Press Release

Poxel Announces Cash Runway Extended Through Q2 2025 Based upon Debt Restructuring Agreement and New Equity-linked Financing Facility

- **Restructuring of the Company's debt postpones initiation of repayments to 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**
- **New equity-linked financing facility with IRIS and an initial drawdown of EUR 3.5 million**
- **Cash runway extended through Q2 2025 through the debt restructuring and assuming the full drawdown of the new equity-linked financing facility**
- **Company actively pursuing additional financing to initiate adrenoleukodystrophy (ALD) Proof-of-Concept (POC) studies**
- **Conference call today at 1:00pm CET (French) / 9:45am ET (English)**

Warning in compliance with AMF Recommendation of 14 February 2023:

This press release notably refers to a financing Poxel has set up in the form of bonds redeemable for new or existing shares with IRIS, which, after receiving the shares resulting from the redemption of those instruments, is not expected to remain a shareholder of the Company.

The shares, resulting from the redemption of the aforementioned securities, will, in general, be sold in the market at very short notice, and this may create a strong downward pressure on the share price.

Shareholders may suffer a loss of their invested capital due to a significant decrease in the Company's share price, as well as significant dilution due to the large number of securities issued and to be issued to IRIS.

Investors are invited to be very careful before making the decision to invest in the securities of companies admitted to trading that carry out such dilutive financing transactions, particularly when they are carried out repeatedly. The Company already put in place a similar dilutive financing transaction in August 2022 with IRIS.

In particular, investors are invited to be aware of the risks associated with the transaction which are, mentioned above and below.

LYON, France, March 23, 2023 – POXEL SA (Euronext: POXEL - FR0012432516), a clinical stage biopharmaceutical company developing innovative treatments for serious chronic diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare metabolic disorders, announced today that is has

[1] First 8% of royalties on net sales of Imeglimin are paid to Merck Serono. Net royalties above 8% are retained by Poxel.
[2] End of Sumitomo's fiscal year 2024, on March 31, 2025.

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finalized (1) agreements with its lenders to restructure its existing debt obligations and (2) a new equity-linked financing with IRIS with an initial drawdown of EUR 3.5 million. With these agreements, assuming the 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.

Thomas Kuhn, Chief Executive Officer of Poxel, stated: "*We are very pleased to have finalized this important step for the Company's progress and would like to thank our financial partners, IPF Partners, the banks BNP Paribas, Bpifrance and CIC Lyonnaise de Banque, as well as IRIS, for their support and contribution that led to this successful significant restructuring of our debt, and the extension of our cash runway through Q2 2025. This debt restructuring has been facilitated by TWYMEEG's strong sales growth trajectory, which has exceeded Sumitomo's original forecast, providing increased confidence that TWYMEEG royalties will generate substantial future cash flows. We now have more financial flexibility that we can build on to secure additional financing options, including ongoing active partnership discussions related to our programs, with the objective to pursue our plan in rare diseases.*"

Edouard Guillet, Partner at IPF Partners (IPF), commented: *"We are pleased with the remarkable commercial launch of TWYMEEG in Japan, allowing us to provide Poxel with an extended repayment schedule. We now look forward to the success of Poxel's next steps in rare diseases."*

The Company has finalized agreements with its lenders, IPF and the banks that are part of the French Government-Guaranteed Loan (PGE Loan), to restructure its existing debt of EUR 32 million to IPF and EUR 6 million for the PGE Loan (at December 31st, 2022). 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 sales in Japan. Based on the conservative forecast agreed upon by the Company and its lenders, amortization payments would be postponed until Q1 2025. In addition, the agreement with IPF now offers more flexibility under the financial covenants, as detailed in the dedicated section below.

Concurrently, the Company has entered into a new equity-linked financing arrangement with IRIS, in the form of bonds redeemable into new or existing shares (ORANE) of Poxel to be subscribed by IRIS, 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 immediately, and the Company has the option, at its sole discretion, to draw additional tranches for up to a total of EUR 15 million over 2 years as further detailed below. Upon redemption of the equity-linked instruments, Poxel will deliver to IRIS newly issued shares to be created from the Company's authorized capital or existing Poxel shares and IRIS is expected to sell these newly issued shares on the market or in block trades.

Based on the debt restructuring described in this press release 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[3],
iii. its current research and development plan, excluding the initiation of Phase 2a clinical proof-of-concept (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.

In addition, the Company is actively pursuing additional financing options, including ongoing active partnership discussions related to its programs, that will allow the launch of Phase 2a clinical proof-of-concept (POC) biomarker studies for PXL065 and PXL770 in ALD.

