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Poxel Reports Financial Update for Cash and Revenue for the Full Year 2019 and Provides Corporate Update

LYON, France--(BUSINESS WIRE)-- [POXEL SA](#) (Euronext: POXEL - FR0012432516), a biopharmaceutical company focused on the development of innovative treatments for metabolic disorders, including type 2 diabetes and non-alcoholic steatohepatitis (NASH), today announced its cash position and revenue for the twelve months ended December 31, 2019 and provided a corporate update.

"Last year we achieved many important milestones. Together with our partner, Sumitomo Dainippon Pharma, we successfully completed the Imeglimin Phase 3 Trials of **IM**eglimin for **Efficacy and Safety** (TIMES) program for the treatment of type 2 diabetes in Japan. Leading a Phase 3 clinical development program in Japan as a European-based company is a strong validation of the internal skills that we have continued to build," said Thomas Kuhn, CEO of Poxel. "We also made substantial progress in advancing our two programs for the treatment of NASH. PXL770 is being evaluated in a Phase 2a comprehensive proof-of-concept program designed to assess efficacy and safety in the target population. PXL065 successfully completed a Phase 1b trial and will soon be advancing into a Phase 2 study leveraging the 505(b)2 regulatory pathway, which has the opportunity to provide a streamlined and efficient development approach."

"As part of our corporate efforts focused on advancing the Company, in November 2019 we obtained additional funding in the form of a bond loan through IPF Partners for up to €30 million, of which €23.5 million is contingent on achieving milestones related to Imeglimin Phase 3 development and approval in Japan. This extends our cash runway into 2022 provided that we draw down the entire loan facility, a date that could potentially bring us through partner-related milestones as well as royalty income from Imeglimin sales in Japan," added Thomas Kuhn, CEO of Poxel.

"We expect 2020 to be filled with several important and transformational milestones. We will be working very closely with Sumitomo Dainippon Pharma on the Japanese new drug application (NDA) submission for Imeglimin and with Metavant in advancing the Imeglimin Phase 3 program in the US and Europe. For our NASH programs, we are looking forward to the results of the PXL770 pharmacokinetic and pharmacodynamic (PK/PD) trial and Phase 2a study as well as initiating a Phase 2 study for PXL065. We are also continuing to plan for future pipeline growth and are pursuing earlier-stage research and development opportunities," continued Thomas Kuhn, CEO of Poxel.

As of December 31, 2019, total cash and cash equivalents were €37.2 million (US \$41.8 million), as compared to €66.7 million (US \$76.4 million) as of December 31, 2018. Cash and cash equivalents net of financial liabilities (excluding lease and derivative debts) were €27.4 million as of December 31, 2019, as compared to €52.5 million as of December 31, 2018.

<i>EUR (in millions)</i>	Q4 2019	Q4 2018
Cash	18.2	7.3
Cash equivalents	19.0	59.4
Total cash and cash equivalents*	37.2	66.7

Unaudited data

**Cash and cash equivalents net of financial liabilities (excluding lease and derivative debts) were €52.5 million at the end of Q4 2018 and €27.4 million at the end of Q4 2019.*

FY19 revenue

Revenue for the year ended December 31, 2019 mostly reflects an allocated portion of the €36.0 million upfront payment received from Sumitomo Dainippon Pharma relating to the strategic corporate partnership announced on

October 30, 2017, as well as the Imeglimin Phase 3 program costs in Japan incurred during the year of 2019 that were re-invoiced to Sumitomo Dainippon Pharma. Both the allocated portion of the upfront payment and the re-invoiced costs of the Phase 3 Trials of Imeglimin for Efficacy and Safety (TIMES) program are recognized based on the percentage of completion of this program.

<i>EUR (in millions)</i>	FY	FY	FY
	2019	2018	2018
	12 months	12 months	12 months
		(adjusted)	(historical)
Roivant Agreement	0.3	8.2	8.2
Sumitomo Agreement	26.2	54.2	66.4
Other	0.1	-	-
Total revenues	26.6	62.4	74.6

Change in accounting policy resulting in an adjustment to the Sumitomo Dainippon Pharma partnership revenue recognition

The revenue under our strategic corporate partnership announced on October 30, 2017 with Sumitomo Dainippon Pharma is recorded in accordance with IFRS 15, which was adopted by the Company in 2017. For accounting purposes, the agreement is comprised of two separate performance obligations: (1) a license granted to Sumitomo Dainippon Pharma to develop, manufacture and sell the product and, (2) a development service. Originally, the transaction price was allocated to both performance obligations using the residual method, whereby the amount allocated to the service was based on an estimation of its standalone selling price and the amount allocated to the license was the difference between the transaction price and the estimated standalone value of the service.

