March 22, 2018

Poxel Provides Business Update and Reports Results for Full Year 2017

- **Signed two strategic partnership agreements for Imeglimin for global rights with potential value of up to approximately $925 million plus royalties on net sales**
- **Successfully completed Phase 2b for Imeglimin and initiated Phase 3 TIMES program in Japan for the treatment of type 2 diabetes**
- **Advanced PXL770, a direct AMPK activator, for the treatment of NASH**

Poxel will host an investor conference call today at 2 pm EDT (7 pm CET). To participate in the call, please use the dial-in numbers: USA: +1 844-286-0643 UK: +44 (0) 2071943759 FR: +33 (0)1 72 72 74 03

Followed by the PIN code: 44674523#

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 provided a business update and its results for the year ended December 31, 2017.

“I am very pleased to report that over the last several months our dedication and hard work have led us to achieve two significant partnerships for Imeglimin that cover the global diabetes markets. We believe our partnerships with Sumitomo Dainippon Pharma and Roivant Sciences represent very important validations of Imeglimin’s strong and differentiated clinical profile, as well as our internal capabilities to advance a program worldwide to a critical point,” said Thomas Kuhn, CEO of Poxel. “Over the last few months, we have also made substantial progress for Imeglimin in Japan with the initiation of all three pivotal Phase 3 TIMES trials and we are on track for the data readout in 2019 and the JNDA submission in 2020. For the U.S. and Europe, we are working closely with Roivant Sciences with the goal to initiate Phase 3 in 2019.”

“For our second program, PXL770, we are currently completing the Phase 1 multiple ascending dose study and data is anticipated mid-year. We believe that PXL770 has the potential to treat several chronic metabolic diseases, including those that affect the liver, such as NASH,” continued Thomas Kuhn. “Pending successful completion of our ongoing Phase 1 program, we are planning to initiate a Phase 2a proof-of-concept study in patients with NAFLD, a condition in which fat builds up in the liver. This study is expected to begin during the second half of 2018. In addition, we are actively working to further leverage our internal capabilities and are assessing additional development opportunities in the metabolic area.”

Recent Business Highlights and Full Year Financial Results

Imeglimin

Imeglimin is the first orally-available drug candidate that simultaneously targets all three key organs affected by diabetes: the pancreas, the liver and the muscles. Imeglimin has completed several important milestones, which include the following highlights below.

Signed Strategic Partnership Agreements Covering Global Rights

A strategic corporate partnership for Imeglimin was signed with Sumitomo Dainippon Pharma in October 2017 for Japan, China and 11 other Asian countries[1] and with Roivant Sciences in February 2018 for the U.S., Europe and all other countries not covered in the Sumitomo agreement. These agreements will enable the Imeglimin Phase 3 registration program to progress worldwide.

- In total, Poxel received $92 million (or approximately €76 million) in upfront payments, which includes an equity investment of $15 million (or approximately €12 million) from Roivant.
- Through these agreements, Poxel has the potential to receive up to approximately $857* million (or approximately €705* million) in development and regulatory milestones, and sales-based payments.
- Poxel is entitled to receive escalating double-digit royalties on net sales.

Initiation of Phase 3 TIMES 1, TIMES 2 and TIMES 3 trials in Japan

TIMES (**T**rials of **Im**eglimin for **E**fficacy and **S**afety), the Phase 3 program for Imeglimin in Japan for the treatment of type 2 diabetes, consists of three pivotal trials involving approximately 1,100 patients. Following the signing of the strategic corporate partnership with Sumitomo Dainippon Pharma, the Phase 3 TIMES 1 trial was initiated at the end of 2017 and TIMES 2 and TIMES 3 trials were initiated during the first quarter of 2018. The TIMES program includes the following three trials performed using the dose of 1000 mg twice daily:

- TIMES 1: A Phase 3, 24-week, double-blind placebo-controlled, randomized, monotherapy study to assess 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 will include other standard glycemic and non-glycemic parameters.
- TIMES 2: A Phase 3, 52-week, open-label, parallel-group study to assess the long-term safety and efficacy of Imeglimin in Japanese patients with type 2 diabetes. In this study, Imeglimin will be administrated orally as a monotherapy or combination therapy with existing hypoglycemic agents, including a DPP4 inhibitor, SGLT2 inhibitor, biguanide, sulphonylurea and GLP1 receptor agonist.
- TIMES 3: A Phase 3, 16-week, double-blind, placebo-controlled, randomized study with a 36-week open-label extension period to evaluate the efficacy and safety of Imeglimin in combination with insulin in Japanese patients with type 2 diabetes and inadequate glycemic control on insulin therapy.

