September 21, 2022

Poxel Reports Financial Results for First Half 2022 and Provides a Corporate Update

- **Positive results from Phase 2 NASH Trial (DESTINY-1) for PXL065 reported:**
  - **Primary efficacy endpoint met: PXL065-treated patients achieved statistically significant improvements in the relative decrease in liver fat content at 36-weeks for all doses**
  - **Paired liver biopsies confirmed strong improvement of fibrosis and other parameters**
  - **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**
- **Based on positive results from the DESTINY-1 trial, PXL065 will be prioritized for further development in NASH. PXL770 development will focus exclusively on rare diseases, driven by promising data which showed strong potential in multiple rare metabolic indications.**
- **Completion of preclinical studies support potential to advance PXL770 into Phase 2 development for autosomal-dominant polycystic kidney disease (ADPKD)**
- **Fast Track and Orphan Drug Designation for PXL065 and PXL770 in adrenoleukodystrophy (ALD) granted by the U.S. Food and Drug Administration (FDA)**
- **Cash runway extended through at least February 2023 based upon debt restructuring agreement with IPF Partners (IPF) and equity-linked financing facility with Iris Capital Investment (IRIS)**
- **As of June 30, 2022, cash and cash equivalents were EUR 16.1 million**

The management team will host webcast conference calls on Wednesday, September 21 at:

- **1:00 pm CEST, Paris time** (7:00 am ET) in **French** and
- **8:45 am ET, New York time** (2:45 pm CEST) in **English**.

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

To register for the webcast in **French**:
https://us02web.zoom.us/webinar/register/WN_z5Pgz18KRBqubDQ2QCjm7A

To register for the webcast in **English:**
https://us02web.zoom.us/webinar/register/WN_WC9_M_yvR_aKmJVcHJPXrg

LYON, France--(BUSINESS WIRE)-- POXEL SA (Euronext: POXEL - FR0012432516), a

clinical stage biopharmaceutical company developing innovative treatments for chronic serious diseases with metabolic pathophysiology, including non-alcoholic steatohepatitis (NASH) and rare metabolic disorders, today announced its financial results for the period ended June 30, 2022 and provided a corporate update.

Thomas Kuhn, Chief Executive Officer of Poxel, stated: "*Thus far, 2022 has been marked by important achievements for Poxel. On the clinical front, our Phase 2 NASH DESTINY-1 trial for PXL065 met its objectives demonstrating a statistically significant effect with a favorable safety profile. Based on these positive results, PXL065 will be prioritized for further development in NASH and we will initiate discussions for a potential pivotal program in NASH. In parallel, we will focus PXL770 development efforts exclusively in rare diseases on the basis of our promising data which demonstrated strong potential in multiple rare metabolic indications. In addition, these recent PXL065 results have validated our hypothesis that the deuterated-thiazolidinediones (d-TZD) platform reduces PPARγ side-effects while retaining the efficacy benefits of TZDs, and thus warrants exploration in other diseases, such as ALD. Over the summer, we also extended our cash runway through the restructuring of our debt and an equity-linked financing facility. This accomplishment provides us further flexibility to secure additional financing solutions necessary to execute our rare disease strategy.*"

H1 Key Events

Clinical Updates

- In ALD, PXL770 is prepared to advance into a Phase 2a biomarker proof-of-concept (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 continues to be planned in order to assess the potential of the deuterium-modified TZD platform with PXL065 in ALD. ALD studies are expected to initiate as soon as possible, subject to additional financing.
- In February and April, the FDA awarded Fast Track Designation (FTD) to PXL065 and PXL770 respectively, for ALD. The FDA grants FTD to investigational drugs which treat a serious or life-threatening condition, and which fill an unmet medical need. Filling an unmet medical need is defined as providing a therapy where none exists or providing a therapy which may be potentially better than available therapy. The key benefits of FTD comprise enhanced access to the FDA, with regular and more frequent opportunities for consultation and discussion.
- In May, the FDA granted Orphan Drug Designation (ODD)[1] to PXL065 and PXL770 for ALD. ODD confers a company a potential seven-year window of exclusive marketing rights following FDA approval, along with a reduction in certain application fees, and tax credits for expenses related to qualified clinical trials conducted after orphan designation is received.
- Two preclinical articles on X-Linked Adrenoleukodystrophy (ALD) for PXL065 and PXL770 were published:
    - The article on PXL065 was published in *The Journal of Inherited Metabolic*

