

FOR TRANSLATION PURPOSES ONLY



NEW THERAPEUTICS FOR AGING DISEASES

Société Anonyme [Limited Liability Company] with a Board of Directors and share capital of € 2,692,682.60  
Registered office: 14, avenue de l'Opéra - 75001 PARIS  
Trade and Companies Register (RCS) of Paris 492 002 225

# INTERIM FINANCIAL REPORT

## 30 JUNE 2018



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## GENERAL COMMENTS

### Definitions

In this Interim Financial Report, and unless otherwise indicated:

- The terms the “Company” or “Biophytis” refer to the company Biophytis SA, with registered office at 14, avenue de l’Opéra, 75001 Paris, France, registered in the Trade and Companies Register (RCS) of Paris under the number 492 002 225.
- The term «Group» refers to the Company Biophytis SA and its subsidiaries, Instituto Biophytis do Brasil (Brasil) and Biophytis Inc (USA) ;
- « Financial Report » refers to the present interim financial report as of 30 June 2018 ;
- «Reference Document » refers to the reference document filed with the AMF on 23 July 2018 under the number R.18-0058.

### About BIOPHYTIS

Biophytis is a biotechnology company created in 2006, specialising in age-related diseases. It develops innovative therapeutic solutions for degenerative age-related conditions, for which there is no treatment, in order to restore muscular and visual functions. In line with this, Biophytis focuses its research and development efforts in the fight against sarcopenia (age-related muscular dystrophy) and age-related macular degeneration (AMD). For these two particularly disabling conditions, the company develops drug candidates Sarconeos and Macuneos.

Biophytis’ economic model for all its drug candidates is to ensure that projects are carried out until proof of clinical efficacy on patients is obtained, and then to license out the technologies to pursue development in partnership with a pharmaceutical laboratory.

Located on the campus of Sorbonne University (Paris), Biophytis relies on research collaborations with leading institutions such as the Institut de Biologie Paris Seine (Biology Institute Paris Seine), the Institut de Myologie (Myology Institute) and the Institut de la Vision (Vision Institute).

BIOPHYTIS is listed on Euronext Growth Paris  
(ALBPS ; ISIN : FR0012816825).

For more information, visit <http://www.biophytis.com>

# 1. ATTESTATION OF THE RESPONSIBLE PERSON FOR THE INTERIM FINANCIAL REPORT

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## 1.1 Person responsible for the Interim Financial Report

Mr. Stanislas VEILLET, Chairman/CEO

## 1.2 Attestation of the responsible person

(Art. 222-3 - 4° of General Regulations of Autorité des Marchés Financiers («AMF»)).

"I hereby certify that, to my knowledge, the condensed interim accounts for the first six months have been prepared in accordance with the applicable accounting standards and give true and fair view of the Company's and all its consolidated subsidiaries' assets, financial position and results of operations, and that the enclosed semi-annual activity report presents fairly the important events occurred during the first six months of the year, their impact on the semi-annual accounts, the main transactions between the related parties, as well as the main risks and uncertainties for the remaining half of the year.

Paris, October 18, 2018.

Stanislas VEILLET, Chairman/CEO

## 2. ACTIVITY REPORT AS AT JUNE 30 2018

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### 2.1 Main highlights of the 1<sup>st</sup> half of 2018

#### February 2018:

- Filing of a patent application n°18 51778 for the use of a family of compounds for the prevention of loss of muscle strength during immobilisation (joint ownership with SORBONNE UNIVERSITY). This is the 11th patent family of Biophytis.

#### March 2018:

- Biophytis presents four posters and two oral presentations on the treatment of sarcopenia on the 8th International Conference on Frailty & Sarcopenia Research in Miami, United States.

#### May 2018:

- The FDA grants the status of an Orphan Drug to the drug candidate Sarconeos for the treatment of Duchenne Muscular Dystrophy (DMD).
- The enrollment and treatment of the first patient in SARA-INT, the clinical trial of phase 2b.
- The European Medicines Agency (EMA) gives a favorable opinion for designation of drug candidate Sarconeos as an Orphan Drug for the treatment of Duchenne Muscular Dystrophy (DMD).

#### June 2018:

- As at 30 June 2018, the number of patients enrolled into SARA-OBS clinical study was 162.

## 2.2 Activity and Results

### 2.2.1 Activity

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In the course of the first half of 2018, Biophytis continued SARA clinical program for the drug candidate Sarconeos in sarcopenia. 11 clinical centers have been engaged in the SARA-OBS study program (study without administration of the drug): 3 in the United States, 1 in Belgium, 3 in France, 4 in Italy. As at 30 June, 162 patients were enrolled in the study. At the same time, Biophytis continued the work towards the obtention of the regulatory authorisation and the opening of clinical centers for the phase 2b of SARA-INT study, which allowed the opening of the first clinical center in Belgium in May.

Also, the Company launched preparatory work for MYODA program in Duchenne Muscular Dystrophy, which resulted in the obtention of Orphan Drug status for Sarconeos with the Food and Drug Agency (FDA) and European Medicines Agency (EMA).

Finally, the research efforts have been maintained. The Company filed a new patent, the 7th concerning the research platform for MAS receptor activator for muscle and metabolism pathologies. 4 scientific works were presented on the 8th International Conference on Frailty & Sarcopenia Research in Miami. 1 poster was presented on the annual congress of the Association for Research in Vision and

Ophthalmology (ARVO) in Honolulu, Hawaii, in May. The presented results demonstrate the strong potential of Macuneos in the treatment of Age-Related Macular Degeneration (AMD).

