

PRESS RELEASE

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ADOCIA

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ADOCIA Announces First Half 2023 Financial Results and Provides a Business Update

- As of June 30, 2023
 - Cash position of €12.1 million (€17.4 million as of December 31, 2022)
 - Revenue of €1.6 million, mainly from partnership with Tonghua Dongbao
 - Clinical programs progressing according to plans: finalization of clinical studies on BioChaperone Combo and continuation of Phase 3 of BioChaperone Lispro
- As of August 31, 2023: Adocia strengthened its cash position to €16 million, resulting from previously announced transactions:
 - Receipt of €10 million from Sanofi, following the exclusivity agreement related to M1Pram
 - Financing operation of €10 million
 - Repayment in full of €10.2 million venture loan

6.00pm CEST - Adocia (Euronext Paris: FR0011184241 - ADOC), a clinical-stage biopharmaceutical company focused on the research and development of innovative therapeutic solutions for the treatment of diabetes and other metabolic diseases, announces today its financial results for the six months ended June 30th, 2023, and provides a business update.

Half-year consolidated financial statements, expressed according to IFRS guidelines, underwent limited review by the statutory auditors and subsequently have been approved at the Board of Director's meeting held on September 14th, 2023.

"With my appointment as Chief Executive Officer, my short-term priorities were to conclude a partnership on M1Pram and renegotiate our commitments with our lenders. The first half of the year was marked by a difficult period during which we had to suspend the trading of shares. I am delighted that, in the end, we came out stronger as a company and succeeded in clearing our debt, strengthening our financial position and, above all, taking an important step towards a partnership with Sanofi on M1Pram. We are working on the clinical and regulatory fronts to accelerate the development of this product, notably with the preparation of a Phase 2b trial in the United States for people suffering from obesity and type 1 diabetes. Our strategic priority is now to finalize a worldwide licensing agreement for M1Pram", says Olivier Soula.

"At the same time, the good conduct of BioChaperone Lispro Phase 3 trials in China confirms Adocia's dual expertise in innovation and pharmaceutical development of major products. This maturity and expertise are the keys to our future success", concludes Olivier Soula.

Key financial results of first half 2023

The table below compares the condensed consolidated financial statements prepared for the six-month periods ended June 30, 2023, and June 30, 2022, respectively:

In (EUR) thousands, Consolidated financial statements, IAS/IFRS	06/30/2023 6 months	06/30/2022 6 months
Operating revenue	3,901	10,418
Revenue	1,627	7,349
Grants, research tax credits and others	2,274	3,069
Operating expenses excluding additions and reversals	(10,961)	(15,215)
Additions to and reversals of depreciation, amortization and provisions	(238)	(294)
CURRENT OPERATING INCOME (LOSS)	(7,298)	(5,090)
Other operating revenue and expenses	0	11,199
OPERATING INCOME (LOSS)	(7,298)	6,108
Financial income	63	227
Financial expenses	(2,155)	(1,605)
FINANCIAL INCOME (LOSS)	(2,092)	(1,379)
PROFIT (LOSS) BEFORE TAX	(9,389)	(4,730)
Tax expenses	(2)	(478)
NET INCOME (LOSS)	(9,392)	4,252

The financial results of the Company as of June 30, 2023, are characterized by the following main elements:

- **Revenue** of €1.6 million, mainly from licensing and collaboration agreements signed with Tonghua Dongbao (THDB).

For the first half of 2023, sales include €1 million in services provided by Adocia teams as part of the collaboration signed with THDB on the BioChaperone® Combo project for the conduct of three clinical trials in Europe. Revenues for the half-year also reflect €0.5 million from the ongoing feasibility study on the AdOral® project.

In 2022, over the same period, sales were impacted to the tune of €4.8 million by the receipt in May 2022 of the milestone payment generated following the recruitment and dosing of the first patient in the Phase 3 program launched with BioChaperone® Lispro by THDB in China.