Disease ("JIMD") and is entitled "*Therapeutic potential of deuterium-stabilized (R)-pioglitazone - PXL065 - for X-linked adrenoleukodystrophy*". It is available here: https://pubmed.ncbi.nlm.nih.gov/35510808/.
    - The article on PXL770 was published in *The Journal of Pharmacology and Experimental Therapeutics ("JPET")*, and is entitled "*Beneficial effects of the direct AMP-Kinase activator PXL770 in in vitro and in vivo models of X-Linked Adrenoleukodystrophy".* It is available here: https://jpet.aspetjournals.org/content/early/2022/06/25/jpet.122.001208.

- In ADPKD, preclinical studies were completed and demonstrated efficacy of PXL770 in in vitro cyst assays including ADPKD patient-derived cells. In vivo efficacy in a classical animal model of ADPKD was also observed including improvements in renal function, kidney weight, cyst index, and other benefits in kidney tissues. Initiation of development planning and regulatory interactions is underway.

Corporate Update

- In June, the U.S. Patent and Trademark Office (PTO) issued a new patent for PXL065 that describes a specific form of PXL065 with unique properties. Importantly, this recently issued patent provides additional protection through 2041 and could expand protection for PXL065 worldwide, with the potential for an additional 5 years through patent term extension.
- On June 21, Poxel held its annual general meeting. The shareholders approved all the resolutions that were recommended by the Board of Directors. For further information, please visit: https://www.poxelpharma.com/en_us/investors/shareholder-information/annual-general-meeting-documents.

Significant Events after the Period

NASH

- In August, the topline results for the Phase 2 trial for the treatment of NASH (DESTINY-1) for PXL065 were announced and indicated 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. 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.
- On September 21, the Company announced additional DESTINY-1 results including histology. 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 favorable trends in other histology parameters were observed. Additional dose-dependent benefits on glucose control and indices of insulin sensitivity were also observed.

TWYMEEG® (Imeglimin)

- As of September 1st, initial launch year restrictions for TWYMEEG which limited new

products to two weeks prescriptions have been lifted. Due to Sumitomo Pharma's promotional activities and efforts since launch in September 2021, TWYMEEG is very well known among prescribers. Sumitomo Pharma's commercial efforts continue to leverage TWYMEEG's potential to be used both in combination with other treatments, such as DPP4i's, which are the most prescribed treatments for Japanese Type-2-Diabetes patients, and as monotherapy.

Financing

- In August, the Company announced that it restructured its debt with IPF, resulting in the postponement of the Q3 2022 and Q4 2022 amortization payments under the existing debt facility, and lowering certain financial covenants until the end of January 2023. As part of the restructuring, the Company agreed to certain additional commitments which include the increase of the amounts due to IPF and potential partial early repayments of the debt.
- Concurrently, the Company entered into an equity-linked financing arrangement with IRIS for an initial gross amount of EUR 4 million, with the option, at the latest on December 31, 2022 and, at the Company's sole discretion, to draw a second and third tranche of up to EUR 1 million each.
- As a result of these two agreements, the Company's expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least February 2023.

First Half 2022 Financial Results (IFRS standards)

Revenue

EUR (in thousands)	**H1 2022 6 months**	**H1 2021 6 months**
Sumitomo Pharma Agreement	83	13,274
Other	-	-
Total revenues	83	13,274

The review procedures by the auditors are still ongoing.

Poxel reported revenues of EUR 83 thousand revenue for the six months ended June 30, 2022, as compared to EUR 13.3 million revenue during the corresponding period in 2021.

Revenue for the first half of 2022 reflects JPY 11 million (EUR 81 thousand) of royalty revenue from Sumitomo Pharma which represents 8% of TWYMEEG net sales in Japan. Based on the 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.