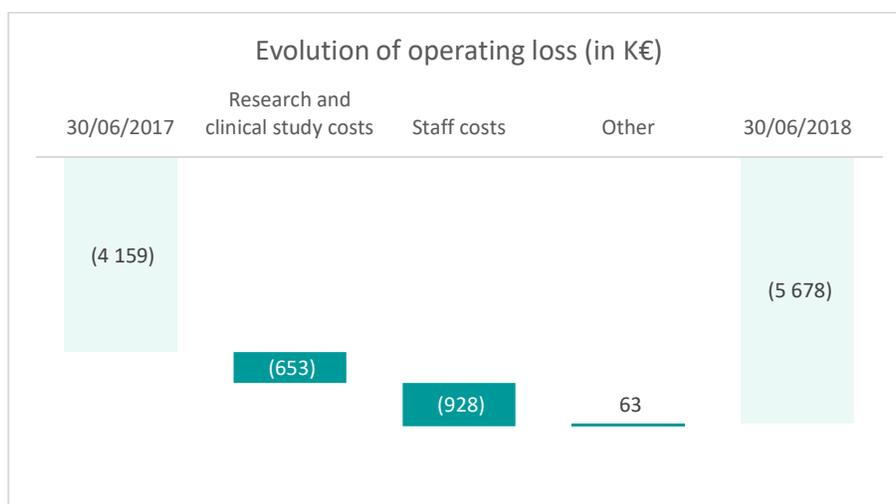
## 2.2.2 Governance

The Ordinary General Meeting of Shareholders was held on May 16th. The quorum for votes being insufficient, the resolutions falling within the competency of Extraordinary General Meeting have not been put to vote. The Board decided to call a new Extraordinary General Meeting on June 4th. The shareholders approved the entirety of resolutions falling within the competency of Ordinary General Meeting, namely, those ratifying the renewal of the mandates of Ms Nadine Coulm, Mr. Jean-Gerard Galvez and Mr. Stanislas Veillet, as well as the nomination of Mr. Eric Rowinsky and Dimitri Batsis as independent Board members for 3 years. The Board of Directors following the General Meeting re-appointed Stanislas Veillet as Chairman.

Extra-ordinary General Meeting was held on June 4th: The shareholders approved the entirety of resolutions of Extraordinary General Meeting, namely, those ratifying the delegation of power to the Board to decide on the issue of shares and/or securities, and on the exercise of different financial instruments.

## 2.2.3 Operating expenses

The operating loss of the Group amounts to 5 678 K€ for the half year ended 30 June 2018 and 4 159 K€ for the half year ended 30 June 2017.



This evolution is mainly explained by :

- An increase in the research study expenses at the amount of 653 K€ compared to the first half of 2017, related to the advancement of SARA clinical study and the simultaneous conduct of SARA OBS and SARA INT studies.

- An increase in staff costs by 928 K€ compared to the first half of 2017, mainly due to the increase of average number of employees.

(in thousands of euros)	30/06/2017	30/06/2018	Var.
Salary and social charges	(1 109)	(1 991)	(882)
Share-based payments	(193)	(240)	(47)
<b>Staff costs</b>	<b>(1 302)</b>	<b>(2 231)</b>	<b>(928)</b>

## 2.2.4 Finance expenses

The finance expenses amount to 12 K€ for the period ended 30 June 2018 compared to - 854 K€ for the period ended 30 June 2017, i.e. an improvement of 842 K€. This evolution is essentially related to the non-usage of the credit facility with Bracknor Fund Limited during the 1st half of 2018.

## 2.2.5 Cash and liquid placements

The Group's cash and liquid placements amount to 14,1 M€ as at 30 June 2018 compared to 19,9 M€ as at 31 December 2017. This evolution is essentially explained by the cash consumption of 6,1 M€ related to the operating activities (research effort) of the Group.

Selected items of interim condensed consolidated financial statements (in thousands of euros)	30/06/2017 6 months	30/06/2018 6 months
<b>Cash flows from operating activities, out of which</b>	<b>(5 100)</b>	<b>(6 110)</b>
Cash flows from operating activities before changes in working capital	(3 927)	(5 355)
(-) Changes in working capital (net of impairment of accounts receivable)	1 173	755
<b>Cash flows from investing activities, out of which</b>	<b>(70)</b>	<b>(30)</b>
Acquisition of property, plant and equipment and intangible assets	(70)	(30)
<b>Net cash flows from financing activities, out of which</b>	<b>6 493</b>	<b>405</b>
Proceeds from issues of shares net of conversion of bonds	3 735	-
Share issue transaction costs	(209)	-
Issue of bonds	3 000	-
Other cash flows (issue and reimbursement of debt...)	(33)	405
<b>Effect of variations in foreign exchange rates</b>	<b>(3)</b>	<b>(1)</b>
<b>Increase (decrease) in cash</b>	<b>1 320</b>	<b>(5 736)</b>

## 2.3 Evolution of perspectives

The company will continue to advance its three clinical programs :

Development of Sarconeos in sarcopenia: Phase 2B clinical study, SARA-INT

The double-blind, placebo-controlled Phase 2b SARA-INT study will include approximately 334 patients. 7 centres are already opened in the United States and in Belgium, and the company is awaiting the authorizations from the French and Italian regulatory agencies. More than 200 patients have already been recruited in the SARA-OBS study, which includes 11 clinical centres in Europe (Belgium, France and Italy) and in the United States. 60 have completed the observational study and are ready to enter

the interventional study. The remaining patients will be recruited in 11 additional clinical centres. The company forecasts to complete recruitment in S1 2019.

