SEMI-ANNUAL FINANCIAL REPORT AS OF JUNE 30, 2019

A société anonyme à conseil d'administration (public limited company with a board of directors) with share capital of €8,142,539.10

Registered office: 218 avenue Marie Curie – Forum 2 Archamps Technopole,
74166 Saint-Julien-en-Genevois Cedex, France

Thonon-les-Bains Trade and Companies Register (RCS) 439 489 022

CONTENTS

GENERAL OBSERVATIONS

Definitions

In this Semi-annual Financial report, and unless otherwise specified:

- The terms "the Company" or "Genkyotex" denote Genkyotex SA whose registered office is located at 218, Avenue Marie Curie – Forum 2 Archamps Technopole, 74166 Saint-Julien-en-Genevois Cedex, France, registered in the Thonon-les-Bains Trade and Companies Register (RCS) under number 439 489 022;
- The "Group" refers to Genkyotex SA and its subsidiary, Genkyotex Suisse SA (Switzerland);
- "Financial report" denotes this semi-annual financial report as of June 30, 2019;
- "Registration Document" means the registration document filed with the French Financial Markets Authority (AMF) on April 26, 2019 under number R.19-014.

About GENKYOTEX

Genkyotex is the leading biopharmaceutical company in NOX therapies, listed on the Euronext Paris and Euronext Brussels markets. Its unique platform enables the identification of orally available small-molecules which selectively inhibit specific NOX enzymes that amplify multiple disease processes such as fibrosis, inflammation, pain processing, cancer development, and neurodegeneration.

Genkyotex is developing a pipeline of first-in-class product candidates targeting one or multiple NOX enzymes. The lead product candidate, setanaxib (GKT831), a NOX1 and NOX4 inhibitor has shown evidence of anti-fibrotic activity in a Phase II clinical trial in primary biliary cholangitis (PBC, a fibrotic orphan disease). Based on its positive results, a phase 3 trial in PBC is being planned.

Setanaxib is also being evaluated in an investigator-initiated Phase II clinical trial in Type 1 Diabetes and Kidney Disease (DKD). A grant from the United States National Institutes of Health (NIH) of $8.9 million was awarded to Professor Victor Thannickal at the University of Alabama at Birmingham (UAB) to fund a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in fibrosis of the lungs, the core component of the program will be to conduct a Phase 2 trial with the setanaxib in patients with IPF. This product candidate may also be active in other fibrotic indications.

Genkyotex also has a versatile platform well-suited to the development of various immunotherapies (Vaxiclase). A partnership covering the use of Vaxiclase as an antigen per se (GTL003) has been established with Serum Institute of India Private Ltd (Serum Institute), the world's largest producer of vaccine doses, for the development by Serum Institute of cellular multivalent combination vaccines against a variety of infectious diseases.

1. DECLARATION BY THE PERSON RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL REPORT

1.1 Person responsible for the semi-annual financial report

Mr. Ilias (Elias) Papatheodorou, Chief Executive Officer

1.2 Declaration of the person responsible for this document

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

"I hereby certify that, to the best of my knowledge, the condensed financial statements for the previous half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company's assets and liabilities, its financial position and that of all the companies included in the scope of consolidation, and that the interim management report attached presents an accurate picture of the significant events occurring during the first six months of the year, their impact on the interim financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year."

Saint-Julien-en-Genevois, September 19, 2019.

Mr. Ilias (Elias) Papatheodorou, Chief Executive Officer

2. REPORT OF ACTIVITY AS OF JUNE 30, 2019

2.1 Significant events during the first half of 2019

January 2019 :

- The Company announced that shareholders approved the 1-for-10 reverse stock split commencing February 27, 2019 and taking effect on March 29, 2019 (delisting the existing shares and listing the new shares).
- Genkyotex announced that the final results of its Phase 2 study on GKT831 in patients with primary biliary cholangitis (PBC) will be published in spring 2019.

February 2019 :

- Genkyotex announced that a university partner, Professor Gareth Thomas of the University of Southampton, has been awarded a second Cancer Research UK grant to further develop NOX research in oncology.

March 2019 :

- Genkyotex announced completion of 24-week treatment period of its Phase 2 trial with GKT831 in PBC.

April 2019 :

- Genkyotex presented updated interim results from Phase 2 trial of GKT831 in primary biliary cholongitis at 2019 EASL International Liver Congress (ILC): all patients have completed the treatment; favorable safety profile for GKT831, there were no drop outs or treatment interruptions.

June 2019 :

- Genkyotex presented the final results of its Phase 2 study in PBC, which show that the anti-fibrotic candidate drug GKT831 demonstrated statistically significant improvements in GGT and ALP over the full treatment period.

2.2 Group activity and results

2.2.1 Activity

In July, the Company announced that the World Health Organization (WHO) had recognized NOX inhibitors as a new therapeutic class by approving the new international non-proprietary name (INN or generic name) "naxib". WHO recommends setanaxib as the INN for GKT831.

During the first half of 2019, the clinical activities of Genkyotex primarily focused on:

- **evaluating the efficacy of setanaxib in PBC, a fibrotic liver disorder.** In May 2019, the Company published the preliminary results of its Phase 2 trial of setanaxib in PBC. During this trial, setanaxib achieved a clinically significant reduction in liver stiffness and a statistically significant reduction in gamma-glutamyl transpeptidase (GGT) ($p<0.002$) and alkaline phosphatase (ALP) ($p<0.001$) over the 24-week treatment period, but did not achieve statistical significance in reducing GGT at week 24, the predefined primary efficacy endpoint.

  Post-hoc analysis showed that the statistical significance ($p=0.02$) was achieved for the primary endpoint at 400 mg BID at week 24 when corrected for non-normal variability in the 400 mg OD group.

  In addition, setanaxib 400 mg BID significantly reduced liver stiffness (-22%) in patients in an advanced stage of the disease (≥ 9.6 kPa at baseline). In these patients, setanaxib was clinically significant in reducing GGT (-32%) and ALP (-24%) at week 24. In particular, setanaxib 400mg BID resulted in a statistically significant improvement in quality of life, and was well tolerated at all doses.

  Collectively, these data indicate that setanaxib could provide a new therapeutic option for patients with PBC and other liver diseases such as advanced-stage NASH, presenting liver fibrosis that is difficult to treat. Based on these positive results, a Phase 3 trial in PBC is being planned.

- **evaluating the efficacy of setanaxib in diabetic kidney disease, a progressive fibrotic disorder.** Researchers launched a 48-week Phase 2 clinical trial of setanaxib in patients with type 1 diabetes and kidney disease. Patient enrollment is underway and no incidents have been reported to date.

- **evaluating the efficacy of setanaxib in idiopathic pulmonary fibrosis (IPF), a fibrotic lung disorder.** In 2018, the NIH (National Institutes of Health) in the United States awarded Professor Victor Thannickal of the University of Alabama at Birmingham (UAB) $8.9 million in grant funding to finance a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in scarring (fibrosis) of the lungs. The core component of the program will be a 24-week Phase 2 trial of setanaxib in patients with IPF.

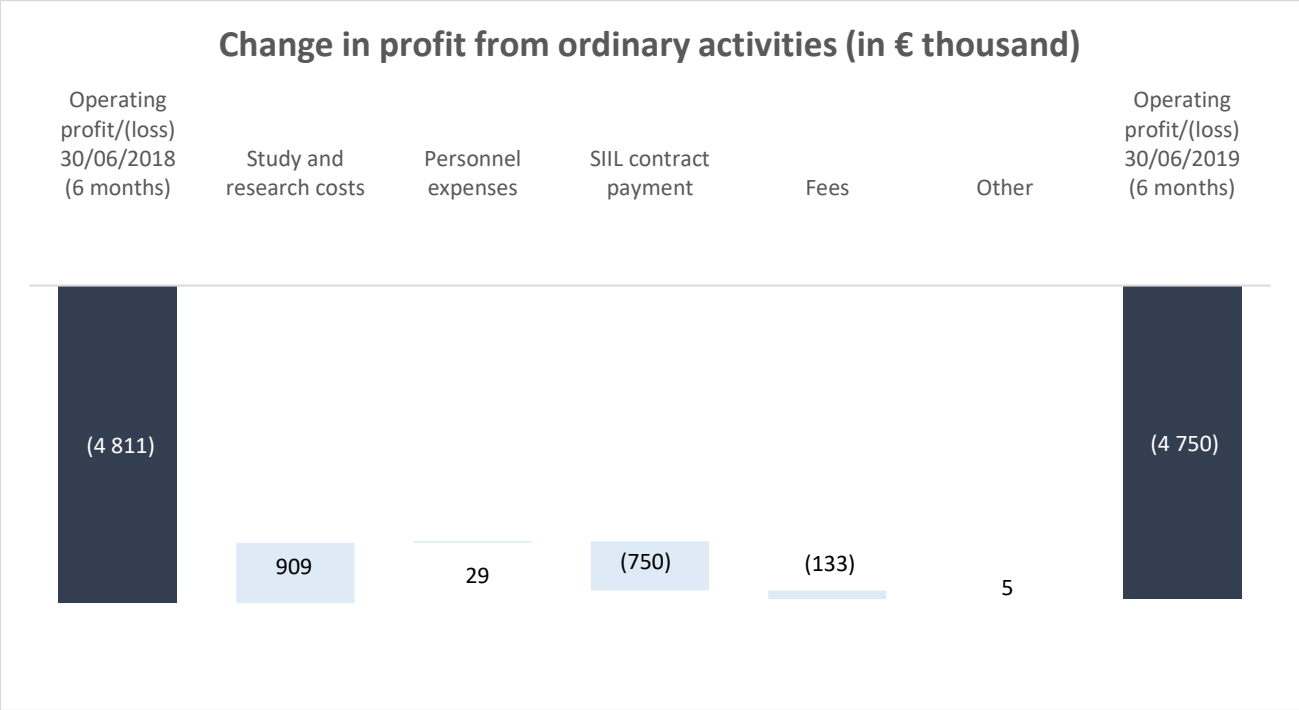
  In July 2019, the FDA (Food and Drug Administration) approved the IND (Investigational New Drug) application, which will make it possible to start a Phase 2 study of setanaxib in IPF. Patient enrollment is expected to begin over the next few months.

