

PRESS RELEASE

Lyon, April 19th, 2022



ADOCIA

innovative medicine
for everyone, everywhere

ADOCIA announces its annual results for 2021 and presents an update on activities

- A cash position of 15.2 million euros on December 31, 2021, strengthened to 28 million euros on March 28, 2022
- Major technical advances in 2021:
 - The approval to enter Phase 3 in China for BioChaperone® (BC) Lispro, granted by the Chinese regulatory authorities (CDE) to our partner Tonghua Dongbao
 - The start of two clinical studies on M1Pram and BC LisPram
 - 3 patents on two new platforms: an immunoprotective hydrogel matrix for cell therapy (AdoShell®) and an oral peptide delivery technology (AdOral®)
- Promising perspectives for 2022:
 - Start of BC Lispro Phase 3 in China
 - Completion of clinical studies to support BC Combo's Phase 3 dossier in China
 - Publication of M1Pram (Phase 2) and BC LisPram (Phase 1) clinical studies results
 - Phase 1 studies preparation on our new projects

6:00 pm 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, announced today its full year 2021 financial results as of December 31, 2021. The financial statements were approved by the Board of Directors set on April 14, 2022 and will be submitted for shareholder approval at the next General Shareholders' Meeting on June 28, 2022.

"We are very pleased with the advancement of our two projects, BC Lispro and BC Combo, in Asia by our partner Tonghua Dongbao with the enhanced prospect of receiving up to \$85 million in milestone payments over the coming years", said Gérard Soula, Chairman and CEO of Adocia. "The preclinical results obtained in cell therapy and oral delivery of peptides provide us with new partnership opportunities in addition to those underway for BC Lispro, BC Combo and multi-hormonal combinations."

Financial highlights

The following table summarizes the financial statements under IFRS for the years ended December 31, 2021 and December 31, 2020:

<i>In (€) thousands, Consolidated financial statements, IAS/IFRS</i>	FY 2021 (12 months)	FY 2020 (12 months)
Revenue	1 444	841
Grants, Research tax credit, others	4 611	5 992
Operating revenue	6 055	6 833
Research and development expenses	(20 016)	(22 547)
General and administrative expenses	(5 404)	(5 434)
Operating expenses	(25 421)	(27 981)
OPERATING INCOME (LOSS)	(19 366)	(21 148)
FINANCIAL INCOME (LOSS)	(3 388)	(2 147)
Tax	-	(29)
NET INCOME (LOSS)	(22 754)	(23 324)

Company's results for the year 2021 are characterized:

- **Net loss of € 22.8 million in 2021**, compared to a loss of €23.3 million in 2020, mainly consisted of:
 - Revenue of €1.4 million in 2021 (compared to €0.8 million in 2020) coming essentially from the two-licensing contract signed with Tonghua Dongbao. In 2021, additional services have been performed by Adocia for a total amount of €1 million income at the request of our Chinese partner for the preparation of 3 clinical trials conducted in Europe on BC Combo;
 - Other operating income of €4.6 million, resulting mainly from the research tax credit (CIR) generated on 2021 expenses;
 - Total operating expenses of €25.4 million, a €2.5 million decrease compared to last year;
 - Financial loss of €3.4 million reflecting the financial interests paid on the €15 million IPF partner loan contracted in 2019. The increase of €1.1 million 2021 is mainly explained by the IFRS impact (non-cash) of the revaluation at fair value through income of the convertible bond contracted in October 2021.
- **A cash position of €15.2 million as of December 31, 2021** (compared to €28.1 million as of December 31, 2020).

The cash consumption over the full year 2021 was €19.9 million, in a decrease compared to 2020 (which was €22.5 million), on a comparable basis (excluding financing operations).

Net financial debts (excluding the impact of derivative instruments) amounted to €33.3 million the end of December 2021, compared to €27.3 million twelve months earlier. The increase of €6 million is mainly due to the convertible bond financing completed in October 2021, which resulted in a net cash in-flow of €6 million. A portion of the bonds was converted at the end of December, the balance being recorded as debt under IFRS 9 and IAS 32.