In 2019, a review of the Company's accounting policies led to a change in the method used to allocate the transaction price of the Sumitomo Dainippon Pharma agreement to reflect a preferable method that has emerged in the biotech industry since our early adoption of IFRS 15. Under the revised allocation method, the standalone selling price of the license has also been estimated, and the total contract price has been allocated between the two performance obligations (license and service) in proportion to their respective estimated standalone selling prices (as opposed to applying the residual method). This change resulted in a higher amount allocated to the license, which is recognized at the time of its delivery in the fourth quarter of 2017, and a lower amount allocated to the service, which is recognized during the period from the fourth quarter of 2017 to-date.

Accordingly, the Company retrospectively recorded an adjustment of previously reported accounts in respect to revenue related to the partnership agreement with Sumitomo Dainippon Pharma. This change had the effect of accelerating the recognition of the revenue for the year ended December 31, 2017 and had the reverse effect for the years ended December 31, 2018 and December 31, 2019 as described below.

This change in accounting policy had no impact on our cash flows.

The impact on reported revenue is summarized below.

<i>EUR (in millions)</i>	FY	FY	FY	Cumulative
	2019	2018	2017	revenues
	12 months	12 months	12 months	2017-2019
				36 months
Roivant Agreement	0.3	8.2	-	8.5
Sumitomo Agreement	26.2	54.2	24.2	104.6
Other	0.1	-	-	0.1
Total revenues (adjusted)	26.6	62.4	24.2	113.2
Roivant Agreement	0.3	8.2	-	8.5
Sumitomo Agreement	31.9	66.4	5.3	103.6
Other	0.1	-	-	0.1
Total revenues (historical)	32.3*	74.6	5.3	112.2

**Proforma, as if the Company applied the residual method in FY19.*

Clinical Development Update

Imeglimin

- In November 2019, positive topline results for the Imeglimin Phase 3 trial (TIMES 3 36-weeks) for the treatment of type 2 diabetes in Japan were announced. Imeglimin, in combination with insulin, was observed to demonstrate consistent and sustained efficacy in the TIMES 3 36-week, open-label extension period.
- In December 2019, positive topline Phase 3 results from the Imeglimin Phase 3 TIMES 2 trial in Japan were announced. This trial met its key efficacy endpoint of HbA1c reduction, demonstrating how its unique dual mechanism of action was observed to show added efficacy benefits in combination with existing hypoglycemic agents.
- TIMES 2 was the third and final pivotal registration trial from the Phase 3 TIMES program and the Japanese NDA submission is on track for 2020.

PXL770

- A Phase 2a study for PXL770 is underway evaluating efficacy and safety in patients who likely have NASH. Results are now expected during the third quarter of 2020.
- A separate PK/PD trial for PXL770 is ongoing with results now expected in the second quarter of 2020.

PXL065

- In November 2019, Poxel announced a positive update for PXL065 following an FDA meeting. Based on feedback from this meeting, PXL065 is being developed using the 505(b)(2) regulatory pathway.
- In November 2019, during a poster presentation session at the Liver Meeting[®] 2019 hosted by the American Association for the Study of Liver Diseases (AASLD), positive results from the PXL065 1a trial were presented. In the trial, PXL065 was observed to have a favorable safety, tolerability and pharmacokinetic (PK) profile.
- In December 2019, positive results from a Phase 1b multiple ascending dose trial were announced. PXL065 was observed to demonstrate a dose-proportional pharmacokinetic profile and consistent stabilization of R-pioglitazone at all doses tested.
- In the second quarter of 2020, Poxel plans to initiate a Phase 2 36-week trial in biopsy-proven NASH patients designed to identify the optimal dose or doses for a Phase 3 registration trial.