- **expanding the Company's NOX platform by continuing exploratory preclinical research programs.** Genkyotex continues to explore the therapeutic potential of NOX inhibition in other indications, particularly oncology, and to seek non-dilutive funding opportunities to support the preclinical evaluation of drug candidates in these therapeutic areas.

  In February 2019, the Company announced that Professor Gareth Thomas of the University of Southampton in the UK had been awarded a Biotherapeutics Drug Discovery Project grant by Cancer Research UK (CRUK), a leading cancer research and awareness organization, to conduct a research program focused on the role of NOX inhibition in oncology. This is the second grant provided by CRUK to Professor Thomas for the evaluation of NOX inhibitors in oncology.

2.2.2 Operating profit/(loss)

The Group's profit from ordinary activities was -€4,750 thousand as of June 30, 2019, compared with -€4,811 thousand as of June 30, 2018.



This is explained primarily by a combination of the following:

- A decrease of €711 thousand in study and research costs in connection with the end of the Phase 2 trial of its GKT831 product, as well as an increase of €198 thousand in Crédit d'Impôt Recherche (Research Tax Credit) ("CIR"), i.e. an impact of +€909 thousand between the two periods.

- The recognition of revenue of €750 thousand as of June 30, 2018, in connection with the expansion of the agreement with the Serum Institute of India (SIIL) signed in June 2018 (for further information, see note 12 of the notes to the condensed consolidated financial statements), non-recurring as of June 30, 2019.

2.2.3 Financial income

Financial income stood at +€124 thousand as of June 30, 2019, compared with +€35 thousand as of June 30, 2018, an increase of +€89 thousand, primarily as a result of a favorable change in the euro/Swiss franc exchange rate over the period.

2.2.4 Cash and liquid investments

The Group had cash and liquid investments of €4.4 million as of June 30, 2019, compared with €10.3 million as of December 31, 2018. This is explained primarily by cash consumption of €5.6 million associated with the Group's operating activities (research efforts).

2.3 Development and outlook

Genkyotex's aim is to develop a new approach in the treatment of various illnesses, the needs of which are not currently met at all or are only partly met. The main elements of its strategy are as follows:

- **To confirm the efficacy of setanaxib for fibrosis in a hepatic disorder.** The Company's main objective is to confirm the efficacy of its most advanced product candidate, setanaxib, for the treatment of hepatic fibrosis. To achieve this objective, the Company conducted a Phase 2 clinical trial from June 2017 to May 2019 in Europe and North America. In May and July 2019, the Company published the preliminary and final results of this trial. The data obtained indicate that setanaxib could provide a new therapeutic option for patients with PBC and other liver diseases such as advanced-stage NASH, presenting liver fibrosis that is difficult to treat. Based on these positive results, a Phase 3 trial in PBC is being planned.

- **To confirm the efficacy of setanaxib in kidney fibrosis.** In 2017, the Company announced the launch of a 48-week Phase 2 clinical trial of setanaxib in patients with type 1 diabetes and kidney disease. This trial, conducted by the Baker Heart and Diabetes Institute in Melbourne, Australia, aims to assess the efficacy and safety of setanaxib in patients with type 1 diabetes and kidney disease. This study is being conducted at the Baker Institute as well as at multiple study sites across Australia, and is financially supported by the Juvenile Diabetes Research Foundation (JDRF), the recipient of funding from the Australian Research Council Special Research Initiative in Type 1 Juvenile Diabetes. Patient enrollment is underway for this study and no incidents have been reported to date.

- **To confirm the efficacy of setanaxib in fibrosis in a pulmonary disorder.** On July 31, 2018, the Company announced that the NIH (National Institutes of Health) in the United States had awarded Professor Victor Thannickal of the University of Alabama at Birmingham (UAB) $8.9 million in grant funding to finance a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in scarring (fibrosis) of the lungs. The core component of the program will be a 24-week Phase 2 trial of the Company's lead candidate product,

setanaxib, in patients with IPF. In July 2019, the Company announced that the FDA in the United States had given IND (Investigational New Drug) approval, which enabled this study to commence.

- **Expanding the Company's NOX platform by continuing exploratory preclinical research programs.** Genkyotex continues to explore the therapeutic potential of NOX inhibition in other indications, particularly oncology, and to seek non-dilutive funding opportunities to support the preclinical evaluation of drug candidates in these therapeutic areas.

2.4 Events occurring since the end of the half-year

July 2019

- The Company announced the publication in *Clinics and Research in Hepatology and Gastroenterology* of the results of studies showing that its anti-fibrosis drug, GKT831, reduces the complications of portal hypertension and demonstrating the therapeutic potential of GKT831 in patients with advanced fibrosis of the liver.
- Genkyotex announced that the FDA in the United States has approved its Phase 2 trial of GKT831 in pulmonary fibrosis. The Company had previously announced that the National Institutes of Health (NIH) in the United States had awarded a grant of $8.9 million to Professor Victor Thannickal of the University of Alabama at Birmingham (UAB) to finance a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in scarring (fibrosis) of the lungs.
- The World Health Organization (WHO) recognized GKT831 as the first representative of the NOX inhibitor therapeutic class. WHO recommended setanaxib as the international nonproprietary name (INN) for GKT831. The new stem "naxib" approved by WHO refers to the mechanism of action (**NA**DPH o**X**idase inh**IB**itors). The NOX inhibitor therapeutic class has significant potential in fibrotic and inflammatory disorders, neurodegenerative diseases and oncology.
- The Company announced positive post-hoc analysis of the PBC Phase 2 trial and reports its cash position as of June 30, 2019: the Company's resources will allow it to fund planned operations until April 2020.

August 2019

- The Company agreed with Yorkville Advisors Global, the management company of a US investment fund, on a 12-month extension of the conversion period for the remaining €1.6 million in convertible notes held by Yorkville. This has been achieved by Genkyotex buying back from Yorkville on August 19, 2019, the remaining €1.6 million in convertible notes reaching maturity on August 20, 2019 that Yorkville still holds, and simultaneously issuing to Yorkville new convertible notes for an amount equivalent to the existing convertible notes with a maturity of August 20, 2020.

2.5 Risk factors and transactions between related parties

2.5.1 Risk factors

The risk factors are similar to those described in Chapter 4, “Risk factors” of the Registration Document.

The Company does not anticipate any change in these risks during the second half of 2019.

2.5.2 Related-party transactions

The related-party transactions are similar to those described in Chapter 19, “Related-party transactions” of the Registration Document.

3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position (in € thousands)	Notes	06/30/2019	12/31/2018
ASSETS			
Intangible assets	3.1	9,372	9,653
Property, plant and equipment	3.2	223	31
Non-current financial assets	4	36	45
Total non-current assets		**9,631**	**9,729**
Other receivables	5	2,598	2,157
Cash and cash equivalents	6	4,464	10,309
Total current assets		**7,062**	**12,466**
Total assets		**16,693**	**22,195**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Capital	7	8,143	7,935
Additional paid-in capital		125,325	124,183
Currency translation reserve		(2,516)	(2,361)
Other comprehensive income		(649)	(514)
Accumulated deficit attributable to owners of the parent		(114,585)	(103,383)
Net income – portion attributable to owners of the parent		(4,625)	(11,417)
Equity attributable to owners of the parent		**11,093**	**14,442**
Non-controlling interests		-	-
Total equity		**11,093**	**14,442**
Employee benefit obligations	10	1,210	996
Non-current financial debt	9	70	-
Total non-current liabilities		**1,280**	**996**
Current financial debt	9	2,350	3,641
Trade payables		1,342	2,214
Other current liabilities	11	628	903
Total current liabilities		**4,320**	**6,757**
Total liabilities and shareholders' equity		**16,693**	**22,195**

Consolidated income statement

Consolidated income statement (in € thousands)	Notes	06/30/2019 6 months	06/30/2018 6 months
Revenue		-	-
Cost of sales		-	-
Gross margin		**-**	**-**
Revenue from contracts with customers	13	0	750
Net research and development expenses			
Research and development expenses	14.1	(3,830)	(4,518)
Subsidies	14.1	627	429
General and administrative expenses	14.2	(1,546)	(1,471)
Operating profit/(loss)		**(4,750)**	**(4,811)**
Financial expenses	15	(18)	(65)
Financial income	15	142	100
Profit/(loss) before tax		**(4,625)**	**(4,776)**
Income taxes	16	-	-
Net profit/(loss) for the period		**(4,625)**	**(4,776)**
Portion attributable to shareholders of the parent		(4,625)	(4,776)
Non-controlling interests		-	-

