021 and 2022, the Company presented new results in cell-based and *in vivo* preclinical models of ALD at several key meetings, including the 11th International AMPK Meeting, the World Congress of Neurology, the NORD Rare Disease Summit, and ALD Connect. These data showed that both PXL770 and PXL065 produced significant improvements in disease-associated pathology, providing a rationale to pursue this indication with either of these molecules or with next generation molecules derived from both platforms.

PXL770 – ALD

PXL770 is a direct activator of AMP activated protein kinase (AMPK). Poxel 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 ALD and diseases that affect the liver. PXL770 was also evaluated in rodent models of diabetic kidney disease (DKD) which also assessed cardiac dysfunction. These results demonstrated that AMPK activation may lead to broader utility for other diseases mediated by metabolic pathway dysfunction.

The cellular energy sensor 5'- adenosine monophosphate-activated protein kinase (AMPK) has an important role in regulating the metabolism and function of cells depending on the level of energy available. Activation of AMPK with small molecules mediates several effects that could be considered beneficial for ALD; these include inhibition of neural cell apoptosis, enhanced mitochondrial function and mitochondrial biogenesis, suppression of inflammation, and enhanced (mitochondrial) fatty acid oxidation. Recent publications also suggest that activation of AMPK has been implicated as a specific therapeutic strategy in ALD[21:] AMPK activity is reportedly decreased in the white matter of ALD patient postmortem brains and AMPK protein is also reduced in ALD human patient-derived fibroblasts and lymphocytes.

In April 2022, the FDA granted Fast Track Designation (FTD) to PXL770 for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions. FTD provides Poxel with substantially enhanced access to FDA, including opportunities for face-to-face meetings and written consultations throughout the remaining development of PXL770. Drugs with FTD are eligible to apply for Accelerated Approval and Priority Review at the time of a New Drug Application (NDA) submission, which may result in faster product approval. The potential of PXL770 in ALD has been evaluated in both C-ALD and AMN *in vitro* models and *in vivo* using ABCD1 null mice. The *in vitro* studies exposed PXL770 to fibroblasts and lymphocytes from patients. In patient-derived cells, PXL770 significantly reduced VLCFA content. In parallel, an increase in compensatory ABCD2 messenger ribonucleic acid (mRNA) was evident as was seen with PXL065. In C-ALD patient-derived fibroblasts, defective mitochondrial function was improved by exposure to PXL770. Incubation of patient-derived

20 Morato L. Brain. 2013; 136:2432-43; Weidling I. J Neurochem 2016:138:10-13.
21 Weidling I. J Neurochem 2016:138:10-13.

lymphocytes with PXL770 also significantly reduced mRNA species encoding for proinflammatory proteins. Additional experiments in glial cells derived from ABCD1-knock out mice also showed similar effects of PXL770 on VLCFA, mitochondrial function and mRNAs for ABCD2 and several pro-inflammatory genes. The potential of PXL770 in ALD has been evaluated *in vivo* in the ABCD1 null mouse. After chronic dosing, PXL770 significantly decreased elevated VLCFA levels in plasma, spinal cord and brain. Sciatic nerve morphology was also improved as shown by improvements in cell shape change. The effects of PXL770 on locomotor phenotypes were also evaluated. In this context, PXL770 produced apparent improvements in selected parameters measured in open field neurologic tests. In balance beam testing, improvements in impaired performance were also evident after chronic PXL770 administration.

In Q4 2022, the European Commission granted orphan drug designation (ODD) to PXL770 and PXL065 for the treatment of adrenoleukodystrophy (ALD). The decision follows a positive opinion from the Committee for Orphan Medicinal Products (COMP) of the European Medicines Agency (EMA).

Preclinical results pertaining to the utility of PXL770 in ALD were published in 2022: Monternier P-A et al, J Pharmacol Exp Ther 382:208-222 and Monternier P-A et al, J Inherited Met Dis 45:832-847.

PXL770 has also demonstrated evidence of target engagement and clinical safety as follows: in a 12-week Phase 2a trial of 120 presumed NASH patients with or without type 2 diabetes completed in 2020, expected effects of AMPK activation including glucose lowering and reductions in liver fat content were observed. PXL770 was also 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.

D-TZD platform & PXL065 in ALD

The deuterium modified thiazolidinedione (D-TZD) platform, utilizing PXL065, offers a potential new approach to treating ALD. 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 in 2018, Poxel 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**") and long chain acyl-CoA synthetase 4 ("**ACSL4**").

The parent molecule of PXL065, pioglitazone, was previously reported to mediate neuroprotective effects in a number of preclinical disease models. Of greater importance, pioglitazone was shown to produce significant evidence of efficacy in a published report utilizing the classical animal model of ALD, the ABCD1 null mouse. These data served as the primary impetus to consider PXL065 as a potential therapeutic candidate for ALD.

In February 2022, the FDA granted Fast Track Designation (FTD) to PXL065 for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions. FTD provides Poxel

with substantially enhanced access to FDA, including opportunities for face-to-face meetings and written consultations throughout the remaining development of PXL065. Drugs with FTD are eligible to apply for Accelerated Approval and Priority Review at the time of a New Drug Application (NDA) submission, which may result in faster product approval.

The potential of PXL065 in ALD has been evaluated in both C-ALD and AMN *in vitro* models. The *in vitro* studies exposed PXL065 to fibroblasts and lymphocytes from patients within each disease state. In patient-derived cells, PXL065 normalized elevated VLCFA (specifically C26:0 – the predominant lipid species causing disease). In parallel, an increase in a compensatory transporter (ABCD2 - messenger ribonucleic acid, mRNA was evident). Literature reports show that ABCD2 overexpression can correct aspects of disease mediated by ABCD1 deficiency in mice. Additionally, in patient-derived cells, mitochondrial function improvements were noted based on increases of oxygen consumption rate. In addition, inflammation was potentially decreased as shown by the reduction of mRNAs encoding inflammatory mediators. Similar restorative effects were observed in glial cells derived from ABCD1 null mice. Taken together, these *in vitro* results in patient-derived and knockout mouse cells show that PXL065 is able to mitigate the main hallmark of ALD disease (by specifically reducing C26:0) alongside improvements of other disease associated cellular phenotypes.

The potential of PXL065 in ALD has been evaluated *in vivo* in a well-established, and the most relevant, animal model for ALD, the ABCD1 null mouse. Given the similarity of features in ABCD1 mice to humans with ALD (in particular to AMN), experiments focusing on both VLCFA and on additional phenotypes were conducted. After chronic treatment with PXL065 elevated VLCFA levels were significantly lowered in plasma, brain, and spinal cord – with evidence of superiority relative to pioglitazone. Axonal morphology (based on electron microscopy) of sciatic nerve was also improved. The neuro-behavioural effects of PXL065 were also evaluated. In this context, open field neurologic test scores for total distance and freezing time showed improvements in animals treated with PXL065, but not with pioglitazone.

Rare Metabolic Disease – Autosomal Dominant Polycystic Kidney Disease (ADPKD)

Autosomal dominant polycystic kidney disease, or ADPKD, is a form of chronic kidney disease which is caused by mutations in the PKD1 or PKD2 genes. This causes multiple cysts, or pouches filled with fluid, to form in the kidneys. Autosomal dominant (AD) relates to how the disease is passed down from the parent to child. With ADPKD, cysts develop and grow in the kidneys over time. These cysts continuously grow in the kidneys, causing the kidneys to increase in size and volume. Over time, the growing cysts make it harder for the kidneys to function and eventually lead to kidney failure. Most people with ADPKD have pain, high blood pressure, and kidney failure at some point in their lives.

ADPKD is the fourth leading cause of chronic kidney disease (CKD), affecting 1 in every 400 to 1,000 people (approximately 140,000 patients in the US) and is the most common kidney disorder passed down through family members. More than 50% of ADPKD patients develop renal failure by age 50, followed by dialysis and/or kidney transplantation. Only one drug, tolvaptan, is approved to attenuate progression and is associated with severe liver adverse events and poor tolerability (polyuria).

PXL770 in ADPKD

Several lines of evidence support the rationale for AMPK and PXL770 target for ADPKD[22]. Firstly, cyst growth is, in part, due to fluid accumulation through activation of the cystic fibrosis transmembrane

22 Caplan, MJ. Front Med (Lausanne), 2022. 9: 753418.

conductance regulator (CFTR) chloride channel and elevated cAMP levels. AMPK is known to phosphorylate and inhibit CFTR activity and may also reduce cAMP levels. Second, activation of the mechanistic target of rapamycin (mTOR) complex (TORC1), has been emphasized as a major driver of ADPKD pathophysiology. AMPK inhibits TORC1 activity via well-known mechanisms Third, metabolic reprogramming occurs in ADPKD kidneys and could be potentially reversed by activation of AMPK[23] Indeed, overnutrition and diabetes (associated with reduced AMPK tone) are known to potentiate ADPKD progression[24] whereas caloric restriction or intermittent fasting in ADPKD animal models (which are known to activate AMPK) are reported to markedly attenuate cyst growth. Furthermore, defective mitochondrial biogenesis participates in disease and it is well described that AMPK activation increases mitochondrial biogenesis. Finally, cyst enlargement is also accompanied by inflammation and fibrosis whereas AMPK activation has been shown to reduce inflammation and fibrosis in multiple tissues. Pharmacologic evidence also includes the following: activation of AMPK with metformin or salsalate[25] (both weak and non-selective) were reportedly associated with beneficial effects to reduce cyst disease severity in preclinical models.

PXL770 is a Phase 2-ready molecule for ADPKD. In 4Q2022, Orphan Drug Designation was granted by the US FDA for this indication. In addition, PXL770 has shown robust efficacy in preclinical ADPKD model systems as follows: PXL770 was shown to inhibit cyst growth in a canine model where cysts form in a 3D matrix. In post nephrectomy kidney cells obtained from an ADPKD patient that form cysts in vitro, PXL770 dose dependently inhibited human cyst growth. No evidence of non-specific cytotoxicity was present in these experiments and target engagement was also confirmed. In human cysts, effects of PXL770 were also similar to those observed with the tolvaptan positive control. The potential of PXL770 in ADPKD has been evaluated *in vivo* in an established and relevant animal model, the tamoxifen-inducible, kidney epithelium-specific *Pkd1*-deletion mouse. This model exhibits many of the biochemical, histopathologic, and clinical phenotypes that have been characterized in the human disease. Chronic PXL770 treatment normalized kidney function and also significantly prevented kidney weight increases. Hematoxylin-eosin staining of kidney slices revealed that treatment with PXL770 also produced a beneficial effect to reduce the onset, or attenuate the growth and size of, renal cysts *per se*. Blinded assessments of special staining with specific antibodies also revealed improvements in cell proliferation, inflammation, and fibrosis after PXL770 treatment. Evidence of AMPK target engagement in the kidney of diseased mice was also shown following PXL770 treatment. Furthermore, additional preclinical results have shown a beneficial effect of chronic PXL770 treatment in another chronic kidney disease model – the ZSF-1 rat which develops diabetic kidney disease that is similar to the human condition. Results of the assessment of PXL770 in preclinical ADPKD models are now published in the journal Kidney International in Feb. 2023: doi.org/10.1016/j.kint.2023.01.026.

b) Non-alcoholic steatohepatitis (NASH)

NASH Market Overview

According to the National Institute of Diabetes and Digestive and Kidney Diseases, non-alcoholic fatty liver disease (NAFLD) results in an accumulation of fat in the liver and is one of the most common liver

23 Nowak KL and K Hopp, Clin J Am Soc Nephrol 2020. 15: 577-584.
24 Nowak KL and K Hopp, Clin J Am Soc Nephrol 2020. 15: 577-584.
25 Leonard WN et al. EBioMedicine 2019. 47: 436-445.

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 lead to 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 also 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%)[26] and many patients with type 2 diabetes also have NASH (estimated 26%)[27]. 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.

PXL065 - NASH

PXL065 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 and intends to advance PXL065 into NASH pivotal trials, subject to a partnership agreement.

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 ("**PPARy**") and modulation of non-genomic targets including inhibition of the mitochondrial pyruvate carrier ("**MPC**") and long chain acyl-CoA synthetase 4 ("**ACSL4**").

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.[28]

Pioglitazone is the only drug recommended in guidelines of 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 are be related to the S stereoisomer of pioglitazone. Preclinical models have

26 Younossi ZM et al; Hepatology 2016.
27 Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015
28 Musso G. Hepatology 2017; 65:1058-61.

shown that PXL065 retains efficacy that is similar to pioglitazone in NASH with little or no weight gain or fluid retention[29].

Phase 2 NASH trial for PXL065 (DESTINY 1)

In Q3 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. Enrollment in this trial was initiated in September 2020 and completed in September 2021. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065) Efficacy and Safety Trial in NASH) was a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. 117 subjects were randomized to one of 4 daily (QD) treatment arms (7.5 mg, 15 mg, 22.5 mg, placebo). Analysis of histologic changes was based on paired liver biopsies in PXL065 vs. placebo-treated NASH patients before and after the 36-week treatment period.

The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint: PXL065-treated patients achieved statistically significant improvements (p=0.024 to p=0.008) in the relative decrease (21% to 25%) in liver fat content vs. placebo measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. 40% of patients who received PXL065 at the 22.5 mg dose achieved a >30% relative reduction in liver fat content. 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. Fibrosis improvement by >1 stage without worsening of NASH, an endpoint recognized by FDA for approval, occurred in 31-50% patients in the PXL065 study arms vs. 17% with placebo. Across all PXL065 treatment arms (pooled data), 39% of patients had fibrosis improvement by ≥1 stage without worsening NASH (%) vs. 17% with placebo. Improvement was observed in other NASH histology components.

In this Phase 2 trial, 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, validating a safety profile consistent with reduced PPARγ-mediated side effects (weight gain and edema) vs. published results of pioglitazone. As predicted, pharmacokinetic measurements showed dose-proportional drug levels with the desired degree of higher exposure to the pioglitazone R-stereoisomer and reduced exposure to the (PPARγ active) S-stereoisomer. With respect to other safety measures, PXL065 was observed to be generally safe and well tolerated. The number of patients presenting with treatment-emergent serious adverse events (TESAEs) were similar among all groups including placebo without dose effect. None were treatment related.

Results of the Phase 2 DESTINY trial were presented at the 2022 American Association for the Study of Liver Disease (AASLD) annual meeting and are also now published in Feb. 2023 in The Journal of Hepatology.

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

29 Jacques V et al. Hepatol Comm 2021; 5:1412-25.

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.

Phase 1a trial for PXL065 in NASH

In April 2019, the Company announced completion of a Phase 1a 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. 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 is being evaluated in the Phase 2 DESTINY 1 trial.

c) Type 2 Diabetes

Diabetes Market Overview

According to the International Diabetes Foundation, in 2021 an estimated 537 million people between the ages of 20 and 79 are living with diabetes globally (1 in 10), with more than 90% of those affected having type 2 diabetes. This estimate is predicted to rise to 643 million by 2030 and 783 million by 2045. Diabetes caused at least USD 966 billion in total healthcare expenditures in 2021, a 316% increase over the last 15 years. Globally, 541 million adults have Impaired Glucose Tolerance, which places them at high risk of type 2 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).

Diabetes in 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.

There are an increasing number of patients seeking treatment for diabetes in Japan, both type 1 and type 2, Japan is among the top five countries in Asia for prevalence of diabetes; the latest estimate is 11 million patients[30]. The Company believes that this market trend is likely to continue, in particular,

30 International Diabetes Federation 2021
Atlas; https://diabetesatlas.org/idfawp/resource-files/2021/07/IDF_Atlas_10th_Edition_2021.pdf

given that the Japanese government has identified diabetes as a target disease in its ten-year plan for National Health Promotion.

Imeglimin for Type 2 Diabetes

Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Company's partner, Sumitomo Pharma. Imeglimin is a novel, first-in-class diabetes treatment because it has the ability to target mitochondria and cellular energy metabolism leading to a dual mechanism of action; to the Company's 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 the risk of cardio-renal disease. 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.

Japan

In Japan, the Company's partner, Sumitomo Pharma, submitted a Japanese New Drug Application (J-NDA) in July 2020, which was approved in June 2021, followed by the product commercialization in September 2021 in Japan.

Commercial Partner – Sumitomo Pharma

In 2017, the Company has entered into a partnership agreement for Imeglimin with Sumitomo Pharma, for commercialization and development rights in Japan, China and eleven other East and Southeast Asian countries (see Sections 2.3.2 "*Sumitomo Pharma License Agreement*" for more details on this agreement). As per this agreement, the Company has received upfront payments and payments related to achieving clinical development and regulatory milestones totaling JPY 7.0 billion (approximately EUR 53 million) between 2017 and 2021. The Company is entitled to receive sales-based payments up to JPY26.5 billion (approximately EUR 200 million, USD 227 million) and escalating 8-18% royalties on net sales under the Sumitomo Pharma license Agreement. As part of the Merck Serono licensing agreement (see Sections 2.3.1 *"Merck Serono Agreement*" for more details on this agreement), Poxel will pay Merck Serono the first 8% royalty based on the net sales of Imeglimin, independent of the level of sales. Poxel retains the net royalties above 8%.

Based on sales trends and cumulative TWYMEEG sales, Sumitomo has increased its fiscal year 2022 (ending March 2023) forecast by 20% to JPY 1.8 billion[31] (EUR 12.8 million). Until the end of the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption Poxel expects to receive 8% royalties on TWYMEEG net sales. Therefore, the royalty stream will be net cash neutral for

31 Gross sales per Sumitomo Pharma forecast published on January 31, 2023

Poxel. Before the end of Sumitomo fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million) entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million) . Beyond 2024, Poxel expects to receive escalating double-digit royalties for the remainder of TWYMEEG's commercial life as well as additional sales-based payments upon achievement of contractually based sales thresholds. On July 30, 2020, the Company announced that Sumitomo 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. On June 23, 2021, the Company and Sumitomo Pharma announced the approval of TWYMEEG, the name for Imeglimin hydrochloride, for the treatment of type 2 diabetes in Japan. Japan is the first country in the world to approve Imeglimin. The approval triggered a JPY1.75 billion (approximately EUR 13.2 million, USD 15.8 million)[32] milestone payment to the Company. The product launch of TWYMEEG, 500mg tablets for the treatment of type 2 diabetes in Japan, started September 16, 2021.

United-States, Europe and other countries not covered by the Sumitomo Pharma agreement

In the US and Europe, a Phase 2 clinical program for Imeglimin has also been completed, and a Phase 3 plan has been discussed with the FDA. Subsequent to the return in 2021 of Imeglimin rights for the US and Europe, following decision by former partner, Roivant, to stop operations in metabolic diseases,the Company completed a comprehensive evaluation of partnering options for a potential Phase 3 program in the US and Europe and does not expect to enter into a broad strategic partnership for these territories. As it does not intend to advance Imeglimin into a Phase 3 program in type 2 diabetes alone in the US, Europe and other countries not covered by the agreement with Sumitomo Pharma, the Company is considering opportunities to leverage the Imeglimin data package in specific territories, including those resulting from inbound interest. As such, Poxel is in ongoing discussions with various potential partners for Imeglimin, including in India, where local companies have received approval for Imeglimin in 2022. Poxel is committed to assert its rights in connection with its assets.

Clinical Program

In Japan, together with its partner Sumitomo Pharma, the Company has completed the Phase 3 TIMES clinical program, which was primarily financed by Sumitomo Pharma. 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 and in publications:

(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. 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.

32 Converted at the exchange rate as of June 21, 2021.

In February 2021, the TIMES 1 publication titled, “Efficacy and Safety of Imeglimin Monotherapy Versus Placebo in Japanese Patients with Type 2 Diabetes (TIMES 1): A Double-Blind, Randomized, Placebo-Controlled, Parallel-Group, Multicenter Phase 3 Trial” was published in the medical journal *Diabetes Care*.

(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).

In January 2022, the TIMES 3 publication titled, “Efficacy and safety of Imeglimin add-on to insulin monotherapy in Japanese patients with type 2 diabetes (TIMES 3): A randomized, double-blind, placebo-controlled phase 3 trial with a 36-week open-label extension period” was published in the medical journal *Diabetes Obesity and Metabolism*.

(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.

In December 2021, the TIMES 2 publication titled, “Long-term safety and efficacy of Imeglimin as monotherapy or in combination with existing antidiabetic agents in Japanese patients with type 2 diabetes (TIMES 2): A 52-week, open-label, multicentre phase 3 trial” was published in the medical journal *Diabetes Obesity and Metabolism*.

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.

Patents

PXL065

The intellectual property portfolio for PXL065 and other deuterated TZDs contains 8 families of owned patents and patent applications, including the composition of matter patent, with statutory expiration dates between 2028 and 2041. Patent term adjustments or patent term extensions could result in later expiration dates. In 2022, the U.S. Patent and Trademark Office (PTO) has issued to Poxel US Patent No. 11319313 which represents a new patent for PXL065 and describes a specific form of PXL065 with unique properties. Importantly, this 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.

PXL770

The intellectual property portfolio for PXL770 and other AMPK activators program contains 14 families of owned patents and patent applications, including the composition of matter patent with statutory expiration dates ranging from 2033 to 2041. Patent term adjustments or patent term extensions could result in later expiration dates.

Imeglimin

The intellectual property portfolio for Imeglimin contains 14 families of patents and patent applications with statutory expiration dates between 2024 and 2039 (not including potential 5-year patent term extension). In January 2021, one patent related to the composition of matter of Imeglimin useful for the treatment of diabetes has expired. Patent term adjustments or patent term extensions could result in later expiration dates. The patent estate for Imeglimin extends to 2036 (including potential 5-year patent term extension), with other patent applications ongoing. Patent term extension application have been filed for 5 patent families in Japan in 2021 in connection with the approval of Imeglimin in this territory in June 2021.

Research and Development

Since its incorporation in 2009, a 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 clinical candidates, PXL770, PXL065, and Imeglimin. In the years ended December 31, 2021 and 2022, it incurred €25.1 million and €12.4 million, respectively, of research and development expenses, net of subsidies.

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 NASH and rare diseases. The Company believes that the strengths that will enable it to achieve its vision and fulfill its core purposes include the following:

- ***The Company has a proven track record of research and development capabilities to execute successful clinical trials and regulatory filings.***

- ***The Company's fully owned drug candidate, PXL065, targets the large and growing NASH market that the Company expects to reach $9 billion in treatment revenues by 2025.***

- ***The Company is developing PXL065 for NASH, a drug candidate with a unique mechanism of action, offering the potential to be combined with other drugs currently in development as the Company believes that the heterogeneity of NASH pathophysiology offers the opportunity for combination approaches.***

- ***Leveraging its success and expertise in metabolic clinical development expertise, the Company believes it is well equipped to become a leader in the rare diseases field, starting with its clinical programs in ALD and potentially ADPKD.***

- ***TWYMEEG®, the Company's first approved drug for the treatment of type 2 diabetes is expected to generate growing royalty revenue for the Company and sales-based payments, to be partly used to repay the Company's debt obligations.***

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- ***The Company has a proven track record of research and development capabilities to execute successful clinical trials and regulatory filings.***

  ➢ The Company has successfully completed all clinical trials related to Imeglimin in Japan to deliver regulatory approval of the Company's first product in June 2021. To support the approval in Japan, the Company completed the Imeglimin Phase 3 program, TIMES, which included a pivotal program with three clinical trials that evaluated Imeglimin's efficacy and safety in over 1,100 patients. Statistically significant topline results were reported by the Company 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. 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.

  ➢ PXL770, a first-in-class direct AMPK activator, has successfully completed a Phase 1 program and a 2a proof-of-concept trial for the treatment of NASH, which met its objectives. The Phase 2a trial, STAMP-NAFLD, was launched in April 2019 and the Company announced positive top-line results 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. PXL770 was observed

to be generally safe and well tolerated. The safety results from the Phase 2a trial are consistent with the PXL770 PK/PD trial and Phase 1 program. Additionally, a new IND for ALD was filed and approved.

- PXL065, the R stereoisomer (deuterium stabilized single R-isomer) of pioglitazone, has completed a Phase 1 program including a Phase 1b, multiple ascending dose, double-blind, randomized, placebo-controlled trial in 30 healthy subjects in 2019 to evaluate the safety, tolerability and PK profile. A clear increase in relative exposure to the R stereoisomer of pioglitazone was demonstrated. Based on these results and other clinical and preclinical data, the Company identified the dosing range that was tested in the DESTINY-1 Phase 2 trial with 117 randomized subjects that reported positive results in Q3 2022.

- ***The Company's fully owned drug candidate PXL065, targets the large and growing NASH market that the Company expects to reach $9 billion in treatment revenues by 2025.***

  - 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. According to the National Institute of Diabetes and Digestive and Kidney Diseases, non-alcoholic fatty liver disease (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. 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.

  - PXL065, a novel, proprietary deuterium-stabilized R-stereoisomer of pioglitazone, reported positive topline results in Q3 2022 for the treatment of NASH in a streamlined Phase 2 trial, DESTINY-1, by leveraging the extensive data of the parent drug, pioglitazone, for an expedited 505(b)(2) clinical development and regulatory pathway for NASH. 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.

  - In this 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study, 117 noncirrhotic biopsy-proven NASH patients were assessed for three doses of PXL065 compared to placebo. The results will be used to help identify the dose or doses for a Phase 3 registrational trial. The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint: PXL065-treated patients achieved statistically significant improvements (p=0.024 to p=0.008) in the relative decrease (21% to 25%) in liver fat content vs. placebo measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. 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. Fibrosis improvement by >1 stage without worsening of NASH, an endpoint recognized by FDA for approval, occurred in 31-50% patients in the PXL065 study arms vs. 17% with placebo. Improvement was observed in other NASH histology components. This trial was not powered to detect statistically significant changes in histology endpoints. 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, validating a safety profile consistent with reduced PPARγ-mediated side effects (weight gain and edema) vs. published results of pioglitazone. Results of the DESTINY-1 Phase 2 trial have been published in the *Journal of Hepatology*[33].

- ***The Company is developing one NASH drug candidates PXL065 for NASH, a drug candidate with a unique mechanism of action, offering the potential to be combined with other drugs currently in development as the Company believes that the heterogeneity of NASH pathophysiology offers the opportunity for combination approaches.***

  - The Company believes that the differentiated profile of PXL065 which targets non-genomic pathways including MPC and ACSL4 inhibition to prevent liver inflammation and fibrosis is well-suited for use as a combination therapy. Thus, the Company believes other therapeutic agents representing distinct mechanisms of action could have additive or synergistic benefits when used in combination with PXL065 for the treatment of NASH.

- ***Leveraging its success and expertise in metabolic clinical development expertise, the Company believes it is well equipped to become a leader in the rare diseases field, starting with its clinical programs in ALD and potentially ADPKD.***

  - The Company's management team is composed of experts with extensive experience in type 2 diabetes, related metabolic diseases, and rare 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), Mounjaro (tirzepatide), and Januvia® (sitagliptin). Members of the company's R&D leadership team also possess prior experience in development of therapies for rare diseases (hemophilia, lysosomal storage diseases and familial hypercholesterolemia). The Company is leveraging its expertise and understanding of cellular energy regulation pathways to expand and advance its clinical pipeline into rare metabolic diseases. The Company's management team combines extensive experience in clinical research and development and global regulatory affairs with the business and financial expertise needed for drug development and corporate partnerships. In addition, the Company's Scientific Advisory Board consists of leading ALD, NASH and diabetes diseases experts and its board of directors includes global experts in the pharmaceutical industry.

  - In rare diseases, the Company is preparing to initiate two Phase 2 proof-of-concept biomarker clinical studies in the US and Europe for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), the most common form of ALD. ALD represents a therapeutic area with very high

33 https://www.journal-of-hepatology.eu/article/S0168-8278(23)00091-0/fulltext.

unmet medical needs due to lack of current therapies. This also provides substantial commercial opportunity given premium pricing for orphan drugs with similar prevalence and the possibility to expedite clinical development. The ALD community is very engaged and the Company has established relationships with Key Opinion Leaders and collaborations with important patient advocacy groups.

- ***TWYMEEG®, the Company's first approved drug for the treatment of type 2 diabetes is expected to generate growing royalty revenue for the Company and sales-based payments, to be partly used to repay the Company's debt obligations***

  - In accordance with the Sumitomo Pharma License Agreement, Sumitomo Pharma will pay the Company sales-based payments depending on net sales thresholds up to an aggregate amount of ¥26.5 billion (approximately EUR 200 million, USD 227 million), as well as escalating royalties of 8-18% on net sales of TWYMEEG. As part of the Merck Serono licensing agreement (see Sections 2.3.1 *"Merck Serono Agreement*" for more details on this agreement), Poxel will pay Merck Serono the first 8% royalty based on the net sales of Imeglimin, independent of the level of sales. Poxel retains the net royalties above 8%.

  - Based on sales trends and cumulative TWYMEEG sales, Sumitomo has increased its fiscal year 2022 (ending March 2023) forecast by 20% to JPY 1.8 billion[34] (EUR 12.8 million)[35]. Until the end of the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption Poxel expects to receive 8% royalties on TWYMEEG net sales. Therefore, the royalty stream will be net cash neutral for Poxel.

  - Before the end of Sumitomo fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million)[36] entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million)[37]. Beyond 2024, Poxel expects to receive escalating double-digit royalties for the remainder of TWYMEEG's commercial life as well as additional sales-based payments upon achievement of contractually based sales thresholds.

  - Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to a schedule based on conservative TWYMEEG revenue projections, the Company expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Company.

34 Gross sales per Sumitomo Pharma forecast published on January 31, 2023.
35 Converted at the exchange rate as of December 31, 2022.
36 Converted at the exchange rate as of December 31, 2022.
37 Converted at the exchange rate as of December 31, 2022.

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 NASH and rare metabolic diseases. To achieve its goal, the Company is pursuing the following strategies:

- ***Develop the Company's clinical candidates in NASH (PXL065) and in rare diseases (PXL770), starting with ALD and ADPKD.***
- ***Explore combination strategies for PXL065 with other drugs in development for the treatment of NASH.***
- ***Increased focus on rare metabolic diseases with the objective to advance and expand the Company's clinical pipeline of rare metabolic disease programs.***
- ***Build a metabolic franchise through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies.***
- ***Advance Imeglimin for the treatment of type 2 diabetes to commercialization (outside Japan) with strategic partners.***
- ***Maximize the commercial potential of the Company's wholly owned assets and opportunistically enter into strategic collaborations.***

-

- ***Develop the Company's clinical candidates in NASH (PXL065) and in rare diseases (PXL770), starting with ALD and ADPKD***

  - In NASH, the Company made significant progress in the development of PXL065 through a streamlined Phase 2 trial (DESTINY-1). In Q3 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint, a reduction in liver fat content at 36-weeks for all doses. PXL065 demonstrated a strong improvement in fibrosis with no worsening of NASH. 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, validating a safety profile consistent with reduced PPARγ-mediated side effects (weight gain and edema) vs. published results of pioglitazone. Based on the Company's pre-investigational new drug meeting with the FDA in the fourth quarter of 2019, PXL065 can be developed 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.

  - In rare metabolic diseases, the Company is investigating the potential of PXL770 and of its D-TZD platform (utilizing PXL065) in ALD (X-linked adrenoleukodystrophy) and is prepared to initiate, subject to additional financing, two identical Phase 2a clinical POC biomarker studies

for PXL770 and PXL065 in adrenomyeloneuropathy (AMN), the most common form of the disease. In addition, PXL770 has completed its preclinical studies in ADPKD to allow for Phase 2 development of the molecule in ADPKD.

- ***Explore combination strategies for PXL065 with other drugs in development 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 believes that the differentiated profiles PXL065, which acts through non-genomic pathways to attenuate liver inflammation, steatosis and fibrosis, makes it well-suited for use as a combination therapy.

- ***Increased focus on rare metabolic diseases with the objective to advance, accelerate and expand the Company's clinical pipeline of rare metabolic disease programs.***

  - The decision to focus new programs on rare diseases was the output of an extensive strategic review and analysis of therapeutic focus areas that aligned with the Company's strengths, resources and capabilities. Rare disease indications represent the intersection of high unmet medical needs, pre-clinical and clinical data, opinion leader enthusiasm, significant commercial opportunity, and attractive time horizons. Rare diseases have high unmet medical needs with limited treatment options and more than 90% of rare diseases are without an FDA approved treatment[38]. Rare disease drug development is generally associated with lower costs, faster timelines, more favorable regulatory environments, and hence higher probability of success. The market opportunity for rare diseases is substantial (almost 1 in 10 people have rare diseases)[39,] supported by premium pricing as demonstrated in prior orphan drug approvals. Lastly, the Company has the capability to commercialize the Company's products in rare diseases on its own, allowing the Company to capture greater economics versus partnering with a larger company.

  - As more than 1,100 rare diseases have a metabolic basis, this area is a strong scientific fit with the Company's expertise and understanding of cellular energy regulation pathways related to metabolic diseases. The D-TZD and AMPK approaches modulate pathways driving multiple diseases. The Company is developing close connections with relevant patient advocacy groups and KOLs to better understand the clinical and regulatory landscape in each rare disease, starting with ALD.

  - The Company has the capacity to opportunistically pursue additional external rare disease programs to expand its preclinical and clinical pipeline.

38 https://phrma.org/scientific-innovation/progress-in-fighting-rare-diseases.

39 Genetic and Rare Diseases Information Center; National Ctr. Advancing Trans Sciences; FAQs About Rare Diseases; Last updated 11/30/2017. https://rarediseases.info.nih.gov/diseases/pages/31/faqs-about-rare-diseases

- ***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. 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 basis 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.

- ***Advance Imeglimin for the treatment of type 2 diabetes to commercialization (outside Japan) with strategic partners.***

  - In October 2017, the Company signed a strategic agreement with Sumitomo Pharma for the development and commercialization of Imeglimin in Japan, China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, Philippines, Singapore, Myanmar, Cambodia, and Laos. On June 23rd, 2021, the Company and Sumitomo Pharma announced the approval of TWYMEEG, the name for Imeglimin hydrochloride, for the treatment of type 2 diabetes in Japan. Japan is the first country in the world to approve Imeglimin. The product launch of TWYMEEG, 500mg tablets for the treatment of type 2 diabetes in Japan, started September 16, 2021. Based on the JP-CPP (Certificate of a Pharmaceutical Product), Sumitomo Pharma is evaluating the registration of Imeglimin in other Sumitomo Pharma territories and will adapt its strategy according to what the regulation requires and the opportunity/market size for each geography. In Singapore, Malaysia, Thailand, Philippines, Sumitomo Pharma will be able to leverage the data generated in Japan. For Taiwan, South Korea, Indonesia, Vietnam, Myanmar, Cambodia, Laos, small bridging studies, in addition to the data generated in Japan, will be required for regulatory approval. In China, where the market potential is second to Japan, a larger Phase 2/3 program may be required.

  - Subsequent to the return in 2021 of Imeglimin rights for the US and Europe, following decision by former partner, Roivant, to stop operations in metabolic diseases, the Company completed a comprehensive evaluation of partnering options for a potential Phase 3 program in the US and Europe and does not expect to enter into a broad strategic partnership. As it does not intend to advance Imeglimin into a Phase 3 program in type 2 diabetes alone in the US, Europe and other countries not covered by the agreement with Sumitomo Pharma, the Company is considering opportunities to leverage the Imeglimin data package in specific territories, including those resulting from inbound interest.

- For other territories not covered by its agreement with Sumitomo Pharma, Poxel is in ongoing discussions with various potential partners for Imeglimin, including in India, where local companies have recently received approval for Imeglimin. Poxel is committed to assert its rights in connection with its assets.

- ***Maximize the commercial potential of the Company's wholly owned assets and opportunistically enter into strategic collaborations.***

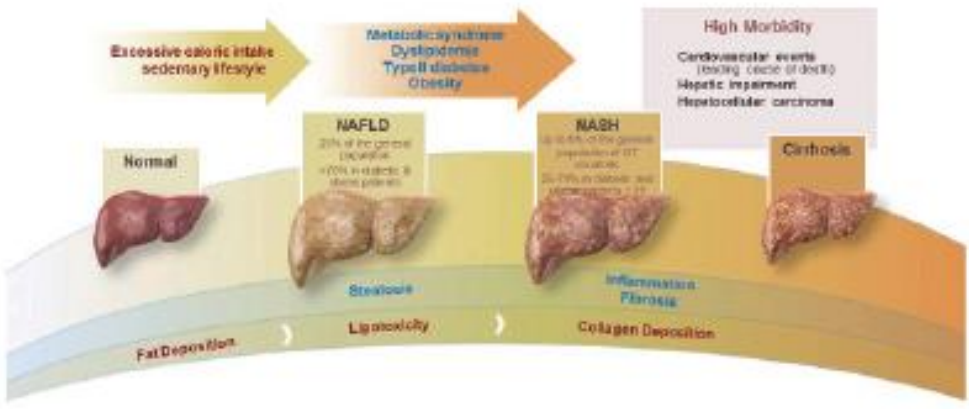
- The Company will continue to evaluate opportunities to collaborate with leading biopharmaceutical companies that may advance and accelerate the development and potential commercialization of the Company's drug candidates. In addition, the Company may enter into licensing agreements or co-marketing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

2.1.4. PXL065 - A Novel Drug-Candidate 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 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.

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 for many patients.

Preclinical data for PXL065, a modulator of non-genomic targets including inhibition of the mitochondrial pyruvate carrier (MPC) and long chain acyl-CoA synthetase 4 (ACSL4), 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 animal models.

These preclinical results show the potential for broad beneficial treatment effects for PXL065, as well as a potentially acceptable tolerability profile in comparison to pioglitazone or other agents with different mechanisms of action. The Company believes that PXL065 can be distinguished from other compounds under development for liver diseases based on its unique mechanisms of action.

Of note, the Company's AMPK activator, PXL770, has also been shown to have potential utility in NASH based on published preclinical results. This potential indication for PXL770 was further explored in both Phase 1b and Phase 2a studies where PXL770 has also been observed to produce pharmacodynamic effects that are potentially predictive of longer-term benefits in NASH. The results of these studies included evidence of target engagement and efficacy with respect to liver fat reductions and insulin sensitization and improved glucose in patients with diabetes. Given the stronger dataset and rationale for PXL065 in NASH, PXL065 has been prioritized for NASH (plus ALD) and PXL770 has been prioritized for rare disease indications – ALD and ADPKD.

The Company's Market Opportunity: NASH

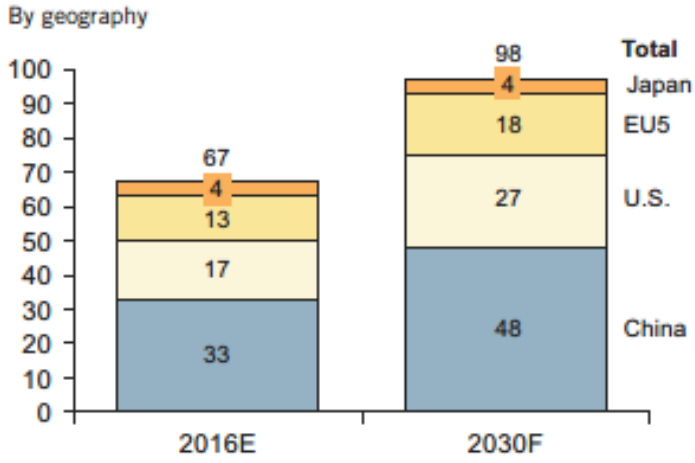
With no approved drug treatments, NASH can lead to life-threatening conditions like cirrhosis, liver failure, liver cancer and death. NASH is considered one of the main causes of cirrhosis in adults. Cases of liver cirrhosis related to NASH are the second leading cause of liver transplants in the United 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[40] and patients with type 2 diabetes are often afflicted with NASH (estimated 26%)[41].

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.

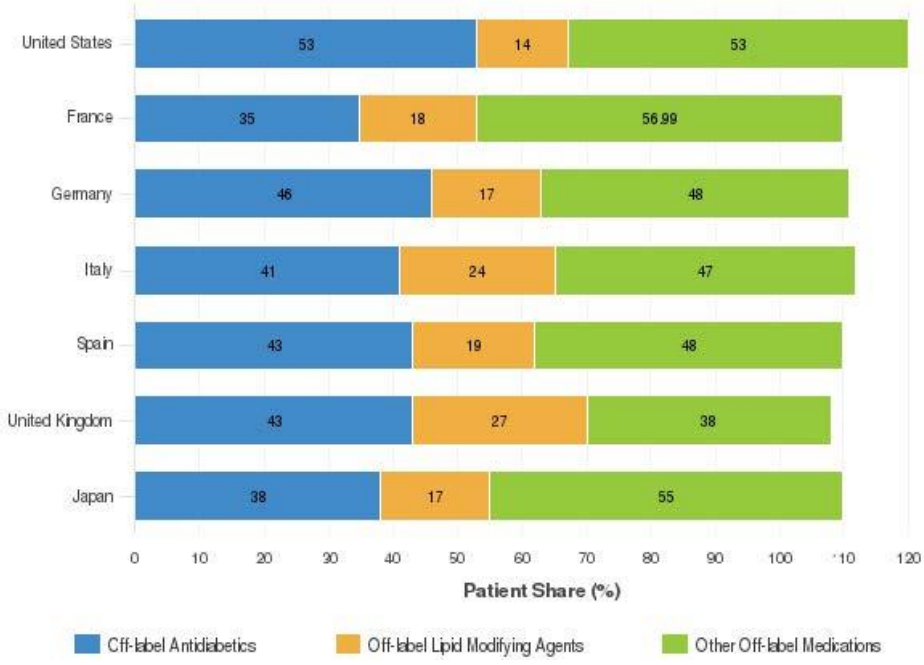
The diagram below sets forth details of the NASH patient population in the United States, EU5 (Germany, Italy, the United Kingdom, France and Spain), China and Japan by geography (in millions of patients).



Source: Based on a LEK analysis for Poxel, 2019

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 2017.

40 Younossi ZM et al; Hepatology 2016.
41 Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015.



Source: Decision Resources, September 2019

According to Decision Resources, the NASH market is expected to increase from $114 million in 2017 to almost $9 billion by 2027, driven by entry of the first novel therapies indicated for NASH into the market (see Section 2.1.9 "*Competition*").

Poxel's NASH Drug Candidate — PXL065

PXL065, 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 PPARγ. 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 quidelines of 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 PPARγ receptors, such as weight gain, bone fractures and fluid retention.

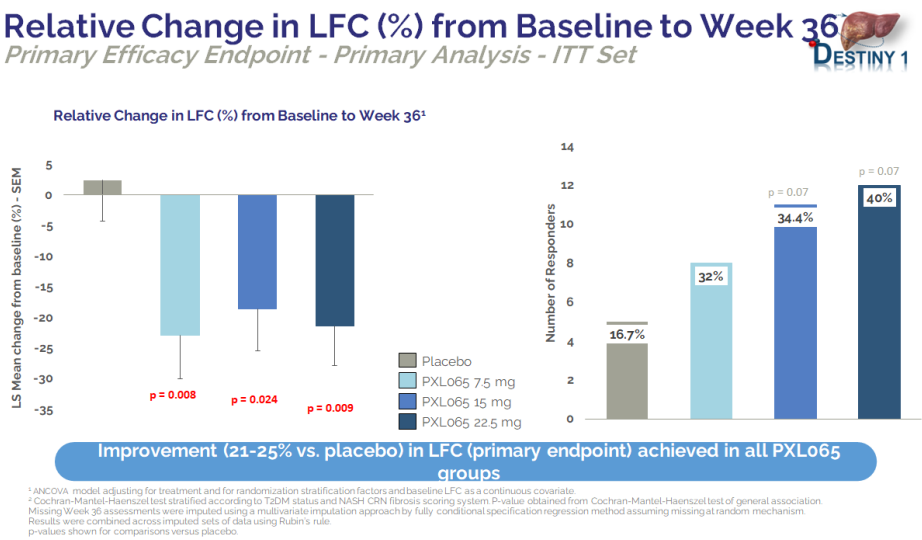
PXL065, the R-stereoisomer, has little or no observed PPARγ activity and mediates its effects selectively via non-genomic pathways including MPC and ACSL4 inhibition. In contrast the S-stereoisomer of pioglitazone is a potent PPARγ agonist which is responsible for weight gain and fluid retention in animals. 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

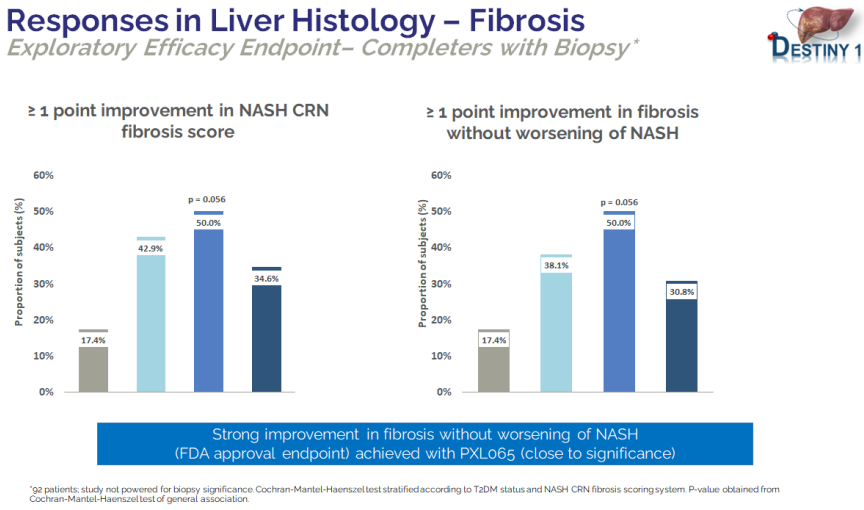
- Phase 2 NASH trial for PXL065 (DESTINY 1)

In Q3 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. Enrollment in this trial was initiated in September 2020 and completed in September 2021. 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 three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. 117 subjects were randomized to one of 4 daily (QD) treatment arms (7.5 mg, 15 mg, 22.5 mg, placebo). Analysis of histologic changes was based on paired liver biopsies in PXL065 vs. placebo-treated NASH patients before and after the 36-week treatment period. This trial was not powered to detect statistically significant changes in histology endpoints. The results will be used to help identify the dose or doses for a Phase 3 registrational trial.

The Phase 2 trial for the treatment of NASH met its primary efficacy endpoint: PXL065-treated patients achieved statistically significant improvements (p=0.024 to p=0.008) in the relative decrease (21% to 25%) in liver fat content vs. placebo measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. 40% of patients who received PXL065 at the 22.5 mg dose achieved a >30% relative reduction in liver fat content.



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. Fibrosis improvement by >1 stage without worsening of NASH, an endpoint recognized by FDA for approval, occurred in 31-50% patients in the PXL065 study arms vs. 17% with placebo. Across all PXL065 treatment arms (pooled data), 39% of patients had fibrosis improvement by ≥1 stage without worsening NASH (%) vs. 17% with placebo. Improvement was observed in other NASH histology components.

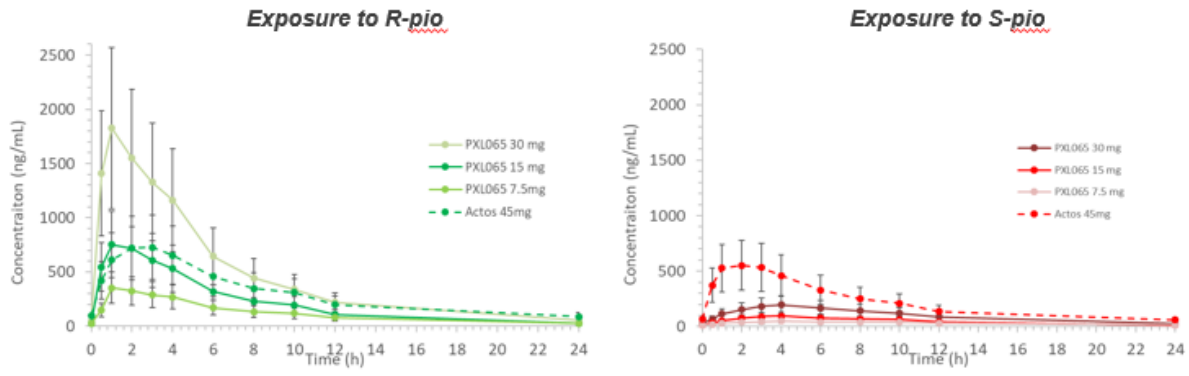


In this Phase 2 trial, PXL065 was observed to be safe and well tolerated with no dose-dependent increase in body weight and no increased lower extremity edema vs. placebo, validating a safety profile consistent with reduced PPARγ-mediated side effects (weight gain and edema) vs. published results of pioglitazone. As predicted, pharmacokinetic measurements showed dose-proportional drug levels with the desired degree of higher exposure to the pioglitazone R-stereoisomer and reduced exposure to the (PPARγ active) S-stereoisomer. With respect to other safety measures, PXL065 was observed to be generally safe and well tolerated. The number of patients presenting with treatment-emergent serious adverse events (TESAEs) were similar among all groups including placebo without dose effect. None were treatment related.

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.

- Phase I trials for PXL065 in NASH

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®.



Source: Poxel.

In April 2019, the Company also announced the completion of Phase la trials. The results showed a similar PK profile as later observed in the multiple dose study described above. In this trial, PXL065 was also well-tolerated, with no serious adverse events. PK-PD modeling predicts 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, also 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.

Preclinical Development

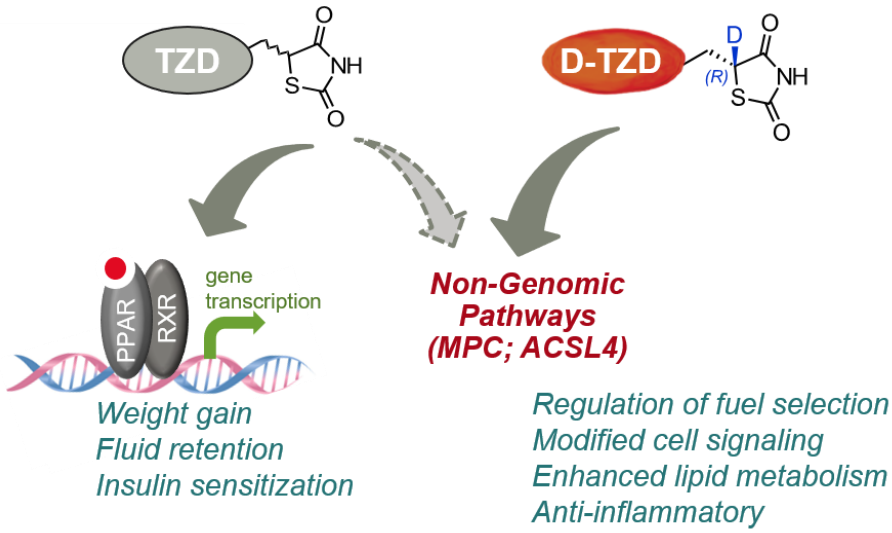
Preclinical data have highlighted key aspects related to the PK and PD roles of stereoisomers belonging to the class of TZDs as well as their potential relevance for the treatment of NASH. Representatives of TZDs include rosiglitazone, pioglitazone and lobeglitazone, all being mixtures of R and S stereoisomers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

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 or ALD treatment.

Preclinical data showed that each stereoisomer of pioglitazone and its active metabolites have different PPARγ activity. Other data showed that PXL065, like other thiazolidinediones (TZDs) is an inhibitor of MPC and ACSL4, but has little or no observed PPARγ activity in a cofactor recruitment assay (figure below). 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.[42]

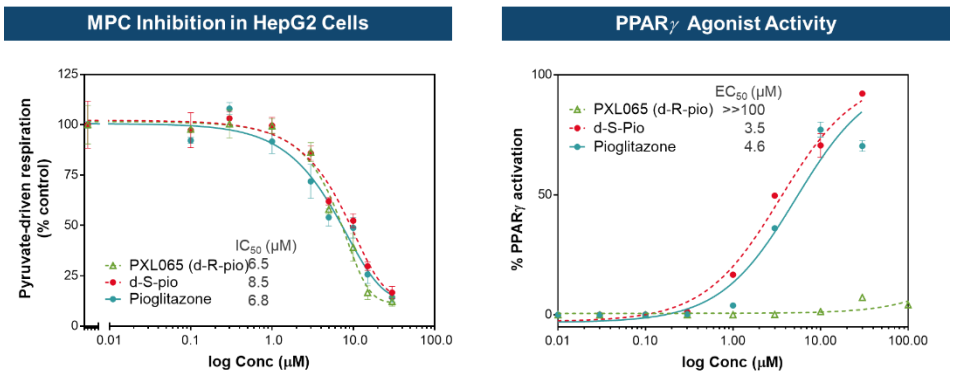
42 Jacques V. Hepatol Comm. 2021; 5:1412-25.

PXL065: Deuterium Modification Yields Selective Actions via Non-Genomic Pathways – Potential to Retain Efficacy with Reduced PPARγ Side Effects



Source: Poxel.

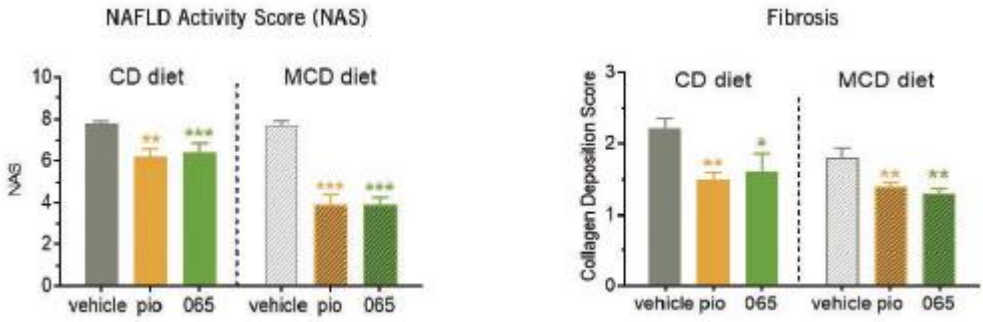
The diagram below shows the effect of PXL065 on inhibition of MPC and PPARγ agonism. PXL065, PXL064 (d-S-pio) and pioglitazone reduced pyruvate-driven mitochondrial maximal respiration, as measured by oxygen consumption rate in HepG2 cells, to the same extent. Pioglitazone and PXL064 were shown to bind to PPARγ and behave as PPARγ agonists, while PXL065 showed little binding and no PPARγ agonist activity at concentrations up to 100 µM. In separate ACSL4 experiments, the activity of pioglitazone as an inhibitor was also preserved with PXL065 (and PXL064).



Source: Poxel;Jacques V. Hepatol Comm.2021; 5:1412-25.

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 score as well as on fibrosis.

These results confirm the role of non-genomic pathway modulation as an important contributor to the efficacy of pioglitazone in NASH, as shown in the diagram below.



Source: Poxel; Jacques V. Hepatol Comm. 2021; 5:1412-25.

Manufacturing and Supply

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.

2.1.5. PXL770 and PXL065 - Two Novel Drug-Candidates to treat patients with ALD

X-linked adrenoleukodystrophy (ALD) Overview

X-linked adrenoleukodystrophy – ALD – is a deadly, inherited rare metabolic disease characterized by neurodegeneration. ALD is a monogenic inborn error of metabolism due to mutations in the ABCD1 gene which encodes a key cellular fatty acid transporter – this defect results in accumulation of very long chain fatty acids (VLCFA) with resulting damage to several tissues in particular neurons.

ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening. Thus, the prevalence of ALD is similar to hemophilia or spinal muscular atrophy – about 20,000 in the US alone.[43] Globally it may affect more than 400,000 people.

Forms of this disease include cerebral ALD (C-ALD) and adrenomyeloneuropathy (AMN) which is the most common form – typically occurring in adolescence through adulthood. AMN is characterized by chronic and progressive distal axonopathy involving the long tracts of the spinal cord and to a lesser extent the peripheral nerves resulting in progressive stiffness and weakness in the legs, impaired gait and balance, incontinence, and loss of sensation. As an X-linked disease, nearly all men with a diagnosis of ALD will develop AMN and are more severely affected, but many women also present with features of AMN with a later onset. C-ALD is characterized by inflammatory demyelination of cells in the brain and typically afflicts children, but many men with AMN may also develop cerebral disease; these white matter brain lesions lead to severe neurologic deficits and death.

43 Bezman L. Am J Med Genet. 1998; 76:415-19.; Matteson J. Int J Neonatal Screen. 2021, 7:22

The only currently approved medicine for ALD (other than glucocorticoid supplements for associated adrenal insufficiency) is gene therapy (elivaldogene autotemcel) for early, active cerebral-ALD (C-ALD). C-ALD when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions.

