

Poxel Raises €16 million in a Series A Financing to Accelerate Pipeline Development

Lyon, France, July 8, 2010 - Poxel SA, a diabetes drug development specialist, announces today that it has raised €16 million (USD 19.7 million) in a Series A round. Poxel is a spin off from Merck Serono. The financing round was led by Edmond de Rothschild Investment Partners (EdRIP); other investors in the financing are InnoBio fund, managed by CDC Entreprises within FSI France Investment program and Crédit Agricole Private Equity. A significant part of the funds will be used to rapidly advance the company's lead program, Imeglimin, an oxidative phosphorylation inhibitor, to treat Type 2 diabetes.

Imeglimin is a first-in-class oral anti-diabetic that has demonstrated efficacy and safety in diabetic patients in two Phase IIa trials. Imeglimin is being developed in monotherapy and in combination with key treatments. Imeglimin has an innovative mode of action that targets the three key defects of Type 2 diabetes, inhibiting hepatic gluconeogenesis, increasing muscle glucose uptake and restoring normal insulin secretion. Poxel has five further promising anti-diabetic programs in early development. These also include a new class of direct AMPK activators close to preclinical development stage.

"This substantial funding is very encouraging and is a real testimony to the potential of our company", said Thomas Kuhn, CEO at Poxel. "This financing will help us advance our product pipeline and specifically demonstrate Imeglimin's clinical potential, both as monotherapy and in combination."

In line with the financing, four new members have joined Poxel's board of directors: Thierry Hercend, MD, PhD, and Chairman of the Board; Raphaël Wisniewski, Partner at EdRIP; Olivier Martinez, PhD, Investment Manager at the InnoBio Fund and Bruno Montanari, Investment Manager at Crédit Agricole Private Equity.

Mr. Thierry Hercend, MD, PhD and Chairman of the board, said: "I am pleased to work with such an entrepreneurial team as well as with this group of reputable investors. I am convinced that the products in development at Poxel have the potential to improve the treatment of Type 2 diabetes."

Mr. Raphaël Wisniewski, Partner at EdRIP, stated: "We are happy to have led the largest series A financing round in France since 2005 and assemble a strong syndicate to support this promising spin-off that addresses major public health problems through innovative products."

Mr. Thibaut Roulon, Investment Officer at CDC Entreprises, commented: “With this third investment by InnoBio, we are glad to finance a very promising spin-off with a strong pipeline of innovative anti-diabetic drugs. This first investment in a Series A round also demonstrates our willingness to support earlier stage companies, which is shared by InnoBio’s subscribers”.

Mr. Bruno Montanari, Investment Manager at Crédit Agricole Private Equity, added: “Poxel’s founders have a deep understanding of their assets and the diabetes field. We are delighted to be part of a strong syndicate which will support the company in delivering promising results”.

About Type 2 Diabetes

Type 2 diabetes is defined by a failure of sensitive tissues to respond to insulin, a hormone involved in glucose and fatty acid metabolism. The World Health Organization (WHO) estimates that Type 2 diabetes comprises 90% of diabetic patients worldwide. There are increasing reports of children developing Type 2 diabetes, which mainly occurs after the age of 40 years.

The International Diabetes Federation estimates that in 2009, 285 million people around the world have diabetes. This total is expected to rise to 438 million within 20 years. Each year a further 7 million people develop diabetes. The current market is dominated by few product classes and significant unmet needs remain for both physicians and patients.

About Poxel SA

Poxel, founded in 2009 is a biopharmaceutical company developing innovative first-in-class drugs with a primary focus on Type 2 diabetes. The company will develop drug candidates to clinical proof of concept before partnering with pharmaceutical partners. Poxel was spun out from Merck Serono a division of Merck KGaA, Germany. Poxel now operates completely independently as a lean organization with strong in-house drug development expertise.

Imeglimin, an oxidative phosphorylation inhibitor, is a first in a new class of oral anti-diabetic treatments, the Glimins. Imeglimin is delivering promising clinical results and has the potential to become the leading second line treatment for Type 2 diabetes either as a monotherapy or in combination with other treatments. Imeglimin acts on three main target organs involved in glucose homeostasis: the liver, muscle, and the pancreas.

Imeglimin benefits from strong differentiation and clear competitive advantages against current Type 2 diabetes treatments due to its efficacy profile and its strongly enhanced benefit/risk ratio.

Direct AMPK activators developed at Poxel represent a major breakthrough in Type 2 diabetes treatment as they tackle both hyperglycemia and hyperlipidemia. None direct AMPK activators are currently on the market. Poxel's AMPK activators are oral drugs close to the preclinical candidate stage.

About Edmond de Rothschild Investment Partners

Paris-based Edmond de Rothschild Investment Partners (EdRIP) is dedicated to minority investments in privately-owned companies. Currently, EdRIP has 800 Million Euro under management which is being invested primarily as life sciences venture capital and growth capital. Its life science team of seven professionals has over 90 years of cumulated experience in the life science industry and has a proven track record in biotechnology and medical technology investments. The team has approximately 270 Million Euro under management and recently raised 155 Million Euro in the BioDiscovery 3 fund. EdRIP is part of the group La Compagnie Financière Edmond de Rothschild, Paris, France. For more information, please visit www.edrip.fr.

About InnoBio fund

InnoBio is a French venture capital fund of EUR 139 Million, managed by CDC Entreprises and for 37 per cent subscribed by the FSI and leading international pharmaceutical companies established in France, such as sanofi-aventis, GSK, Roche, Novartis, Pfizer, Lilly, Ipsen, Takeda and Boehringer Ingelheim. The main objective of the fund is to make direct equity and quasi-equity investments in companies that provide innovative technology products and services in the healthcare market. InnoBio's investor team, specialized in this sector and headed by Laurent Arthaud, made its first investment in January 2010.

About CDC Entreprises and the FSI

CDC Entreprises is a management company authorized by France's financial market regulator, the AMF, and a wholly-owned subsidiary of the Caisse des Dépôts. It makes direct and indirect investments in companies, on a national or regional level, ranging from technology seed funding to small company transmissions.

CDC Entreprises manages the investments of the FSI, of the Caisse des Dépôts (now its second largest subscriber) and other public and private institutions investing in small and medium-size French Businesses. Its mission is to encourage the emergence of companies enjoying solid and lasting growth by strengthening their equity capital. Via 180 associated French funds, CDC Entreprises holds more than 2,500 companies in its portfolio.

The FSI (Fonds Stratégique d'Investissement) is a limited responsibility company owned 51 per cent by the Caisse des Dépôts and 49 per cent by the French state. It makes equity investments taking minority positions in French companies with projects that create value and enhance competitiveness of the economy.

InnoBIO is managed by CDC Entreprises

www.fonds-fsi.fr - www.cdcentreprises.fr - www.france-investissement.fr

About Crédit Agricole Private Equity

Crédit Agricole Private Equity is an AMF-accredited asset-management subsidiary of Crédit Agricole, specialising in direct private-equity investment in non-listed companies. As multi-specialist player, Crédit Agricole Private Equity's team of 95 professionals manages €3 billion with specific expertise in LBO & Expansion, Venture Capital, Mezzanine, Co-Investment, Renewable Energy and PPP Infrastructure. The 12-strong venture capital team manages €470 million through FCPIs invested in young companies with high growth potential in 2 sectors: information technology and life sciences. Crédit Agricole Private Equity has signed up to the United Nations' Principles for Responsible Investment (PRI). As committed shareholder, Crédit Agricole Private Equity provides the best possible support for businesses and delivers sustainable performance to its investors.

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