		06/30/2019	06/30/2018
Basic earnings (losses) per share (€/share) for years presented	17	**(0.58)**	**(0.06)**
Diluted earnings (losses) per share (€/share) for years presented	17	**(0.58)**	**(0.06)**
Basic earnings per share (€/share) – pro forma (1)	17	**N/A**	**(0.61)**
Diluted earnings per share (€/share) – pro forma (1)	17	**N/A**	**(0.61)**

(1) Pro forma as of June 30, 2018 taking into account the reverse stock split (see Note 7)

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income (in € thousands)	06/30/2019 6 months	06/30/2018 6 months
Net profit/(loss) for the period	**(4,625)**	**(4,776)**
Actuarial gains and losses	(135)	60
Tax effect	-	-
Other items of comprehensive income that will not be reclassified subsequently to profit or loss	**(135)**	**60**
Translation differences	(154)	(10)
Other items of comprehensive income that will be reclassified subsequently to profit or loss	**(154)**	**(10)**
Comprehensive income	**(4,914)**	**(4,726)**
Portion attributable to shareholders of the parent	*(4,914)*	*(4,726)*
Non-controlling interests	-	-

Change in Consolidated Equity

Change in Consolidated Equity		*Genkyotex SA capital*	Capital – ordinary shares	Additional paid-in capital	Accumulated deficit and income (loss) attributable to owners of the parent	Treasury shares	Currency translation reserve	Other comprehensive income	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Number of shares	*In € thousands*								
At December 31, 2017		*77,850,006*	**7,785**	**162,015**	**(143,558)**	**(132)**	**(2,258)**	**(316)**	**23,535**	**-**	**23,535**
Net income at June 30, 2018			-	-	(4,776)	-	-	-	(4,776)	-	(4,776)
Other comprehensive income			-	-	-	-	(10)	60	50	-	50
Comprehensive income			**-**	**-**	**(4,776)**	**-**	**(10)**	**60**	**(4,726)**	**-**	**(4,726)**
Clearance of the accumulated loss carried forward			-	(39,572)	39,572	-	-	-	-	-	-
Treasury shares			-	-	-	13	-	-	13	-	13
Share-based payments	8.3		-	-	247	-	-	-	247	-	247
At June 30, 2018		*77,850,006*	**7,785**	**122,443**	**(108,515)**	**(119)**	**(2,268)**	**(256)**	**19,069**	**-**	**19,069**
At December 31, 2018		*79,347,621*	**7,935**	**124,183**	**(114,649)**	**(152)**	**(2,361)**	**(514)**	**14,442**	**-**	**14,442**
Net income at June 30, 2019			-	-	(4,625)	-	-	-	(4,625)	-	(4,625)
Other comprehensive income			-	-	-	-	(154)	(135)	(289)	-	(289)
Comprehensive income			**-**	**-**	**(4,625)**	**-**	**(154)**	**(135)**	**(4,914)**	**-**	**(4,914)**
Conversion of convertible bonds		*207,777*	208	1,142	-	-	-	-	1,350	-	1,350
Effect of the 10-for-1 reverse stock split		*(71,412,859)*	-	-	-	-	-	-	-	-	-
Treasury shares			-	-	-	(9)	-	-	(9)	-	(9)
Share-based payments	8.3		-	-	224	-	-	-	224	-	224
At June 30, 2019		*8,142,539*	**8,143**	**125,325**	**(119,050)**	**(160)**	**(2,516)**	**(649)**	**11,093**	**-**	**11,093**

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement Amounts in € thousands	Notes	06/30/2019 6 months	06/30/2018 6 months
Cash flows from operating activities			
Net profit/(loss) for the period		**(4,625)**	**(4,776)**
(-) Elimination of depreciation of intangible assets	3.1	(281)	(281)
(-) Elimination of depreciation of property, plant and equipment	3.2	(74)	(14)
(-) Provisions for pension commitments	10	(61)	28
(-) Costs related to share-based payments	8.3	(224)	(247)
(-) Interest expenses		(3)	(4)
(-) Accretion of repayable advances	9.1	(1)	(4)
Self-financing capacity before cost of net financial debt and taxes		**(3,981)**	**(4,253)**
(-) Change in working capital requirement		1,589	986
Taxes paid		**-**	**81**
Cash flows from operating activities		**(5,570)**	**(5,158)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	3.2	-	(2)
Winding down of investments classified as current and non-current financial assets	4	-	3,283
Cash flows from investing activities		**-**	**3,281**
Cash flows from financing activities			
Reduction of financial debt relating to the right of use (IFRS 16)	9.3	(55)	-
Gross financial interest paid		(3)	-
Repayment of advances	9.1	(60)	(115)
Cash flows from financing activities		**(117)**	**(115)**
Impact of fluctuations in exchange rates		(145)	(10)
Increase/(decrease) in cash & cash equivalents		**(5,833)**	**(2,003)**
Cash & cash equivalents – start of the period	6	10,297	11,345
Cash & cash equivalents – end of the period	6	4,464	9,342
Increase/(decrease) in cash & cash equivalents		**(5,833)**	**(2,003)**

Cash and cash equivalents (including short-term borrowings)	**Notes**	**06/30/2019**	**06/30/2018**
Cash and cash equivalents	6	4,464	9,342
Short-term borrowings		(0)	(0)
Cash & cash equivalents – end of the period (including short-term borrowings)		**4,464**	**9,342**

Breakdown of change in working capital requirements (WCR)

Breakdown of change in working capital requirement (WCR) (amounts in € thousands)	**06/30/2019**	**06/30/2018**
Trade and related receivables	-	750
Other receivables	442	548
Trade payables	872	(431)
Social security payables	164	125
Tax payables	81	(7)
Other current liabilities	30	1
Total change	**1,589**	**986**

Notes to the Consolidated Financial Statements

(Unless otherwise stated, the amounts referred to in this appendix are in thousands of euros, except for the data relating to shares. Some amounts may be rounded up or down to calculate the financial information contained in the condensed consolidated interim financial statements. Consequently, the totals in some tables may not correspond exactly to the sum of the preceding figures.)

Note 1: Activity and significant events

The information below forms the notes to the condensed consolidated interim financial statements prepared in accordance with IFRS as of June 30, 2019.

The condensed consolidated interim financial statements for Genkyotex SA were adopted by the Board of Directors on September 18, 2019 and authorized for publication.

1.1 The Company and its activity

Founded in October 2001, Genkyotex SA (formerly Genticel SA) is a French limited liability company (société anonyme) with the following corporate purpose in France and abroad: research, study, development, manufacturing and distribution of medicines and drug and health products in the field of human and animal health.

Genkyotex SA has been listed on the Euronext market in Paris and Brussels since April 8, 2014.
Registered office: 218 avenue Marie Curie – Forum 2 Archamps Technopole,
74166 Saint-Julien-en-Genevois Cedex, France
Trade and Companies Register: 439 489 022 RCS of Thonon-les-Bains.

Genkyotex SA is hereinafter referred to as the “Company”. The group formed by Genkyotex SA and Genkyotex Suisse SA is hereinafter referred to as the “Group”.

1.2 Significant events during the first half of 2019

January 2019:

- The Company announced that shareholders approved the 1-for-10 reverse stock split commencing February 27, 2019 and taking effect on March 29, 2019 (delisting the existing shares and listing the new shares).
- Genkyotex announced that the final results of its Phase 2 study of GKT831 in patients with primary biliary cholangitis (PBC) will be published in spring 2019.

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- Genkyotex announced that a university partner, Professor Gareth Thomas of the University of Southampton, has been awarded a second Cancer Research UK grant to further develop NOX research in oncology.

March 2019:

- Genkyotex announced completion of the 24-week treatment period for its Phase 2 trial of GKT831 in PBC.

April 2019:

- Genkyotex presented the interim results of its Phase 2 trial of GKT831 in PBC at the 2019 EASL International Liver Congress (ILC): all patients have completed the treatment; favorable safety profile for GKT831, there were no drop outs or treatment interruptions.

June 2019:

- Genkyotex presented the final results of its Phase 2 study in PBC, which show that the anti-fibrotic candidate drug GKT831 demonstrated statistically significant improvements in GGT and ALP over the full treatment period.

Note 2: Accounting principles, rules and methods

2.1 Principles used when preparing the financial statements

Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with the international accounting standard IAS 34 "Interim financial reporting".

As condensed financial statements, they do not include the full information that would be required by the IFRS for the preparation of the annual financial statements. These notes must be read in conjunction with the consolidated financial statements of Genkyotex SA for the year ended December 31, 2018.

Principles used when preparing the financial statements

The Company's condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except with respect to the financial instruments which are measured at fair value.

Going concern

The Company focuses on inventing and developing new treatments. The loss-making position over the reference periods is not unusual for a company at this stage of development.

The Company has been able to finance its activities to date and has raised funding that will enable it to cover its expenses in the short term. The Company will need additional funds to continue its development plan and this may also depend on attaining development milestones, achieving favorable clinical outcomes and/or achieving commercial success. Given that none of these factors can be guaranteed, there is substantial uncertainty regarding the Company's ability to continue its activities in the future.