#### Development of Sarconeos in Duchenne Muscular Dystrophy: MYODA clinical program

Sarconeos has already received the orphan drug status granted by the FDA and the EMA (European Medicines Agency) in the Duchenne Muscular Dystrophy. This status will allow Biophytis to benefit from numerous incentives for the development of its drug candidate, including a marketing exclusivity of 10 years in the European Community and 7 years in the USA. The company has requested the scientific advice from FDA and EMA regarding the clinical program, and expects to obtain regulatory approvals for the MYODA-PK study of safety and pharmacokinetics in patients in S1 2019.

#### Development of Macuneos in AMD: Phase 1/2a clinical study, MACA-PK

The company is currently conducting the industrial scale-up of the clinical lots of the Macuneos drug candidate. It intends to request the scientific advice from FDA and EMA in Q1 2019, and to obtain regulatory approvals for the MACA-PK study of safety and pharmacokinetics in healthy volunteers in S1 2019.

## 2.4 Events after the reporting period

### July 2018 :

Nomination of Dr Samuel Agus as a Medical Director, replacing Susanna Del Signore. Samuel Agus is based in Cambridge, Massachusetts (US), where the Company aims to develop its clinical staff in order to accompany the development and the follow-up of clinical studies in the United States. Doctor in Medicine (The Hebrew University of Jerusalem) and holder of two PhD in neurology and biostatistics from the Tel Aviv university, Samuel Agus has over 15 years of experience in the pharmaceutical industry. He has held leading positions and has a proven track record in clinical development within biotech and leading pharmaceutical companies such as Teva Pharmaceuticals Industries, Solvay Pharmaceuticals then Abbott Laboratories, Shire Pharmaceuticals and Lundbeck. Since April 2017 he has been Vice President of Hansa Medical AB.

### September 2018:

On September 10th, the Company entered into a venture loan agreement with Kreos Capital V (UK) LTD (« KREOS ») by signing a Bonds Issue Agreement for up to 10 M €, with issue of 442 477 warrants attached to the Tranche A (BSA<sub>2018-KREOS</sub>) and pledging on part of the Company's business assets in favour of KREOS.

- The agreement allow for raising up to 10 M € by an issue of non-convertible Bonds for a total nominal amount of up to 10 M€ with a par value of 1€ per bond, divided into 4 tranches of 2,5 M € each. The issue dates are established as at the contract signature date : the first two tranches shall be issued by September 30th 2018, the third and fourth tranches shall be issued in the 4th quarter of 2018 and first quarter of 2019, with the possibility to postpone one of the issues to the second quarter of 2019. The nominal interest rate of each tranche is 10% per annum. The tranches shall be repaid in accordance with a 36-month amortisation schedule, following the nominal amount grace period, starting from April 2019. Tranches A and B were issued on 10th September.
- Each warrant (BSA<sub>2018-KREOS</sub>) issued in favour of KREOS in the scope of the Tranche A gives the right to subscribe to one new share of the Company. The warrants are exercisable within 7 years period starting from their emission date, at an exercise price of 2,67 €.
- A pledge on part of the Company's goodwill has been granted on September 10th.

## **2.5 Risk factors and transactions with related parties**

### **2.5.1 Risk factors**

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The risk factors are of the same nature as those described in the chapter 4 « Risk Factors» of the Reference Document, filed with the AMF on July 23rd 2018 under the number R.18-0058.

### **2.5.2 Transactions with related parties**

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The transactions with related parties are of the same nature as those described in the chapter 19 «Operations with related parties» of the Reference Document.

### 3. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2018 PREPARED IN ACCORDANCE WITH IFRS

#### 3.1 Consolidated Statement of Financial Position

(in thousands of euros)	NOTES	31/12/2017	30/06/2018
<b>ASSETS</b>			
Patents and Software	3	2 009	1 955
Property, Plant and Equipment	4	313	285
Other non-current financial assets		190	119
<b>Total non-current assets</b>		<b>2 512</b>	<b>2 359</b>
Other receivables	5	3 578	4 803
Cash and cash equivalents	6	19 857	14 121
<b>Total current assets</b>		<b>23 435</b>	<b>18 924</b>
<b>TOTAL ASSETS</b>		<b>25 947</b>	<b>21 283</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	7	2 693	2 693
Share Premium		44 708	44 708
Treasury Shares		(138)	(182)
Foreign currency translation reserve		(0)	(6)
Other reserves attributable to owners of Biophytis SA		(14 636)	(25 844)
Retained earnings attributable to owners of Biophytis SA		(11 408)	(5 690)
<b>Equity attributable to owners of Biophytis SA</b>		<b>21 219</b>	<b>15 679</b>
Non-Controlling Interests		(31)	(31)
<b>Total Equity</b>		<b>21 188</b>	<b>15 648</b>
<b>Liabilities</b>			
Employee benefit obligations		114	140
Non-current financial liabilities	9	708	1 003
<b>Total non-current liabilities</b>		<b>822</b>	<b>1 143</b>
Current financial liabilities	9	305	383
Trade and other payables	10.1	2 401	2 920
Tax and employee-related liabilities	10.2	1 118	1 109
Other sundry creditors		113	80
<b>Total current liabilities</b>		<b>3 937</b>	<b>4 492</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25 947</b>	<b>21 283</b>