Income Statement

EUR (in thousands)	**2022 6 months**	**2021 6 months adjusted (*)**
Revenue	83	13,274
Cost of sales	(83)	
Gross margin	-	13,274
Research and development expenses**	(7,882)	(14,673)
General and administrative expenses	(4,295)	(5,434)
Operating gain (loss)	(12,178)	(6,833)
Financial income (loss)	(1,223)	(1,178)
Income tax	-	-
Net income (loss)	**(13,401)**	**(8,011)**

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

R&D expenses totaled EUR 7.9 million for the first half of 2022, as compared to EUR 14.7 million for the corresponding period in 2021. They primarily reflect the clinical study costs incurred for the Phase 2 DESTINY study evaluating PXL065 in NASH.

R&D expenses are net of the R&D Tax Credit (CIR) that resulted in an income of EUR 0.9 million for the first half of 2022 as compared to EUR 1.6 million for the corresponding period of 2021.

General and administrative expenses totaled EUR 4.3 million for the first half of 2022, as compared to EUR 5.4 million for the corresponding period in 2021.

The financial loss amounted to EUR 1.2 million for the first half of 2022, unchanged from the first half of 2021. It primarily reflected the interests attached to the Company indebtedness.

The net result for the financial period ending June 30, 2022, was a net loss of EUR 13.4 million, as compared to a net loss of EUR 8.0 million in the corresponding period in 2021.

First Half 2022 Cash and Cash equivalent

EUR (in thousands)	**H1 2022**	**Q4 2021**
Cash	16,143	28,753
Cash equivalents	-	3,534
Total cash and cash equivalents*	**16,143**	**32,287**

** Net financial debt (excluding IFRS 16 impacts and derivative debts) was EUR 17.3 million at the end of Q2 2022 as compared to EUR 2.6 million at the end of Q4 2021.*
The review procedures by the auditors are still ongoing.

As of June 30, 2022, cash and cash equivalents were EUR 16.1 million, as compared to EUR 32.3 million as of December 31, 2021.

Net financial debt (excluding IFRS16 impacts and derivative debts) was EUR 17.3 million as of June 30, 2022, as compared to EUR 2.6 million as of December 31, 2021.

Based on:

i. its cash position at June 30, 2022,
ii. the current development plan of the Company including 1) the completion of its Phase 2 NASH trial for PXL065 (DESTINY-1) but excluding 2) the initiation Phase 2a clinical proof-of-concept (POC) biomarker studies in adrenomyeloneuropathy (AMN),
iii. the cash forecast for the year 2022 approved by the Board of Directors of the Company, that does not include, as a conservative approach, any net royalties from Imeglimin in Japan,
iv. a strict control of its operating expenses, and
v. the amendment to the IPF debt facility with the postponement of the Q3 2022 and Q4 2022 amortization payments until end of February 2023, as well as a full drawdown of all tranches of the equity-linked financing arrangement with IRIS for a total amount of EUR 6 million, before December 31, 2022.

The Company expects that its resources will be sufficient to fund its operations and capital expenditure requirements through at least February 2023.

The Company is actively pursuing additional financing options, including ongoing active partnership discussions related to its programs.

Planned Presentations and Participation at the Following Upcoming Events

- 5th European Workshop on AMPK and AMPK-related kinases, Glasgow, UK, September 27-29
- H.C. Wainwright 6th Annual NASH Conference (virtual), October 17, 2022
- ALD Connect 2022 Annual Meeting & Patient Learning Academy, November 11, 2022
- Jefferies Healthcare Conference, London, UK, November 15-17, 2022

Next Financial Press Release: Third Quarter 2022 financial results and Corporate Update on November 8, 2022

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 now 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.

[1] For more information on Orphan Drug Designation, see: https://www.fda.gov/industry/developing-products-rare-diseases-conditions/designating-orphan-product-drugs-and-biological-products

View source version on businesswire.com: https://www.businesswire.com/news/home/20220920006290/en/

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