As of the reporting date, the Board of Directors considers that the Company will be able to meet its financing needs for anticipated operations until March 2020 on the basis of the following:

- the level of net consolidated cash and cash equivalents (including short-term borrowings) as of June 30, 2019, which totaled €4,464 thousand;
- estimated cash inflow in 2019 from the 2018 research credit, amounting to €893 thousand;
- forecasts of the cash required by the Company's activity in the second half of 2019 and the first quarter of 2020;
- the agreement with Yorkville Advisors Global on August 19, 2019, regarding the issue of convertible notes for a period of 12 months in an amount of €1.6 million (see Note 21).

The Board of Directors has used the principle of going concern in view of the above data and assumptions and the measures implemented by Management to ensure the financing of the company beyond March 2020. In this regard, discussions are underway with various investors or pharmaceutical groups about various financing options for the company (raising funds, or partnership or strategic operations).

If these discussions should not succeed, Genkyotex may not be able to realize its assets and settle its debts in the normal course of its business.

Accounting methods

The accounting principles used are identical to those used to prepare the IFRS consolidated financial statements for the year ended December 31, 2018, with the exception that the following new standards, amended standards and interpretations adopted by the European Union have been applied, as the Group is obliged to do with effect from January 1, 2019:

- *IFRS 16 – Leases*, published on January 13, 2016. This standard aligns the treatment of operating leases with that of finance leases (i.e. recognition in the balance sheet of a liability in respect of future lease payments and of a right of use);
- *IFRIC 23 – Uncertainty over Income Tax Treatments*, published on June 7, 2017;
- *Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement*, published on February 7, 2018;
- *Improvements to IFRS Standards 2015-2017 Cycle*, published on December 12, 2017; and
- *Amendments to IFRS 9 – Financial Instruments*, published on October 12, 2017.

With the exception of IFRS 16, these new texts adopted by the European Union do not have a significant impact on the Group's financial statements.

The IFRS 16 standard was published in January 2016. It replaces *IAS 17 Leases*, *IFRIC 4 Determining Whether an Arrangement Contains a Lease*, *SIC-15 Operating Leases – Incentives* and *SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to use a single accounting model to recognize all leases in the balance sheet similar to that used to recognize finance leases in accordance with IAS 17. The standard includes two accounting exemptions for lessees (leases for "low-value" assets and short-term leases

of less than 12 months). On the effective date of a lease, the lessee registers a liability for lease payments (i.e. the rental liability) and an asset representing the right to use the underlying assets during the term of the lease (i.e. the right-of-use asset). Lessees are required to recognize separately the interest cost for the lease liability and the depreciation expense for the right-of-use asset. The change to the presentation of charges for operating leases results in a corresponding increase in cash flows associated with operating activities and a decrease in cash flows associated with financing activities.

In accordance with the new standard, the Group has determined the term of the lease agreement, including the option for extension or termination agreed by the lessee. These options were appraised at the start of a lease agreement and required the management's judgment. The measurement of the lease liability at the present value of the remaining non-cancellable lease payments uses an appropriate discount rate in accordance with IFRS 16. The discount rate corresponds to the interest rate implicit in the lease or, if that cannot be determined, the incremental borrowing rate on the commencement date of the lease. The incremental borrowing rate may have a significant impact on the net present value of the right-of-use asset and the liability for the recognized leases, which requires judgment.

Lessees reassess the liability of the lease if certain events occur (for example, a change in the term of the lease, an amendment to future lease payments resulting from a change in the index or interest rate used to determine these payments). The lessee generally recognizes the amount of the reassessment of the lease liability as an adjustment in the right-of-use asset.

Transition to IFRS 16

The Group decided to adopt the IFRS 16 standard by applying the modified retrospective approach to contracts previously recognized as leases. Consequently, the leases will only be recognized in the balance sheet on January 1, 2019 and the comparative information will not be restated.

These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any advance payments or provisions relating to this lease that were recorded in the statement of the financial position immediately before the date of initial application.

In accordance with IFRS 16, the Company applies the following principles:

- Application of a single discount rate to assets with similar characteristics; and
- Use of the exemption proposed by the standard on leases which expire within 12 months of the transition date.

The Company excludes the initial direct costs of measuring right-of-use assets as at the date of the initial application.

Applying this standard from January 1, 2019 resulted in an increase of €253 thousand in the Company's financial liabilities and an increase of €262 thousand in its property, plant and equipment (see Notes 3.2 and 9.3). The weighted average incremental borrowing rate applied by the Company to lease liabilities, recognized in the consolidated financial statements as of January 1, 2019, was 2%.

The reconciliation of lease liabilities recognized as at January 1, 2019 and non-cancellable lease commitments disclosed as of December 31, 2018 breaks down as follows:

Reconciliation of off-balance sheet commitments at the end of December 31, 2018 and the recognition of rights of use as of January 1, 2019	**Amounts (in € thousands)**
Off-balance sheet commitments on commercial leases and finance leases as of December 31, 2018	268
Leases previously restated in accordance with IAS 17	-
Leases exempt under IFRS 16	-
Discounted according to the period of time used by IFRS 16	(6)
Difference in periods of time used by off-balance sheet commitments and IFRS 16	-
Advance payments as of December 31, 2018	(10)
Total rights of use at January 1, 2019	**253**

The table below shows the impact of the application of IFRS 16 on the interim consolidated income statement as of June 30, 2019:

Consolidated income statement (Amounts in € thousands)	At June 30, 2019		
	Reported	**Impact of IFRS 16**	**Excluding IFRS 16**
Revenue	-	-	-
Cost of sales	-	-	-
Gross margin	**-**	**-**	**-**
Revenue from contracts with customers	-	-	-
Research and development expenses	(3,203)	(1)	(3,204)
General and administrative expenses	(1,546)	-	(1,546)
Operating profit/(loss)	**(4,750)**	**(1)**	**(4,751)**
Financial expenses	(18)	2	(16)
Financial income	142	-	142
Profit/(loss) before tax	**(4,625)**	**1**	**(4,625)**
Tax	-	-	-
Net profit/(loss)	**(4,625)**	**1**	**(4,625)**

IFRS 16 affects the interim consolidated statements of consolidated cash flow for the six-month period ended June 30, 2019. Lease-related disbursements are classified under the heading “Cash flow from financing activities”, rather than “Cash flow from operating activities”. The table below shows the impact of the application of IFRS 16 on the interim consolidated statements of consolidated cash flow:

	Six-month financial year ended June 30, 2019		
Consolidated Cash Flow Statement (in € thousands)	**Reported**	**Impact of IFRS 16**	**Excluding IFRS 16**
Cash flows from operating activities	(5,570)	(65)	(5,635)
Cash flows from investing activities	-	-	-
Cash flows from financing activities	(117)	65	(53)
Impact of fluctuations in exchange rates	(145)	-	(145)
Increase/(decrease) in cash & cash equivalents	**(5,833)**	**-**	**(5,833)**

Cash & cash equivalents – start of the period	10,297	-	10,297
Cash & cash equivalents – end of the period	4,464	-	4,464
Increase/(decrease) in cash & cash equivalents	**(5,833)**	**-**	**(5,833)**

2.2 Scope and methods of consolidation

Subsidiaries

According to IFRS 10, subsidiaries are all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are consolidated by the full consolidation method beginning on the date on which the Group acquires control. They are deconsolidated as of the date on which control ceases to be exercised.

For the purposes of the merger of Genkyotex SA and Genkyotex Suisse SA on February 28, 2017, Genkyotex Suisse SA was considered the buyer from an accounting standpoint in light of IFRS 10. These financial statements have thus been prepared in keeping with the IFRS consolidated financial statements of Genkyotex Suisse SA.

The scope of consolidation is as follows:

	06/30/2019		12/31/2018	
	Percent interest	Percent control	Percent interest	Percent control
GENKYOTEX SA	Parent company (from a legal standpoint)			
GENKYOTEX SUISSE SA	100.00%	100.00%	100.00%	100.00%

Conversion of foreign companies' financial statements

The Group prepares its consolidated financial statements in euros (EUR).
The exchange rates used to prepare the consolidated financial statements are as follows:

EXCHANGE RATE (for 1 EUR)	06/30/2019		12/31/2018		06/30/2018	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Swiss Franc (CHF)	1.1295	1.1105	1.1550	1.1269	1.1696	1.1569

2.3 Use of judgments and estimates

In the course of preparing the 2019 interim consolidated financial statements, the main judgments made by the management and the main assumptions applied are the same as those applied in preparing the consolidated financial statements for the financial year ending December 31, 2018, namely:

- Valuation of stock options and non-voting shares allocated to employees, executives and external service providers (see Note 8);
- Defined benefit plans (see Note 10);
- Non-recognition of deferred tax assets net of deferred tax liabilities (see Note 15);
- Valuation of the license agreement signed with SIIL (for use of the Vaxiclase platform) and extensions to this agreement (see Note 3.1)

These estimates are based on an assumption of viability as a going concern and have been drawn up on the basis of the information available at the time they were prepared. They are ongoing and are based on past experience as well as various other factors deemed to be reasonable that form the basis for assessment of the carrying amount of assets and liabilities. The estimates may be revised if the circumstances on which they were based change or as a result of new information. Actual results may differ significantly from these estimates, if they are based on different assumptions or conditions.