The Company's Market Opportunity: ALD

The Company believes the market opportunity in ALD is highly compelling given these market attributes:

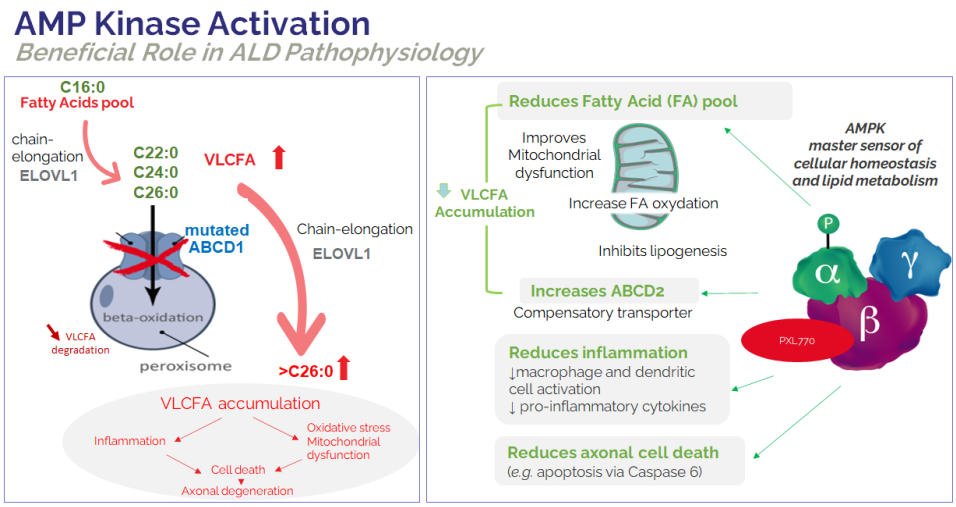
- ALD represents an area of very high unmet medical needs due to lack of current therapies. Filling an unmet medical need is defined by the FDA as providing a therapy where none exists or providing a therapy which may be potentially better than available therapy.
- In the US, ALD affects approximately 20,000-29,000 individuals. Globally, the prevalence of ALD is 444,000 – 644,000.
- There is a track record of approved treatments for orphan diseases with similar prevalence that have been commercially successful.
- ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening.
- Clinical development may be expedited due to the established safety profiles of PXL065 (with 505b2) and PXL770 that may mitigate risk and reduce clinical development timelines.
- Data from ALD preclinical models for PXL065 and PXL770 suggest significant impact on key biomarkers (such as VLCFA) and other measures are available to assess the disease progression and the effect of PXL065 and PXL770 on this progression. The clinical plan has the potential to seek accelerated approval based upon biomarkers and/or intermediate clinical measurements.
- The Company has established relationships with Key Opinion Leaders and collaborations with key patient advocacy groups that represent the ALD patient community and are highly engaged in clinical trials.
- ALD provides a number of regulatory paths that may expedite clinical development. In Europe, Orphan designation provides 10 years market exclusivity and PRIME designation supports the development of medicines that target an unmet medical need and allows enhanced interaction and early dialogue to optimize development plans and speed up evaluation so the medicine can reach patients earlier. In the US, potential regulatory designations include:
    - Orphan Drug status which confers 7 years of market exclusivity
    - Fast Track status with the objective to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions, providing the key benefit of enhanced access to the FDA, with regular and more frequent opportunities for consultation and discussion
    - Breakthrough Therapy is granted to accelerate the development and review of drugs for a serious condition where preliminary clinical evidence indicates a substantial improvement over available therapy on a clinically significant endpoint(s)
    - Priority Review in which the standard 10-month review process is reduced to six months

Poxel's ALD Drug Candidates — PXL770 and PXL065

Both PXL770 and PXL065 have the potential to target ALD pathophysiology; this could include suppression of elevated VLCFA, specifically saturated C26:0 fatty acid, the primary driver of disease. In addition, downstream pathologies such as inflammation and mitochondrial dysfunction could be

ameliorated. Net effects could include reduced axonal degeneration for both cerebral and spinal cord disease.

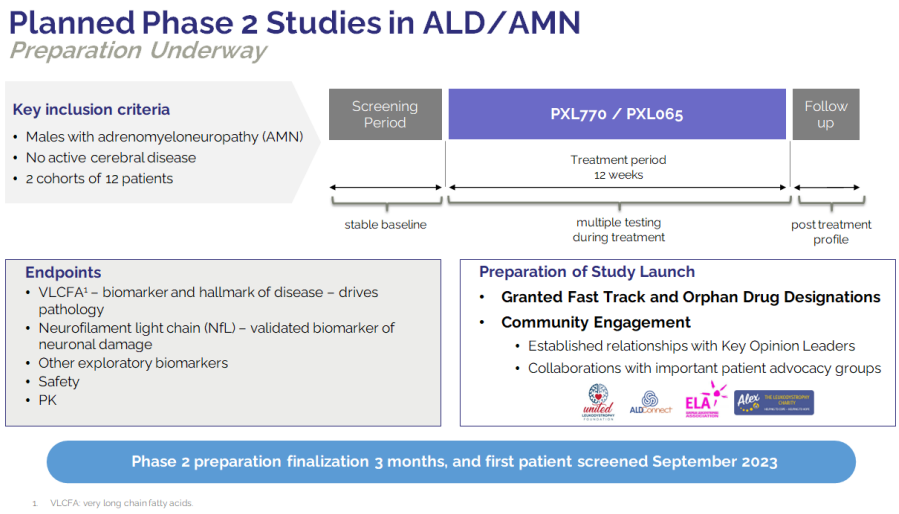
Importantly, multiple recent publications support the utility of both AMPK activation and TZD-related pathways for the treatment of ALD. The Company has developed evidence to show that both its platforms, AMPK activation and D-TZDs, can be leveraged to address this pathophysiology and to correct the primary defect by suppressing VLCFA levels and by potentially ameliorating downstream consequences that include mitochondrial dysfunction, inflammation and cell death.

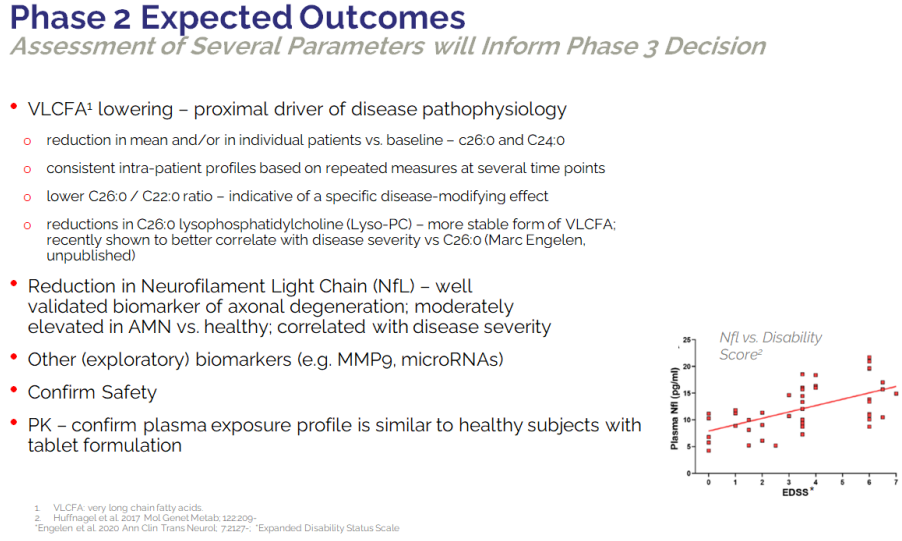


Both PXL065 and PXL770 mediate neurologic benefits. The Company has studied both of its lead molecules in classical ALD preclinical models, patient derived-cells and the ABCD1 null mouse. In these data, it has been observed that both compounds produced substantial reductions in VLCFA both *in vitro* and *in vivo*, including in brain and spinal cord. In more recent experiments that were also conducted using ABCD1 mouse, evidence of improved neural histology and neuro-behavior were observed with both PXL065 and PXL770.

Based on all the preclinical and clinical data that the Company has for both platform leads, it plans to initiate two parallel and identical Phase 2a biomarker-driven POC studies, one with PXL065 and one with PXL770. The study design was developed with substantial input from several disease experts in the US and Europe. Each trial will enroll approximately 12 adult male patients per dose with the most common subtype of ALD, AMN. Following a run-in period, patients will be treated for 12 weeks with a single oral daily dose of either molecule. Readouts will include PK, safety and measurements at several time points, of key disease biomarkers, VLCFA and neurofilament light chain, both of which are validated as disease-associated. Additional exploratory biomarkers will also be assessed.

These trials are prepared to initiate, subject to additional funding, with data expected within a year. Following analysis of these results, the Company expects to select the preferred molecule to further advance into a pivotal study.

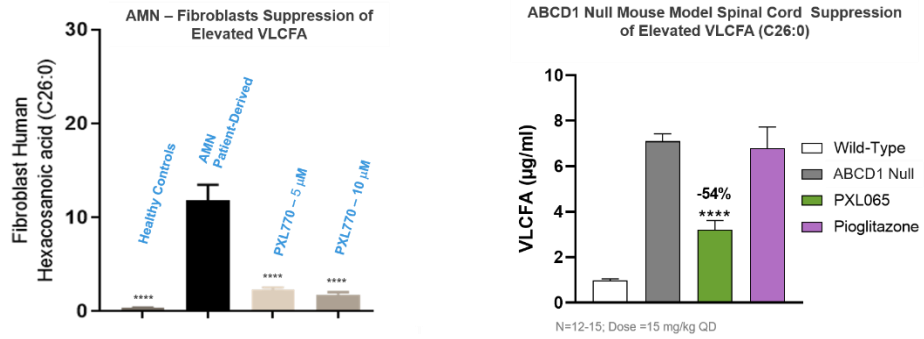




In February and April 2022, the FDA granted Fast Track Designation (FTD) to PXL065 and PXL770, respectively, for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions. FTD provides Poxel with substantially enhanced access to FDA, including opportunities for face-to-face meetings and written consultations throughout the remaining development of PXL065. Drugs with FTD are eligible to apply for Accelerated Approval and Priority Review at the time of a New Drug Application (NDA) submission, which may result in faster product approval. FTD also allows for 'rolling review', whereby Poxel may submit completed sections of the NDA as they become available, rather than at the end of development.

The potential of PXL065 and PXL770 in ALD have been evaluated in cellular models and *in vivo* using ABCD1 null mice, the most relevant animal model which mimics human disease. In cells derived from both C-ALD and AMN patients, both molecules significantly reduced C26:0 content (both in fibroblasts and lymphocytes). In parallel, an increase in compensatory ABCD2 expression was evident with both molecules. Literature reports show that ABCD2 overexpression corrects disease mediated by ABCD1 deficiency in mice. Additionally, in patient-derived cells, mitochondrial function improvements were

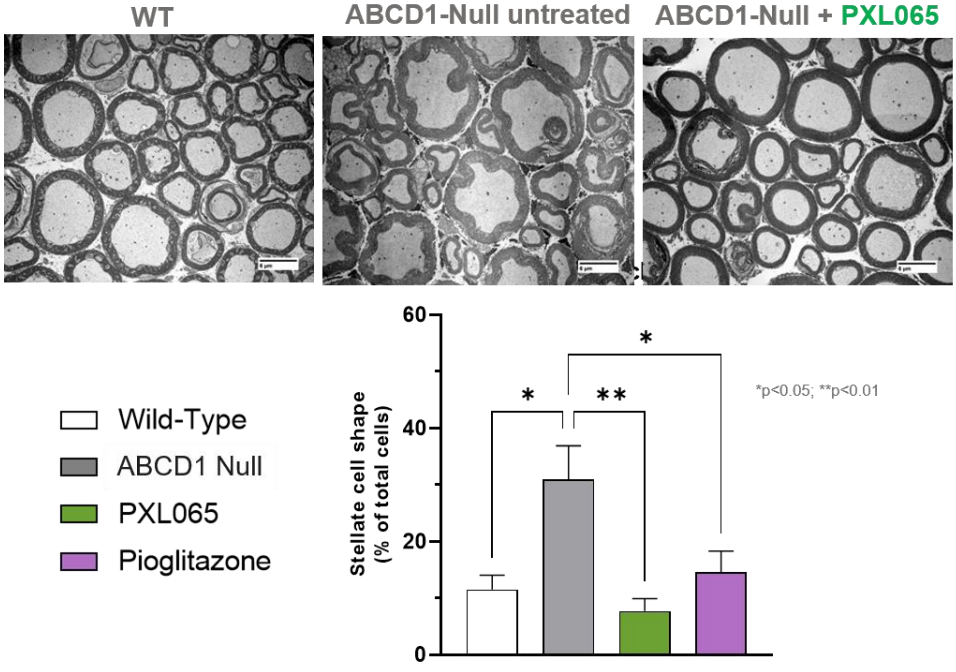
noted. Both PXL065 and PXL770 also reduced the expression of proinflammatory genes in patient-derived lymphocytes and glial cells derived from ABCD1 null mice. Effects on VLCFA *in vitro* also translated *in vivo* where significant reductions were observed in plasma, brain and spinal cord with both molecules. The figure below illustrates example effects on VLCFA in cells (Left panel with PXL770) and in spinal cord of diseased mice (Right panel with PXL065).



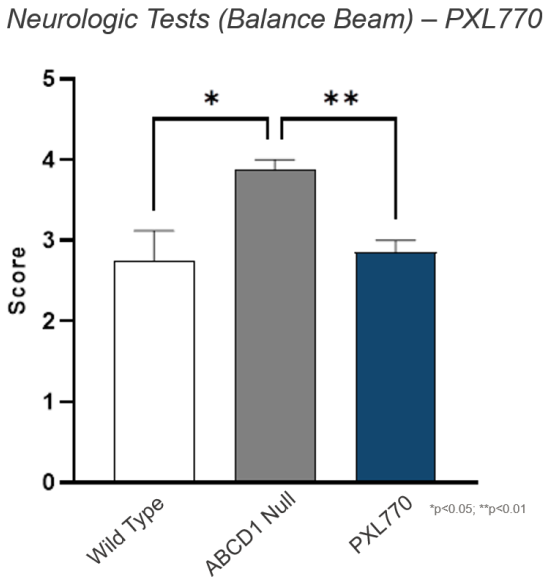
Source: Poxel.

Additional parameters that are potentially predictive of efficacy in patients with ALD (including AMN) were examined in ABCD1 null mice. This included positive effects on neural histology of the sciatic nerve and improved neurologic functional tests that were observed in separate cohorts of mice with each of the two molecules. Figures noted below show examples of these results including: improved axonal cell shape with PXL065 and improved balance beam test performance with PXL770.

Electronic Microscopy of Sciatic Nerve PXL065



Source: Poxel.



Source: Poxel.

It is of potential relevance to compare the Company's preclinical results in ALD models with those disclosed by three other companies that are developing small molecule oral agents for the treatment of patients with ALD who have the AMN phenotype. Although no head-to-head data are presented, the comparison suggests that both PXL065 and PXL770 are differentiated with respect to mechanism and have the potential for improved efficacy and/or lower side effect burden.

PXL770 vs. Other ALD Compounds

Advanced Drug Candidates with Potential for Superior Clinical Results

	PXL770[1]	PXL065[2]	Leriglitazone[3,4]	VK0214[5]
Mechanism	AMPK activator	Non-genomic D-TZD	PPARγ	Thyroid receptor β
Stage	Ph 2a – Ready	Ph2a – Ready	Ph 2b/3	Ph 1b
Human ALD Cells	⇩⇩⇩VLCFA ⇧ ABCD2 ⇧ mitochondrial respiration	⇩⇩⇩VLCFA ⇧ ABCD2 ⇧ mitochondrial respiration	*No VLCFA or ABCD2 effects reported*	*VLCFA not reported* ⇧ ABCD2
In Vivo Abcd1 Null Mice **Biomarker Signal**	⇩⇩VLCFA - plasma, brain, spinal cord	⇩⇩VLCFA - plasma, brain, spinal cord	⇩ VLCFA spinal cord (*plasma not reported*)	⇩ VLCFA plasma, spinal cord
Neuro Histology	Improved	Improved	Improved	*Not reported*
Neuro-Behavior	Improved	Improved	Improved	*Not reported*
Other Comments	Clinical safety: (>200 exposures)	Clinical safety: >130 exposures plus 505(b)(2)	Missed primary endpoint in Ph 2b/3 *weight gain, edema*	Phase 1 completed

1. J Pharmacol Exp Ther 2022 doi.org/10.1124/jpet.122.001208
2. J Pharmacol Exp Ther 2022 doi.org/10.1124/jpet.122.001208 .
3. Rodriquez-Pascau Science Trans Med 2021; AmAcadNeuro (AAN) oral presentation 2021.
4. Minoryx 2021 press release.
5. Viking corporate presentation 2021.

Overall, there is a clear paucity of development candidates targeting ALD, indicating that there is a low likelihood of other therapies which would be employed to effectively treat this disease in the

coming several years. Therefore, there is a compelling need for new therapeutic approaches; in particular, for those with disease modifying potential such as PXL065 or PXL770.

2.1.6. PXL770 – A Novel Drug-Candidates with Potential to treat patients with ADPKD

Autosomal-Dominant Polyctsic Kidney Disease (ADPKD) Overview

ADPKD is a rare monogenic, serious cause of chronic kidney disease with a large unmet need. ADPKD is typically diagnosed clinically by evaluating the number of kidney cysts on imaging adjusted to age in the presence of family history; bilateral renal enlargement with >10 cysts per kidney by computed tomography (CT) or magnetic resonance imaging (MRI) establishes a likely diagnosis and - in the absence of family history, confirmatory genotyping is recommended[44,45]. On average patients with ADPKD progress to end-stage renal dis-ease (ESRD) by the age of 60 years. An estimated 70% of patients require renal replacement therapy by the age of 70 years[46].

ADPKD is characterized by a progressive increase in cyst number and size, mainly in the kidney. Renal cyst burden is directly correlated with total kidney volume (TKV) [47]. In addition to renal dysfunction and ESRD *per se*, renal cysts cause progressive kidney enlargement associated with hypertension, abdominal pain and can cause hemorrhage with hematuria as well as nephrolithiasis and cyst infections[55,56]. Importantly, ADPKD is also a systemic disease which can affect the liver and other organs with complications such as hepatomegaly and intracranial aneurysm rupture[55,56].

The Company's Market Opportunity: ADPKD

The Company believes the market opportunity in ADPKD is compelling given these market attributes:

- There are approximately 140,000 patients with ADPKD in the U.S. [48]
- Despite improvements in medical care for patients with kidney disease, the average age at which ESRD occurs in patients with ADPKD has not significantly improved over the past several years. With the onset of ESRD, kidney transplantation and dialysis are employed with attendant complications and morbidity-mortality[3].
- Tolvaptan (Jynarque®) was approved in 2018 and is the only current approved medicine for ADPKD. Tolvaptan produces moderate efficacy with respect to kidney volume and slowing the rate of estimated glomerular filtration rate (eGFR) decline. However, tolvaptan has significant tolerability and safety issues including polyuria and the potential for severe liver toxicity[49].
- Overall, there is a paucity of investigational drugs in active clinical development for patients with ADPKD[50].

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44 Grantham JJ. Autosomal dominant polycystic kidney disease. NEJM 2008; 359:1477-85

45 Hatfield PM, Pfister RC: Adult polycystic disease of the kidneys. JAMA 1972; 222:1527-1531

46 Chebib FT et al. A practical guide for treatment of rapidly progressive ADPKD with tolvaptan. J Am Soc Neph 2018; 29:2458-2470

47 Chapman AB et al. Autosomal dominant polycystic kidney disease (ADPKD): executive summary from a kidney disease: improving global outcomes (KDIGO) controversies conference. Kidney Internat 2015; 88:17-27

48 Willey C, et al. Analysis of nationwide data to determine the incidence and diagnosed prevalence of autosomal dominant polycystic kidney disease in the USA: 2013–2015. Kid Dis 2019; 5:107-117

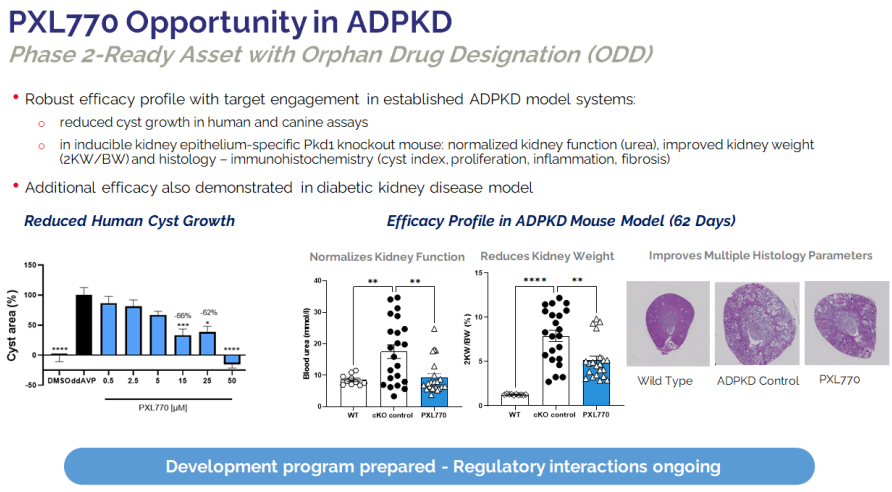
49 Blair HA. Tolvaptan : a review in autosomal dominant polycystic kidney disease. Drugs 2019; 79:303-313

50 Lanktree MB, Chapman AB. New treatment paradigms for ADPKD: moving towards precision medicine. Nat Rev Nephrol 2017; 13: 750-768

- Clinical development may be expedited due to the established safety profile of PXL770.
- Data from ADPKD preclinical models for PXL770 suggest significant impact on key components of disease
- Orphan Drug status which confers 7 years of market exclusivity

Poxel's ADPKD Drug Candidate — PXL770

PXL770 has the potential to target ADPKD pathophysiology; this could include reduced progression of cyst growth, improved TKV, lower degrees of fibrosis and inflammation, and improved kidney function. Such effects should lead to a substantial delay or prevention in the onset of ESRD. Key preclinical results for PXL770 in ADPKD have been published in *Kidney International*[51].



Based on all the preclinical and clinical data that the Company has for PXL770, it has secured US Orphan Drug designation for PXL770 in ADPKD and is exploring options to secure funding and/or a partnership to advance into a Phase 2 clinical trial.

Manufacturing and Supply

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.

51 https://www.kidney-international.org/article/S0085-2538%2823%2900122-9/pdf#articleInformation

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.

2.1.7. Imeglimin – the first type 2 diabetes treatment targeting both major disease-causing defects

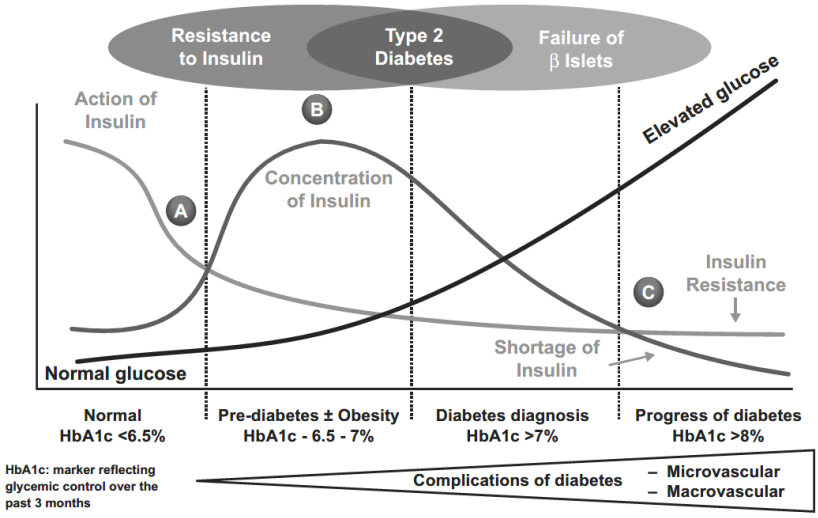
Type 2 Diabetes Overview

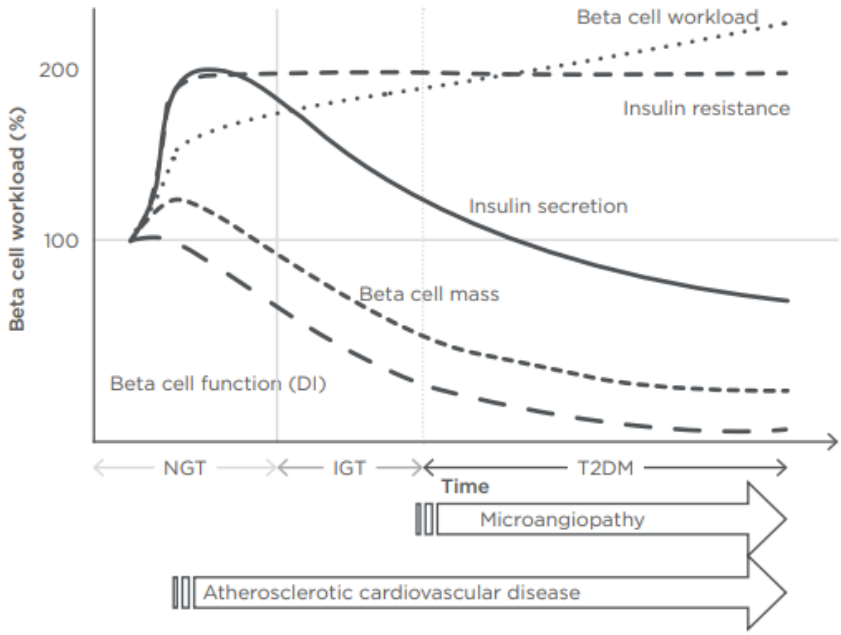
Diabetes is a disease characterized by abnormally high levels of blood glucose and inadequate levels of insulin. There are two primary types of diabetes: type 1 and type 2. In type 1 diabetes, autoimmune processes result in destruction of insulin-producing beta cells in the pancreas resulting in total 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 fails 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 secretion 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:





NGT – normal glucose tolerance; IGT – impaired glucose tolerance; T2DM – Type 2 diabetes.

Source: Saisho Y. European Med J 2018; 6:46-52. Poxel.

(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 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 (with impaired glucose tolerance), 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 secretion 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 then prescribed oral agents. These include (i) metformin which limits glucose production in the liver, (ii) oral alpha-glucosidase inhibitors, which reduce GI carbohydrate absorption; (iii) dipeptidylpeptidase IV inhibitors (DPP-4), (iv) sodium-glucose cotransporter 2 (SGLT2) inhibitors. GLP1 analogs, generally injectable forms of the hormone GLP1, can also be used later in the treatment continuum. Patients unable to maintain glucose homeostasis on these therapies may be prescribed injectable insulin. As described in the table below, there are significant limitations with each of these classes.

Attributes and Limitations 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. 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. 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. 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. In CKD stages 3b/4, current 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. 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.

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 International Diabetes Foundation, in 2021 an estimated 537 million people between the ages of 20 and 79 are living with diabetes globally (1 in 10), with more than 90% of those affected having type 2 diabetes. This estimate is predicted to rise to 643 million by 2030 and 783 million by 2045. Diabetes caused at least USD 966 billion in total healthcare expenditures in 2021, a 316% increase over the last 15 years. Globally, 541 million adults have Impaired Glucose Tolerance, which places them at high risk of type 2 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).

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.

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.

There are an increasing number of patients seeking treatment for diabetes in Japan, both type 1 and type 2, Japan is among the top five countries in Asia for prevalence of diabetes; the latest estimate is 11 million patients[52]. 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 with which its

52 International Diabetes Federation 2021
Atlas; https://diabetesatlas.org/idfawp/resource-files/2021/07/IDF_Atlas_10th_Edition_2021.pdf

partner, Sumitomo Pharma, has rights, Sumitomo Pharma 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.

Imeglimin for the type 2 diabetes treatment

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.

Imeglimin was initially developed by Merck Serono and has been further developed by the Company since it acquired it in 2009. Merck Serono filed an Investigational New Drug application ("**IND**"), for Imeglimin with the FDA in 2006; the IND was transferred to the Company in 2009. The Company believes that Imeglimin is the most clinically advanced type 2 diabetes drug candidate of its class.

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**"). 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, decreasing reactive oxygen species (ROS) overproduction, and affecting other aspects of cellular energy metabolism. Several observed effects support this concept:

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

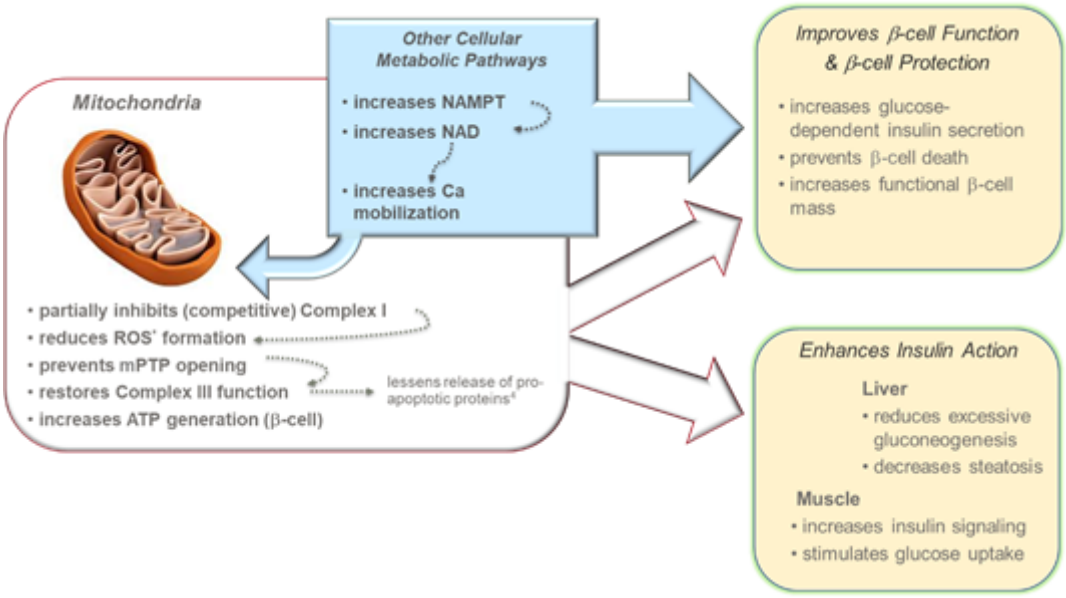
B. Reduced insulin resistance

- 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:



Source: 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. 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.

The Company has successfully completed the Phase 2 clinical program for Imeglimin in the United States, Europe and Japan. Together, with its partner Sumitomo Pharma, 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.

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 Pharma, 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. Approval was received in June 2021 and the commercialization of TWYMEEG® (Imeglimin hydrochloride) for the treatment of type 2 diabetes in Japan started in September 2021.

TIMES Program

The TIMES program consists of the following three trials conducted in Japan, 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. Topline results from the TIMES 1 trial were announced in April 2019 and results were published in 2020.[53]
- 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. Topline results from the TIMES 2 trial were announced in December 2019 and results were published in 2021.[54]
- 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. Topline results were announced in 2019 and results were published in 2021.[55]

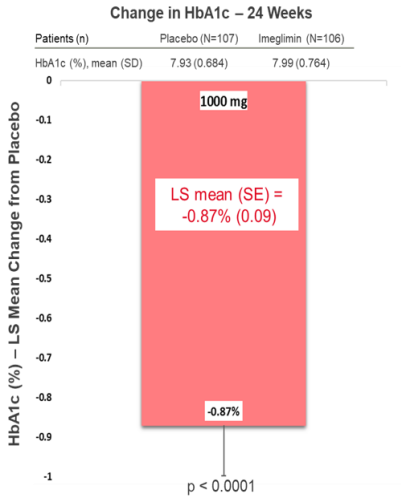
TIMES 1

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.

53 Dubourg J. Diabetes Care. 2021 44:952-959.
54 Dubourg J. Diabetes Obes Metab. 2021. doi: 10.1111/dom.14613
55 Reilhac C. Diabetes Obes Metab 2022. doi.org/10.1111/dom.14642

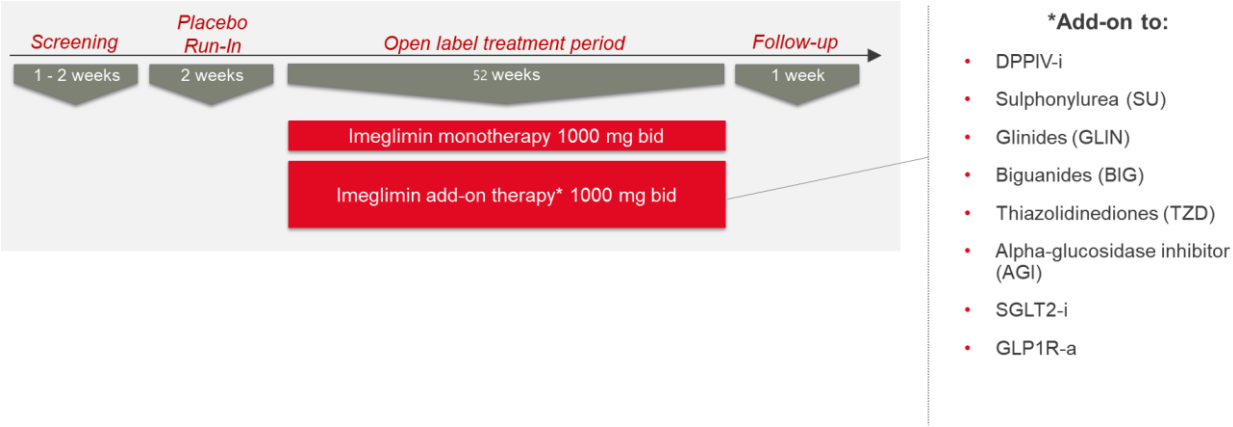


In this trial, the overall tolerability of Imeglimin was observed to be similar to placebo.

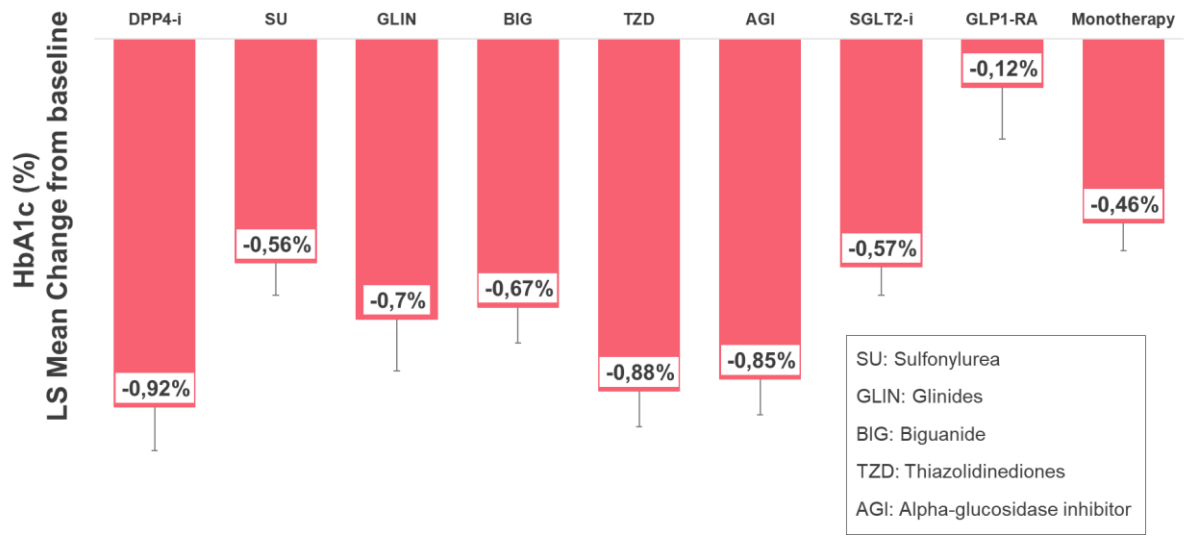
TIMES 2

TIMES 2 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 and as a monotherapy.

The diagram below sets forth the TIMES 2 trial design.



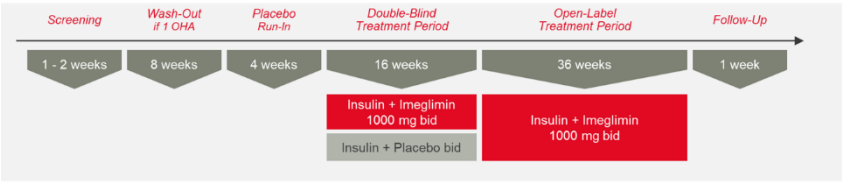
The TIMES 2 trial, which was open label and not placebo-controlled, was observed to show an HbA1c decrease from baseline ranging from -0.92% to -0.57 with Imeglimin as an add on to six existing oral hypoglycemic classes (GLP1 receptor agonists studied are injectable). A favorable safety and tolerability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

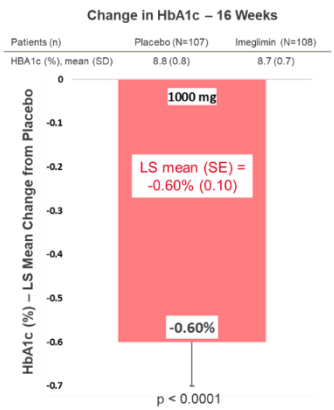


In particular Imeglimin was observed to show an HbA1c decrease from baseline of -0.92% versus baseline as an add on to a DPP-4 inhibitor, the market leader in Japan and prescribed to approximately 80% of treated type 2 diabetes patients in 2016, according to IQVIA.

TIMES 3

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 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 a 36-week, open-label extension period of the TIMES 3 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).

Clinical Development in Type 2 Diabetes Patients with Kidney Disease

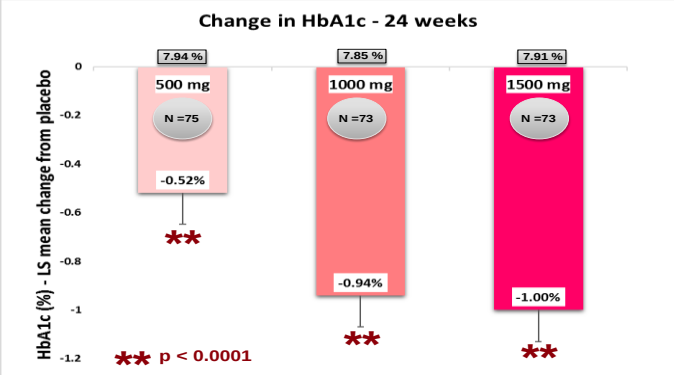
In 2018, the Company initiated a strategic development and license agreement with Roivant for Imeglimin in the United States, Europe and in other countries not covered by its existing partnership with Sumitomo Pharma in Southeast Asia. Together with its partner Roivant, in 2019 the Company announced topline results from a 28 day clinical trial which evaluated safety, tolerability and PK/PD of Imeglimin in individuals with type 2 diabetes and CKD stages 3b/4. 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. In addition, effects on glycemia and PK results defined an appropriate dose range that could be further pursued in this population. The completion of this trial was one of the key activities used to prepare for a potential Phase 3 program in the United States and Europe. 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 territories not covered by the partnership agreement with Sumitomo 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 does not intend to advance Imeglimin into a Phase 3 program in type 2 diabetes alone in the US, Europe and other countries not covered by the agreement with Sumitomo Pharma. The Company conducted and completed a comprehensive evaluation of partnering options in 2021 and does not expect to enter into a broad strategic partnership for the US and Europe in the near term. The Company is now considering opportunities to leverage the Imeglimin data package in specific territories, including those resulting from inbound interest.

Completed Phase 2 Trials

PXL008-014 (Japan)

The Company completed a 24-week Phase 2b randomized, double-blind, placebo-controlled trial in June 2017 for the treatment of type 2 diabetes in Japanese patients. The results of this trial are summarized in the figure below and were published in 2021.[56]



In particular, in this trial, the tolerability of Imeglimin in patients with mild or moderate CKD was also observed to be similar in patients whose renal function is normal.

Phase 2 Studies Conducted in U.S. and Europe

The Company also previously completed a placebo-controlled 24-week Phase 2b dose-ranging trial (*PXL008-008*) that was conducted across multiple sites in the United States and Europe. A separate Phase 2 dose-ranging trial (*PXL008-009*) was also previously completed to assess characteristics of Imeglimin on various efficacy parameters, including fasting and post-prandial glycemia (the level of

56 Dubourg J. Diabetes Obes Metab 2021; 23:800-810.

blood glucose after eating), and the contribution of those two effects on the decline in A1c levels. Mathematical modeling of the glucose, insulin or C-Peptide curves obtained in the *PXL008-009* study 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; in addition, mathematical modeling of C-Peptide secretion increased in response to glucose revealed results that are consistent with an improvement in insulin secretion. 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. These two trials showed a similar efficacy and safety-tolerability profile (in a mostly Caucasian population) as was subsequently observed in Japan.

The Company has also previously completed Phase 2 efficacy and safety studies of Imeglimin in combination with metformin and with a DPP-4 inhibitor, sitagliptin (*PXL008-002 and PXL008-004*).[57] PXL008-002 assessed the benefit of combining metformin with Imeglimin, as compared to placebo in combination with metformin after 12 weeks of treatment. PXL008-004 assessed the benefit of combining Imeglimin with sitagliptin, as compared to sitagliptin in combination with a placebo after 12 weeks of treatment. In both of these trials, additive efficacy and acceptable safety-tolerability were observed when combining Imeglimin with these agents.

An additional Phase 2 efficacy trial (*PXL008-006*) specifically examined Imeglimin's effect on pancreatic beta cell function in diabetes patients.[58] The primary endpoint of the trial was insulin secretion as defined by total insulin response and insulin secretion rate in the context of a hyperglycemic clamp. The Company observed that Imeglimin raised insulin secretory response to glucose including both first- and second-phase insulin secretion.

Completed Phase 1 Trials

The Company has 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 has a low risk of drug interactions both alone and in combination with metformin, cimetidine and sitagliptin. In addition, there was now significant risk of QT prolongation.

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 Pharma 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.

57 Fouqueray P Diabetes Care 2014;37:1924-30. Fouqueray P. Diabetes Care 2013;36:565
58 Pacini G. Diabetes Obes Metab 2015;17:541-545.

Preclinical Activities

The Company is pursuing preclinical activities for AMPK activation and with deuterium-modified thiazolidinediones which have MPC and or ACSL4 inhibition for additional metabolic, specialty and rare diseases.

2.1.8. Intellectual Property

As of the date of this *Universal Registration Document* the Company owns or co-owns 35 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.

In 2022, the Company conducted a strategic review of its patent portfolio and decided to abandon certain patent families and reduce the geographic scope of other patent families in order to focus the patent portfolio on territories and developments relevant for its activities.

The Company's patent portfolio as of the date of this *Universal Registration Document* 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 14 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 *Universal Registration Document*, all the 14 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 strategic jurisdictions, such as Japan, China, India, South Korea and the United States of America. The patents and patent applications have statutory expiration dates between 2024 and 2039 (not including potential 5-year patent term extension on certain territories once a drug is approved). 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. The patent estate for Imeglimin in Japan extends to 2036 (including potential 5-year patent term extension), with other patent applications ongoing. Patent term extension application have been filed for 5 patent families in Japan in 2021 in connection with the approval of Imeglimin in this territory in June 2021.

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 *Universal Registration Document*, the Company owns 6 families of patents and patent applications directed to this program. 5 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 or analogs thereof, 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 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 includes 7 patent families directed to compositions of matter for PXL065, compositions of matter for deuterated TZDs having different structural features (i.e., different compound classes), and methods of using for these compounds. All 7 patent families are owned by the Company as of the date of this *Universal Registration Document* 6 of the patent families are directed to PXL065. The earliest filed family directed to PXL065 includes a 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 in Europe. The third family includes a pending U.S. patent application directed to combination therapies, including PXL065, for the treatment of nonalcoholic steatohepatitis and is expected to expire in 2036. The fourth filed family directed to PXL065, if granted, is expected to expire in 2036 and is pending only in the United States. The fifth family includes a granted U.S. patent, a United States non-provisional application, and 10 pending ex-U.S. patent applications, and is directed to forms related to PXL065, and is estimated to expire in 2041. The sixth family, that includes an unpublished United States non-provisional application only, is directed to processes related to PXL065, and, if granted is estimated to expire in 2041. The family of patents and patent applications directed to deuterated TZDs other than PXL065 has statutory expiration dates in 2034 and is granted in the United States, Canada, Japan, and Europe. 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 *Universal Registration Document, 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 2.1.10 "*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.

2.1.9. 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 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., Intercept Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., Viking Therapeutics, Inc., Inventiva, 89Bio and Akero Therapeutics. The Company's competitors in the ALD space are primarily small biotech companies including, but not limited to, Minoryx, Bluebird, Viking Therapeutics, Autobahn Therapeutics, and SwanBio. 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., Novo Nordisk A/S, Johnson & Johnson, Boehringer, and Merck Sharp & Dohme Corp.

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 marketing and/or developing new type 2 diabetes therapies the Company believes that the unique mechanism of action of Imeglimin (i.e., a mitochondrial bioenergetics 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 any human disease with a direct allosteric 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), which functions via non-genomic pathways including MPC and ACSL4 inhibition, offers a differentiated approach to the treatment of NASH or ALD 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. In ALD pathophysiology, increases in VLCFA, specifically saturated C26:0 fatty acid, are the primary driver of disease with downstream pathologies leading to axonal degeneration for both cerebral and spinal cord disease. Multiple recent publications support the utility of both AMPK activation and TZD-related pathways for the treatment

of ALD, and the Company has developed evidence to show that both its platforms, AMPK activation and D-TZDs, can be leveraged to address this pathophysiology and to correct the primary defect by suppressing VLCFA levels and by potentially ameliorating downstream consequences that include mitochondrial dysfunction, inflammation and cell death.

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.

The only currently approved medicine for ALD (other than glucocorticoid supplements for associated adrenal insufficiency) is gene therapy (elivaldogene autotemcel) for early, active cerebral-ALD (C-ALD). C-ALD when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions. Minoryx Therapeutics is developing an oral agent which is derived from pioglitazone – leriglitazone – for the potential treatment of ALD. This program completed a Ph2-3 trial in patients with AMN but failed to meet its primary endpoint. Leriglitazone is also being studied in an additional trial in pediatric patients with C-ALD.[59]

59 https://www.minoryx.com/news

2.1.10. 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 European 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 depended on the development of a fully functional EU clinical trials portal and database, which has been confirmed by an independent audit (i.e., six months after the European Commission publishes a notice of this confirmation), and now the new European Regulation is implemented since January 31, 2022. 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.

Until 31 January 2023, both the directive 2001/20/EC and the new regulation 536/2014 are applicable, but after the end of January 2025, any new CTA will be submitted under regulation 536/2014.

- **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 Committee For Protection of Persons (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 clinical trial 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 (if available) – 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 in order to get the initial authorization. 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 clinical trial 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 (phase 1 studies) in healthy volunteers.

- **Authorization under regulation 536/2014**

The European regulation 536/2014, that went into effect on 23 January 2022, harmonizes the assessment and supervision processes for clinical trials throughout the EEA via a Clinical Trial Information System (CTIS). This includes a single clinical trial application dossier, covering CTA submitted to all Member States (MS), for submissions to national competent authorities and ethics committees.

In order to obtain an authorization, the sponsor shall submit a unique application dossier to the intended member states concerned through the CTIS, and obtain separate authorizations: one coordinated assessment by the national competent authorities (referred as Part 1), and a national assessment by national ethics committees for each intended Member States (referred as Part 2). During the evaluation of CTAs, the Member States Concerned have the possibility to require clarifications to the Sponsors by raising requests for information, that should be addressed within the defined timelines. Failing to provide responses within the timelines will lead to the application being lapsed.

For part 1, a single finale decision will be notified to the Sponsor, applicable for all participating Member States. For part 2, each national Ethics Committees will notify the final decision to the Sponsor. Both authorizations are needed in order to perform the clinical studies in all Member States.

- **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 or BLA, 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, the sponsor 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, andiii) the FDA assigned reviewers, including experts in biopharmaceutics, chemistry, clinical microbiology, pharmacology/toxicology, and statistics content experts provide recommendations and are used by senior FDA staff in its final evaluation of the NDA or BLA. Based on that final evaluation, the FDA then provides to the NDA or BLA's sponsor an approval, or a "complete response" letter if the NDA or BLA application is not approved.

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 in the United States. 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 investigational drug 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 to be conducted in the US of an investigational drug 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 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

When a pharmaceutical company has gathered data that it believes sufficiently demonstrates a drug's safety, efficacy and quality, then the company may file a New Drug Application (NDA) or Biologics License Application (BLA), as applicable, for the drug. The NDA or BLA must contain all the scientific information that has been gathered about the drug and proposed labeling, among other things. 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 possibility of an advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities, the sponsor 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, new drug applications are filed with the Pharmaceuticals and Medical Devices Agency (the PMDA), one of the independent administrative agencies for the Ministry of Health, Labor and Welfare (the "MHLW"). During the review process, the quality, efficacy, and safety of that new drugs are

evaluated by a review team from the evaluation division in PMDA in light of current scientific and technological standards. In addition, GLP/GCP/Document-based Conformity inspections to ensure the submitted data are done by an inspection team from the non-clinical and clinical division in PMDA in compliance with the ethical and scientific standards, and GMP inspections to ensure quality management of the manufacturing facility for that new drugs are done by an inspection team from the manufacturing quality division in PMDA in parallel. Afterwards, the review and inspection results, created by PMDA, are reported to the MHLW for further review by "the Committee on Drugs" and "the Pharmaceutical Affairs and Food Sanitation Council". Based on the review results of both Committees, (the MHLW makes the final decision on the drug's outcome. Once the MHLW has approved the new drug application, the national health insurance price (NHIP) for that new drug is officially listed by MHLW within 60 days (90 days at the latest) after the approval. The applicant may market and sell that new drug after NHIP listing.

2.1.11. 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 an opt out provision in March 2024.

The Company also occupies additional office space in Paris with a lease that expires in January 2024.

The company also has a lease for 4,089 square feet of office space in Burlington, MA, USA, which has been terminated and will end in May 2023.

2.1.12. 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 *Universal Registration Document*, the Company is not a party to any 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.

2.1.13. 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. The Company is also monitoring the potential impact of the recent geopolitical events in Ukraine and Russia, although the Company does not have any activity in these territories.

As of the date of this *Universal Registration Document*, 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, other than the impact on the commercialization of TWYMEEG® in Japan by the Company's partner Sumitomo Pharma. Similarly, the Company has not identified the occurrence of any material negative effect on its business due to the war in Ukraine. 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 as well as the war in Ukraine 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.

Based on recent sales trends, Sumitomo has increased its fiscal year 20223 forecast by 20% to JPY 1.8 billion6 (EUR 12.8 million)[60]. For the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption, Poxel expects to receive 8% royalties on TWYMEEG net sales. Before the end of Sumitomo's fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million)[60] entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million)[60]. Beyond 2024, Poxel expects to receive escalating double-digit royalties as well as additional sales-based payments upon achievement of contractually based sales thresholds. As part of the Merck Serono licensing agreement, Poxel will pay Merck Serono a fixed 8% royalty based on the net sales of TWYMEEG, independent of the level of sales.

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 Universal Registration Document, 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 Universal Registration Document 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 Universal Registration Document.

Other risks or uncertainties that are unknown or have not been considered, as of the date of this Universal Registration Document, 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.

60 Currency exchange rate at December 31, 2022

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 PXL770 OR PXL065 WILL RECEIVE REGULATORY APPROVAL OR THAT IMEGLIMIN WILL RECEIVE APPROVAL IN ADDITIONAL TERRITORIES OUTSIDE JAPAN, 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 COMPANY IS DEVELOPING PXL065 FOR THE TREATMENT OF NASH AND PXL065 AND PXL770 FOR THE TREATMENT OF X-LINKED ADRENOLEUKODYSTROPHY (ALD), CONDITIONS FOR WHICH NO DRUGS HAVE 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**	**CRITICAL**	⇨
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 NUMBER OF PATIENT SUFFERING FROM X-LINKED ADRENOLEUKODYSTROPHY (ALD) THAT THE COMPANY IS TARGETING IS SMALL AND HAS NOT BEEN ESTABLISHED WITH PRECISION. IF THE ACTUAL NUMBER OF PATIENTS IS SMALLER THAN THE COMPANY	**HIGH**	**HIGH**	⇨

ESTIMATES, ITS REVENUE AND ABILITY TO ACHIEVE PROFITABILITY MAY BE MATERIALLY ADVERSELY AFFECTED			
THE COMPANY MAY BE UNABLE TO OBTAIN CERTAIN SPECIFIC DISEASE DESIGNATION FOR PXL065 OR PXL770 FOR THE TREATMENT OF X-LINKED ADRENOLEUKODYSTROPHY (ALD). IN ADDITION, SPECIFIC DISEASE DESIGNATION BY THE FDA AND THE EMA MAY NOT LEAD TO A FASTER DEVELOPMENT, REGULATORY REVIEW OR APPROVAL PROCESS, AND IT DOES NOT INCREASE THE LIKELIHOOD THAT PXL065 OR PXL770 WILL RECEIVE ADDITIONAL MARKETING APPROVALS IN THE UNITED STATES OR A MARKETING AUTHORIZATION IN THE EU	**MODERATE**	**CRITICAL**	⇨
THE COVID-19 EPIDEMIC COULD HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S ACTIVITIES	**MODERATE**	**CRITICAL**	⇨
THE COMPANY MAY 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**	**MODERATE**	⇨
RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL			
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**	⇨
THE COMPANY HAS GENERATED VERY LIMITED REVENUES FROM PRODUCT SALES TO DATE AND HAS ALSO ACCUMULATED FISCAL LOSSES SINCE INCORPORATION THROUGH DECEMBER 31, 2022, OF €206 MILLION. CURRENTLY, THE COMPANY HAS ONE PRODUCT APPROVED FOR COMMERCIAL SALE, TWYMEEG® IN JAPAN. 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 HAS SUBSTANTIAL AMOUNT OF DEBT WHICH COULD ADVERSELY AFFECT ITS FINANCIAL CONDITION AND ITS ABILITY TO OPERATE ITS BUSINESS.	**HIGH**	**CRITICAL**	⇨
IF THE COMPANY, ITS PARTNER SUMITOMO PHARMA OR ITS POTENTIAL FUTURE 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 AGREEMENT HAVE CONTRIBUTED AND ARE EXPECTED TO CONTRIBUTE A LARGE PORTION OF THE COMPANY'S REVENUE FOR THE FORESEEABLE FUTURE.	**HIGH**	**CRITICAL**	⇨
FUTURE IMPAIRMENTS OF INTANGIBLE ASSETS COULD NEGATIVELY AFFECT THE GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS.	**HIGH**	**HIGH**	⇨

RISKS RELATED TO THE COMPANY'S DEPENDENCE ON THIRD PARTIES			
THE COMPANY HAS ESTABLISHED A PARTNERSHIP AGREEMENT WITH SUMITOMO PHARMA FOR THE DEVELOPMENT AND COMMERCIALIZATION OF IMEGLIMIN, AND THE COMPANY DEPENDS UPON THIS PARTNER FOR THE EXECUTION OF ITS DEVELOPMENT AND COMMERCIALIZATION PROGRAMS.	**HIGH**	**CRITICAL**	
THE LATE-STAGE DEVELOPMENT AND MARKETING OF THE COMPANY'S DRUG CANDIDATES IN NASH AND DIABETES OUTSIDE JAPAN 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**	
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**	
THERE ARE NUMEROUS COMPETITORS IN THE MARKET FOR THERAPEUTIC TREATMENTS OF METABOLIC PATHOLOGIES.	**MODERATE**	**HIGH**	
THE COMPANY'S DRUG CANDIDATES 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 MAY CHANGE ITS ORGANIZATION, AND AS A RESULT, THE COMPANY MAY ENCOUNTER DIFFICULTIES IN MANAGING ITS WORKFORCE, WHICH COULD DISRUPT ITS OPERATIONS.	**HIGH**	**CRITICAL**	
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 AND BUSINESS OPERATIONS.	**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**	**HIGH**	⇨
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. Eventually, the patient enrollment for this trial has been completed in the third quarter of 2021.

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 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 in NSAH could not recruit patients according to the planned schedule due to COVID-19. Other difficulties could be encountered in the context of the two phase 2a clinical Proof of Concept (POC) biomarker studies of PXL065 and PXL770 in X-linked adrenoleukodystrophy (ALD). 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 PXL770 or PXL065 or any of its future drug candidates will receive regulatory approval, or that Imeglimin will receive approval in additional territories outside Japan, and, without regulatory approval, the Company will not be able to commercialize its drug candidates.**

The Company currently has only one drug product approved for sale in Japan (Imeglimin), and the Company cannot guarantee that it will ever have other drug products approved for commercialization in the future or that Imeglimin will ever receive approval for commercialization in additional territories. 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 submitted one marketing application, which has been approved by the PMDA in June 2021 for the commercialization of Imeglimin in Japan. The Company has not submitted any other marketing applications.

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. This was the case when Sumitomo Pharma submitted a registration dossier (a Japanese New Drug Application, or JNDA) for Imeglimin in July of 2020, with first product launch in Japan which occurred in September 2021. Japan has taken approximately one year to review the JNDA for Imeglimin. 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 including Imeglimin in Japan may be withdrawn.

On the date of this *Universal Registration Document*, 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, including rare metabolic 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, NASH and X-linked adrenoleukodystrophy (ALD) patients may suffer from other co-morbidities, such as cardiovascular 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 receives marketing approval, as Imeglimin in Japan, 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 2.2.1.10 "*The Company may 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 outside of Japan, 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 candidates PXL065 and PXL770 for the treatment of X-linked adrenoleukodystrophy (ALD) are in relatively early stages of clinical development and have 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 Company is developing PXL065 for the treatment of NASH and PXL065 and PXL770 for the treatment X-linked adrenoleukodystrophy (ALD) conditions for which no drugs have 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 its drug candidate, PXL065, for the treatment of NASH and two of its drug candidates PXL065 and PXL770 for the treatment X-linked adrenoleukodystrophy (ALD), diseases for which there are currently no approved treatments (see Section 2.1.9 "*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. In February and April 2022, the FDA has granted Fast Track Designation (FTD) to PXL065 and PXL770, respectively, for the treatment of patients with adrenomyeloneuropathy (AMN), the most common form of X-linked adrenoleukodystrophy (ALD).

