



**ADOCIA**

# Innovative Medicine

for everyone, everywhere

## Letter to Shareholders

1<sup>st</sup> semester 2022



# 1

## A word from the President

Ladies and Gentlemen, Dear Shareholders,

Over the past two years, we have successfully continued the clinical development of our three insulin products - BioChaperone® Lispro, BioChaperone® Combo and M1Pram - while innovating with the development of two new proprietary platforms - AdOral® and AdoShell® - which are ground-breaking innovations and are already the subject of several international patents. At the same time, our efforts to find partners have intensified since the end of the restrictions imposed by the Covid crisis.

Thus, during this first half of the year, our lead product, BC Lispro, reached a key milestone with the launch of the Phase 3 clinical trial conducted by our partner Tonghua Dongbao, which was accompanied by a \$5 million milestone payment. In parallel, our partner has entrusted us with the development of the second product of this partnership, BC Combo, with the conduct of three clinical studies in Germany, financed by Tonghua Dongbao. This should be the last step before the launch of Phase 3 clinical studies for China. It should be recalled that Adocia is eligible to receive up to \$80 million in milestone payments associated with the execution of these two ambitious projects over the next three years and royalties on future sales.

Another piece of good news from our project portfolio is the positive results of the Phase 2 clinical study conducted with M1 Pram. The effects recorded with this novel composition of insulin and amylin are remarkable and will be promoted over next weeks to pharmaceutical companies involved in the diabetes field.

In addition to these clinical advances, we have not forgotten that Adocia's DNA is innovation. For four years now, we have been working on the development of two new technological platforms, in addition to the BioChaperone, and the preclinical results obtained in recent months with AdOral and AdoShell appear sufficiently competitive on a global scale to interest new

partners from outside the insulin field. This is an important strategic challenge for our company.

Oral delivery of peptides is becoming a major topic for pharmaceutical companies, both to avoid injections to patients and also industrially and economically to replace sterile injectable solutions, which are costly, difficult to produce, store and transport. Our results on AdOral are very promising and are already attracting the interest of several pharmaceutical companies for alliances with their own molecules.

Our ambition for the second platform, AdoShell, is to revolutionize cell therapy techniques by avoiding the use of immunosuppressive treatments usually administered to prevent graft rejection. Our first application, called AdoShell Islets, is intended for people with a particularly unstable form of type 1 diabetes, by improving current islet transplant techniques. An ambitious R&D program has been set up with top specialists in the field. We are also working to apply AdoShell to other cell sources, including pluripotent cell lines, which could lead to numerous therapeutic applications.

Convinced that our innovations respond to major and still unmet medical needs, strengthened by the quality of our clinical results and by the interest that they arouse in industry, we are confidently writing a new page of Adocia's history.

On behalf of the entire team, I thank you for your support.

G rard Soula  
President and CEO



## 2 News from Adocia

### A first half-year rich in achievements

- 28 February: Adocia sells its building in Lyon as part of a sale and leaseback transaction. The transaction results in a net cash inflow of 19 million €, with no operational impact for the teams.
- 11 April: Adocia announces the launch of three clinical trials with BioChaperone Combo in Germany, fully funded by Tonghua Dongbao, as part of the licensing agreement for BC Lispro and BC Combo.
- 18 May: The first patient is enrolled and dosed in the BioChaperone Lispro Phase 3 trial. The study is conducted in China at approximately 100 clinical sites and 1300 patients and is fully funded by Tonghua Dongbao. Adocia received \$5 million of the total \$30 million in potential payments related to this programme.
- 21 June: Adocia announces M1Pram Phase 2 Trial Meets Primary Objective by Reducing Weight in Overweight People with Type 1 Diabetes.

### Questions to Olivier Soula, co-founder, Deputy-CEO and R&D Director of Adocia

Adocia has just published the results of an M1 Pram Phase 2 trial in type 1 diabetes patients. Why are they important?