Note 3: Intangible assets and property, plant and equipment

3.1 Intangible assets

INTANGIBLE ASSETS (Amounts in € thousands)	Software	SIIL contract and extensions	Total
GROSS VALUE			
Statement of financial position at December 31, 2018	**16**	**10,697**	**10,713**
Acquisition	-	-	-
Disposal	-	-	-
Transfer	-	-	-
Currency translation effects	0	-	0
Balance sheet as of June 30, 2019	**17**	**10,697**	**10,713**
CUMULATIVE AMORTIZATION			
Statement of financial position at December 31, 2018	**16**	**1,043**	**1,060**
Increase	-	281	281
Decrease	-	-	-
Currency translation effects	0	-	0
Balance sheet as of June 30, 2019	**17**	**1,325**	**1,341**
NET BOOK VALUE			
At December 31, 2018	**-**	**9,653**	**9,653**
At June 30, 2019	**-**	**9,372**	**9,372**

For the purposes of the impairment test, the Company has updated the model for evaluating the license agreement signed with SIIL (for use of the Vaxiclase platform) and extensions to this agreement as of June 30, 2019. This impairment test did not highlight any loss of value as of June 30, 2019.

The sensitivity of the assumptions used in the valuation model is as follows:

- A 1-point increase in the discount rate would not generate an impairment;
- A 5-point decrease in the probability of success of different phases would not generate an impairment;
- A 10% deterioration in the business plan would not lead to an impairment.

It is noted that there is no evidence of impairment in the valuation assumptions as of June 30, 2019.

3.2 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (Amounts in € thousands)	Equipment and tooling	Office equipment, computer equipment, furniture	Buildings (right of use)	Total	Of which right of use
GROSS VALUE					
Statement of financial position at December 31, 2018	**538**	**98**	**-**	**636**	**-**
Impact of the initial application of IFRS 16	-	-	262	262	262
Acquisition	-	-	-	-	-
Disposal	-	-	-	-	-
Transfer	-	-	-	-	-
Currency translation effects	6	1	4	11	4
Balance sheet as of June 30, 2019	**544**	**99**	**266**	**909**	**266**
CUMULATIVE AMORTIZATION					
Statement of financial position at December 31, 2018	**508**	**97**	**-**	**605**	**-**
Increase	9	0	65	74	65
Decrease	-	-	-	-	-
Currency translation effects	6	1	1	8	1
Balance sheet as of June 30, 2019	**522**	**98**	**65**	**686**	**65**
NET BOOK VALUE					
At December 31, 2018	**30**	**1**	**-**	**31**	**-**
At June 30, 2019	**21**	**1**	**200**	**223**	**200**

As part of the initial application of IFRS 16, the Company opted for the simplified retrospective approach and used practical simplification measures in accordance with IFRS 16.C10 (see Note 2.1, “Transition to IFRS 16”).

Note 4: Financial assets

Accounting principles

The Group's financial assets are made up of:

- loans and receivables initially reported at fair value and subsequently evaluated at amortized cost, using the effective interest rate method. Collateral deposits are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.
- financial assets at fair value through income or loss. These represent assets held for trading purposes. They are measured at their fair value and changes in fair value are reported through profit and loss. Some assets can also voluntarily be classified in this category. These assets fall under category 1, defined by IFRS 7.

Financial assets having a term of maturity of over one year are classified under "Non-current financial assets".

NON-CURRENT FINANCIAL ASSETS (Amounts in € thousands)	**06/30/2019**	**12/31/2018**
Liquidity contract	21	30
Guarantees	15	15
Total non-current financial assets	**36**	**45**

Note 5: Other receivables

OTHER RECEIVABLES (Amounts in € thousands)	**06/30/2019**	**12/31/2018**
Research tax credit (1)	1,519	893
Value Added Tax	220	359
Social security receivables	133	114
Outstanding receivables, advances and installments (2)	610	612
Pre-paid expenses (3)	115	133
Other	-	44
Total other receivables	**2,598**	**2,157**

(1) Research tax credit ("CIR")

- Estimated CIR as of June 30, 2019: €627 thousand
- CIR 2018: €893 thousand, with repayment expected during the second half-year 2019.

(2) Amounts receivable, advances and installments paid primarily involve installments paid to the Contract Research Organization (CRO) responsible for studies.

(3) Pre-paid expenses relate to the day-to-day activity of the Group

Note 6: Cash and cash equivalents

Accounting principles

Cash and cash equivalents recognized in the balance sheet include cash at banks, cash at hand, and short-term deposits with an initial maturity of less than three months.

Cash equivalents are held for trading purposes, are easily convertible into a known amount of cash and exposed to negligible risk that they will change in value. They are measured at their fair value and any changes in value are recorded as financial income. These assets fall under category 1, defined by IFRS 7.

For cash flow statement purposes, net cash consists of cash and cash equivalents as defined above.

CASH AND CASH EQUIVALENTS (Amounts in € thousands)	**06/30/2019**	**12/31/2018**
Bank accounts	4,464	10,309
Total cash and cash equivalents	**4,464**	**10,309**

Note 7: Capital

	Pro forma – effect of reverse stock split (10 existing shares for one new share) (1)		**At the end of the years presented**	
SHARE CAPITAL	**06/30/2019**	**12/31/2018**	**06/30/2019**	**12/31/2018**
Share capital (in € thousands)	8,143	7,935	8,143	7,935
Number of shares	8,142,539	7,934,762	8,142,539	79,347,621
o/w ordinary shares	8,142,539	7,934,762	8,142,539	79,347,621
Par value of shares (in euro)	€1.00	€1.00	€1.00	€0.10

(1) Following the Board of Directors' decision on January 24, 2019 to perform a reverse stock split, by exchanging 10 existing shares with a par value of €0.10 for one new share with a par value of €1.00, from March 29, 2019 the Company's share capital was divided into 7,934,762 shares.

This number of shares excludes share subscription warrants ("BSAs") and options granted to certain investors and to certain natural persons, whether or not they are employees of the Group, that have not yet been exercised.

During the second quarter of 2019, 125 Yorkville bonds were converted by issuing 207,777 new shares with a unit value of €1.00.

As of June 30, 2019, Genkyotex SA's share capital amounted to €8,143 thousand, made up of 8,142,539 fully subscribed and paid-up ordinary shares, each with a par value of €1.00.

Capital management

The Group's policy is to maintain a sound capital base, to maintain the confidence of investors and creditors, and to support the Company's future growth.

Following the Company's IPO on the regulated Euronext market in Paris and Brussels, the Company signed a liquidity contract on April 18, 2014, with a view to limiting intra-day volatility in the Company's share price. For this purpose, the Company initially entrusted €200 thousand to Oddo Corporate Finance, for them to carry out purchase and sale transactions on the Company's shares. This contract was transferred to Kepler Cheuvreux on May 7, 2018.

As of June 30, 2019, under this contract, 8,316 ordinary shares were removed from equity and €21 thousand in cash was entered as non-current financial assets.

Dividends

The Company paid no dividends in the financial years presented.

Note 8: Share-based payments

8.1 Share subscription warrants ("BSAs")

The Company awarded BSAs with a vesting period of one third per year over three years to some corporate officers and members of its Scientific Committee.

The following table summarizes the plans issued and the assumptions used to value them in accordance with IFRS 2:

		Plan features			Assumptions		
Type	**Allocation date**	**Number of warrants allocated (1)**	**Maturity date**	**Adjusted exercise price (2)**	**Volatility**	**Risk-free rate**	**Total initial IFRS 2 valuation (€ thousands) (Black & Scholes)**
BSA 02/2010	02/04/2010	**155,200**	10 years	€30.00	55.14%	3.58%	**258**
BSA 12/2013	12/20/2013	**116,000**	10 years	€40.00	54.27%	2.09%	**221**
BSA 09/2014	09/12/2014	**35,000**	10 years	€57.90	50.03%	0.50%	**72**

(1) After the reverse stock split (see Notes 1.2 and 7) at the beginning of 2019, the parity was ten BSAs issued before March 29, 2019 for one new share.

(2) The exercise price was adjusted to take the reverse split into account.

Changes in the number of outstanding warrants

		Number of warrants outstanding				
Type	**Allocation date**	**12/31/2018**	**Issued**	**Exercised**	**Forfeited**	**06/30/2019**
BSA 02/2010	02/04/2010	155,200	-	-	-	155,200
BSA 12/2013	12/20/2013	116,000	-	-	-	116,000
BSA 09/2014	09/12/2014	35,000	-	-	-	35,000
TOTAL		**306,200**	**-**	**-**	**-**	**306,200**

8.2 Share subscription options

The Company has awarded subscription options to its employees. The following table summarizes the option plans issued during the first half of 2019 and the assumptions used to value them in accordance with IFRS 2:

Type	Allocation date	Plan features			Assumptions		
		Number of warrants allocated (1)	Exercise period	Adjusted exercise price (2)	Volatility	Risk-free rate	Total initial IFRS 2 valuation (€ thousands) (Black & Scholes)
Stock option 01/2018	01/09/2018	**1,159,934**	10 years	€16.70	60.68%	0.00%	**1,096**
Stock option 10/2018	10/11/2018	**20,000**	10 years	€14.90	56.86%	0.11%	**13**
Stock option 03/2019	03/21/2019	**1,336,380**	10 years	€9.10	56.80%	-0.27%	**604**

(1) After the reverse stock split (see Notes 1.2 and 7) at the beginning of 2019, the parity was ten stock options issued before March 29, 2019 for one new share.