Debt Restructuring Details

The Company has entered into an agreement with IPF, postponing all debt repayments to reinitiate when the royalty rate on TWYMEEG net sales will increase to 10%, resulting in positive net royalties[1] to Poxel, which the Company anticipates before the end of Sumitomo fiscal year 2024 (ending March 31, 2025) when TWYMEEG net sales in Japan reach JPY 5 billion (EUR 35.6 million)[4]. In addition to 10% royalties on all TWYMEEG net sales, Poxel will be entitled to its first sales-based payment of JPY 500 million (EUR 3.6 million)[4]. Positive net royalties and sales-based payments will be directed to the debt reimbursement until the loan is fully repaid. According to a schedule based on conservative TWYMEEG revenue projections, the Company expects the debt to be fully repaid in Q2 2029 at the latest. After this time, subsequent net royalties and sales-based payments will revert back to the Company.

The Company has reached a similar debt restructuring agreement with the banks that provided the French Government-Guaranteed Loan (PGE Loan) of EUR 6 million, obtained in 2020 in the context of the COVID-19 pandemic. The Company expects the PGE loan to be fully repaid in Q2 2028.

IPF debt restructuring

- In addition to the postponing of debt repayments mentioned above, the Company and IPF have agreed to new financial covenants where the Company shall maintain:
  - a minimum cash position between EUR 1 million and EUR 9 million,

[3] The full drawdown of the new IRIS equity linked financing can be made subject to the conditions described in 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.
[4] Currency exchange rate at December 31, 2022.

- a gearing ratio, as measured by total net debt to the market capitalization value of the Company, at a level lower than 150% (vs 50% initially),

- Cash Margin:
  - Tranche A bonds (EUR 6.5 million issued / EUR 5.5 million Outstanding Principal) shall remain unchanged at 6.5%,
  - Tranche B bonds (EUR 10.0 million issued / EUR 9.0 million Outstanding Principal) shall remain unchanged at 6.5%,
  - Tranche C bonds (EUR 13.5 million issued / EUR 14.2 million Outstanding Principal) increased from 6% to 6.5%.
- The debt restructuring agreement also includes an increase of 6% of the capitalized interest (PIK margin) on all tranches, in addition to the existing 5% PIK.
- The agreement also includes an additional covenant linked to the level of Imeglimin sales and a prepayment fee in the event of early repayment of any of the debt tranches within 3 years from the debt restructuring.
- The Company has also undertaken to significantly reduce its operating expenses and to grant IPF certain information rights. IPF will remain an observer at the Company's Board of Directors and Board committees until full repayment of the debt facility.
- The terms of the existing warrants held by IPF which were attached to the Tranche A, B and C bonds giving right to subscribe 630,804 shares at respectively EUR 7.37, EUR 7.14, EUR 6.72 per warrant for each Tranche, remain unchanged and thus trigger no potential additional dilution.

Details of the new equity-linked financing with IRIS

Legal basis of issuance

Acting on the delegation of the Board of Directors and in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022, the Company decided to enter into a new equity-linked financing, provided by IRIS, a venture capital firm specialized in providing financing solutions to listed companies, which has already provided an equity-linked facility financing in August 2022 to the Company.

Operation objectives

This funding aims to increase the Company's cash position to support its operations. Proceeds shall be used mainly to support ongoing regulatory and development activities as well as general corporate purposes.

Operation arrangements

In accordance with the terms of the agreement, IRIS, acting as a specialized investor without a strategy to retain a stake in the Company's share capital, has committed to subscribe to bonds redeemable for new or existing ordinary shares of the Company for an initial amount of EUR 3.5 million. At the Company's sole discretion, additional tranches up to EUR 11.5 million in aggregate may be drawn down over 2 years, up to a total of EUR 15 million. The drawdown of additional tranches will be subject only to a maximum cumulative outstanding amount of redeemable bonds owned by IRIS at any time not to exceed EUR 7.0 million. An up-to-date summary chart of the Company's outstanding redeemable bonds and the number of shares in circulation is available on its website.

IRIS shall have the right to request the conversion of its redeemable bonds into new or existing ordinary shares of the Company at any time in one or several occasions until full repayment of the bonds. The issuance or delivery of shares upon redemption of the bonds shall be made on each redemption date on the basis of 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the General Meeting of shareholders of June 21, 2022), (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the General Meeting of shareholders of June 21, 2022), and (iii) the nominal value of the Shares.