Reported Robust Efficacy Results from the Phase 2b Study in Japan

- The Phase 2b randomized, double-blind, placebo-controlled study tested three doses of Imeglimin (500 mg, 1000 mg and 1500 mg) administered twice-daily for 24 weeks in 299 Japanese patients for the treatment of type 2 diabetes. In May 2017, Poxel announced the study achieved statistically significant results for its primary and secondary endpoints. These data were presented at the European Association for the Study of Diabetes 53rd Annual Meeting in September 2017.
- The primary endpoint achieved statistical significance ($p<0.0001$) for the change from baseline in glycated hemoglobin (HbA1c) versus placebo in all treatment groups at 24 weeks. Placebo-adjusted HbA1c reduction was 0.52%, 0.94% and 1.00% for the 500 mg, 1000 mg and 1500 mg dose twice-daily, respectively. Overall, the study showed that Imeglimin was safe and well tolerated and the adverse event profile was consistent to what was observed in the U.S. and EU Phase 1 and 2 programs.

Advanced PXL770 for the treatment of NASH

PXL770 is a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator. Through its unique mechanism of action that directly activates AMPK, PXL770 acts on a very important biological target. This target, which plays a key role as a master regulator of cellular energy, has the potential to treat numerous chronic metabolic diseases, including diseases that affect the liver, such as NASH[2], which is a severe form of nonalcoholic fatty liver disease (NAFLD). This target is important because it has the potential to trigger benefits on the three key pathophysiology processes involved in NASH development: liver steatosis, inflammation and fibrosis. PXL770 may be differentiated from other compounds in development for liver diseases since AMPK activation has the potential to also treat NASH comorbidities, specifically targeting cardiovascular risk factors, such as hyperglycemia, insulin resistance, dyslipidemia, inflammation, and obesity.

- In September 2017, a Phase 1b multiple ascending dose (MAD) trial for PXL770 was initiated. Completion of this study is anticipated mid-2018. The MAD trial will include up to 76 subjects and evaluate the safety, tolerability and pharmacokinetics of PXL770 in at least four dose groups.
    - Results from the first part of the single ascending dose study indicate that PXL770 exhibited a favorable safety and tolerability profile with no reported serious adverse events.
- Poxel is planning to initiate a Phase 2a proof-of-concept study in patients with NAFLD during the second half of 2018.
- Poxel is also exploring other metabolic diseases for proof-of-concept studies for PXL770.

Corporate Update

- Poxel expanded the depth of its management team during 2017 with the appointments of Anne Renevot as Chief Financial Officer and Christophe Arbet-Engels as Chief Medical Officer and Executive Vice President, Late Development & Medical Affairs.
- In addition, Kumi Sato was appointed to its Board of Directors. Ms. Sato will help support Poxel's corporate strategy for Imeglimin in Japan.
- During 2017, ENYO Pharma SA reported that the Phase 1a single and multiple

ascending dose trial evaluating EYP001 in healthy subjects has been completed. The results show that EYP001 was safe and well-tolerated at all doses studied in 80 subjects. A Phase 1b randomized, double-blind, placebo-controlled study in chronic HBV patients was initiated at the end of 2017 to determine the safety and tolerability of daily oral administration of EYP001 over four weeks. EYP001 is an FXR agonist licensed to ENYO Pharma and Poxel is entitled to receive milestone payments and royalties on net sales.

Financial Statements for Full Year 2017 (IFRS standards)

Income statement

Poxel reported annual revenues of €5.3 million, reflecting a portion of the €36 million upfront payment received from Sumitomo Dainippon Pharma relating to the strategic corporate partnership announced on October 30, 2017 and the Imeglimin Phase 3 program costs in Japan incurred during the fourth quarter that were re-invoiced to Sumitomo Dainippon Pharma. Both the upfront payment and re-invoiced costs are recognized according to the percentage of completion of the Phase 3 Trials of IMeglimin for Efficacy and Safety (TIMES) program.