(2) The exercise price was adjusted to take the reverse split into account.

The vesting period is one quarter per year over four years.

Changes in the number of outstanding options

Type	Allocation date	Number of warrants outstanding				
		12/31/2018	Issued	Exercised	Forfeited	06/30/2019
Stock option 01/2018	01/09/2018	1,145,153	-	-	(15,000)	1,130,153
Stock option 10/2018	10/11/2018	20,000	-	-	-	20,000
Stock option 03/2019	03/21/2019	-	1,336,380	-	-	1,336,380
TOTAL		**1,165,153**	**1,336,380**	**-**	**(15,000)**	**2,486,533**

8.3 Breakdown of charges recognized in accordance with IFRS 2 during the reference periods

Type	Allocation date	Cost H1 2019	Cost H1 2018
Stock option 01/2018	01/09/2018	125	247
Stock option 10/2018	10/11/2018	3	N/A
Stock option 03/2019	03/21/2019	96	N/A
TOTAL		**224**	**247**

Note 9: Interest-bearing loans and borrowings

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in € thousands)	06/30/2019	12/31/2018
Repayable advances	-	-
Lease Liabilities (IFRS 16) (1)	70	-
Non-current financial debt	**70**	**-**
Repayable advances	60	118
Lease Liabilities (IFRS 16) (1)	131	-
Bond debt	2,160	3,510
Short-term borrowings	0	13
Current financial debt	**2,350**	**3,641**
Total financial debt	**2,421**	**3,641**

(1) See Note 2.1 Paragraph "Transition to IFRS 16"

(2) See Note 21: Post-balance sheet events regarding the agreement concluded in August 2019 with Yorkville on extending the conversion period by 12 months.

Reconciliation between repayment value and value in the balance sheet

RECONCILIATION BETWEEN BALANCE SHEET VALUE AND REPAYMENT VALUE (Amounts in € thousands)	Repayment value 06/30/2019	Amortized cost	Fair value	Balance sheet value	
				06/30/2019	12/31/2018
Repayable advances	60	-	-	60	118
Lease liabilities (IFRS 16)	201	-	-	201	-
Bond debt	2,000	-	160	2,160	3,510
Short-term borrowings	0	-	-	0	13
Total financial debt	**2,261**	**-**	**160**	**2,421**	**3,641**

Breakdown of financial debt by maturity, in repayment value

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES BY MATURITY, IN REPAYMENT VALUE (Amounts in € thousands)	06/30/2019			
	Gross amount	Share < 1 year	From 1 to 5 years	> 5 years
Repayable advances	60	60	-	-
Lease liabilities (IFRS 16)	201	131	70	-
Bond debt	2,000	2,000	-	-
Short-term borrowings	0	0	-	-
Total financial debt	**2,261**	**2,190**	**70**	**-**
Current financial debt	*2,190*			
Non-current financial debt	*70*			

9.1 Repayable advances

CHANGE IN REPAYABLE ADVANCES AND SUBSIDIES (Amounts in € thousands)	OSEO 3 – ProCervix (GTL001)	Total
At December 31, 2018	**118**	**118**
Cash inflow	-	-
Repayment	(60)	(60)
Subsidies	-	-
Financial expenses	1	1
At June 30, 2019	**60**	**60**

The last repayment was made at the beginning of July 2019.

Breakdown of repayable advances by maturity, in repayment value

BREAKDOWN OF REPAYABLE ADVANCES BY MATURITY, IN REPAYMENT VALUE (Amounts in € thousands)	OSEO 3 – ProCervix (GTL001)	Total
At June 30, 2019	**60**	**60**
Share < 1 year	60	60
Share 1 ≥ 5 years	-	-
Share > 5 years	-	-

9.2 Bonds

Accounting principles

Financial instruments (BSAs and bond conversion options) undergo specific analysis.

When these financial instruments provide for exchanging a set number of shares versus a set amount of cash, they are considered as equity instruments according to IAS 32. Their fair value is determined using the Black & Scholes pricing model.

When the analysis conducted concludes that it is impossible to consider these instruments as equity and that the variable is financial, they are then considered derivative liabilities falling under the scope of IFRS 9. They are then recognized as derivative liabilities at their fair value on the issue date, with the fair value being determined by applying the Black & Scholes valuation model. Changes in this fair value are recorded in financial income and expenses. These liabilities fall under category 3, defined by IFRS 7.

CHANGE IN BOND DEBT (Amounts in € thousands)	**Yorkville convertible bond with stock warrants (OCABSA)**
At December 31, 2018	**3,510**
Cash inflow	-
Fair value at date of issue	-
Repayment	-
Conversion	(1,350)
At June 30, 2019	**2,160**

Breakdown of bond debt by maturity, in repayment value

BREAKDOWN OF BOND DEBT BY MATURITY, IN REPAYMENT VALUE (Amounts in € thousands)	**Yorkville convertible bond with stock warrants (OCABSA)**
At June 30, 2019	**2,000**
Share < 1 year	2,000
Share 1 ≥ 5 years	-
Share > 5 years	-

Convertible bonds with stock acquisition rights ("OCABSA") issued to YA II PN Ltd ("Yorkville").

On August 20, 2018, the Company signed a convertible bonds with stock acquisition rights ("OCABSA") agreement with YA II PN Ltd ("Yorkville") to potentially raise up to €7.5 million, at the Company's discretion.

This bond loan comprises two tranches:

- A first tranche of 500 convertible bonds (OCAs) for a par value of €5 million (on the signature date);
- A second tranche of 250 convertible bonds for a par value of €2.5 million, which lapsed on November 23, 2018.

The OCAs have the following features:

- Par value: €10,000
- Subscription price: 98% of par
- Commitment fees: 6% of par value
- Maturity: 12 months
- No interest
- Conversion methods: N = Vn/P where
    - N corresponds to the number of shares that can be subscribed
    - Vn corresponds to the par (nominal) value of the bond debt
    - P corresponds to 92% of the average share price for the five trading days before the conversion request.

If the OCAs are not converted before the maturity date, they are refundable in cash.

The stock acquisition rights (BSAs) have the following features:

- Maturity: 5 years
- Exercise price: 115% of the average share price for the five trading days before the tranche is issued.

The Company incurred €410 thousand in fees setting up the bond, including €300 thousand in commitment fees. These fees were recognized in expenses.

Valuation

The OCAs were recorded at their fair value as of the issue date in accordance with the provisions of IFRS 9.

As of the issue date, the Company has recorded:

- OCAs amounting to €5,400 thousand, or 108% of their par value;
- a financial expense of €1,152 thousand (day one loss, see Note 17 of the 2018 Registration Document) in view of the fact that the holder of OCAs may request payment by exercising their conversion option at any time, especially starting from the issue date of same. This expense corresponds to the difference between 98% of the issue price and the fair value of the OCAs amounting to €500 thousand, the commitment fee amounting to €300 thousand, other fees amounting to €110 thousand, and the BSA discount amounting to €242 thousand (see below).

At the time of conversion, the fair value of convertible bonds is equal to 108% of the par value of the bonds, using the average stock exchange price for the last five trading days for the number of shares issued.

At the end of each period, the fair value of unconverted OCAs was estimated on the basis of 108% of their par value. The fair value of conversion options was estimated to be negligible on the basis of a Monte Carlo pricing model.

The BSAs issued were recognized at fair value through equity on the issue date in accordance with IAS 32, using the Black & Scholes pricing model.

YA II PN Ltd ("Yorkville") warrants (BSA)	**Tranche 1**
	On issuance 08/20/2018
Number of BSAs	666,312
Exercise price	€1.88
Expected term	2.5 years
Volatility	43.71%
Risk-free rate	-0.56%
Value of the equity instrument (in € thousands)	**242**

During the first quarter of 2019, Yorkville converted 125 convertible bonds in accordance with the following terms and conditions:

Conversion date	**Number of bonds**	**Amounts (in €)**	**Conversion price**	**Number of shares issued**
04/02/2019	10	€100,000	€7.9491	12,580
04/04/2019	10	€100,000	€7.9491	12,580
04/08/2019	20	€200,000	€7.9011	25,313
04/15/2019	30	€300,000	€7.9891	37,551
04/30/2019	25	€250,000	€8.3592	29,907
06/06/2019	30	€300,000	€3.3390	89,846
Total	**125**	**€1,250,000**		**207,777**

As of June 30, 2019, there were 200 convertible bonds and 666,312 BSAs outstanding.

As of June 30, 2019, unconverted OCAs were recorded at their fair value for an amount of €2,160 thousand, i.e. 108% of their par value.

