November 5, 2019

Poxel Obtains Additional Funding to Advance Pipeline Programs

- **Financing of up to EUR 30 million through a bond loan with IPF Partners**
- **Draw down of the first tranche of EUR 6.5 million expected in November 2019**
- **Cash balance at year-end 2019 expected to be above EUR 35 million**

LYON, France--(BUSINESS WIRE)-- POXEL S.A. (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), announced today that it has obtained additional funding in the form of a bond loan from IPF Partners, a leading alternative financing provider in the healthcare sector.

The financing consists of three separate bond tranches: EUR 6.5 million, EUR 10 million and EUR 13.5 million, for a total amount of EUR 30 million. The first tranche (EUR 6.5 million) is expected to be drawn down in November 2019. Under the conditions described below, Poxel may draw down the second tranche (EUR 10 million) by March 31, 2020 and the third tranche (EUR 13.5 million) by December 31, 2021.

“This EUR 30 million financing with IPF Partners strengthens our financial position and extends our cash runway into 2022, a date that potentially brings us through partner-related milestones as well as royalty income from Imeglimin sales in Japan. It also allows us to continue to advance our two clinical-stage NASH programs through key data readouts and inflection points,” said Thomas Kuhn, CEO of Poxel. “PXL770 is currently in a Phase 2 program and we expect results from a PK/PD trial in the first quarter of 2020 and results from a Phase 2a efficacy and safety study in the second quarter of 2020. For PXL065, we expect the results from the Phase 1b trial in the fourth quarter 2019 and expect to initiate the next phase of development in the first half of 2020 following the meeting with the U.S. Food and Drug Administration on the 505(b)(2) regulatory pathway.”

Bond Financing Highlights and Terms

On October 24, 2019 the Company’s board of directors approved the bond financing with IPF Partners using the delegation granted to it by the 17th resolution of the shareholders’ meeting of May 9, 2019 in accordance with article L. 225-138 of the French Commercial code.

Highlights

- Up to EUR 30 million senior secured bonds to be issued by the Company in three separate tranches: EUR 6.5 million (tranche one); EUR 10 million (tranche two); and

EUR 13.5 million (tranche three).

- Initial par value: EUR 1 per bond.
- Issue date: Tranche one is expected to be drawn down in November 2019. Poxel may draw down tranche two by March 31, 2020 subject to achieving positive results for the Phase 3 TIMES clinical trials in Japan for Imeglimin and tranche three by December 31, 2021 subject to obtaining Pharmaceuticals and Medical Device Agency approval of Imeglimin in Japan.
- Each tranche is comprised of a certain amount of warrants as described below.
- Maturity: 5 years from drawdown for each of tranche one and tranche two and 4 years from drawdown for tranche three.
- Interest: EURIBOR + 6.5% cash margin for tranche one and tranche two, and + 6% cash margin for tranche three, +2% PIK margin for all tranches.
- Redemption: First installment deferred for an 18-month period for each of tranche one and tranche two and a 12-month period for tranche three; early redemption possible at any time, subject to an early redemption fee; accelerated redemption in case of certain standard events of default, including a six months cash covenant.
- Security: Customary security interests granted to the benefit of the bondholders, including a pledge on certain intellectual property rights should a nine months cash covenant not be met.

Main Terms of the Warrants

One warrant will be attached to each bond. These warrants will give right to a number of shares to be issued upon exercise of the warrants equal to EUR 1.95 million, EUR 1.50 million and EUR 1.05 million, respectively, at the drawdown of each of tranche one, two and three, divided by the relevant strike price.

This represents a total of 15% coverage on the EUR 30 million bond issuance, representing 610,583 potential new shares and 2.09% of the Company's outstanding share capital fully diluted (based on the share price at the date of this press release minus a 5% discount). The warrants include customary anti-dilution provisions to the benefit of the bondholders.

Exercise price: The relevant strike price is calculated as the 30-day average share price traded on Euronext Paris, prior to the issue date for each tranche respectively, with a 5% discount.

Exercise period: The period starting from the subscription date of the bonds to which the relevant warrant is attached to the date falling seven years after the signing of the bond financing.

Use of Proceeds

The Company intends to use the proceeds primarily to advance its pipeline programs and other general corporate purposes. This financing with IPF Partners has no impact on the current partnerships of the Company.

About IPF Partners

IPF Partners is a leading alternative financing provider focused on the healthcare sector with over €200 million under management. IPF invests directly in emerging pharma/biotech,

digital health, medtech and diagnostics companies. Founded in 2011 by a seasoned multi-disciplinary team combining over fifty years of finance and investment and over thirty years of healthcare experience, IPF provides bespoke, medium-term financing solutions. For more information visit www.ipfpartners.com.

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 is conducting the Phase 3 **T**rials of **IM**eglimin for **E**fficacy and **S**afety (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 in Phase 1 clinical testing and being developed 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.

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