Poxel devotes the bulk of its resources to research and development activities. Research and Development (R&D) expenses totalled €21.0 million in 2017, as compared to €17.7 million in 2016. They mainly reflect the clinical study costs incurred for the Company's lead program, Imeglimin and its second compound, PXL770. In 2017, they also include the payment made to Merck Serono relating to the upfront payment that Poxel received from Sumitomo Dainippon Pharma.

The R&D costs are net of the R&D Tax Credit (CIR) that resulted in income of €3.1 million in 2017 as compared to € 3.2 million in 2016.

General and administrative expenses totalled €6.2 million, as compared to €6.7 million in 2016. The €0.5 million decrease was mainly driven by non-recurrent 2016 costs related to financing activities.

The financial expenses totalled €0.4 million, as compared to €0.2 million in 2016. They mainly reflect foreign currency exchange loss.

The net result for the financial period ending December 31, 2017 was a net loss of €22.3 million, compared to a net loss of €24.5 million in 2016.

Cash

As of December 31, 2017, cash and cash equivalents were €53.4 million ($64.1 million).* This figure does not include the upfront payment and investment received from Roivant Sciences of $50 million (approximately €40 million) in February 2018.

* Net cash position is €53,4m reflecting cash of €54,1m and overdrafts for €0,7m

Condensed Income Statement *In thousand €**

	31 Dec 2017	31 Dec 2016

Turnover	**5 291**	**70**
Net research and development expenses	(20 973)	(17 675)
General and administrative expenses	(6 219)	(6 678)
Operating loss	**(**21 902**)**	**(**24 282**)**
Financial expenses/Financial income	(396)	(201)
Net loss	**(22 298)**	**(24 482)**

*The audit procedures have been performed and the certification report is in process.

Number of shares and voting rights as of December 31, 2017:

Month	Date	Total number of shares outstanding	Total of theoretical voting rights (1)	Total of exercisable voting rights (2)
December	12/31/2017	23,127,428	23,127,428	23,102,952

(1) The total number of theoretical voting rights (or “gross” voting rights) is used as the basis for calculating the crossing of shareholding thresholds. In accordance with Article 223-11 of the AMF General Regulation, this number is calculated on the basis of all shares to which voting rights are attached, including treasury shares whose voting rights have been suspended.
(2) The total number of exercisable voting rights (or “net” voting rights) is calculated without taking into account the treasury shares with suspended voting rights, in this case, shares held by the Company in the context of a liquidity contract agreement with ODDO.

Next financial press release: Q1-turnover and cash position April 23, 2018.

About Imeglimin
Imeglimin is the first clinical candidate in a new chemical class of oral agents called Glimins by the World Health Organization. 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 liver, muscles and the pancreas, 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 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).

About Poxel SA
Poxel uses its development expertise in metabolism to advance a pipeline of drug candidates focused on the treatment of metabolic disorders, including type 2 diabetes and non-alcoholic steatohepatitis (NASH). We have successfully completed the Phase 2 clinical program for our first-in-class lead product, Imeglimin, which targets mitochondrial dysfunction, in the U.S., EU and Japan. Together, with our partner Sumitomo Dainippon Pharma, we are conducting the Phase 3 TIMES program for the treatment of type 2 diabetes in Japan. Our partner Roivant Sciences will be responsible for Imeglimin's development and commercialization in countries outside of Poxel's partnership with Sumitomo Dainippon Pharma, including the U.S. and Europe. Our second program, PXL770, a first in class direct adenosine monophosphate-activated protein kinase (AMPK) activator, is in Phase 1 and we plan on developing it for the treatment of NASH. We intend to generate further growth through strategic partnerships and pipeline development. (Euronext: POXEL, www.poxelpharma.com)

[1] including: South Korea, Taiwan, Indonesia, Vietnam, Thailand, Malaysia, The Philippines, Singapore, Republic of the Union of Myanmar, Kingdom of Cambodia, and Lao People's Democratic Republic.
* Converted at the exchange rate at the date of the agreement.
[2] Source: Smith B. K et al., (2016) Am J Physiol Endocrinol Metab 311, E730 – E740

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