9.3 Financial debt

CHANGES IN FINANCIAL DEBT – LEASE LIABIILTIES (Amounts in € thousands)	Financial debt (lease liabilities)
At December 31, 2018	**-**
Impact of the initial application of IFRS 16	263
(+) Leases concluded during the period	-
(-) Reduction in the financial debt relating to rights of use (IFRS 16)	(55)
(-) Advance payment	(9)
Exchange rate	3
At June 30, 2019	**201**

Breakdown of financial debt by maturity, in repayment value

BREAKDOWN OF FINANCIAL DEBT BY MATURITY, IN REPAYMENT VALUE (Amounts in € thousands)	Financial debt (lease liabilities)
At June 30, 2019	**201**
Share < 1 year	131
Share 1 ≥ 5 years	70
Share > 5 years	-

Note 10: Employee benefit obligations

EMPLOYEE BENEFIT OBLIGATIONS (Amounts in € thousands)	06/30/2019	12/31/2018
Swiss employees	1,203	991
French employees	7	5
Employee benefit obligations	**1,210**	**996**

10.1 Swiss employees

The defined benefit obligation related to the second pillar of the Swiss pension scheme is assessed using the following assumptions:

ACTUARIAL ASSUMPTIONS	06/30/2019	12/31/2018
Age at retirement	Voluntary retirement 64 years of age for women/65 years of age for men	
Discount rate	0.45%	0.85%
Mortality table	LPP 2015 generation	LPP 2015 generation
Salary revaluation rate	1.00%	1.00%
Retirement pension inflation rate	0.50%	0.50%
Deposit rate on savings accounts	0.85%	0.85%
Turnover rate	10.00%	10.00%

Changes in the defined benefit obligation and fair value of the plan assets are as follows:

Amounts in € thousands	Defined benefit plan obligation	Fair value of plan assets	**Employee benefit obligations**
December 31, 2018	**2,228**	**(1,237)**	**991**
Cost of services rendered	161	-	161
Interest expense	9	(5)	4
Employee contribution	-	(53)	(53)
Subtotal included in the income statement	**171**	**(59)**	**112**
Amounts paid/received	**(80)**	**80**	-
Return on assets (excluding interest expenses)	-	(1)	(1)
Actuarial gains and losses related to changes in demographic assumptions	-	-	-
Actuarial gains and losses related to changes in financial assumptions	200	-	200
Other actuarial gains (losses)	(64)	-	(64)
Experience effect	-	-	-
Subtotal included in other items of comprehensive income	**136**	**(1)**	**135**
Employer contributions	-	**(53)**	**(53)**
Currency translation effect	**37**	**(19)**	**18**
June 30, 2019	**2,492**	**(1,289)**	**1,203**

10.2 French employees

The main actuarial assumptions used to measure retirement packages are as follows:

ACTUARIAL ASSUMPTIONS	**06/30/2019**	**12/31/2018**
Age at retirement	Voluntary retirement age between 65 and 67	
Collective bargaining agreement	Pharmaceutical industry	
Discount rate (iBoxx Corporates AA)	0.98%	1.57%
Mortality table	INSEE 2017	INSEE 2017
Salary revaluation rate	2.00%	2.00%
Turnover rate	High	High
Social security expense ratio		
Managers	43%	44%*
Non-managers	42%	46%

**excluding managers eligible for withholding tax*

The following shows the change in retirement provisions:

Amounts in € thousands	Retirement obligation
At December 31, 2018	**5**
Cost of services rendered	2
Interest expense	0
Actuarial gains and losses	(0)
At June 30, 2019	**7**

Note 11: Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in € thousands)	06/30/2019	12/31/2018
Bonus (including social security contributions)	197	372
Payroll & related accounts	185	172
Social security & other welfare programs	152	155
Other taxes and similar	63	144
Other liabilities	30	60
Other current liabilities	**628**	**903**

Note 12: Financial assets and liabilities and impact on income or loss

Accounting principles

The Company has established three categories of financial instruments depending on their valuation methods and uses this classification to disclose some of the information required by IFRS 7:

- Level 1: financial instruments listed on an active market;
- Level 2: financial instruments whose valuation methods rely on observable inputs;
- Level 3: financial instruments whose valuation methods rely entirely or partly on unobservable inputs, an unobservable input being defined as one whose measurement relies on assumptions or correlations that are not based on the prices of observable market transactions for a given instrument on the valuation date, nor on observable market data on the valuation date.

The Company's assets and liabilities are measured as follows at the end of the periods presented:

HEADERS – STATEMENT OF FINANCIAL POSITION (amounts in € thousands)	12/31/2018		Value – Statement of Financial Position per IFRS 9			Financial instrument category
	Value – statement of financial position	Fair value	Fair value through income/(loss)	Fair value through other comprehensive income	Amortized cost	
Non-current financial assets	45	45			45	Level 1
Other receivables	2,157	2,157			2,157	Level 1
Cash and cash equivalents	10,309	10,309	10,309			Level 1
Total assets	**12,511**	**12,511**	**10,309**	**-**	**2,201**	
Non-current financial debt	-	-	-			-
Current financial debt	3,641	3,641	3,641			Level 1 (repayable advances)/Level 3 (bond debt)
Trade payables	2,214	2,214			2,214	Level 1
Other current liabilities	903	903			903	Level 1
Total liabilities	**6,757**	**6,757**	**3,641**	**-**	**3,117**	

HEADERS – STATEMENT OF FINANCIAL POSITION (amounts in € thousands)	06/30/2019		Value – Statement of Financial Position per IFRS 9			Financial instrument category
	Value – statement of financial position	Fair value	Fair value through income/(loss)	Fair value through other comprehensive income	Amortized cost	
Non-current financial assets	36	36			36	Level 1
Other receivables	2,598	2,598			2,598	Level 1
Cash and cash equivalents	4,464	4,464	4,464			Level 1
Total assets	**7,098**	**7,098**	**4,464**	**-**	**2,635**	
Non-current financial debt	70	70			70	Level 1 (right of use)
Current financial debt	2,350	2,350	2,160		190	Level 1 (repayable advances, right of use)/Level 3 (bond debt)
Trade payables	1,342	1,342			1,342	Level 1
Other current liabilities	628	628			628	Level 1
Total liabilities	**4,390**	**4,390**	**2,421**	**-**	**1,969**	

IMPACTS – INCOME STATEMENT (Amounts in € thousands)	06/30/2019		06/30/2018	
	Interest	Change in fair value	Interest	Change in fair value
Assets				
Fair value through income/(loss)		-		3
Cash and cash equivalents		-		-
Liabilities				
Financial debt at amortized cost (repayable advances)	1		4	
Financial debt at amortized cost (right of use)	3		-	
Bonds at fair value through profit (loss)		-		-

Note 13: Revenue

Accounting principles

Application of IFRS 15 has been mandatory since January 1, 2018. This standard overhauls the model used to recognize income, the fundamental principle of which is based on the transfer of control of goods and services to the customer.
The standard sets out a five-step general approach to revenue recognition:

- Step 1: Identify the agreement.
- Step 2: Identify the "performance obligations" in the contract. The "performance obligations" serve as a unit of account for the revenue recognition.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to each "performance obligation".
- Step 5: Recognize revenue when a "performance obligation" is satisfied, either at a given point in time, or over time.

The standard specifies how to treat licenses and distinguishes two types:

- those which constitute a right to access intellectual property as it will change over the term of the license as a result of future action taken by the licensor. These licenses are called "dynamic licenses" or "rights of access", and the income related to them is recognized over time throughout the term of the license;
- those which constitute a right to use "fixed" intellectual property, as it exists on the date on which the license is assigned. These licenses are called "static licenses" or "rights of use" and the associated income is recognized on a given date at the time at which control of the license is transferred unless the royalty exception applies, regardless of the type of license.

Variable consideration is recognized when it is highly probable.
IFRS 15 also provides that the revenue associated with intellectual property licenses for which royalties are received should be recognized when the later of the following two events occurs:

- the license is subsequently sold or used by the customer (on which the calculation of royalties is based);
- the "performance obligation" to which these royalties has been allocated has been satisfied.

In accordance with IFRS 15, the Group has reviewed the license agreement with the Serum Institute of India (SIIL) for the Vaxiclase platform. The Group considers that the license covered by this agreement constitutes a right of use (a static license).

Given the foregoing, the Company recognized revenue of €750 thousand during the first half of 2018, for the expanded license transfer signed in June 2018, which constitutes a right of use.

The contract provides for four types of variable fees:

- Development milestone payments based on the progress of work undertaken by the customer;
- Commercial milestone payments based on levels of total sales achieved by the customer;

- Milestone payments in the event that the customer grants any sub-licenses;
- Royalties.

The development milestone payments set out in the contract will be recognized when they become highly probable. Given that the various phases of the project progress at uncertain rates, the revenue associated with these staged payments is recognized on the date upon which the customer achieves these development phases.

The other two milestone payments are related to sales and are treated as royalties. They will therefore be recognized as income when the sale is made.

Note 14: Breakdown of expenses and items by function

14.1 Research and Development

RESEARCH AND DEVELOPMENT (Amounts in € thousands)	**06/30/2019**	**06/30/2018**
Raw materials and consumables	(46)	(99)
Studies and research	(2,300)	(3,011)
Personnel expenses	(728)	(726)
Expenses related to retirement obligations	(41)	17
Lease expenses	(2)	(59)
Licenses and intellectual property costs	(253)	(194)
Amortization and depreciation	(289)	(292)
Share-based payments	(120)	(142)
Other	(3)	(12)
Depreciation of rights of use	(48)	-
Research and development expenses	**(3,830)**	**(4,518)**
Research tax credit	627	429
Subsidies	-	-
Subsidies	**627**	**429**
Net research and development expenses	**(3,203)**	**(4,089)**

Research and development expenses amounted to €3,830 thousand as of June 30, 2019, compared to €4,518 thousand as of June 30, 2018, i.e. a fall of €668 thousand. This decrease can be explained primarily by a reduction in the study and research costs associated with the end of the Phase 2 trial of its GKT831 product.