During the term of the financing, IRIS is expected to sell the shares received upon conversion of the redeemable bonds on the market or in block trades. In connection with the financing, the redeemable bonds and the new shares to be issued upon redemption of the redeemable bonds will be issued out of Poxel's authorized share capital in accordance with the 17th resolution of the Annual General Meeting of Shareholders of June 21, 2022 with excluded pre-emptive rights of the existing shareholders for the benefit of certain categories of investors.

The new shares issued upon conversion of the redeemable bonds shall be admitted to trading on Euronext Paris.

No application for admission to trading on any market whatsoever will be made for the redeemable bonds.

Considering the anticipated number of new shares to be issued upon conversion of the new redeemable bonds of the Company to be issued, and based on the share price of the Company on the last trading day preceding the date of this press release, the Company will submit a prospectus for approval to the French securities regulator, the Autorité des marchés financiers (AMF).

Assuming the issuance of all tranches of the new financing facility with IRIS, the conversion of the redeemable bonds in new shares only, and the average price weighted by volumes of the Company's share during the last trading day preceding the date of this press release, the stake of a shareholder with 1% of the Company's share capital would decrease to 0.62%, i.e. a 38% dilution (to 0.88%, i.e. a 12% dilution on the basis of the issuance of the first tranche of EUR 3.5 million only).

As a reminder, based on the decisions of the Annual General Meeting of June 21, 2022, the Company's board on March 20, 2023, and the CEO decision dated March 22 2023, the maximum number of new shares that may be issued upon redemption of new redeemable bonds is currently set at 13,346,497 shares. Should this maximum amount apply, the stake of a shareholder holding 1% of the Company's share capital would decrease to 0.70%, i.e. a 30% dilution. To the Company's knowledge, on the basis of the same assumptions, the distribution of its share capital before and after redemption of all the new redeembale bonds in newly issued shares only will be as follows:

Shareholders	Before the transaction		After the transaction VWAP 1D -8% *(on the basis of the drawdown of all Tranches of new redeembale bonds and the average price weighted by Company's share volumes during the last trading day preceding the date of this press release)*		After the transaction VWAP 20D -20% *(on the basis of the maximum potential dilution authorized by the Annual General Meeting under the 17th resolution)*	
	Number of shares	**% of capital**	**Number of shares**	**% of capital**	**Number of shares**	**% of capital**
Founders	2,918,947	9.2%	2,918,947	5.8%	2,918,947	6.5%
Bpifrance	4,762,445	15.0%	4,762,445	9.4%	4,762,445	10.6%
Free float	23,982,102	75.7%	43,039,400	84.9%	37,328,599	82.9%
Total	**31,663,494**	**100.0%**	**50,720,792**	**100.0%**	**45,009,991**	**100.0%**

The Company has made available to investors an up-to-date summary chart of its outstanding redeemable bonds and the number of shares in circulation on its website.

The public's attention is drawn to the risk factors relative to the Company and its business, presented in its universal registration document, which is available on the

Company's website. The occurrence of all or some of these risks is likely to have an unfavourable effect on the Company's business, financial situation, results, development or prospects.

In addition, the public's attention is specifically drawn to the caption in the introduction of this press release and to the following main risks related to the IRIS financing and its implementation:

- Risk of dilution of the Company's shareholders: the Company's shareholders who cannot participate in the operation will suffer dilution when new shares are issued to IRIS upon conversion of the redeemable bonds. The Company's shareholders may also suffer higher dilution than the one presented in this press release depending on future market conditions;

- Risk in the event of non-fulfillment of all the tranches: the Company may have to seek additional financings and to review accordingly its development strategy and its objectives if an event of default occurs or if the value of the redeemable bonds owned by IRIS exceeds EUR 7.0 million which would prevent the drawdown of additional tranches of the financing, and which could lead to a material uncertainty on the ability of the Company to continue as a going concern;

- Risk on the volatility, liquidity and share price of the Company's shares: given IRIS' strategy, which is to sell newly issued shares shortly after conversion of the redeemable bonds it holds, the share price and the volatility of the Company's shares could fluctuate significantly after the issuance of the redeemable bonds issued to IRIS.

This press release and the information it contains do not, and will not, constitute an offer to subscribe for or sell, nor the solicitation of an offer to subscribe for or buy, any securities of the Company in any jurisdiction.