### 3.2 Consolidated Statement of Profit and Loss

(in € 000, except for the amounts relative to shares)		30/06/2017 6 months	30/06/2018 6 months
	NOTES		
Revenue		-	-
Cost of Sales		-	-
<b>Gross Profit</b>		-	-
Research and Development Costs, net	11.1	(2 912)	(4 136)
General and Administrative Expenses, net	11.2	(1 247)	(1 542)
<b>Operating Profit</b>		<b>(4 159)</b>	<b>(5 678)</b>
Finance Cost		(1 580)	(21)
Finance Income		16	9
Changes in fair value of derivative financial liabilities		710	-
<b>Finance income (expenses), net</b>	12	<b>(854)</b>	<b>(12)</b>
<b>Loss before income tax</b>		<b>(5 013)</b>	<b>(5 690)</b>
Income tax expense		-	-
<b>Net loss</b>		<b>(5 013)</b>	<b>(5 690)</b>
<i>Attributable to the owners of Biophytis</i>		<i>(5 013)</i>	<i>(5 690)</i>
<i>Non-controlling interests</i>		<i>0</i>	<i>0</i>
Weighted average number of shares in circulation		7 078 774	13 463 413
<b>Basic earnings per share (€/share)</b>	13	<b>(0,71)</b>	<b>(0,42)</b>
<b>Diluted earnings per share (€/share)</b>	13	<b>(0,71)</b>	<b>(0,42)</b>

### 3.3 Consolidated Statement of Comprehensive Income

(in thousands of euros)		30/06/2017 6 months	30/06/2018 6 months
<b>Net loss</b>		<b>(5 013)</b>	<b>(5 690)</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Actuarial differences		15	(11)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
FX conversion differences		(3)	(6)
<b>Total comprehensive loss</b>		<b>(5 001)</b>	<b>(5 707)</b>
<i>Attributable to the owners of Biophytis</i>		<i>(5 001)</i>	<i>(5 707)</i>
<i>Non-controlling interests</i>		<i>(0)</i>	<i>(0)</i>

### 3.4 Consolidated Statement of Changes in Equity

(in € 000, except for the amounts relative to shares)	NOTES	Capital – number of shares	Share Capital	Share Premium	Reserves and Retained Earnings	FX Translation Reserves	Treasury Shares	Equity attributable to shareholders	Non-controlling Interests	Total Equity
<b>Balance at 31 December 2016</b>		<b>6 223 501</b>	<b>1 245</b>	<b>19 583</b>	<b>(16 124)</b>	<b>4</b>	<b>(158)</b>	<b>4 550</b>	<b>(30)</b>	<b>4 520</b>
Loss for the 6 months ended 30 June 2017		-	-	-	(5 013)	-	-	(5 013)	0	(5 013)
Other comprehensive Income/(loss)		-	-	-	15	(3)	-	12	(0)	12
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 998)</b>	<b>(3)</b>	<b>-</b>	<b>(5 001)</b>	<b>(0)</b>	<b>(5 001)</b>
Issue of shares		1 310 431	262	3 473	-	-	-	3 735	-	3 735
Conversion of bonds		1 385 085	277	3 284	-	-	-	3 561	-	3 561
Issue of share purchase warrants (BSA) attached to bonds		-	-	-	215	-	-	215	-	215
Acquisition of treasury shares		-	-	-	(24)	-	11	(13)	-	(13)
Share-based payments	8	-	-	-	191	-	-	191	-	191
Transaction costs related to issue of shares		-	-	(209)	-	-	-	(209)	-	(209)
<b>Balance at 30 June 2017</b>		<b>8 919 017</b>	<b>1 784</b>	<b>26 131</b>	<b>(20 740)</b>	<b>1</b>	<b>(147)</b>	<b>7 029</b>	<b>(30)</b>	<b>6 999</b>
<b>Balance at 31 December 2017</b>		<b>13 463 413</b>	<b>2 693</b>	<b>44 708</b>	<b>(26 044)</b>	<b>(0)</b>	<b>(138)</b>	<b>21 219</b>	<b>(31)</b>	<b>21 188</b>
Loss for the 6 months ended 30 June 2017		-	-	-	(5 690)	-	-	(5 690)	0	(5 690)
Other comprehensive income/(loss)		-	-	-	(11)	(6)	-	(17)	-	(17)
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 701)</b>	<b>(6)</b>	<b>-</b>	<b>(5 707)</b>	<b>0</b>	<b>(5 707)</b>
Acquisition of treasury shares		-	-	-	(28)	-	(44)	(72)	-	(72)
Share-based payments	8	-	-	-	239	-	-	239	-	239
<b>Balance at 30 June 2018</b>		<b>13 463 413</b>	<b>2 693</b>	<b>44 708</b>	<b>(31 534)</b>	<b>(6)</b>	<b>(182)</b>	<b>15 679</b>	<b>(31)</b>	<b>15 648</b>