As there is no existing approved treatment of NASH or X-linked adrenoleukodystrophy (ALD), 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.

2.2.1.6. **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. 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.

2.2.1.7. **The number of patients suffering from X-linked adrenoleukodystrophy (ALD) that the Company is targeting is small and has not been established with precision. If the actual number of patients is smaller than the Company estimates, its revenue and ability to achieve profitability may be materially adversely affected.**

Due to the rarity of certain Company's target indications, there is no comprehensive patient registry or other method of establishing with precision the actual number of patients with X-linked adrenoleukodystrophy (ALD) pathway deficiencies. As a result, the Company has had to rely on other available sources to derive clinical prevalence estimates for its target indications.

The Company believes that the patient populations in the EU are at least as large as those in the United States. However, the Company does not have comparable epidemiological data from the EU and these estimates are therefore based solely on applying relative population percentages to the Company-derived estimates described above.

Defining the exact treatment for X-linked adrenoleukodystrophy (ALD) disorders is complex, so if any approval that the Company obtains is based on a narrower definition of these patient populations than the Company had anticipated, then the potential market for PXL065 or PXL770 for these indications will be smaller than the Company originally believed. In either case, a smaller patient population in the Company's target indications would have a materially adverse effect on the Company's ability to achieve commercialization and generate revenues.

2.2.1.8. **The Company may be unable to obtain certain specific disease designation for PXL065 or PXL770 for the treatment of X-linked adrenoleukodystrophy (ALD). In addition, specific disease designation by the FDA and the EMA may not lead to a faster development, regulatory review or approval process, and it does not increase the likelihood that PXL065 or PXL770 will receive additional marketing approvals in the United States or a marketing authorization in the EU.**

The FDA and the EMA are authorized to give certain products certain specific disease designation such as "Fast Track Designation", "Orphan Drug" or "Breakthrough Therapy designation."

Fast Track Designation (FTD) may be awarded by the FDA 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 FDA notes that 'the purpose of the Fast Track program is to get important new drugs to the patient earlier". FTD must be requested by the sponsor company and must be accompanied by a detailed review of preclinical or clinical data. Accordingly, even if the Company believes PXL065 or PXL770 meet the criteria for FTD, the FDA may disagree. The key benefits of FTD comprise enhanced access to the FDA, with regular and more frequent opportunities for consultation and discussion. In addition, drugs with FTD may be eligible for Accelerated Approval, in which a new medicine is approved prior to the availability of definitive data, and Priority Review, in which the standard 10-month review process is reduced to six months. Drugs with FTD may also enter a 'rolling review' of their NDA submission, in which sections are submitted and reviewed as they become available, which has the potential to substantially expedite the approval process.

Orphan Drug Designation is granted by the FDA to novel therapeutics for diseases or conditions that affect fewer than 200,000 individuals in the U.S. ODD gives a company a potential seven-year window of exclusive marketing rights following FDA approval, along with a reduction in certain application fees, and tax credits for expenses related to qualified clinical trials conducted after orphan designation is received. ODD in the European Union (EU) is granted by the European Commission based on a positive opinion issued by the European Medicines Agency (EMA) Committee for Orphan Medical Products (COMP). To qualify for ODD from the European Commission, a product candidate must be intended to treat, prevent, or diagnose a life-threatening or chronically debilitating disease that does not affect

more than 5 in 10,000 people across the EU. In addition, there must be sufficient clinical or non-clinical data to suggest the product candidate may produce clinically relevant outcomes, and grounds to indicate it can provide a significant benefit over any currently authorized products. Receiving an orphan drug designation from the European Commission provides companies with certain benefits and incentives including clinical protocol assistance, access to a centralized marketing authorization procedure valid in all EU member states, reduced regulatory fees, and ten years of market exclusivity upon receipt of marketing authorization in the EU. The availability of market exclusivity is intended to encourage the development of medicines for rare diseases by protecting them from competition from similar medicines with similar indications, which cannot be marketed during the exclusivity period.

A Breakthrough Therapy product candidate is defined as a product candidate that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that such product candidate may demonstrate substantial improvement on one or more clinically significant endpoints over existing therapies. The FDA will seek to ensure the sponsor of Breakthrough Therapy product candidate receives intensive guidance on an efficient drug development program, intensive involvement of senior managers and experienced staff on a proactive, collaborative and cross-disciplinary review. In addition, the FDA may consider reviewing portions of an NDA before the sponsor submits the complete application or rolling review. Product candidates designated as breakthrough therapies by the FDA may be eligible for other expedited programs, such as priority review, if supported by clinical data.

Designation as Breakthrough Therapy is within the discretion of the FDA. Accordingly, even if the Company believes PXL065 or PXL770 meet the criteria for designation as Breakthrough Therapy, the FDA may disagree. In any event, the receipt of Breakthrough Therapy designation for a product candidate, or acceptance for one or more of the FDA's other expedited programs, may not result in a faster development process, review or approval compared to products considered for approval under conventional FDA procedures and does not guarantee ultimate approval by the FDA. Regulatory standards to demonstrate safety and efficacy must still be met. Additionally, the FDA may later decide that the product candidate no longer meets the conditions for designation and may withdraw designation at any time or decide that the time period for FDA review or approval will not be shortened.

The PRIME program was launched by the EMA in March 2016. PRIME is intended to enhance support for the development of medicines that target an unmet medical need. This voluntary scheme is based on enhanced interaction and early dialogue with EMA, to optimize development plans and speed up evaluation so these medicines can reach patients earlier. The PRIME designation does not, however, guarantee that the regulatory review process in the EU will be shorter or less demanding. Neither does the PRIME designation guarantee that the European Commission will grant a marketing authorization for PXL065 or PXL770 in X-linked adrenoleukodystrophy (ALD).

In February and April 2022, the FDA granted Fast Track Designation to PXL065 and PXL770, respectively, for the treatment of ALD. In Q4 2022, the European Commission granted orphan drug designation (ODD) to PXL770 and PXL065 for the treatment of adrenoleukodystrophy (ALD). The decision follows a positive opinion from the Committee for Orphan Medicinal Products (COMP) of the European Medicines Agency (EMA). The U.S. Food and Drug Administration has previously granted ODD to both PXL770 and PXL065 for the treatment of ALD. PXL770 also received, Orphan Drug Designation was also granted by the US FDA for PXL770 in ADPKD Q4 2022.

However, the Company may be unable to maintain or obtain additional specific disease designation for PXL065 or PXL770. In addition, specific disease designation by the FDA and the EMA may not lead to a faster development, regulatory review or approval process, and it does not increase the likelihood

that PXL065 or PXL770 will receive additional marketing approvals in the United States or a marketing authorization in the EU.

2.2.1.9. **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. Although the COVID-19 pandemic activity is decreasing in these countries, it remains very active in other countries, such as China in which the Group and/or its partners may also plan clinical trials or activities in connection with the development of its products. 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. Furthermore, the outbreak of a novel strain of COVID-19, could adversely impact the Company's business, including the preclinical studies and clinical trials and the commercialization of any approved products.

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:

- 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 impacts of COVID-19 on the Company as of the date of this *Universal Registration Document* was a one-quarter delay in the initiation of a Phase 2 trial for PXL065 in order to ensure a safe and stable environment for patient recruitment and the availability of clinical trial sites during the COVID-19 outbreak, the absence of recruitment of patients by two clinical sites which were selected for the Phase 2 trial on PXL065 in 2020 and certain limited delays in the preparation of the Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN);

    - 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;

- impact on the commercialization of Twymeeg® in Japan by the Company's partner Sumitomo Pharma as COVID-19 conditions has and may reduce the frequency of physician visits, render difficult for patients to visit hospital practitioners to initiate new treatments such as Twymeeg® and limit the significant market education efforts required for an innovative new product with a new mechanism of action;

- 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 *Universal Registration Document*, 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 other than the impact on the commercialization of Twymeeg® in Japan by the Company's partner Sumitomo Pharma. The Company will continue to strongly monitor the impact of the pandemic on its business, prospects, financial condition, cash flows or results of operations.

2.2.1.10. **The Company may 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 especially in NASH and diabetes. 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 2.1.7 "*Imeglimin – the first type 2 diabetes treatment with the ambition of slowing disease course and its complications*" for more details on such combination) or PXL065 and PXL770 with other agents in NASH. 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.

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

2.2.2.1. **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 continue to be significant 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.

The cash position of the Group as of December 31, 2022, amounts to €13.1 million. Based on (i) this cash position, (ii) the full drawdown of the tranches available under the equity-linked financing with IRIS (see Section 2.3.5 "*IRIS Agreements*"), (iii) the current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), and (iv) a strict control of its operating expenses, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements for the next twelve months from the date of this *Universal Registration Document*.

The Group is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern, which include the following risks:

- The Group might not be able to drawdown the full amount available under the equity-linked financing with IRIS due to the conditions associated with this financing which provide that the drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million (see Section 2.3.5 "*IRIS Agreements*"), it being specified that based on the initial drawdown of EUR 3.5 million only, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023,
- The terms of the Group's debt agreement with IPF Partners contains various covenants with which the Company must remain in compliance (see Section 2.3.5 "*IPF Agreement*"). If the Group does not remain in compliance with these covenants, the debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full,
- The Group might not be able to control its operating expenses as planned.

At the date of this *Universal Registration Document*, the amount of redeemable bonds owned by IRIS is EUR 6,642,500, and the Group has the ability to drawdown EUR 357,500 under the additional tranches. The Group is actively pursuing various financing options to further strengthen its balance sheet and initiate the two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN). As of the date of this *Universal Registration Document*, the Group does not have any ongoing clinical trial and is currently conducting development and regulatory strategy activities as well as non-clinical studies. These financing options include dilutive and non-dilutive sources.

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 war in Ukraine, 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. For example, the equity-linked financing entered into with IRIS (see Section 2.3.5 "*IRIS Agreements*") 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 redeemable bonds.

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.

2.2.2.2. **The Company has generated very limited revenues from product sales to date and has also accumulated losses since incorporation through December 31, 2022, of €206 million. Currently, the Company has one product approved for commercial sale, Twymeeg® in Japan. 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 one product, Twymeeg® which has been approved for commercial sale in Japan in June 2021 and has generated very limited revenue from product sales to date. As of December 31, 2022, the Company had an accumulated fiscal loss of €206 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 has obtained a regulatory approval to market Twymeeg® in Japan, its future revenues will depend on the successful commercialization of Twymeeg® in Japan, and 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 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 also 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, 2022. The Company does not anticipate achieving profitability in the future unless the Company obtains regulatory approval for one or more product candidates and achieves sales of such products or linked to the commercialization of Twymeeg® in Japan. The Company anticipates that its expenses will continue to be significant 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 as the Company announced in July 2021 its new strategic direction with increasing focus its pipeline on rare metabolic diseases in addition to NASH;

- begins new clinical trials for its drug candidates;

- seeks other regulatory and marketing approvals for other of its drug candidates that successfully complete 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.

2.2.2.3. **The Company has substantial amount of debt which could adversely affect its financial condition and Its ability to operate its business.**

The Company has a substantial amount of debt which as of December 31, 2022, amounted to a total of €45.8 million. The Company's substantial debt could have important consequences, including the following:

- it may be difficult for the Company to satisfy its obligations, including debt service requirements under its outstanding debt,
- the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements or other general corporate purposes may be impaired,
- the Company may use a significant portion of its future cash flows, as part of the agreement reached with IPF Partners and its other lenders (see Section 2.3.4 "*IPF Agreement*") related to the commercialization of Twymeeg® in Japan, for payments on its debt, which will reduce the funds available to the Company for other purposes,
- the Company is more vulnerable to economic downturns and adverse industry conditions and its flexibility to plan for, or react to, changes in its business or industry is more limited,
- the Company's ability to capitalize on business opportunities and to react to competitive pressures, as compared to its competitors, may be compromised due to its high level of debt, and
- the Company's ability to borrow additional funds or to refinance debt may be limited.

In addition, servicing the Company's debt will require a significant amount of cash. The Company's ability to generate sufficient cash depends on numerous factors beyond its control, especially in connection with the commercialization of Twymeeg® in Japan by the Company's partner Sumitomo. The Company may be unable to generate sufficient cash flow to service its debt obligations.

As part of the restructuring of the Company's debt in March 2023, the Company's lenders agreed to postpone debt repayments until the first quarter of 2025. The cash required by the Company to meet contractual obligations in 2023, including its debt service, will consist only of interests and will total approximately €3 million (based on a Euribor 3M +3%). The Company's ability to make payments on and to refinance its debt and to fund planned capital expenditures will depend on its ability to generate cash in the future. To some extent, this is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. Lower net revenues in the future would reduce the Company's cash flow and its ability to service the Company's debt obligations.

The maturities of financial liabilities of the Group as of December 31, 2022, are as follows:

(1) Financial liabilities related to the prefinancing of a part of the research tax credit (CIR) receivables

CURRENT AND NON-CURRENT LIABILITES (Amounts in K€)	Dec 31, 2022					
	Gross amount	Less than 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Longer than 5 years
IPF Financial debt	31,837	6,791	4,882	20,164	-	-
PGE debt	5,872	746	776	3,022	1,328	-
Lease debt	1,163	232	228	457	246	-
Derivative liabilities	1,533	1,533	-	-	-	-
IRIS debt	4,566	4,566	-	-	-	-
Financial liabilities (1)	822	-	822	-	-	-
Agios	-	-	-	-	-	-
Total financial liabilities	**45,793**	**13,868**	**6,708**	**23,644**	**1,573**	**-**

If the Company is unable to generate sufficient cash flow to service its debt and meet its other commitments, the Company may need to refinance all or a portion of its debt, sell material assets or operations or raise additional debt or equity capital. The Company cannot assure that it could effect any of these actions on a timely basis, on commercially reasonable terms or at all, or that these actions would be sufficient to meet its capital requirements. In addition, the terms of the Company's existing or future debt agreements may restrict the Company from effecting any of these alternatives. If the Company is not able to service its debt and other commitments, the Company may seek or be forced into bankruptcy, or forced to reduce its operations or discontinue its operations in their entirety.

The terms of the Company's debt agreement with IPF Partners also contains various covenants with which the Company must remain in compliance and that places various restrictions on the Company's ability to conduct its activities. If the Company does not remain in compliance with these covenants, the debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity or it could result in the Company having to refinance the related indebtedness under unfavorable terms. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full.

2.2.2.4. **If the Company, its partner Sumitomo Pharma, or its potential future 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 Pharma under its Sumitomo Pharma License Agreement. For example, the Company is eligible to receive escalating royalties of 8 - 18% on net sales of Twymeeg® and sales-based payments of up to

approximately EUR 200 million under its Sumitomo Pharma License Agreement. The Company currently depends to a large degree on the payments from its existing partner in order to fund its operations and debt obligations.

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.

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

The Company has entered into a partnership and license agreement for Imeglimin with Sumitomo Pharma in respect of Japan, China and eleven other East and Southeast Asian countries (the "**Sumitomo Pharma License Agreement.** The revenue recognized from the Sumitomo Pharma License Agreement were €0.7 million and €13.4 million for the years ended December 31, 2022, and 2021 respectively (see Sections 2.3.2 "*Sumitomo Pharma License Agreement*" for more details on such agreement).

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 by the Company's former partner, Roivant of their licence 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. Should any of these risks materialize, this could have an adverse effect on the Company's business, prospects, financial condition and results of operations.

2.2.2.6. Future impairments of intangible assets could negatively affect the Group's financial condition and results of operations.

On August 29, 2018, the Group 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 Group refers to as 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 responsible for, and controls the development and commercialization of, the PXL065 Products.

As consideration under the DeuteRx Agreement, the Group 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 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).

Since acquisition, the Group has recognized the PXL065 Products as intangible assets for an amount of € 16,572 thousand, which includes the upfront of $ 8 million (€ 6,866 thousand), € 791 thousand of acquisition costs and € 8,914 thousand paid in shares.

Development strategy for PXL065

The Group's strategy is to pursue the development of PXL065 in two target indications: for the treatment of non-alcoholic steatohepatitis (NASH) but also to explore ilts potential for X-linked adrenoleukodystrophy (ALD).

In NASH, considering the cost of the required Phase 3 clinical trial to progress to a potential marketing approval, the Group intends to advance through a partnership agreement, which the Group is actively pursuing.

In ALD, the Group intends to initiate a Phase 2 biomarker POC clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype, as soon as possible subject to the obtention of sufficient financing for such trial, which the Group evaluates at €6 million (including approximately €3M direct cost for the trial and the Group's other general corporate financing needs until the end of the trial)**.** Depending on Phase 2 results, financing status and potential partners' interest particularly in NASH, the Group will decide to develop PXL065 alone to get to marketing approval or to partner the product for phase 3 and commercialization.

However, at the date the financial statements were approved by the board of Directors, the Group cannot be certain that it will be able for PXL065 to find collaboration partners in NASH or raise additional funding for development in ALD, which may not be available on acceptable terms, or at all. In particular, in NASH, where there are currently no therapeutic products approved, a number of companies in the pharmaceuticals industry have suffered significant setbacks in Phase 2 and 3 clinical

trials, even after seeing promising results in earlier clinical trials. This could impact the interest of potential partners for the NASH field overall and impact the Group's ability to find a collaboration partner for further develop PXL065.

Furthermore, the Group is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Group to continue as a going concern (see Section 2.2.2.1 "*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."*)

These risks led the statutory auditors of the Group to include a qualification for limitation in their reports on the interim consolidated financial statements for the half year financial information from January 1st to June 30, 2022. In their qualification the statutory auditors, considering the Group's financial situation, indicated that they were unable to gather sufficient information to justify the valuation of the PXL065 and were therefore unable to assess the need to impair or not this intangible asset. The statutory auditors of the Group have maintained this qualification in their audit report relating to consolidated financial statements and in their report on the financial statements for the year ended December 31, 2022 (see Section 3.4 "*Auditors' reports*").

Impairment test

For PXL065, the impairment tests have been performed both for a development plan in NASH and in ALD in accordance with the principles described in Section 3.2.6 "*Notes to the consolidated financial statements*" (Note 3.6).

Based on the key assumptions described in Section 3.2.6 "*Notes to the consolidated financial statements*" (Note 6), sufficient funding of the Group, which the Group has not secured at the date the financial statements were approved by the board of Directors and which would be significant until a potential marketing approval, and taking into account the development and sales milestones as well as Royalties due to DeuteRx, the impairment test did not lead to the recognition of any impairment in the financial years presented in this *Universal Registration Document*.

Continuous development and economic value

In addition to the impairment test, the Group also took into account the continuous development of the PXL065 to determine a potential decrease or increase in value since acquisition. In particular the following key milestones were achieved since 2018:

1. Successful pre-clinical and clinical trials

<u>NASH</u>

a) In April 2019, the Company announced the completion of a Phase 1a trial, single ascending dose 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.
b) In December 2019, the Company announced results from a Phase 1b, multiple ascending doses, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065. The trial showed a dose-dependent pharmacokinetic profile and confirmed the stability and safety of PXL065 at the doses tested.
c) In August 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065)) was a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US.

Primary efficacy endpoint for liver fat content reduction at 36 weeks was met for all doses. 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 fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. PXL065 was observed to be safe and well tolerated.

ALD

a) The potential of PXL065 in ALD has been evaluated in both C-ALD and AMN *in vitro* models. The *in vitro* studies exposed PXL065 to fibroblasts and lymphocytes from patients within each disease state. *In vitro* results in patient-derived and knockout mouse cells showed that PXL065 is able to mitigate the main hallmark of ALD disease alongside improvements of other disease associated cellular phenotypes.
b) The potential of PXL065 in ALD has also been evaluated *in vivo* in a well-established, and the most relevant, animal model for ALD, the ABCD1 null mouse. Given the similarity of features in ABCD1 mice to humans with ALD (in particular to AMN), experiments focusing on both VLCFA and on additional phenotypes were conducted. After chronic treatment with PXL065 elevated VLCFA levels were significantly lowered in plasma, brain, and spinal cord – with evidence of superiority relative to pioglitazone. Axonal morphology (based on electron microscopy) of sciatic nerve was also improved. The neuro-behavioural effects of PXL065 were also evaluated. In this context, open field neurologic test scores for total distance and freezing time showed improvements in animals treated with PXL065, but not with pioglitazone.

2. Positive regulatory milestones
   a) In the fourth quarter of 2019, based on the Group's pre-investigational new drug meeting with the FDA in the United States, the Group was allowed to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development.
   b) In February and April 2022, the FDA granted Fast Track Designation (FTD) to PXL065 for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions.
   c) Respectively in Q2 2022 and Q4 2022, the FDA and the European Commission granted orphan drug designation (ODD) to PXL065 for the treatment of ALD.

3. Strengthened Intellectual property portfolio
   a) The intellectual property portfolio for PXL065 and other deuterated TZDs contains 8 families of owned patents and patent applications, including the composition of matter patent, with statutory expiration dates between 2028 and 2041. Patent term adjustments or patent term extensions could result in later expiration dates.
   b) In 2022, the U.S. Patent and Trademark Office (PTO) has issued to Poxel US Patent No. 11319313 which represents a new patent for PXL065 and describes a specific form of PXL065 with unique properties. Importantly, this 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.

Since the acquisition of the PXL065 Products in 2018, the Group estimates that it has invested approximately €33 million in their development. Based on i) the initial acquisition cost of the asset in 2018, ii) the significant cash investment since then and iii) the significant progress in the development of the PXL065 program, the Group considers that the inherent value of the asset is at least equal to the value recognized in the Group's financial statements for year ended December 31, 2022.

In addition, the Group has reviewed recent transactions in the field of NASH and ALD, involving competitors with products at a substantially similar development stage as PXL065. These transactions took the form of licensing agreements related to the rights of compounds in both indications. Although there are a limited number of recent transactions in the field of NASH and ALD, based on publicly available information the valuation of such comparable compounds was significantly higher than the value recognized by the Group for PXL065 Products in its financial statements.

Estimating the fair value of an asset requires the Group to make assumptions and estimates regarding its future plans, as well as industry, economic, and regulatory conditions. If current expectations are not met or if market factors outside of the Group's control change, then an impairment of the PXL065 might be required in the future. Furthermore, if the Group is unable able to find collaboration partners and to sign new agreements for PXL065 in NASH or to raise additional funding for PXL065 in ALD, or to continue as a going concern, the Group may be required to perform another impairment analysis at the end of the first semester of 2023 and/or the end of 2023, which could result in an impairment of up to the entire value of PXL065. Such impairment could negatively affect the Group's 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 a partnership agreement with Sumitomo Pharma for the development and commercialization of Imeglimin, and the Company depends upon this partner for the execution of its development and commercialization programs.**

The Company's development and commercialization of Imeglimin in Japan, China and eleven other East and Southeast Asian countries is entirely dependent upon the Sumitomo Pharma License Agreement. Outside of the territories covered by the Sumitomo Pharma License Agreement, including the United States and Europe, its development of Imeglimin is entirely dependent upon the Company's ability to progress alone or to enter into a broad collaboration agreement with a third party, which the Company does not expect in the near term.

In the territories covered by the Sumitomo Pharma License Agreement, the Company has limited control over the amount and timing of resources that Sumitomo Pharma will dedicate to the development and commercialization of Imeglimin. Following the announcement of the launch of the commercialization of Twymeeg® in Japan, the Company's ability to generate revenue from the Sumitomo Pharma License agreement will depend on its partner' abilities to carry out the intended plans. The revenues from the commercialization of Twymeeg® in Japan will, to a certain extent, be used to repay the Company's existing debt facility with IPF Partners (see Section 2.3.4 "*IPF Agreement*"). Should the commercialization of Twymeeg® in Japan not be successful, the Company could face difficulties to meet its financial obligations towards IPF Partners. In addition, as it has occurred for the Roivant license agreement in January 2021, Sumitomo Pharma could have the right to abandon research or development projects and terminate its collaboration agreements prior to or upon expiration of the terms.

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. Further to the positive results of the Phase 2 clinical trial

in NASH for PXL065, the Company is looking to enter into a partnership agreement with a third party to advance its development.

The Company's current collaboration involving the development and commercialization of Imeglimin pose a number of risks, and any further partnership agreements with third parties for the development and commercialization of other drug candidates in the future, 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 the Company's drug candidates, 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 the Company's drug candidates, repeat or conduct new clinical trials, or require a new formulation of the Company's drug candidates for clinical testing;

- partners could independently develop, or develop with third parties, products that compete directly or indirectly with the Company's drug candidates;

- 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 the Company's drug candidates; additional responsibilities with respect to the Company's drug candidates; 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 the Company's drug candidates; 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 the Company's drug candidates licensed to it by us. Collaboration agreements might not result in highly performing development or commercialization of the Company's drug candidates or might simply not give any results at all.

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

In order to develop and market some of its product candidates in NASH or diabetes, the Company may rely on collaboration, research and license agreements with pharmaceutical companies to assist in the development of product candidates and the financing of their development. For Imeglimin, its most advanced product, commercialized in Japan since September 2021, the Company has entered into an

agreement with Sumitomo Pharma, in part because of its late-stage development and marketing capabilities.

As the Company continues to develop PXL770 and PXL065 in X-linked adrenoleukodystrophy (ALD), in addition to NASH, 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, 2022, one supplier, a global leader in the field, accounted for 35% of the Company's total purchases mainly in connection with the clinical development of PXL065 in NASH. 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. For example, 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, 2022, the Company is using approximately 39 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, such as for Imeglimin in Japan in June 2021, 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. **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 successful commercialization of Twymeeg® and any other of the Company's drug candidates, if approved, will depend in part on 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 are 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.

2.2.4.3. **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, NASH and X-linked adrenoleukodystrophy (ALD) making it highly competitive fields.

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., Intercept Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., Viking Therapeutics, Inc., Inventiva and Akero Therapeutics. The Company's competitors in the ALD space are primarily small biotech companies including, but not limited to, Minoryx, Bluebird, Viking Therapeutics, Autobahn Therapeutics, SwanBio. 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., Novo Nordisk A/S, Johnson & Johnson, Boehringer, and Merck Sharp & Dohme Corp. 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 and X-linked adrenoleukodystrophy (ALD) treatments. 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.

2.2.4.4. **The Company's drug candidates 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 is commercializing Twymeeg® in Japan through its partner Sumitomo Pharma for the treatment of type 2 diabetes, following its approval by the Japanese regulatory authorities for marketing and sale in June 2021. Twymeeg® or any other of the Company's drug candidates may fail to gain sufficient market acceptance by physicians, patients, healthcare prescribers, third-party payors and others in the medical community. For example, Twymeeg® initial commercial uptake has been impacted by prescribing restrictions for new products during the first year of sales and COVID-19 conditions. This has reduced the frequency of physician visits, rendered difficult for patients to visit hospital practitioners to initiate new treatments such as Twymeeg® and limited the significant market education efforts required for an innovative new product with a new mechanism of action.

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 or X-linked adrenoleukodystrophy (ALD), 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, NASH and X-linked adrenoleukodystrophy (ALD); 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 may require the Company to enter into new collaborations or partnerships agreements.

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, including Twymeeg®, 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 may change its organization, and as a result, the Company may encounter difficulties in managing its workforce, which could disrupt its operations.**

As of December 31, 2022, the Company had 37 full-time employees (on average) as compared to 56 employees in 2021. In 2022, the Company implemented a staff reduction plan and significantly reduced its number of employees. This plan impacted almost all of the Company's departments, and in particular at the date of this *Universal Registration Document*, the Company does no longer count any employee in Japan. (See Section 2.4.2 "*Employees* "*).*

In the future, the Company may again experience significant changes 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 other than Imeglimin in Japan, receives marketing approval, in the areas of sales, marketing and distribution.

In order to manage its anticipated development, 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, maintain 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 changes, the Company may not be able to effectively manage its operations or recruit and train additional qualified personnel. The change 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 changes. Any inability to manage change 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 changes, 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 other of its drug candidates, if approved, and compete effectively will depend, in part, on its ability to effectively manage the future changes 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 and its business operations.**

The Company's internal computer systems and those of its current and any future collaborators and other contractors or consultants are vulnerable to cyber-attacks, 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 for the 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 2022 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 has 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. Since 2021, the Company

has implemented a cyber-security insurance to protect itself against the consequences of potential cyber-attacks.

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 euro. The Company has also received, and expects to continue to receive, payments from its partner Sumitomo Pharma, under its partnership agreement in currencies other than euro, in particular in the context of the commercialization of Twymeeg® in Japan. 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.

As it relates to Japanese Yen, the Company was exposed to foreign exchange risk taking into account the volume of transactions that it carried out in yen in 2021 and 2022 in the framework of the co-development agreement signed with Sumitomo Pharma. However, it covered this risk in application of the principle provided in the contract, according to which the Group re-bills Sumitomo Pharma in the same currency as that, in which it has been charged for its purchases.

The Company has implemented forward purchases of U.S. dollars and forward sales of Japanese Yens to limit the foreign exchange risk. As a result, the exchange expenses & sources of income reported in the Company's audited financial statements in 2021, include non-cash expenses / sources of income that consist in accounting entries that takes into account the year-end reevaluation of deposit in Dollar and Japanese Yen. As of December 31, 2022, no such forward purchase was pending in the account.

From December 31, 2022, 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.

A 1% increase in the EUR/JPY exchange rate will result in a decrease in revenue of EUR 6,000 (out of EUR 673,373). An increase of 1% in the EUR/USD exchange rate would have no revenue impact.

As of December 31, 2022, the Company has trade payables in U.S. dollar for USD $2.4 M.

Notwithstanding forward sale or purchase agreements that the Company may implement, an increase in the value of euro against the Japanese yen could have a negative impact on its revenue and earnings growth as Japanese yen revenue and earnings, if any, would be translated into euros at a reduced value. Likewise, a decrease in the value of euro against the U.S. dollar could have a negative impact on its operating expenses incurred in U.S. dollar. 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, NASH and X-linked adrenoleukodystrophy (ALD) fields 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. In 2021 and in 2022, further to a strategic review of its intellectual property portfolio, the Company also made the strategic decision to abandon certain of its existing patents (see Section 2.1.8 "*Intellectual Property*"). As of the date of this *Universal Registration Document,* 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 significantly impact 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.**

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 2.1.5 "*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 (i) having legal bases for processing personal information relating to identifiable individuals and (ii) to ensuring the transfer of 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, other administrative penalties, criminal sanctions 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 2.1.8 "*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 or Licensed patents at a fixed 8% rate for Imeglimin and a low single digit rate for other products covered by the assigned or Licensed patents; and

- an additional percentage of certain revenue from any partnering agreement relating to the drug candidates covered by the Assigned or Licensed patents, at a low double-digit rate for Imeglimin. For other compounds (none of which relates to any of the main drug candidates developed by the Company (e.g. Imeglimin, PXL770 and PXL065), 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 or Licensed 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 sold its entire stake in transactions on the open market and to the Company's knowledge at the date of this *Universal Registration Document* 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.

2.3.2. SUMITOMO PHARMA License Agreement

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

Under this agreement, Sumitomo Pharma 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 Pharma License Agreement also grants Sumitomo Pharma 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 Pharma License Agreement is 2036. For further information in relation to the Company's patent portfolio, see Section 2.1.8 "*Intellectual Property*".

Sumitomo Pharma is permitted under the Sumitomo Pharma License Agreement to develop the Licensed Product for the purpose of commercializing it within the designated territory[61]. Both parties have jointly developed Licensed Product through Phase 3 clinical trials and obtained the approval to market the Licensed Product in Japan on June 23, 2021.

Under the Sumitomo Pharma License Agreement, Sumitomo Pharma is 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 Pharma License Agreement, Sumitomo Pharma made an initial non-refundable payment to the Company in an amount of ¥4.750 million (approximately EUR 36 million). Following the submission of the Imeglimin J-NDA in July 2020, the Company received a ¥500 million (EUR 4.1 million) milestone payment from Sumitomo Pharma. On June 23, 2021, the Company received

61 : Designated territory includes 13 countries: Japan, China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos.

the TWYMEEG approval in Japan which triggered a ¥1.75 billion (EUR 13.2 million) milestone payment to Poxel from Sumitomo Pharma.

The Sumitomo Pharma License Agreement also provides for a future potential regulatory milestone payment related to the marketing approval of Imeglimin in China. Sumitomo Pharma will also pay the Company sales-based payments depending on net sales thresholds up to an aggregate amount of ¥26.5 billion (approximately EUR 200 million), as well as escalating royalties of 8-18% on net sales of TWYMEEG. The first net sales threshold is set at JPY 5 billion entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million.

In accordance with the Sumitomo Pharma License Agreement, the royalty rates have been reduced to 8-18%, from the low double digits to the low twenties initially expected, in connection with the final price of TWYMEEG as determined by the national health insurance drug price in Japan. The royalty rate may be further reduced in certain circumstances relating to the expiry of certain licensed patents, generic competition, third-party license payments. Royalties due under the Sumitomo Pharma 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 Pharma 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 Pharma License Agreement as a whole will expire on the date upon which the Sumitomo Pharma License Agreement terminates with respect to the last country in the designated territory. Thereafter, Sumitomo Pharma 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 Pharma License Agreement if the other party materially breaches the terms and conditions of the Sumitomo Pharma 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 Pharma may also terminate the Sumitomo Pharma 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 (valued at €8.9 million). Since the acquisition of the PXL065 Products in 2018, the Group estimates that it has invested approximately €33 million in their development.

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. IPF Agreement

In November 2019, the Group entered into a Subscription Agreement with IPF Partners (the "**IPF Agreement**") 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 within seven years after the signing of the bond financing.

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. 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. In June 2021, following the Marketing approval of Imeglimin in Japan, the Group borrowed €13.5 million under the third and final tranche of IPF Venture Loan and issued warrants to purchase 156,250 ordinary shares with an exercise price of €6.72.

The par value of the bonds is €1 per bond and the bonds had an initial maturity of 5 years from drawdown for each of tranche one and tranche two and 4 years from drawdown for tranche three. The amortization schedule was initially planned with quarterly redemption and a deferred installment for an 18-month period for each of tranche one and tranche two and a 12-month period for tranche three.

The Group has the right to redeem the bonds at any time, subject to an early redemption fee. IPF Partners has the right to an accelerated redemption in case of certain standard events of default which include the breach of any of the debt covenants mentioned below. In such a situation, the debt would become immediately payable.

The bonds initially bore interest at EURIBOR 3M + 6.5% cash margin for tranche one and tranche two, and + 6% cash margin for tranche three and +2% PIK margin for all tranches.

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 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. The IPF Agreement also provides for customary events of default for this type of financing.

The following table describes the initial financial terms of the Bonds:

Tranche	Original amount € million	Warrants	Exercise Price	Maturity from drawdown	Initial deferred installment	Cash Margin	PIK margin
1-Nov 2019	6.5	264,587	€7.37	5 years	18 months	E3M + 6.5%	+2%
2-Mar 2020	10.0	209,967	€7.14	5 years	18 months	E3M+ 6.5%	+2%
3-June 2021	13.5	156,250	€6.72	4 years	12 months	E3M+ 6.0%	+2%
Total	30.0						

First amendment

On August 5, 2022, the Group announced an agreement with IPF Partners to restructure its existing debt facility consisting of postponing repayment of €3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023.

In addition, IPF Partners and the Group 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 €15 million and €10 million through January 2023. After such date, the previously existing financial covenants would be reinstated.

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

As part of the first amendment agreement, IPF has been appointed as an observer to the Company's Board of Directors. IPF Partners has 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. IPF Partners also participates to the work of the Board committees.

Second amendment

On March 22, 2023, the Group announced a second amendment agreement with IPF Partners to further restructure its existing debt facility.

Under this second amendment agreement, IPF Partners has agreed to postpone all debt repayments to reinitiate when the royalty rate on TWYMEEG® (Imeglimin) net sales increases to 10%, resulting in positive net royalties to Poxel (after the first 8% of royalties on net sales are paid to Merck Serono), which the Group anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025). Positive net royalties and sales-based payments will be directed to debt reimbursement until the loan is fully repaid. According to this new repayment schedule, the debt maturity will be in Q2 2029 at the latest.

The Group has set up of dedicated lockbox account to receive all Imeglimin-related income until full repayment of the debt facility. Any Imeglimin-related proceeds received will be applied in the following

order of priority to (i) payment of the amounts due to Merck Serono under the MS Agreement, (ii) payment of the IPF Partners debt and debt held by the banks that provided the French Government-Guaranteed Loan (PGE Loan), obtained in 2020 in the context of the COVID-19 pandemic, in due proportion, (iii) early redemption of the remaining IPF Partners debt and PGE Loans and (iv) payment of any exit fees. Upon full repayment of the IPF Partners debt and PGE Loans, the lockbox account will be closed and any Imeglimin related proceeds will revert to the Group.

In addition to the postponing of debt repayments mentioned above, the Group and IPF have agreed to less restrictive financial covenants where the Company shall maintain a minimum cash position between EUR 1 million and EUR 9 million and a gearing ratio, as measured by total net debt to the market capitalization value of the Company, at a level lower than 150% (vs. 50% initially). The second amendment agreement also includes an additional covenant linked to the level of Imeglimin sales which shall not fall below 75% of the amount of sales forecasted by the Group based on a conservative model until June 30, 2024. The covenants will be assessed on a monthly basis.

The second amendment of the debt facility also includes an increase of the cash margin for tranche three at EURIBOR 3M + 6.5% and an increase of 6% of the PIK margin (in addition to the existing 5% PIK). In case of default or breach of the minimum cash covenant, the cash margin and the PIK margin could be further increased.

Should the Company close a financing transaction of a minimum amount of €15 million, and subject to the then applicable debt to market capitalization gearing ratio of the Company, 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 Company's indebtedness. Such early repayment shall consist in principal and shall not include any early repayment fee.

Should the Group close a royalty monetization transaction, on any of its products, the Group shall repay IPF Partner's debt in full. In addition, in case of voluntary redemption of the bonds prior to the date falling three (3) years from the second amendment agreement, a prepayment premium of an amount of EUR 7 million decreasing linearly on a daily basis to EUR 0 on second amendment agreement third anniversary date, shall be due to IPF Partners.

As part of the second amendment agreement, the Group has also agreed to control its operating expenses budget as part of a plan that ensures no breach of the minimum cash position covenant over the 2023-2024 period.

The second amendment agreement also provides for additional events of default in particular related to the continued execution of the MS Agreement and the Sumitomo License Agreement and additional information rights of IPF Partners related in particular to Imeglimin sales and intellectual property portfolio and operating expenses.

2.3.5. IRIS Agreements

On August 8, 2022, the Group announced the implementation of an equity-linked financing with IRIS and on March 22, 2023, the Group announced a subsequent similar financing (together the "IRIS Agreements"), 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 first 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 or existing ordinary shares of the Company for an initial amount of EUR 4 million. Two additional tranches of EUR 1 million each, were drawn down in Q4 2022, for a total of EUR 6 million. In the second agreement, an initial tranche of EUR 3.5 million was drawn down in March 2023.

At the Company's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down until March 2025, up to a total of EUR 15 million for the second equity-linked facility. The drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million. At the date of this *Universal Registration Document,* the amount of redeemable bonds owned by IRIS is EUR 6,642,500, and the Group has the ability to drawdown EUR 357,500 under the additional tranches.

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 redeemable 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), the delisting of the Group's shares, any default of payment under an existing debt facility or the initiation of a bankruptcy or similar proceedings. 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 or existing ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance or delivery of shares upon redemption of the bonds shall be made on each redemption date on the basis of 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the General Meeting of shareholders of June 21, 2022), (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the General Meeting of shareholders of June 21, 2022), and (iii) the nominal value of the Shares.

During the term of the financing, IRIS is expected to sell the newly issued shares or existing shares received upon conversion of the redeemable bonds on the market or in block trades. 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 redeemable bonds.

As part of the equity-linked financing with IRIS, M. Thomas Kuhn, Chief Executive Officer, has undertaken to loan part of his shares to IRIS. At the time of this *Universal Registration Document*, this loan consists of 700,000 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.

2.4. Organizational structure and employees

2.4.1. Organizational structure

2.4.1.1. Legal organization chart

As of the date of this *Universal Registration Document*, 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, France (Department 69).

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

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

2.4.1.3. Group financial flows

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, 2022, €96,661 was invoiced by the Company to Poxel Japan KK in 2022 for chargebacks on services or for interest on current account advances.

As of December 31, 2022, JPY 85,187,894 was invoiced by Poxel Japan KK to the Company in 2022 for research and management services.

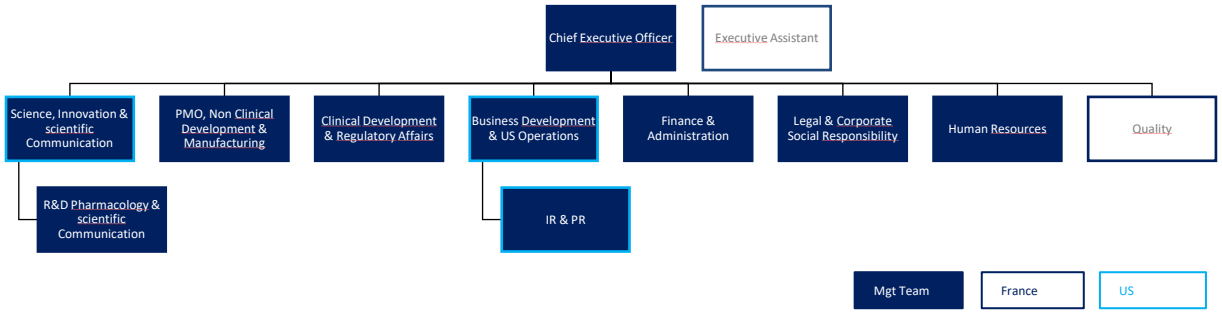
As of December 31, 2022, €239,811 was invoiced by the Company to Poxel Inc. in 2022 for chargebacks on services or for interest on current account advances.

As of December 31, 2022, $2,858,702 was invoiced by Poxel Inc. to the Company in 2022 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 workforce totaled 37 people as of December 31, 2022, as compared to 56 employees in 2021 and to 53 employees in 2020. In the fourth quarter 2022, the Group initiated a corporate savings plan which includes a significant workforce reduction. This saving plan aims to adapt the Group's resources to the current clinical development plan while preserving critical resources and competencies. At the date of this document, the Company does no longer count any employee in Japan.

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, 2022, the Company employed 37 people with permanent contracts. More than 57% of the workforce was assigned to research and development activities, the remaining 43% being assigned to business development operations and to administrative and financial management. The workforce includes two doctors, ten pharmacists, eight PhDs (some of whom are also doctors or pharmacists) and four scientists. The team was composed of 14 men and 23 women, which represents 38% of men and 62% of women while the senior management team is composed of 50 % of men and 50% of women.

As of the date of this *Universal Registration Document* an executive committee of nine 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, and for the most part, have key experience working in pharmaceutical companies.

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

Quentin Durand, Chief Legal Officer & Head of Corporate Social Responsibility

Has served as the Company's Chief Legal Officer since September 2019 and as Chief Legal Officer & Head of Corporate Social Responsibility since November 2021. Prior to joining the Company, Mr. Durand was a lawyer at Dechert LLP from 2015 to 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.

Elizabeth Woo, Senior Vice President, Investor Relations, Public Relations and Corporate Communications

Has served as the Company's Senior Vice President, Investor Relations, Public Relations and Corporate Communications since 2021, with over 25 years of experience in the biopharmaceutical industry.

Her experience in strategic investor and corporate communications spans the full life cycle of drug development and commercialization. Mrs Woo has served in a senior leadership role at Flex Pharma, a neuromuscular-focused company, as Senior Vice President, Investor Relations and Corporate Communications, taking the company public in 2015. Earlier in her career at Biogen, Mrs Woo held a series of progressively responsible management and executive roles over a 12-year period and served as Vice President, Investor Relations. In addition to her corporate roles, Mrs Woo has advised, through her investor relations consulting practice, privately held and publicly traded biotech companies, including Ironwood and Cubist.

Ms. Woo obtained an MBA from the Kellogg School of Management and holds bachelor's degrees in biochemistry and history from the University of California, Berkeley.

Sylvie Bertrand, Vice President, Human Resources

Has served as the Company's Vice President, Human Resources since 2021.

Ms. Bertrand has 20 years of Human Resources experience in various industries and services. After a few years as a mathematics teacher, she quickly turned to the HR profession by joining USG People as a recruitment agency manager for 9 years. Ms. Bertrand then joined Sabert Corporation Europe as HR Director for 7 years, where she defined and implemented the European Human Resources strategy in a context of rapid growth.

Prior to joining the Company, she was HR Director at Thermo Fisher (previously Novasep) and spent almost 4 years leading the Human Resources function of the European biopharma activities for the Group.

Ms Bertrand brings strong expertise in supporting growing companies and implementing HR strategies, processes, and forward-looking management to support their development.

Ms. Bertrand holds a Master's degree in mathematics.

During the 2022 financial year, M. Takashi Kaneko, Ph.D., Senior Vice President of Medical and President of Poxel Japan left the company. M. Takashi Kaneko still serves as advisor to the Company. In addition, in January 2023, after 6 years as Chief Financial Officer of the Company, Anne Renevot left the Company.

This team is also 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 four committees of experts for its programs:

i. A Scientific Committee on NASH, composed of seven members, reputed hepatologists and opinion leaders in the United States and Europe, who are involved in the analysis of the results obtained on 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 Company's NASH program:

   - 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).
   - Stephen Harrison: Stephen is Visiting Professor of Hepatology at the Radcliffe Department of Medicine in University of Oxford; Medical Director at Pinnacle Clinical Research; and President at Summit Clinical Research in the UK.
   - 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 Philip Newsome: Philip is Director at Centre for Liver and Gastrointestinal Research in University of Birmingham in the UK.
   - Professor Gregory Steinberg: Gregory works at Division of Endocrinology in the Department of Medicine of the McMaster University in Ontario, Canada.

ii. A Scientific Advisory Board for Rare Metabolic Diseases, composed of seven members, reputed Scientifics and opinion leaders in the United States and Europe, who will shape Poxel's discovery and clinical-stage programs and further advance its mission to develop therapies for rare metabolic diseases and who advise on its expansion of its clinical programs, and initiate Phase 2a studies for ALD with both PXL065 and PXL770. At the present time, the seven members of this committee are:

   - Professor Stephan Kemp: Stephan is Professor at the University of Amsterdam, in the Netherlands.
   - Professor S.Ali Fatemi: Ali is a Professor and Chief Medical Officer at the Kennedy Krieger Institute, Baltimore, US.
   - Professor Fanny Mochel: Fanny works at University Pierre and Marie Curie in Paris, France.

- Professor Florian Eichler: Florian is Director of the Center for Rare Neurologic Disorders and Director of the Leukodystrophy Service at Massachusetts General Hospital (MGH), Harvard Medical School, US.
- Professor Marc Engelen: Marc is Professor at the Amsterdam University Medical Centers, in the Netherlands.
- Doctor Jaspreet Singh: Jaspreet works in the Department of Neurology at the Henry Ford Health System in Detroit, US.
- Professor Keith Van Haren: Keith is a Professor in Neurology and Neurological Sciences at Stanford University, US.

iii. A Scientific Diabetes Committee composed of three 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 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).

iv. A second Scientific Committee on Diabetes, consisting of five 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 five 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.
- Professor Kohei Kaku: Kaku is Professor at the Department of Internal Medecine of Kawasaki Medical School, based in Okayama, Japan.

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

2.4.2.1.3. **Organization of operations**

Eight departments manage the Company's operations:

- **Science, Innovation and Scientific Communication Department**: Composed of four 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 six 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 nine 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.
- **Business Department and Investor Relations**: Consisting of four 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 eight 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 *Universal Registration Document* .
- **Legal Department:** Composed of two people, the Legal Department supports the R&D, Finance, Business development, Corporate Communications and HR functions for all legal related activities. It oversees 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 two 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 two 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*" of this *Universal Registration Document*

2.4.2.3. Employee share ownership

In accordance with Article L.225-197-1 of the French Commercial code, as of December 31, 2022, the detention of performance shares by the employees of the Company, in the process of being acquired or in the process of being held, represents 2.43% of the share capital on a non-diluted basis.

To the Company's knowledge as of December 31, 2022, the total shareholding of the employees (founders excluded represented 0.72 % of the share capital on a non-diluted basis.

2.4.2.4. Profit sharing and incentive agreements

None.

2.5. **Corporate Social Responsibility Report**

2.5.1. Message from the Chief Executive Officer

Dear all,

I am happy to share with you the 2022 edition of Poxel's Corporate Social Responsibility Report, which will take you through the progress we made in 2022 regarding our CSR actions and the results we have achieved.

Two years ago now, we embarked on a new, ambitious journey to better measure our impact on social, environmental and governance criteria, with the objective to continuously improve going forward. We've set very ambitious goals for a Company of our size, nor linear path, but the entire Poxel team is fully committed, and this is a gratifying endeavor to be able to measure our progress.

In 2022, we have extended our approach to our relationships with vendors by including a new set of CSR criteria into our vendor selection process. The proportion of vendors retained in accordance with these CSR criteria will now be monitored going forward.

In a world that is increasingly more digital, we have become more aware of the associated risks and the need to limit the impact of our digital pollution. This is why in 2022 we implemented several trainings and awareness sessions on cybersecurity, with the objective to increase the employees' awareness and skills. Similarly, we decided to engage in a carbon footprint assessment, with the goal to measure the Group's emission for the entire value chain (Scope 1, 2 and 3) and formulate an action plan to reduce emissions and energy consumption. Also, the Group's policy has been adapted to extend or re-use equipment, and a system to monitor the waste generated by IT equipment has been established. Our IT resources are subject to an IT Charter approved by the Board of Directors, which has been revised in 2022 to incorporate good practices in the use of IT equipment and limit digital pollution.

Finally, as part of the major actions implemented in our governance in 2022, the Group's corporate objectives now include a criteria linked to corporate social responsibility which was a factor in the variable compensation of the Chief Executive Officer as well as all employees. As a next step, a new CSR action plan has been approved by the Board of Directors for 2023, and its successful implementation will be part of the criteria for the variable compensation all employees, including the CEO.

You will find more details regarding those examples, and many more, within the following report.

Thank you,

Thomas Kuhn, CEO of Poxel

2.5.2. Poxel vision

2.5.2.1. **Business model**

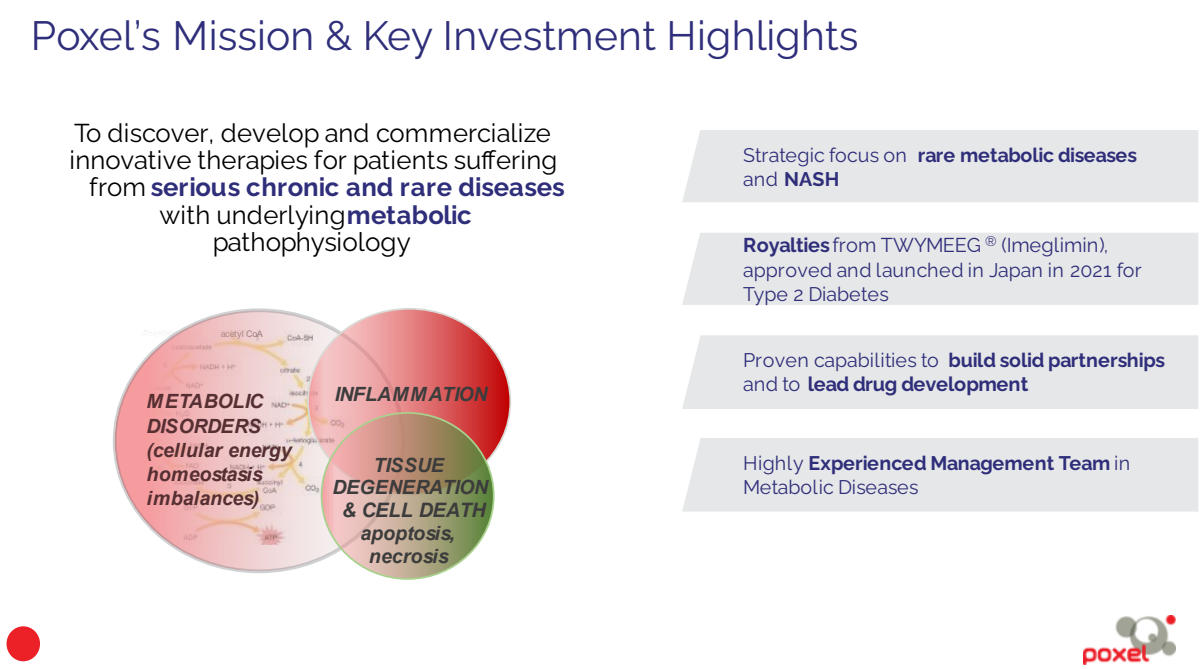
Poxel is an international clinical-stage biopharmaceutical company whose mission is focused on the development of novel treatments for serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and non-alcoholic steatohepatitis (NASH). With its expertise and understanding of cellular energy regulation pathways related to metabolic diseases, and know-how in the development of drug candidates, the Group is developing a portfolio of drug candidates, which includes: PXL770 for the treatment of rare metabolic diseases including X-linked adrenoleukodystrophy (ALD) and Autosomal dominant polycystic kidney disease (ADPKD), and PXL065, for the treatment of NASH.

Poxel was founded in 2009 through a spin-off of Merck Serono's metabolic-focused business. As part of this spin-off, the Group assumed key personnel for this group and assets from Merck Serono, including Imeglimin and the AMPK activator program that led to the Group's discovery of PXL770.

With its heritage in diabetes, Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as Twymeeg® by the Group's partner, Sumitomo Pharma.

Poxel is now focused towards rare metabolic diseases and continues to execute its strategic plan to advance and expand its portfolio of clinical assets. To achieve its goal, the Group is pursuing the following strategies:

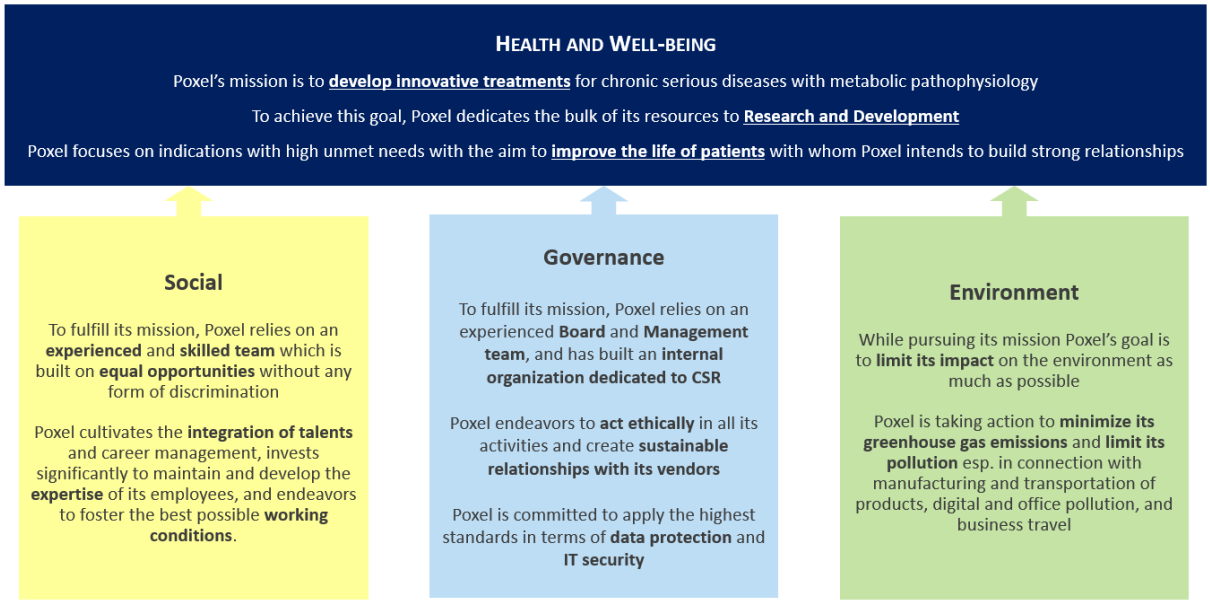
- Develop the Company's clinical candidates in rare diseases, starting with ALD and Autosomal dominant polycystic kidney disease (ADPKD) and in NASH.
- Explore combination strategies for PXL065 with other drugs in development for the treatment of NASH.
- Increased focus on rare metabolic diseases with the objective to advance and expand the Company's clinical pipeline of rare metabolic disease programs.
- Build a metabolic franchise through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies.
- Advance Imeglimin for the treatment of type 2 diabetes to commercialization (outside Japan) with strategic partners.
- Maximize the commercial potential of the Company's wholly owned assets and opportunistically enter into strategic collaborations.



2.5.2.2. CSR Strategy

Since 2020, Poxel decided to implement a process to improve its global approach on CSR (See Section 2.4.1 "*Organizational structure* "). In this context Poxel structured and formalized its CSR strategy and decided to commit itself to specific goals and objectives.

Key axes of the CSR Strategy



Poxel's mission is to improve the health and well-being of patients through the development of innovative treatments for serious chronic diseases with metabolic pathophysiology. To achieve this goal, Poxel dedicates the bulk of its resources to research and development activities and focuses on

indications with high unmet medical needs with the aim to improve the lives of patients, with whom Poxel intends to build strong relationships.

