Press Release

Poxel Reports Financial Results for Full Year 2022 and Provides Corporate Update

- **The Company announced today the extension of the cash runway through Q2 2025 based upon a debt restructuring agreement and a new equity-linked financing facility**
- **Restructuring of the Company's debt postpones initiation of repayments until Q1 2025, to be repaid with positive net royalty[1] flow to Poxel anticipated to start in Sumitomo Pharma's FY2024 [2] based on the strong growth trajectory of TWYMEEG® (Imeglimin) sales**
- **TWYMEEG sales in Japan grew 90% over the prior quarter, leading to a 20% increase of the fiscal year 2022[3] forecast[4]**
- **Company actively pursuing additional financing to initiate adrenoleukodystrophy (ALD) Phase 2 Proof-of-Concept (POC) studies**
- **Phase 2 NASH Trial (DESTINY-1) for PXL065 met its primary efficacy endpoint for liver fat content reduction at 36 weeks for all doses**
- **As of December 31, 2022, cash and cash equivalents were EUR 13.1 million (USD 14 million)[5], with cash runway through Q2 2025**

The management team will host webcast conference calls **today; March 23** at:
- **1:00 pm CET, Paris time** (8:00 am ET) in **French** and
- **9:45 am ET, New York time** (2:45 pm CET) in **English**.

A presentation will be available on Poxel's website in the Investor section.

To register for the webcast in **French**:
https://app.livestorm.co/newcap-1/presentation-des-resultats-annuels-2022-de-poxel?type=detailed

To register for the webcast in **English:**
https://app.livestorm.co/newcap-1/duplicata-presentation-of-poxel-and-39s-2022-full-year-results-copie?type=detailed

LYON, France, March 23, 2023 – POXEL SA (Euronext: POXEL - FR0012432516), a clinical stage biopharmaceutical company developing innovative treatments for

[1] First 8% of royalties on net sales of Imeglimin are paid to Merck Serono. Net royalties above 8% retained by Poxel.
[2] Sumitomo Pharma fiscal year 2024 ends March 31, 2025.
[3] Sumitomo Pharma fiscal year 2022 ends March 31, 2023.
[4] As per Sumitomo Pharma forecast published on January 31, 2023.
[5] Currency exchange rate at December 31, 2022.

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serious chronic diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare metabolic disorders, today announced its results for the year ended December 31, 2022 and provided a corporate update.

"This past September marked the anniversary of the first year of commercialization of TWYMEEG, our first approved drug, for type-2-diabetes patients in Japan. We have observed a strong growth trajectory in sales in the past few months, that led our partner to increase its full year 2022 forecast by 20%, and also gives us better visibility on our future royalties and royalty rate, which we expect will increase to 10% during Sumitomo Pharma's fiscal year 2024. The year has also been important for Poxel''s development, as we completed our Phase II study in NASH for PXL065, with positive results that opens the way to further development with potential partners. There have been several positive developments in NASH over the past few months, and it is very encouraging for the field, as there still is no approved medicine for patients," stated Thomas Kuhn, Chief Executive Officer of Poxel. *"Given the momentum of TWYMEEG sales and the potential of our development pipeline, we are pleased that the successful restructuring of our debt, concurrently with a new equity-linked financing, will significantly extend our cash runway through Q2 2025. We are actively working to finalize other additional financing, including ongoing partnership discussions, to be able to advance our rare diseases strategy, starting with our ALD studies."*

Commercial Update

TWYMEEG® (Imeglimin)