### 3.5 Consolidated Statement of Cash Flows

(in thousands of euros)	NOTES	30/06/2017 6 months	30/06/2018 6 months
<b>Cash flows from operating activities</b>			
<b>Net loss</b>		<b>(5 013)</b>	<b>(5 690)</b>
Depreciation and amortisation of PPE and intangible assets	3, 4	100	111
Provisions for impairment (net of reversals)		6	16
Share-based payment expense	8	193	240
Gross finance interests paid		1	3
Changes in fair value of derivatives		(710)	-
Interest received from deposit accounts		(2)	(6)
Others (actuarial differences, amortised cost impact...)		1 498	(29)
<b>Cash flows from operating activities before changes in working capital</b>		<b>(3 927)</b>	<b>(5 355)</b>
<b>(-)changes in working capital (net of impairment of accounts receivable)</b>		<b>1 173</b>	<b>755</b>
<i>(Decrease) increase in other non-current financial assets</i>		(0)	(0)
<i>(Decrease) Increase in other receivables</i>		600	1 226
<i>Decrease (increase) in supplier debt and other payables</i>		536	(513)
<i>Decrease (increase) in tax and employee-related payables</i>		(30)	9
<i>Decrease (increase) in other payables and sundry creditors</i>		67	33
<b>Net cash flows used in operating activities</b>		<b>(5 100)</b>	<b>(6 110)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets	3, 4	(70)	(30)
<b>Net cash flows used in investing activities</b>		<b>(70)</b>	<b>(30)</b>
<b>Net cash flows from financing activities</b>			
Proceeds from issues of shares net of conversion of bonds		3 735	-
Share issue transaction costs		(209)	-
Proceeds from reimbursable advances net of reimbursements	9.1	(1)	442
Proceeds from borrowings, net of reimbursements	9.3	(15)	(15)
Gross finance interests paid		(1)	(4)
Issue of bonds	9.2	3 000	-
Interest received from deposit accounts		2	6
Finance lease reimbursements	9.4	(22)	(23)
Change in current bank overdrafts	9	4	(1)
<b>Net cash flows from financing activities</b>		<b>6 493</b>	<b>405</b>
Effect of variations in foreign exchange rates		(3)	(1)
<b>Increase (Decrease) in cash and cash equivalents</b>		<b>1 320</b>	<b>(5 736)</b>
Cash and cash equivalents at the beginning of the period	6	3 066	19 857
Cash and cash equivalents at the end of the period	6	4 386	14 121

### 3.6 Notes to the Interim Condensed Consolidated Financial Statements

*(Unless otherwise stated, amounts in this Interim Condensed Consolidated Financial Statements are presented in thousands of euros. Certain amounts may be rounded for the purpose of calculating financial information contained in the financial statements. As a result, the totals in some tables may not exactly match the sum of the previous figures).*

#### Note 1 : General Information about the Company

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Created in September 2006, Biophytis is a biopharmaceutical company that develops potential new classes of drugs to treat degenerative diseases related to ageing, especially those affecting muscular and visual functions.

Biophytis is a limited liability company and its registered office is located at 14, Avenue de l'Opéra, 75001 Paris, France (Number of the Trade and Companies Register: 492 002 225 RCS).

Biophytis and its subsidiaries are referred to hereinafter as "Biophytis", the "Company" or the "Group".

The following information constitutes the notes to the interim condensed consolidated financial statements for the 6 months ended 30 June 2018 with comparative information for the six months ended 30 June 2017.

The interim condensed consolidated financial statements of Biophytis or the "Financial Statements" have been prepared under the responsibility of the Management of the Company and have been authorised for publication by the Board of Directors on October 18 2018.

#### Note 2 : Accounting principles, rules and methods

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##### 2.1 Declaration of compliance

The Group has prepared its interim condensed consolidated financial statements for the six months ended 30 June 2018 in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by European Union as of the date of preparation of the financial statements, for the entirety of presented reporting periods.

These standards, available on the European Commission's web site, refer to international accounting standards (IAS and IFRS) and interpretative committee interpretations (IFRS Interpretations Committee (IFRS IC) and Standing Interpretations Committee (SIC)).

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, as published by International Accounting Standards Board (IASB).

IAS 34 allows for presenting a condensed set of notes to the financial statements. The interim condensed consolidated financial statements do not include the entirety of notes required for the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2017 («annual financial statements»).

## 2.2 Going concern

Despite the loss amounting 5.7 M€ recognized over the 1st half year of 2018, the Board prepared the interim accounts on the going concern basis.

As at 30 June 2018, the cash and cash equivalents amounted to 14,1 M€. The Company estimates that this amount is sufficient to cover its cash requirements for the following 12 months.

In order to cover the future financing requirements, the Company disposes of the following instruments :

- The credit facility signed in April 2017 with Bracknor Fund Limited (Note 9.2), allowing to raise up to €9 M of additional financing.
- The Bond Issue Agreement with Kreos Capital V (UK) LTD (« KREOS ») signed in September 2018 (Note 16) for the amount of up to 10 M €.

## 2.3 Accounting Principles

The accounting principles applied were the same as those applied for preparation of consolidated annual financial statements for the year ended 31 December 2017, except for the application of the new standards, amendments and interpretations adopted by the European Union, with mandatory adoption for the Group from January 1, 2018:

- IFRS 15 - Revenue from Contracts with Customers, including the published amendments
- IFRS 9 - Financial Instruments
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

None of these standards impacted the Group's interim condensed consolidated financial statements.

The following standards, amendments and interpretations, recently issued but not yet effective, could be applicable for the Group.

- IFRS 16 - Leases, mandatory application from January 1st 2019 ;
- IFRIC 23 - IFRIC 23 Uncertainty over Income Tax Treatments, not yet adopted in European Union as at 30 June 2018 ;
- Amendments to IAS 19 - amendment, curtailment or settlement of a benefit plan, not yet adopted in European Union as at 30 June 2018 ;

The Company is currently estimating the impact of the first-time adoption of these new standards. No significant impact on the financial statements is anticipated with the exception of the application of IFRS 16 that aligns the accounting treatment of operating leases with that already applied to finance leases (i.e. recognition in the balance sheet of future lease payments and the associated rights of use).

## 2.4 Conversion of the financial statements of foreign subsidiaries

The exchange rates used for preparing the consolidated financial statements are as follows:

FX RATE (currency for 1€)	Closing Rate		Average Rate	
	31/12/2017	30/06/2018	1st semester 2017	1st semester 2018
BRL	3,9729	4,4876	3,4393	4,1417

USD	1,1993	1,1658	1,0825	1,2108
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## 2.5 Use of judgements and estimates

For the purpose of preparation of interim condensed consolidated financial statements, the main judgments and estimates used by the Management, as well as the main underlying assumptions, are the same as those applied to the annual financial statements for the year ended 31 december 2017.