The CSR strategy of Poxel is founded on three axes, all directed towards the Group's mission:

- Poxel relies on an experienced and skilled team which is built on equal opportunities without any form of discrimination. Poxel cultivates the integration of talents and career management, invests significantly to maintain and develop the expertise of its employees, and endeavors to foster the best possible working conditions.
- Poxel also relies on a highly experienced Board of Directors and Management team and has built an internal organization dedicated to corporate social responsibility. Poxel endeavors to act ethically in all its activities and to create sustainable relationships with its vendors. The Group is also committed to apply the highest possible standards in terms of data protection and IT security.
- While pursuing its mission, Poxel's goal is to limit its impact on the environment as much as possible. Poxel is taking action to minimize its greenhouse gas emissions and limit its pollution, especially in connection with manufacturing and transportation of products, digital and office pollution, and business travel.

2.5.2.3. **Poxel's commitments**

Sustainable Development Goals (SDGs)

The United Nations "2030 Agenda" for Sustainable Development, adopted by 193 countries with the ambition to ensure a fair and inclusive transition to global sustainable development, has defined 17 Sustainable Development Goals (SDGs). Poxel is committed to contribute to the following SDGs:

	GOAL 3: GOOD HEALTH AND WELL-BEING The core mission of Poxel is to deliver innovative treatments to improve health and well-being of patients suffering from serious chronic diseases with metabolic pathophysiology.
	GOAL 4: QUALITY EDUCATION Poxel maintains a high level of performance through a continuous training process for all employees (based on an external and internal training portfolio). Collaboration with Universities is developed in order to support interns and apprentices initiatives. Poxel is also publishing in renown scientific journals on a regular basis to contribute to the scientific community.
	GOAL 5: GENDER EQUALITY Poxel is pursuing various initiatives to promote gender equality and to raise awareness of any form of discrimination. The share of women in the workforce and at each management level is significant and Poxel intends to maintain this trend in the future.
	GOAL 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE Poxel dedicates the bulk of its resources to research and development and intends to continue contributing to innovation.
	GOAL 10: REDUCED INEQUALITIES Poxel encourages women's careers and pays attention to wage inequalities.

	GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION Poxel selects and audits its manufactures and other services providers through a rigorous process. It is a key focus for Poxel to ensure responsible production of its drug candidates.
	GOAL 13: CLIMATE ACTION Climate change is a global challenge that affects everyone, everywhere. Although Poxel has a relatively limited impact on climate change, Poxel is committed to better assess and limit its carbon footprint.
	GOAL 17: PARTNERSHIPS Poxel intends to cooperate and take part in global initiatives and the local CSR ecosystem.

The Group intends to formalize measurables commitments to contribute to these SDGs in 2023.

CSR notation

Poxel is committed to participating in the global CSR data collection and analysis campaign of several rating agencies and investors including in the financial sector.

Since 2019, Poxel has been proactively answering the ESG data collection and analysis campaign of Gaïa Rating, ESG rating agency of EthiFinance. The Group has been 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 CSR policy. The scores obtained since 2019 have been higher than the average score of the Gaïa panel.

CSR rankings	2022	2021
Poxel score at Gaïa index	68/100	60/100

Since 2020, Poxel also completed the annual ESG survey from BPI Tennaxia and the Fédération Française de l'Assurance. These surveys do not include a scoring of the participants.

Poxel intends to participate in additional CSR analysis campaigns in the future.

2.5.2.4. **CSR organization**

CSR Initiative

In 2020, Poxel decided to initiate a structured approach to CSR with the aim to formalize and improve the Group's strategy on CSR. This initiative is relying on the expectations from both external and internal stakeholders and is endorsed by the Group's governance bodies.

A first audit phase was concluded with the goal was to assess the Group's impact on CSR matters based on an Environment, Social and Governance (ESG) approach.

The Group conducted peer reviews and internal surveys, sent various questionnaires to its vendors and stakeholders, collected data and performed comparisons based on available benchmarks or public

sources with the goal to evaluate the Group's impact, achievements and potential improvements for each pillar of ESG. It also endeavored to identify what Poxel did not yet know or measure.

More than 170 indicators were evaluated, and a diagnostic matrix was completed. The results of the audit were presented to the Board of Directors and the Management team of the Company.

Relying on the results of this audit phase, the Group defined its objectives and elaborated a 3-years action plan to improve across all three "E", "S" and "G" pillars.

The action plan was built based on the Group's needs, expectations and areas of improvement as well as around its core competencies. The objectives were mapped out and prioritized based on their potential impact on CSR, their potential cost and the ability of the Group to successfully implement them. The Group choose to prioritize actions which included quantifiable targets and were based on specific timelines. In parallel, the Group worked on the implementation of key performance indicators to allow the monitoring of its CSR impact over time.

An action plan was approved by the Board of Directors and its implementation began immediately thereafter. Furthermore, since 2022, the Board of Directors decided that Group's objectives in connection with the variable compensation of the Chief Executive Officer as well as of all employees would include a condition linked to corporate social responsibility. The Board of Directors approved a new CSR action plan for the year 2023 and the successful implementation of this plan will be one of the criteria for the variable compensation of the Chief Executive Officer as well as of all employees.

CSR governance structure

The Group's CSR initiative was launched through the creation of a cross-department working group.

As of the date of this report, the working group is composed of 11 members, representing the following departments of the Company:

- Project Management Office, Non-Clinical & Manufacturing
- Clinical Development and Regulatory Affairs
- Business Development and Investor Relations
- Finance and Administration
- Legal
- Quality Assurance
- Human Resources

The working group meets regularly, at least once a month, and is notably in charge of the implementation of the Group's CSR action plan, the monitoring of the key performance indicators and the diffusion of CSR related information to the entire team. All employees of the Group have been involved in the identification and launch of the Group's action plan and are taking an active part in its implementation.

M. Quentin Durand, member of the Executive Committee, is Head of Corporate Social Responsibility in addition to his responsibilities as Chief Legal Officer with the task to ensure the implementation and monitoring of the CSR strategy. He is also responsible for the coordination of the work of the CSR cross department working group and for providing information on CSR impacts including long-term development and sustainability of the Group in connection with the strategic decisions of the Group.

Since 2021, the Board of Directors is assisted by a Nomination & Corporate Social Responsibility committee (which became the Compensation and Corporate Social Responsibility committee in 2023). The objective of the Compensation and Corporate Social Responsibility Committee is to assist the Board of Directors on all CSR matters in connection with the Group's CSR strategy.

2.5.3. Main CSR risks and opportunities

2.5.3.1. **Materiality Assessment**

The Group conducted a review of its extra-financial risks. Main risks and issues are presented in the table below and developed within the framework of the present CSR report. The main policies put in place to limit these risks are developed subsequently.

Field	Description	Reference section
Fostering the integration and retention of talents	The Group's business model relies on a high degree of expertise. As such, talent management is a priority to integrate and retain key talents and secure business continuity especially in the context of a workforce reduction	2.5.5.2
Dedicate the bulk of the Group resources to R&D	As a Group focused on innovation and development, most of the human resources and funds need to be dedicated to R&D.	2.5.4.2
Developing and maintaining skills	Maintaining a high level of team training is a major competitive challenge for the Group. A competitive team can generate innovation, unique scientific results and partnerships.	2.5.5
Ensure team satisfaction	Human capital is one of the main assets of the Group and the productivity of the employees is a key factor in competitiveness. Working conditions (quality of work environment, stress, respect for work-life balance, awareness of harassment) can lead to decrease or increase psychosocial risks.	2.5.5.1; 2.5.5.5
Failure in compliance and quality	In case of non-compliance of R&D activities with regulatory requirements that set a high quality level expectations of services and products, there is a risk that the safety and health of patients will be compromised.	2.5.6.3
Impact on animal welfare	Clinical tests performed on animals expose the Group to controversies and recurring requests about the tests performed. The risk also relates to the lack of guarantee from suppliers at risk on their practices and compliance with clinical rules on animals.	2.5.6.3
Acting ethically	The Group is internationally established and exposed to risks related to its ethical conduct. Non-compliance with regulations, industry standards or a failure to comply with control mechanisms could lead to heavy administrative and criminal penalties for the Group and have negative impacts on its reputation.	2.5.6.2
Apply the highest possible standards of IT security and data protection	The Group is developing new treatments from pre-clinical studies to the marketing of drug candidates. As part of its clinical activities, personal and confidential data of patients is processed. A leak of this data is a risk for the Group and the trust that its patients place in it.	2.5.6.4
Creating sustainable relationships with vendors	Select appropriate and qualified vendors with a high level of experience in pharmaceutical development, and appropriate accreditations. Maintaining long term business relationships with suppliers allows the Group to be more efficient in its research and development activities.	2.5.6.3
Minimising greenhouse gas emissions and limiting pollution	Although the Group does not have any production site, it is committed to reduce the environmental impacts of its activities and pays particular attention to limiting pollution related to the conduct of its business.	2.5.7.1
Deploy a responsible digital approach	The Group's activity is widely based on the use of digital tools. Controlling its impact requires the dissemination of good practices to all employees.	2.5.7.2

2.5.3.2. Key Performance Indicators

The Group identified several performance indicators to allow the monitoring of its CSR impact.

Risk / Issue	Key performance indicator	Applicable SDG
Dedicate the bulk of the Group resources to R&D	- R&D budget (percentage vs total operational expenses) - Number of employees in R&D (percentage vs total number of employees)	
Develop innovative treatments for chronic serious metabolic diseases to improve the health and well-being of patients	- Pipeline progression (stage of development and number of programs) - Patents filed	
Providing employees with an optimal working environment	- Employee pulse survey score - Absenteeism rate	
Promote equal opportunities	- Share of women in the workforce - Share of women in management positions - Gender wage gap	
Fostering the integration of talent and career management	- Compensation gap (CEO vs average and Median of employees) - Evolution of fixed compensation by level of responsibility	
Ensure critical competencies adapted to the Group's needs to support its activities	- Number of employees - Average age of employees - Average seniority - Turnover rate	
Create sustainable relationships with vendors	- % of vendors retained in accordance with CSR RFP policy*	
Apply the highest possible standards of IT security and data protection	- Number of IT intrusion tests conducted - Nr of IT attacks suffered - % of employees trained on IT security issues	
Minimize Poxel's Greenhouse gas emissions and limit pollution	- Level of greenhouse gas emissions - Total energy consumption - Share of renewable energy (MWh)*	
Deploy a responsible digital approach	- Weight of stored data - Share of discarded IT equipment re-used/recycled	

**Data not available for 2022.*

2.5.4. Bring innovative treatments to patients suffering from serious chronic diseases with metabolic pathophysiology

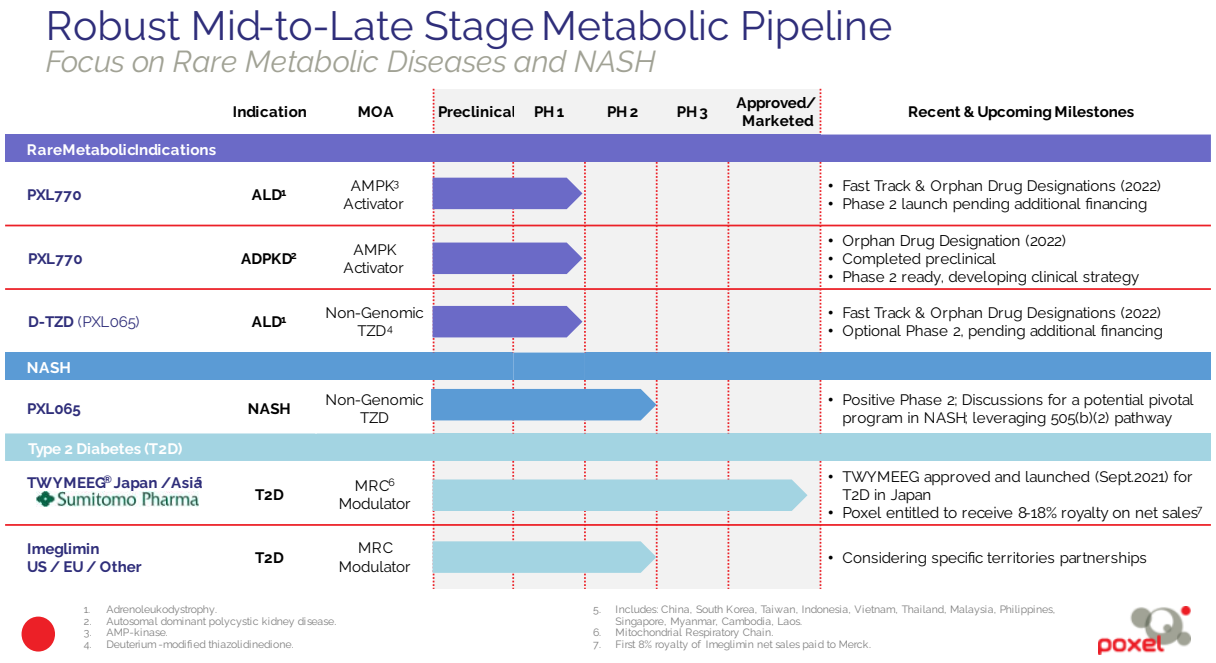
2.5.4.1. **Develop innovative treatments for serious chronic metabolic diseases to improve the health and well-being of patients**

Poxel is an international clinical-stage biopharmaceutical company focused on the development of novel treatments for serious chronic diseases with metabolic pathophysiology, including rare metabolic disorders and 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 Company is developing a portfolio of drug candidates, which includes: PXL065, which recently successfully completed a Phase 2 clinical trial for the treatment of NASH and also has potential in X-linked adrenoleukodystrophy (ALD), and PXL770, a Phase 2 ready asset focused on rare diseases, starting with X-linked adrenoleukodystrophy (ALD) and autosomal dominant polycystic kidney disease (ADPKD). Earlier stage programs focusing on chronic and rare metabolic indications are also in progress.

Poxel's first product, Imeglimin, was approved in June 2021 for the treatment of type 2 diabetes in Japan and launched in September 2021 as TWYMEEG® by the Group's partner, Sumitomo Pharma.

Following the approval of TWYMEEG® (Imeglimin) in Japan, Poxel's goal is to advance and expand its portfolio of clinical assets for both NASH and rare metabolic diseases leveraging existing platforms and proven capabilities.

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



Rare Metabolic Disease

X-Linked Adrenoleukodystrophy (ALD)

X-linked adrenoleukodystrophy – ALD – is a deadly, inherited rare metabolic disease characterized by neurodegeneration. ALD is a monogenic inborn error of metabolism due to mutations in the ABCD1

gene which encodes a key cellular fatty acid transporter – this defect results in accumulation of very long chain fatty acids (VLCFA) with resulting damage to several tissues in particular neurons.

ALD is increasingly being diagnosed based on the recent and broad-based adoption of newborn screening. Thus, the prevalence of ALD is similar to hemophilia or spinal muscular atrophy – about 20,000 in the US alone[62]. Globally it may affect more than 400,000 people.

Forms of this disease include cerebral ALD (C-ALD) and adrenomyeloneuropathy (AMN) which is the most common form – typically occurring in adolescence through adulthood. AMN is characterized by chronic and progressive distal axonopathy involving the long tracts of the spinal cord and to a lesser extent the peripheral nerves resulting in progressive stiffness and weakness in the legs, impaired gait and balance, incontinence, and loss of sensation. As an X-linked disease, nearly all men with a diagnosis of ALD will develop AMN and are more severely affected, but many women also present with features of AMN with a later onset. C-ALD is characterized by inflammatory demyelination of cells in the brain and typically afflicts children, but many men with AMN may also develop cerebral disease; these white matter brain lesions lead to severe neurologic deficits and death.

There are currently no approved medicines for ALD (other than glucocorticoid supplements for associated adrenal insufficiency). Cerebral-ALD (C-ALD), when first detected in early childhood, can be treated with hematopoietic stem cell transplantation, but it is currently limited to early stage of C-ALD and this procedure is at risk of severe adverse reactions.

Autosomal Dominant Polycystic Kidney Disease (ADPKD)

Autosomal dominant polycystic kidney disease, or ADPKD, is a form of chronic kidney disease which is caused by mutations in the PKD1 or PKD2 genes. This causes multiple cysts, or pouches filled with fluid, to form in the kidneys. Autosomal dominant (AD) relates to how the disease is passed down from the parent to child. With ADPKD, cysts develop and grow in the kidneys over time. These cysts continuously grow in the kidneys, causing the kidneys to increase in size and volume. Over time, the growing cysts make it harder for the kidneys to function and eventually lead to kidney failure. Most people with ADPKD have pain, high blood pressure, and kidney failure at some point in their lives.

ADPKD is the fourth leading cause of chronic kidney disease (CKD), affecting 1 in every 400 to 1,000 people (approximately 140,000 patients in the US) and is the most common kidney disorder passed down through family members. More than 50% of ADPKD patients develop renal failure by age 50, followed by dialysis and/or kidney transplantation. Only one drug, tolvaptan (Jynarque®), is approved to attenuate progression and is associated with severe liver adverse events and poor tolerability (polyuria).

Non-alcoholic steatohepatitis (NASH)

NASH is a severe form of non-alcoholic fatty liver disease (NAFLD) that results in an accumulation of fat in the liver and 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. 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.

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. NASH is also 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%)[63] and many

62 Bezman L. Am J Med Genet. 1998; 76:415-19.; Matteson J. Int J Neonatal Screen. 2021, 7:22
63 Younossi ZM et al; Hepatology 2016.

patients with type 2 diabetes also have NASH (estimated 26%)[64]. In addition, patients with NASH and coexisting type 2 diabetes are more likely to have progressive fibrosis. 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.

Type 2 Diabetes

According to the International Diabetes Foundation, in 2021 an estimated 537 million people between the ages of 20 and 79 are living with diabetes globally (1 in 10), with more than 90% of those affected having type 2 diabetes. This estimate is predicted to rise to 643 million by 2030 and 783 million by 2045. Diabetes caused at least USD 966 billion in total healthcare expenditures in 2021, a 316% increase over the last 15 years. Globally, 541 million adults have Impaired Glucose Tolerance, which places them at high risk of type 2 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).

For further details on the potential benefits of the Group's drug candidates for each of these indications please refer to Section 2.1 "*Business*" of the *Universal Registration Document*.

The Group's goal in the near future is to increase its focus on rare metabolic diseases with the objective to advance and expand the Group's clinical pipeline of rare metabolic disease programs through expanding the portfolio by discovering, developing or acquiring additional drug candidates and technologies. The Group believes that building such a metabolic franchise would bring significant improvements to the health and well-being of patients affected by serious metabolic diseases.

2.5.4.2. **Dedicate the bulk of the Group's resources to Research and Development**

The Group engages in substantial research and development efforts to develop potential treatments for X-linked adrenoleukodystrophy (ALD), NASH and type 2 diabetes, as well as to discover novel therapies.

Research and development activities and innovation are central to its activities as Poxel relies on its inventions and patents to create long term value ensure its sustainability. The Group owns or co-owns 35 families of patents and patent applications covering AMPK activators, and deuterated TZDs, as well as its other diabetes programs.

More than 61% of its human resources is assigned to research and development activities. The workforce includes two doctors, ten pharmacists, eight PhDs (some of whom are also doctors or pharmacists) and nineteen scientists.

The Group dedicates more than 57% of its operational expenses to research and development demonstrating its commitment to develop innovative treatments. This amount is extremely significant compared to other industries and even within the pharmaceutical sector.

64 Cusi et al, Diabetes Obes Metab. 2017; Portillo/Cusi et al, J Clin Endocrinol Metab 2015.

Resources dedicated to R&D	2022	2021
R&D budget (percentage vs total operational expenses)	57%	70%
Number of employees in R&D (percentage vs total number of employees)	62%	63%

The Group research and development efforts are currently focused on its drug candidates, PXL770 and PXL065 both for the treatment of NASH and X-linked adrenoleukodystrophy (ALD) and consist primarily of:

- expenses associated with third-party contractors and academic institutions involved in preclinical studies or clinical trials for PXL770 and PXL065;
- personnel expenses, including salaries, benefits and share-based compensation, for its 31 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;
- laboratories and allocated facilities expenses.

The following table summarizes its outsourced research and development expenses by drug candidate and preclinical program for the periods presented:

(In € thousands)	December 31, 2022	December 31, 2021
Imeglimin	461	481
PXL770	779	4 068
PXL065	5,062	11 759

Since inception, the Group has significantly invested in the development of its drug candidates with accumulated losses through December 31, 2022, of €206 million. The Group had a net loss of €31.4 million and €23.8 million for the years ended December 31, 2022 and 2021 respectively. The Group had cash and cash equivalents of €13.1 million as of December 31, 2022.

The Group is committed to continue dedicating the bulk of its financial and human resources to research and development activities in order to bring innovative treatments to patients suffering from serious chronic metabolic diseases

2.5.4.3. Build strong relationships with patients and other stakeholders within the scientific community

As part of its strategy, Poxel is committed to building strong strategic relationships with patient advocacy groups, partners in the industry, academia and expert networks throughout the world. The Group has an established footprint in the field of metabolic diseases and already built a solid network of stakeholders within the scientific community.

Patient advocacy groups

The Group intends to advance and expand its portfolio of clinical assets for rare metabolic diseases. In this context, the Group believes essential to build strong relationships with patients to better understand the disease and their needs.

The Group has established collaborations with several important patient advocacy groups in the field of X-linked adrenoleukodystrophy (ALD):

Poxel participated to several scientific and patient advocacy conferences related to X-linked adrenoleukodystrophy (ALD) and presented its programs. It sponsored several conferences organized by major advocacy organizations, such as ALD Connect, United Leukodystrophy Foundation, Alex TLC.

Partnerships

Since December 2017, Poxel has had a strategic partnership with Sumitomo Pharma for the development and commercialization of Imeglimin in Japan, China, South Korea, Taiwan and nine other Southeast Asian countries (Indonesia, Vietnam, Thailand, Malaysia, the Philippines, Singapore, Myanmar, Cambodia, and Laos).

In 2018, through an agreement with DeuteRx LLC, the Group acquired exclusive worldwide rights to PXL065, an innovative clinical-stage drug candidate for the treatment of NASH and X-linked adrenoleukodystrophy (ALD), which has successfully completed Phase 2 development. As part of the agreement with DeuteRx, the Group also acquired a portfolio of additional deuterated drug candidates for metabolic, specialty and rare diseases.

In May 2015, the Group entered into a license agreement with Enyo Pharma S.A.S, 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. In 2022, Enyo announced positive results for Vonafexor, in a Phase 2a study in NASH and topline interim results from two ongoing Phase 2a studies in chronic hepatitis B patients.

Poxel works closely with academic leaders in the fields of metabolic diseases, cardiovascular diseases, mitochondrial dysfunction and rare diseases. The Group has worked or made publications and presentations with the following institutions:

- University of Rouen, UMR INSERM 1096, France;
- Institution Henry Ford Health System, Detroit, Michigan 48202, United States of America;
- Universidad Pablo de Olavide – Centro Andaluz de Biologia del Desarrollo (CABD), Spain;
- Centre for Metabolism, Obesity and Diabetes Research and Division of Endocrinology and Metabolism, Department of Medicine McMaster University, Hamilton, Ontario, Canada ;
- Medizin 4 Schwabachanlage 12 TRC – Translational Research Center 91054 Erlangen – Germany

Experts

Poxel is also 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 Group's drug candidates, as well as on the next R&D steps.

The Group has established four committees of experts for its programs:

i. A Scientific Committee on NASH, composed of seven 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 Company's NASH program on the two NASH products in development;

ii. A Scientific Advisory Board for Rare Metabolic Diseases, composed of seven members, reputed Scientifics and opinion leaders in the United States and Europe, who will shape Poxel's

discovery and clinical-stage programs and further advance its mission to develop therapies for rare metabolic diseases and who advise on its expansion of its clinical programs, and initiate Phase 2a studies for ALD with both PXL065 and PXL770;

iii. A Scientific Diabetes Committee composed of three 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;

iv. A second Scientific Committee on Diabetes, consisting of five 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.

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

In 2022, the Group made 6 publications related to its programs (Imeglimin, PXL770 and PXL065) in renowned journals such as The Journal of Inherited Metabolic Disease (JIMD) and The Journal of Pharmacology and Experimental Therapeutics (JPET).

In the future, Poxel intends to maintain its existing collaborations and further expand its network of stakeholders within the scientific community.

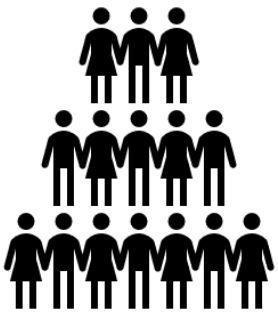
2.5.5. Build and foster a team of experts

To fulfill its mission, Poxel relies on a very experienced and skilled team which is built on equal opportunities without any form of discrimination. The team is composed of experts with extensive and proven experience in developing innovative treatment for metabolic diseases and rare disorders. Poxel invests significantly to maintain and develop the expertise of its employees and endeavors to place its team in the best possible working conditions.

Poxel's Human Resources strategy has been structured to support Group's development and strategic orientations through adapted HR initiatives and mission aligned with Group's needs, supporting fulfillment of corporate objectives and contributing to employee's individual engagement, satisfaction and development. The head of the Human Resources department is a member of the Executive Committee of the Group.

In 2022, Poxel initiated a corporate savings plan which included a significant workforce reduction. This saving plan was aimed to adapt the Company's resources to its clinical development plan while preserving critical resources and competencies.

A snapshot of the Group's workforce as of December 31, 2022, is set forth in the table below:



*As December 31, 2022
**Some also doctors or pharmacists

2022*	2021*
37 employees	56 employees
31 employees in France 1 employee in Japan 5 employees in the United States	49 employees in France 3 employees in Japan 5 employees in the United States
62.2% women	66% women
45 years average age	42 years average age
2 doctors, 10 pharmacists, 8 PhDs**	3 doctors, 10 pharmacists, 10 PhDs**
43.5% seniors (more than 45 years old)	44.6% seniors (more than 45 years old)
5.37 years average length of service	4.1 years average length of service
100% of the workforce has a permanent contract	More than 98% of the workforce has a permanent contract
Share of employees in management position 40.54%	Share of employees in management position 36.8%
Share of women in management positions 60%	Share of women in management positions 67%

2.5.5.1. Ensure critical competencies adapted to the Group's needs to support its activities

Attract and develop the best level of expertise

Poxel believes that excellence is the key to success. The Group is committed to ensuring a homogeneous and qualitative processes to attract, select and develop the best talents and skills adapted to its needs. As so, Poxel is composed of talented and experienced professional teams who are committed to expand their know-how and passion for excellence daily. The Group's priority is to maintain its staff at the highest level of expertise especially through tailor made training programs (including personal coaching, MBA etc.).

The Group endeavors to create the best working conditions to allow employees to focus on innovation and development as part of Poxel's mission to develop innovative treatments for chronic serious metabolic diseases to improve the health and well-being of patients. Human Resources approach is defined to continuously combine efficiency and social logic by taking care of the human capital and developing knowledge, talents, skills, abilities, experience & intelligence possessed individually and collectively to support sustainable company growth.

Rely on a strong people development process

First and foremost, the Group supports employee's development and promotion through internal career paths. Priority is given to current employees when new positions are opening. Personalized support programs are defined in this case to accompany the person in her/his new role.

Recruitment processes have been defined in order to select the best talents, based on a strong analysis of the Group's needs through dedicated job-descriptions and considering the best match between both internal or external candidate's expectations, skills, behavior and the Group's organization and culture to bring guaranty of success.

Cooptation has been deployed to activate collaborators networks, who act as Group's ambassadors, and thus facilitate the access to experts from the same field and their recommendations. The use of external recruitment agencies, specialized in Biopharma industry and knowing Poxel for multiple years, allows the Group to extend the research when needed.

For the future, the objective of the Group is to build close relationships with universities in order to integrate adapted profiles as soon as they leave school.

2.5.5.2. Foster the integration of talent and career management

Integration of new talents and career management are Group priorities.

Onboarding and exit processes

Integration policy is involving both Human Resources, Management and Quality Assurance departments. Through this process, any newcomer at the Group experiments a tailor-made onboarding program based on several actions (welcome day, inductions with key members of the team, documentation, general training sessions on internal tools, astonishment report, confirmation

meeting). Human resources also organize programs after any kind of long-term leave (more than 1 month).

Exit interview process is involving manager, human resources and CEO. This process is based on the following steps in order to maintain good relations even after the collaboration:

- Organize exit interviews with: 1- Manager; 2- Human Resources Department
- Analyze exit interview content to intent continuous improvement actions
- Communicate exit interview contents to the CEO
- Create a positive experience for the leaving person

Retention policy, compensation and benefits

In addition to its people development approach, the Group regularly implements measures to strengthen the commitment of its employees (e.g., ad hoc missions, versatility, working conditions, remuneration, benefits…)

These measures are meant to develop the attractiveness of the Group and to increase employees' engagement.

Turnover	2022	2021
Turnover rate	21.3%*	13.21%

**The increase in the turnover rate is mainly resulting from the corporate savings plan initiated in 2022 which included a significant workforce reduction. This saving plan was aimed to adapt the Company's resources to its clinical development plan while preserving critical resources and competencies.*

The compensation and benefits strategy of the Group is built on a long-term employees' retention approach.

The first pillar relates to compensations. The compensation policy is relying on an internal pay scale reflecting position's responsibilities, impact on activities, level of expertise and allowing to guaranty internal equity. This scale is compared to the market on a regular basis in order to ensure competitivity of the Group in a very competitive sector.

Compensation gap	2022	2021
CEO vs Average of all Poxel employees (1)	3.65	3.72
CEO vs Median of all Poxel employees (2)	6.03	5.77
CEO vs Minimum Wage	21.45	22.61

(1) The ratio has been calculated in application with the following formula: (Total Compensation of the Chief Executive Officer / Median annual compensation of the Group's employees)

(2) The ratio has been calculated in application with the following formula: (Total Compensation of the Chief Executive Officer / Average annual compensation of the Group's employees)

Evolution of fixed compensation	2022	2021
% of increase of fixed compensation per FTE	1.5%*	4.92%

**The evolution of fixed compensation was limited in 2022 in the context of the implementation of a savings plan.*

The second pillar relates to benefits. The benefits policy is to invest on long term strategy to increase every single employee's motivation to contribute to the Group's success and development through the

following axes in addition to a strong health cover plan (additional benefits are described in Section 2.5.5.5 "*Provide employees with an optimal working environment*"):

- Annual bonus: based on corporate objectives and depending on function's levels of responsibilities and impact on the Group as well as on individual results. The performance criteria used to determine variable compensation relies on a plan of precise objectives based on quantitative and qualitative criteria, which correspond to objectives common to the Group as well as on individual results. The corporate objectives are based on criteria including CSR, the financing of the Group as well as the performance of various key steps in the field of research and development and business development. The share of variable compensation for the workforce was of 18% for 2022 (compared to 15% for 2021);
- Performance shares: following the same conditions of attribution and calculated on Group's global results. The performance shares which can be granted 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 the performance shares by the Board of Directors are based on precise objectives (quantitative and qualitative criteria) which include, (i) certain clinical milestones to be reached and (ii) certain business development milestones.

Benefits	2022
% of fully diluted capital potentially held employees on the basis of performance shares being under acquisition or vesting period	2.43%
% of non-diluted capital held by employees*	0.72%

*Founders excluded.

In the future, the Group intends to implement a formal "talent review process" in order to identify future needs and strengthen career paths for its talents.

Social dialogue

The Company refers to Pharmaceutical Industry Collective bargaining agreement.

In accordance with social representation regulations, the Company set up a *Comité Social et Economique* (CSE) and has renewed its members in June 2022 based on four-years mandates. This institution is composed of four staff representatives (two principals and two deputy representatives). Monthly meetings allow both Company and employees representatives to maintain a constructive dialogue driven by transparency, consultation, and attention.

In 2022, Poxel initiated a corporate savings plan which included a significant workforce reduction. This saving plan was aimed to adapt the Company's resources to its clinical development plan while preserving critical resources and competencies. This exercise was carried out jointly and in close consultation with the employee representatives and CSE.

An annual communication is planned at the level of the CSE to discuss the CSR action plan.

In 2022, the Group started to release a quarterly internal newsletter to provide broader information about Group's life, events and employees successes. In addition to those initiatives to maintain open social dialogue, Human Resources department is continuously developing proximity with all employees. The Group had no material litigation related to potential social or HR issues in 2022 or 2021.

Favor team's engagement

Poxel is sensitive to create best working conditions for its employees. To do so, the Group has implemented several activities to strengthen engagement and internal cohesion.

- “Poxel days”: monthly activities focused on wellness, team building, “get to know each other”, learning and awareness
- “One Coffee, one job”: one job is under the spotlight once a month
- Corporate Calls: updated general information is shared with employees
- Corporate meetings: conferences, team building and corporate communication twice a year
- Internal newsletter
- Charities actions

Employee’s satisfaction is measured on a regularly basis through assessments regarding:

- Working conditions & environment
- Social dialogue
- CSR approach and actions

In 2022, the Group has launched its first pulse survey in the form of a questionnaire sent to employees to better assess these items. The participation rate of 72% is satisfactory with a repartition 79% for R&D and 63% for General & Administration Services.

The overall results were very satisfactory with more than 86% satisfaction on general working conditions & environment matters, more than 89% satisfaction on social dialog matters and more than 85% satisfaction on corporate social responsibility matters.

2.5.5.3. **Promote equal opportunities**

Whether at the time of recruitment or during the employee's life in the Group, Poxel is committed to diversity and equal opportunity.

Measures to avoid discriminations

The Group relies on a strong internal/external recruitment process based on factual needs and targeted skills. Job descriptions describe mission, responsibilities, interactions and skills or experience required to endorse the function.

The adequation between qualifications and Group’s needs is the only criteria retained by the Group independently from any other consideration.

The Group ensures equal pay for equal work.

Gender equality policy

Poxel is committed to gender equity as demonstrated by the Group’s gender balance. In 2022, 68% of the employees are women and 32% are men. The management position is mostly occupied by women (63%).

Gender equality	2022	2021
Share of women among total workforce	69%	66%
Share of women in management positions	63%	67%
Share of women within the 10 highest wages	36%	30%
Share of women within the Executive Committee	50%	50%

Compensation & benefits policy is built on an internal referential considering function, responsibilities and seniority without any other consideration.

The ratio of average woman wages against average men wages is 1,46 in France and 1,2 for the United Stated, justified by the difference of seniority and level of responsibilities of the benchmarked employees.

Several initiatives about gender inequality are taking place within the Group such as celebrating women's day and gender parity presentations.

Poxel intends to continue raising awareness on this particular topic and maintaining its current organization while further reducing the gender wage gap. The "*Pennicaud"* index will become a reference as soon as the critical mass of data to ensure the relevance of the system is reached.

Adopt a long-term "disability" policy

Since 2019, the Group implements a policy to promote the integration of people recognized as disabled. The objective is to allow all conditions to be met so that persons with disabilities can come forward more easily. Poxel is committed to provide its disabled employees with necessary care and possible adaptations of positions.

After carrying out a diagnosis and identifying the challenges for the Group, an action plan around four axes was defined and has been implemented:

- Internal awareness - In November 2021, a Poxel week was dedicated to this subject to raise awareness and to train employees concerning the subject;
- Internal mobilization – An initiative with "Association Cœur de Bouchons" with the aim to help the association with the acquisition of specific equipment for disabled people was launched in November 2021 and continues over the years;
- Team training - A member of the human resources team has been trained to become a disability referent;
- Recruitment and integration - Poxel is an equal opportunity employer that is committed to diversity and inclusion in the workplace and considers any profile that meets its need;
- Collaboration with the sheltered and adapted work sector, in particular through service contracts with several *Établissement et service d'aide par le travail* (ESAT - employment of the disabled). The Group is working with two ESAT in 2022;
- Job retention and career support – The Group currently has 2.86% employees recognised as disabled workers (compared to 2.13% in 2021).

2.5.5.4. Develop and maintain skills

Maintaining a high level of team training is a major competitive challenge for the Group. A competitive team can generate innovation and unique partnerships. The staff is highly skilled, and the Group attaches great importance to maintaining this high individual level of knowledge and skill of each employee through an ambitious training plan. This training plan, established since 2017, is in line with the Group's strategy and a focus on personal development of its employees and management of skills.

Skills management actions

The collection of training needs takes place in the first quarter of each year during the annual interviews and professional evaluations. These needs are then escalated and give rise to an arbitration with the HR Department and the CEO. On this occasion, individual career-building support is offered to each employee.

In 2022, despite a challenging economic context, the Group continued to support the development of its employees: all employees benefit from training sessions in 2022 for a training contribution budget of around 0.87% (2% in 2021) of the payroll (out of a total initial budget of 3.58% (3.58% in 2021) of allocated payroll). This reduction of the training budget is due to implementation of a savings plan.

Monitoring of training plans	2022	2021
Number of training hours by employees	29.75	11.49

In 2021, Poxel management team members followed the following training path: "*Top Management*" course for the 11 members of the Management Committee and "*Proximity Management*" course, which involved 6 employees.

In 2022, a “Process communication” training (a 4 days training) involved 30 employees. This training has been provided by a certified team member of Poxel. The Executive Committee will follow the same training in 2023.

In 2022, Poxel developed its own internal training program for newcomers in order to facilitate the understanding and learning of the Company’s working methods as well as the key R&D activities of the Company.

The team skills development is mainly carried out through technical monitoring, for which each team is responsible, as well as through participation in symposia and conferences. Thus, the intervention of Poxel at the following conferences can be mentioned: in the field of NASH (NASH-TAG, AASLD, Global NASH), in the field of ALD (EAN-European Academy of Neurology), in the field of ADPKD (5th European Workshop on AMPK and AMPK-related kinases), and also other conferences such as Eurotox, GRRC (Groupe de Réflexion sur la Recherche Cardiovasculaire) and Keystone.

Career development

Management cycles are organized to ritualize performance and career development face to face meetings supported by a dedicated HR information system:

- Annual and professional interview for all employees - feed-back moment between employees and managers to assess the yearly performance and satisfaction, workload, training needs and general expectations on a common basis;
- Mid-year reviews for all employees - similar content to readjust objectives if needed and give intermediary feed-back;
- “Forfait jour” meeting for all employees - about work-life balance, Group’s life and well-being in general.

In 2022, 3.94% of employees have been promoted, (all of which were women).

2.5.5.5. Provide employees with an optimal working environment

By defining a prevention plan including policies (disconnection charter, home office agreement), parenthood management, social dialogue mechanisms, Poxel is committed to ensure the best possible conditions for work through adapted offices.

Work-life balance

As part of a reflection on a new and more operational work organization, the Group decided to implement home office through an agreement signed in January 2019 and defining the conditions for home office within the Group. In 2021, the home office agreement has been reviewed to satisfy evolution needs.

The Group is sensitive to create moments dedicated to exchanges between employees (at least two-days a week) as well as facilitating access to home office and giving employees the opportunity to reduce the time and risks associated with transport and manage work life balance up to two-days a week without any obligation.

This agreement is completed by a “right to disconnect” agreement implemented since 2019 for French employees, representing 86.4% of the Group workforce. This agreement aims at providing guidance for the use of IT and digital tools in line with the necessary respect of rest and holiday periods, as well as with work-life balance. This agreement is communicated to every employee. Managers and executives are expected to set an example and promoting good practices.

Protect the health and safety of our employees

The safety of the personnel and the management of the working conditions are fundamental for the sustainable development of the Group.

The staff has the necessary clearances and training for using the equipment and for keeping up with the health and safety requirements. Following negotiations with various agencies, the Group has signed a medical insurance contract offering advantageous guarantees to its employees. All employees also have access to a complementary insurance contract with extended guarantees, in the event of long-term sick leave / disability or death.

In 2022, an employee was trained and identified as a mental health first aid referent. The Company also developed a stress and anxiety prevention session followed by the employees in two sessions (French & English).

In 2022, eight trainings on well-being in the workplace were organized internally and proposed to all Poxel's employees.

A "single occupational risk assessment document", which is updated every year, 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. This document is made available to all employees.

Upon hiring and during the integration pathway of a new employee, awareness of stress management and psychosocial risks is considered. At the end of a period of one month, an informal intake report gives the incoming employee the opportunity to express himself on the management of the volume of work. A recruitment medical examination is organized for all staff. Subsequently, a medical examination is organized every two years.

In 2022, the Group did not identify any work or commuting accidents. No occupational disease or professional character and no permanent incapacity has been declared in 2022.

Psychosocial risk signals	2022	2021
Absenteeism rate*	1.58%	1.21%

**Absenteeism rate is the ratio between hours effectively worked by the entire staff of the Group and the theorical hours on the same period (employees on permanent contract only).*

The Group's HR depart plans to implement a well-being at work policy in 2023, which will include warning signs of psychosocial risks, such as absenteeism.

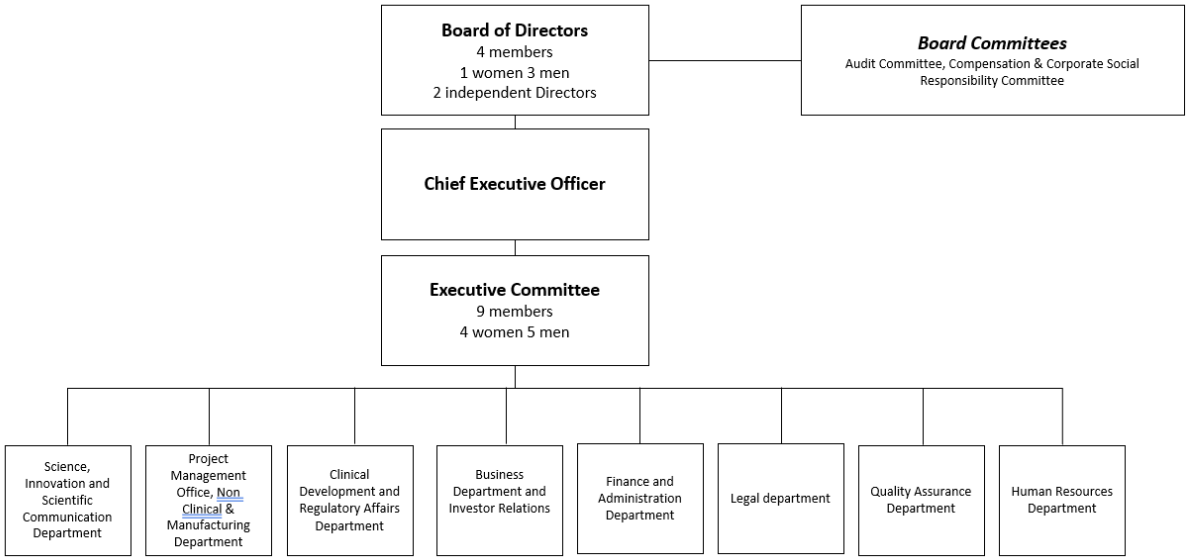
2.5.6. Ensure effective governance practices

To execute its strategy, Poxel relies on an experienced Board of Directors and Management team and has built an internal organization dedicated to corporate social responsibility (CSR) (See Section 2.4 "*Organizational structure and employees*"). Poxel endeavors to act ethically in all its activities and to create sustainable relationships with its vendors. The Group also applies the highest possible standards in terms of data protection and IT security considering the nature of data it handles including patient data.

2.5.6.1. **Rely on an adequate governance structure**

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.

The governance structure of the Company at the date of this corporate social responsibility report can be summarized as follows:



The CSR governance structure of the Group is described in Section 2.4 "*Organizational structure and employees*".

Board of Directors

The Company's Board of Directors consists of four members, of which one woman. two Directors are independent, who are appointed by the General Assembly Meeting of the shareholders for a three-years mandate. The Chairman of the Board is elected by the Board of Directors among its members.

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.

The Board of Directors has set up two permanent specialized committees composed of Directors (Audit Committee, Compensation & CSR Committee) to assist the Board of Directors in its work.

In 2022, the Board of Directors of the Company met 8 times (compared to 7 times in 2021). The average of the Directors' attendance rate is 98.4% (compared to 95.3% in 2021).

A self-evaluation of the work of the Board of Directors is conducted annually through a detailed questionnaire by the Nominating and CSR committee which makes recommendations thereafter to improve the organization and functioning of the Board of Directors and its Committees. In 2022, this self-evaluation resulted in a very satisfactory assessment of the functioning of the Board with 86.8% positive answers overall (compared to 96% in 2021).

Chief Executive Officer, Executive Committee and Departments

The Chief Executive Officer is appointed by the Board of Directors and has the broadest powers to act in any circumstances in the name of the Company. He 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 by the Board of Directors.

The Chief Executive Officer is assisted by an Executive Committee of nine people, of which 4 are women. 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, and for the most part, have key experience working in pharmaceutical companies with extensive experience in metabolic diseases and rare disorders.

Eight departments manage the Company's operations:

- Science, Innovation and Scientific Communication Department;
- Project Management Office, Non-Clinical & Manufacturing Department;
- Clinical Development and Regulatory Affairs Department;
- Business Development and Investor Relations;
- Finance and Administration Department;
- Legal department;
- Quality Assurance Department;
- Human Resources Department.

The Group intends to maintain its governance structure unchanged in the near future as it believes it constitutes a strong foundation and a key component of the Group's ability to execute its strategy. In 2023, the Group intends to focus on the training of its Directors and members of its Executive Committee in accordance with the recommendations of the MiddleNext code and in order to maintain their expertise. The Group has implemented a 3-year training plan for Directors which includes sessions dedicated to the scientific aspects of the Company's pipeline, competitive landscape, applicable regulations, ethics and governance and CSR. Each Director attends at least 4 days of training over this 3-year period.

2.5.6.2. **Act Ethically**

Poxel believes that integrity and ethics are the basis of sustainable and successful development. As an innovative company, Poxel is conducting its business in compliance with its core values everywhere it operates in the world. At the center of these core value is Poxel's commitment to actively seek and develop new and innovative products that address important healthcare needs. Poxel places the patients at the center of its focus. Poxel expects its employees to focus on enabling better patient outcomes and places patient benefit and safety first while complying with all legal, regulatory or internal requirements.

The Board of Poxel has established a Code of Business Conduct and Ethics as a reminder of the core values and standards of Poxel's Directors, officers, and employees in making ethical and legal decisions when conducting Poxel's business and performing their day-to-day duties. The code was adopted by the Board of Directors in 2018 and amended in 2020.

The goals of this code are to promote honest and ethical conduct, promote fair dealing practices, deter wrongdoing among other things. 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.

The Code of Business Conduct and Ethics is built on the following core values, standards and commitments:

Core Values	Standards of conduct	Commitments
• Commitments towards patients • Be dedicated to science and innovation • Be loyal in doing business • Be ambitious and resilient • Be honest and transparent • Support diversity	• Prevent conflict of interests • Ensure confidentiality of information • Duty to advance Poxel's legitimate business interests over personal gains • Fair competition	• Comply with all applicable laws and regulations • Prevent insider trading • Comply with Environmental Laws to minimize the environmental footprint of Poxel • No bribery and corruption

• Promote gender equality	• No Discrimination and harassment • No Political contribution using Poxel's resources • Protection and Proper Use of Poxel's Assets	• Comply with antitrust and competition laws • Ensuring the maintenance of accurate books and records, financial integrity, and filing of public reports

The Code of Business Conduct and Ethics also provides for a whistleblowing procedure allowing executive officers, Directors, employees or any other person to raise any potential concerns, questions or reports regarding potential or actual violations of the code or rules or regulations involving accounting, internal accounting controls, auditing or securities law matters. No whistleblowing procedure was engaged in 2022 or 2021.

All employees have signed the Code of Business Conduct and Ethics upon implementation and/or beginning service at Poxel and have agreed to comply with the code. They are asked, on a periodic basis, to review and sign any updated version of this code.

The Company has implemented other policies to ensure the appropriate conduct of its business, such as:

- an inside information policy which reminds the Company's Directors, executive managers and employees of the rules applicable in stock exchange matters and explains 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;
- a corporate disclosure policy which 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;
- a policy relating to the identification of transactions with related persons to prevent conflict of interests. 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 Group determines 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 is reviewed each year by the Board of Directors, upon recommendation of the Audit Committee.

In order for employees to be familiar and to act in accordance with Poxel Code of Ethics and Conduct and other policies, employees are trained every two years on ethical matters.

In 2022, no material business ethics issue has been identified. The Group has no activities in countries exposed to risks of corruption (assessed as countries with a "Corruption Perception Index" below 60 by Transparency International). To ensure the appropriate monitoring and handling of such issues, as the case may be, the Group has implemented a business ethics log to record any potential issues related to the matters described above as well as their treatment. The Group will also proactively monitor any need to update or amend its policies.

2.5.6.3. **Create sustainable relationships with vendors**

As a Group primarily focused on research and development activities, Poxel is involved in a significant number of agreements with various vendors. These vendors can be Contract Development Manufacturing Organizations (CDMO) or Contract Manufacturing Organization (CMO) as it relates to the manufacturing of drug substance and drug product which will then be used in pre-clinical studies

and clinical trials, Contract Research Organization (CRO) for the conduct of the clinical trials or preclinical studies (including toxicological' ones), laboratories or several other service providers in connection with Poxel's research and development activities but also general and administrative matters.

Poxel's approach is to select and qualify these vendors as carefully as possible and to create sustainable long-term relationships with them.

Selection process

For each project undertaken by Poxel several vendors are contacted. Selection criteria are based on the supplier's ability to meet the Group's requirements, which may be related to expertise, quality management system, project management, budget and timelines forecasts for services entrusted. The Group takes into account the proximity of the vendor and endeavors to source services locally whenever possible.

Procurements by country (in % of operating expenses)	G&A	R&D
Lyon	17%	2%
France (excl. Lyon)	28%	12%
Europe	40%	74%
Worldwide	15%	12%

The Group also requests to be provided with key certifications and mandatory accreditations held by its vendors. In particular, as the Group is involved in the development of drug candidates, it is required under applicable regulations to conduct preclinical studies on animals before being able to move to clinical trials on human. 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 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").

To protect biodiversity in the framework of carrying out such tests, the Group requires that its vendors comply with strict safety rules and with the regulations applicable in the countries, where the studies are carried out. In this context Poxel requires its relevant business partners to have AAALAC accreditation (Association for Assessment and Accreditation of Laboratory Animal Care) for Good Laboratory Practices (GLP) studies.

The collaboration of the Group with its vendors is part of the Quality Continuous Improvement policy. Vendors qualification process includes an initial qualification (by quality questionnaire or audit) and a periodic re-qualification whose period depends on vendor criticity. Since 2021, questions related to CSR practices have been included in quality questionnaires. Certifications relevant to assess vendors CSR policy have also been requested.

A CSR scoring is calculated for each vendor (from 1 to 9) to allow initial and periodic monitoring of criteria:

- Scores from 1 to 2: CSR certifications and policy are not satisfactory.
- Scores from 3 to 4: CSR certifications and policy are satisfactory.
- Scores from 6 to 9 CSR certifications and policy are satisfactory and improved.

Vendors CSR assessment	2021-2022
Percentage of Vendor with a Poxel satisfactory CSR score	18%

**Calculation taking into account all R&D vendors active during the year that provided an answer to CSR assessment.*

In 2023, the Group intends to implement an action plan to improve its vendors practices on CSR.

Poxel applies a 45-day payment term with its vendors.

Quality Assurance

A Quality Assurance department, composed of 2 employees, independent from operational activities, is responsible for all quality assurance including audit activities. This department is also supported by external quality auditors who are experts in their fields.

The Quality Assurance Department ensures quality and regulatory compliance for all activities performed by the Group (internally and with suppliers) to meet quality standards defined by key stakeholders including health authorities. To attend this goal, the Quality Assurance department develops a quality management system based on risk management approach. The Quality Assurance Department supports the others department in the definition and follow up of operational and support processes.

The development of a new drug candidate follows a very rigorous evaluation process, during which the safety of use of the drug candidate is the primary concern for the company developing the product and the regulatory authorities responsible for its evaluation. The Group is thus obliged to comply with the standards in force "GxP" (Good Manufacturing Practice, Good Laboratory Practice, Good Clinical Practice), as well as the additional regulations and guidances established by the authorities in charge of evaluating these new drugs and protecting public health, such as the European Medicine Agency (EMA), the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, or the Food and Drug Administration (FDA) in the United States. All clinical activities are conducted in accordance with the local regulations and 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.

The Group expects its sub-contractors to comply with these standards and to act in an ethical and responsible manner. In general, all suppliers are also expected to comply with local legislation on corporate social responsibility. In the course of its collaborations, Poxel regularly performs audits to ensure this compliance. The audits carried out systematically lead to reports and action plans as necessary.

Appropriate vendors accreditation is part of the initial and periodic qualification process. Since 2021, other vendors certifications (related to quality / environment / animal welfare) are monitored in addition to GxP accreditation.

Quality assurance	2022	2021
Percentage of accredited of certified vendors by and independent organism	64%	60%
Percentage of vendors with appropriate accreditation for GxP activities	100%	100%
Percentage of vendors with at least one certification related to CSR (Environment or animal welfare)*	32%	17%
Percentage of qualified vendors (as expected by internal qualification process)	95%	88%

* Calculation taking into account all R&D vendors active during the year (even those not having manufacturing or laboratory activities)

In 2022, Poxel added a new set of criteria to its vendors selection process linked to CSR matters and included a review of these criteria in quality audit of its vendors accordingly. The proportion of vendors retained in accordance with these CSR criteria is also monitored.

2.5.6.4. Apply the highest possible standards of IT security and data protection

Data protection

In connection with its activities, including in connection with conducting clinical trials in the European Union, the Group may collect, process, use or transfer personal information from individuals located 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 (and or outside 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 (i) having legal bases for processing personal information relating to identifiable individuals and (ii) to ensuring transfer of 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.

In order to appropriately protect data, it processes and comply with applicable laws, Poxel has put in place both human and technical resources. The Group implemented a detailed action plan to work in compliance with the GDPR in all of its activities.

A data protection officer (DPO) has been appointed in 2019 with the responsibility to ensure the Group's compliance with the (GDPR) and assist operational teams on data and regulatory compliance issues. The DPO, in close collaboration with the Group's IT manager, is also responsible for the implementation and maintenance of appropriate documentation required under the GDPR such as the Group's register, privacy impact assessments, methodology of reference, data protection agreements and data transfer agreements as the case may be. The DPO, in collaboration with the Group's IT manager, is also responsible for ensuring the compliance of the Group's website with the GDPR requirements.

IT Security

Poxel implemented IT tools, as well as information and communication systems, including telephone and computer equipment (desktop, laptop, phone and mobile, servers, messaging systems, etc.) hardware and software, as well as IT and telecom networks. These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use. The access and/or use of the IT resources is subject to strict security, integrity, availability, traceability, confidentiality rules.

In order to prevent the undue circulation of data that has not been made public, the number of people having access to databases is reduced and controlled. The Group has implemented appropriate measures, in particular by limiting the number of participants in meetings, by using code names for transactions, by regularly checking computer access rights and by having the persons concerned under strict confidentiality obligations. Access to these several types of data is protected by login parameters (such as logins and passwords). These settings are strictly personal and the group's IT charter specifies the confidentiality rules regarding access to IT resources. Data is stored in private cloud systems, only persons whose functions or responsibilities justifying it are able to access data. The Group's Data Centers are set up in accordance with the "HDS" certification and the Good Security Practices, as strict as ISO 27001. Each private cloud system includes back-up plans (3 physical sites located at least more than 10km apart from each other).

Poxel has been conducting IT audits since 2015. No intrusion flaws have ever been detected. However, several of the vendors the Group 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 Group. The Group has implemented a cyber-security insurance to protect itself against the consequences of potential cyber-attacks.

In order to ensure the reliability of its IT system, the Group regularly carries out cybersecurity audits. Action plans are systematically put in place following the conclusions of the audits carried out.

Risk of cyber-attack	2022	2021
Number of attacks with direct consequences on IT system	0	0
Number of attacks attempts which required actions to ensure security, but without consequences on IT system	0	1
Number common unsuccessful attacks (eg: phishing attempts)	>100 000	>100 000
Number of days of partial of total business interruption	1	21*

**Mainly due to a fire in the facilities of the Group's cloud services firm, the interruption was only partial and affected some of the Group's IT infrastructure without preventing the Group from maintaining its activities.*

In 2022, the Group implemented several trainings and awareness sessions on cybersecurity and GDPR. The objective of this cybersecurity and data protection awareness program is to increase the skills of employees by transmitting basic knowledge in the IT field as well as to implement good practices to reduce the risk related to cybersecurity (e.g., use of computer equipment in the context of home office, scenarios of hacking mailboxes, phishing etc).

Cybersecurity awareness	2022	2021
% of employees trained on IT security issues	100%	100%

In 2022, Poxel precisely mapped its IT risks which were then be presented to the Executive Committee and Board of Directors and resulted in an action plan. Implementation of continuous action plan allowed to reduce the quantity of risks and their level. The Group's IT charter was also updated notably to improve internal good practices in connection with cybersecurity. In 2023, the Group intends to implement a business continuity plan to avoid any material business interruption.

2.5.7. Limit the Group's impact on the environment

While pursuing its mission to develop novel treatments for serious chronic diseases with metabolic pathophysiology, Poxel's goal is to limit its impact on the environment as much as possible.

As a research and development Group with no industrial facilities, Poxel's direct impact on the environment is relatively limited and consist mostly in greenhouse gas emissions. According to the French *Agence de la transition écologique* (ADEME), greenhouse gas emissions can be split into the following three categories:

- Scope 1 – All Direct Emissions from the activities directly generated by the activities of an organization or under its control. Including "combustion" on site such as gas boilers, fleet vehicles and air-conditioning leaks as well as the upstream emissions linked to this "combustion" (extraction, treatment, refining, transport and distribution);
- Scope 2 – Indirect Emissions from electricity and heat purchased and used by the organization as well as the upstream emissions linked to these electricity and heat consumption (incl. electric mix of the country);
- Scope 3 – All Other Indirect Emissions from activities of the organization, occurring from sources that they do not own or control (incl. business travel, procurement, waste and water etc) that occur in the value chain including both upstream and downstream emissions.