- For the quarter ended December 2022, TWYMEEG sales[6] in Japan increased 90% to JPY 0.8 billion (EUR 5.5 million)[5] over the prior quarter sales of JPY 0.4 billion (EUR 2.9 million)[5] as reported by Sumitomo Pharma (Sumitomo).
- The recent acceleration in sales reflects both the end of initial launch year restrictions for TWYMEEG in September 2022, which limited new products to two weeks prescriptions, and Sumitomo's commercial efforts to leverage TWYMEEG's potential. Due to its unique mechanism of action and safety profile, TWYMEEG can be used both in combination with other treatments, such as DPP4i's and SGLT2i's, which are the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy.
- Based on recent sales trends, Sumitomo has increased its fiscal year 2022[3] forecast by 20% to JPY 1.8 billion[6] (EUR 12.8 million)[5].
- For the Sumitomo fiscal year 2023 (ending March 31, 2024), as a conservative assumption, Poxel expects to receive 8% royalties on TWYMEEG net sales.
- Before the end of Sumitomo's fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million)[5] entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million)[5]. Beyond 2024, Poxel

[6] Sumitomo Pharma reports gross sales.

expects to receive escalating double-digit royalties as well as additional sales-based payments upon achievement of contractually based sales thresholds.

- As part of the Merck Serono licensing agreement, Poxel will pay Merck Serono a fixed 8% royalty based on the net sales of TWYMEEG, independent of the level of sales.
- For territories not covered by its agreement with Sumitomo, Poxel is in ongoing discussions with various potential partners for Imeglimin, including in India, where local companies have recently received approval and have launched Imeglimin. At the date of this press release, no agreement has been established, and Poxel continues to be committed to asserting its rights in connection with its assets.

Clinical Development Updates

Rare metabolic diseases

Adrenoleukodystrophy (ALD)

- In ALD, PXL770 is prepared to advance into a Phase 2a biomarker POC clinical trial in male patients with adrenomyeloneuropathy (AMN), the most common ALD subtype. The 12-week study will evaluate pharmacokinetics, safety and potential for efficacy based on relevant disease biomarkers, such as the effect on very long chain fatty acids (VLCFA), the characteristic plasma marker of the disease. Considering the DESTINY-1 results for PXL065 in NASH, which validated the deuterium-modified thiazolidinedione (TZD) platform, a second identical study is planned to assess the potential of the deuterium-modified TZD platform with PXL065 in ALD. Both ALD studies are poised to initiate, subject to additional financing.
- The European Commission granted orphan drug designation (ODD) for PXL770 and PXL065 for the treatment of ALD. The U.S. Food and Drug Administration (FDA) has previously granted ODD and Fast Track Designation to both PXL770 and PXL065 for the treatment of ALD.

Autosomal-dominant polycystic kidney disease (ADPKD)

- PXL770 was granted ODD by the U.S. FDA for the treatment of patients with ADPKD.
- Preclinical study results in ADPKD for PXL770 that support Phase 2 development in this indication were recently published in the life sciences journal, *Kidney International*. To access the online publication, please use the following link: A novel direct adenosine monophosphate kinase activator ameliorates disease progression in preclinical models of Autosomal Dominant Polycystic Kidney Disease. (kidney-international.org)

NASH

- Positive topline results were announced for the Phase 2 trial for the treatment of NASH (DESTINY-1) for PXL065 stating that the primary efficacy endpoint was met. PXL065-treated patients achieved statistically significant improvements in the relative decrease in liver fat content measured by magnetic resonance imaging estimated proton density fat fraction (MRI-PDFF) at 36-weeks for all doses. Histology findings from paired liver biopsies showed strong improvement in fibrosis without worsening of NASH, consistent with dose-dependent reduction of all biomarkers related to fibrinogenesis and fibrosis risk scores. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed. PXL065 was observed to be safe and well tolerated with no dose-dependent increase in body weight and no increased lower extremity edema vs. placebo. The safety profile is consistent with reduced PPARγ-mediated side effects vs. published results of pioglitazone.