14.2 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in € thousands)	06/30/2019	06/30/2018
Travel and incidental expenses	(161)	(152)
Lease expenses	(0)	(19)
Fees	(759)	(626)
Insurance	(19)	(45)
Marketing and sales expenditure	(71)	(79)
Taxes and duties	(16)	(7)
Personnel expenses	(241)	(338)
Expenses related to retirement obligations	(20)	11
Attendance fees	(34)	(45)
Amortization	(2)	(3)
Share-based payments	(105)	(105)
Other	(103)	(63)
Depreciation of rights of use	(16)	-
General and administrative expenses	**(1,547)**	**(1,471)**

Overheads and administrative costs amounted to €1,547 thousand as of June 30, 2019 compared to €1,471 thousand as of June 30, 2018, i.e. an increase of €76 thousand. This change can be explained primarily by the following:

- A fee increase of €133 thousand in connection with the cost of one-off legal and audit fees during the first half of 2019;
- A reduction of €97 thousand in staff costs in relation to changes in elements of variable compensation.

Note 15: Net financial income (expenses)

NET FINANCIAL INCOME AND EXPENSES (Amounts in € thousands)	06/30/2019	06/30/2018
Other financial expenses	(4)	(8)
Other financial income	-	3
Currency gains and losses	129	40
Net financial income (expenses)	**124**	**35**

Note 16: Income taxes

According to the same rules as those of December 31, 2018, the Group did not recognize any deferred tax assets as of June 30, 2019.

Note 17: Earnings per share

Accounting principles

Basic earnings per share are calculated by dividing the net profit attributable to Company shareholders by the weighted average number of the shares outstanding during the financial year.

Diluted earnings per share are calculated by adjusting the net income attributable to the holders of ordinary shares and the weighted average number of ordinary shares outstanding by the effects of all the dilutive potential ordinary shares.

If, when calculating diluted earnings per share, taking into account instruments giving deferred access to capital (BSAs, BSPCEs and convertible bonds) creates an anti-dilutive effect, those instruments are not taken into account. As a result, diluted earnings per share are identical to basic earnings per share.

As of June 30, 2019, the Company has convertible bonds that may have a dilutive effect (see Note 9.2). Other instruments giving deferred access to capital are not in the money as of June 30, 2019 (see Note 8).

EARNINGS PER SHARE	**06/30/2019**	**06/30/2018**
	Ordinary shares	Ordinary shares
Weighted average number of shares outstanding for the years presented (1)	7,996,362	77,850,006
Financial year income (loss) attributable to owners of the parent company (in € thousands)	(4,625)	(4,776)
Basic earnings per share (€/share)	**(0.58)**	**(0.06)**
Diluted earnings per share (€/share)	**(0.58)**	**(0.06)**
Weighted average number of shares outstanding adjusted for the effect of the 10-for-1 reverse stock split at the beginning of 2019	7,996,362	7,785,000
Financial year income (loss) attributable to owners of the parent company (in € thousands)	(4,625)	(4,776)
Basic earnings per share (€/share)	**(0.58)**	**(0.61)**
Diluted earnings per share (€/share)	**(0.58)**	**(0.61)**

(1) Without taking into account as of June 30, 2018 the effect of the 10-for-1 reverse stock split conducted by the Company at the beginning of 2019.

Note 18: Segment information

Accounting principles

The Group operates in only one business segment, the research and development of pharmaceutical products.
Assets, operating losses as well as research and development fees are localized in France and in Switzerland.

Note 19: Related parties

19.1 Compensation payable to corporate officers

Executive compensation breaks down as follows:

EXECUTIVE COMPENSATION (Amounts in € thousands)	06/30/2019	06/30/2018
Fixed compensation due	109	106
Variable compensation due	71	68
Benefits in kind	10	10
Employer contributions to the retirement plan	14	15
Share-based payments	108	126
Attendance fees	34	45
TOTAL	**346**	**369**

No post-employment benefits were granted to members of the Board of Directors or to executives, with the exception of the mandatory defined benefit scheme applicable for Swiss employees under the second pillar of the Swiss social security system.

The variable components of compensation are awarded according to performance criteria.
The methods used to calculate the fair value of share-based payments are explained in Note 8.

Note 20: Off-balance sheet commitments

Following the signature of an extension to the license agreement for the Vaxiclase platform with the Serum Institute of India (SIIL) in June 2018, the contract provides for:

- An initial payment of €750 thousand (recognized during the first half of 2018);
- Milestone payments of up to $57 million in relation to emerging markets;
- Milestone payments for industrialized countries for up to €100 million.

The Company is also eligible to receive “single-digit percentage” royalties on sales.

The initial application of IFRS 16 on January 1, 2019 (see Notes 2.1 and 9.3) removes the distinction between finance leases and operating leases. The standard means that the Company's obligation to pay future lease payments must be recognized as a liability and a right of use as an asset.

As a result of the impact of IFRS 16, the current off-balance sheet commitments as of June 30, 2019 are deemed to be immaterial.

Note 21 : Post-balance sheet events

July 2019

- The Company announced the publication in *Clinics and Research in Hepatology and Gastroenterology* of the results of studies showing that its anti-fibrosis drug, GKT831, reduces the complications of portal hypertension and demonstrating the therapeutic potential of GKT831 in patients with advanced fibrosis of the liver.
- Genkyotex announced that the FDA in the United States has approved its Phase 2 trial of GKT831 in pulmonary fibrosis. The Company had previously announced that the National Institutes of Health (NIH) in the United States had awarded a grant of $8.9 million to Professor Victor Thannickal of the University of Alabama at Birmingham (UAB) to finance a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in scarring (fibrosis) of the lungs.
- The World Health Organization (WHO) recognized GKT831 as the first representative of the NOX inhibitor therapeutic class. WHO recommends setanaxib as the international nonproprietary name (INN) for GKT831. The new stem "naxib" approved by WHO refers to the mechanism of action (**NA**DPH o**X**idase inh**IB**itors). The NOX inhibitor therapeutic class has significant potential in fibrotic and inflammatory disorders, neurodegenerative diseases and oncology.
- The Company announced positive post-hoc analysis of the PBC Phase 2 trial and reports its cash position as of June 30, 2019: the Company's resources will allow it to fund planned operations until April 2020.

August 2019

- The Company agreed with Yorkville Advisors Global, the management company of a US investment fund, on a 12-month extension of the conversion period for the remaining €1.6 million in convertible notes held by Yorkville. This has been achieved by Genkyotex buying back from Yorkville on August 19, 2019, the remaining €1.6 million in convertible notes reaching maturity on August 20, 2019 that Yorkville still holds, and simultaneously issuing to Yorkville new convertible notes for an amount equivalent to the existing convertible notes with a maturity of August 20, 2020.

The main characteristics of the Convertible Notes are:

- The Convertible Notes have a par value of ten thousand Euros (€10,000) each are being issued at a subscription price per Convertible Note equal to 100% of their par value and amounting, in the aggregate, to a principal amount of € 1,600,000.
- The Convertible Notes may (i) be freely transferred or assigned by the Investor to any of its affiliates and (ii) not be transferred or assigned to any other third party without the prior written consent of the Company.

- The Convertible Notes will not be listed or admitted to trading on the regulated markets of Euronext in Paris or Euronext in Brussels nor on any other financial market. Each Convertible Note shall have a duration of twelve (12) months as from its date of issuance (the "Maturity Date"). If a Convertible Note has not been converted prior to its Maturity Date, the Company must redeem in cash the outstanding amount under the Convertible Note.
- The Convertible Notes shall accrue no interest. However, in case of an Event of Default (2), each outstanding Convertible Note shall accrue interest at a rate of 15% p.a. from the date on which the Event of Default has occurred until the earlier of (i) the date the Event of Default is cured or (ii) the date on which it has been fully converted and/or redeemed.
- The number of new shares issued by the Company to each Convertible Note holder upon conversion of one or several Convertible Notes will be calculated as the conversion amount divided by the applicable Conversion Price. The “Conversion Price” shall be equal to 92% of the average of the daily volume weighted average price of the shares on Euronext (as reported by Bloomberg) (the “Daily VWAPs”) over the five (5) consecutive trading days expiring on the trading day immediately preceding the conversion date.

4. REPORT OF LIMITED AUDIT BY THE STATUTORY AUDITOR OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED IN THE EUROPEAN UNION

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

Genkyotex S.A.

Registered office : 218, avenue Marie Curie – Forum 2 Archamps Technopole
74166 Saint-Julien-en-Genevois
Share capital : €.8.245.483

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

Period from January 1 to June 30, 2019

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- The review of the accompanying condensed half-yearly consolidated financial statements of Genkyotex, for the period from January 1 to June 30, 2019;
- The verification of the information presented in the half-yearly management report.

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

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not

enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Without modifying our conclusion thereon, we draw attention to :

- the section "going concern" of Note 2.1 to the condensed half-yearly consolidated financial statements which describes the material uncertainty resulting from events or conditions that may cast significant doubt on the Company's ability to continue as a going concern ;
- the section "accounting principles" of Note 2.1 to the condensed half-yearly consolidated financial statements which discloses the incidence of the first time application of IFRS 16 "Leases" as from January 1, 2019.

II – Specific verification

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

We have no matters to reports as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon, September 19, 2019	Toulouse, September 19, 2019
KPMG Audit	Sygnatures S.A.S.
Département de KPMG S.A.	
Stéphane Devin	Laure Mulin