In 2022, Poxel decided to engage in a carbon footprint assessment and took part to the "*Diag Décarbon'Action*" proposed by the ADEME in collaboration with Bpifrance. The goal of this co-financed initiative was to measure the Group's emission for the entire value chain (Scope 1, 2 and 3) and elaborate an action plan to reduce emissions and energy consumption.

For 2021, Poxel had a carbon footprint of 2.715 tons CO2 corresponding to 88 kg CO2/k€ revenue or 50 tons CO2 per employee.

95% of Poxel carbon footprint was related to the "Inputs" category. Indeed, POXEL subcontracts all its R&D and supply chain activities. Therefore, Poxel relies on information and figures provided by its vendors and their own carbon footprint assessment, when they have conducted one. When no information is available, Poxel uses an industry conversion rate based on the average tons CO2 equivalent per euro spent. In this context, the accuracy of the carbon footprint related to the "Inputs" remains uncertain and and Poxel's carbon footprint due to the "Inputs" category may be overestimated.

3% of Poxel carbon footprint was related to "fixed assets", essentially building, IT and furniture and 1.3% to "home to work commuting".

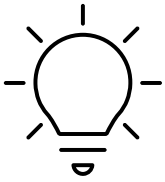
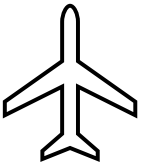
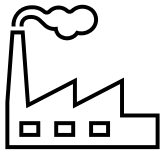
2.5.7.1. Minimize Poxel's Greenhouse gas emissions and limit pollutions

Greenhouse Gas

At this stage, Poxel's activities do not include any direct 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 noise nuisance for the staff or the local population. The Group also estimates that the discharges into the air related to its activity are not significant and have little impact on the air quality. The Group has no environmental liabilities.

Energy and water consumption are limited to servicing IT tools (and other electrical facilities) and the sanitary installations of the employees. The Group does not consume gas or oil. Therefore, the main greenhouse gas emissions identified at the date of this report by the Group remain limited to:

							
Electricity Consumption at the Group's offices (1) (Scope 2)		Business Travels (2) (Scope 3)		Manufacturing and product transportation (3) (Scope 3)		Digital Pollution (4) (Scope 3)	
2022	2021	2022	2021	2022	2021	2022	2021
1.78 kg eq. CO2	1.27 kg eq. CO2	19 t eq. CO2	16 t eq. CO2	Source data not available	3307 t eq. CO2	21 t eq. CO2	0.66 t eq. CO2

(1) 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. CO2/sq.m/year). This building was recognized by the Prebat (Program of Research on Energy in Buildings) in 2009. In 2022, electricity consumption was 31.242 kWh for premises leased on the two floors of the building in Lyon (compared to 22.236 kWh kWh in 2021 and 19.069 in 2020). These data correspond to electricity consumption on the basis of actual data for 2022,

2021 and 2020. The Group does not monitor the electricity consumption of its offices in Burlington, Paris and Tokyo which were deemed to be non-significant given the surface areas occupied.

(2) The health situation related to Covid-19 has led to a significant reduction of business travels in 2022 and 2021. The Group expects that the activity on domestic and international travels will increase in the future. In order to limit travel and its impact on the environment, the Group attempts to use video conferencing and teleconferencing tools whenever possible. In 2021, the Group revised its Travel Policy to include environmental criteria and limitations to business travels in an effort to be more effective from an environmental standpoint and to limit its carbon footprint.

(3) The Group generates GhG emissions through the manufacturing, packaging, transportation, use and destruction of the active ingredients that are used in the non-clinical and clinical studies. These activities are performed by external vendors.

(4) See Section 2.5.7.2 "Deploy a responsible digital approach".

The Group generates little waste directly. It mainly generates administrative waste, paper, or office consumables (printer cartridges). For office consumables, the Group has signed a contract for the collection of this waste with a specific contractor in charge of recycling them. Special containers have been installed in the offices in Lyon to collect paper, thin cardboard, plastic bottles, glass and coffee pods.

Direct consumption and waste	2022	2021
Water (m3)	107	119
Paper consumption (printouts/sheets)	36,170 printouts/16,000 sheets	39,000 printouts/25,000 sheets
Toners	7	11
Coffee pods (kg)	48	74

The Group has also signed contracts with specialized service providers for the recovery of other 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.

In 2022, Poxel's recycling balance was 262kg of paper and cardboard, 186 kg of glass, and 14.5kg of plastic bottles. Poxel is committed to continue reducing its waste and other consumables in the near future as well as to increase its recycling efforts.

Action plan

In 2023, the Group efforts will therefore be focused on (i) assessing more precisely the carbon footprint from the "Inputs" category in order to increase its direct impact on the reduction of carbon footprint from its vendors and partners and (ii) the reduction of carbon footprint related to the other categories.

- Monitoring

Each year, the Group will internally establish its carbon footprint assessment. The reference year will be defined once necessary training of reference people will have been completed.
The Group will also closely work with its vendors and partners in order to assess precisely the information required to complete the "Inputs" category of the carbon footprint assessment.

- Fixed assets

The Group will endeavor to limit its impact related to its workplace and to make a more efficient use of its buildings and office space, while providing employees with the best possible work environment.

- Subcontracting

The Group has included CSR criteria in its vendor selection process. These criteria will be stated in all requests for proposal and vendors taking the bid will have to complete a CSR questionnaire with an emphasis on CO2 emission reduction. Local vendors will be preferably selected, as possible.
Moreover, smart manufacturing overages based on product and process knowledge will be defined to avoid manufacturing wastes.

- Commuting

Number of corporate events will be limited and held remotely when possible. Moreover, for business trips, the revised travel policy provides for the use of train rather than plane whenever possible and includes environmental criteria and limitations to business travels in an effort to be more effective from an environmental standpoint and to limit Poxel's carbon footprint. An internal initiative to encourage soft mobility in home-to-work travels has been launched in 2023.

- Green attitude

Poxel will provide employees with sustainability training and will develop incentives to promote environmentally friendly attitudes. Moreover, waste management policy will be reinforced.

The Group's goal is to reduce its carbon footprint in the coming years, with a goal of -14% of CO2 emission in 2030 compared to 2021.

2.5.7.2. **Deploy a responsible digital approach**

As a Group focused on research and development, one of the key aspects of Poxel's pollution stems from digital pollution through use of IT infrastructure and digital devices.

IT equipment

To conduct its business Poxel has set up computer tools, information and communication systems including telephone and computer equipment (fixed or portable computers, servers, messaging systems, etc.) hardware or software, as well as computer and telecommunication networks. These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use. The IT Charter has been revised in 2022 in order to reflect and define good practices which aim at reducing the impact of digital pollution.

In the context of remote work, specific equipment is provided to the employees (e.g., additional computer screens, keyboards, mouse).

Each employee is provided with a computer equipment and telephone. The renewal of each employee's equipment is planned every 3 years, but can be extended upon evaluation of the equipment and the needs of the employee.

IT Equipment life-cycle	2022	2021
Share of re-used IT equipment after end-of-life cycle within the Group	11%	30%

The Group has adapted its policy to re-use computer hardware. While keeping a pool of computers ready to be deployed in the event of a failure, Poxel's goal is to extend the life of its employees' equipment whenever possible and recondition its computers at the end of their life cycle within the Group, or to make donations to associations or to collaborators for a private need.

In 2023, the Group implemented a monitoring of the waste generated by its IT equipment and has established a new policy with the goal ensure its recycling as much as possible.

Use of IT infrastructure

The Group uses video conferencing and teleconferencing tools, e-mails, dematerialized storage systems and various information systems and software.

The weight of stored data amounted to approximately 8 900 Go for 2022 (compared to 10 000 Go for 2021). The reduction of the weight of stored data partly reflects the redesign, in 2021, of the Group's dematerialized storage systems in order to reduce the weight of these data.

These IT resources are subject to an IT Charter adopted by the Board of Directors in 2019 which defines the legal, ethical and security rules applicable to their use. The access and/or use of the IT resources is subject to strict security, integrity, availability, traceability, confidentiality rules. The IT charter has been revised in 2022 to incorporate good practices in the use of IT equipment and limit digital pollution. This charter is signed by all employees and an awareness campaign will be implemented. In the near future, the Group intends to better monitor its digital pollution and is committed to limiting it as much as possible.

The Group also adopted the electronic signature to limit its paper consumption.

The Group does not monitor any additional data related to digital pollution at this stage and plans to further investigate the impact of its digital activities as well as their level of GhG issuance in the future.

2.5.8. Methodology note

This report presents CSR data concerning Poxel (the "Company") and its Japanese and American subsidiaries for fiscal 2021 & 2022 (together with Poxel the "Group"). Financial year 2021 covers the period between January 1, 2021 and December 31, 2021. Financial year 2022 covers the period between January 1, 2022 and December 31, 2022. The Group has two geographical locations in France: its head office in Lyon and an office in Paris. Unless specified in the report, the data presented aggregates information relating to these two sites.

All the indicators are monitored by the financial controllers, the Vice President Human Resources and the Vice President Finance. The employment indicators are established based on a non-accounting summary, supported by employment data arising from salaries and personnel files.

Concerning environmental indicators, non-accounting monitoring is performed. Based on this monitoring, actual electricity consumption is calculated based on consumption billed. We used a CO_2 equivalent emission factor of around 72g CO_2/kWh and 15g CO_2/Mo based on the ADEME carbon accounting v8.7. Information was collected by the Head of CSR. The information was checked by the Chief Legal Officer & Head of CSR.

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 *Universal Registration Document* as a whole and, in particular, the Group's consolidated financial statements prepared in accordance with IFRS. The consolidated financial statements cover the twelve-month periods ended December 31, 2021 and 2022.

The comments on the financial statements presented in Section 3.1*"Management discussion and analysis"* of the *Universal Registration Document* 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, 2022*" of this *Universal Registration Document*. The consolidated financial statements for the year 2022 have been subject to an audit opinion which includes a material uncertainty related to the going concern and a qualification related to the valuation of the PXL065 assets.

3.1.1. Overview

Poxel is a clinical stage biopharmaceutical company developing innovative treatments for chronic serious diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare disorders. For the treatment of NASH, PXL065 (deuterium-stabilized R-pioglitazone) met its primary endpoint in a streamlined Phase 2 trial (DESTINY-1). In rare diseases, development of PXL770, a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator, is focused on the treatment of adrenoleukodystrophy (ALD) and autosomal dominant polycystic kidney disease (ADPKD). TWYMEEG® (Imeglimin), Poxel's first-in-class product that targets mitochondrial dysfunction, is marketed for the treatment of type 2 diabetes in Japan by Sumitomo Pharma and Poxel expects to receive royalties and sales-based payments. Poxel has a strategic partnership with Sumitomo Pharma for Imeglimin in Japan, China, and eleven other Asian countries. Listed on Euronext Paris, Poxel is headquartered in Lyon, France, and has subsidiaries in Boston, MA, and Tokyo, Japan.

Since its incorporation on March 11, 2009, the Group has devoted substantially all of its financial resources to research and development efforts. On June 23, 2021, the Group and Sumitomo Pharma announced that a new drug application for TWYMEEG Tablets 500mg (International Nonproprietary Name (INN): Imeglimin hydrochloride), for the treatment of type 2 diabetes, was approved in Japan. Japan is the first country in the world to approve Imeglimin. 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 its drug candidates. The Group had a net loss of €31.4 million and €23.8 million for the years ended December 31, 2022 and 2021 respectively.

In 2019, 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 three tranches were drawn down in November 2019, March 2020 and June 2021 successively. A debt covenant is 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.

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

1.75 billion (approximately €13.2 million) additional milestone payment that was recognized as revenue in June 2021 and paid in July 2021.

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 had 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.

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 2.1.12 "*Legal Proceedings").*

In August 2022, the Group 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 Group 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 Group 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 August 2022, the Group implemented an equity-linked financing with IRIS.

IRIS has committed to subscribe to bonds convertible into new ordinary shares of the Company for an initial amount of EUR 4 million, which was drawn by the Company on August 5,2022. The Company decided to draw two additional tranches of EUR 1 million each on December 16, 2022. No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares.

In the fourth quarter 2022, the Group initiated a corporate savings plan which includes a significant workforce reduction. This saving plan aims to adapt the Company's resources to the current clinical development plan while preserving critical resources and competencies.

The Group had cash and cash equivalents of €13.1 million as of December 31, 2022. Financial net debt amounted to €29.5 million at December 31, 2022. Financial liabilities of the Group (lease and derivative debt excluded) were €42.6 million as of December 31, 2022, reflecting its commitments to French Government loan (PGE) and IPF debt.

3.1.2. Presentation of financial information

The Group's consolidated financial statements included in this Universal Registration Document have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board 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:

- The Group will pay Merck Serono a fixed 8% royalty based on the net sales of Imeglimin, independent of the level of net sales of the products covered by the assigned patents, 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 Pharma Collaboration Agreement for Imeglimin in Type 2 Diabetes

On October 30, 2017, the Sumitomo Pharma License Agreement for the co-development and marketing of Imeglimin. Under this agreement, Sumitomo Pharma 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 Pharma License Agreement, Sumitomo Pharma 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 Pharma following the submission of the Imeglimin J-NDA.

On June 23, 2021, the Group and Sumitomo Pharma announced that a new drug application for TWYMEEG® Tablets 500mg (International Nonproprietary Name (INN): Imeglimin hydrochloride), for the treatment of type 2 diabetes, was approved in Japan. The approval in Japan triggered a JPY 1.75 billion (approximately €13.2 million) milestone payment to Poxel from Sumitomo Pharma. In accordance with the Sumitomo Pharma license agreement, Poxel is entitled to receive escalating royalties of 8 - 18% on net sales of TWYMEEG and sales-based payments of up to JPY 26.5 billion (approximately EUR 200 million), please see Section 2.3.2 "*Sumitomo Pharma 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 Pharma (see Section 2.3.2 "*Sumitomo Pharma 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 Pharma. 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. In July, Enyo announced positive results for Vonafexor, in a Phase 2a study in NASH and topline interim results from two ongoing Phase 2a studies in chronic hepatitis B patients.

The Enyo license agreement did not have any material impact on the Group's results of operations in 2021 or 2022. 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 chronic serious diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare disorders (AMN/ALD). Its research and development efforts are focused on its existing drug candidates, 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. For the year ended December 31, 2022 and the year ended December 31, 2021, 64% and 77%, respectively, of its operating expenses were for research and development purposes.

Subject to additional financing, the Group expects to continue to incur significant expenses and operating losses for the foreseeable future:

- continues to invest in the preclinical and clinical development of its drug candidates, including PXL770, PXL065 with a focus on AMN/ALD;
- continues preclinical development of its other programs;

- 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 to what extent the Group will generate revenue from the commercialization and sale of its drug candidates that obtained regulatory approval. The Group may not succeed in achieving regulatory approval for its drug candidates that are still in development. 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 in the territories that are not covered by the Sumitomo Pharma license agreement, 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 not succeed in achieving regulatory approval for its drug candidates that are still in development. 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 generated, following TWYMEEG commercial launch in Japan on Sept 16 2021, JPY 1.5 million royalties (EUR 58 thousand) at December 31, 2021, and JPY 94.99 million royalties (EUR 672 thousand) at December 31, 2022, corresponding to 8% of Imeglimin net sales in Japan. As part of the Merck Serono licensing agreement, Poxel will pay Merck Serono a fixed 8% royalty based on the net sales of TWYMEEG, independent of the level of sales.

Therefore, the Group anticipates that it will need to raise additional capital, prior to completing clinical development of its drug candidates. Until such time that it can generate substantial revenues from sales of products, 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, milestone payments and royalties 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 generated revenue from product sales for the first time in 2021. Royalties have been reported following Imeglimin commercial launch in Japan on Sept 16, 2021, corresponding to 8% of Imeglimin net sales in Japan. In accordance with the Sumitomo Pharma license agreement, the Group is entitled to receive escalating royalties of 8 - 18% on net sales of TWYMEEG and sales-based payments of up to JPY 26.5 billion (approximately EUR 200 million). Based on the current forecast, the Group expects to receive 8% royalties on TWYMEEG net sales in Japan through the Sumitomo Pharma fiscal year 2022 (April 2022 to March 2023).

The Group's ability to generate other product revenue will depend upon its ability to successfully develop, obtain regulatory approval and commercialize Imeglimin in territories that are not covered by the Sumitomo Pharma license agreement, 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 revenue from its drug candidates that are still under development.

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 remain substantial given 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 PXL770 and PXL065;
- personnel expenses, including salaries, benefits and share-based compensation, for its 31 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;
- laboratories and allocated facilities expenses.

Research and development expenses are expensed as incurred.

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, 2022	December 31, 2021
Imeglimin	461	481
PXL770	779	4,068
PXL065	5,062	11,759

Research and development expenses in 2021 and 2022 mostly reflect the Group development plan in NASH with the PXL065 Phase 2 trial (DESTINY) started in Q3 2020 and completed in Q3 2022; and in AMN/ALD with the preparation of a PXL065/PXL770 Ph2a PoC trial.

3.1.4.2.2. **Subsidies**

As a Group that carries extensive research and development activities, the Group has benefited from grants and research and development incentives from certain governmental agencies. These grants and research and development incentives aimed to partly reimburse approved expenditures incurred in its research and development efforts.

Its subsidies consisted of 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 Company received the reimbursement for the 2021 Research Tax Credit in the amount of €2.2 million in 2022.

Since its inception through December 31, 2022, the Company has received €36.6 million in non-refundable subsidies, mainly from the Research Tax Credit (€36 million). For the year ended December 31, 2022, the Group recorded Research Tax Credit of €1.5 million, as a result of research and development expenses incurred during the period, as compared to subsidies of €2.3 million for the year ended December 31, 2021, mostly reflecting Research Tax Credit.

3.1.4.2.4. **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.

3.1.4.3. **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, 2021 and 2022

The table below sets forth the Group's financial results for the years ended December 31, 2021 and December 31, 2022:

In thousands €	December 31, 2022	December 31, 2021	Change	Change %
Revenue	**674**	**13,397**	**-12,723**	**-95%**
COGS	*-672*	*-59*	*613*	*1,039%*
Gross margin	**2**	**13,339**	**-13,337**	**-100%**
Research and development expenses	*-13,940*	*-27,479*	*13,539*	*-49%*
Subsidies	*1,491*	*2,305*	*-814*	*-35%*
General and administrative expenses	*-9,443*	*-10,628*	*1,185*	*-11%*
Operating income (loss)	**-21,890**	**-22,463**	**573**	**-3%**
Financial expenses	*-9,908*	*-2,950*	*-6,958*	*236%*
Financial income	*170*	*868*	*-698*	*-80%*
Exchange gain (loss)	*229*	*785*	*-556*	*-71%*
Financial income (loss)	***-9,509***	***-1,297***	***-8,212***	***633%***
Net income (loss) before taxes	***-31,396***	***-23,760***	***-7,636***	**32%**
Income taxes	***-2***	***-2***	-	-
Net income (loss)	**-31,398**	**-23,763**	**-7,635**	**32%**

3.1.5.1.1. Revenue

The total revenue for the year ended December 31, 2022 was € 0.7 million, as compared to €13.4 million for the year ended December 31, 2021, an decrease of €12.7 million, or 95%. The total revenue comprises revenue from its license and partnership agreements.

At December 31, 2021, revenue mainly includes a JPY 1,750 million (EUR 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 as well as first royalties received in 2021 following Imeglimin commercial launch on September 16, 2021(EUR 58 thousand).

At December 31, 2022, revenue was related to JPY 94.99 million (EUR 672 thousand) royalties of Imeglimin, corresponding to 8% of Imeglimin net sales in Japan;

The table below sets forth the third-party revenue, by contract, for the years ended December 31, 2021 and 2022.

(In € thousands)	December 31, 2022	December 31, 2021	Change	Change %
Sumitomo Pharma Contract	673	13,377	-12,704	-95%
Other Contract	1	20	-19	-95%
Revenue	**674**	**13,397**	**-12,723**	**-95%**

All the Group's contracts are accounted for in accordance with IFRS 15 Revenue from contracts with customers.

For the Sumitomo Pharma License, the agreement provides for regulatory and sales-based milestone payments and for the payment of royalties based on sales of Imeglimin in the allotted territories. On July, 2021, Poxel received PY 1,750 million (EUR 13,2 million) milestone payment from Sumitomo Pharma following the approval of Imeglimin in Japan. The Group has generated revenue from product sales for the first time in 2021. Royalties have been reported for the amount of JPY 1.5 million (EUR 58 thousand) following Imeglimin commercial launch in Japan on Sept 16 2021. At December 31, 2022, the Group has generated revenue from product sales revenue of JPY 94.99 million (EUR 672 thousand) royalties of Imeglimin.

The accounting treatment of this contract is described in note 18 to the Group's audited consolidated financial statements in Section 3.2.6 "*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 general and administrative expenses. The table below sets forth the Group's operating expenses for the years ended December 31, 2021 and December 31, 2022.

(In € thousands)	December 31, 2022	December 31, 2021	Change	Change %
Research and development expenses	-13,940	-27,479	13,539	-49%
Subsidies	1,491	2,305	-814	-35%
General and administrative expenses	-9,443	-10,628	1,185	-11%
Total operating expenses	**-21,892**	**-35,802**	**13,910**	**-39%**

The Group's operating expenses for the year ended December 31, 2022 were €21.9 million, as compared to €35.8 million for the year ended December 31, 2021, a decrease of €13.9 million or -39%.

Research and development expenses

Research and development expenses decreased by €13.5 million, or -49%, to €13.9 million for the year ended December 31, 2022, as compared to €27.5 million for the year ended December 31, 2021. Research and development expenses mainly relates to the end of the Ph2 clinical trial for PXL065 in NASH and the preparation of the Ph2a clinical trial for PXL065/PXL770 in AMN/ALD. The Group conducted its studies through its network of subcontracted service providers. Compensation of these contracts constitutes the majority of its research operating expenses.

Research and development expenses represented 64% and 77% of total operating expenses in 2022 and 2021, respectively.

Subsidies

Subsidies amounted to €1.5 million for the year ended December 31, 2022 and €2.3 million for the year ended December 31, 2021. These subsidies are mainly related to the Research Tax Credit.

General and administrative expenses

Total general and administrative expenses decreased by €1.2 million, or -11%, to €9.4 million for the year ended December 31, 2022, as compared to €10.6 million for the year ended December 31, 2021. This decrease is primarily due to a €0.6 million decrease in share-based payments.

3.1.5.1.3. **Financial income (loss)**

For the year ended December 31, 2022, the Group recognized financial loss of -€9.5 million, as compared to financial loss of -€1.3 million for the year ended December 31, 2021. The financial loss in 2022 is mainly composed of :

- financial expenses, which mostly correspond:

    - to interests on IPF debt (€3,805 thousand in 2022 compared to €2,463 thousand in 2021);
    - to fee payable, following IPF debt restructuring in 2022, at the maturity date of each tranche and set at a total amount of €4,066 thousand;
    - to the change in IRIS derivative liability fair value an expense of €1,533 thousand in 2022;
- financial income corresponding to the change in fair value of derivative instruments (an income of €153 thousand in 2022 compared to an income of €820 thousand in 2021) and income from financial investments (€17 thousand in 2022 compared to €48 thousand in 2021);
- foreign currency exchange gains and losses (an income of €229 thousand compared to an income of €785 thousand in 2021).

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, 2022, the amount of accumulated tax loss carryforwards since its inception was €206 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, 25%. 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 2021 and 2022 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, 2022, was -€31.4 million, as compared to a net loss of -€23.8 million for the year ended December 31, 2021.

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 €13.1 million as of December 31, 2022. Financial net debt amounted to €29.5 million at December 31, 2022. Financial liabilities of the Group (lease and derivative debt excluded) were €42.6 million as of December 31, 2022, reflecting its commitments to French Government loan (PGE),IPF debt and the equity-linked financing with IRIS.

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 has generated revenue from product sales for the first time in 2021. Royalties have been reported following Imeglimin commercial launch in Japan on Sept 16 2021. From inception through the date of this *Universal Registration Document*, the Group has received an aggregate of €309.9 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;
- €80.8 million in upfront and milestone payments from its partners, including €52.8 million from its partnership with Sumitomo Pharma and €28 million ($35 million) from its development and license agreement with Roivant;

- other sources of capital totaling €44.4 million, consisting mainly of €36 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 €30 million.
- French Government Guarantee Loan (PGE loan) for €6.0 million in October 2020.
- An equity-linked financing of € 6 million with IRIS, a venture capital firm specialized in providing financing solutions to listed companies.

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.

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.

In June 2021, following the Marketing approval of Imeglimin in Japan, the Group borrowed €13.5 million under the third and final tranche of IPF Venture Loan and issued warrants to purchase 156,250 ordinary shares with an exercise price of €6.72.

The exercise price of the warrants attached to the three tranches could be revised if certain conditions are met.

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 tranches A and B and 12th month for tranches 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, BPI france 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. 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.

In August 2022 :

- the Group 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 Group 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 Group 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.

- the Group implemented an equity-linked financing with IRIS.
IRIS has committed to subscribe to bonds convertible into new ordinary shares of the Company for an initial amount of EUR 4 million, which was drawn by the Company on August 5,2022. The Company decided to draw two additional tranches of EUR 1 million each on December 16, 2022. 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 Group anticipates that it will need to raise additional capital, prior to completing clinical development of its drug candidates. Until such time that it can generate substantial revenues from sales of products, 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 in US, UE, territories not covered by the Sumitomo Pharma license agreement 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, 2021 and 2022**

The following table sets forth a summary of the Group cash flows for the years ended December 31, 2021 and 2022 :

(In € thousands)	**December 31, 2022**	**December 31, 2021**	**Change**	**Change %**
Cash flows from (used in) in operating activities	-21,813	-16,893	4,920	29%
Cash flows from (used in) in investing activities	-	-42	42	n.a.
Cash flows from (used in) financing activities	2,585	9,025	6,440	-71%
Net decrease in cash and cash equivalents	**-19,229**	**-7,915**	**-11,314**	**143%**

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, 2022 amounted to - €21.8 million, an increase of €4.9 million compared to the previous year.

Its cash flows used in operating activities in 2022 and 2021 primarily reflect the funding of its clinical developments and ongoing activities. The change between 2021 and 2022 is mainly due to the change in working capital requirements.

3.1.6.2.2. Cash flows from (used in) investing activities

The Group uses subcontractors for many of its research activities, and it only in-sources controls and projects management functions. Accordingly, its operations do not typically require significant cash investments.

Its cash flows used in investing activities for the year ended December 31, 2022, were null and its cash flows from investing activities for the year ended December 31, 2021 were €-0.04 million.

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, 2022 were €2.6 million and its cash flows from financing activities in the year ended December 31, 2021 were €9 million.

For the year ended December 31, 2022, cash flows from financing activities were primarily due to:

- IPF Partners repayment for an amount of -€1.7 million;
- Interests paid in connection with the IPF loan for an amount of -€2 million;
- Equity-linked financing with IRIS for an amount of +€6 million;
- Prefinanced research tax credit 2022 for an amount of +€0.8 million.

For the year ended December 31, 2021, cash flows from financing activities were primarily due to:

- bond loan with IPF Partners for a net an amount of €11.3 million;
- Interests paid in connection with the IPF loan -€1.9 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 France (Lyon and Paris), Japan and the United States, along with certain computer equipment, are leased under operating lease agreements. See Section 3.1.8.4 "*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, 2022:

In € (thousands)	Less than 1 year	1 to 5 years	Total
Operating leases (1)	460	703	**1,163**
Total financial commitments	**460**	**703**	**1,163**

(1) Real estate leases related to the Group's offices in France, Japan and the United States

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:

- a fixed 8% royalty based on the net sales of Imeglimin, independent of the level of net sales of the products covered by the assigned patents, 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.

In August 2022, the Group 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 Group 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 Group 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.

On March 22, 2023, the Group announced a second amendment agreement with IPF Partners to further restructure its existing debt facility.

Under this second amendment agreement, IPF Partners has agreed to postpone all debt repayments to reinitiate when the royalty rate on TWYMEEG® (Imeglimin) net sales increases to 10%, resulting in positive net royalties to Poxel (after the first 8% of royalties on net sales are paid to Merck Serono), which the Group anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025). Positive net royalties and sales-based payments will be directed to debt reimbursement until the loan is fully repaid. According to this new repayment schedule, the debt maturity will be in Q2 2029 at the latest.

In addition to the postponing of debt repayments mentioned above, the Group and IPF have agreed to less restrictive financial covenants where the Company shall maintain a minimum cash position between EUR 1 million and EUR 9 million and a gearing ratio, as measured by total net debt to the market capitalization value of the Company, at a level lower than 150% (vs. 50% initially). The second amendment agreement also includes an additional covenant linked to the level of Imeglimin sales which shall not fall below 75% of the amount of sales forecasted by the Group based on a conservative model until June 30, 2024. The covenants will be assessed on a monthly basis.

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

3.1.8.4. **Real Estate Leases**

The Group leases two office space in Lyon, France under a lease that expires in August 2024 and in March 2027, with an opt out provision in March 2024.

The Group also occupies additional office space in Paris with a lease that expires in January 2024.

The Group also leases an office space in Burlington, MA in the United States which has been terminated and will end in May 2023.

The Group also leases an office space in Tokyo, Japan whose lease ends in January 2024.

According to IFRS 16, the Group recognized a lease debt of €1.2 million as of December 31, 2022. This lease debt was €1.5 million as of December 31, 2021.

3.1.8.5. **Obligation under the Iris contract**

On August 8, 2022, the Group announced the implementation of an equity-linked financing with IRIS and on March 22, 2023, the Group announced a subsequent similar financing (together the "IRIS Agreements"), 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 €4 million. Two additional tranches of €1 million each, have been drawn in Q4 2022, for a total of EUR 6 million. In the second agreement, an initial tranche of EUR 3.5 million was drawn down in March 2023. At the Company's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down until March 2025, up to a total of EUR 15 million for the second equity-linked facility. The drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million.

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 redeemable 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), the delisting of the Group's shares, any default of payment under an existing debt facility or the initiation of a bankruptcy or similar proceedings. 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 or existing ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance or delivery of shares upon redemption of the bonds shall be made on each redemption date on the basis of 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the General Meeting of shareholders of June 21, 2022), (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the General Meeting of shareholders of June 21, 2022), and (iii) the nominal value of the Shares.

During the term of the financing, IRIS is expected to sell the newly issued shares received upon conversion of the redeemable bonds on the market or in block trades. 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 redeemable bonds.

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 *Universal Registration Document*, this loan consists of 700,000 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.

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

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.

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 Pharma. 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 Pharma 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 Pharma 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.

The consolidated financial statements of Poxel as of December 31, 2022 have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union.

The Company adopted the following standards, amendments and interpretations:

- 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 December 31, 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 has assessed the impacts following the first application of these new standards and does not anticipate any material impact on its financial statements.

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, 2022:

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 2013 and 2022	1,067,178	994,678	1,062,500	€4.12 to €13.57	€0 to €6.77	€4.0 to €10.77	10 years	40% to 57%
BSPCE - Various grants between 2012 and 2017	297,500	227,500	227,500	€5.76 to €8.00	€2.72 to €5.58	€3.20 to €7.26	10 years	53% to 55%
Stock Options - Various grants between 2016 and 2022	2,472,000	1,552,500	1,552,500	€4.12 to €12.55	€1.74 to €5.88	€4.12 to €12.55	10 years	40% to 53%
Performance shares - Various grants between 2018 and 2022	1,950,900	1,111,050	1,111,050	-	-	-	-	-

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, 2022, the Group recorded total share-based compensation expenses of €2.8 million (1.4 million as "Research and development" expense and €1.4 million as "General and administrative" expense), as compared to €4.6 million (€2.6 million as "Research and development" expense and €2 million as "General and administrative" expense) for the year ended December 31, 2021.

(In € thousands, except number of shares)	Number of instruments outstanding	IFRS 2 cost of the plan	Cumulative expense at Dec 31, 2020	2021 expense	Cumulative expense at Dec 31, 2021	2022 expense	Cumulative expense at Dec 31, 2022
Total BSA	994,678	3,308	3,308	-	3,308	-	3,308
Total BSPCE	227,500	1,492	1,485	-	1,485	-	1,485
Total Stock Options	1,552,500	6,878	3,911	1,105	5,016	931	5,948
Total Performance shares	1,111,050	7,794	2,277	3,498	5,775	1,888	7,663
Grant total	**3,885,728**	**19,472**	**10,981**	**4,603**	**15,584**	**2,819**	**18,403**

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 revenue from its licensing agreement with Sumitomo Pharma in Japan is in JPY.

The Group is subject to fluctuations in foreign currency rates in connection with these contracts and licensing agreement.

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 and forward sale in order to cover a commitment or future revenue 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, 2021 and 2022.

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, 2022

3.2.1. Statement of financial position

POXEL Statements of financial position (in € thousand)	Notes	Dec 31, 2022	Dec 31, 2021
ASSETS			
Intangible assets	6	16,606	16,631
Property, plant and equipment	7	1,323	1,716
Other non-current financial assets	8	211	206
Deferred tax assets	22	-	-
Total non-current assets		18,140	18,552
Trade receivables	9	394	50
Other receivables	9	3,122	3,999
Current tax asset	22	-	-
Cash and cash equivalents	10	13,058	32,287
Total current assets		16,574	36,337
Total Assets		**34,714**	**54,889**

POXEL Statements of financial position (in € thousand)	Notes	Dec 31, 2022	Dec 31, 2021
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	12	603	574
Premiums related to the share capital	12	26,668	24,780
Retained earnings (deficit)		-14,672	6,338
Net income (loss)		-31,398	-23,763
Accumulated other comprehensive income		556	277
Total shareholder's equity		**-18,241**	**8,206**
Non-current liabilities			
Employee benefits	15	252	370
Non-current financial liabilities	14	25,218	30,094
Provisions	16	67	318
Total non-current liabilities		**25,537**	**30,782**
Current liabilities			
Current financial liabilities	14	19,042	5,046
Derivative liabilities	14	1,533	153
Trade payables	17.1	4,406	8,417
Tax and employee-related payables	17.2	2,431	2,270
Contract liabilities	17.3	7	15
Total current liabilities		**27,419**	**15,901**
Total Liabilities and Shareholder's equity		**34,714**	**54,889**

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

3.2.2. Consolidated statement of income (loss)

POXEL Income statement (in € thousand)	Notes	Dec 31, 2022	Dec 31, 2021
Revenue	18	**674**	**13,397**
Cost of sales		-672	-59
Gross Margin		**2**	**13,339**
Research and development expenses	19.1	-13,940	-27,479
Subsidies	19.1	1,491	2,305
General and administrative expenses	19.2	-9,443	-10,627
Operating income (loss)		**-21,890**	**-22,463**
Financial expenses	21	-9,908	-2,950
Financial income	21	170	868
Exchange gains	21	229	785
Financial income (loss)	**21**	**-9,509**	**-1,297**
Net income (loss) before taxes		**-31,396**	**-23,760**
Income tax	22	-2	-2
Net income (loss)		**-31,398**	**-23,763**

Earnings/(loss) per share (€/share)	Dec 31, 2022	Dec 31, 2021
Weighted average number of shares in circulation	29,076,716	28,642,334
Basic Earnings (loss) per share (€/share)	**-1.08**	**-0.83**
Diluted Earnings (loss) per share (€/share)	**-1.08**	**-0.83**

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) (in € thousand)	Notes	Dec 31, 2022	Dec 31, 2021
Net income (loss) of the year		-31,398	-23,763
Actuarial gains (losses) from defined benefit plans (non-recyclable)	15	188	123
Currency translation adjustment (recyclable)		92	-79
Tax effect associated with these elements		-	-
Other comprehensive income (loss) (net of tax)		280	44
Total comprehensive income (loss)		**-31,118**	**-23,719**

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€	K€
As of December 31, 2020	*28,495,523*	**570**	**145,849**	**-119,587**	**232**	**27,065**
Net loss as of December 31, 2021		-	-	-23,763	-	-23,763
Other comprehensive income (loss)		-	-	-	44	44
Total Comprehensive income (loss)	*28,495,523*	-	-	-23,763	44	-23,719
Allocation		-	-121,360	121,360	-	-
Exercise of share warrants	208,169	4	226	-	-	230
Issuance of warrants		-	65	-	-	65
Share base payments		-	-	4,603	-	4,603
Treasury shares		-	-	-39	-	-39
As of December 31, 2021	*28,703,692*	**574**	**24,780**	**-17,424**	**277**	**8,206**
Net loss as of December 31, 2022		-	-	-31,398	-	-31,398
Other comprehensive income (loss)		-	-	-	280	280
Total Comprehensive income (loss)	28,703,692	-	-	-31,398	280	-31,118
Issuance of shares	*255,624*	5	-5	-	-	-
IRIS Conversion	*1,212,441*	24	1,894	-	-	1,918
Subscription of share warrants		-	-	-	-	-
Share base payments		-	-	2,819	-	2,819
Treasury shares		-	-	-66	-	-66
As of December 31, 2022	*30,171,757*	**603**	**26,668**	**-46,069**	**556**	**-18,241**

	Currency translation adjustment (recyclable)	Actuarial gains (losses) from defined benefit plans (non recyclable)	Tax effects associated with these elements	Total
As of December 31, 2020	**262**	**-29**		**232**
Other comprehensive income (loss)	-79	123		44
As of December 31, 2021	**183**	**94**		**277**

As of December 31, 2021	**183**	**94**		**277**
Other comprehensive income (loss)	92	188		280
As of December 31, 2022	**275**	**282**		**556**

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, 2022 K€	Dec 31, 2021 K€
Cash flows from operating activities			
Net income (loss) for the period		-31,398	-23,763
Elimination of amortization of intangible assets	6	36	33
Elimination of depreciation of property, plant and equipment	7	519	523
Provisions booked	15-16	136	416
Reversal of provisions	16	-329	-2,582
Expenses associated with share-based payments	13	2,819	4,603
Interests expenses		7,740	2,444
Interests income		-17	-48
Change in derivative liability fair value	14.1	1,380	-820
Effect of unwinding the discount related to IPF Debt	14.1	620	402
Effect of unwinding the discount related to PGE debt	14.4	15	107
US loan non-cash profit		-	-106
Cash flows from operating activities before change in working capital requirement		**-18,477**	**-18,791**
Trade receivables (net of impairment of trade receivables)	9	-344	231
Other receivables	9	877	1,487
Trade payables	17.1	-4,011	53
Tax and social security liabilities	17.2	142	125
Contract liabilities	17.3	-	-
Other creditors and other liabilities		-	2
Changes in working capital requirements		**-3,335**	**1,898**
Cash flows from operating activities		-21,813	-16,893
Cash flows from investing activities			
Acquisitions of intangible assets	6	-12	-21
Acquisitions of property, plant and equipment	7	-11	-28
Interests received		17	47
Other cash flows from investing activities	8	6	-41
Cash flows from investing activities		-	-42
Cash flows from financing activities			
Share capital increase, including premium, net of expenses	12	-	230
Subscription of share warrants	12	-	65
Interests paid		-1,973	-1,925
IPF debt net of expenses	14.1	-	11,322
IPF Repayement	14.1	-1,650	-
PGE debt	14.4	-166	-
IRIS debt	14.5	6,000	-
Prefinanced research tax credit	14	822	
Repayment of loans and conditional advances	14.2	-	-232
Repayment of the lease debt	14.3	-448	-436
Cash flows from financing activities		2,585	9,025
Impact of foreign currency exchange fluctuations		-1	-4
Increase (decrease) in cash and cash equivalents		-19,229	-7,915
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)		13,058	32,287
Increase (decrease) in cash and cash equivalents		-19,229	-7,915

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

3.2.6. Notes to the consolidated financial statements

Note 1: General information about the Group

The accompanying consolidated financial statements as of December 31, 2021 and 2022 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 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 €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. In 2022, the Group entered into an agreement with IPF to restructure its existing debt facility (See Note 14).
- an equity-linked financing with IRIS, a venture capital firm specialized in providing financing solutions to listed companies. The financing consists of three separate redeemable bond tranches: €4 million (Tranche A), €1 million and €1 million (Tranche B and C), for a total amount of €6 million. The three tranches were drawn down in August 2022 for tranche A, December 2022 for tranche B and C (See Note 14).

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 April 21st, 2023. The consolidated financial statements will be submitted to the approval of the shareholders' meeting on 21st June 2023.

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, 2021 and 2022.

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, 2015. 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, 2022.

The consolidated financial statements of Poxel as of December 31, 2022 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, 2022.

The Company adopted the following standards, amendments and interpretations:

- 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 December 31, 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 has assessed the impacts following the first application of these new standards and does not anticipate any material impact on its financial statements.

Changes in accounting policies

None

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, 2022, amounts to €13.1 million. Based on (i) this cash position, (ii) the full drawdown of the tranches available under the equity-linked financing with IRIS (see Section 4.2 Post closing events - "IRIS Agreements"), (iii) the restructuring of the debt with IPF and the banks that are part of the French Government-Guaranteed Loan (PGE Loan) (see Note 4.2 Post closing events - "IPF and PGE banks Agreements"), (iv) the current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), and (v) a strict control of its operating expenses, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements for the next twelve months from the date of approval by the board of the financial statements.

However, the Group is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern, which include the following risks:

- The Group might not be able to drawdown the full amount available under the equity-linked financing with IRIS due to the conditions associated with this financing which provide that the drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million (see Note 4.2 Post closing events - "IRIS Agreements"), and it being specified that based on the initial drawdown of EUR 3.5 million only, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023;
- The terms of the Group's debt agreement with IPF Partners contains various covenants with which the Company must comply (see Note 4.2 Post closing events - "IPF Agreement"). If the Group does not remain in compliance with these covenants, the Group's debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full;
- The Group might not be able to control its operating expenses which as a result may be higher than as planned.

If the Group 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 Group's management believes that it has reasonable assurance of obtaining these additional financings. As a consequence, the consolidated financial statements are presented on a going concern basis.

It has to be noted that the Group is actively pursuing additional financing options, including ongoing active partnership discussions related to its programs, that will allow the launch of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN).

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;
- IRIS debt valuation (note 14.5);
- assessment of risk of impairment of the DeuteRx intangible asset (note 6).

Effects of climate change on the consolidated financial statements

In preparing the consolidated financial statements, the management has considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates as of and for the years ended December 31, 2021 and 2022.

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	
		2022	2021	2022	2021
POXEL S.A.	FRANCE				
POXEL JAPAN KK	JAPAN	FC	FC	100%	100%
POXEL INC	USA	FC	FC	100%	100%

FC: full consolidation.

Foreign currency operations are translated into the presentation currency using the following exchange rates:

	December 31, 2021		December 31, 2022	
€1 EQUALS TO	AVERAGE RATE	CLOSING RATE	AVERAGE RATE	CLOSING RATE
USD	1.1827	1.1326	1.05305	1.0666
JPY	129.877	130.38	138.0274	140.66

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:

- Forecasted development cost, cost of goods and cost of commercialization,
- Long-term sales forecasts,
- Market exclusivity (incl. term of patent protection and regulatory / data exclusivity),

- 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,
- Competitive landscape,
- Outcome of R&D activities (benefit / risk ratio based on clinical trial outcome),
- Probability of success (development and regulatory approval),
- Amount and timing of projected costs to develop IP R&D into commercially viable products.

Recoverable value of an asset in the biotechnology industry is calculated on the basis of sufficient funding of the company pursuing development of such asset. 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.

The amortization of intangible assets related to licenses commences upon generating economic benefits. Due to the risks and uncertainties related to the research and development activities, 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.

As of December 31, 2022:

- 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.

In 2021, the Group applied the change in accounting treatment of the pension liability according to IFRIC decision, presented in Note 2 Change in accounting policies.

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 Cost of sales

Cost of sales includes the cost of royalties paid to third parties on net sales.

3.16 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).

3.17 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, 2022

Increase in capital

Performance shares

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.

On September 26, 2022, the Group noted the definitive allocation of 6,666 performance shares, representing a capital increase of €133 taken from the reserves.

Iris agreement

Between August and December 2022, in relation with IRIS contract (see Note 14.5), IRIS converted 693 redeemable bonds, representing a capital increase of €24 thousand with a share premium of €1,894 thousand.

Accordingly, the share capital is €603 thousand as of December 31, 2022, divided in 30,171,757 shares of €0.02 of nominal value.

Covid-19 outbreak and conflict in Ukraine

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.

Debt Restructuring with IPF

With the objective to extend its cash runway, the Group has entered into an agreement with IPF on August 5, 2022, to restructure its existing debt, consisting of postponing repayment of EUR 3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023 (see Note 14.1).

In addition, IPF and the Group 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 Group. Under the revised financial covenants, the Group 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 (see Note 25.3).

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.

Equity-linked financing with IRIS

In accordance with the terms of the agreement, IRIS, acting as a specialized investor without a strategy to retain a stake in the Group's share capital, has committed to subscribe to bonds redeemable into new ordinary shares of the Group for an initial amount of EUR 4 million. At the Group's sole discretion, two additional tranches of EUR 1 million each, may be drawn down in Q4 2022.

On December 20, 2022, the Group decided the drawdown of the remaining two tranches of the redeemable bonds as part of the equity-linked financing facility with Iris Capital Investment (IRIS) representing a total of EUR 2 million.

IRIS has the right to request the conversion of its bonds into new ordinary shares of the Group 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%.

See Note 14.5 for the accounting treatment.

Corporate savings plan

In the fourth quarter 2022, the Group initiated a corporate savings plan which includes a significant workforce reduction. This saving plan aims to adapt the Group's resources to the current clinical development plan while preserving critical resources and competencies.

Clinical Updates

NASH

Positive topline results were announced for the Phase 2 trial for the treatment of NASH (DESTINY-1) for PXL065 stating that the primary efficacy endpoint was met. 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. 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 fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. 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. The safety profile is consistent with reduced PPARγ-mediated side effects vs. published results of pioglitazone.

Rare metabolic diseases

In adrenoleukodystrophy (ALD), PXL770 is prepared to advance into a Phase 2a biomarker proof-of-concept (POC) clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype. The 12-week study will evaluate pharmacokinetics, safety and potential for efficacy based on relevant disease biomarkers, such as the effect on very long chain fatty acids (VLCFA), the characteristic plasma marker of the disease. Considering the DESTINY-1 results for PXL065 in NASH, which validated the deuterium-modified thiazolidinedione (TZD) platform, a second identical study is planned to assess the potential of the deuterium-modified TZD platform with PXL065 in ALD. Both ALD studies are poised to initiate, subject to additional financing.

The European Commission granted orphan drug designation (ODD) for PXL770 and PXL065 for the treatment of adrenoleukodystrophy (ALD). The U.S. Food and Drug Administration (FDA) has previously granted ODD and Fast Track Designation to both PXL770 and PXL065 for the treatment of ALD.

PXL770 was granted ODD by the U.S. FDA for the treatment of patients with autosomal-dominant polycystic kidney disease (ADPKD).

TWYMEEG® (Imeglimine)

For the quarter ended December 2022, TWYMEEG sales in Japan increased 90% to JPY 0.8 billion (EUR 5.5 million) over the prior quarter sales of JPY 0.4 billion (EUR 2.9 million) as reported by Sumitomo Pharma (Sumitomo).

The recent acceleration in sales reflects both the end of initial launch year restrictions for TWYMEEG in September 2022, which limited new products to two weeks prescriptions, and Sumitomo's commercial efforts to leverage TWYMEEG's potential. Due to its unique mechanism of action and safety profile, TWYMEEG can be used both in combination with other treatments, such as DPP4i's, which are the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy.

Based on sales trends and cumulative TWYMEEG sales of JPY 1.3 billion for the first nine months, Sumitomo has increased its fiscal year 2022 forecast by 20% to JPY 1.8 billion (EUR 12.8 million).

4.2 Post closing events

IPF Agreement

On March 22nd, 2023, the Group has entered into an agreement with IPF, postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales increases to 10%, resulting in positive net royalties to Poxel, which the Group anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million). In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million). Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to this schedule, the Group y expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Group.

In addition to the postponing of debt repayments mentioned above, the Group and IPF have agreed to less restrictive financial covenants where the Group shall maintain a minimum cash position between EUR 1 million and EUR 9 million, a gearing ratio, as measured by total net debt to the market capitalization value of the Group, at a level lower than 150% (vs 50% initially). This agreement also includes an additional covenant linked to the level of Imeglimin sales which shall not fall below 75% of the amount of sales forecasted by the Group based on a conservative model until June 30, 2024. The covenants will be assessed on a monthly basis. With a cash position of the Group of €10.6 million at March 31st, 2023, the Company is in compliance with all covenants which could lead to an event of default at such date, including the minimum cash covenant.

The debt restructuring agreement also includes an increase of the cash margin for tranche three at EURIBOR 3M + 6.5% and, for all tranches, an increase of 6% of the PIK margin (in addition to the existing 5% PIK). In case of default or breach of the minimum cash covenant, the cash margin and the PIK margin could be further increased.

In addition, in case of voluntary redemption of the bonds prior to the date falling three (3) years from the second amendment agreement, a prepayment premium of an amount of EUR 7 million decreasing linearly on a daily basis to EUR 0 on second amendment agreement third anniversary date, shall be due to IPF Partners.

As part of the agreement, the Group has also agreed to control its operating expenses budget as part of a plan that ensures no breach of the minimum cash position covenant over the 2023-2024 period. The agreement also provides for additional events of default in particular related to the continued execution of the MS Agreement and the Sumitomo License Agreement and additional information rights of IPF Partners related in particular to Imeglimin sales and intellectual property portfolio and operating expenses. IPF will remain an observer at the Group's Board of Directors and Board committees until full repayment of the debt facility.

The terms of the existing warrants held by IPF which were attached to the Tranche A, B and C 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.

The accounting analysis of this restructuring is in progress and will be presented in the half-year consolidated financial statements.

PGE Agreement

On March 22nd, 2023, the Group has reached a similar debt restructuring agreement with the banks that provided the French Government-Guaranteed Loan (PGE Loan) of EUR 6 million, obtained in 2020 in the context of the COVID-19 pandemic.

This agreement postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales increases to 10%, resulting in positive net royalties to Poxel, which the Group anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million). In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million). Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to this schedule, the Group expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Group.

The Group expects the PGE loan to be fully repaid in Q2 2028.

IRIS Agreement

Acting on the delegation of the Board of Directors and in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022, the Group decided to enter into a new equity-linked financing, provided by IRIS, a venture capital firm specialized in providing financing solutions to listed companies which has already provided an equity-linked facility financing in August 2022 to the Group.

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 Group's share capital, has committed to subscribe to bonds redeemable for new or existing ordinary shares of the Group for an initial amount of EUR 3.5 million. At the Group's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down over 2 years, up to a total of EUR 15 million. The drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million.

IRIS shall have the right to request the conversion of its redeemable bonds into new or existing ordinary shares of the Group at any time in one or several occasions until full repayment of the bonds. The issuance or delivery of shares upon redemption of the bonds shall be made on each redemption date on the basis of 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the General Meeting of shareholders of June 21, 2022), (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the General Meeting of shareholders of June 21, 2022), and (iii) the nominal value of the Shares.

During the term of the financing, IRIS is expected to sell the shares received upon conversion of the redeemable bonds on the market or in block trades. In connection with the financing, the redeemable bonds and the new shares to be issued upon redemption of the redeemable bonds will be issued out of Poxel's 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 categories of investors.

Considering the anticipated number of shares to be issued upon conversion of the redeemable bonds issued, based on the share price of the Group on the last trading day preceding the 23rd March, 2023, the Group will submit a prospectus for approval by the French securities regulator, the *Autorité des marchés financiers* (AMF).

Assuming the issuance of all tranches of the financing facility with IRIS and the average price weighted by volumes of the Group's share during the last trading day preceding the 23rd March, 2023, the stake of a shareholder with 1% of the Group's share capital would decrease to 0.62%, i.e. a 38% dilution (to 0.88%, i.e. a 12% dilution on the basis of the issuance of the first tranche of EUR 3.5 million only).

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 redeemable 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), the delisting of the Group's shares, any default of payment under an existing debt facility or the initiation of a bankruptcy or similar proceedings. No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares.

As part of the equity-linked financing, certain shareholders of the Group, 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 700,000 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.

At the date of this Report, the amount of redeemable bonds owned by IRIS is EUR 6,672,500, and the Group has the ability to drawdown EUR 327,500 under the additional tranches.

Organization of Board of Directors

As part of refocusing its activities, the Group has reviewed the organization of its Board of Directors. As of March 31, 2023, Poxel's Board of Directors will be comprised of 4 current members: Thomas Kuhn as CEO of Poxel, Khoso Baluch as new Chairman of the Board, Pascale Boissel and Richard Kender as independent members. Board members Pierre Legault, Janice Bourque, and Kumi Sato will resign from the Board and transition to a new Board advisory committee, along with former director John Kozarich, and will continue to provide their expertise to assist the Group in all its activities.

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.

In 2021 and 2022, 99.85% of the Group's revenues come from Sumitomo 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, 2020	**95**	**16,572**	**-**	**16,667**
Capitalization of development costs	-	-	-	-
Acquisition	12	-	9	21
Disposal	-6	-	-	-6
Transfer	-	-	-	-
Statement of financial position as of December 31, 2021	**101**	**16,572**	**9**	**16,682**
Capitalization of development costs	-	-	-	-
Acquisition	12	-	-	12
Disposal	-	-	-	-
Transfer	9	-	-9	-
Statement of financial position as of December 31, 2022	**122**	**16,572**	**-**	**16,694**

AMORTISATIONS (Amounts in K€)				
Statement of financial position as of December 31, 2020	**24**	**-**	**-**	**24**
Increase	33	-	-	33
Reduction	-6	-	-	-6
Statement of financial position as of December 31, 2021	**51**	**-**	**-**	**51**
Increase	36	-	-	36
Reduction		-	-	-
Statement of financial position as of December 31, 2022	**87**	**-**	**-**	**87**

NET BOOK VALUES				
As of December 31, 2021	**50**	**16,572**	**9**	**16,631**
As of December 31, 2022	**34**	**16,572**	**-**	**16,606**

Acquisition of the PXL065 Products

On August 29, 2018, the Group 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 Group refers to as 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 responsible for, and controls the development and commercialization of, the PXL065 Products.

As consideration under the DeuteRx Agreement, the Group 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 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).

Since acquisition, the Group has recognized the PXL065 Products as intangible assets for an amount of € 16,572 thousand, which includes the upfront of $ 8 million (€ 6,866 thousand), € 791 thousand of acquisition costs and € 8,914 thousand paid in shares.

Development strategy for PXL065

The Group's strategy is to pursue the development of PXL065 for the treatment of non-alcoholic steatohepatitis (NASH) but also to explore ilts potential in X-linked adrenoleukodystrophy (ALD).

In NASH, considering the cost of the required Phase 3 clinical trial to progress to a potential marketing approval, the Group intends to advance through a partnership agreement, which the Group is actively pursuing.

In ALD, the Group intends to initiate a Phase 2 biomarker POC clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype, as soon as possible subject to the obtention of sufficient financing for such trial, which the Group evaluates at €6 million (including approximately €3M direct cost for the trial and the Group's other general corporate financing needs until the end of the trial)**.** Depending on Phase 2 results, financing status and potential partners' interest particularly in NASH, the Group will decide to develop PXL065 alone to get to marketing approval or to partner the product for phase 3 and commercialization.

However, at the date the financial statements were approved by the board of Directors, the Group cannot be certain that it will be able for PXL065 to find collaboration partners in NASH or raise additional funding for development in ALD, which may not be available on acceptable terms, or at all. In particular, in NASH, where there are currently no therapeutic products approved, a number of companies in the pharmaceuticals industry have suffered significant setbacks in Phase 2 and 3 clinical trials, even after seeing promising results in earlier clinical trials. This could impact the interest of potential partners for the

NASH field overall and impact the Group's ability to find a collaboration partner for further develop PXL065.

Furthermore, the Group is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Group to continue as a going concern (see Note 2 and Note 26).

Impairment test

For PXL065, the impairment tests have been performed both for a development plan in NASH and in ALD in accordance with the principles described in Note 3.6.

NASH

For PXL065 in NASH, the Group has performed an impairment test based on the following assumptions:

- A discount rate amounting to 15%,
- A cash flow projection based on the length of protection of the Group's patents until 2041 and relying on the Group's current assessment of the costs related to a development plan in Phase 3 and market launch,
- Conservative cumulative probabilities of success from Phase 3 to marketing approval, which the Group expects to occur in 2027 at the earliest,
- Commercial costs amounting to a certain percentage of sales after potential marketing approval, as observed based on the work of third-party sources,
- Long term sales forecast relying on conservative pricing hypothesis,
- Cost of goods amounting to a certain percentage of sales (as determined by the Group on the basis of current cost).

Based on those key assumptions, sufficient funding of the Group, which the Group has not secured at the date the financial statements were approved by the board of Directors and which would be significant until a potential marketing approval, and taking into account the development and sales milestones as well as royalties due to DeuteRx, 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 impact of any change in key assumptions has been assessed as part of sensitivity tests including on discount rate (+/- 5%), probability of success (+/- 10%) and sales forecasts (+/- 50%). The sensitivity analysis did not change the conclusion of the test.