The estimates are made based on the going concern hypothesis, and to the extent of the information available at the time of making those estimates.

### Note 3 : Patents and software

(in thousands of euros)	Patents	Software	Total
<b>GROSS VALUE</b>			
Statement of financial position at 31 December 2017	2 300	6	2 306
Additions	-	6	6
Statement of financial position at 30 June 2018	2 300	12	2 312
<b>AMORTISATION</b>			
Statement of financial position at 31 December 2017	294	3	297
Charge for the period	59	1	60
Statement of financial position at 30 June 2018	353	4	357
<b>NET BOOK VALUE</b>			
At 31 december 2017	2 006	3	2 009
At 30 june 2018	1 947	8	1 955

No signs of losses of value were identified during the presented periods by way of application of the IAS 36.

#### Note 4 : Property, plant and equipment

(in thousands of euros)	Machinery and equipment	Machinery and equipment (finance lease)	Fixtures and fittings	Office and IT equipment and furniture	Total
<b>GROSS VALUE</b>					
<b>Statement of financial position at 31 December 2017</b>	<b>256</b>	<b>181</b>	<b>60</b>	<b>63</b>	<b>560</b>
Additions	10	-	-	14	24
Foreign exchange impact	(8)	-	(2)	(1)	(11)
<b>Statement of financial position at 30 June 2018</b>	<b>258</b>	<b>181</b>	<b>58</b>	<b>76</b>	<b>573</b>
<b>DEPRECIATION</b>					
<b>Statement of financial position at 31 December 2017</b>	<b>127</b>	<b>71</b>	<b>22</b>	<b>27</b>	<b>247</b>
Charge for the period	16	18	8	9	51
Foreign exchange impact	(9)	-	(1)	(0)	(10)
<b>Statement of financial position at 30 June 2018</b>	<b>134</b>	<b>89</b>	<b>29</b>	<b>36</b>	<b>288</b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2017</b>	<b>129</b>	<b>110</b>	<b>38</b>	<b>36</b>	<b>313</b>
<b>At 30 June 2018</b>	<b>124</b>	<b>92</b>	<b>29</b>	<b>40</b>	<b>285</b>

No signs of losses of value were identified during the presented periods by way of application of the IAS 36.

#### Note 5 : Other receivables

(in thousands of euros)	31/12/2017	30/06/2018
Research tax credit (1)	2 549	3 928
Competitive employment tax credits (CICE)	9	3
Value-added tax	709	587
Prepaid expenses	251	236
Suppliers - advance payments	49	38
Other	11	11
<b>Total other receivables</b>	<b>3 578</b>	<b>4 803</b>

**(1) The Research tax credit** at 30 June 2018 includes the research tax credit of the year 2017 (2 549 K€) and the estimated research tax credit for the first half of 2018 (1 379 K€). The Research Tax Credit is estimated on the bases of the expenses incurred and eligible for the tax credit.

In 2018, the Company has claimed the reimbursement of 2017 Research Tax Credit.

## Note 6 : Cash and cash equivalents

(in thousands of euros)	31/12/2017	30/06/2018
Bank accounts	9 856	4 121
Term deposits	10 001	10 000
<b>Total cash and cash equivalents</b>	<b>19 857</b>	<b>14 121</b>

At the end of reporting periods, the Company held two term deposits maturing within one month, with nominal values of €7,000K and €3,000K respectively.

## Note 7 : Capital

At 30 June 2018 the share capital amounts to 2 692 683 € and is divided into 13 463 413 shares totally paid, with a nominal value of 0,20 € each.

The share capital remained unchanged during the 1st half of 2018.

## Note 8 : Warrants and founders' warrants

### Warrants attributed to investors

#### Evolution of number of outstanding warrants

Type	Date of award	Number of outstanding warrants				30/06/2018	Maximum number of shares to be subscribed
		31/12/2017	Awarded	Exercised	Lapsed		
WARRANTS <sub>2015D</sub>	10/07/2015	189 748	-	-	-	189 748	189 748
<b>Total</b>		<b>189 748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189 748</b>	<b>189 748</b>

### Warrants (« BSA »)

#### Evolution of number of outstanding warrants

Type	Date of award	Number of outstanding warrants				30/06/2018	Maximum number of shares to be subscribed
		31/12/2017	Awarded	Exercised	Lapsed		
WARRANTS <sub>2015</sub>	04/08/2015	48 000	-	-	-	48 000	48 000
WARRANTS <sub>2017</sub>	21/07/2017	72 000	-	-	-	72 000	72 000
<b>Total</b>		<b>120 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120 000</b>	<b>120 000</b>

### Founder's warrants (« BSPCE »)

#### Evolution of number of outstanding warrants

Type	Date of award	Number of outstanding warrants				30/06/2018	Maximum number of shares to be subscribed
		31/12/2017	Awarded	Exercised	Lapsed		
Founder's warrants 2015-1	22/05/2015	152 000	-	-	-	152 000	152 000
Founder's warrants 2015-2	23/09/2015	384 500	-	-	-	384 500	384 500
Founder's warrants 2015-3	04/12/2015	20 000	-	-	-	20 000	20 000
Founder's warrants 2015-4	15/03/2016	39 700	-	-	-	39 700	39 700
Founder's warrants 2017-1	21/07/2017	227 000	-	-	-	227 000	227 000
Founder's warrants 2017-2	21/07/2017	127 000	-	-	-	127 000	127 000
<b>Total</b>		<b>950 200</b>	-	-	-	<b>950 200</b>	<b>950 200</b>