These results are primarily important for patients. Contrary to popular belief, people with type 1 diabetes are affected by weight problems in the same manner as the general population. The emerging drug treatments (Saxenda®, Wegovy®, Mounjaro®) that are remarkably effective in weight loss are, unfortunately, not approved for type 1 diabetes. Therefore, there is an unmet medical need in a population that is already particularly vulnerable in terms of cardiovascular disease and quality of life.

Hence, this study shows that over a period of 4 months, patients could replace their prandial insulin with M1Pram, which is as easy to use, as safe, and at least as effective as the best rapid insulin currently on the market, while also helping them lose weight. This is what we believe it makes M1Pram unique and we are very pleased to have confirmed this.

These results have been selected for an oral presentation at the upcoming European Diabetes Congress, EASD, to be held in September in Stockholm.

Tell us about the new technological platforms currently under development. What is the status of your work and what are the results to date?

AdOral, our technology for oral delivery of peptides is based on new patented absorption enhancers. Our results on the absorption of semaglutide orally administered in dogs show a significantly better performance than the Rybelsus (semaglutide per os) developed and marketed by NovoNordisk. This promising comparison allows us to promote our platform to pharmaceutical companies that have peptides in their portfolios.

We are also extremely focused on our second platform, AdoShell, which aims to encapsulate cells to allow their transplantation without the need for immunosuppressive treatments. The first step was to develop an encapsulation material that is biocompatible, ultra-thin and easily manipulated in surgery while being immuno-insulating for the cells encapsulated in it.

Once these characteristics were obtained, we managed to encapsulate Langerhans islets and to maintain them viable and functional in vitro: the material allows glucose to diffuse and stimulate the cells which then secrete insulin.

We then conducted studies to reproduce this performance in animals and demonstrated that this system can be easily implanted and removed by laparoscopy. In recent months, we have achieved insulin independence in diabetic rats after allogeneic cell transplantation without the use of immunosuppressants. We are now working to reproduce this performance in large animals such as pigs.

We are developing this first application using Langerhans islets from donors and are working in parallel to establish alliances with companies that develop pancreatic cells from stem cells.

## Next key steps in our portfolio

Q3 2022	2023
<ul style="list-style-type: none"><li>■ BC LisPram: Phase 1 study results</li></ul>	<ul style="list-style-type: none"><li>■ First-In-Human Studies</li><li>■ Hormonal combinations in obesity</li><li>■ AdOral</li><li>■ AdoShell Islets</li></ul>

# 3 Finance

## 3 questions to Valérie Danaguezian, Chief Financial Officer of Adocia

What are the reasons that made you decide to sell the Adocia building?

First of all, we are delighted to have completed this transaction under such conditions at an opportune time for Adocia. I would like to remind you that the sale resulted in a net cash inflow of 19 million euros without any dilution for shareholders. This transaction also has no impact on operations, as we have signed a 12-year lease, renewable for nine years, which allows us to remain on the premises and to plan for the long term.

From a financial point of view, this is a very good operation. It enabled us to convert a real estate asset into financial resources immediately available for our core business, the development of innovations for diabetes and obesity.

Why did you carry out this convertible bond issue last year? Where do we stand today? What impact will the repayment of the balance of this bond line have on the stock market?

The convertible bond issue is part of the financial transaction carried out in October 2021 to ensure the financing of the company until the sale of the building. The overall operation involved €7m, including €6m of convertible bonds and €1m of equity investment from Gérard Soula.

On May 2021, Vester Finance and co-investors have converted 70% of this debt, allowing to reduce the global indebtedness of the Company and resulting in the issuance of 912,000 new shares. Two million euros remain on this line to be converted over the next few months. As announced on October 21<sup>st</sup> 2021, these issuances, which are made with a discount compared to the market price of the Company, will have a dilutive impact on our shareholders. It will depend on the evolution of our share price, which is usually uncorrelated with the financial and operational situation of the Company. Therefore, we have asked the General Assembly to provide for the possibility to increase the number of new shares to be issued under this financing agreement, should this prove necessary.

Unlike other operations, it should be remembered that this financing allowed us to secure, unconditionally and with immediate effect, the funds loaned, in this case 6 million euros, which we received last October. We are supported in this operation by investors recognized for their prudent resale of shares and their loyalty in supporting companies.