- **Other current operating revenues** of €2.3 million, comprising the CIR (Research Tax Credit) of €1.8 million related to Adocia's R&D expenses for the first six months of the 2023 financial year, and the waiver of €0.5 million from Bpifrance on the Hinsbet program initiated in 2012 and discontinued.
- **Operating expenses** of €11.2 million, down €4.3 million compared with the first six months of 2022. This reduction was mainly due to lower external R&D expenditure, reflecting reduced activity on preclinical and clinical studies, in particular the BioChaperone® Combo studies carried out under the collaboration agreement with THDB.
- **Financial expenses** of almost €2.1 million, mainly due to interest on loans (including IPF for €1.1 million) and the impact of the revaluation at fair value of the OC1023 and OC1124 bonds (€0.6 million).
- **A before-tax deficit** which, taking into account the above items, amounts to €9.4 million, compared with a profit of €4.3 million for the same period last year. It should be noted that the profit for the first half of 2022 included non-recurring operating income of €11.2 million, linked exclusively to the capital gain realized from the sale of Adocia's headquarter building in March 2022.
- **Cash position** of €12.1 million as of June 30, 2023, compared with €17.4 million as of December 31, 2022. This position includes €4.3 million received in February 2023 as part of the mobilization of the 2022 research tax credit (CIR). On a comparable basis, cash consumption from operations for the first six months of the year came to €10.7 million, slightly higher than last year's figure for the same period (€10.2 million).
- **Net financial debt** (excluding IFRS 16 impacts and derivative instruments) stood at €19.6 million at end-June 2023, compared with €24.1 million as of December 31, 2022. The €4.6 million decrease in debt over the first half is essentially due to (i) the repayment of the quarterly maturity (March) of the IPF Partners loan, offset by the costs and interest associated with the early repayment of the debt made at the beginning of July, (ii) the conversion (for an amount of -€3.7 million at the end of June 2023) of the bonds convertible into shares known as "OC 1124" issued by the Company in December 2022, (iii) the repayment of maturities of PGE¹ loans (-€0.7 million) and (iv) the waiver of €0.5 million from Bpifrance on the Hinsbet program initiated in 2012 and discontinued.

Post-closure events

In July 2023, Adocia signed an exclusivity agreement with Sanofi for M1Pram for €10 million, which the Company received on July 20, 2023. This agreement secured a €10 million financing operation consisting of a €5 million private placement subscribed in particular by Gérard Soula, Chairman of Adocia's Board of Directors, and Bpifrance, supplemented by the issue of €5 million in convertible bonds underwritten by Vester Finance and European investors.

Following these agreements, at the beginning of July, the Company proceeded with the early repayment of its loan with IPF Partners for €10.2 million, including all debt and associated legal fees.

On August 4, 2023, an agreement was signed with the lenders of the PGE or a 12-month grace period on principal repayments from that date, generating a saving of €1.7 million.

¹ PGE : Prêt Garanti par l'Etat - State Guaranteed Loan

Lastly, IPF Partners exercised part of its warrants for 409,838 shares, for which the Company received €1 million. Consequently, since June 30, 2023, the company has significantly reduced its debt. Indeed, debts, which stood at €24.1m at the end of December 2022, amounted to €5.4m at the date of the half-year report (excluding IFRS 16 impacts and derivative debts).

"Over the past few weeks, the transactions we have carried out have enabled us to significantly improve our cash position and put our financial situation on a sounder footing," comments Valérie Danaguezian, Chief Financial Officer. *"Firstly, the full repayment of our debts to IPF Partners has enabled us to regain our financial independence. In addition, the rearrangement of PGE debt with a 12-month deferral gives us additional flexibility of €1.7 million. We are also particularly pleased to announce that Vester Finance has converted the entirety of its convertible bonds, thereby settling our financial debts (known as OCs) and their dilutive impact. We would like to thank Vester Finance for its renewed confidence in Adocia and its investments over the last few years".*

First Half 2023 Program Update

The first half of 2023 was rich in partnerships, with the signing of an exclusivity agreement with Sanofi for M1Pram (combination of a prandial insulin and an amylin analog). At the same time, the collaboration with Tonghua Dongbao continued, with the progress of Phase 3 for BioChaperone[®] Lispro (ultra-rapid-acting insulin) and the completion of three qualification studies for BioChaperone[®] Combo (combination of basal and prandial insulins), paving the way for direct entry into Phase 3. A feasibility study is currently underway using the AdOral[®] technology platform on a partner's (undisclosed) peptide.

