

## PRESS RELEASE

Lyon, July 25, 2023

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# ADOCIA announces Q2 2023 financial results and a €10 million financing operation

- A cash position of 12.1 million euros on June 30, 2023, strengthened by:
  - The receipt on July 20 of €10 million from Sanofi following the signature of the M1Pram exclusivity agreement
  - A €10 million financing package concluded today, comprising:
    - €5 million through the issue of 1,101,320 new ordinary shares reserved for subscription by investors, including notably Bpifrance<sup>1</sup> and Gérard Soula, at a price per share of €4.54, corresponding to the volume-weighted average price over the last three trading sessions, without discount
    - €5 million through the issue of convertible bonds to European investors including Vester Finance
- A significant reduction in debt following the repayment of IPF Partners debt of €9.8 million on July 13

11:45 pm CEST – Adocia (Euronext Paris: FR0011184241 – ADOC), a clinical-stage biopharmaceutical company specializing in the development of innovative formulations of proteins and peptides for the treatment of diabetes and other metabolic diseases (the “**Company**”), announced today its financial results for the second quarter of 2023, as well as the completion of a €10 million financing operation as announced in a press release on July 5, 2023.

*"First and foremost, I would like to thank the investors who have renewed their confidence in Adocia, and in particular Bpifrance, Gérard Soula and Vester Finance. This financing operation has put us back on a sound financial footing, which should be strengthened by the forthcoming revenues expected from our partnership with Tonghua Dongbao in 2024. This will enable us to intensify our efforts on our two main projects, M1Pram and AdoShell",* says Olivier Soula, Chief Executive Officer of Adocia.

*"The exclusive negotiation agreement with Sanofi on M1Pram opens up the prospect of a very promising partnership with this market leader. M1Pram has the potential to become a blockbuster thanks to its unique positioning, which aims to offer obesity treatment to people suffering from insulin-dependent diabetes, by simply replacing their mealtime insulin".*

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<sup>1</sup> Acting on behalf of the FPS Bpifrance Innovation I - Compartment Venture fund, which it manages

# Second quarter 2023 financial results

The main financial figures for the quarter are as follows:

## Detail of the revenue for the second quarter of 2023

<i>In thousands of euros, IFRS standards (unaudited)</i>	<b>06/30/2023 (3 months)</b>	06/30/2022 (3 months)	<b>06/30/2023 (6 months)</b>	06/30/2022 (6 months)
Licensing revenues	52	4 811	161	4 896
Research and collaboration agreements	763	1 959	1 466	2 453
<b>REVENUE</b>	<b>815</b>	<b>6 770</b>	<b>1 627</b>	<b>7 349</b>

Adocia's revenues derive mainly from the licensing and collaboration agreements signed with Tonghua Dongbao (THDB) for the development, production and marketing of BioChaperone® Lispro and BioChaperone® Combo in China and other Asian territories.

- Sales of €1.6 million recognized in the first half of 2023 mainly reflect the latest services provided by Adocia's teams as part of the collaboration signed with THDB on the BioChaperone® Combo project to finalize the three clinical trials conducted in Europe. It also includes revenues from the AdOral® feasibility study currently underway.
- In 2022, over the same period, the figure was impacted by €4.8 million from the receipt in May 2022 of the milestone payment generated following enrolment and dosing of the first patient in the Phase 3 program launched with BioChaperone® Lispro by THDB in China.

## Net Cash Position as of June 30, 2023

The Company's cash position amounts to €12.1 million as of June 30, 2023, compared with €17.4 million on December 31, 2022. This position includes €4.3 million received in February 2023 as part of the mobilization of the 2022 research tax credit. On a comparable basis, cash consumption from operations for the first six months of the year came to €5.3 million, lower than last year's figure for the same period (€6.9 million).