What financial autonomy does Adocia have?

At the end of March, our net cash position amounted to 25.3 million euros reinforced by the two operations described above. Of course, we are working to strengthen our cash position and the diversity of our portfolio, and the new AdOral and AdoShell technologies, are major assets on which we are counting to generate new revenues.



## Key financials at March 31<sup>st</sup>, 2022

### Company financing

- 85M€ of funds raised since company's creation
- 120M\$ received from partnerships

### Payments to be received

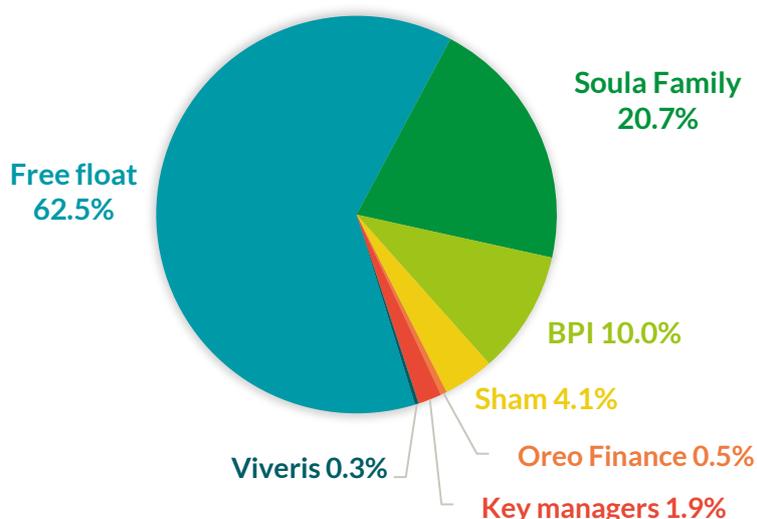
- 85M€ due under the THDB contract + royalties

**Cash position: 25.3M€**

### Debt: 25.4M€

- Debt IPF Partners: 14.2M€ (Oct 2019)
- State guaranteed loan (PGE): 7M€ (mid-2020)
- Convertible bonds: 3.5M€ (Oct 2021)
- Other: 0.7M€

## Shareholding structure on May 31<sup>st</sup> 2022



## Stock market Information

Listed on Euronext Paris (ADOC)

- 8M shares issued at May 31<sup>st</sup> 2022

Financial analysts

- Kepler Chevreux – Arsène Guekam
- Oddo – Oussema Denguir
- HC Wainwright – Douglas Tsao



# 4 Adocia in the media

Les Echos **investir**

09/05/2022

## Adocia en forte hausse après une nouvelle avancée dans le traitement du diabète

Le **Revenu** 13/05/2022

Adocia : des avancées prometteuses

La biotech se spécialise dans l'insuline et se positionne sur le gigantesque marché chinois.

LA **TRIBUNE**  
PARTAGEONS L'ÉCONOMIE

18/05/2022

Adocia : début d'une étude pour BioChaperone Combo

LA **Bourse**  
et LA **VIE**  
.com

06/04/2022



Olivier Soula Directeur Général Délégué Adocia : "Adocia a bien avancé sur ses projets".  
Rencontres avec le dirigeants de sociétés cotées

**Boursorama**

10/05/2022

Le journal des biotechs : Olivier Soula, directeur général délégué d'Adocia



**Capital**

11/04/2022

Adocia lance de trois études cliniques

LE QUOTIDIEN  
DU MEDECIN **adocia**

03/06/2022

## Ultra-rapides : avantage à la flexibilité

Les insulines ultrarapides, aussi efficaces et sûres que les insulines rapides, réduiraient le nombre d'hypoglycémies. Elles pourraient s'avérer particulièrement intéressantes dans les pompes à insuline.

LYON **décideurs**

ACTU 20/05/2022

Bourse & Valeurs #121, avec Jérémy Benattar (Adocia)

La Rédaction — 20 mai 2022



## Contacts

### Adocia

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