Early Stage Development

- Poxel is assessing the combination potential of the Company's NASH clinical candidates with each other and with other agents in development. Furthermore, preclinical studies are ongoing to evaluate direct adenosine monophosphate-activated protein kinase (AMPK) activation and mitochondrial pyruvate carrier (MPC) inhibition in additional metabolic, specialty and rare diseases.

Corporate Update

- During the fourth quarter of 2019, Poxel obtained additional funding to advance its pipeline programs through a bond loan agreement of up to €30 million with IPF Partners. Poxel drew down the first tranche of €6.5 million in November 2019. The Company has the ability to draw down €10 million before March 31, 2020 based on the successful completion of the Imeglimin Phase 3 TIMES program, which was a milestone achieved in December 2019, and an additional €13.5 million in 2021 based on the marketing authorization of Imeglimin in Japan.

Recent Events

- In January 2020, Poxel appointed David E. Moller, MD, as Chief Scientific Officer (CSO). Dr. Moller is responsible for leading scientific-related activities to support the advancement of the Company, including scientific innovation and scientific communications at Poxel. He is based in Boston and has joined the executive management team.

Planned Presentations and Participation at the Following Upcoming Events

- BIO-Europe Spring, March 23-25, 2020, Paris
- Endocrine Society Annual Meeting, March 28-31, 2020, San Francisco
- William Blair Biotech Conference, April 1-2, 2020, New York City

- European Association for the Study of the Liver, April 15-19, 2020, London
- H.C. Wainwright Annual Global Life Sciences Conference, April 19-21, 2020, London
- Kempen Life Sciences Conference, 13th Edition, April 21-22, 2020, Amsterdam

Next Financial Press Release: 2019 Annual Results, March 26, 2020

About Imeglimin

Imeglimin is a new chemical substance classified as a tetrahydrotriazine compound, and the first clinical candidate in a chemical class. Imeglimin has a unique mechanism of action (MOA) that targets mitochondrial bioenergetics. Imeglimin acts on all three key organs which play an important role in the treatment of type 2 diabetes: the pancreas, muscles, and the liver, and it has demonstrated glucose lowering benefits by increasing insulin secretion in response to glucose, improving insulin sensitivity and suppressing gluconeogenesis. This MOA has the potential to prevent endothelial and diastolic dysfunction, which can provide protective effects on micro- and macro-vascular defects induced by diabetes. It also has the potential for protective effect on beta-cell survival and function. This unique MOA offers the potential opportunity for Imeglimin to be a candidate for the treatment of type 2 diabetes in almost all stages of the current anti-diabetic treatment paradigm, including monotherapy or as an add-on to other glucose lowering therapies.

About the TIMES Program

TIMES (Trials of Imeglimin for Efficacy and Safety), the Phase 3 program for Imeglimin for the treatment of type 2 diabetes in Japan, consists of three pivotal trials involving over 1,100 patients. The TIMES program includes the following three trials performed using the dose of 1,000 mg twice daily:

TIMES 1: A Phase 3, 24-week, double-blind, placebo-controlled, randomized, monotherapy trial that assessed the efficacy, safety and tolerability of Imeglimin in Japanese patients with type 2 diabetes, using the change in HbA1c as the primary endpoint. Secondary endpoints of the trial included fasting plasma glucose, other standard glycemic and non-glycemic parameters. The TIMES 1 trial met its primary and secondary endpoints and the topline results were reported on April 9, 2019.

TIMES 2: A Phase 3, 52-week, open-label, parallel-group trial that assessed the long-term safety and efficacy of Imeglimin in Japanese patients with type 2 diabetes. In this trial, Imeglimin was administered orally as combination therapy with existing hypoglycemic agents, including a DPP-4 inhibitor, a SGLT2 inhibitor, a biguanide, a sulphonylurea, a glinide, an alpha-glucosidase inhibitor, a thiazolidine and a GLP1 receptor agonist or as monotherapy. The TIMES 2 trial met its primary objective and topline results were reported on December 20, 2019.