ALD

For PXL065 in ALD, the Group has performed an impairment test based on the following assumptions:

- A discount rate amounting to 15%,
- A cash flow projection based on the length of protection of the Group's patents for PXL065 until 2041 and relying on the Group's current assessment of the costs related to a development plan with an initial investment for a phase 2 of €3 million and market launch costs,
- Conservative cumulative probabilities of success from Phase 3 to marketing approval, which the Group expects to occur in 2028 at the earliest,
- Commercial costs amounting to a certain percentage of sales after potential marketing approval, as determined by the Group,
- Long term sales forecast relying on conservative pricing hypothesis,

- Cost of goods amounting to a certain percentage of sales (as assessed by the Group on the basis of current cost).

Based on those key assumptions, sufficient funding of the Group, which the Group has not secured at the date the financial statements were approved by the board of Directors and which would be significant until a potential marketing approval, and taking into account the development and sales milestones as well as Royalties due to DeuteRx, 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 impact of any change in key assumptions has been assessed as part of sensitivity tests including on discount rate (+/- 15%), probability of success (+/- 20%) and sales forecasts (+/- 50%). The sensitivity analysis did not change the conclusion of the test.

In this context, the impairment test did not lead to the recognition of any impairment in the financial years presented.

Continuous development and economic value

In addition to the impairment test, the Group also took into account the continuous development of the PXL065 to determine a potential decrease or increase in value since acquisition. In particular the following key milestones were achieved since 2018:

1. Successful pre-clinical and clinical trials

<u>NASH</u>

a) In April 2019, the Company announced the completion of a Phase 1a trial, single ascending dose 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.
b) In December 2019, the Company announced results from a Phase 1b, multiple ascending doses, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065. The trial showed a dose-dependent pharmacokinetic profile and confirmed the stability and safety of PXL065 at the doses tested.
c) In August 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065)) was a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. Primary efficacy endpoint for liver fat content reduction at 36 weeks was met for all doses. 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 fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. PXL065 was observed to be safe and well tolerated.

ALD

a) The potential of PXL065 in ALD has been evaluated in both C-ALD and AMN *in vitro* models. The *in vitro* studies exposed PXL065 to fibroblasts and lymphocytes from patients within each disease state. *In vitro* results in patient-derived and knockout mouse cells showed that PXL065 is able to mitigate the main hallmark of ALD disease alongside improvements of other disease associated cellular phenotypes.
b) The potential of PXL065 in ALD has also been evaluated *in vivo* in a well-established, and the most relevant, animal model for ALD, the ABCD1 null mouse. Given the similarity of features in ABCD1 mice to humans with ALD (in particular to AMN), experiments focusing on both VLCFA and on additional phenotypes were conducted. After chronic treatment with PXL065 elevated VLCFA levels were significantly lowered in plasma, brain, and spinal cord – with evidence of superiority relative to pioglitazone. Axonal morphology (based on electron microscopy) of sciatic nerve was also improved. The neuro-behavioural effects of PXL065 were also evaluated. In this context, open field neurologic test scores for total distance and freezing time showed improvements in animals treated with PXL065, but not with pioglitazone.

2. Positive regulatory milestones

a) In the fourth quarter of 2019, based on the Group's pre-investigational new drug meeting with the FDA in the United States, the Group was allowed to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development.
b) In February and April 2022, the FDA granted Fast Track Designation (FTD) to PXL065 for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions.
c) Respectively in Q2 2022 and Q4 2022, the FDA and the European Commission granted orphan drug designation (ODD) to PXL065 for the treatment of ALD.

3. Strengthened Intellectual property portfolio

a) The intellectual property portfolio for PXL065 and other deuterated TZDs contains 8 families of owned patents and patent applications, including the composition of matter patent, with statutory expiration dates between 2028 and 2041. Patent term adjustments or patent term extensions could result in later expiration dates.
b) In 2022, the U.S. Patent and Trademark Office (PTO) has issued to Poxel US Patent No. 11319313 which represents a new patent for PXL065 and describes a specific form of PXL065 with unique properties. Importantly, this 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.

Since the acquisition of the PXL065 Products in 2018, the Group estimates that it has invested approximately €33 million in their development. Based on i) the initial acquisition cost of the asset in 2018, ii) the significant cash investment since then and iii) the significant progress in the development of the PXL065 program, the Group considers that the inherent value of the asset is at least equal to the value recognized in the Group's financial statements for year ended December 31, 2022.

In addition, the Group has reviewed recent transactions in the field of NASH and ALD, involving competitors with products at a substantially similar development stage as PXL065. These transactions took the form of licensing agreements related to the rights of compounds in both indications. Although there are a limited number of recent transactions in the field of NASH and ALD, based on publicly available information the valuation of such comparable compounds was significantly higher than the value recognized by the Group for PXL065 Products in its financial statements.

Estimating the fair value of an asset requires the Group to make assumptions and estimates regarding its future plans, as well as industry, economic, and regulatory conditions. If current expectations are not met or if market factors outside of the Group's control change, then an impairment of the PXL065 might be required in the future. Furthermore, if the Group is unable able to find collaboration partners and to sign new agreements for PXL065 in NASH or to raise additional funding for PXL065 in ALD, or to continue as a going concern, the Group may be required to perform another impairment analysis at the end of the first semester of 2023 and/or the end of 2023, which could result in an impairment of up to the entire value of PXL065. Such impairment could negatively affect the Group's financial condition and results of operations.

Note 7: Property, Plant and Equipment

GROSS VALUE (Amounts in K€)	Property	Installation and fixtures	Office equipment and Computer hardware	Furniture and vehicles	Total	Including right of use
Statement of financial position as of December 31, 2020	**2,537**	**409**	**173**	**231**	**3,349**	**2,575**
Acquisition	-	5	23	-	28	**-**
Scrapping	-13	-	-71	-	-84	**-13**
Transfer	-	-	-	-	-	**-**
Statement of financial position as of December 31, 2021	**2,524**	**414**	**125**	**231**	**3,294**	**2,562**
Acquisition	117	-	11	-	128	**117**
Currency translation adjustment	-14	2	-	-	2	**-14**
Scrapping	-	-	-10	-	-10	**-**
Statement of financial position as of December 31, 2022	**2,627**	**416**	**126**	**231**	**3,400**	**2,664**

DEPRECIATION (Amounts in K€)						
Statement of financial position as of December 31, 2020	**758**	**114**	**137**	**116**	**1,125**	**772**
Increase	411	47	26	41	525	418
Reduction	-	-	-71	-	-71	-
Statement of financial position as of December 31, 2021	**1,169**	**161**	**92**	**157**	**1,579**	**1,190**
Increase	424	45	20	30	519	424
Currency translation adjustment	-13	-	2	-	-11	-13
Reduction	-	-	-9	-	-9	-
Statement of financial position as of December 31, 2022	**1,580**	**206**	**105**	**187**	**2,078**	**1,602**

NET BOOK VALUES						
As of December 31, 2021	**1,355**	**254**	**33**	**74**	**1,716**	**1,371**
As of December 31, 2022	**1,048**	**210**	**21**	**44**	**1,323**	**1,062**

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, 2022	Dec 31, 2021
Equity part of the liquidity contract	9	75
Deposits related to simple leases	126	131
Depostis related to research tax credit prefinancing	76	-
Total other non-current financial assets	**211**	**206**

Non-current financial assets are recorded for the deposits paid in relation to:

- the treasury part of the market liquidity contract (€9 thousand in 2022 vs €75 thousand in 2021) signed with Oddo Corporate Finance;
- contracts for the simple rental of premises for the years ended December 31, 2022 and 2021, mainly for the premises of the Group headquarter in Lyon, France;
- Prefinancing contract of research tax credit, as part of the contract with SIENNA.

Note 9: Trade and other receivables

Trade receivables (€394 thousand in 2022 compared with € 50 thousand in 2021) correspond mainly of royalty revenue from Sumitomo Pharma for the 4th quarter of 2022.

Other receivables

OTHER RECEIVABLES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Research tax credit	1,491	2,228
Value added tax, or VAT	217	288
Debtor suppliers	668	665
Prepaid expenses	726	760
Other	20	59
Total other receivables	**3,122**	**3,999**

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.

A part of the 2022 Research Tax Credit, an amount of €882 thousand, was prefinanced by Sienna in December 2022. The remaining 2022 CIR receivable amounts to €610 thousand.

VAT

VAT receivables mainly relate to deductible VAT as well as VAT refund claims.

Debtor suppliers

Debtor suppliers correspond in 2022 to advances paid to subcontractors as part of ongoing clinical studies. They mainly consisted of advances paid to subcontractors as part of the DESTINY-1 study (for the treatment of NASH) for the amount of €0.6 million.

Prepaid expenses

Prepaid expenses correspond mainly to administrative costs (rents, insurance) covering the next annual period.

Note 10: Cash and cash equivalents

Cash and cash equivalents are presented below:

CASH AND CASH EQUIVALENTS (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
Bank accounts (cash at hand)	13,058	28,754
Term deposits	-	3,534
Total cash and cash equivalents	**13,058**	**32,287**

Financial net debt amounted to €29.5 million as of December 31, 2022 as compared to €2,571 thousand at December 31, 2021 (see Note 14).

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, 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**

Amounts in K€	Dec 31, 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	211	211	-	211	-
Clients and related accounts	394	394	-	394	-
Other receivables	3,122	3,122	-	3,122	-
Cash and cash equivalents	13,058	13,058	13,058	-	-
Total financial assets	**16,785**	**16,785**	**13,058**	**3,727**	**-**
Current financial liabilities	19,042	19,042	-	-	19,042
Derivative liabilities	1,533	1,533	1,533	-	-
Non-current financial liabilities	25,218	25,218	-	-	25,218
Trade payables	4,406	4,406	-	-	4,406
Total financial liabilities	**50,199**	**50,199**	**1,533**	**-**	**48,666**

(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. The fair value of derivative liabilities is based on level 2 fair value measurements, according to mathematic model and market assumptions (risk-free rate, share price, volatility, etc.).

Note 12: Capital

12.1 Share capital issued

Share capital is set at €603,435.14 As of December 31, 2022, it is divided into 30,171,757 ordinary shares that are fully subscribed and paid up with a par value of €0.02.

The 30,171,757 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, 2022**	**Dec 31, 2021**
Capital (in euros)	603,435.14	574,073.84
Number of shares	30,171,757	28,703,692
of which ordinary shares	30,171,757	28,703,692
of which preference shares	0	0
Nominal value (in euros)	0.02€	0.02 €

12.2 Change in share capital

In 2021 and 2022, 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 December 31, 2020	**28,495,523**	**570**	**145,849**
Performance shares	150,669	3	-3
Exercise of BSA	57,500	1	229
Reclassification in equity	-	-	(121,361)
Subscription of equity warrants	-	-	65
Total as of December 31, 2021	**28,703,692**	**574**	**24,780**

Total as of December 31, 2021	**28,703,692**	**574**	**24,780**
Performance shares	255,624	5	-5
Exercise of BSA	-	-	-
Reclassification in equity	-	-	-
IRIS debt conversion	1,212,441	24	1,894
Subscription of equity warrants	-	-	-
Total as of December 31, 2022	**30,171,757**	**603**	**26,668**

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
February 20, 2013	BSA 10/31/2012	2,500	1,500	1,000	0	0
March 12, 2014	BSA 10/31/2012	2,500	625	1,875	0	0
January 8, 2015	BSA 07-25-2014	42,500	0	0	42,500	42,500
April 29, 2015	BSA 06-16-2015	42,500	0	0	42,500	42,500
May 7,2015	BSA 06-16-2015	240,000	0	0	240,000	240,000
January 29,2016	BSA 01-29-2016	42,500	0	0	42,500	42,500
January 29, 2016	BSA 01-29-2016	42,500	0	0	42,500	42,500
March 31, 2016	BSA 01-29-2016	42,500	0	0	42,500	42,500
January 27, 2017	BSA 01-27-2017	62,500	12,500	0	50,000	50,000
June 30,2017	BSA 06-30-2017	25,000	0	0	25,000	25,000
January 25, 2018	BSA 2018	90,000	15,000	0	75,000	75,000
January 24, 2019	BSA 2019	120,000	20,000	0	100,000	100,000
Feb 14, 2020	BSA 2020	120,000	20,000	0	100,000	100,000
Jan 27, 2021	BSA 2021	100,282	0	0	100,282	140,000
Jan 27, 2022	BSA 2022	91,896	0	0	91,896	120,000
At December 31, 2022		**1,067,178**	**69,625**	**2,875**	**994,678**	**1,062,500**

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 10/31/2012	4.23 €	2.04 €	5 years	4.00 €	10 years	52%	2.2%	72
BSA 10/31/2012	8.00 €	5.16 €	4.5 years	4.00 €	10 years	55%	1.8%	228
BSA 07-25-2014	8.20 €	5.16 €	6 years	4.00 €	10 years	57%	0.0%	219
BSA 06-16-2015	13.57 €	6.77 €	6 years	9.37 €	10 years	57%	0.0%	288
BSA 06-16-2015	13.57 €	6.46 €	6 years	9.62 €	10 years	57%	0.1%	1,551
BSA 01-29-2016	9.07 €	2.84 €	6 years	9.05 €	10 years	53%	0.2%	121
BSA 01-29-2016	9.07 €	2.84 €	6 years	9.05 €	10 years	53%	0.2%	121
BSA 01-29-2016	12.23 €	5.19 €	6 years	9.26 €	10 years	53%	0.0%	220
BSA 01-27-2017	6.76 €	2.66 €	5.5 years	7.17 €	10 years	53%	0.0%	166
BSA 06-30-2017	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%	-
BSA 2021	7.06€	0.00€	4 years	7.06€	10 years	43%	0.0%	-
BSA 2022	4.12€	0.00€	4 years	4.12€	10 years	40%	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 2021 are fully vested at December 31, 2022.
Exercise rights for warrants issued in January 2020 are vested over a one-year period.

The exercise of the warrants issued is not subject to a performance condition. It is subject to a condition of presence.

The number of shares that the warrants give right to purchase is subject to a performance condition for BSA 2021 and 2022.

All warrants have been fully subscribed except for the BSA with outstanding warrants mentioned in the BSA table above, 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
November 23, 2016	Stock Options	150,000	0	0	150,000	150,000
January 27, 2017	Stock Options	12,500	0	0	12,500	12,500
January 27, 2017	Stock Options	185,000	61,679	123,321	0	0
June 30, 2017	Stock Options	97,500	42,500	0	55,000	55,000
January 25, 2018	Stock Options	215,000	118,335	16,665	80,000	80,000
September 27, 2018	Stock Options	130,000	100,000	0	30,000	30,000
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	157,500	0	100,000	100,000
Feb 14, 2020	Stock Options 2020-1	40,000	0	0	40,000	40,000
Feb 14, 2020	Stock Options 2020-2	230,000	115,000	0	115,000	115,000
Feb 14, 2020	Stock Options 2020-3	150,000	0	0	150,000	150,000
Jan 27, 2021	Stock Options 2021-1	40,000	0	0	40,000	40,000
Jan 27, 2021	Stock Options 2021-2	274,500	59,500	0	215,000	215,000
Jan 27, 2021	Stock Options 2021-3	70,000	0	0	70,000	70,000
Nov 19, 2021	Stock Options 2021-4	80,000	0	0	80,000	80,000
Jan 27, 2022	Stock Options 2022-1	40,000	0	0	40,000	40,000
Jan 27, 2022	Stock Options 2022-2	390,000	55,000	0	335,000	335,000
At December 31, 2022		**2,472,000**	**779,514**	**139,986**	**1,552,500**	**1,552,500**

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	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 2021-1	6.70 €	2.51 €	5.5 years	6.64 €	10 years	43%	(0.70%)	101
Stock Options 2021-2	6.70 €	2.61 €	5.5 to 6.5 years	6.64 €	10 years	43%	(0.70%)	717
Stock Options 2021-3	6.70 €	2.61 €	5.5 to 6.5 years	6.64 €	10 years	43%	(0.70%)	183
Stock Options 2021-4	5.63 €	2.25 €	5.5 to 6.5 years	5.63 €	10 years	44%	(0.56%)	180
Stock Options 2022-1	4.12€	1.74€	5.5 years	4.12€	10 years	40%	(0.45%)	70
Stock Options 2022-2	4.12€	1.74€	5.5 to 6.5 years	4.12€	10 years	40%	(0.45%)	762

Stock Options issued until 2019 are fully vested at December 31, 2022.

Exercise rights for Stock Options issued in January 2019, 2020,2021 and 2022 are vested:

- annually by third for Stock Options granted in 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.
- annually by third for the Stock Options granted in 2021.
- on the first anniversary date of the grant for Stock Options granted by the Board of Directors on January 2022.
- annually by third for the other Stock Options granted in 2022.

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
March 12, 2014	BCE 31-10-2012	5,000	1,500	3,500	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	63,334	1,666	112,500	112,500
Sept 21, 2017	BSPCE 2017-3	15,000	0	0	15,000	15,000
At December 31, 2021		**297,500**	**64,834**	**5,166**	**227,500**	**227,500**

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 31-10-2012	8.00 €	5.58 €	4.5 years	3.20 €	10 years	55%	1.80%	558
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 perf. shares awarded	Number of perf. shares lapsed	Number of perf. shares definitely acquired	Number of perf. shares outstanding	Maximum number of shares to be issued	Valuation of the plan
Jan 24, 2019	Perf. shares	240,000	119,452	120,530	-	-	3.46 - 5.16 €
June 20, 2019	Perf. shares	3,600	1,396	2,204	-	-	3.46 - 7.04 €
Sept 25, 2019	Perf. shares	65,000	-	40,000	-	-	5.54 - 7.76 €
Jan 20, 2020	Perf. shares	370,000	151,949	218,051	25,000	25,000	6.69 - 10.84€
Jan 27, 2021	Perf. shares	603,250	101,900	-	501,350	501,350	4.28 – 6.7€
Jan 27, 2022	Perf. shares	669,050	84,350	-	584,700	584,700	4.12€
At December 31, 2022		**1,950,900**	**459,046**	**380,803**	**1,111,050**	**1,111,050**	

On January 27, 2021, the Board of Directors awarded 603,250 performance shares to employees.

On January 27, 2022, the Board of Directors awarded 669,050 performance shares to employees.

For the January and June 2019 plans, the performance criteria 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.

For January 2021 plan, the definitive allocation of performance shares is defined through three tranches:

- two tranches with 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 2021 and 2022 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 27 January 2021 modified the performance conditions attached to the January 2019 plan, aligning them with the terms of the 2021 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 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 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.

For January 2022 plan, the definitive allocation of performance shares is defined through three tranches, with 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 2022 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.

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 2021 and 2022

Warrants (Bons de Souscription d'Actions, or BSAs)	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2 in K€	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended Dec 31, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended Dec 31, 2022	Cumulated expense as of the period ended Dec 31, 2022
BSA 31-10-2012	-	72	72	-	72	-	72
BSA 31-10-2012	-	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	121	-	121	-	121
BSA 29-01-2016	42,500	121	121	-	121	-	121
BSA 29-01-2016	42,500	220	220	-	220	-	220
BSA 27-01-2017	50,000	166	166	-	166	-	166
BSA 30-06-2017	25,000	66	66	-	66	-	66
BSA 2018	75,000	256	256	-	256	-	256
BSA 2019	100,000	-	-	-	-	-	-
BSA 2020	100,000	-	-	-	-	-	-
BSA 2021	100,282	-	-	-	-	-	-
BSA 2022	91,896	-	-	-	-	-	-
Total - BSA	**994,678**	**3,308**	**3,308**	**-**	**3,308**	**-**	**3,308**

Founders share warrants (Bons de Souscription de Parts de Créateurs d'Entreprise, BSPCEs)	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2 in K€	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended Dec 31, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended Dec 31, 2022	Cumulated expense as of the period ended Dec 31, 2022
BCE 31-10-2012	-	558	558	-	558	-	558
BSPCE 29-07-2016	-	99	99	-	99	-	99
BSPCE 31-03-2017	100,000	263	263	-	263	-	263
BSPCE 2017-2	112,500	532	524	-	524	-	524
BSPCE 2017-3	15,000	41	41	-	41	-	41
Total - BSPCE	**227,500**	**1,492**	**1,485**	**-**	**1,485**	**-**	**1,485**

Stock options	Number of Stock options outstanding	Measurement thereof in accordance with IFRS 2 in K€	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended Dec 31, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended Dec 31, 2022	Cumulated expense as of the period ended Dec 31, 2022
Stock Options	-	471	471	-	471	-	471
Stock Options	150,000	472	472	-	472	-	472
Stock Options	12,500	39	39	-	39	-	39
Stock Options	-	605	403	-	403	-	403
Stock Options	55,000	312	312	-	312	-	312
Stock Options	80,000	679	494	3	496	-	496
Stock Options 2018-2	30,000	430	395	35	430	-	430
Stock Options 2019	40,000	96	96	-	96	-	96
Stock Options 2019	100,000	558	328	82	409	22	432
Stock Options 2019	-	252	-	-	-	-	-
Stock Options 2020-1	40,000	170	170	-	170	-	170
Stock Options 2020-2	115,000	977	372	187	559	64	623
Stock Options 2020-3	150,000	637	360	193	553	79	632
Stock Options 2021-1	40,000	101	-	93	93	7	101
Stock Options 2021-2	215,000	717	-	394	394	175	569
Stock Options 2021-3	70,000	183	-	102	102	56	158
Stock Options 2021-4	80,000	180	-	16	16	107	123
Stock Options 2022-1	40,000	70	-	-	-	65	65
Stock Options 2022-2	335,000	762	-	-	-	356	356
Total - Stock Options	**1,552,500**	**7,240**	**3,911**	**1,105**	**5,016**	**931**	**5,948**

Performance shares	Number of performance shares outstanding	Measurement thereof in accordance with IFRS 2 in K€	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended Dec 31, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended Dec 31, 2022	Cumulated expense as of the period ended Dec 31, 2022
Perf. shares	-	474	490	93	583	-	583
Perf. shares	-	664	470	177	646	4	650
Perf. shares	-	13	8	6	15	1	15
Perf. shares	-	449	262	174	436	13	449
Perf. shares	25,000	3,528	1,047	1,882	2,930	148	3,078
Perf. shares	501,350	2,666	-	1,164	1,164	979	2,144
Perf. shares	584,700	1,838	-	-	-	744	744
Total – Perf. shares	**1,111,050**	**9,631**	**2,277**	**3,498**	**5,775**	**1,888**	**7,663**

Total IFRS 2:

	Number of warrants outstanding	Measurement thereof in accordance with IFRS 2 in K€	Cumulated expense as of the period ended Dec 31, 2020	Expense related to the period ended Dec 31, 2021	Cumulated expense as of the period ended Dec 31, 2021	Expense related to the period ended Dec 31, 2022	Cumulated expense as of the period ended Dec 31, 2022
Total IFRS 2	**3,885,728**	**21,671**	**10,989**	**4,603**	**15,584**	**2,819**	**18,403**

The total share-based compensation expense amounts to €2,819 thousand (€1,442 thousand in "Research and development" and €1,377 thousand in "General and administrative expense," respectively) for the fiscal year ended December 31, 2022 and €4,603 thousand (€2,592 thousand in "Research and development" and €2,011 thousand in "General and administrative expense," respectively) for the fiscal year ended December 31, 2021.

Note 14: Loans and financial liabilities

LOANS AND FINANCIAL LIABILITES (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
IPF debt	20,165	23,172
PGE debt	4,350	5,830
Lease debt	703	1,092
Financial liabilities – Non-current portion	**25,218**	**30,094**

IPF debt	11,673	4,465
PGE debt	1,522	194
Lease debt	460	387
Derivative liabilities	1,533	153
Financial liabilities (1)	822	-
IRIS debt	4,566	-
Other	-	-
Financial liabilities - Current portion	**20,576**	**5,199**

Total financial liabilities	**45,793**	**35,293**

(1) A part of the 2022 research tax credit (CIR) receivables was prefinanced by FONDS COMMUN DE TITRISATION PREDIREC INNOVATION 3 with SIENNA AM FRANCE as arranger. Consequently, the Company recorded:

- a liability for the amount due to SIENNA at the time of CIR collection (€822 thousand);
- a financial asset for the amounts deducted by SIENNA on the receivables sold (considered as a guarantee deposit, see Note 8, (€62 thousand)), and
- a current asset for the CIR research tax credits payable by the French State (€610 thousand).

In accordance with IFRS 9, the financial liability due to SIENNA was determined using the amortized cost method and amounted to €822 thousand.

Breakdown of financial liabilities by maturity

CURRENT AND NON-CURRENT LIABILITES (Amounts in K€)	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	-	-
Agios	-	-	-	-
Total financial liabilities	**35,293**	**5,199**	**30,042**	**52**

The maturities of financial liabilities are presented below for 2021 and 2022:

CURRENT AND NON-CURRENT LIABILITES (Amounts in K€)	Dec 31, 2022					
	Gross amount	Less than 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	Longer than 5 years
IPF Financial debt	31,837	6,791	4,882	20,164	-	-
PGE debt	5,872	746	776	3,022	1,328	-
Lease debt	1,163	232	228	457	246	-
Derivative liabilities	1,533	1,533	-	-	-	-
IRIS debt	4,566	4,566	-	-	-	-
Financial liabilities (1)	822	-	822	-	-	-
Agios	-	-	-	-	-	-
Total financial liabilities	**45,793**	**13,868**	**6,708**	**23,644**	**1,573**	**-**

(1) Financial liabilities related to the prefinancing of a part of the research tax credit (CIR) receivables

14.1 IPF Financial debt

(Amounts in K€)	Tranche A	Tranche B	Tranche C	Total IPF Debt
As at December 31, 2020	**5,846**	**9,841**	**-**	**15,686**
Increase	-	-	13,500	13,500
Repayment	-975	-1,000	-	-1,975
Derivative liability at inception date	-	-	-282	-282
Transaction costs	-	-	-203	-203
Capitalized interests	148	231	138	517
Cash interests	443	693	415	1,551
Effect of unwinding the discount	257	66	70	393
Interest paid	-443	-693	-415	-1,551
As at December 31, 2021	**5,276**	**9,138**	**13,223**	**27,637**

As at December 31, 2021	**5,276**	**9,138**	**13,223**	**27,637**
Increase	-	-	-	-
Repayment	-650	-1,000	-	-1,650
Capitalized interests	68	109	165	342
Cash interests	186	299	412	897
Effect of unwinding the discount	209	138	198	545
Interest paid	-186	-299	-412	-897
As at August 5, 2022 Extinguished debt	**4,903**	**8,385**	**13,587**	**26,874**
Extinguishment of debt	-5,244	-8,494	-13,803	-27,541
Acceleration of cost amortization	341	109	217	667
New financial debt	6,020	9,759	15,828	31,607
As at August 5, 2022, new debt	**6,020**	**9,759**	**15,828**	**31,607**
Capitalized interests	151	245	426	822
Cash interests	218	353	538	1,109
Effect of unwinding the discount	-105	-175	-311	-592
Interest paid	-218	-353	-538	-1,109
As at December 31, 2022	**6,066**	**9,829**	**15,943**	**31,837**

The Group borrowed a total of €30 million to IPF Partners. The financing consists of three separate bond tranches: €6.5 million, €10 million and €13.5 million. The three tranches were drawn down in November 2019, March 2020 and June 2021 successively. In relation with each Tranche, the Group issued warrants to purchase respectively 264,587 ordinary shares with an exercise price of €7.37 (Tranche A), 209,967 ordinary shares with an exercise price of €7.14 (Tranche B) and 156,250 ordinary shares with an exercise price of €6.72 (Tranche C). The Group incurred respectively €296, €150 and €203 thousand of transaction costs. These fees were included in determining the amortization of the loan using the amortized cost method.

For all Tranches 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: 0.3 year;
    - Volatility: 47%;
    - Risk-free rate: -1.86%.

As of December 31, 2022:

- For Tranche A, the derivative liability value is nil as compared to €56 thousand as of December 31, 2021.
- For Tranche B, the derivative liability value is nil as compared to €50 thousand as of December 31, 2021.
- For Tranche C, the derivative liability value is nil as compared to €47 thousand as of December 31, 2021.

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 (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.

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

In August 2022, the Group 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 Group 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 Group 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 Group '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 Group in an advisory capacity but will not have any voting rights.

This operation was analyzed as the extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability extinguished and the carrying amount of the new financial liability, was recognized as a financial expense and amounts to €4,753 thousand.

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.

On March 22nd, 2023, the Group concluded a new debt restructuring agreement with IPF, presented in Note 4.2.

14.2 Repayable advances

The following table presents changes in conditional advances:

(Amounts in K€)	**OSEO INNOVATION Imeglimin (New Formulation)**
As at December 31, 2020	**228**
(+) Increase	-
(-) Decrease	-232
Subsidies	-
Financial expenses	5
As at December 31, 2021	**-**

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 took place between 2016 and 2021 and was terminated as of December 31, 2021.

14.3 Lease debt

(Amounts in K€)	**Lease debt**
At December 31, 2020	**1,914**
Increase	-
Decrease	-436
As at December 31, 2021	**1,479**

At December 31, 2021	**1,479**
Increase	117
Decrease	-448
Currency translation adjustment	15
As at December 31, 2022	**1,163**

14.4 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.

(Amounts in K€)	**PGE loan**
As at December 31, 2020	**5,914**
Capitalized interests	18
Effect of unwinding the discount	93
Other movements	-
As at December 31, 2021	**6,024**

As at December 31, 2021	**6,024**
Capitalized interests	-
Effect of unwinding the discount	15
Repayment	-166
As at December 31, 2022	**5,872**

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.

14.5 IRIS debt

(Amounts in K€)	Tranche A	Tranche B	Tranche C	TOTAL IRIS Debt
As at December 31, 2021	**-**	**-**	**-**	**-**
Increase	4,000	1,000	1,000	**6,000**
Interest cost	344	70	70	**484**
Conversion as Equity	(1,917)	-	-	**-**
As at December 31, 2022	**2,426**	**1,070**	**1,070**	**4,566**

In August 2022, the Group implemented an equity-linked financing with IRIS.

IRIS has committed to subscribe to bonds redeemable into new ordinary shares of the Company for an initial amount of EUR 4 million, which was drawn by the Company on August 5,2022. The Company decided to draw two additional tranches of EUR 1 million each on December 16, 2022. 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.

There no interest rate. The issuance of shares upon conversion of the bonds shall be made on each conversion date on the basis of the higher amount between:

- the average volume weighted share price over the last trading day preceding each issue, less a discount of 8%.
- the average volume weighted share price over the twenty trading days preceding each issue, less a discount of 20%.
- The nominal value of the share.

For all Tranches and as a result of the analysis of bonds 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, bonds are referred to as financial liability. Despite there is no apparent interest rate, the remuneration of the debt is provided for through the discount from which the holder benefits, which is variable.

Consequently:

- Given the possibility of conversion at any time, and the IFRS 13 guidance related to "on demand" debt, the minimum debt cannot be less than the value redeemable the next day at the initial recognition date and during its life.
- a derivative has to be recognized representing the fact that, all over the maturity period of the debt, the repayment value varies in relation with the share value. This derivative will be revalued at each balance sheet date and its variations will be recognized in the financial result.
- At each conversion date, the derivative and the debt are revalued in order to converge with the redemption value. Any difference with the previous value is recognized in the financial result. Then the debt and the derivative are derecognized in exchange for the delivery of the shares, which are recognized in equity.

- Since the debt can be converted at any time, it is classified as current financial liabilities in the balance sheet.

Valuation at inception

At inception, the financial debt was detailed as follows:

	Tranche A	Tranche B and C
Number of ORA issued	1,600	800
Nominal value of ORA issued (K€)	4,000	2,000
Benchmarck retained	VWAP of the previous date x 92%	VWAP of the previous date x 92%
Benchmarck value (€)	1.91	0.955
Share value at inception date (opening)	2.1	1.01
Debt value at inception date (K€)	4,397	2,114

At inception, the derivative was valued as follows according to Monte Carlo method:

	Tranche A	Tranche B and C
Share value at inception (opening)	2.09	1.03
Maturity (years)	4	4
Free risk rate	0.3%	2.461%
Dividends	0%	0%
Volatility	57%	53%
Derivative valuation (K€)	5,372	2,576

Valuation at December 31, 2022

At December 31, 2022,

	Tranche A	Tranche B and C
Number of ORA issued	1,600	800
Number of remaining ORA issued at Dec 31, 2022	907	800
Benchmarck retained at Dec 31, 2022	VWAP of the previous date x 92%	VWAP of the previous date x 92%
Benchmarck value (€)	0.88	0.88
Share value at Dec 31, 2022 (opening)	0.94	0.94
Debt value at Dec 31, 2022 (K€)	2,426	2,140

At December 31, 2022, the derivative was valued as follows according to Monte Carlo method:

	Tranche A	Tranche B and C
Share value at Dec 31, 2022 (opening)	0.94	0.94
Maturity (years)	3.59	3.97
Free risk rate	2.46%	2.46%
Dividends	0%	0%
Volatility	53%	53%
Debt value at Dec 31, 2022 (K€)	3,473	2,626
Derivative valuation (K€)	1,047	486

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, 2022**	**Dec 31, 2021**
Retirement age	Voluntary retirement at 65/67 years old	
Collective agreement	Pharmaceutical industry	
Discount Rate (IBoxx Corporates AA)	3.75%	0.98%
Mortality rate table	INSEE 2017	INSEE 2017
Salary increase rate	2%	2%
Turnover rate	Low	Low
Employee contribution rate	45%	45%

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, 2020	**395**
Service cost	98
Interest cost	-
Actuarial gain and losses	(123)
As at December 31, 2021	**370**
Service cost	66
Interest cost	4
Actuarial gain and losses	(188)
As at December 31, 2022	**252**

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 €407 thousand and €468 thousand respectively in 2021 and 2022.

Note 16: Provisions

Non-current

On December 31, 2022, the Group accrued for social contributions amounting to €67 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 December 31, 2022, there are no provisions recognized.

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, 2022**	**Dec 31, 2021**
Supplier debts	2,938	3,671
Invoiced accrued	1,467	4,746
Total of supplier debts and related accounts	**4,406**	**8,417**

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, 2022**	**Dec 31, 2021**
Staff and related accounts	1,354	1,451
Social security and other social agencies	1,014	743
Other taxes, dues and similar contribution	63	76
Total tax and employee-related and other current liabilities	**2,431**	**2,270**

17.3 Other liabilities

Other liabilities amounted respectively to €7 and €15 thousand at December 31, 2022 and 2021.

Note 18: Gross Margin

18.1. Revenue

REVENUE (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Sumitomo Pharma Contract	673	13,377
Others	1	20
Total revenue	**674**	**13,397**

At December 31, 2021 and December 31, 2022, revenue was mainly related to the contract signed with Sumitomo Pharma in 2017.

At December 31, 2021, revenue mainly includes a JPY 1,750 million (EUR 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 as well as first royalties received in 2021 following Imeglimin commercial launch on September 16, 2021.

At December 31, 2022, revenue was related to JPY 94.99 million (EUR 672 thousand) royalties of Imeglimin, corresponding to 8% of Imeglimin net sales in Japan;

No other milestone payments based on future regulatory milestones have been reached as of December 31, 2022.

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 Pharma. 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 Pharma 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 Pharma 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 Sumitomo Pharma contract:

In October 2017, the Group signed a partnership contract with Sumitomo Pharma, under which the two companies will co-develop Imeglimin for the treatment of type 2 diabetes in Japan. Sumitomo 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 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.

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 Pharma R&D services were fulfilled at 100%.

The license agreement also 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 December 31, 2021, a JPY 1,750 million (EUR 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 December 31, 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;

- At December 31, 2021 and 2022, JPY 1.5 million royalties (EUR 58 thousand) and JPY 94.99 million royalties (EUR 672 thousand) have been reported following Imeglimin commercial launch in Japan on Sept 16 2021, corresponding to 8% of Imeglimin net sales in Japan.

18.2. Cost of sales

At December 31, 2021 and 2022, cost of sales amounted to €58 and €672 thousand, corresponding to the 8% royalties on net sales of Imeglimin in Japan due to Merck Serono, as part of the Merck Serono license agreement to the Sumitomo Pharma partnership agreement.

Note 19: Operating Expenses

19.1 Research and development expenses

RESEARCH AND DEVELOPMENT EXPENSES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Sub-contracting, studies and research (1)	5,078	16,270
Personnel costs	5,622	5,756
Share-based payments (2)	1,377	2,592
Travel and events	73	111
Intellectual property fees	763	746
Professional fees	678	1,215
Other	349	789
Research and development expenses (excluding subsidies received)	**13,940**	**27,479**
Research tax credit	-1,491	-2,270
Subsidies	-	-35
Subsidies classified as a reduction of research and development expenses	**-1,491**	**-2,305**

(1) Research and development expenses mainly relates to the end of the Ph2 clinical trial for PXL065 in NASH and the preparation of the Ph2a clinical trial for PXL065/PXL770 in AMN/ALD. 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 13.

19.2 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Professional fees	2,350	3,110
Personnel costs	3,568	3,236
Share-based payments (1)	1,442	2,011
Insurance	840	905
Travel and events	99	251
Other	1,150	1,196
General and administrative expenses (excluding subsidies received)	**9,449**	**10,709**
Subsidies	-6	-82
Subsidies classified as a reduction of general and administrative expenses	**9,443**	**10,627**

(1) Refers to note 13.

Note 20: Employees

The Group's average workforce during the years ended December 31, 2021 and 2022 was as follows:

AVERAGE NUMBER OF EMPLOYEES	Dec 31, 2022	Dec 31, 2021
Senior staff	50	52
Non-senior staff	-	1
Total average number of employees	**50**	**53**

Note 21: Financial income (loss)

FINANCIAL INCOME (LOSS) (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Financial expenses	-4,309	-2,950
Exit Fees, IPF renegociation	-4,066	-
Change in IRIS derivative liability fair value	-1,533	
Change in IPF derivative liability fair value	153	820
Financial income	17	48
Foreign currency exchange gains	229	785
Financial income (loss)	**-9,509**	**-1,297**

The financial result as of December 31, 2021 and 2022 is mainly composed of:

- financial expenses, which mostly correspond :
  - to interests on IPF debt (€3,805 thousand in 2022 compared to €2,463 thousand in 2021);
  - to fee payable, following IPF debt restructuring in 2022 presented in note 14.1, at the maturity date of each tranche and set at a total amount of €4,066 thousand;
  - to the Change in IRIS derivative liability fair value an expense of €1,533 thousand in 2022 (see Note 14.5);
- financial income corresponding to the change in fair value of derivative instruments of IPF (an income of €153 thousand in 2022 compared to an income of €820 thousand in 2021) and income from financial investments (€17 thousand in 2022 compared to €48 thousand in 2021);
- foreign currency exchange gains and losses (an income of €229 thousand compared to an income of €785 thousand in 2021).

Note 22: Income tax

The Group has not recognized deferred tax assets in the statement of financial position. As of December 31, 2022, the amount of accumulated tax loss carryforwards since inception was €206 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. 25%.

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 2021 and 2022 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, 2022**	**Dec 31, 2021**
Net income (loss)	-31,398	-23,763
Income taxes	-2	-2
Income (loss) before tax	**-31,396**	**-23,760**
Statutory tax rate in France	25%	26.5%
Nominal income tax expense (benefit) under statutory French tax rate	**-7,849**	**-6,296**
Permanent differences	723	710
Impact of tax rate difference	-	357
Unrecognized deferred tax assets on tax losses carryforwards	7,125	5,323
Income tax expense	**-2**	**2**
Effective tax rate	*0.0%*	*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, 2022**	**Dec 31, 2021**
Other temporary differences	90	199
Tax losses carried forward	51,792	45,031
Deferred tax assets, net	**51,882**	**45,230**

Other temporary differences	147	261
Deferred tax liabilities, net	**147**	**261**

Total deferred taxes, before allowance	**51,735**	**44,969**
Non-recognized deferred taxes - allowance	-51,735	-44,969
Total deferred taxes, net recognized in the statements of financial position	**-**	**-**

Deferred taxes in 2021 and 2022 are based on a 25% tax rate (rate applicable in 2022 and beyond).

Note 23: Earnings per share

EARNINGS PER SHARE	Dec 31, 2022	Dec 31, 2021
Weighted average number of outstanding shares	29,076,716	28,642,334

Net income (loss) for the year	-31,398	-23,763
Basic earnings per share (€/share)	**-1.08**	**-0.83**
Diluted earnings per share (€/share)	**-1.08**	**-0.83**

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 2022, 33,885,728 instruments give deferred rights to capital (BSAs, BSPCEs, stock-options and outstanding performance shares), corresponding to 4,584,354 potential 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, 2022	Dec 31, 2021
Fixed compensation owed	494	488
Variable compensation owed	89	117
Contribution in-kind	15	11
Attendance fees-board of directors	440	464
Share-based payments	498	808
TOTAL	**1,536**	**1,888**

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:

(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.

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 August 2022, the Group 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 Group 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 Group 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.

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

At December 31, 2022, the Group is compliant with all covenants that could lead to the early repayment of IPF debt, with the exception of the covenant linked to the gearing ratio for which the Group had obtained a waiver from IPF Partners before December 31, 2022.

On March 22nd, 2023, the Group concluded a new debt restructuring agreement with IPF, presented in Note 4.2.

25.4 Obligation under the Iris contract

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 redeemable into new ordinary shares of the Company for an initial amount of €4 million. Two additional tranches of €1 million each, have been drawn in Q4 2022.

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 redeemable 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 redeemable bonds on the market or in block trades. 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 redeemable bonds.

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 December 31, 2022, this loan consists of 550,000 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.

On March 22nd, 2023, the Group concluded a new redeemable bonds financing with IRIS, presented in Note 4.2.

25.5 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 2021 and 2022 in the framework of the co-development agreement signed with Sumitomo Pharma. However, it covered this risk in application of the principle provided in the contract, according to which the Group re-bills Sumitomo Pharma 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;

- the revenues coming from Sumitomo Pharma and received in JPY.

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 and forward sales to cover commitments and future incomes 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

The cash position of the Group as of December 31, 2022, amounts to €13.1 million. Based on (i) this cash position, (ii) the full drawdown of the tranches available under the equity-linked financing with IRIS (see Section 4.2 Post closing events - "IRIS Agreements"), (iii) the restructuring of the debt with IPF and the banks that are part of the French Government-Guaranteed Loan (PGE Loan) (see Note 4.2 Post closing events - "IPF and PGE banks Agreements"), (iv) the current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), and (v) a strict control of its operating expenses, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements for the next twelve months from the date of approval by the board of the financial statements.

However, the Group is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern, which include the following risks:

- The Group might not be able to drawdown the full amount available under the equity-linked financing with IRIS due to the conditions associated with this financing which provide that the drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million (see Note 4.2 Post closing events - "IRIS Agreements"), and it being specified that based on the initial drawdown of EUR 3.5 million only, the Group expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023;
- The terms of the Group's debt agreement with IPF Partners contains various covenants with which the Company must comply (see Note 4.2 Post closing events - "IPF Agreement"). If the Group does not remain in compliance with these covenants, the Group's debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full;
- The Group might not be able to control its operating expenses which as a result may be higher than as planned.

3.3. Statutory financial statements as of December 31, 2022

3.3.1. Statutory financial statements

POXEL Balance sheet - assets (K€)	Notes	Dec 31, 2022 Amount	Amort. Prov.	Carrying amount	Dec 31, 2021
INTANGIBLE ASSETS					
Concessions, patents and similar rights	3	16,694	87	16,606	16,622
Intangible assets in progress	3	-	-	-	9
PROPERTY, PLANT & EQUIPMENT					
Technical installations, equipments and tools	3	691	433	258	336
FINANCIAL ASSETS					
Other investments	3	155	155	-	-
Other financial assets	3	332	46	286	430
TOTAL FIXED ASSETS		**17,872**	**721**	**17,151**	**17,397**
Advances, prepayments/orders	4	652	-	652	665
RECEIVABLES					
Trade receivables	4	731	-	731	419
Other receivables	4	4,460	1,048	3,412	5,216
CASH AND CASH EQUIVALENTS					
Investment securities	5	-	-	-	3,534
Cash at hand	5	12,896	-	12,896	28,644
Prepaid expenses	7	702	-	702	720
TOTAL CURRENT ASSETS		**19,440**	**1,048**	**18,392**	**39,198**
Exchange rate adjustments on assets		-	-	-	11
TOTAL ASSETS		**37,312**	**1,769**	**35,543**	**56,606**

POXEL Balance sheet - liabilities (in €K)	Notes	Dec 31, 2022	Dec 31, 2021
SHAREHOLDERS'S EQUITY			
Share capital	8	603	574
Share issuance, merger and contribution premiums	8	12,155	10,452
Reserves	8	16,643	16,643
Retained earnings (deficit)	8	-19,545	-
Net Income/(loss)	8	-26,668	-19,545
TOTAL SHAREHOLDER'S EQUITY		**-16,812**	**8,124**
OTHER EQUITY			
Repayable advances	11	-	-
TOTAL OTHER EQUITY		**-**	**-**
PROVISIONS	**10**	**67**	**329**
LIABILITIES			
Redeemable bonds	6	4,268	-
Other bonds	6	32,388	28,849
Loans and financial liabilities	6	5,911	6,011
Trade payables and related accounts	12	7,667	11,578
Tax and social security liabilities	12	1,909	1,695
Other liabilities	12	7	16
TOTAL LIABILITIES		**52,149**	**48,150**
Exchange rate adjustments on liabilities		139	4
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**35,543**	**56,606**

POXEL Income statement in K€	Notes	Dec 31, 2022	Dec 31, 2021
OPERATING INCOME			
Revenue	14.1	982	13,756
Operating subsidies		6	6
Reversals of depreciation and provisions and transferred charges	14.2	353	2,608
Other income		54	55
TOTAL OPERATING INCOME		**1,395**	**16,425**
OPERATING EXPENSES			
Other purchases and external expenses	14.3	13,295	24,740
Taxes and duties	14.3	65	99
Salaries and wages	14.3	4,337	4,425
Social security charges	14.3	2,142	1,992
OPERATING ALLOWANCES			
Fixed asset depreciation expense	3	125	125
Provisions for contingent liability	10	67	329
Other charges	14.3	1,721	4,896
TOTAL OPERATING CHARGES		**21,752**	**36,607**
OPERATING INCOME/(LOSS)		**-20,356**	**-20,182**
Financial income	15	1,164	1,694
Financial expenses	15	8,746	3,315
FINANCIAL INCOME/(LOSS)		**-7,581**	**-1,622**
CURRENT INCOME/(LOSS) BEFORE TAX		**-27,938**	**-21,804**
Non-recurring income	16	55	106
Non-recurring expenses	16	276	117
NON-RECURRING INCOME/(LOSS)		**-221**	**-12**
Income taxes	17	-1,491	-2,270
NET INCOME/(LOSS)		**-26,668**	**-19,545**

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, 2021 and December 31, 2022. 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 the "**Company**" 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 Company is developing innovative treatments for severe chronic metabolic diseases, including non-alcoholic steatohepatitis (NASH) and rare disorders (AMN/ALD).

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, PXL770 and PXL065. In October 2017, the Company 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 Company 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 €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. In 2022, the Company entered into an agreement with IPF to restructure its existing debt facility (See note 6).
- an equity-linked financing with IRIS, a venture capital firm specialized in providing financing solutions to listed companies. The financing consists of three separate redeemable bond tranches: €4 million (Tranche A), €1 million and €1 million (Tranche B and C), for a total amount of €6 million. The three tranches were drawn down in August 2022 for tranche A, December 2022 for tranche B and C (See note 6).

Poxel 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, and the amount of royalties received from these agreements (iii) securing regulatory approvals and market access of Poxel 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, Poxel is 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

Performance shares

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

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

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

On September 26, 2022, Poxel noted the definitive allocation of 6,666 performance shares, representing a capital increase of €133 taken from the reserves.

Iris agreement

Between August and December 2022, in relation with IRIS contract (see note 6), IRIS converted 693 redeemable bonds, representing a capital increase of €24 thousand with a share premium of €1,708 thousand.

Accordingly, the share capital is €603 thousand as of December 31, 2022, divided in 30,171,757 shares of €0.02 of nominal value.

Covid-19 outbreak and conflict in Ukraine

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, other than the impact on the commercialization of TWYMEEG in Japan by the Company's partner Sumitomo Pharma. Similarly, the Company 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 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 as well as recent geopolitical events in Ukraine and Russia 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.

Debt Restructuring with IPF

With the objective to extend its cash runway, the Company has entered into an agreement with IPF on August 5, 2022, to restructure its existing debt, consisting of postponing repayment of EUR 3.2 million, corresponding to Q3 2022 and Q4 2022 amortizations, until February 2023 (see note 6).

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 (see note 20.6).

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.

Equity-linked financing with IRIS

On August 5, 2022, the Company implemented 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 Company'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 redeemable 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.

On December 20, 2022, the company decided the drawdown of the remaining two tranches of the redeemable bonds as part of the equity-linked financing facility with Iris Capital Investment (IRIS) representing a total of EUR 2 million.

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%.

Corporate savings plan

In the fourth quarter 2022, Poxel initiated a corporate savings plan which includes a significant workforce reduction. This saving plan aims to adapt the Company's resources to the current clinical development plan while preserving critical resources and competencies.

Clinical Updates

NASH

Positive topline results were announced for the Phase 2 trial for the treatment of NASH (DESTINY-1) for PXL065 stating that the primary efficacy endpoint was met. 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. 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 fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. 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. The safety profile is consistent with reduced PPARγ-mediated side effects vs. published results of pioglitazone.

Rare metabolic diseases

In adrenoleukodystrophy (ALD), PXL770 is prepared to advance into a Phase 2a biomarker proof-of-concept (POC) clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype. The 12-week study will evaluate pharmacokinetics, safety and potential for efficacy based on relevant disease biomarkers, such as the effect on very long chain fatty acids (VLCFA), the characteristic plasma marker of the disease. Considering the DESTINY-1 results for PXL065 in NASH, which validated the deuterium-modified thiazolidinedione (TZD) platform, a second identical study is planned to assess the potential of the deuterium-modified TZD platform with PXL065 in ALD. Both ALD studies are poised to initiate, subject to additional financing.

The European Commission granted orphan drug designation (ODD) for PXL770 and PXL065 for the treatment of adrenoleukodystrophy (ALD). The U.S. Food and Drug Administration (FDA) has previously granted ODD and Fast Track Designation to both PXL770 and PXL065 for the treatment of ALD.

PXL770 was granted ODD by the U.S. FDA for the treatment of patients with autosomal-dominant polycystic kidney disease (ADPKD).

TWYMEEG® (Imeglimine)

For the quarter ended December 2022, TWYMEEG sales in Japan increased 90% to JPY 0.8 billion (EUR 5.5 million) over the prior quarter sales of JPY 0.4 billion (EUR 2.9 million) as reported by Sumitomo Pharma (Sumitomo).

The recent acceleration in sales reflects both the end of initial launch year restrictions for TWYMEEG in September 2022, which limited new products to two weeks prescriptions, and Sumitomo's commercial efforts to leverage TWYMEEG's potential. Due to its unique mechanism of action and safety profile, TWYMEEG can be used both in combination with other treatments, such as DPP4i's, which are the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy.

Based on sales trends and cumulative TWYMEEG sales of JPY 1.3 billion for the first nine months, Sumitomo has increased its fiscal year 2022 forecast by 20% to JPY 1.8 billion (EUR 12.8 million).

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

The cash position of the Group as of December 31, 2022, amounts to €13.1 million. Based on (i) this cash position, (ii) the full drawdown of the tranches available under the equity-linked financing with IRIS (see Section 4.2 Post closing events - "IRIS Agreements"), (iii) the restructuring of the debt with IPF and the banks that are part of the French Government-Guaranteed Loan (PGE Loan) (see Note 4.2 Post closing events - "IPF and PGE banks Agreements"), (iv) the current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), and (v) a strict control of its operating expenses, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements for the next twelve months from the date of approval by the board of the financial statements.

However, the Company is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern, which include the following risks:

- The Company might not be able to drawdown the full amount available under the equity-linked financing with IRIS due to the conditions associated with this financing which provide that the drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million (see Note 23 Post-balance sheet closing date events - "IRIS Agreements"), and it being specified that based on the initial drawdown of EUR 3.5 million only, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023;
- The terms of the Company's debt agreement with IPF Partners contains various covenants with which the Company must comply (see Note 23 Post-balance sheet closing date events - "IPF Agreement"). If the Company does not remain in compliance with these covenants, the Company's debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full;
- The Company might not be able to control its operating expenses which as a result may be higher than as planned.

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. As a consequence, the consolidated financial statements are presented on a going concern basis.

It has to be noted that the Company is actively pursuing additional financing options, including ongoing active partnership discussions related to its programs, that will allow the launch of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN).

- 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.

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. 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:

- Forecasted development cost, cost of goods and cost of commercialization,

- Long-term sales forecasts,

- Market exclusivity (incl. term of patent protection and regulatory / data exclusivity),
- 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,
- Competitive landscape,
- Outcome of R&D activities (benefit / risk ratio based on clinical trial outcome),
- Probability of success (development and regulatory approval),
- Amount and timing of projected costs to develop IP R&D into commercially viable products.

recoverable value of an asset in the biotechnology industry is calculated on the basis of sufficient funding of the company pursuing development of such asset. 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.

The amortization of intangible assets related to licenses commences upon generating economic benefits. Due to the risks and uncertainties related to the research and development activities, 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.

As of December 31, 2022:

- 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 sale of products (royalties and sales-based payments).

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 or 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.

The payments based on a level of sales as well as the royalties based on the sales are recognized as revenue as they become due, based on sales made by the Company's partner.

2.14 Industry information

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

2.15 Research and development expenses

Research and development costs are systematically expensed.

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, 2021	Acquisitions	Disposals	Reclassification	Dec 31, 2022
Licenses	16,572	-	-	-	16,572
Software	101	21	-	-	122
Intangible assets in progress	9	-	9	-	-
Total concessions, patents and similar rights	**16,682**	**21**	**9**	-	**16,694**
General installations, fixtures and fittings	405	-	-	-	405
IT and office equipment and furniture	285	11	10	-	286
Total Property, Plant & Equipment	**690**	**11**	**10**	**-**	**691**
Equity interests	155	-	-	-	155
Total other investments	**155**	**-**	**-**	**-**	**155**
Treasury shares	244	-	120	-	124
Liquidity Agreement deposit	75	-	66	-	9
Other financial assets	123	80	3	-	200
Total other financial assets	**442**	**80**	**189**	**-**	**332**
TOTAL	**17,970**	**112**	**208**	**-**	**17,872**

AMORTIZATION, DEPRECIATION, AND IMPAIRMENT OF FIXED ASSETS (Amounts in K€)	Dec 31, 2021	Allocation	Reversal	Reclassification	Dec 31, 2022	Net Book Value Dec 31, 2022
Licenses	-	-	-	-	-	16,572
Software	51	36	-	-	87	34
Total concessions, patents, and similar rights	**51**	**36**	**-**	**-**	**87**	**16,606**
Other intangible assets	-	-	-	-	-	-
Total other intangible assets	**-**	**-**	**-**	**-**	**-**	**-**
General installations, fixtures and fittings	156	45	-	-	202	203
IT and office equipment and furniture	197	43	9	-	231	55
Total property, plant & equipment	**353**	**89**	**9**	**-**	**433**	**258**
Equity interests	155	-	-	-	155	-
Total other investments	**155**	**-**	**-**	**-**	**155**	**-**
Treasury shares	11	46	11	-	46	78
Liquidity Agreement deposit	-	-	-	-	-	9
Other financial assets	-	-	-	-	-	200
Total other financial assets	**11**	**46**	**11**	**-**	**46**	**286**
TOTAL	**571**	**171**	**20**	**-**	**721**	**17,151**

Acquisition of the PXL065 Products

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 controls 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).

Since acquisition, the Company has recognized the PXL065 Products as intangible assets for an amount of € 16,572 thousand, which includes the upfront of $ 8 million (€ 6,866 thousand), € 791 thousand of acquisition costs and € 8,914 thousand paid in shares.

Development strategy for PXL065

The Company's strategy is to pursue the development of PXL065 for the treatment of non-alcoholic steatohepatitis (NASH) but also to explore ilts potential in X-linked adrenoleukodystrophy (ALD).

In NASH, considering the cost of the required Phase 3 clinical trial to progress to a potential marketing approval, the Company intends to advance through a partnership agreement, which the Company is actively pursuing.

In ALD, the Company intends to initiate a Phase 2 biomarker POC clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype, as soon as possible subject to the obtention of sufficient financing for such trial, which the Company evaluates at €6 million (including approximately €3M direct cost for the trial and the Company's other general corporate financing needs until the end of the trial)**.** Depending on Phase 2 results, financing status and potential partners' interest particularly in NASH, the Company will decide to develop PXL065 alone to get to marketing approval or to partner the product for phase 3 and commercialization.

However, at the date the financial statements were approved by the board of Directors, the Company cannot be certain that it will be able for PXL065 to find collaboration partners in NASH or raise additional funding for development in ALD, which may not be available on acceptable terms, or at all. In particular, in NASH, where there are currently no therapeutic products approved, a number of companies in the pharmaceuticals industry have suffered significant setbacks in Phase 2 and 3 clinical trials, even after seeing promising results in earlier clinical trials. This could impact the interest of potential partners for the

NASH field overall and impact the Company's ability to find a collaboration partner for further develop PXL065.

Furthermore, the Company is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern (see Note 2.1 - Going concern and Note 24 - Liquidity risk).

Impairment test

For PXL065, the impairment tests have been performed both for a development plan in NASH and in ALD in accordance with the principles described in Note 2.5.