BIOCHAPERONE[®] LISPRO

Adocia's partner in China, Tonghua Dongbao, is currently conducting a pivotal Phase 3 program with BioChaperone Lispro. The clinical program, fully funded by Tonghua Dongbao, involves over 1,300 type 1 and 2 diabetes patients recruited from over 100 centers across China. With the first patient dosed in May 2022, this Phase 3 program should be completed in 2024. The last visit of the last patient (LPLV) would trigger a milestone payment of \$10 million. Additional development milestone payments of up to \$20 million remain on the contract, as well as double-digit royalties on future sales.

BIOCHAPERONE[®] COMBO

In April 2022, Tonghua Dongbao and Adocia initiated 3 clinical studies in Europe (CT046 - 47 and 48) with BioChaperone Combo, to qualify Tonghua Dongbao's insulins. The clinical part of these studies has now been completed, and the results are currently being analyzed. The data obtained should enable Tonghua Dongbao to submit the BioChaperone Combo dossier to the Chinese Drug Agency (CDE), in order to obtain authorization to start a pivotal Phase 3 program in China. The start of Phase 3 would give way to a payment of \$10 million to Adocia. Under the terms of the agreement, a further \$40 million in milestone payments are still to be expected, as well as double-digit royalties on future sales of the product in China and other territories licensed to Tonghua Dongbao.

M1PRAM

In the first half of 2023, discussions were initiated with Sanofi. These led to the granting of exclusive rights to negotiate a worldwide licensing agreement for M1Pram (and related insulin-pramlintide combinations developed by Adocia). This agreement was accompanied by a payment of €10 million on July 20, 2023. The objective is to conclude a licensing agreement by the end of 2023.

M1Pram is the only insulin developed to date for people suffering from obesity and insulin-dependent diabetes. With a weight loss of -5.5 kg achieved in 16 weeks in people with type 1 diabetes and a BMI >30kg/m², M1Pram is the first drug to deliver this level of performance in patients on intensive insulin therapy. A Phase 2b clinical program for people with obesity and Type 1 diabetes is currently in preparation in the USA.

ADOSHELL® ISLETS, FOR CELL THERAPY OF DIABETES

AdoShell® Islets is an immunoprotective synthetic biomaterial containing islets of Langerhans for the treatment of type 1 diabetes by cell therapy. Preclinical work carried out in the first half of 2023 demonstrated the efficacy of AdoShell Islets®, as well as its excellent biocompatibility and tolerance. Results presented at the ADA (83rd Scientific Sessions of the American Diabetes Association) showed that, after a 7-month implantation period in the peritoneal cavity of rats (immunocompetent diabetic models), AdoShell® Islets containing rats islets demonstrated excellent tolerance without triggering inflammatory reactions or fibrosis. In particular, no biodegradation or penetration of immune cells was observed, reinforcing its potential as a novel solution for patients suffering from type 1 diabetes.

Adocia is actively working to initiate clinical trials and is preparing interactions with the EMA (European Medicines Agency) in order to validate the proposed development plan. At the same time, Adocia is pursuing its search for partners for AdoShell®.

ADORAL®: ORAL PEPTIDE DELIVERY

In response to a strong market need for new formulations to improve patient compliance and quality of life, Adocia has developed AdOral®. This technological platform aims to increase peptide absorption in the gastrointestinal tract, based on a new family of permeation enhancers.

Applied to semaglutide, AdOral® technology increases its oral bioavailability by up to 5 times, compared with the reference technology used on Rybelsus® (oral semaglutide, Novo).

These groundbreaking results have led to discussions with a number of players potentially interested in the oral GLP-1 market.