TIMES 3: A Phase 3, 16-week, double-blind, placebo-controlled, randomized trial with a 36-week open-label extension period that evaluated the efficacy and safety of Imeglimin in combination with insulin in Japanese patients with type 2 diabetes and inadequate glycemic control on insulin therapy. The TIMES 3 16-week portion of the trial met its primary endpoint and the topline results were reported on June 25, 2019. The TIMES 3 36-week open-label extension period met its primary objective and the topline results were reported on November 26, 2019.

About NASH

Non-alcoholic steatohepatitis (NASH) is a metabolic disease with no clear disease origin that is quickly becoming a worldwide epidemic. It is characterized by the accumulation of fat in the liver causing inflammation and fibrosis. The disease can be silent for a long period of time, but once it accelerates, severe damage and liver cirrhosis can occur, which can significantly impact liver function or can even result in liver failure or liver cancer. Typical risk factors for NASH include obesity, elevated levels of blood lipids (such as cholesterol and triglycerides) and type 2 diabetes. Currently no curative or specific therapies are available.

About PXL770

PXL770 is a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator. AMPK is a central regulator of multiple metabolic pathways leading to the control of lipid metabolism, glucose homeostasis and inflammation. Based on its central metabolic role, targeting AMPK offers the opportunity to pursue a wide range of indications to treat chronic metabolic diseases, including diseases that affect the liver, such as non-alcoholic steatohepatitis (NASH)¹.

About PXL065

PXL065 is deuterium-stabilized R-pioglitazone. Although pioglitazone is not approved by the FDA for the treatment of NASH, it is the most extensively studied drug for NASH and has demonstrated “resolution of NASH without worsening of fibrosis” in a Phase 4 trial². Pioglitazone is the only drug recommended for biopsy-proven NASH patients by the Practice Guidelines published by the American Association for the Study of Liver Diseases (AASLD) and the European Association for the Study of the Liver (EASL)³. Pioglitazone’s off-label use for NASH, however,

has been limited due to the PPAR γ -related side effects, which include weight gain, bone fractures and fluid retention.

Pioglitazone is a 1:1 mixture of two mirror-image compounds (R- and S-stereoisomers) that interconvert *in vivo*. Using deuterium, we stabilized each stereoisomer and characterized their different pharmacological properties. In *in vitro* studies, PXL065 has been shown to target mitochondrial pyruvate carrier (MPC) as an inhibitor. In preclinical animal models, PXL065 exhibits the anti-inflammatory and NASH activity associated with pioglitazone with little or no weight gain or fluid retention, side effects which are associated with the S-stereoisomer. Based upon preclinical and Phase 1 results to date, Poxel believes that PXL065 may have a better therapeutic profile than pioglitazone for NASH.

About Poxel SA

Poxel is a **dynamic biopharmaceutical company** that uses its extensive expertise in developing **innovative drugs for metabolic diseases**, with a focus on **type 2 diabetes** and **non-alcoholic steatohepatitis (NASH)**. In its mid-to-late stage pipeline, the Company is currently advancing three drug candidates as well as earlier-stage opportunities. **Imeglimin**, Poxel's first-in-class lead product, targets mitochondrial dysfunction. Together, with its partner Sumitomo Dainippon Pharma, Poxel successfully completed the Phase 3 Trials of **IMeglimin for Efficacy and Safety (TIMES)** program for the treatment of type 2 diabetes in Japan. Poxel also established a partnership with Roivant Sciences for Imeglimin's development and commercialization in countries outside of the partnership with Sumitomo Dainippon Pharma, including the U.S. and Europe. **PXL770**, a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator, is in a Phase 2a proof-of-concept program for the treatment of NASH. PXL770 could also have the potential to treat additional metabolic diseases. **PXL065** (deuterium-stabilized R-pioglitazone), a mitochondrial pyruvate carrier (MPC) inhibitor, is advancing into a Phase 2 clinical trial for the treatment of NASH. Poxel also has additional earlier-stage programs targeting metabolic, specialty and rare diseases. The Company intends to generate further growth through strategic partnerships and pipeline development. 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.

¹ Smith B. K et al., (2016) Am J Physiol Endocrinol Metab 311, E730 – E740.

² Cusi, et al., Ann Intern Med. 2016, 165(5), 305-315).

³ J Hepatol. 2016, 64(6),1388-402; Hepatology 2018, 67, 328-357.

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