Main Characteristics of the Equity Linked financing with IRIS:

Maturity Date	10 years
Total Commitment	EUR 15 million over 24 months
Initial tranche	EUR 3.5 million • IRIS has subscribed to the first tranche of EUR 3.5 million at signing
Additional tranches	• At the sole option of Poxel, IRIS will subscribe to additional tranches provided that the value of the redeemable bonds owned by IRIS at any time shall not exceed EUR 7.0 million
Nominal of Notes	EUR 2,500
Coupon	0%

Conversion	• IRIS may request that the redeemable bonds be converted into shares of the Company at the prevailing conversion ratio at any time upon delivery of a conversion notice to the Company • The conversion of the redeemable bonds into new or existing shares of the Company is mandatory at the latest at maturity of the redeemable bonds

Conversion Price	• 80% of the lowest daily volume-weighted average price over a period of twenty (20) trading days preceding the date of conversion of the redeemable bonds, it being specified that the conversion price of the redeemable bonds is subject to a floor, whichever is the highest of
	    • (i) the daily volume-weighted average price over a period of twenty (20) Trading Days preceding the date of conversion of the redeemable bonds less a discount of 20% (as decided by the Annual General Meeting of June 21, 2022),
	    • (ii) the daily volume-weighted average price over one (1) trading day immediately preceding the date of conversion of the redeemable bonds less a discount of 8% (as decided by the Board of Directors acting on subdelegation granted by the Annual General Meeting of June 21, 2022), and
	    • (iii) the nominal value of the Shares.

Conditions precedent of drawdown for additional tranches	• Usual condition precedents for this type of financing including absence of event of default • At any time, the value of the redeemable bonds owned by IRIS shall not exceed EUR 7.0 million
Event of defaults	• Usual event of defaults for this type of financing including the absence of timely delivery of shares in conversion of the redeemable bonds (e.g. in case of insufficient authorizations from the Annual General Meeting or in the absence of publication of a prospectus, as the case may be)
Subscription price	100% of par value
New Shares	• New shares of the Company issued on redemption of the convertible bonds will bear current dividend rights. They will have the same rights as those attached to existing ordinary shares and be admitted

	for trading on the Euronext regulated market on Euronext Paris. The Company will keep up to date on its website a chart for monitoring redeemable bonds and the number of shares in circulation. • Nominal value of the shares of the Company: EUR 0.02
Potential dilution – Maximum share number	• Pursuant to the decisions of the Annual General Meeting of June 21, 2022, the Company's board on March 20, 2023 and the CEO decision on March 22, 2023 the maximum number of shares for issue upon conversion of new redeemable bonds has been set at 13,346,497 shares. By way of illustration, assuming issuance of all the new redeemable bonds, the conversion of the new redeemable bonds in new shares only, and the average price weighted by volumes of the Company's share during the last trading day preceding the date of this press release, i.e. EUR 0.79, the number of new Company shares for subscription by the Investor upon conversion of the new redeemable bonds in new shares only would be 19,057,298 shares, representing approximately 60.2% of the share capital (on a non-diluted basis). Based on the same assumptions, the number of new Company shares for subscription by the Investor upon conversion of the new redeemable bonds in new shares only for Tranche I only would be 4,446,703 shares representing approximately 14.0% of the share capital (on a non-diluted basis), and the number of new Company shares for subscription by the Investor on conversion of the new redeemable bonds in new shares for future tranches would be 14,610,596 shares representing approximately 46.1% of the share capital (on a non-diluted basis). • On the date of this press release, the Company has a share capital of EUR 633,269.88 divided into 31,663,494 ordinary shares
Share Loan Agreement	• As part of the IRIS equity-linked financings, Mr. Thomas Kuhn, CEO of the Company, has undertaken to lend a total of 700,000 shares to IRIS. This loan will only be used to facilitate implementation of the financing and avoid potential delays related to the delivery-settlement of shares issued upon conversion of the bonds. Such loan agreement shall terminate at the latest on the date of full conversion of the redeemable bonds.

Structuring Fee	• The Company will pay CAPINVEST a structuring fee of 2.5% of the nominal amount of each tranche drawn, payable in cash on each drawdown
No Penalty clauses	• No penalty clauses are included in the agreement including in case the conversion price would fall below the nominal value of the shares

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.

Contacts - Investor relations / Media

Aurélie Bozza
Investor Relations & Communication Senior Director
aurelie.bozza@poxelpharma.com
+33 6 99 81 08 36

Elizabeth Woo
Senior Vice President, Investor Relations & Communication
elizabeth.woo@poxelpharma.com

NewCap
Emmanuel Huynh or Arthur Rouillé
poxel@newcap.eu
+33 1 44 71 94 94

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