Net financial debt (excluding IFRS 16 impacts and derivative instruments) stood at €19.6 million at the end of June 2023, compared with €24.1 million on December 31, 2022. The decrease in debt of €4.6 million over the first half is mainly due to (i) the repayment of the quarterly installment (March) of the IPF Partners loan, offset by the costs and interest associated with the early repayment of the debt 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 and (iii) the repayment of PGE loans (-€0.7 million) and (iv) the waiver of a €0.5 million debt by Bpifrance on the Hinsbet program initiated in 2012 and discontinued.

## Events since June 30, 2023

As announced in the press release published by the Company on July 5, 2023, the Company proceeded on July 13 with the early total repayment of its loan with IPF Partners for an amount of €9.8 million. This repayment releases Adocia from all pledges and securities associated with this debt.

Adocia's financial debt currently consists mainly of convertible bonds (which will impact shareholders' equity) and the PGE (Prêt Garanti par l'Etat) contracted with Bpifrance, HSBC, BNP and LCL for a total of €5.8 million. As part of the discussions that began with its bankers at the end of March, the Company had requested an adjustment to the PGE debt, and discussions on this subject are continuing.

On July 20, 2023, the Company received a payment of €10 million under the option agreement signed with Sanofi for exclusive rights on M1Pram.

*"Through these different operations, we have succeeded in refinancing the company, while at the same time clearing our debt with IPF Partners, which was imposing restrictive covenants on the company. With all the transactions carried out in July, the company will have nearly €20 million at its disposal, enabling us to implement our development plan by focusing our finances on the two priority projects: M1Pram and AdoShell",* comments Valérie Danaguezian, CFO of Adocia.

## 2<sup>nd</sup> Quarter Portfolio Highlights

A detailed review of project progression will be available in the half-yearly results as of June 30, 2023 (press release to be published on September 18, 2023).

The BioChaperone<sup>®</sup> Lispro project, currently in Phase 3 with partner Tonghua Dongbao, is progressing according to the plan established. Completion of Phase 3 is scheduled for 2024, which should give right to a milestone payment of €10 million. Tonghua Dongbao and Adocia are actively working to bring the latest generation of ultra-rapid-acting insulin to the Asian market.

Meanwhile, with regards to the development of BioChaperone<sup>®</sup> Combo, a combination of slow and fast insulins, the three Phase 1 clinical trials conducted in Germany by Adocia for partner Tonghua Dongbao have been completed. Data analysis is underway, and the results will be the subject of a future communication. On the basis of these results, Tonghua Dongbao and Adocia expect to enter directly into Phase 3, which would give way to a milestone payment of €10 million in 2024.

The exclusivity agreement on M1Pram granted to Sanofi for €10 million was a major and structuring event. Adocia aims to establish a worldwide partnership with Sanofi for this product by the end of 2023. On the development front, the Company is currently preparing the next clinical steps.

Research activities in the first half of 2023 have yielded new data on AdoShell<sup>®</sup> Islets. These have been selected for an oral presentation at the ADA (American Diabetes Association - 83<sup>rd</sup> Scientific Sessions). In particular, 7-month survival of islets encapsulated in AdoShell<sup>®</sup> was demonstrated in diabetic rats, without immunosuppression. Exceptional biocompatibility was also demonstrated, with good tolerance and no inflammatory reactions or fibrosis.

The AdOral<sup>®</sup> platform is the object of a feasibility study for the oral formulation of a partner's peptide (confidential). This feasibility study could lead to the establishment of a partnership.

# Details of the financing operation

Today's financing is twofold:

- a capital increase of €5 million for the benefit of investors, including Bpifrance<sup>2</sup> and Gérard Soula ("the **Capital Increase**");
- an issue of 566,539 bonds convertible into shares with a par value of ten euro each (the "**Convertible Bonds**") for a total nominal amount of approximately €5.7 million subscribed by Vester Finance and two European investors.

The Capital Increase and the issuance of the Convertible Bonds will give rise to the publication of a prospectus subject to the approval of the Autorité des marchés financiers (AMF).

## Use of Proceeds and cash flow horizon

The funds raised will be used to accelerate the development of the Company's portfolio, and more specifically AdoShell<sup>®</sup> Islets and M1Pram.