- Positive results for DESTINY-1 (Deuterium-stabilized R-pioglitazone [PXL065] Efficacy and Safety Trial In NASH), a 36-week dose-ranging Phase 2 trial, were recently published by *Journal of Hepatology*. The online publication can be accessed with the following link: Evaluation of PXL065 – Deuterium-Stabilized (R)-Pioglitazone in NASH Patients: a Phase 2 randomized placebo-controlled trial (DESTINY-1) - Journal of Hepatology (journal-of-hepatology.eu)

Corporate Update

- In 2022, Poxel initiated a corporate savings plan which includes a significant workforce reduction. This savings plan aims to adapt the Company's resources to the current clinical development plan while preserving critical resources and competencies.
- In December, the Company announced the drawdown of the remaining two tranches, representing a total of EUR 2 million of the redeemable bonds as part of the first equity-linked financing facility with IRIS set up in August 2022.

Significant Events after the Period

- Today the Company announced that it has finalized (1) agreements with its lenders to restructure its existing debt facility and (2) a new equity-linked financing with IRIS, including an initial drawdown of EUR 3.5 million. With these agreements, assuming a full drawdown of the new equity-linked financing facility, the Company has extended its cash runway and expects to fund its operations and capital expenditure requirements through Q2 2025.
    - The Company has finalized agreements with its lenders, IPF, and the banks that are part of the French Government Guarantee Loan (PGE Loan), to restructure its existing debt. In both agreements, amortization payments under the existing debt facility are postponed to reinitiate

when the Company expects to start receiving positive net royalty[1] flows from TWYMEEG® (Imeglimin) sales in Japan. Before the end of Sumitomo's fiscal year 2024 (ending March 31, 2025), Poxel expects TWYMEEG net sales in Japan to reach JPY 5 billion (EUR 35.6 million)[5], entitling Poxel to receive 10% royalties on all TWYMEEG net sales and a sales-based payment of JPY 500 million (EUR 3.6 million)[5]. Based on the conservative forecast agreed upon by the Company and its lenders, amortization payments would be postponed until Q1 2025. Positive net royalties and sales-based payments will be directed to the debt reimbursement until its loans are fully repaid, which the Company expects in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Company.

  - Concurrently, the Company has entered into a new equity-linked financing arrangement with IRIS in the form of bonds redeemable for new or existing shares, in order to provide additional liquidity and flexibility intended to support its ongoing regulatory and development activities, as well as general corporate purposes. An initial amount of EUR 3.5 million has been drawn down, and the Company has the option, at its sole discretion subject to certain condition precedent, to draw additional tranches for up to a total of EUR 15 million over 2 years. Upon conversion of the equity-linked instruments, IRIS will be issued Poxel shares to be created from the Company's authorized capital and/or will receive existing ordinary shares of the Company, and is expected to sell these shares on the market or in block trades.

- As part of refocusing its activities, the Company has reviewed the organization of its Board of Directors. As of March 31, 2023, Poxel's Board of Directors will be comprised of 4 current members: Khoso Baluch as new Chairman of the Board, Thomas Kuhn as CEO of Poxel, Pascale Boissel and Richard Kender as independent members. Board members Pierre Legault, Janice Bourque, and Kumi Sato will resign from the Board and transition to a new Board advisory committee, along with former director John Kozarich, and will continue to provide their expertise to assist the Company in all its activities.

Financial Statements for Full Year 2022 (IFRS Standards)

Income statement

EUR (in thousands)	**FY 2022 12 months**	**FY 2021 12 months***
Revenue	674	13,397
Cost of sales	(672)	(59)
Gross margin	2	13,339
Net research and development expenses**	(12,449)	(25,174)
General and administrative expenses	(9,443)	(10,627)
Operating income (loss)	(21,890)	(22,463)
Financial income (expenses)	(9,509)	(1,297)
Income tax	(2)	(2)
Net income (loss)	**(31,398)**	**(23,763)**

** Change in accounting policies related to the application of IFRIC decision dated April 20, 2021*
***Net of R&D tax credit.*
The audit procedures are ongoing.

Poxel reported revenues of EUR 0.674 million for the year ended December 31, 2022, as compared to EUR 13.4 million during the corresponding period in 2021, which mainly reflected the EUR 13.2 million milestone payment for the approval of TWYMEEG in Japan on June 23, 2021.