NASH

For PXL065 in NASH, the Company has performed an impairment test based on the following assumptions:

- A discount rate amounting to 15%,
- A cash flow projection based on the length of protection of the Company's patents until 2041 and relying on the Company's current assessment of the costs related to a development plan in Phase 3 and market launch,
- Conservative cumulative probabilities of success from Phase 3 to marketing approval, which the Company expects to occur in 2027 at the earliest,
- Commercial costs amounting to a certain percentage of sales after potential marketing approval, as observed based on the work of third-party sources,
- Long term sales forecast relying on conservative pricing hypothesis,
- Cost of goods amounting to a certain percentage of sales (as determined by the Company on the basis of current cost).

Based on those key assumptions, sufficient funding of the Company, which the Company has not secured at the date the financial statements were approved by the board of Directors and which would be significant until a potential marketing approval, and taking into account the development and sales milestones as well as royalties due to DeuteRx, 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 impact of any change in key assumptions has been assessed as part of sensitivity tests including on discount rate (+/- 5%), probability of success (+/- 10%) and sales forecasts (+/- 50%). The sensitivity analysis did not change the conclusion of the test.

ALD

For PXL065 in ALD, the Company has performed an impairment test based on the following assumptions:

- A discount rate amounting to 15%,
- A cash flow projection based on the length of protection of the Company's patents for PXL065 until 2041 and relying on the Company's current assessment of the costs related to a development plan with an initial investment for a phase 2 of €3 million and market launch costs,
- Conservative cumulative probabilities of success from Phase 3 to marketing approval, which the Company expects to occur in 2028 at the earliest,
- Commercial costs amounting to a certain percentage of sales after potential marketing approval, as determined by the Company,
- Long term sales forecast relying on conservative pricing hypothesis,

- Cost of goods amounting to a certain percentage of sales (as assessed by the Company on the basis of current cost).

Based on those key assumptions, sufficient funding of the Company, which the Company has not secured at the date the financial statements were approved by the board of Directors and which would be significant until a potential marketing approval, and taking into account the development and sales milestones as well as Royalties due to DeuteRx, 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 impact of any change in key assumptions has been assessed as part of sensitivity tests including on discount rate (+/- 15%), probability of success (+/- 20%) and sales forecasts (+/- 50%). The sensitivity analysis did not change the conclusion of the test.

In this context, the impairment test did not lead to the recognition of any impairment in the financial years presented.

Continuous development and economic value

In addition to the impairment test, the Company also took into account the continuous development of the PXL065 to determine a potential decrease or increase in value since acquisition. In particular the following key milestones were achieved since 2018:

1. Successful pre-clinical and clinical trials

<u>NASH</u>

a) In April 2019, the Company announced the completion of a Phase 1a trial, single ascending dose 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.
b) In December 2019, the Company announced results from a Phase 1b, multiple ascending doses, double-blind, randomized, placebo-controlled trial in 30 healthy subjects to evaluate the safety, tolerability and PK profile of PXL065. The trial showed a dose-dependent pharmacokinetic profile and confirmed the stability and safety of PXL065 at the doses tested.
c) In August 2022, Poxel announced positive topline results from the Phase 2 NASH trial for PXL065 (DESTINY 1) in biopsy-proven patients. DESTINY 1 (Deuterium-stabilized R-pioglitazone (PXL065)) was a Phase 2 36-week, randomized, dose-ranging, double-blind, placebo-controlled, parallel group study designed to assess the efficacy and safety of three doses of PXL065 in noncirrhotic biopsy-proven NASH patients across multiple clinical sites in the US. Primary efficacy endpoint for liver fat content reduction at 36 weeks was met for all doses. 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 fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. PXL065 was observed to be safe and well tolerated.

<u>ALD</u>

a) The potential of PXL065 in ALD has been evaluated in both C-ALD and AMN *in vitro* models. The *in vitro* studies exposed PXL065 to fibroblasts and lymphocytes from patients within each disease

state. *In vitro* results in patient-derived and knockout mouse cells showed that PXL065 is able to mitigate the main hallmark of ALD disease alongside improvements of other disease associated cellular phenotypes.

b) The potential of PXL065 in ALD has also been evaluated *in vivo* in a well-established, and the most relevant, animal model for ALD, the ABCD1 null mouse. Given the similarity of features in ABCD1 mice to humans with ALD (in particular to AMN), experiments focusing on both VLCFA and on additional phenotypes were conducted. After chronic treatment with PXL065 elevated VLCFA levels were significantly lowered in plasma, brain, and spinal cord – with evidence of superiority relative to pioglitazone. Axonal morphology (based on electron microscopy) of sciatic nerve was also improved. The neuro-behavioural effects of PXL065 were also evaluated. In this context, open field neurologic test scores for total distance and freezing time showed improvements in animals treated with PXL065, but not with pioglitazone.

2. Positive regulatory milestones

a) In the fourth quarter of 2019, based on the Company's pre-investigational new drug meeting with the FDA in the United States, the Company was allowed to pursue the 505(b)(2) regulatory pathway for PXL065, which has the potential for expedited development.
b) In February and April 2022, the FDA granted Fast Track Designation (FTD) to PXL065 for the treatment of ALD. FTD is designed to expedite development of pharmaceutical products which demonstrate the potential to address unmet medical needs in serious or life-threatening conditions.
c) Respectively in Q2 2022 and Q4 2022, the FDA and the European Commission granted orphan drug designation (ODD) to PXL065 for the treatment of ALD.

3. Strengthened Intellectual property portfolio

a) The intellectual property portfolio for PXL065 and other deuterated TZDs contains 8 families of owned patents and patent applications, including the composition of matter patent, with statutory expiration dates between 2028 and 2041. Patent term adjustments or patent term extensions could result in later expiration dates.
b) In 2022, the U.S. Patent and Trademark Office (PTO) has issued to Poxel US Patent No. 11319313 which represents a new patent for PXL065 and describes a specific form of PXL065 with unique properties. Importantly, this 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.

Since the acquisition of the PXL065 Products in 2018, the Company estimates that it has invested approximately €33 million in their development. Based on i) the initial acquisition cost of the asset in 2018, ii) the significant cash investment since then and iii) the significant progress in the development of the PXL065 program, the Company considers that the inherent value of the asset is at least equal to the value recognized in the Company's financial statements for year ended December 31, 2022.

In addition, the Company has reviewed recent transactions in the field of NASH and ALD, involving competitors with products at a substantially similar development stage as PXL065. These transactions took the form of licensing agreements related to the rights of compounds in both indications. Although there are a limited number of recent transactions in the field of NASH and ALD, based on publicly available information the valuation of such comparable compounds was significantly higher than the value recognized by the Company for PXL065 Products in its financial statements.

Estimating the fair value of an asset requires the Company to make assumptions and estimates regarding its future plans, as well as industry, economic, and regulatory conditions. If current expectations are not met or if market factors outside of the Company's control change, then an impairment of the PXL065 might be required in the future. Furthermore, if the Company is unable able to find collaboration partners and to sign new agreements for PXL065 in NASH or to raise additional funding for PXL065 in ALD, or to continue as a going concern, the Company may be required to perform another impairment analysis at the end of the first semester of 2023 and/or the end of 2023, which could result in an impairment of up to the entire value of PXL065. Such impairment could negatively affect the Company's financial condition and results of operations.

Note 4: Receivables and Other Receivables

Breakdown of the Company Receivables at December 31, 2022:

STATEMENTS OF RECEIVABLES, OTHER RECEIVABLES (Amounts in K€)	Dec 31, 2022		
	Gross amount	One year maximum	More than one year
Fixed assets			
Other financial assets	332	133	199
Total fixed assets	**332**	**133**	**199**
Current assets			
Advances and payments	652	652	-
Trade receivables	731	731	-
Research tax credit (1)	610	610	-
Intercompany receivables	3,609	3,609	-
Value added tax, or VAT	205	205	-
Other receivables	35	35	-
Total current assets	**5,842**	**5,842**	**-**
Prepaid expenses	702	702	-
Total	**6,876**	**6,677**	**199**

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.

(1) A part of the 2022 Research Tax Credit, for an amount of €882 thousand, was prefinanced by Sienna in December 2022. The remaining 2022 CIR receivable amounts to €610 thousand.

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, 2022 Carrying value	Dec 31, 2021 Carrying value
Term deposits	-	3,534
Cash in bank and cash at hand	12,896	28,644
Total cash and cash equivalents	**12,896**	**32,178**

Note 6: Loans and financial liabilities

LOANS AND FINANCIAL LIABILITIES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
IRIS redeemable loan	4,268	-
IPF debt	32,388	28,849
PGE	5,834	6,000
Other financial liabilities	77	11
Total loans and financial liabilities	**42,567**	**34,861**

IPF financial debt

The Company borrowed a total of €30 million to IPF Partners. The financing consists of three separate bond tranches: €6.5 million, €10 million and €13.5 million. The three tranches were drawn down in November 2019, March 2020 and June 2021 successively.

In relation with each Tranche, the Company issued warrants to purchase respectively 264,587 ordinary shares with an exercise price of €7.37 (Tranche A), 209,967 ordinary shares with an exercise price of €7.14 (Tranche B) and 156,250 ordinary shares with an exercise price of €6.72 (Tranche C). The Company incurred respectively €296, €150 and €203 thousand of transaction costs.

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, March 2027, June 2028);
- One warrant is attached to each bond (6.5 million warrants were issued for tranche A, 10 million for Tranche B and 13.5 million for Tranche C);
- Warrants allow to purchase 264,587 ordinary shares with an exercise price of €7.37 (Tranche A), 209,967 with and exercise price of €7.14 (Tranche B) and 156,250 ordinary shares with an exercise price of €6.72 for Tranche C. 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), €7.14 (Tranche B) or €6.72 (Tranche C).

Furthermore, the Company is subject to the following covenants at consolidated level:

- Gearing ratio: the Company 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 Company.
- Cash management: the Company should maintain a minimum cash position of the highest of ten million euros and 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 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 August 2022, the Company 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 Company 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 Company, 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 Company'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 A, B and C 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.

On March 22nd, 2023, the Company concluded a new debt restructuring agreement with IPF, presented in Note 23.

IRIS redeemable loan

On August 8, 2022, the Company 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 Company'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 redeemable 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, were drawn down in Q4 2022. 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 redeemable 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 redeemable 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 redeemable bonds.

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 December 31, 2022, this loan consists of 550,000 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.

On March 22nd, 2023, the Company concluded a new redeemable loan with IRIS, presented in Note 23.

Note 7: Prepaid expenses

Prepaid expenses by nature are broken down as follows:

PREPAID EXPENSES (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
Real estate leases	72	4
Insurance	499	637
Fees, subscriptions	100	72
Studies	-	-
Travel expenses	-	-
Other	31	6
Total prepaid expenses	**702**	**720**

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, 2020	*28,495,523*	**570**	**131,521**	**16,643**	**-91,556**	**-29,804**	**27,374**
Allocation of 2020 loss		-	-29,804	-	-	29,804	-
2021 net result (loss)		-	-91,557	-	91,557	-	-
Share issue		-	-	-	-	-19,545	-19,545
Share issue costs	*208,169*	4	226	-	-	-	230
Issue of warrants			65	-	-	-	65
At December 31, 2021	*28,703,692*	**574**	**10,451**	**16,643**	**-**	**-19,545**	**8,124**
Allocation of 2021 loss		-	-	-	-19,545	19,545	-
2022 net result (loss)		-	-	-	-	-26,668	-26,668
Share issue : IRIS conversion	*1,212,441*	24	1,708	-	-	-	1,732
Share issue costs	*255,624*	5	-5	-	-	-	-
Issue of warrants		-	-	-	-	-	-
At December 31, 2022	*30,171,757*	**603**	**12,155**	**16,643**	**-19,545**	**-26,668**	**-16,812**

8.2 Composition of the share capital and detail by categories of shares

Share capital is set at €603,435.14 As of December 31, 2022, it is divided into 30,171,757 ordinary shares that are fully subscribed and paid up with a par value of €0.02. In 2021 and 2022, 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, 2022**	**Dec 31, 2021**
Capital (in €)	603,435	574,074
Number of shares	30,171,757	28,703,692
Nominal value (in €)	0.02 €	0.02 €

8.3 Changes in share capital

Date	Nature of operations	Capital increase in €	Number of shares created	Number of shares constituting the capital	Nominal value in €	Share capital in €
	At December 31, 2020	**569,910**	**5,368,095**	**28,495,523**	**0.02**	**569,910**
	Performance shares (Ordinary Shares)	3,013	150,669	28,646,192	-	572,923
	Subscription of equity warrants	1,150	57,500	28,703,692	-	574,074
	At December 31, 2021	**574,074**	**5,576,264**	**28,703,692**	**0.02**	**574,074**
	Performance shares (Ordinary Shares)	5,112	255,624	28,959,316	-	579,186
	IRIS Conversion	24,249	1,212,441	30,171,757	-	603,435
	At December 31, 2022	**603,435**	**7,044,329**	**30,171,757**	**0.02**	**603,435**

8.4 Distribution of dividends

The Company has made no distribution of dividends during the financial years ended December 31, 2020, 2021 and 2022.

Note 9: Share warrants

9.1 Warrants (Bons de souscription d'actions, or BSAs)

Allocation date	Type	Number of warrants issued	Number of exercised warrants	Number of lapsed warrants	Number of outstanding warrants	Maximum of shares to be issued	Exercise price in €	Exercise Period
February 20, 2013	BSA 10/31/2012	2,500	1,000	1,500	-	-	4.00 €	10 years
March 12, 2014	BSA 10/31/2012	2,500	1,875	625	-	-	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	-	12,500	50,000	50,000	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	-	15,000	75,000	75,000	6.60 €	10 years
January 24, 2019	BSA 2019	120,000	-	20,000	100,000	100,000	5.20 €	10 years
Feb 14, 2020	BSA 2020	120,000	-	20,000	100,000	100,000	10.77 €	10 years
Jan 27, 2021	BSA 2021	100,282	-	-	100,282	140,000	7.06 €	10 years
Jan 27, 2022	BSA 2022	91,896	-	-	91,896	120,000	4,12 €	10 years
At December 31, 2022		**1,067,178**	**2,875**	**69,625**	**994,678**	**1,062,500**		

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 exercised BSPCE	Number of lapsed BSPCE	Number of outstanding BSPCE	Maximum of shares to be issued	Exercise price in €	Exercise Period
March 12, 2014	BCE 31-10-2012	5,000	3,500	1,500	-	-	3.20 €	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	1,666	63,334	112,500	112,500	7.26 €	10 years
September 21, 2017	BSPCE 2017-3	15,000	-	-	15,000	15,000	6.01 €	10 years
At December 31, 2022		**297,500**	**5,166**	**64,834**	**227,500**	**227,500**		

9.3 Stock Options

Allocation date	Type	Number of Stock options issued	Number of exercised Stock options	Number of lapsed Stock options	Number of outstanding Stock options	Maximum number of shares to be issued	Exercise price in €	Exercise Period
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	123,321	61,679	-	-	6.76 €	10 years
June 30, 2017	Stock options	97,500	-	42,500	55,000	55,000	6.61 €	10 years
January 25, 2018	Stock options	215,000	16,665	118,335	80,000	80,000	6.79 €	10 years
September 27, 2018	Stock options	130,000	-	100,000	30,000	30,000	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	-	157,500	100,000	100,000	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	-	115,000	115,000	115,000	10.26 €	10 years
Feb 14, 2020	Stock options 2020-3	150,000	-	-	150,000	150,000	10.26 €	10 years
Jan 27, 2021	Stock option 2021-1	40,000	-	-	40,000	40,000	6.64 €	10 years
Jan 27, 2021	Stock option 2021-2	274,500	-	59,500	215,000	215,000	6.64 €	10 years
Jan 27, 2021	Stock option 2021-3	70,000	-	-	70,000	70,000	6.64 €	10 years
Nov 19, 2021	Stock option 2021-4	80,000	-	-	80,000	80,000	5.63 €	10 years
Jan 27, 2022	Stock option 2022-1	40,000	-	-	40,000	40,000	4,12 €	10 years
Jan 27, 2022	Stock option 2022-2	390,000	-	55,000	335,000	335,000	4,12 €	10 years
At December 31, 2022		**2,472,000**	**139,896**	**779,514**	**1,552,500**	**1,552,500**		

9.4 Performance shares

Allocation date	Type	Number of performance shares awarded	Number of performance shares lapsed	Number performance definitely acquired	Number of performance shares outstanding	Maximum number of shares to be issued
January 24, 2019	Performance shares	240,000	119,452	120,548	-	-
June 20, 2019	Performance shares	3,600	1,396	2,204	-	-
September 25, 2019	Performance shares	65,000	-	40,000	25,000	25,000
January 29, 2020	Performance shares	370,000	151,949	218,051	-	-
January 27, 2021	Performance shares	603,250	101,900	-	501,350	501,350
January 27, 2022	Performance shares	669,050	84,350	-	584,700	584,700
At December 31, 2022		**1,950,900**	**459,046**	**380,785**	**1,111,050**	**1,111,050**

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	160,000	160,000	-	-	-	27-jan 22
Pierre Legault	SO	40,000	40,000	-	-	-	27-jan 22
Thomas Kuhn	Performance shares	160,000	160,000	-	-	-	27-jan 21
Pierre Legault	SO	40,000	-	-	40,000	-	27-jan 21
Thomas Kuhn	Performance shares	100,000	-	33,000	67,000	-	29-jan-20
Pierre Legault	SO	40,000	40,000	-	-	-	14-feb-20
Thomas Kuhn	Performance shares	40,000	-	15,507	24,493	-	24-jan-19
Pierre Legault	SO	40,000	-	-	40,000	-	24-jan-19
Thomas Kuhn	Performance shares	33,300	-	11,800	21,500	-	25-jan-18
Pierre Legault	SO	30,000	-	-	30,000	-	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

Note 10: Provisions

Litigation and liabilities

On December 31, 2022, the Company accrued for social contributions amounting to €67 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.

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, 2020	**232**	**232**
(-) Decrease	-232	-232
At December 31, 2021	**-**	**-**
(-) Decrease	-	-
At December 31, 2022	**-**	**-**

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 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 took place between 2016 and 2021 and was terminated as of December 31, 2021.

Note 12: Breakdown of financial liabilities and payables by maturity

STATEMENTS OF FINANCIAL LIABILITIES AND PAYABLES (Amounts in K€)	Dec 31, 2022			
	Gross amount	One year maximum	1-5 years	More than five years
Financial liabilities				
IPF Financial debt	32,388	11,174	21,214	-
IRIS redeemable loan	4,268	4,268	-	-
PGE	5,834	1,501	4,333	-
Accrued interest	77	77	-	-
Total financial liabilities	**42,567**	**17,020**	**25,547**	**-**
Operating payables				
Trade payables and related accounts	7,667	7,667	-	-
Staff and related accounts	936	936	-	-
Social security and other social agencies	911	911	-	-
Other taxes, dues and similar contributions	62	62	-	-
Other liabilities	7	7	-	-
Total operating payables	**9,582**	**9,582**	**-**	**-**
Total financial liabilities and payables	**52,149**	**26,602**	**25,547**	**-**

The Company did not use trade instruments to pay its suppliers.

Note 13: Accrued liabilities

BREAKDOWN OF ACCRUED LIABILITIES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Financial liabilities		
Accrued interest	75	9
Trade payables and related accounts		
Accrued supplier liabilities	4,740	7,929
Total trade payables and related accounts	**4,740**	**7,929**
Tax and social security liabilities		
Personnel - provision for paid leave	275	386
Personnel accrued expenses	648	611
Social security charges payable	681	411
State - accrued liabilities	30	47
Total tax and social security liabilities	**1,634**	**1,454**
Total accrued liabilities	**6,450**	**9,392**

Note 14: Operating income/(loss)

14.1 Revenue

REVENUE AND INCOME FROM OPERATIONS (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Revenue	**982**	**13,756**
Sumitomo Pharma Contract	673	13,377
Management fees	307	359
Inserm	1	20

In 2021, revenue was mainly related to the contract signed with Sumitomo Pharma in October 2017. In 2022, revenue is mainly related to the Twymeeg Royalties.

Accounting treatment of the Sumitomo Pharma contract:

In October 2017, the Company signed a partnership contract with Sumitomo Pharma, under which the two companies will co-develop Imeglimin for the treatment of type 2 diabetes in Japan. Sumitomo 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 2021 and 2022 financial years, revenue relating to this contract amount to 13,377 K€ and 672 K€ :

- In 2022, revenue was related to JPY 94.99 million (EUR 672 thousand) royalties of Imeglimin, corresponding to 8% of Imeglimin net sales in Japan.
- In 2021, revenue was mainly related to JPY 1,750 million (EUR 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 as well as JPY 1.5 million (EUR 58 thousand) royalties following Imeglimin commercial launch in Japan on Sept 16 2021, corresponding to 8% of Imeglimin net sales in Japan.

The license agreement also provides for the payment by Sumitomo Pharma of conditional regulatory milestones payments, sales-based payments and royalties based on Imeglimin's sales in the territories granted.

No other milestone payments based on future regulatory milestones have been reached as of December 31, 2022.

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, 2022	Dec 31, 2021
Contribution in kind	20	16
Other transfers of charges	4	5
Reversal of provision	329	2,587
Total reversals of depreciation and provisions and transferred expenses	**353**	**2,608**

In 2021, the reversal of provision mainly relates to the arbitration with Merck Santé, which was closed in 2021. In 2022, the reversal of provision mainly relates to social charges on 2021 performance shares.

14.3 Operating expenses

Research and development expenses amounted to €10.8 M in 2022 and represented the most significant part of the total operating expense of the Company.

External costs

External costs are presented below:

External expenses (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Subcontracting, studies and research	5,079	14,747
Professional fees	5,738	6,896
Travel, missions and receptions	110	93
Intellectual property fees	763	747
Insurance	848	919
Lease and rental charges	446	415
Other charges	311	922
Total	**13,295**	**24,740**

Subcontracted research and development expenses mostly relates to studies and clinical trials for PXL770 and PXL065, conducted by the Company through its network of subcontracted service providers.

Taxes and duties

Taxes and duties mainly correspond to the contribution to professional training.

Personnel costs

Breakdown of personnel costs:

Personnel costs (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Wages	4,337	4,425
Social charges	2,142	1,992
Total personnel costs	**6,479**	**6,418**

Other Charges

Other charges (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
License	672	3,905
License fees	400	388
Director's attendance fees	440	432
Others	208	170
Total	**1,721**	**4,896**

The decrease in other charges mostly reflects the license cost, in connection with the regulatory milestone that Merck Serono received in 2021 as part of the application of the agreement with Merck Serono to the Sumitomo Pharma partnership agreement.

In 2022, the license cost (672 K€) reflects the royalties repayment that Merck Serono received as part of the application of the agreement with Merck Serono to the Sumitomo Pharma partnership agreement.

Note 15: Financial income/(loss)

FINANCIAL INCOME (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Interests	17	48
Financial income from investments	29	10
Reversal of financial provision	607	497
Foreign exchange gains	511	1,139
Total financial income	**1,164**	**1,694**

FINANCIAL EXPENSES (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Provision for risks	1,048	607
Foreign exchange losses	401	306
Interests expenses	3,181	2,403
Exit Fees, IPF renegociation	4,066	-
Other	50	-
Total financial expenses	**8,746**	**3,315**

The financial result as of December 31, 2021 and 2022 is mainly composed of:

- interests on IPF debt;
- exchange rate gains and losses;
- interests from financial investments;
- Provision for depreciation of affiliates' current accounts.

In 2022, following IPF debt restructuring presented in note 6, a fee payable at the maturity date of each tranche and set at a total amount of approximately EUR 4 million.

Note 16: Non-recurring income/(loss)

NON-RECURRING INCOME (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
Gain on disposal of treasury shares	43	65
Prior-year income	-	35
Reversals of extraordinary amortization/depreciation of fixed assets	11	6
Total non-recurring income	**55**	**106**

NON-RECURRING EXPENSES (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
Loss on disposal of treasury shares	230	106
Non-recurring amortization/depreciation of fixed assets	46	11
Total non-recurring expenses	**276**	**117**

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:

- €2,270 thousand in 2021,
- €1,491 thousand in 2022.

As of December 31, 2022, the amount of accumulated tax loss carryforwards since inception was €206 million with no expiration date. They represent a relief in future tax debt of €51 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. 25%. 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 2021 and 2022 i.e. 10%.

Note 18: Earnings per share

Basic earning

Earnings 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 2021 and in 2022, 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 2021 and in 2022 is identical to the base loss per share.

BASIC EARNINGS PER SHARE (Amounts in K€)	**Dec 31, 2022**	**Dec 31, 2021**
Weighted average number of shares outstanding	29,076,716	28,642,334

Net income for the period	-26,667,768	-19,545,324
Basic earnings per share (€/share)	**-0.92**	**-0.68**
Diluted earnings per share (€/share)	**-0.92**	**-0.68**

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, 2022**	**Dec 31, 2021**
Fixed compensation owed	494	488
Variable compensation owed	89	117
Contributions in-kind	15	11
Attendance fees – board of directors	440	464
TOTAL	**1,038**	**1,080**

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, 2021 and December 31, 2022. 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, 2022	Dec 31, 2021
Retirement age	Voluntary retirement at 65/67 years old	
Collective agreements	Pharmaceutical industry	
Discount rate (IBOXX Corporates AA)	3.75%	0.98%
Mortality rate table	INSEE 2017	INSEE 2017
Salary increase table	2%	2%
Turnover rate	Low	Low
Employee contribution rate	45%	45%

EMPLOYEE BENEFITS (Amounts in K€)	Dec 31, 2022	Dec 31, 2021
Commitments	252	370

In 2021, the Company applied the change in valuation of the pension liability according to IFRIC decision.

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, 2022:

Commitment (Amounts in K€)	< 1 year	1-3 years	3-5 years	> 5 years	Total
Real estate's leases	333	683	-	-	1,016

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 1.1).

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 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 Company 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 Company.

- Cash management: The Company should maintain a minimum cash position of the highest of ten million euros and 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 6-month period.

In August 2022, the Company 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.

At December 31, 2022, the Company is compliant with all covenants that could lead to the early repayment of IPF debt, with the exception of the covenant linked to the gearing ratio for which the Company had obtained a waiver from IPF Partners before December 31, 2022.

On March 22nd, 2023, the Company concluded a new debt restructuring agreement with IPF, presented in Note 23.

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, 2022 and 2021 was as follows:

AVERAGE NUMBER OF EMPLOYEES	Dec 31, 2022	Dec 31, 2021
Senior staff	43	44
Non-senior staff	-	1
Total average number of employees	**43**	**45**

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	Dividends	Comments
				Gross	Net				
POXEL JAPAN KK	154	-765	100%	154	-	1,229	-115	-	Impairment on equity interest 154 K€ Impairment on related receivables 695 K€ Guaranties and sureties: none Closing rate: 140.57 Average rate: 135.97
POXEL INC (USA)	1	-203	100%	1	-	2,381	-71	-	Impairment on equity interest 1 K€ Impairment on related receivables: 353 K€ Guaranties and sureties: none Closing rate: 1.07 Average rate: 1.05

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

IPF Agreement

On March 22nd, 2023, the Company has entered into an agreement with IPF, postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales increases to 10%, resulting in positive net royalties to Poxel, which the Company anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million). In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million). Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to this schedule, the Company y expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Company.

In addition to the postponing of debt repayments mentioned above, the Company and IPF have agreed to less restrictive financial covenants where the Company shall maintain a minimum cash position between EUR 1 million and EUR 9 million, a gearing ratio, as measured by total net debt to the market capitalization

value of the Company, at a level lower than 150% (vs 50% initially). This agreement also includes an additional covenant linked to the level of Imeglimin sales which shall not fall below 75% of the amount of sales forecasted by the Company based on a conservative model until June 30, 2024. The covenants will be assessed on a monthly basis. With a cash position of the Group of €10.6 million at March 31st, 2023, the Company is in compliance with all covenants which could lead to an event of default at such date, including the minimum cash covenant.

The debt restructuring agreement also includes an increase of the cash margin for tranche three at EURIBOR 3M + 6.5% and, for all tranches, an increase of 6% of the PIK margin (in addition to the existing 5% PIK). In case of default or breach of the minimum cash covenant, the cash margin and the PIK margin could be further increased.

In addition, in case of voluntary redemption of the bonds prior to the date falling three (3) years from the second amendment agreement, a prepayment premium of an amount of EUR 7 million decreasing linearly on a daily basis to EUR 0 on second amendment agreement third anniversary date, shall be due to IPF Partners.

As part of the agreement, the Company has also agreed to control its operating expenses budget as part of a plan that ensures no breach of the minimum cash position covenant over the 2023-2024 period. The agreement also provides for additional events of default in particular related to the continued execution of the MS Agreement and the Sumitomo License Agreement and additional information rights of IPF Partners related in particular to Imeglimin sales and intellectual property portfolio and operating expenses. IPF will remain an observer at the Company's Board of Directors and Board committees until full repayment of the debt facility.

The terms of the existing warrants held by IPF which were attached to the Tranche A, B and C 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.

PGE Agreement

On March 22nd, 2023, the Company has reached a similar debt restructuring agreement as the one entered into with IPF partners, with the banks that provided the French Government-Guaranteed Loan (PGE Loan) of EUR 6 million, obtained in 2020 in the context of the COVID-19 pandemic.

This agreement postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales increases to 10%, resulting in positive net royalties to Poxel, which the Company anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million). In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million). Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. The Company expects the PGE loan to be fully repaid in Q2 2028. After this time, subsequent net royalties and sales-based payments will revert back to the Company.

IRIS Agreement

Acting on the delegation of the Board of Directors and in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022, the Company decided to enter into a new equity-linked

financing, provided by IRIS, a venture capital firm specialized in providing financing solutions to listed companies which has already provided an equity-linked facility financing in August 2022 to the Company.

This funding aims to increase the Company'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 redeemable for new or existing ordinary shares of the Company for an initial amount of EUR 3.5 million. At the Company's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down over 2 years, up to a total of EUR 15 million. The drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million.

IRIS shall have the right to request the conversion of its redeemable bonds into new or existing ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance or delivery of shares upon redemption of the bonds shall be made on each redemption date on the basis of 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the General Meeting of shareholders of June 21, 2022), (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the General Meeting of shareholders of June 21, 2022), and (iii) the nominal value of the Shares.

During the term of the financing, IRIS is expected to sell the shares received upon conversion of the redeemable bonds on the market or in block trades. In connection with the financing, the redeemable bonds and the new shares to be issued upon redemption of the redeemable bonds will be issued out of Poxel's 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 categories of investors.

Considering the anticipated number of shares to be issued upon conversion of the redeemable bonds issued, based on the share price of the Company on the last trading day preceding the 23rd March, 2023, the Company will submit a prospectus for approval by the French securities regulator, the *Autorité des marchés financiers* (AMF).

Assuming the issuance of all tranches of the financing facility with IRIS and the average price weighted by volumes of the Company's share during the last trading day preceding the 23rd March, 2023, the stake of a shareholder with 1% of the Company's share capital would decrease to 0.62%, i.e. a 38% dilution (to 0.88%, i.e. a 12% dilution on the basis of the issuance of the first tranche of EUR 3.5 million only).

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 redeemable 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), the delisting of the Company's shares, any default of payment under an

existing debt facility or the initiation of a bankruptcy or similar proceedings. No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares.

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 700,000 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.

At the date of this Report, the amount of redeemable bonds owned by IRIS is EUR 6,672,500, and the Group has the ability to drawdown EUR 327,500 under the additional tranches.

Organization of Board of Directors

As part of refocusing its activities, the Company has reviewed the organization of its Board of Directors. As of March 31, 2023, Poxel's Board of Directors will be comprised of 4 current members: Thomas Kuhn as CEO of Poxel, Khoso Baluch as new Chairman of the Board, Pascale Boissel and Richard Kender as independent members. Board members Pierre Legault, Janice Bourque, and Kumi Sato will resign from the Board and transition to a new Board advisory committee, along with former director John Kozarich, and will continue to provide their expertise to assist the Company in all its activities.

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 was exposed to foreign exchange risk taking into account the volume of transactions that it carried out in yen in 2021 in the framework of the co-development agreement signed with Sumitomo Pharma. However, it covered this risk in application of the principle provided in the contract, according to which the Company re-bills Sumitomo 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;

- the revenues coming from Sumitomo Pharma and received in JPY.

At this stage, the Company has not adopted any recurring mechanism of coverage to protect its activity against currency fluctuations. From time to time, the Company may nevertheless subscribe currency term accounts and forward sales to cover commitments and future incomes in currency as described above.

The Company may consider in the future using a suitable policy to cover exchange risks in a more significant manner if needed.

Equity risk

The Company does not hold any equity investments or marketable securities traded on a regulated market.

Liquidity risk

The cash position of the Group as of December 31, 2022, amounts to €13.1 million. Based on (i) this cash position, (ii) the full drawdown of the tranches available under the equity-linked financing with IRIS (see Section 4.2 Post closing events - “IRIS Agreements”), (iii) the restructuring of the debt with IPF and the banks that are part of the French Government-Guaranteed Loan (PGE Loan) (see Note 4.2 Post closing events - “IPF and PGE banks Agreements”), (iv) the current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in adrenomyeloneuropathy (AMN), and (v) a strict control of its operating expenses, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements for the next twelve months from the date of approval by the board of the financial statements.

However, the Company is exposed to certain risks that could significantly reduce its cash runway and would lead to a material uncertainty on the ability of the Company to continue as a going concern, which include the following risks:

- The Company might not be able to drawdown the full amount available under the equity-linked financing with IRIS due to the conditions associated with this financing which provide that the drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million (see Note 23 Post-balance sheet closing date events - “IRIS Agreements”), and it being specified that based on the initial drawdown of EUR 3.5 million only, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023;

- The terms of the Company's debt agreement with IPF Partners contains various covenants with which the Company must comply (see Note 23 Post-balance sheet closing date events - "IPF Agreement"). If the Company does not remain in compliance with these covenants, the Company's debt agreement could be terminated and the amounts outstanding thereunder could become immediately due and payable prior to maturity. If the Company's debt is accelerated, its assets might not be sufficient to repay its debt in full;
- The Company might not be able to control its operating expenses which as a result may be higher than as planned.

Note 25: Statutory auditors' fees

Amounts in K€	2022			2021			
	Deloitte	Becouze	Total	Deloitte	Becouze	Mazars	Total
Audit	**83**	**62**	**145**	**78**	**52**		**130**
Other services	**54**	**39**	**93**	**33**	**0**	**30**	**63**
Required by regulation	40	25	**65**	8		5	**13**
Other services	14	14	**28**	25		25	**50**
Total audit fees	**137**	**101**	**238**	**111**	**52**	**30**	**193**

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, 2022)

POXEL

Société anonyme
259/261, avenue Jean Jaurès

Immeuble le Sunway

69007 LYON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 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' report on the consolidated financial statements

For the year ended December 31, 2022

This is a translation into English of the Statutory Auditors' report on the consolidated 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 specifically required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Poxel Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Poxel for the year ended December 31, 2022.

Subject to the qualification described in the "Basis for the qualified opinion" section, 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 of December 31, 2022 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 the qualified opinion

Reasons for the qualified opinion

In 2018, the Company acquired from DeuteRx a development and marketing license that was recognized in intangible assets on the Company's balance sheet for K€ 16,572, as specified in Note 6 to the consolidated financial statements. Further to our discussions with Company management, particularly regarding the Company's financial difficulties, as described in Note 2 to the consolidated financial statements, and based on the information obtained, we were unable to gather the items 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.

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, 2022 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.

Material uncertainty related to going concern

Without qualifying the above opinion, we draw your attention to the material uncertainty resulting from events or circumstances that may call into question the Company's ability to continue as a going concern as described in Note 2 to the consolidated financial statements.

Justification of Assessments - Key Audit Matters

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, apart from the matters described in the "Basis for the qualified opinion" and the "Material uncertainty related to going concern" sections, we bring your attention to the key audit matters relating to 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, as well as our responses to those risks.

We determined that there were no other key audit matters to disclose in our report.

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 Board of Directors' management report.

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the English translation 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*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of the English translation of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the English translation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying English translation of the consolidated financial statements.

Furthermore, we have no responsibility to verify that the English translation of the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF is in agreement with that on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Poxel by the Shareholders' Meeting of June 24, 2020 for Deloitte & Associés and June 23, 2021 for Becouze.

As of December 31, 2022, Deloitte & Associés and Becouze were in the 3rd period and 2nd period of their engagement, 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 risk 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

Objective 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 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 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 significant audit findings. 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 referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics 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.

Paris and Paris - La Défense, April 28, 2023

The Statutory Auditors

Becouze Deloitte & Associés

Fabien Brovedani Julien Razungles

POXEL

Société anonyme

259, avenue Jean Jaurès

69007 LYON

Statutory Auditors' report on the financial statements

For the year ended December 31, 2022

Becouze

34, rue de Liège

75008 PARIS

S.A.S. au capital de 309 700 euros

323 470 427 RCS Angers

Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de l'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, avenue Jean Jaurès

69007 LYON

Statutory Auditors' report on the financial statements

For the year ended December 31, 2022

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.

To the Poxel Shareholders' Meeting,

Qualified opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Poxel for the year ended December 31, 2022.

Subject to the qualification described in the "Basis for the qualified opinion" section, 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 of December 31, 2022 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 the qualified opinion

Reasons for the qualified opinion

In 2018, the Company acquired from DeuteRx a development and marketing license that was recognized in intangible assets on the Company's balance sheet for K€ 16,572, as specified in Note 6 to the financial statements. Further to our discussions with Company management, particularly regarding the Company's financial difficulties, as described in Note 2.1 to the financial statements, and based on the information obtained, we were unable to gather the items 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.

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, 2022 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.

Material uncertainty related to going concern

Without qualifying the above opinion, we draw your attention to the material uncertainty resulting from events or circumstances that may call into question the Company's ability to continue as a going concern as described in Note 2.1 to the financial statements.

Justification of Assessments - Key Audit Matters

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, apart from the matters described in the "Basis for the qualified opinion" and the "Material uncertainty related to going concern" sections, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

We determined that there were no other key audit matters to disclose in our report.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

With the exception of the possible impact of the matter described in the "Basis for the qualified opinion" section, we have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 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 favor, 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 included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the English translation 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*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the English translation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the English translation of the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF is in agreement with that on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Poxel by the Shareholders' Meeting of June 24, 2020 for Deloitte & Associés and June 23, 2021 for Becouze.

As of December 31, 2022, Deloitte & Associés and Becouze were in the 3rd period and 2nd period of total uninterrupted engagement, 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 risk 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

Objective 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 significant audit findings. 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 referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics 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.

Paris and Paris-La Défense, April 28, 2023

The Statutory Auditors

Becouze Deloitte & Associés

Fabien Brovedani 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, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022
CAPITAL AT YEAR END					
Share Capital	517	521	570	574	603
Number of existing ordinary shares	25 856 827	26 054 763	28 495 523	28 703 692	30 171 757
OPERATIONS AND RESULT					
Revenue exclusive of VAT	74 599	30 879	7 032	13 756	674
Earnings before tax, employee profit-sharing and allocations to depreciation, amortization and provisions	9 558	(25 884)	(30 175)	(23 834)	(27 820)
Income tax	(3 476)	(4 373)	(2 411)	(2 270)	(1 491)
Earnings after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	11 400	(21 240)	(29 804)	(19 545)	(26 668)
EARNING PER SHARE					
Earning before tax, employee profit-sharing and allocations to depreciation, amortization and provisions	0,37	(0,99)	(1,06)	(0,83)	(0,92)
Earning after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	0,44	(0,82)	1,08	(0,68)	(0,88)
Average number of employees during the financial year	27	36	42	45	43
Total payroll for the financial year	2 421	3 426	4 208	4 425	4 337
Cost of social benefits to pay during the financial year	1 164	1 484	1 772	1 992	2 142

3.5.2. Date of the latest financial information

The date of the latest financial information is December 31, 2022.

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 2022

It is proposed to allocate the loss of the Company for the financial year ended December 31, 2022 in full to the carry-forward 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 €11,931 corresponding to non-tax-deductible expenses as specified in Article 39-4 of the French General Tax Code.

3.5.6. Legal and arbitration proceedings

At the date of this *Universal Registration Document* , for a period covering the last twelve months, 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, 2022 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	42					48	0					0
Total amount of invoices involved excluding tax	1,174,895	56,652	1,121,090	36,779	527,819	2,917,235	0	0	0	0	0	0
Percentage of total purchases excluding tax for the financial year	8.84%	0.43%	8.43%	0.28%	3.97%	100%						
Percentage of revenue excluding tax for the financial year							0.00%	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

On March 22nd, 2023, the Group has entered into an agreement with IPF, postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales increases to 10%, resulting in positive net royalties to Poxel, which the Group anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million). In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million). Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to this schedule, the Group y expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Group.

On March 22nd, 2023, the Group has reached a similar debt restructuring agreement with the banks that provided the French Government-Guaranteed Loan (PGE Loan) of EUR 6 million, obtained in 2020 in the context of the COVID-19 pandemic.

Acting on the delegation of the Board of Directors and in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022, the Group decided to enter into a new equity-linked financing, provided by IRIS, a venture capital firm specialized in providing financing solutions to listed companies which has already provided an equity-linked facility financing in August 2022 to the Group. 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 Group's share capital, has committed to subscribe to bonds redeemable for new or existing ordinary shares of the Group for an initial amount of EUR 3.5 million. At the Group's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down over 2 years, up to a total of EUR 15 million. The drawdown of additional tranches will be subject to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million.

To the knowledge of the Company, there has been no other material change in the financial or business position of the Company since December 31, 2022.

3.5.9. Statutory auditors' fees

Amounts in K€	2022			2021			
	Deloitte	Becouze	Total	Deloitte	Becouze	Mazars	Total
Audit	**83**	**62**	**145**	**78**	**52**		**130**
Other services	**54**	**39**	**93**	**33**	**0**	**30**	**63**
Required by regulation	40	25	**65**	8		5	**13**
Other services	14	14	**28**	25		25	**50**
Total audit fees	**137**	**101**	**238**	**111**	**52**	**30**	**193**

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 Section 4.1.2.3 "*Specialized Committees*" of this *Universal Registration Document.* 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 *Universal Registration Document*, 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**
Khoso Baluch Chairman of the Board of Directors and Director	No	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
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
Richard Kender Director	Yes	Nomination: GM of 1/8/2015 Renewal: GM of 6/21/2018, GM of 6/23/2021 Term: OGM ruling on the financial statements for the financial year ended 12/31/2023
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

IPF Partners Permanent representative: Edouard Guillet Observer	-	Nomination: Board meeting of 7/29/2023 Term: full repayment of the IPF debt

During the 2022 financial year, the composition of the Board of Directors changed as follows:

- On July 1, 2022, Mr. John Kozarich resigned from its position as Board member,
- On July 29, 2022, IPF Partners was appointed Observer to the Board of Directors, with Edouard Guillet as permanent representative.

In addition, in 2023, in the context of the Company's savings plan, the Board of Directors size has been reduced from 7 to 4 members. On March 22, 2023, Mr. Pierre Legault resigned from its positions as Chairman of the Board of Directors and Board member and Ms. Janice Bourque and Ms. Kumi Sato resigned from their position as Board member.

Mr. Pierre Legault, Ms. Janice Bourque, Mr. John Kozarich and Ms. Kumi Sato will continue to assist the Board of Directors as members of the Board Advisory Committee (see Section 4.1.2.3 "*Specialized Committees*").

At the date of this *Universal Registration Document*, the Company's Committees are made up as indicated in the table below:

First name, last name, position	Audit Committee	Compensation & Corporate Social Responsibility Committee
Khoso Baluch Chairman of the Board of Directors and director	Member	Member
Thomas Kuhn Director and Chief Executive Officer	Observer	Observer
Richard Kender Director	Member	Chairperson
Pascale Boissel Director	Chairperson	--
IPF Partners Observer	Observer	Observer

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, September 23, 2021 and March 22, 2023, 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) and experience. The Directors are from 49 to 66 years old with an average of 58 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, including the Audit Committee.

The Company's Board of Directors consists of four members, of which one woman.

The business address of the Chairman of the Board of Directors, the Directors and the Chief Executive Officer is the Company's registered office.

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 functions*" and 4.1.1.1.3 "*Biographies of the Directors*" of this *Universal Registration Document*).

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, except for Mr. Khoso Baluch who has served as Chairman of the Board of Directors of the company Da Volterra which has been liquidated in 2022 due to the clinical failure of its only asset;
- 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 *Universal Registration Document*, 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
Khoso Baluch	Processa Pharmaceuticals Inc. (2)	Member of the Board of Directors	CorMedix inc (2) DaVolterra (1)	CEO and Member of the Board of Directors Chairman of the Board of Directors
Thomas Kuhn	Poxel Japan KK Sole Director Poxel Inc. President	None		
Richard Kender	Seres Therapeutics, inc (2) Bicycle therapeutics plc (2)	Member of the Board of Directors Member of the Board of Directors	INC Research Abide Therapeutics ReViral Ltd	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors

Name	Current corporate offices		Positions held in the last five years	
	Companies	Nature of mandate or position	Companies	Nature of mandate or position
Pascale Boissel	Sarterious Stedim Biotech (1) (2) Innate Pharma (1) (2)	Member of the Board of Directors Member of the Board of Directors		

(1): French companies
(2): Listed companies in France and/or other countries

4.1.1.1.3. Biographies of the Directors

Khoso BALUCH

Chairman of the Board of Directors

Khoso Baluch has been a director of the company since 2012. He has also served as the Chairman of the Board for Da Volterra, a French, privately held company in 2022. From 2016 to 2021, Mr. Baluch served as the Chief Executive Officer and Board member of CorMedix, Inc., a publicly traded pharmaceutical company in the US. Mr. Baluch is currently a director of Processa Pharmaceuticals. Mr. Baluch also held various senior positions at UCB, SA. between January 2008 to April 2016, including Senior Vice President and President Europe, Middle East & Africa. Prior to joining UCB, Mr. Baluch worked for Eli Lilly and Company 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. Mr. Baluch holds a B.S. in Aeronautical Engineering from City University London and an MBA from the Cranfield School of Management.

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).

Pascale BOISSEL

Independent director

Pascale Boissel has served as a member of the Company's board of directors since 2015. She also serves as a director for Sartorious Stedim Biotech (STDM) and Innate Pharma (IPH). She has also assisted small biotech companies and Life Science projects in their financial strategy and their operations (Eg : Enyo Pharma, Novadiscovery). 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. Besides, she holds a certificate from the IFA (*Institut Français des Administrateurs*).

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.

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 Board of Directors reviews, at least once a year, the identified conflicts of interest, based on the work of the Compensation & Corporate Social Responsibility Committee. 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 granted to the corporate officers*" and Section 4.3 "*Shareholding and Stock Performance*" of this *Universal Registration Document*).

There are related-party agreements, as described in Sections 4.4.2 "*Significant agreements concluded with related parties*" and 4.4.4 "*Special report of the Statutory Auditors on related-party agreements and commitments*" of this *Universal Registration Document*.

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 *Universal Registration Document* , 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 *Universal Registration Document*.

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 *Universal Registration Document* 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 was the Chairman of the Board of Directors since March 31, 2016 and resigned on March 22, 2023. Mr. Khoso Baluch has been appointed Chairman of the Board of Directors on March 22, 2023. 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 *Universal Registration Document*.

During the 2022 financial year, the Board of Directors of the Company met 8 times. The average of the Directors' attendance rate is 98.4%.

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

In 2023, as part of the reduction of the Board of Directors' size, several specialized committees have been discontinued. As of the date of this *Universal Registration Document*, the Board of Directors has set up two permanent specialized committees (Audit Committee and Compensation & Corporate Social Responsibility 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, September 23, 2021 and March 22, 2023 as well as for the Audit Committee in the audit committee charter adopted June 30, 2017, as amended on March 26, 2020 and September 23, 2021. In addition, the Board of Directors has set up an ad hoc Advisory Committee.

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 *Universal Registration Document*, the Audit 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.

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 their remuneration.

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 2022 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;

- 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 & Corporate Social Responsibility Committee

Objectives – Allocations

The Committee's role is to make recommendations to the Board of Directors in relation to the appointment and compensation of directors, the executive directors and the operational and functional managers and with regard to appointments and compensation policy and internal profit sharing. The Committee also assists the Board of Directors on all corporate social responsibility matters. In particular, the Compensation & Corporate Social Responsibility 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;
- periodically reviews 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;
- identifies and reviews candidates for appointment as directors or corporate officers or members of a Board Committee;
- makes recommendations to ensure the succession of the Company's officers and key persons;
- makes recommendations on all matters relating to the rights and obligations of directors, and in particular in light of conflicts of interest;
- ensures the training of directors and the integration of new directors;
- discusses 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;
- reviews the Company's non-financial risk factors;

- reviews and makes recommendations on the Board's performance (annual evaluation, self-evaluation);
- periodically reviews 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.);
- reviews the Company's CSR strategy, monitors its results annually and makes recommendations to the Board of Directors;
- examines the main opportunities and risks for the Group and for all stakeholders with regard to issues specific to its mission and activities;
- Is informed of and, where appropriate, participates in the definition of the Company's general CSR policy and approves its scope of action;
- oversees the implementation and progressive deployment of this policy and these actions;
- informs the Board of Directors about the long-term development, including economic development, of the Company through its CSR actions;
- assesses risks and identifies new opportunities, taking into account the impact of the Company's CSR policy in terms of economic performance, and evaluating the impact for society.

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 *Universal Registration Document* the Compensation Committee is comprised of two members one of which, the Committee Chairman, is an independent director.

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 their remuneration.

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.

In 2022, the Company had two separate committees which have been merged into the Compensation & Corporate Social Responsibility Committee (the Compensation Committee and the Nominating & Corporate Social Responsibility Committee).

The Compensation Committee has met seven times during the 2022 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Compensation Committee has notably:

- reviewed the size of the Company and the workforce reduction plan during the 2022 financial year;
- reviewed the achievement of the 2021 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 2022 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 2022;
- made a recommendation on the number of long-term incentives to be granted in the financial year 2022 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.

The Nominating & Corporate Social Responsibility Committee has met five times during the 2022 financial year and reported regularly to the Board of Directors, providing recommendations whenever required. The Nominating & Corporate Social Responsibility 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;
- 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;
- worked on the succession plan for the executive officers of the Company;
- regularly reviewed potential conflicts of interest of the Directors;

- reviewed the CSR strategy of the Company;
- approved the Company's action plan in connection with CSR;
- monitored the implementation of the CSR action plan.

4.1.2.3.3. **Advisory Committee**

The Advisory Committee was created by a decision by the Board of Directors on March 22, 2023.

This committee meets regularly and on an *ad hoc* basis as the case may be, to assist the Board of Directors in its work on strategic discussions. The Advisory Committee is composed of former directors Mr. Pierre Legault, Ms. Janice Bourque, Mr. John Kozarich and Ms. Kumi Sato.

4.1.2.4. **Observers**

In accordance with the Company's bylaws, the Company may have 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 and are submitted to the same confidentiality obligations as other members of the Board as well as to the insider information policy (see Section 4.5.3.2.5 "*Other policies*"). Observers must inform the Board of Directors, as soon as they become 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.

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 *Universal Registration Document*, the Company has one observer: IPF Partners represented by Mr. Edouard Guillet. IPF Partners does not receive any compensation for its observer's role.

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 September 2021 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 four 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 *Universal Registration Document*.

The Company currently has two independent directors, as defined by the MiddleNext Code of Corporate Governance, namely Richard Kender and Pascale Boissel. 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	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	
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	
Not be a reference shareholder of the Company or hold a significant percentage of voting rights	Compliant	Compliant	Compliant	
Not having any close family or close ties with a corporate officer or a reference shareholder	Compliant	Compliant	Compliant	
Not having been an auditor of the Company in the last 6 years	Compliant	Compliant	Compliant	

* Although M. Khoso Baluch meets the various criteria of the MiddleNext Code of corporate governance, he is no longer considered independent since he became Chairman of the Board of Directors on March 22, 2023.

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 (See Section 4.2.5 *"Warrants, Founder Warrants, Stock Options and Performance Shares granted to the corporate officers" and Section* 4.2.5 *"Warrants, Founder Warrants, Stock Options and Performance Shares granted to the corporate officers"*). Taking into account these elements and the amounts involved which are not significant for the Directors, 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 two specialized Committees set up by the Board of Directors: the Audit Committee and the Compensation & Corporate Social Responsibility Committee, presented in Section 4.1.2.3 "*Specialized Committees*" of this *Universal Registration Document*.

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 - Training of the board members (Note 1)	X		
R6 - Organization of the meetings of the board and committees	X		
R7 - Establishment of committees	X		
R8 - Establishment of a specialized committee on Corporate Social Responsibility and environmental responsibility (CSR)	X		
R9 - Establishment of a board internal regulation	X		
R10 - Choice of each board member	X		
R11 - Duration of the terms of office of board members	X		
R12 - Compensation of board members	X		
R13 - Establishment of an assessment of the board's work (Note 2)	X		
R14 - Relations with "shareholders"	X		
Executive authority			
R15 - Diversity and equality policy	X		
R16 - Definition and transparency of the compensation of the company executives	X		
R17 - Preparation of the succession of the "executives"	X		
R18 - Accumulation of work contract and company mandate (Note 3)		X	
R19 - Employee severance benefits (Note 4)	X		
R20 - Supplementary retirement plans (Note 5)		X	
R21 - Stock options and allocation of performance shares	X		
R22 - Review of the points for monitoring (Note 6)	X		

Note 1: On March 22, 2022, the Board of Directors decided to implement a 3-year training plan for Directors which will include sessions dedicated to the scientific aspects of the Company's pipeline, competitive landscape, applicable regulations, ethics and governance and corporate social responsibility. Each Director will attend at least 4 days of training over this 3-year period.

Note 2: The Board of Directors performs a self-assessment of its working methods and operation on an annual basis in accordance with its internal regulation. The 2022 results were discussed by the Board and resulted in an action plan.

Note 3: No executive director of the Company currently has an employment contract. If such a situation were to be put in place, Recommendation 18 would be followed.

Note 4: Mr. Thomas Kuhn is owed compensation during his term of office related to forced departure without cause. (see Section 4.2.1.1.1 "*General principles and structure of the total compensation of the executive officers*").

Note 5: Even though no supplementary retirement plan is currently in place, Recommendation 20 to ensure greater transparency for shareholders would be followed where applicable, if the Company were to adopt such plans.

Note 6: The Company Board of Directors reviews the MiddleNext points for monitoring on an annual basis.

4.1.2.6. Statement related to diversity and equality

See Section 2.5 "*CSR Report*" related to diversity and equality.

4.1.2.7. Statement related to the General Meeting of Shareholders

The Company held its annual General Meeting of Shareholders on June 21, 2022. 40.79% 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 79% votes in favor.

As of the date of this *Universal Registration Document*, 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 "*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 *Universal Registration Document*.

The Company Board of Directors has specifically reviewed the votes of the shareholders referred to as "Public" in Section 4.3 "*Share capital and voting right distribution"*, during its June 21, 2022, General Meeting of Shareholders. These shareholders present or represented at the General Meeting of Shareholders represented 11.02% of the total Company voting rights (and 27.01% 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 "*Share capital and voting right distribution"* voted in favor of all resolutions submitted to the General Meeting of Shareholders which were recommended by the Board of Directors. The Board of Directors is committed to maintaining an ongoing dialog with such shareholders.

4.1.2.8. 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 maintains an internal control process designed to "internally guarantee the relevance and reliability of the information used and disseminated in the Company's activities." 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 Finance Department. 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 "quarterly 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. 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 services, 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 2023 General Meeting of Shareholders of the Company 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: 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 *Universal Registration Document* 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 2022 or awarded in respect of 2022 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 *Universal Registration Document* 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 September 2021 and validated as a reference code by the AMF.

The tables provided for in "AMF Position–Recommendation DOC 2021-02" of January 5, 2022 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 2023 General Meeting of Shareholders, 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.

The proposed compensations policies for the corporate officers of the Company have been approved at more than 79% by the General Meeting of Shareholders on June 21, 2022, pursuant to article L. 22-10-8 of the French Commercial Code. Considering the changes in the Company's activities and Board of Directors composition, the Board of Directors of the Company decided to amend certain principles for the compensation of its directors and executive officers for the next fiscal year.

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.

4.2.1.1. Compensation policy applicable to the executive officers

4.2.1.1.1. 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 & Corporate Social Responsibility Committee.

As of December 31, 2022, the executive officers were:

- Mr. Pierre Legault, Chairman of the Board of Directors; and
- Mr. Thomas Kuhn, Chief Executive Officer.

On March 22, 2023, Mr. Pierre Legault resigned from his positions as Chairman of the Board of Directors and Director and Mr. Khoso Baluch was appointed Chairman of the Board. Mr. Thomas Kuhn remains Chief Executive Officer of the Company.

The structure of the compensation of the Directors and 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.

Fixed compensation

The Chairman of the Board of Directors, and the Chief Executive Officer, receive fixed compensation.

The fixed annual compensation of the executive officers is determined by the Board of Directors based on the Compensation Committee's recommendations.

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 based 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 2023.

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 for the Chief Executive Officer as his objectives are fully aligned with the corporate objectives of the Company. The objectives are based on criterias including the financing of the Company as well as the performance of various key steps in the field of research and development, business development and corporate social responsibility.

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

The Chairman of the Board of Directors and the Chief Executive Officer 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 the performance shares by the Board of Directors are based on precise objectives (quantitative and qualitative criteria) 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.

It is specified that any long-term compensation to the executive officers is subject to shareholder approval pursuant to article L. 22-10-34 of the French Commercial Code.