The innovative AdOral® technology has also been tested on a pharmaceutical partner's peptide, to study the feasibility of an oral formulation. This study could lead to the conclusion of a licensing agreement.

Governance

On May 15, 2023, Adocia announced the appointment of Olivier Soula as Chief Executive Officer and Gérard Soula was renewed as Chairman of the Board of Directors.

Olivier Soula, PhD, MBA, co-founder of Adocia, is co-author of over 40 patents on protein delivery, and has worked for over 20 years in the field of innovative formulations. He has also played a central role in the signing of numerous partnerships. Olivier's first objectives in his new role as CEO were to sign a partnership agreement for M1Pram and to renegotiate agreements with Adocia's lenders.

The General Shareholder Meeting set on May 11th, 2023 has appointed Mads Dall as a Director of Adocia, decided by the Company's Board of Directors on December 14, 2022, and renewed his term of office for a further 3 years. Mads Dall is CEO and founder of Dall & Company, a strategic business development company in the life sciences field, based in Copenhagen. Mads has extensive international experience of the diabetes industry and has worked with pharmaceutical, biotech and MedTech companies in executive, advisory and board positions.

Participation in investor events

Adocia will be taking part in a number of investor events over the coming months:

- **Lyon Pôle Bourse** (September 27, 2023, Lyon)
- **Investor Access** (October 9-10, 2023, Paris)
- **Investir Day** (November 28, 2023, Paris)
- **ODDO BHF Forum** (January 15-16, 2024, Virtual)
- **JPM 2024 - 42nd Annual Healthcare Meeting** (January 8 - 11, 2023, San Francisco)

During these professional meetings with the financial community, through one-to-one formats or plenary presentations, Adocia's management will review Adocia's latest news and outlook.

Availability of the half-year financial report

The 2023 half-year financial report of Adocia has been filed with the French Financial markets authority (Autorité des marchés financiers). It is available to the public and can be consulted on the www.adocia.com website in the Financials - Documentation section.

About Adocia

Adocia is a biotechnology company specializing in the discovery and development of therapeutic solutions in the field of metabolic diseases, primarily diabetes and obesity.

The company has a broad portfolio of drug candidates based on four proprietary technology platforms: 1) The BioChaperone® technology for the development of new generation insulins and products combining insulins with other classes of hormones; 2) AdOral®, an oral peptide delivery technology; 3) AdoShell®, an immunoprotective biomaterial for cell transplantation, with a first application in pancreatic cells transplantation; 4) AdoGel®, a long-acting drug delivery platform.

Adocia holds more than 25 patent families. Based in Lyon, the company has about 100 employees. Adocia is listed on the regulated market of Euronext™ Paris (Euronext: ADOC; ISIN: FR0011184241).

Contact

Adocia

Olivier Soula

CEO

contactinvestisseurs@adocia.com

+33 (0)4 72 610 610

www.adocia.com

Ulysse Communication

Adocia Relations Presse et Investisseurs

Pierre-Louis Germain

Bruno Arabian

adocia@ulyse-communication.com

+ 33 (0)6 64 79 97 51



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Disclaimer

This press release contains certain forward-looking statements concerning Adocia and its business. Such forward-looking statements are based on assumptions that Adocia considers as being reasonable. However, there can be no guarantee that the estimates contained in such forward-looking statements will be achieved, as such estimates are subject to numerous risks including those which are set forth in the "Risk Factors" section of the universal registration document that was filed with the French Autorité des marchés financiers on April 26, 2023 updated by the amendment of 26 July 2023 (D.23-0346-A01) and amendment of 13 September 2023 (D.23-0346-A02), available at www.adocia.com,

in particular uncertainties that are linked to research and development, future clinical data, analyses, and the evolution of the economic context, the financial markets and the markets in which Adocia operates.

The forward-looking statements contained in this press release are also subject to risks not yet known to Adocia or not considered as material by Adocia as of this day. The occurrence of all or part of such risks could cause that actual results, financial conditions, performances, or achievements of Adocia be materially different from those mentioned in the forward-looking statements.