In addition, in March 2022 the company has sold its headquarter offices for a net amount of €19 million. Taking this into account and the consumption of cash during the first quarter of 2022, the company's cash position amounted to €28 million on March 28, 2022, the day of the sale signature.

"We are pleased to have been able to complete the sale of our building, which has significantly strengthened our cash position without dilution for our shareholders and no impact on operations. Our cash position at the end of March provides us with sufficient financial resources to execute the announced news flow," said Valérie Danaguezian, Chief Financial Officer of Adocia.

Key events in 2021

2021 was marked by major advances in our insulin portfolio and by the achievement of important proofs of concept on new technological platforms in cell therapy and oral delivery of peptides. In addition, the financial operation carried out in the last quarter strengthened the financial resources available to support the Company's growth.

Significant progress made on mature projects in our pipeline:

- **BioChaperone® Lispro: approved to enter Phase 3 in China**

In October 2021, Tonghua Dongbao received approval from the CDE (Center for Drug Evaluation) to start the Phase 3 program of BC Lispro ultra-rapid insulin for the treatment of type 1 and type 2 diabetes in China. The operational start of Phase 3 in China should trigger a milestone payment to Adocia, expected in the second quarter of 2022. In parallel, the preparatory work for the Phase 3 studies in the United States and Europe has successfully been completed. Our commercial activities are aimed at finding a partner capable of financing the pivotal program until marketing authorization is obtained in these regions.

- **M1Pram and BioChaperone® LisPram: intensified clinical development efforts**

Adocia has intensified the clinical development of its two product candidates, M1Pram and BC LisPram, positioned respectively for the auto-injector pen and pump markets. These fixed combinations of insulin and amylin analogs are expected to provide improved medical benefits through weight loss in obese or overweight people with diabetes, as compared to rapid insulins administered alone. Rapid insulins are essential to the survival of many patients. They generate more than \$9 billion in revenue each year. In the United States, 65% of type 1 diabetic patients and 85% of type 2 diabetic patients are overweight or obese^{1,2}.

A Phase 2 study (CT041) was initiated in March 2021 with M1Pram in an auto-injector pen. This comes after the establishment of proof of concept in humans in a study from 2020 that demonstrated improved glycemic control and very significant weight loss, as compared to the reference rapid insulin aspart, in only 3 weeks of treatment. The CT041 study, which aims to confirm these results over a 4-month period in people with type 1 diabetes, has been designed to define all the parameters of a future Phase 3 program. The results will be communicated in the second quarter of 2022.

¹ Conway et al, *Diabetes Med* 2010 April; 27(4):398-404. BMI>25, Data for 2004-2007 period

² *Epidemiology of Obesity and Diabetes and Their Cardiovascular Complications*

Concurrently, a proof-of-concept study in humans has been initiated with BC LisPram. This combination has been specifically designed for automated pump administration using an algorithm. This study is being conducted in collaboration with Dr. Ahmad Haidar of McGill University (Canada) and results are expected in Q3 2022.

New proprietary technology platforms in new growth markets

- Revolutionizing islet transplantation (AdoShell® technology)

In January 2021, Adocia announced the filing of patents on a hydrogel matrix designed to improve islet transplantation cell therapy treatments. The function of this matrix is to maintain transplanted cells' secretory activity, while protecting them from the immune system. Adocia's objective is to create an organoid capable of secreting insulin in response to glycemic variations, thus avoiding the use of immunosuppressive drugs. An academic collaboration has been established with several teams, including Inserm with Professor François Pattou, a world specialist in islet transplantation. Animal trials are underway, prior to human implantation trials.