#### Share-based payment expense recognised for the 6 months ended 30 June 2017 and 30 June 2018

Type	30/06/2017				30/06/2018			
	Probable cost of plan to date	Accrued expense at opening	Expense for the financial year	Accrued expense to date	Probable cost of plan to date	Accrued expense at opening	Expense for the period	Accrued expense to date
Founder's warrants 2015-2	2 429	2 095	172	2 267	2 429	2 429	-	2 429
Founder's warrants 2015-3	78	67	6	73	78	78	-	78
Founder's warrants 2015-4	83	59	13	72	83	78	5	83
Founder's warrant 2017-1	-	-	-	-	347	188	80	269
Founder's warrants 2017-2	-	-	-	-	421	184	154	338
<b>Total</b>			<b>191</b>				<b>239</b>	

#### Note 9 : Financial liabilities and borrowings

(in thousands of euros)	31/12/2017	30/06/2018
Reimbursable advances	661	1 003
Finance leases	47	-
<b>Non-current financial liabilities</b>	<b>708</b>	<b>1 003</b>
Reimbursable advances	228	298
Other financial liabilities and borrowings	23	8
Finance leases	47	71
Bank overdrafts	7	6
<b>Current financial liabilities</b>	<b>305</b>	<b>383</b>
<b>Total financial liabilities</b>	<b>1 013</b>	<b>1 386</b>

Reconciliation of redemption value and balance sheet value

(in thousands of euros)	Redemption value		Amortised cost	<balance sheet value 30/06/2018
	31/12/2017	30/06/2018		
Reimbursable advances	966	1 408	(107)	1 301
Other financial liabilities and borrowings	23	8	-	8
Finance leases	94	71	-	71
Bank overdrafts	7	6	-	6
<b>Total financial liabilities</b>	<b>1 090</b>	<b>1 493</b>	<b>(107)</b>	<b>1 386</b>

Breakdown of financial liabilities by maturity, in reimbursement value

(in thousands of euros)	30/06/2018	Current		
		< 1 year	1 to 5 years	> 5 years
Reimbursable advances	1 408	304	1 104	-
Other financial liabilities and borrowings	8	8	-	-
Finance leases	71	71	-	-
Bank overdrafts	6	6	-	-
<b>Total financial liabilities</b>	<b>1 493</b>	<b>389</b>	<b>1 104</b>	<b>-</b>

## 9.1 Reimbursable advances

(in thousands of euros)	OSEO - Quinolia	OSEO- Sarcob	BPI - BIO 101	Total
<b>At December 31 2017</b>	<b>114</b>	<b>228</b>	<b>547</b>	<b>889</b>
(+) Collection	-	-	500	500
(-) Reimbursement	(45)	(13)	-	(58)
Grants	-	-	(45)	(45)
Financial charge	3	3	9	15
<b>At 30 June 2018</b>	<b>72</b>	<b>218</b>	<b>1 011</b>	<b>1 301</b>

On June 5th 2018, the Company received 500 K€ from BPI France in the scope of reimbursable advances for “production of clinical batches, in the preclinical regulatory phase and clinical phase 1 of BIO101, for the treatment of sarcopenic obesity”.

## 9.2 Bonds

### **Bonds redeemable in cash or new or existing shares, with warrants (« ORNANEBSA ») issued to the benefit of Bracknor Fund Limited.**

On April 3rd 2017, the Company signed a credit facility contract of bonds redeemable in cash or new or existing shares ORNANEBSA with Bracknor Fund allowing to raise up to €15 M at the Company’s discretion.

The Board of Directors decided to issue :

- The first tranche of 300 ORNANEBSA and 30 ORNANE as a commitment fee, on may 15th 2017 ;
- The second tranche of 300 ORNANEBSA on July 7th 2017.

The Company did not issue any tranches of ORNANEBSA in the course of the 1st six months of 2018.

As at 30 June 2018, the Company has the possibility to issue 900 additional warrants in favour of Bracknor Fund Limited, which may give rise to a bond issue for an additional maximum amount of €9 M provided that the previous tranche issued is fully repaid.

### 9.3 Debt with lending institutions

(in thousands of euros)	OSEO – Equity loan
<b>At 31 december 2017</b>	<b>23</b>
(-) Reimbursement	(15)
<b>At 30 june 2018</b>	<b>8</b>

### 9.4 Finance lease liabilities

(in thousands of euros)	Financial debt – Finance lease contracts	Current	Non-current	
			1 to 5 years	> 5 years
<b>At 31 december 2017</b>	94	47	47	-
(-) Reimbursement	(23)			
<b>At 30 june 2018</b>	<b>71</b>	<b>71</b>	-	-

### Note 10 : Other current liabilities

#### 10.1 Trade and other payables

(in thousands of euros)	31/12/2017	30/06/2018
Research and development suppliers	2 032	2 265
G&A suppliers	369	655
<b>Total trade and other payables</b>	<b>2 401</b>	<b>2 920</b>

#### 10.2 Tax and employee-related liabilities

(in thousands of euros)	31/12/2017	30/06/2018
Employee-related payables	375	499
Social security and other social institutions	478	365
Other taxes and similar expenses	265	245
<b>Total tax and employee-related liabilities</b>	<b>1 118</b>	<b>1 109</b>

### Note 11 : Operating expenses by function

#### 11.1 Research and development costs

(in thousands of euros)	30/06/2017	30/06/2018
Staff costs	(850)	(1 540)
Other purchases and external expenses	(3 000)	(3 927)
Other	(86)	(93)
<b>Research and development costs</b>	<b>(3 936)</b>	<b>(5 560)</b>
Research tax credit	1 019	1 379
Subsidies	5	45
<b>Subsidies</b>	<b>1 024</b>	<b>1 424</b>
<b>Research and development costs, net</b>	<b>(2 912)</b>	<b>(4 136)</b>

## 11.2 General and administrative expenses

(in thousands of euros)	30/06/2017	30/06/2018
Staff costs	(452)	(691)
Other purchases and external expenses	(750)	(831)
Other	(44)	(20)
<b>General and administrative expenses</b>	<b>(1 247)</b>	<b>(1 542)</b>

## 11.3 Staff costs

(in thousands of euros)	30/06/2017	30/06/2018
Salary and social charges	(1 109)	(1 991)
Share-based payments	(193)	(240)
<b>Total staff costs</b>	<b>(1 302)</b>	<b>(2 231)</b>

The average number of employees was 19 during the 1st half of 2018 and 13 during the 1st half of 2017.