The Company has developed a portfolio of innovative products specializing in the treatment of diabetes and obesity. It entered into a partnership with Tonghua Dongbao in April 2018 for the development, production and marketing of BioChaperone<sup>®</sup> Lispro and BioChaperone<sup>®</sup> Combo in China and certain Asian territories. It also has three products in preclinical development, for which a feasibility study is underway.

In July, the Company announced the signature of an exclusivity agreement on M1Pram with Sanofi for €10 million, cashed on July 20, 2023. This transaction secured the financing operation carried out today.

With the funds raised, the Company plans to finance its activities until May 2024, i.e. 10 months of operations, which should enable it (i) to meet the next potential milestone payments under the THDB contract (i.e. \$20 million expected in 2024), and (ii) to put the Company in a favorable position to enter into a partnership with Sanofi on M1pram, which would significantly strengthen the Company's cash position.

The proceeds from the transaction will be also used to finance the Company's ongoing development and research activities, as well as its general operating needs and ongoing expenses.

At this stage, the Company is not yet able to finance its development by its own efforts, and must therefore regularly call on external financing, through private placements and financing such as the issue of convertible bonds.

Over the next twelve months, the Company has reasons to believe that additional financing is likely to be obtained, although the probabilities depend on factors beyond the Company's control. The Company estimates that the net additional cash required to meet its needs over the next twelve months is around €4 million. The Company's management is actively working on all these sources of financing, and remains confident that it will be able to extend its cash flow horizon.

## Main characteristics of the Capital Increase

The Chief Executive Officer of the Company, using the sub-delegation granted by the Board of Directors on July 20, 2023, itself using the delegation granted to it by the Company's General Meeting of the Shareholders of May

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<sup>2</sup> Acting on behalf of the FPS Bpifrance Innovation I - Compartment Venture fund, which it manages

11, 2023 (the “**General Meeting**”) pursuant to its 22<sup>nd</sup> resolution, has decided today the issuance of 1,101,320 New Shares, in accordance with article L. 225-138 of the French Commercial Code, with cancellation of the preferential subscription rights of the shareholders in favor of four investors, including Bpifrance<sup>3</sup> and Mr. Gérard Soula.

In accordance with the 22<sup>nd</sup> resolution of the General Meeting, the Chief Executive Officer has set the subscription price of the New Shares at €4.54, corresponding to the volume-weighted average share price of the three trading days preceding the date on which the issue price was set, with no discount.

The admission of the New Shares to trading on the regulated market of Euronext in Paris is scheduled for July 28, 2023. They will be listed on the same quotation line as the existing shares of the Company (ISIN FR0011184241), will carry dividend rights and will be immediately assimilated to the existing shares of the Company.

## Terms of the Convertible Bonds

The issuance of the Convertible Bonds has been decided today by the Chief Executive Officer of the Company, using the sub-delegation granted by the Board of Directors on July 20, 2023, from the delegation granted by the General Meeting of shareholders under its 23<sup>rd</sup> resolution. This issuance was carried out in accordance with article L. 225-138 of the French Commercial Code, with cancellation of the preferential subscription rights of shareholders in favor of a category of investors meeting the characteristics determined by the General Meeting<sup>4</sup>.

The subscription price, paid in cash, will be paid in full on the subscription date, i.e. €5 million net.

These Convertible Bonds were issued at a price equal to 93% of their nominal value (representing a subscription amount of approximately €5.3 million net). The Convertible Bonds will not bear interest and will mature on July 25, 2025<sup>5</sup>. They may be converted into ordinary shares at the request of the holders, at any time and at a subscription price which will depend on the Adocia share price at the time of conversion<sup>6</sup> per share<sup>7</sup>. The Convertible Bonds may also be redeemed at the request of the holder should an event of default occur.

The new shares resulting from the conversion of the Convertible Bonds will be fully fungible with the existing ordinary shares and have the same rights.