- Combining hormones to treat obesity

In 2021, Adocia also initiated new projects in the field of obesity. Patient management is undergoing major changes, due, on the one hand, to gradual recognition of obesity as a pandemic requiring drug treatment, and, on the other hand, to the discovery of the efficacy of certain hormones - which are also involved in diabetes - in controlling weight. These treatments make it possible to avoid recourse to bariatric surgery. These products are intended to be administered in pump so that the patient can set up, with the support of a doctor, a personalized treatment adapted to lifestyle. Patents have been filed by Adocia on these pump-administered hormone combinations. The objective is to prepare a proof-of-concept study in humans by 2022/2023. These hormonal combinations could also be developed in other medical indications such as NASH (Non-Alcoholic Steatohepatitis) and type 2 diabetes.

- Delivering peptides in oral form that were previously administered by injection (AdOral® technology)

Adocia has developed a technology that can enable oral delivery of peptides by limiting their natural degradation in the digestive tract before reaching the bloodstream. Initial results obtained in preclinical studies have shown an increase in the absorption efficiency of peptides by the gastrointestinal tract, which would allow for a switch from injectable to oral forms.

This new technological platform opens up numerous applications for oral forms of therapeutic peptides used in metabolic disorders.

"Promising results obtained on our two platforms, AdoShell® for cell therapy and AdOral® for the delivery of oral peptides, position us well amongst competition on these subjects which represent major therapeutic challenges", commented Olivier Soula, Adocia's Deputy CEO and Director of R&D.

The company's cash position was strengthened in October 2021 by a financing operation and in March 2022 by a real estate transaction:

- The financing operation achieved in October was for €7 million

In October 2021, the Company carried out a financing transaction through (i) the issue of 6,568,422 bonds convertible into shares with a par value of one euro each for a total amount of €6 million net subscribed by Vester Finance and two other European investors and (ii) a capital increase of €1 million, the subscription of which was reserved for the benefit of Gérard Soula, the Company's Chairman and CEO and a shareholder, by way of the issue of new ordinary shares.

- Governance reinforcement

In June 2021, Adocia strengthened its Board of Directors with the appointment of three new independent members: Dr. Claudia Mitchell, Senior Vice President in charge of Portfolio Strategy at Astellas Pharma; Dr. Katherine Bowdish, President and CEO of PIC Therapeutics; and Stéphane Boissel, CEO of SparingVision.

Post-period events

In March 2022, the Company completed a sale and leaseback transaction resulting in the sale of its building, acquired in 2016, and the signature of a 12-year renewable lease. This transaction resulted in a net cash inflow of €19 million. As of March 28, 2022, the Company's cash position thus amounted to €28 million.

In April 2022, the Company announced the start of the BC Combo clinical program in Europe following the approval of the Chinese and German health authorities. BC Combo has been licensed to Tonghua Dongbao, which has given the conduct of these clinical studies to Adocia due to its expertise and the experience in clinical studies management. These studies, financed by Tonghua Dongbao, aim at qualifying the formulation necessary for the Phase 3 dossier.

Outlook for 2022

- With the enrollment of the first patients in Phase 3 of BC Lispro in China, Adocia will be eligible for a milestone payment under the agreement with Tonghua Dongbao (agreement providing up to \$35 million in development milestone payments until the product registration). The commercialization of BC Lispro in China and other Asian countries (excluding Japan) will result in the payment of royalties on sales.
- Phase 2 clinical data for M1Pram, a rapid-acting insulin for auto-injector pen for type 1 diabetes patients, will be reported in the second quarter of 2022.
- Phase 1 clinical results for BC LisPram, for automated pump administration, are expected in the third quarter of 2022.
- Pre-clinical results for multi-hormone obesity therapies (PramExe and BC GluExe), the hydrogel matrix for cell therapy and the oral delivery technology are expected to enable first-in-man studies in 2022-2023.

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® 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 for patients with "brittle" diabetes.

Adocia holds more than 25 patent families and was ranked 4th and 7th in the French National Institute of Industrial Property (INPI) ranking of SMEs on the number of patents filed, in 2019 and 2020 respectively.

Based in Lyon, the company has approximately 115 employees. Adocia is listed on the Euronext™ Paris market (Euronext: ADOC; ISIN: FR0011184241).

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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.

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