## Note 12 : Finance income (expenses), net

(in thousands of euros)	30/06/2017	30/06/2018
Other finance costs	(24)	(19)
Amortised costs of debt liabilities	(1 545)	-
Changes in fair value of derivative financial liabilities	710	-
Other finance income	2	6
Foreign exchange gains and losses	3	1
<b>Finance income (expenses), net</b>	<b>(854)</b>	<b>(12)</b>

The decrease of finance expenses can be explained by absence of drawings of the credit facility with Bracknor Fund Limited (ORNANEBSA) during the first half of 2018. According to IAS 39, the debt component had been evaluated according to the amortised cost method, the conversion option being accounted as derivative financial liability. The discount of 8%, assimilated to an inherent redemption premium, had been equally recognized as a finance cost.

## Note 13 : Earnings per share

	30/06/2017	30/06/2018
Weighted average number of outstanding shares	7 078 774	13 463 413
Net profit of the period (in thousands of euros)	(5 013)	(5 690)
<b>Basic earnings per share (€/share)</b>	<b>(0,71)</b>	<b>(0,42)</b>
<b>Diluted earnings per share (€/share)</b>	<b>(0,71)</b>	<b>(0,42)</b>

## Note 14 : Related parties

### 14.1 Remuneration of Officers and Management

(in thousands of euros)	30/06/2017	30/06/2018
Fixed remuneration	366	518
Variable remuneration	83	147
Benefits in kind	6	10
Attendance fee	27	61
Share based payments	193	211
<b>Total remuneration of managers</b>	<b>675</b>	<b>947</b>

### Note 15 : Off-balance sheet commitments

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Within the scope of the « *venture loan agreement* » signed with Kreos Capital V (UK) LTD (« KREOS »), the Company granted the following commitments and collaterals to KREOS (Note 16. Events after the reporting period):

- The pledging of part of the Company's goodwill in favour of KREOS.
- Commitment of the Company not to attract financial debt without the preliminary autorisation of KREOS, except for (a) loans amounting less than 100 K€ in the scope of financing of the current activities of the Company ; (b) advances from BPI France (or other public organisations) to finance the research and development (c) debt resulting from the sales or leasing of real property.
- Commitment of the Company not to grant a pledge on the remaining goodwill, without obtaining the preliminary authorisation of KREOS .

Other off-balance sheet commitments at 31 December 2017 have not changed significantly over the reporting period.

### Note 16 : Events after the reporting period

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#### **September 2018:**

On September 10th, the Company entered into a venture loan agreement with Kreos Capital V (UK) LTD (« KREOS ») by signing a Bonds Issue Agreement for up to 10 M €, with issue of 442 477 warrants attached to the Tranche A (BSA<sub>2018-KREOS</sub>) and pledging on part of the Company's business assets in favour of KREOS.

- The agreement allow for raising up to 10 M € by an issue of non-convertible Bonds for a total nominal amount of up to 10 M€ with a par value of 1€ per bond, divided into 4 tranches of 2,5 M € each. The issue dates are established as at the contract signature date : the first two tranches shall be issued by September 30th 2018, the third and forth tranches shall be issued in the 4th quarter of 2018 and first quarter of 2019, with the possibility to postpone one of the issues to the second quarter of 2019. The nominal interest rate of each tranche is 10% per annum. The tranches shall be repaid in accordance with a 36-month amortisation schedule, following the nominal amount grace period, starting from April 2019. Tranches A and B were issued on 10th September.
- Each warrant (BSA<sub>2018-KREOS</sub>) issued in favour of KREOS in the scope of the Tranche A gives the right to subscribe to one new share of the Company. The warrants are exercisable within 7 years period starting from their emission date, at an exercise price of 2,67 €.
- A pledge on part of the Company's goodwill has been granted on September 10th.

## 4. INDEPENDENT AUDITORS' REPORT ON THE LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

This is a translation into English of the statutory auditors' review report on the condensed consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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Membre de la compagnie régionale de Versailles

Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

Biophytis  
Period from January 1 to June 30, 2018

### Statutory auditors' review report on the condensed consolidated financial statements

To the President of Biophytis,

In our capacity as statutory auditors of Biophytis and in accordance with your request, we have performed a review of the condensed consolidated financial statements for the period from January 1 to June 30, 2018.

The preparation of these condensed consolidated financial statements is the responsibility of your Board of Directors. Our role is to express a conclusion on these condensed consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. A review 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to note 2.2 "Continuité d'exploitation" which discloses the assumptions used underlying the application of the going concern principle.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim or dispute resulting from our engagement letter or the present report, or any related matters. Each party irrevocably

waives its right to oppose any action brought before French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Neuilly-sur-Seine and Paris-La Défense, October 18, 2018

The Statutory Auditors

GRANT THORNTON  
French Member of Grant Thornton International  
Laurent Bouby

ERNST & YOUNG et Autres  
Frédéric Martineau