Revenue for 2022 mainly consists of JPY 95 million (EUR 0.673 million) of royalty revenue from Sumitomo Pharma which represents 8% of TWYMEEG net sales in Japan. Based on its current forecast, Poxel expects to receive 8% royalties on TWYMEEG net sales in Japan through the Sumitomo Pharma fiscal year 2022 (April 2022 to March 2023). As part of the Merck Serono licensing agreement, Poxel will pay Merck Serono a fixed 8% royalty based on the net sales of Imeglimin, independent of the level of sales.

Cost of sales amounted to EUR 0.672 million, corresponding to the 8% royalties on net sales of Imeglimin in Japan due to Merck Serono, as part of the Merck Serono license agreement.

R&D expenses totaled EUR 12.4 million in 2022, as compared to EUR 25.2 million in 2021. R&D expenses in 2022 primarily reflect the clinical study costs incurred for the Phase 2 DESTINY-1 study evaluating PXL065 in NASH.

R&D costs are net of the R&D Tax Credit (CIR) and other subsidies that resulted in income of EUR 1.5 million in 2022, as compared to EUR 2.3 million in 2021.

General and administrative expenses totaled EUR 9.4 million in 2022, as compared to EUR 10.6 million in 2021.

The financial loss amounted to EUR 9.5 million in 2022, as compared to a loss of EUR 1.3 million in 2021. It primarily reflects the interests and fees attached to the Company indebtedness.

The net result for the financial period ending December 31, 2022 was a net loss of EUR 31.4 million, as compared to a net loss of EUR 23.8 million in 2021.

Cash

As of December 31, 2022, total cash and cash equivalents were EUR 13,1 million (USD 14 million)[5] as compared to EUR 32.3 million at December 31, 2021. Net financial debt (excluding IFRS16 impacts and derivative instruments) amounted to EUR 29.5 million at December 31, 2022, compared to EUR 2.6 million at December 31, 2021.

EUR (in thousands)	**2022**	**2021**
Cash	13,058	28,753
Cash equivalents	-	3,534
Total cash and cash equivalents*	**13,058**	**32,287**

The audit procedures are ongoing.

**Net financial debt (excluding IFRS 16 impacts and derivative debts) was 29.5 million euros at the end of Q4 2022 (including debt obligations with IPF and the banks parts of the French PGE loan, as well as the equity-linked financing with IRIS) and EUR 2.6 million at the end of Q4 2021.*

Based on the debt restructuring announced today and:

i. its cash position of EUR 13.1 million at December 31, 2022,
ii. the full drawdown available under the new equity-linked financing with IRIS[7],
iii. its current research and development plan, excluding the initiation of Phase 2a POC biomarker studies for PXL770 and PXL065 in ALD, and
iv. a strict control of its operating expenses,

the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements through Q2 2025.

[7] The full drawdown of the new IRIS equity linked financing can be made at the Company's sole discretion, subject only to the condition described in today's separate press release under the paragraph "operation arrangements". Based on the initial drawdown of EUR 3.5 million only, the Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements until November 2023.

The Company is actively pursuing additional financing options, including ongoing active partnership discussions related to its programs, that will fund the launch of Phase 2a clinical POC biomarker studies for PXL065 and PXL770 in ALD.

Planned Presentations and Participation at the Following Upcoming Events:

- The NASH Renaissance event (virtual) hosted by Evercore ISI, March 30
- JMP Securities Life Sciences Conference, New York, NY, May 15-16

Next Financial Press Release: First Quarter 2023 and Financial Update, on May 17, 2023

About Poxel SA

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

For more information, please visit: www.poxelpharma.com

All statements other than statements of historical fact included in this press release about future events are subject to (i) change without notice and (ii) factors beyond the Company's control. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's control that could cause the Company's actual results or performance to be materially different from the expected results or performance expressed or implied by such forward-looking statements. The Company does not endorse or is not otherwise responsible for the content of external hyperlinks referred to in this press release.

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