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 and Mr. Khoso Baluch are 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

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.

4.2.1.1.2. Application of the Compensation policy applicable to the executive officers for 2023

At its meetings held on January 20, 2023, and April 7, 2023 the Board of Directors resolved to determine the components of compensation of the executive officers, through a structure which ensures a link with the Company's performance and maintenance of the balance between short-term and medium-term performance.

Fixed compensation

The Board of Directors decided to significantly reduce the compensation of the Chairman of the Board of Directors and to propose a total fixed compensation of €78,000 for the Chairman of the Board of Directors for 2023 (compared to €175,000 for 2022).

The Board of Directors decided to increase the compensation of the Chief Executive Officer by 4% to €312,000 for 2023 taking into account the macroeconomic environment as well as the fact that the fixed and variable compensation of the Chief Executive Officer remained unchanged in 2022 without any increase compared to 2021.

Variable compensation

At its meetings held on January 20, 2023, and April 7, 2023 the Board of Directors decided to keep the principles of the variable compensation of the Chief Executive Officer unchanged with a maximum set at 50% of his fixed compensation for 2023 (similar as for 2021 and 2022 financial years).

The variable compensation is based on a plan of precise objectives (quantitative and qualitative criteria) corresponding to objectives common to all employees. For 2023, these objectives will be based on (i) the refinancing and Cash Management of the Company for a target level of 40%, (ii) Business Development and Alliance activities for the Company products for a target level of 30%, (iii) the initiation of clinical trials and other research & development activities for rare diseases for a target level of 25% and (iv) the implementation of the Company's corporate social responsibility strategic plan for a target level of 5%.

Such variable compensation, if the objectives are achieved, would be paid during the course of Year N+1, subject to approval of the 2023 General Meeting of Shareholders.

The Chairman of the Board of Directors is not allocated any variable compensation.

Long-term and exceptional compensation

Long-term compensation

The Board of Directors decided on April 7, 2023, to grant 40,000 Stock Options to the Chairman of the Board giving each the right to acquire one share of the Company at an exercise price of €0.698 (corresponding to the closing share price on the Euronext market immediately preceding the date of the Board of Directors meeting). This grant is subject to performance conditions linked to the compliance with the Company's minimum cash covenants under the IPF debt, between March 22 and December 31, 2023, participation of the Chairman of the Board of Directors to the Board meetings as well as to the assessment of the Board's organization and functioning. The grant is also subject to the approval of the shareholders at the 2023 General Assembly Meeting pursuant to article L. 22-10-34 of the French Commercial Code.

The Board of Directors, having noted that the performance criterias associated to Performance Shares for 2021 and 2020 had been achieved at respectively 50% and 67%, decided to allocate 160,000 Performance Shares to the Chief Executive Officer which are subject to a two-years acquisition period and an additional one-year lock-up period. In accordance article L. 225-197-1 II of the French Commercial Code and the decisions of the Board of Director, the Chief Executive Officer is subject to a further obligation to retain at least 10% of the acquired performance shares in registered form until the term of his mandate. The Performance Shares which are subject to performance conditions which are based on precise objectives (quantitative and qualitative criteria) which include for equal weighting, (i) the completion of the enrollment for at least one Phase 2a biomarker-driven POC studies, (ii) the compliance of the Company with its obligations under its debt agreements, (iii) the closing of one or several partnerships for at least one of the Company's products and (iv) the performance of the Company's shares on the Euronext market, in order to align the vesting conditions of the Performance Shares with the interest of the Company's shareholders. The allocation is also subject to the approval of the shareholders at the 2023 General Assembly Meeting pursuant to article L. 22-10-34 of the French Commercial Code.

Exceptional compensation

At the date of this *Universal Registration Document*, no exceptional compensation is contemplated for the Chairman of the Board of Directors or the Chief Executive Officer.

4.2.1.2. Compensation policy of the directors

4.2.1.2.1. General principles and structure of the total compensation of the directors

Fixed compensation

Independent directors are eligible to receive a fixed remuneration. 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 and on the basis of (i) a yearly base compensation and (ii) additional compensation in case of participation to the work of certain Board of Directors committees.

Directors are not allocated any variable compensation.

Long-term and exceptional compensation

Independent directors are not eligible to receive any long term compensation in the form of stock-options or performance shares. Independent directors may receive warrants. In such case, the subscription price and the exercise price of the warrants are determined after valuation by an independent expert and reflect the fair market value of such instruments according to such independent expert. Such warrants are therefore 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.

4.2.1.2.2. Application of the Compensation policy applicable to the executive officers for 2023

At its meetings held on January 20, 2023, and April 7, 2023, the Board of Directors decided to significantly reduce the proposed fixed compensation of independent directors and to propose a total authorized remuneration of €150,000 for 2023 (compared to €550,000 for 2022).

As of the date of this *Universal Registration Document* 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 €40,000 for its independent directors;
- an additional compensation of €10,000 for members of the Audit Committee and €15,000 for its Chairperson;
- an additional compensation of €8,000 for members of the Compensation and Corporate Social Responsibility Committee and €12,000 for its Chairpersons;

The following table summarizes these principles of remuneration of non-executive directors:

NAME	BASE COMPENSATION	AUDIT COMMITTEE	COMPENSATION & CSR COMMITTEE
PASCALE BOISSEL	40,000€	15,000€*	-
RICH KENDER	40,000€	10,000€	12,000€*

** Chairperson*

4.2.2. Summary of the compensation of the executive officers for 2022 and 2021

Table 1: Summary tables of compensation, options (warrants and/or SO) 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 2021	**Financial year 2022**
Mr. Pierre Legault, Chairman of the Board of Directors		
Fees due for the financial year	€192,006	€194,107
Director's remuneration		
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)	€100,548	€69,777

Summary table of compensation, options and Performance Shares granted to each executive corporate officer		
	Financial year 2021	**Financial year 2022**
Value of Performance Shares awarded (explained in Table 6)		
Total	**€292,554**	**€263,884**
Mr. Thomas Kuhn, Chief Executive Officer		
Compensation due for the financial year (explained in Table 2)	€395,353	€412,645
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)	€707,200 (1)	€439,467 (1)
Total	**€1,102,553**	**€852,112**

(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., €6.70 per share for 2021 and €4.12 for 2022. 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), 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) for 2021 and 2022

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, 2021 and 2022 and the compensation they received during these financial years.

	Financial year 2021		**Financial year 2022**	
	amounts due(1)	**amounts paid(2)**	**amounts due(1)**	**amounts paid(2)**
Mr. Pierre Legault, Chairman of the Board of Directors				
Fixed compensation	€192,006	€192,006	€194,107	€194,107
Variable compensation				
Exceptional compensation				
Director's remuneration				
Benefits in kind				

	Financial year 2021		Financial year 2022	
	amounts due[(1)]	amounts paid[(2)]	amounts due[(1)]	amounts paid[(2)]
TOTAL	**€192,006**	**€192,006**	**€194,107**	**€194,107**
Mr. Thomas Kuhn, Chief Executive Officer				
Fixed compensation (3)	€295,833	€295,833	€300,000	€300,000
Variable compensation (4)	€88,750	€115,104	€97,500 (6)	€88,750
Exceptional compensation				
Director's remuneration				
Benefits in kind (5)	€10,770	€10,770	€15,145	€15,145
TOTAL	**€395,353**	**€421,707**	**€412,645**	**€403,895**

(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 Universal Registration Document).

(4) The variable compensation of the Chief Executive Officer (of a maximum percentage of fixed compensation – 50% for the 2021 and 2022 financial years) is based on a plan of precise objectives (quantitative and qualitative criteria) corresponding to objectives common to all employees. For 2022, these objectives were based on (i) various research & development and business development activities, including the completion of the Phase 2 clinical trial for PXL065 in NASH, the support of the commercialization of TWYMEEG® in Japan, the preparation of the two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL770 and PXL065 in adrenomyeloneuropathy (AMN), and the closing of partnership(s) for the Company's product for a target level of 75%, (ii) the satisfactory financing of the Company for a target level of 20% and (iii) the implementation of the Company's corporate social responsibility strategic plan for a target level of 5%. Variable compensation is paid during the course of Year N+1. Variable compensation of the Chief Executive Officer for the 2021 financial year has been paid further to the approval of the General Meeting of Shareholders of June 22, 2022. Variable compensation of the Chief Executive Officer for the 2022 financial year will be paid in one installment, subject to approval of the 2023 General Meeting of Shareholders.

(5) Benefits in kind correspond to GSC unemployment insurance.

(6) 2022 variable compensation of the Chief Executive Officer corresponding to an 65% achievement of the objectives as assessed by the Board of Directors on January 27, 2023.

Table 3: Table of compensation received by non-executive directors

Non-executive directors	Compensation	Amounts paid during financial year 2021 (1)	Amounts paid during financial year 2022 (2)
Mr. Khoso Baluch	Directors' remuneration (fixed, variable)	€103,189	€105,061
	Other compensation (3)	-	-
Ms. Pascale Boissel	Directors' remuneration (fixed, variable)	€74,000	€74,000
	Other compensation (3)	-	-
Mr. Rich Kender	Directors' remuneration (fixed, variable)	€106,189	€108,061
	Other compensation (3)	-	-
Ms. Janice Bourque	Directors' remuneration (fixed, variable)	€72,000	€72,000
	Other compensation (3)	-	-
Ms. Kumi Sato	Directors' remuneration (fixed, variable)	€52,000	€54,000
	Other compensation (3)	-	-
Mr. John Kozarich (4)	Directors' remuneration (fixed, variable)	€25,000	€25,000
	Other compensation (3)		
TOTAL		€432,378	€438,122

(1) On January 27, 2021, the Board of Directors approved an allocation of attendance fees to the independent directors totaling €50,000 for the 2021 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) On January 27, 2022, the Board of Directors approved an allocation of attendance fees to the independent directors totaling €50,000 for the 2022 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 2021 financial year (see footnote (1)).

(3) The Directors received warrants in 2021 and 2022 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. Such warrants are therefore not considered compensation under the French Commercial Code.

(4) Mr. John Kozarich resigned from his position as Board member on July 1st, 2022. He continues to assist the Board of Directors as member of the Board Advisory Committee (see Section 4.1.2.3 "Specialized Committees"). For the 2022 financial year, Mr. John Kozarich also received a compensation of €26,798 under a consulting agreement with the Company.

Table 4: Warrants or stock options awarded to each executive officer by the Company or any company of its Group during the financial years ended December 31, 2021 and 2022

Executive corporate officers	Date of allocation	Nature of the options (BSA or SO)	Value of the options according to the Black & Scholes method (in euros)	Total options allocated	Subscription price per share	Maturity date
Pierre Legault	Jan 27, 2021	Stock Options	€100,400	40,000	€6.64	Jan 27, 2031
Pierre Legault	Jan 27, 2022	Stock Options	€69,600	40,000	€4.12	Jan 26, 2032
TOTAL				**80,000**		

Table 5: Warrants or stock options exercised by each executive corporate officer during the financial years ended December 31, 2021 and 2022

None.

Table 6: Performance shares awarded to each executive officer during the financial years ended December 31, 2021 and 2022

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 (3)	Performance conditions
Thomas Kuhn	2021 Plan, Board meeting of January 27, 2021	160,000	€707,200	January 27, 2023	January 27, 2024	YES (4)
Thomas Kuhn	2022 Plan, Board meeting of January 27, 2022	160,000	€439,467	January 27, 2024	January 27, 2025	YES (4)

(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., €6.70 per share for

2021 and €4.12 for 2022, 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) In accordance article L. 225-197-1 II of the French Commercial Code and the decisions of the Board of Director, the Chief Executive Officer is subject to obligation to retain at least 10% of the acquired performance shares in registered form until the term of his mandate.

(4) The Performance Shares were allocated to Thomas Kuhn subject to the fulfillment of performance conditions determined by the Board of Directors under a one-year plan for the 2021 and 2022 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) in order to align the vesting conditions of such Performance Shares with the interest of the Company's shareholders. The Board of Directors determined that the 2021 Performance conditions which related to (i) the NDA approval of the drug candidate, "Imeglimin" in Japan for 50%, (ii) the Initiation of a clinical study for PXL770 in NASH for 25% and (iii) the share price performance for 25% had been achieved at 50%.

Table 7: Performance Shares granted that became available to each executive officer during the financial years ended December 31, 2021 and 2022

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	2019 Plan, Board meeting of January 24, 2019	17,826 (4)	26,666
Thomas Kuhn	2019 Plan, Board meeting of January 24, 2019	6,667 (5)	13,334
Thomas Kuhn	2020 Plan, Board meeting of January 29, 2020	67,000 (6)	100,000

(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 67% of the performance conditions for the two first tranches of the 2019 Performance Shares as assessed by the Board of Directors.

(5) Based on the achievement of 50% of the performance conditions for the third tranche of the 2019 Performance Shares as assessed by the Board of Directors.

(6) Based on the achievement of 67% of the performance conditions for the 2020 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 4.2.5 "*Warrants, Founder Warrants, Stock Options and Performance Shares*" 4.5.2.4.1 "*Stock subscription warrant plan*" and 4.5.2.4.2 "*Founder Warrant (BSPCE) Plan*" of this *Universal Registration Document* .

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

	2021		2022	
	Warrants	**SO**	**Warrants**	**SO**
Date of the Board of Directors meeting	N/A	January 27, 2021 & November 19, 2021	N/A	January 27, 2022
Weighted average price	N/A	€6.52	N/A	€4.12
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, 2022	0	424,500	0	335,000
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, 2022	0	0	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)	

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
	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 granted to the corporate officers

Director and officer concerned	BSPCE	Warrants	SO	Performance Shares	Total number of potential shares (1)
Pierre Legault (Chairman of the Board of Directors) (2)		85 000	352 500		437 500
Thomas Kuhn (CEO)	50 000			320 000	370 000
Mohammed Khoso Baluch (Chairman of the Board of Directors)		107 500			107 500
Richard Kender		150 000			150 000
Pascale Boissel		150 000			150 000
Kumi Sato		120 000			120 000
Janice Bourque		150 000			150 000
John Kozarich		60 000			60 000

(1) As of the December 31, 2022

(2) Until March 22, 2023

(3) Since March 22, 2023

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 *Universal Registration*

Document for details of the terms and conditions for exercising the various categories of warrants and founder warrants, Stock Options and Performance Shares.

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.

In 2021, the Group has decided to change the method of calculating these ratios, in accordance with current market practices. The value of warrants, stock options, founder warrants and performance shares is no longer included in the compensation for the years presented.

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 ended on December 31, 2018	Financial year ended on December 31, 2019	Financial year ended on December 31, 2020	Financial year ended on December 31, 2021	Financial year ended on December 31, 2022
Median compensation of the Group's employees	68,545	70,332	74,921	73,095	68,385
Average compensation of the Group's employees	109,563	100,762	113,448	113,392	113,044
Chairman of the Board of Directors					
Ratio with the median compensation of the Group's employees (1)	2.17	2.40	2.39	2.63	2.84
Ratio with the average compensation of the Group's employees (2)	1.36	1.68	1.58	1.69	1.72
Chief Executive Officer					
Ratio with the median compensation of the Group's employees (1)	4.46	4.66	5.41	5.77	6.03
Ratio with the average compensation of the Group's employees (2)	2.79	3.25	3.57	3.72	3.65

(1) The ratio has been calculated in application with the following formula: (Total Compensation of the Chairman of the Board of Directors) / Median annual compensation of the Group's employees) and (Total Compensation of the Chief Executive Officer / Median annual compensation of the Group's employees).

(2) The ratio has been calculated in application with the following formulas: (Total Compensation of the Chairman of the Board of Directors / Average annual compensation of the Group's employees) and (Total Compensation of the Chief Executive Officer / Average annual compensation of the Group's employees).

In 2022, in accordance with MiddleNext recommendations, the Group has calculated ratios between compensations of the executive corporate officers and the legal minimum wage in France. These ratios amount to 10.09 for the Chairman of the Board of Directors and 21.45 for the CEO.

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 2018	Financial year 2019	Financial year 2020	Financial year 2021	Financial year 2022
Compensation	305,831 €	327,517 €	405,445 €	421,707 €	412,645 €
Evolution (absolute figures)		21,686 €	77,928 €	16,262 €	-9,062 €
Evolution (%)		7%	24%	4%	-2%

Chairman of the Board of Directors	Financial year 2018	Financial year 2019	Financial year 2020	Financial year 2021	Financial year 2022
Compensation	148,750 €	169,030 €	179,000 €	192,006 €	194,107 €
Evolution (absolute figures)		20,280 €	9,970 €	13,006 €	2,101 €
Evolution (%)		14%	6%	7%	1%

Group's employees	Financial year 2018	Financial year 2019	Financial year 2020	Financial year 2021	Financial year 2022
Compensation	109,563 €	100,762 €	113,448 €	113,392 €	113,044 €
Evolution (absolute figures)		-8,801 €	12,685 €	-56 €	-349 €
Evolution (%)		-8%	13%	0%	0%

Consolidated net result (in k€)	Financial year 2018	Financial year 2019	Financial year 2020	Financial year 2021	Financial year 2022
Net result (in k€)	1,301 €	-25,743 €	-31,858 €	-23,762 €	- 31,398 €
Evolution (absolute figures)		-27,044 €	-6,115 €	8,096 €	-7,636 €
Evolution (%)		-2079%	24%	-25%	24%

4.2.9. Elements of the 2022 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 21, 2023, 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, 2022, as described below, have been approved by the General Meeting of Shareholders on June 21, 2022.

Chairman of the Board of Directors – Mr. Pierre Legault

Mr. Pierre Legault does not receive any variable compensation for 2022 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 2021 and 2022, Mr. Pierre Legault received compensation allocated in the form of stock options, in accordance with the recommendations of the MiddleNext Code.

For financial year 2022, Mr. Pierre Legault, Chairman of the Board of Directors since March 31, 2016, has received compensation totaling €194,107. On January 27, 2022, the Board of Directors awarded him 40,000 options giving right to subscribe shares, for a subscription price of €4.12 per share (corresponding to the closing share price on the Euronext market immediately preceding the Board of Directors meeting). Such grant was approved by the June 21, 2022 General Meeting of Shareholders. 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, Chief Executive Officer, was awarded a fixed compensation totaling €300,000.

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 2022 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 2022, these objectives were based on (i) various research & development and business development activities, including the completion of the Phase 2 clinical trial for PXL065 in NASH, the support of the commercialization of TWYMEEG® in Japan, the preparation of the two identical Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL770 and PXL065 in adrenomyeloneuropathy (AMN), and the closing of partnership(s) for the Company's product for a target level of 75%, (ii) the satisfactory financing of the Company for a target level of 20% and (iii) the implementation of the Company's corporate social responsibility strategic plan for a target level of 5%.

The Board of Directors of the Company decided on January 20, 2023, to award the Chief Executive Officer a variable compensation totaling €97,500, corresponding to an 65% achievement of the targets set by the Board of Directors on January 27, 2022. The variable compensation of the Chief Executive Officer for the 2022 financial year will be paid in 2023, in one installment, subject to approval of the General Meeting of Shareholders.

The Chief Executive Officer received benefits in kind during the 2022 financial year totaling €15,145 under a GSC corporate officer insurance policy.

On January 27, 2022, the Board of Directors awarded him 160,000 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 included for an equal weighting (i) the completion of the Phase 2 clinical trial for PXL065 in NASH, (ii) the closing of one or several partnerships for one of the Company's drug candidate and (iii) the satisfactory development of Imeglimin in Japan and the rest of the word. This allocation was approved by the June 21, 2022, General Meeting of 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 21, 2022, has approved the compensation policy for the corporate officers pursuant to article L. 22-10-8 of the French Commercial Code.

On January 27, 2022, the Board of Directors approved an allocation of fixed compensation to the independent directors totaling €550,000 for the 2022 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 (it being specified that as an exception to these principles, 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);
- 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 Committee Member $20,000.

For their term of office as Directors, it is specified that for financial years 2021 and 2022, 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 reflect the fair market value of such instruments according to such independent expert. Such warrants are therefore 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 *Universal Registration Document*, 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)	1 693 072	1 693 072	5,30%	5,31%
Other Founders	1 225 875	1 225 875	3,84%	3,85%
Subtotal Founders (2)	2 918 947	2 918 947	9,14%	9,16%
FCPR Innobio	2 174 354	2 174 354	6,81%	6,83%
Bpifrance Participations	2 588 091	2 588 091	8,10%	8,12%
BPIfrance subtotal	4 762 445	4 762 445	14,91%	14,95%
Subtotal of shareholders holding more than 5% of share capital (2)	7 681 392	7 681 392	24,05%	24,11%
Public	24 174 990	24 174 990	75,68%	75,89%
Self-held	87 579	N/A	0,27%	N/A
Total	31 943 961	31 856 382	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 *Universal Registration Document*.

See Section 4.5.2.4 "*Convertible or exchangeable securities or securities with attached warrants*" of this *Universal Registration Document* for details on the conditions for redemption of the redeemable 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 *Universal Registration Document*, BpiFrance and its affiliated entities are significant shareholders who are not members of the Company Board of Directors.

4.3.3. Transactions with regard to the share capital of the Company during the 2022 financial year

On January 24, 2022, 30,307 performance shares were acquired which resulted in a share capital increase of €606,14.

On January 29, 2022, 218,051 performance shares were acquired which resulted in a share capital increase of €4,361.02.

On June 20, 2022, 600 performance shares were acquired which resulted in a share capital increase of €12.

On September 26, 2022, 6,666 performance shares were acquired which resulted in a share capital increase of €133.32.

Between August 9, 2022, December 31, 2022, 1,212,441 new shares have been issued on several occasions, upon conversion of the IRIS equity-linked financing program which resulted in a share capital increase of €24,248.82.

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 2022 financial year, Mr. Thomas Kuhn, Chief Executive Officer of the Company acquired 73,666 performance shares: (i) 6,666 performance shares pursuant to the 2019 share performance plan decided by the Board of Directors of the Company, upon delegation of the General Meeting of Shareholders, on January 24, 2019, this amount corresponds to the third tranche of the 2019 performance shares for which 50% of the performance conditions have been achieved, as assessed by the Board of Directors upon recommendation of the Compensation committee on January 27, 2022 and (ii) 67,000 performance shares pursuant to the 2020 share performance plan decided by the Board of Directors of the Company, upon the delegation of the General Meeting of Shareholders, on January 29, 2020, this amount corresponds to the 2020 performance shares for which 67% of the performance conditions have been achieved, as assessed by the Board of Directors upon recommendation of the Compensation committee on January 27, 2021.

During the 2022 financial year Mr. Thomas Kuhn, Chief Executive Officer of the Company, as part of the equity-linked financing with IRIS, has undertaken to loan 550,000 Company's shares to IRIS in order 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 and all the shares will be returned to Thomas Kuhn. No sale of Poxel shares has been made by Thomas Kuhn.

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 *Universal Registration Document*, 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 *Universal Registration Document*, 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 *Universal Registration Document*, 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 2022 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 March 10, 2022, Caisse des Dépôts et Consignations stated that on March 7, 2022, as a result of a sale of shares of the Company on the market, it had crossed the threshold of 20% of the capital and voting rights of the Company downwards and that it now held 5,754,753 shares of the Company representing 19.88% of the capital and voting rights of the Company;
- further to a statutory threshold crossing notification received by the Company on September 9, 2022, Caisse des Dépôts et Consignations stated that on September 2, 2022, as a result of the increase in the share capital of the Company, it had crossed the threshold of 18% of the capital and voting rights of the Company downwards and that it now held 5,235,859 shares of the Company representing 17.93% of the capital and voting rights of the Company;
- further to a statutory threshold crossing notification received by the Company on December 8, 2022, Caisse des Dépôts et Consignations stated that on December 2, 2022, as a result of the increase in the share capital of the Company, it had crossed the threshold of 16% of the capital and voting rights of the Company downwards and that it now held 4,762,445 shares of the Company representing 15.92% of the capital and voting rights of the Company;

As of the date of this *Universal Registration Document*, the Company has been made aware of the following additional thresholds crossing:

- further to a statutory threshold crossing notification received by the Company on January 25, 2023, Roivant Sciences Ltd stated that on January 25, 2022, as a result of sales of shares of the Company on the market, it had crossed the threshold of 4% of the capital and voting rights of the Company downwards and that it now held 1,259,000 shares of the Company representing 3.80% of the capital and voting rights of the Company,
- further to a statutory threshold crossing notification received by the Company on January 25, 2023, Roivant Sciences Ltd stated that on March 29, 2023, as a result of sales of shares of the Company on the market, it had crossed the threshold of 2% of the capital and voting rights of the Company downwards and that it now held 601,158 shares of the Company representing 1.90% of the capital and voting rights of the Company,
- further to a legal threshold crossing notification received by the Company on December 8, 2022, Caisse des Dépôts et Consignations stated that on April 4, 2023, as a result of the increase in the share capital of the Company, it had crossed the threshold of 15% of the capital and voting rights of the Company downwards and that it now held 4,762,445 shares of the Company representing 14.99% 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 2022 financial year:

PERIOD	HIGH	LOW
First quarter of 2022	€5.06	€2.05
Second quarter of 2022	€2.23	€1.57
Third quarter of 2022	€2.68	€1.56
Fourth quarter of 2022	€1.59	€0.94

4.4. Related party transactions

4.4.1. Intra-group transactions

During the 2022 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 *Universal Registration Document.*

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 € 412,645 for his services in 2022.

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 Chairman of the Board until March 222, 2023 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, member of the Board until March 22, 2023, 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, member of the Board until March 22, 2023, 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 until March 22, 2023, 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.

i) On June 25, 2021 the Company entered into an agreement with Dr. John Warren Kozarich, member of the Board until July 1, 2022, 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. 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.

k) On December 22, 2022, as authorized by the Board of Directors on November 15, 2022, an indemnification agreement was entered into between the Company and Mr. Thomas Kuhn, Chief Executive Officer, to indemnify him for the potential tax liabilities he may incur in connection with the loan of his Company's shares to IRIS in order to allow the equity linked financing entered into between the Company and IRIS. This loan was a requirement for the Company to obtain the equity linked financing from IRIS which was critical for the financing of the Company and is used to facilitate implementation of the financing and avoid potential delays related to the delivery-settlement of shares issued upon conversion of the bonds. The agreement shall remain in effect for so long as Mr. Kuhn may be subject to any possible tax liabilities (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Mr. Kuhn to enforce or interpret his under this Agreement, even if, in either case, he may have ceased to serve in such capacity at the time of any such

Tax Liabilities or proceeding. No cost is planned under this agreement for the fiscal year 2023 and any potential cost in the future will depend on the personal tax situation of Mr. Thomas Kuhn, it being specified that the agreement does not provide for any minimum or maximum amount. This agreement will be submitted to the next general assembly meeting of the shareholders and will be presented in the Statutory Auditors' special report.

4.4.3. Procedure to identify regulated agreements

The Board of Directors, in accordance with article L.22-10-10 and L. 22-10-12 of the French Commercial Code, approved an internal policy relating to the identification of transactions with related persons on March 26, 2020. This policy is reviewed annually and 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.

POXEL

Société anonyme

Immeuble Le Sunway
259, avenue Jean Jaurès
69007 Lyon, France

Special report of the statutory auditors on regulated agreements

Shareholders' General Meeting held to approve the financial statements for the year ended December 31, 2022

The English version is a free translation into English of the Statutory Auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for in the French Commercial Code and that the report does not apply to related party transactions described in IAS 24 or other equivalent accounting standards.

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

Immeuble Le Sunway
259, avenue Jean Jaurès
69007 Lyon, France

Special report of the statutory auditors on regulated agreements

Shareholders' General Meeting held to approve the financial statements for the year ended December 31, 2022

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 the agreements of which we have been advised or which we have 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.

1 - AGREEMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

1-1 Agreements authorized and entered into during the past financial year

Pursuant to Article L. 225-40 of the French Commercial Code, we were advised of the following agreements entered into during the past financial year which were previously authorized by the board of directors.

1-1-1 Indemnification agreement of Mr. Thomas KUHN

Person concerned: Mr. Thomas KUHN, Chief Executive Officer of POXEL S.A.

Subject: agreement entered into on December 22, 2022 with Mr. Thomas KUHN to compensate him for the potential tax consequences associated with a share loan he granted to IRIS, a venture capital company specializing in the financing of listed companies.

Reason: this share loan was put in place to allow the implementation of an equity-linked financing facility in favor of POXEL S.A..

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2 - AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

2-1 Agreements approved during prior fiscal years and whose performance has continued during the past financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the performance of the following agreements, already approved by the General Meeting in previous years, continued during the year just ended.

2-1-1 Services agreement with COSMO PUBLIC RELATIONS CORPORATIONS, a company chaired and managed by Ms. Kumi SATO

With: COSMO PUBLIC RELATIONS CORPORATIONS

Person concerned: Ms. Kumi SATO, board member of POXEL S.A. and CEO of COSMO PUBLIC RELATIONS CORPORATIONS

Subject: agreement entered into on June 1, 2018 pursuant to which COSMO PUBLIC RELATIONS CORPORATIONS undertakes to provide the Company with communication services. Under this contract, a sum of €21,823.98 gross is included in the expenses for the financial year.

2-2 Agreements approved during previous years with no continuing effect during the year

In addition, we have been informed of the following agreements, previously approved by Shareholders' Meetings of prior years, which had no effect during the year.

2-2-1 Indemnification agreement of Ms. Kumi SATO

Person concerned: Ms Kumi SATO, board member of POXEL S.A.

Subject: agreement entered into on August 1, 2017 with Ms. Kumi SATO to compensate her for judicial costs and convictions that may arise in case of invoking her responsibility in her capacity as a board member of the Company.

2-2-2 Indemnification agreement of Ms. Pascale BOISSEL

Person concerned: Ms. Pascale BOISSEL, board member of POXEL S.A.

Subject: agreement entered into on May 16, 2016 with Ms. Pascale BOISSEL to compensate her for judicial costs and convictions that may arise in case of invoking her responsibility in the framework of her mandate as a board member of the Company.

2-2-3 Indemnification agreement of Mr. Pierre LEGAULT

Person concerned: Mr. Pierre LEGAULT, Chairman of the board of POXEL S.A.

Subject: agreement entered into on March 31, 2016 with Mr. Pierre LEGAULT to compensate him for judicial costs and convictions that may arise in case of invoking his responsibility in his capacity as a board member of the Company.

2-2-4 Indemnification agreement of Ms. Janice BOURQUE

Person concerned: Ms. Janice BOURQUE, board member of POXEL S.A.

Subject: agreement entered into on March 31, 2016 with Ms. Janice BOURQUE to compensate her for judicial costs and convictions that may arise in case of invoking her responsibility in her capacity as a board member of the Company.

2-2-5 Indemnification agreement of Mr. Richard KENDER

Person concerned: Mr. Richard KENDER, board member of POXEL S.A.

Subject: agreement entered into on December 12, 2014 with Mr. Richard KENDER to compensate him for judicial costs and convictions that may arise in case of invoking his responsibility in his capacity as a board member of the Company.

2-2-6 Indemnification agreement of Mr. Mohammed KHOSO BALUCH

Person concerned: Mr. Mohammed KHOSO BALUCH, board member of POXEL S.A.

Subject: agreement entered into on December 12, 2014 with Mr. Mohammed KHOSO BALUCH to compensate him for judicial costs and convictions that may arise in case of invoking his responsibility in the framework of his mandate as a board member of the Company.

2-2-7 Indemnification agreement of Mr. John KOZARICH

Person concerned: Mr. John KOZARICH, board member of POXEL S.A.

Subject: agreement entered into on June 25, 2021 with Mr. John KOZARICH to compensate him for judicial costs and convictions that may arise in case of invoking his responsibility in his capacity as a board member of the Company. Mr. John KOZARICH resigned as a board member on July 1, 2022. The contract remains in force for a period of 10 years from the date of this resignation.

2-2-8 Management contract with Mr. Thomas KUHN

Person concerned: Mr. Thomas KUHN, Chief Executive Officer of POXEL S.A.

Subject: management contract with Mr. Thomas KUHN signed on June 20, 2019 presenting an assignment of management of the company with the limitations of powers applicable to him and for a period equivalent to that of his corporate mandate as CEO. This contract also provides for the methods used to set his gross earnings and termination benefits related to forced departure without cause and a non-competition clause as set out below:

- A compensation equal to one year of his fixed compensation at the date of termination,
- If not yet paid, the earned variable compensation of the calendar year preceding the one during which the termination occurs,
- The earned variable compensation of the calendar year during which the termination occurs, in proportion of his effective presence,
- An amount equal to 100% of the variable compensation for the year during which the termination occurs, based on his fixed compensation at the date of termination,
- 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.

Paris and Paris-La Défense, April 28 2023

The statutory auditors

Becouze	Deloitte & Associés
Fabien BROVEDANI	Julien RAZUNGLES

4.5. Legal information

4.5.1. Statutory auditors

4.5.1.1. Statutory auditors

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

BECOUZE, member of the regional institute of statutory auditors (compagnie régionale des commissaires aux comptes) of Ouest Atlantique, 34 Rue de Liège, 75008 Paris represented by Fabien Brovedani
Appointment date: June 23,2021
Term: Six years
Term expiration date: during the General Meeting of Shareholders to approve the financial statements for the financial year ended December 31, 2026

4.5.1.2. Alternate statutory auditors

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 and BECOUZE.

4.5.1.3. Information on auditors who have resigned, have been removed or have not been renewed

None.

4.5.2. Share capital

4.5.2.1. Amount of share capital

As of the date of this *Universal Registration Document*, the share capital amounted to 638,879.22divided into 31,943,961 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 21, 2022 authorized in its 13th 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. 22-10-62 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, 2022, 83,040 shares were included in the liquidity account for a remaining cash balance of €8,949.47.

4.5.2.4. Convertible or exchangeable securities or securities accompanied by warrants

At the date of this *Universal Registration Document*, the securities giving access to capital are the following:

4.5.2.4.1. **Stock subscription warrant plan**

	Warrants 07.25.2014	**Warrants 6.16.2015**		**Warrants 1.29.2016**			**Warrants 6.30.2017**		**Warrants 6.21.2018**	**Warrants 11.06.2019**	**Warrants 02.14.2020**	**Warrants 03.20.2020**	**Warrants 05.22.2020**	**Warrants 01.27.2021**	**Warrants 06.30.2021**	**Warrants 01.27.2022**	**Warrants 04.07.2023**	
Date of General Meeting of Shareholders	07/25/2014	06/16/2015		01/29/2016	01/29/2016	01/29/2016	6/30/2017		6/21/2018	06/20/2019				06/24/2020	06/23/2021	06/23/2021	06/23/2022	
Date of attribution by the Board of Directors	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	06/30/2021	01/27/2022	04/07/2023	
Total amount of attributed warrants (1)	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	13 500 000	91 896	29 474	100 000
Effective date of exercise of warrants	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	01/27/2022	06/30/2021	01/27/2023	01/20/2024	
Warrant expiration date	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	11/04/2026	01/27/2032	04/07/2033	
Warrant subscription price	€0.60	€1.41	€1.45	€1.60	€1.63	€0.38	€0.36	€0.35	€2.40 (2)	(3)	3,54 (2)	(3)	(4)	2,21 (2)	(3)	1.26 (2)	0.25 (2)	0.10

Warrant exercise price	€4.00	€9.37	€9.62	€9.05	€9.26	€7.17	€6.90	€6.60	€5.20 (2)	7,37	10,77 (2)	7,14	10,03	7,06 (2)	6,72	4.12 (2)	0.70 (2)	0.60
Number of shares subscribed	0	0	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	12 500	0	15 000	20 000	0	20 000	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	0	0
Total amount of remaining warrants (5)	42 500	42 500	240 000	85 000	42 500	50 000	25 000	75 000	100 000	6 500 000	100 000	10 000 000	1 768 861	100 282	13 500 000	91 896	29 474	100 000
Maximum number of shares that can be subscribed (6)	42 500	42 500	240 000	85 000	42 500	50 000	25 000	75 000	100 000	264 587	100 000	209 967	1 768 861	140 000 (7)	156 250	120 000 (7)	40 000 (8)	100 000

(1) The attribution of warrants to the Chairman and the Directors is further described in Section 4.2.5 "Warrants, Founder Warrants, Stock Options and Performance Shares granted to the corporate officers" of this Universal Registration Document. The attribution of warrants to independent directors does not undermine their independent character.

(2) 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.

(3) The 11.06.2019, the 03.20.2020 and the 06.30.2021 warrants were subscribed to upon subscription of the bonds to which they were attached (OBSA) (at an EUR 1 subscription price).

(4) 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).

(5) By virtue of the delegation voted by the General Meeting of Shareholders on June 21, 2022 under its 26th and 28th 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.

(6) All warrants have been fully subscribed except for the 01.24.2019, the 02.14.2020, the 01.27.2021 and the 01.27.2022 warrants which have a subscription period of 10 years from the grant date.

(7) The 01.27.2021 warrants and the 01.27.2022 warrants, were subject to performance conditions assessed by the Board of Directors according to a one-year plan. Such performance conditions were 100% achieved and each warrant shall therefore give right to a number of shares calculated pursuant to an adjusted ratio. The amount presented in the table above represents the total maximum number of shares which could be issued upon full exercise of the 01.27.2021 warrants based on this adjusted ratio.

(8) The 04.07.2023 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 04.07.2023 warrants based on this adjusted ratio.

4.5.2.4.2. **Founder warrant (BSPCE) plan**

	BSPCE 2017	
	2017-02	**2017-03**
	06/30/2017	
Date of attribution by the Board of Directors	06/30/2017	09/21/2017
Total amount of attributed founders' warrants (1)	177,500	15,000
Effective date of exercise of BSPCE	6/30/2018	21/09/2018
BSPCE expiration date	6/30/2027	21/09/2027
BSPCE exercise price	€7.26	€6.01
Number of shares subscribed	1,666	0
Total number of BSPCE canceled or voided	73,334	0
Total amount of exercised BSPCE	1,666	0
Total amount of remaining BSPCE	102,500	15,000
Maximum number of shares that can be subscribed	102,500	15,000

(1) The attribution of BSPCE to the Chief Executive Officer is further described in Section 4.2.5 "Warrants, Founder Warrants, Stock Options and Performance Shares granted to the corporate officers" of this Universal Registration Document.

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**			**SO 11.19.2021**	**SO 01.27.2022**		**SO 04.07.2023**	
Date of General Meeting of Shareholders	1/29/2016		6/30/2017		6/21/2018		05/09/2019	05/09/2019			06/24/2020			06/23/2021	06/23/2021	06/23/2021	06/21/2022	06/21/2022
Date of attribution by the Board of Directors	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	11/19/2021	01/27/2022	01/27/2022	04/07/2023	04/07/2023
Total amount of attributed SO (1)	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	80 000	40 000 (2)	390 000	40 000	135 000
Effective date of progressive exercise of stock options	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	01/27/2022	01/27/2022	01/27/2022	08/01/2021	01/27/2023	01/27/2023	01/20/2024	01/20/2024
SO expiration date	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	11/19/2031	01/27/2032	01/27/2032	04/07/2033	04/07/2033
SO exercise price	€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	5,625	4,12	4,12	0.698	0.698
Number of shares subscribed	0	123 321	0	16 665	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Total number of SO canceled or voided	0	61 679	42 500	218 335	0	0	157 500	0	115 000	0	0	59 500	0	0	0	55 000	0	0
Total amount of remaining SO	150 000	12 500	55 000	80 000	30 000	40 000	100 000	40 000	115 000	150 000	40 000	215 000	70 000	80 000	40 000	335 000	40 000	135 000
Maximum number of shares that can be subscribed (3)	150 000	12 500	55 000	80 000	30 000	40 000	100 000	40 000	115 000	150 000	40 000	215 000	70 000	80 000	40 000	335 000	40 000	135 000

(1) The grant of Stock Options to the Chairman is further described in Section 4.2.5 "Warrants, Founder Warrants, Stock Options and Performance Shares granted to the corporate officers" of this Universal Registration Document.

(2) The Stock Options granted to the Chairman on January 27, 2021 were subject to performance conditions assessed by the Board of Directors according to a one-year plan. Such performance conditions have been 100% achieved.

(3) The Stock Options granted to the Chairman on January 27, 2022, were subject to performance conditions assessed by the Board of Directors according to a one-year plan and the grant was subject to the approval of the shareholders at the 2022 General Assembly Meeting pursuant to article L. 22-10-34 of the French Commercial Code. Such approval has been granted and the performance conditions have been 100% achieved.

(4) By virtue of the delegation voted by the General Meeting of Shareholders on June 21, 2022 under its 25th and 28th 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**

	May 9, 2019 performance share allocation	June 23, 2021 performance share allocation	June 21, 2022 performance share allocation
	09/05/2019	06/23/2021	06/21/2022
Date of attribution by the Board of Directors	9/25/2019 (1)	01/27/2022 (2)	01/20/2023 (2)
Total number of performance shares attributed (3)	65,000	669,050	935,875
Number of acquired shares	40,000	0	0
Total number of shares canceled or voided	0	144,800	60,450
Number of shares for which the acquisition and holding period have ended	40,000	0	0
Potential shares at the time of writing this report (4)	25,000	524,250	875,425

(1) 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.

(2) 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.

(3) The performance shares allocated on January 27, 2022, and on January 20, 2023, 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.

(4) The attribution of performance shares to the Chief Executive Officer is further described in Section 4.2.5 "Warrants, Founder Warrants, Stock Options and Performance" of this Universal Registration Document and is subject to the approval of the shareholders at the 2022 General Assembly Meeting pursuant to article L. 22-10-34 of the French Commercial Code.

(5) By virtue of the delegation voted by the General Meeting of Shareholders on June 21, 2022 under its 27th and 28th 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 *Universal Registration Document*:

	Warrants	BSPCE	SO	PS	Redeemable Bonds
Total number of warrants/BSPCE/SO/PS/Redeemable Bonds outstanding	32,893,013	117,500	1,727,500	1,424,675	2,657 (1)

Total number of shares that may be subscribed or bought based on the remaining warrants/BSPCE/SO/PS/Redeemable Bonds	3,602,165	117,500	1,727,500	1,424,675	9,768,382 (2)

(1) outstanding number of redeemable bonds under the IRIS equity linked facility

(2) assuming conversion of all the redeemable bonds and an average price weighted by volumes of the Company's share during the last trading day preceding the date of this Universal Registration Document, i.e.€0.68,

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 6,871,840 of the Company's shares corresponds to a potential dilution of 17,70% on a fully diluted basis, or a total of 38,815,801shares.

In addition, based on the outstanding number of redeemable bonds under the IRIS equity-linked facility and an average price weighted by volumes of the Company's share during the last trading day preceding the date of this *Universal Registration Document*, i.e €0.68, the number of new Company shares issued on redemption of the redeemable bonds would be 9,768,382 shares, corresponds to a potential dilution of 20.1% on a fully diluted basis, or a total of 48,584,183 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 21, 2022	AUTHORIZATION TO BE GIVEN TO THE BOARD WITH A VIEW TO THE PURCHASE BY COMPANY OF ITS OWN SHARES (13TH 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 21, 2022	AUTHORIZATION TO THE BOARD OF DIRECTORS TO REDUCE SHARE CAPITAL BY CANCELING TREASURY SHARES (14TH RESOLUTION)	18 MONTHS	10% OF THE TOTAL NUMBER OF SHARES MAKING UP THE SHARE CAPITAL PER 24-MONTH PERIOD.	N/A
JUNE 21, 2022	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 (15TH RESOLUTION)	26 MONTHS	CAPITAL INCREASE: €230,000 (1), AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000 (2)	N/A
JUNE 21, 2022	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 (16TH RESOLUTION)[3]	26 MONTHS	CAPITAL INCREASE: €230,000 (1), AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000 (2)	N/A
JUNE 21, 2022	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	18 MONTHS	CAPITAL INCREASE: €316,000 (1), AND	AUGUST 5, 2022: ISSUANCE OF 2,400 RIGHTS TO OBTAIN REDEEMABLE BONDS UNDER THE EQUITY LINKED FINANCING WITH IRIS. AS OF THE DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT 2,733,970 SHARES OF THE COMPANY HAVE BEEN ISSUED UPON REDEMPTION OF THE REDEEMABLE BONDS

	FAVOR OF A SPECIFIC CATEGORY OF PERSONS (DEFINED AS: (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 (17TH RESOLUTION) (4)		DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000 (2)	
JUNE 21, 2022	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 (18TH RESOLUTION)[3]	26 MONTHS	CAPITAL INCREASE: €180,000 (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 21, 2022	AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES L.22-10-52 PARAGRAPH 2, AND R. 22-10-32 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	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

	AN 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 16TH AND 18TH RESOLUTIONS (19TH RESOLUTION)			
JUNE 21, 2022	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 (20TH RESOLUTION)	26 MONTHS	15% OF THE INITIAL ISSUE (1)	N/A
JUNE 21, 2022	DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE CAPITAL BY CAPITALIZING PREMIUMS, RESERVES, PROFITS OR OTHER ITEMS (21ST RESOLUTION)	26 MONTHS	€180,000 (1)	N/A
JUNE 21, 2022	DELEGATION GRANTED TO THE BOARD OF DIRECTORS TO ISSUE SHARES AND SECURITIES ENTAILING A CAPITAL INCREASE IN CONSIDERATION OF IN-KIND CONTRIBUTIONS (22ND 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: €18,000,000 (2)	N/A
JUNE 21, 2022	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 (23RD RESOLUTION)	26 MONTHS	CAPITAL INCREASE: €115,000 (1) AND DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000 (2)	N/A
JUNE 21, 2022	FIXING THE OVERALL LIMITATIONS OF THE AMOUNT OF ISSUES CARRIED OUT UNDER THE DELEGATIONS CONFERRED (24TH RESOLUTION)	--	CAPITAL INCREASE: €316,000 AND	N/A

			DEBT INSTRUMENTS GIVING ACCESS TO EQUITY SECURITIES: €100,000,000	
JUNE 21, 2022	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 OF THE FRENCH COMMERCIAL CODE. (25TH RESOLUTION) (6)	38 MONTHS	6.0% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT (8)	APRIL 7, 2023: ISSUANCE OF 175,000 STOCK OPTIONS OF THE COMPANY.
JUNE 21, 2022	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) (26TH RESOLUTION) (7)	18 MONTHS	6.0% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT (8)	APRIL 7, 2023: ISSUANCE OF 129,474 WARRANTS OF THE COMPANY.
JUNE 21, 2022	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	38 MONTHS	4.5% OF CAPITAL ON A FULLY DILUTED BASIS, RECOGNIZED ON THE DATE OF THE DECISION OF THE ALLOTMENT[8]	JANUARY 20, 2023: ISSUANCE OF 935,875 PERFORMANCE SHARES OF THE COMPANY.

	FRENCH COMMERCIAL CODE, AS WELL AS CORPORATE OFFICERS OF THE AFOREMENTIONED COMPANIES OR ENTITIES, AS DETERMINED BY THE BOARD 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) (27TH RESOLUTION)			
JUNE 21, 2022	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 (28TH 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 €316,000 of the capital increases that may be carried out pursuant to the 15th, 16th, 17th, 18th, 22d and 23rd resolutions (see the 24th resolution).

(2) Total nominal amount of €100,000,000 for debt securities that may be issued pursuant to the 15th, 16th, 17th, 18th, 22d and 23rd resolutions (see the 24th 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.22-10-32 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 Article L. 22-10-62 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 25th to 17th resolutions is 7.5% of the capital on a fully diluted basis, recognized on the date of the decision of the allotment (see the 30th resolution).

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 share.

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 €
	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**
January 2021	Vesting of 115,731 performance shares	2314.62	0	115,731	28,611,254		572,225
June 2021	Exercise of 2,875 Warrants	1,150	228,850	57,500	28,668,754		573,375
June 2021	Vesting of 1,604 performance shares	32.08	0	1,604	28,670,358		573,407
September 2021	Vesting of 33,334 performance shares	666,68	0	33,334	28,703,692		574,073
	As of December 31, 2021	**574,073**	**149,292,181**	**208,169**	**28,703,692**	**0.02**	**574,073**
January 2022	Vesting of 30,307 performance shares	606,14	0	30,307	28,733,999		574,679
January 2022	Vesting of 218,051 performance shares	4 361,02	0	218,051	28,952,050		579,041
June 2022	Vesting of 600 performance shares	12	0	600	28,952,650		579,053

August 2022	Redemption of redeemable bonds	1,047.86	0	52,393	29,005,043		580,100
August 2022	Redemption of redeemable bonds	1,160.90	0	58,045	29,063,088		581,261
September 2022	Redemption of redeemable bonds	2,842,66	0	142,133	29,205,221		584,104
September 2022	Vesting of 6,666 performance shares	133.32	0	6,666	29,211,887		584,237
October 2022	Redemption of redeemable bonds	2.304,74	0	115.237	29,327,124		586,542
October 2022	Redemption of redeemable bonds	4.358,54	0	217.927	29,545,051		590,901
November 2022	Redemption of redeemable bonds	3.877,52	0	193.876	29,738,927		594,778
December 2022	Redemption of redeemable bonds	4.053,86	0	202.693	29,941,620		598,832
December 2022	Redemption of redeemable bonds	4.602,74	0	230.137	30,171,757		603,435
	As of December 31, 2021	**603,435**	**149,292,181**	**1,468,065**	**30,171,757**	**0.02**	**603,435**

4.5.2.7.2. Ownership of the Company's shares over the last three financial years

SHAREHOLDERS	12/31/2020	12/31/2021	12/31/2022
THOMAS KUHN	5.31%	5.36%	5.35%
OTHER MANAGERS AND EMPLOYEES	3.61%	3.84%	3.86%
BPIFRANCE TOTAL	19.19%	20,01%	15.78%
ANDERA PARTNERS (FORMERLY EDMOND DE ROTHSCHILD INVESTMENT PARTNERS)	11.26%	(1)	(1)
ROIVANT SCIENCES LTD	5.02%	(1)	(1)
PUBLIC	55.48%	65,66%	74.73%
TREASURY SHARES	0.13%	0.14%	0.28%
TOTAL	**100%**	**100%**	**100%**

(1) The Company does not have information relating to the exact ownership of capital and voting rights of Andera Partners and Roivant Sciences Ltd at the date of this Universal Registration Document, 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 *Universal Registration Document*.

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 *Universal Registration Document* , 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. ***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 *Universal Registration Document*.

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 *Universal Registration Document*).

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 updated on June 30, 2017, September 23, 2021 and March 22, 2023.

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 *Universal Registration Document*.

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 *Universal Registration Document* are available without charge at the registered office of the Company, 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 Lyon.

This *Universal Registration Document* 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 Universal Registration Document

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 *Universal Registration Document* 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 408 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 April 28th, 2023

Mr. Thomas Kuhn,

Chief Executive Officer

5.1.3. Person in charge of financial reporting

Mr. Thomas Kuhn,

Chief Executive 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 Universal Registration Document

This *Universal Registration Document* has been filed with the AMF on April 28th, 2023 as competent authority pursuant to the Prospectus Regulation, without prior approval in accordance with article 9 of the Prospectus Regulation.

The *Universal Registration Document* 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 *Universal Registration Document*. 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 *Universal Registration Document* 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 *Universal Registration Document***
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**
Point 2.1	Identification details	Sections 4.5.1 & 4.5.2
Point 2.2	Changes	Section 4.5.3
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**

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Universal Registration Document*
Point 5.1	Principal activities	Section 2.1.1
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 & 2.1.6
Point 5.2	Principal markets	Sections 2.1.4, 2.1.5, 2.1.6 & 2.1.7
Point 5.3	Important events	Sections 2.1.1, 2.1.4, 2.1.5, 2.1.6, 2.1.7 & 2.1.8
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 2.1.9
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

Reference	**Annexes 1 and 2 of regulation n° 2019 / 980**	**Reference in this *Universal Registration Document***
Point 7.1.2	Future development and activities in the field of research and development	Sections 2.1.4, 2.1.5, 2.1.6 & 2.1.7
Point 7.2	Operating results	Sections 3.1.4 & 3.1.5
Point 7.2.1	Significant factors	Section 3.1.3
Point 7.2.2	Material changes in net sales or revenues	Section 3.1.5
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 2.1.10**
Point 9.1	Description of the regulatory environment and of the exterior factors that affect the operations	Section 2.1.10 & 3.1.3
Section 10	**Trend information**	**Section 2.1.13**
Point 10.1	A) most significant recent trends	Section 2.1.13
	B) significant change in the financial performance of the group since the end of the last financial period	Section 2.1.13
Point 10.2	Elements reasonably likely to have a material effect on prospects	Sections 2.2, 3.1.3, 3.2.6 & 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

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Universal Registration Document*
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
Section 13	**Remuneration and benefits**	**Section 4.2**
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 & 4.5.2.4.4
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

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Universal Registration Document*
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**
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 & 3.3
Point 18.1.1	Audited historical financial information	Section 3.2 & 3.3
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 & 3.3
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	Section3.4
Point 18.3.1	Auditor's report	Section 3.4
Point 18.3.2	Other audited information	Section 3.5
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

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Universal Registration Document*
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
Point 18.6	Legal and arbitration proceedings	Section 2.1.12
Point 18.6.1	Significant proceedings	Section 2.1.12
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 4.5.2.2
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**

Reference	Annexes 1 and 2 of regulation n° 2019 / 980	Reference in this *Universal Registration Document*
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 *Universal Registration Document* 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 *Universal Registration Document***	**Pages**
1	Certification of the person responsible for the annual financial report	Section 5.1.1	407
2	Management report	See index below	
3	Corporate governance report	See index below	
4	Communication of auditors' fees	Section 3.5.9	330
5	Financial statements prepared in accordance with ifrs standards	Section 3.2	198
6	Report of the statutory auditors on the consolidated financial statements prepared in accordance with ifrs standards	Section 3.4.1	312
7	Annual financial statements	Section 3.3	268
8	Report of the statutory auditors on the annual financial statements	Section 3.4.2	319

5.2.3. Table of concordance with management report

The table of concordance below allows you to identify in this *Universal Registration Document* 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 *Universal Registration Document***	**Pages**
1	Situation of the company and activity during the past financial year	Section 2.1 & 3	20 & 176
2	Foreseeable developments and prospects for the future	Section 2.1	20
3	Important events that have occurred since the close of the year	Section 3.5.8	330
4	Activities of subsidiaries and controlled companies	Sections 2.4.1 & 3	134 & 176
5	Key financial and non-financial performance indicators, including information on environmental and personnel matters	Sections 1.3 & 2.5	18 & 143
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	176
7	Principal risks and uncertainties the company is facing / use of financial instruments by the company / technological risks	Section 2.2	89
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	143
9	Internal control and risk management procedures relating to the preparation and processing of accounting and financial information	Section 4.1.2.8	345
10	Information on financial risks related to the effects of climate change	N/A	
11	Activity in research and development	Sections 2.1 & 3.1.4.2.1	20 & 181
12	Existing branch	N/A	
13	Changes in the composition of the capital during the financial year	Section 4.5.2.7	396

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	142
16	Information relating to the distribution of capital and the self-assessment - share buyback program	Sections 4.3 & 4.5.2.3	366 & 380
17	Adjustment of securities giving access to the share capital	Section 4.5.2.4	381
18	Change in the share - risk of price variation	Section 4.3.11	368
19	Allocation of results	Section 3.5.4	328
20	Summary of dividends distributed during the last three years	Section 3.5.3	328
21	Expenses not deductible for tax purposes	Section 3.5.5	328
22	Information on timeframes for payment of suppliers	Section 3.5.7	329
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	367
27	Table of results over the past five financial years	Section 3.5.1	327

5.2.4. Table of concordance with the corporate governance report

The table of concordance below allows you to identify in this *Universal Registration Document* 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 *Universal Registration Document***	**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	331
	Composition and conditions for preparing and organizing works of the board of directors	Sections 4.1.1.1, 4.1.2 & 4.5.3.5.1	331, 336 & 404
	Gender balance on the board of directors - description of the diversity policy	Section 4.1.1.1.1	331
	Possible limitations on the powers of the chief executive officer by the board of directors	Sections 4.4.2 & 4.5.3.2	369 & 400
	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	369
2	**Board committees**		
	Audit committee	Section 4.1.2.3.1	337
	Compensation committee	Section 4.1.2.3.2	339
	Business development committee	Section 4.1.2.3.3	342
	Scientific advisory committee	Section 2.4.2.1.2	135
	Governance and nominations committee	Section 4.1	331
	Strategic committee	Section 4.1	331
	Corporate governance code	Section 4.1.2.5	342
3	**Compensation**		
	Remuneration policy of the corporate officers	Section 4.2.1	348

	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	348 - 361
	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	348 - 361
	Allocation of bonus shares, options and share subscription warrants	Sections 4.5.2.4	381
	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	360
	Ratios between the remuneration of executive directors and the average and median remunerations of the company employees	Section 4.2.8.1	362
	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	363
	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	361
	Deviation from the procedure for the implementation of the remuneration policy and any derogations	Section 4.2.9	363
4	**Conflicts of interest**	**Section 4.1.1.2**	**335**
5	**Delegation of authorities or competence granted by the general meeting of shareholders for capital increases**	**Section 4.5.2.5**	**390**
6	**Participation of shareholders in the general meeting of shareholders**	**Section 4.5.3.5**	**404**
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**	**398**
	Structure of the company's capital	Section 4.5.2.8.1	398
	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.	Section 4.5.2.8.2	398

	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	398
	List of the holders of any securities carrying special controlling rights and description of such securities	Section 4.5.2.8.4	399
	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	399
	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	399
	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	399
	Powers of the board of directors, in particular the issuance or repurchase of shares	Section 4.5.2.8.8	399
	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	399
	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	