In the event that the Convertible Bonds have not been fully converted and/or redeemed at maturity, they will be fully redeemed by the Company at 100% of their nominal value.

No application for admission of the Convertible Bonds to listing on the regulated market of Euronext in Paris will be made.

This transaction has been advised and structured by Vester Finance, who is also an underwriter of the Convertible Bonds.

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<sup>3</sup> Acting on behalf of the FPS Bpifrance Innovation I - Compartment Venture fund, which it manages

<sup>4</sup> Namely, under the terms of the General Meeting's 23<sup>rd</sup> resolution: "any strategic or financial partner of the Company, whether or not a shareholder of the Company, located in France or abroad, which has entered into or is due to enter into one or more partnership (development, co-development, distribution, manufacturing, etc.), commercial or financing agreements with the Company (or a subsidiary), directly or through one or more companies controlled or by which they are controlled within the meaning of Article L. 233-3 of the French Commercial Code".

<sup>5</sup> Extendable under certain conditions

<sup>6</sup> At least equal to the lower of (i) EUR 5.11 and (ii) 92% of the lowest of the daily VWAPs (volume-weighted average price) over a period of 15 days preceding each conversion request (but not less than 80% of the volume-weighted average share price for the three trading days preceding the date of the conversion request). It is also specified that in the event of a significant rise in Adocia's share price, convertible bond holders will pay the Company a premium in the form of a one-off increase in the conversion price calculated in accordance with the terms of the convertible bond issue contract.

<sup>7</sup> Up to the issue ceiling set by the General Meeting in its 23<sup>rd</sup> resolution (€170,000 as of today)

# Theoretical impact of the Capital Increase and the issuance of the Convertible Bonds

Following the Capital Increase and the issuance of the Convertible Bonds, the Company's share capital will amount to €1,125,632.70, i.e. 11,256,327 ordinary shares with a nominal value of €0.10 each.

Prior to the transaction, the Soula family group held 15.9% of the capital, including 9.9% held by Gérard Soula. Bpifrance, acting on behalf of the Innobio and BioAm funds which it manages, held 7.2% of the Company's capital prior to the transaction.

Following the completion of the Capital Increase, Mr. Gérard Soula will hold 9.9%, the family group will hold 14.4%, and Bpifrance will hold 9.5%<sup>8</sup>.

For illustrative purposes, a shareholder holding 1% of the Company's share capital before the Capital Increase (on a non-diluted basis) that has not participated in the transaction will hold:

- 0.902% of the Company's share capital after the Capital Increase
- 0.792% after the Capital Increase and assuming that all the Convertible Bonds (OC0725) are converted, resulting in an issuance of 1,560,713 shares (on the basis of the Conversion Price calculated at the date of this press release, i.e. EUR 3.63).

Table of the shareholding structure:

	Before the Capital Increase			After the Capital Increase			After Capital Increase and conversion of Convertible Bonds		
	Nber of shares	% of capital	% of voting rights <sup>(1)</sup>	Nber of shares	% of capital	% of voting rights <sup>(1)</sup>	Nber of shares	% of capital	% of voting rights <sup>(1)</sup>
<b>Soula Family</b>	1 612 675	15,9%	24,1%	1 943 071	17,3%	24,6%	1 943 071	14,4%	21,2%
Gérard Soula (*)	1 006 455	9,91%	14,73%	1 336 851	11,88%	15,93%	1 336 851	9,93%	13,76%
Olivier Soula (*)	310 040	3,05%	4,79%	310 040	2,75%	4,42%	310 040	2,30%	3,81%
Rémi Soula	278 690	2,74%	4,31%	278 690	2,48%	3,97%	278 690	2,07%	3,43%
Laure Soula	17 490	0,17%	0,27%	17 490	0,16%	0,25%	17 490	0,13%	0,22%
<b>Financial investors</b>	1 122 106	11,05%	17,23%	1 672 766	14,86%	19,80%	1 672 766	12,42%	17,11%
Innobio (a)	621 641	6,12%	9,61%	621 641	5,52%	8,86%	621 641	4,62%	7,65%
Fonds BioAM (b)	112 716	1,11%	1,74%	112 716	1,00%	1,61%	112 716	0,84%	1,39%
FPS Bpifrance Innovation I - Venture compartment (c)	0	0,00%	0,00%	550 660	4,89%	3,92%	550 660	4,09%	3,39%
<b>Sub-total (a)+(b)+(c)</b>	734 357	7,23%	11,36%	1 285 017	11,42%	14,39%	1 285 017	9,54%	12,43%
Fund Amundi	1 570	0,02%	0,02%	1 570	0,01%	0,02%	1 570	0,01%	0,02%
Fund Viveris	25 618	0,25%	0,27%	25 618	0,23%	0,25%	25 618	0,19%	0,22%
Oréo Finance	40 561	0,40%	0,63%	40 561	0,36%	0,58%	40 561	0,30%	0,50%
SHAM <sup>(2)</sup>	320 000	3,15%	4,95%	320 000	2,84%	4,56%	320 000	2,38%	3,94%
<b>Employees</b>	141 460	1,39%	1,90%	361 724	3,21%	3,33%	361 724	2,69%	2,87%
Scientific Committee (BSA)	700	0,01%	0,01%	700	0,01%	0,01%	700	0,01%	0,01%
Directors	0	0,00%	0,00%	0	0,00%	0,00%	0	0,00%	0,00%
Autocontrol <sup>(3)</sup>	9 988	0,10%	0,00%	9 988	0,09%	0,07%	9 988	0,07%	0,06%
<b>Others (inc. OC0725, OC1124 &amp; OC1023)</b>	7 268 078	71,57%	56,75%	7 268 078	64,57%	52,22%	9 479 401	70,39%	58,73%
<b>TOTAL</b>	10 155 007	100,00%	100,00%	11 256 327	100,00%	100,00%	13 467 650	100,00%	100,00%

(1) Theoretical voting rights (i.e. including shares deprived of voting rights). All fully paid-up shares (regardless of class) registered in the name of the same shareholder for at least two years carry double voting rights, in proportion to the percentage of share capital they represent.

<sup>8</sup> Acting on behalf of the Innobio, BioAm and FPS Bpifrance Innovation I - Compartment Venture funds which it manages.

# Risk Factors

The risk factors affecting the Company are presented in section 1.4 of the universal registration document relating to the financial statements for the year ended December 31, 2022, filed with the Autorité des marchés financiers on April 26, 2023. The main risks and uncertainties that the Company may face in the remaining six months of the financial year are identical to those presented in the universal registration document available on the Company's website. These risk factors may be updated in the prospectus to be prepared by the Company in the context of the admission to trading on the regulated market of Euronext Paris of the new shares to be issued in connection with the Capital Increase and upon conversion of the convertible bonds, and which will be submitted to the AMF for approval. Investors are also invited to consider the following risks: (i) the volatility and liquidity of the Company's shares may fluctuate significantly, (ii) the Company's shares may be sold on the market, which may have a negative impact on the share price, and (iv) the Company's shareholders may suffer a potentially significant dilution resulting from any future capital increase that may be necessary for the Company's financing.

## 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 three proprietary technology platforms:

1) The BioChaperone<sup>®</sup> technology for the development of new generation insulins and products combining insulins with other classes of hormones; 2) AdOral<sup>®</sup>, an oral peptide delivery technology; 3) AdoShell<sup>®</sup>, an immunoprotective biomaterial for cell transplantation, with a first application in pancreatic cells transplantation; 4) AdoGel<sup>®</sup>, 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<sup>TM</sup> Paris (Euronext: ADOC; ISIN: FR0011184241).

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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 (a copy of which is available at [www.adocia.com](http://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.*

*The offer does not give rise to the preparation of a Prospectus subject to the approval of the AMF. However, the admission to trading of the shares to be issued in connection with the transaction will give rise to the preparation of a prospectus approved by the AMF.*