Valerio Therapeutics Reports Full Year 2023 Financial Results and Provides Clinical Development Updates

- **Cash position of €6.8 million as of December 31, 2023**
- **Financial visibility until the end of fourth quarter of 2024**

Paris (France), April 30, 2024 – 8 pm CEST – Valerio Therapeutics S.A. (Euronext Growth Paris: ALVIO), hereafter "**Valerio Therapeutics**" or the "**Company**"), a clinical-stage biotechnology company specializing in the development of innovative drugs targeting tumor DNA Damage Response (DDR) and driver oncogenes, today reported its consolidated results for the fiscal year ending December 31, 2023.

Dr. Shefali Agarwal, Chairwoman of the Board of Directors and CEO, stated: "*I am delighted to announce that the first patient has been dosed with VIO-01 in the first-in-human study VIO-01-101. VIO-01 is the latest optimized drug candidate derived from Valerio Therapeutics' proprietary PlatON platform of DNA decoy therapeutics, specifically designed to revolutionize cancer treatment. VIO-01, as a next-generation pan-DDR DNA decoy, represents a paradigm shift in therapeutic approach. It is meticulously crafted to not only abrogate multiple DNA repair pathways but also to unleash a potent immune response by activating the STING pathway which plays a pivotal role in identifying DNA abnormalities and mobilizing the immune system to target and eliminate cancer cells. Our commitment to advancing science, pushing boundaries, and making a meaningful impact on cancer treatment remains unwavering. Together, with the support of our dedicated team and the medical community, we look forward to bringing VIO-01 one step closer to transforming the landscape of cancer care.*"

FY 2023 FINANCIAL RESULTS*

Consolidated income statement (IFRS) In thousands of euros	31/12/2023	31/12/2022
Revenues	**1,800**	**1,443**
Operating expenses, of which: *R&D expenses*	**(21,054)**	**(19,008)** (11,054)
Other recurring operating income	200	450
Recurring operating income/loss	**(19,053)**	**(17,115)**
Other non-recurring operating income and expenses	(1,234)	389
Operating income/loss after income from equity affiliates	**(20,288)**	**(16,727)**
Financial result	**(39)**	(2,549)
Tax	(17)	(285)
Loss	**(20,344)**	**(19,562)**

**Audit procedures on the consolidated accounts have been carried out. The certification report will be issued once the management report has been verified.*

Revenues for full-year 2023 totaled €1,8 million corresponding to lump-sum royalties due from Biogen under a license agreement for a non-strategic product.

Operating expenses rose from €19.0 million in 2022 to €21.1 million in 2023, mainly due to:

- Personnel expenses, which increase from €8.6 million to €9.3 million, as a result of the reinforcement of the teams, and more specifically to the recruitment of highly qualified scientists as well as the indemnities paid to the former employees who left the Group in 2023.
- External expenses increased from €9.4 million to €10.3 million, due to R&D activities, with a focus in 2023 on the clinical development of AsiDNA™ and on the optimization and preclinical development of VIO-01.

The **financial result** was a loss of (39) thousand euros.

After taking into account these various items of income and expense, the net result is a loss of €20.34 million compared to a loss of €19.56 million recorded in the previous year.

FINANCIAL STRUCTURE

As of December 31, 2023, the Group had a cash position of €6.8 million, compared with €14.6 million at December 31, 2022. The outstanding financial debt at the end of 2023 amounted to €9.0 million, which includes state-backed loans obtained in February 2021.

The financial statements have been prepared on a going concern basis. This principle has been retained by the Board of Directors on the basis of a cash position of 6.8 million euros on December 31, 2023 and the financing commitments received from its main shareholders Invus and Financière de la Montagne, in an amount of 5 million euros. The Group will thus be able to finance its activities at least until the end of the fourth quarter of 2024 on the basis of its financing plan.

2023 HIGHLIGHTS AND RECENT DEVELOPMENTS

ASIDNA™

AsiDNA™ is a *first-in-class* DNA Decoy which traps and sequesters DNA-PK, a complex of proteins involved in the DNA Damage Response. AsiDNA™ thus induces inhibition of DNA-PK-dependent DNA repair in tumor cell, which nevertheless continues its replication cycle, but with damaged DNA, thus leading to cell death. AsiDNA is used in combination with other tumor DNA damaging agents such as radiotherapy and chemotherapy, or in combination with inhibitors of a specific repair pathway such as PARPi or other targeted therapies, to increase their efficacy, notably by abrogating any resistance to these treatments, without increasing toxicity. AsiDNA™ specifically targets tumor cells and has a very favorable safety profile in humans observed in four Phase 1/1b clinical studies. The Company continued the clinical development of AsiDNA™ in 2023.

Given the limited efficacy observed during phase 1 clinical trials especially as a monotherapy, it was not considered beneficial for patients to further pursue clinical development of AsiDNA™ or initiate a phase 2 study. Furthermore, AsiDNA™ is assumed to generate no revenue and only have minor carrying costs for company industrial property. For all these reasons, it was decided to deprioritize AsiDNA™ clinical investigation to focus efforts on development of VIO-01, our second-generation drug candidate.

In clinical development

The company initiated a multi-center Phase 1b/2 trial to evaluate the safety and efficacy of AsiDNA™ in combination with the PARP inhibitor Olaparib in patients with epithelial ovarian cancer, breast cancer and metastatic castration-resistant prostate cancer who have progressed despite initial treatment with PARP inhibitors. This clinical trial started in January 2023, with the activation of the first clinical study site in the United States, *Next Oncology* in San Antonio.

In addition, during the first half of the year, Valerio Therapeutics continued its two trials conducted in collaboration with two academic research centers of excellence in oncology:

- The Revocan phase 1b/2 investigator sponsored trial evaluating the addition of AsiDNA™ to combat PARP inhibitor resistance in second-line maintenance treatment of recurrent ovarian cancer.
- The Phase 1b/2 trial evaluating AsiDNA™ in combination with radiotherapy in recurrent high-grade glioma in children, an indication with a particularly poor prognosis.

VIO-01

VIO-01, formerly OX425, is a Pan-DDR DNA Decoy Targeting Multiple Proteins & Repair Pathways and represents the most optimal drug candidate selected to enter preclinical development. VIO-01 traps several DDR Proteins Inhibiting Different DNA Repair Pathways. VIO-01 reaches the nucleus and acts as a decoy for several DNA repair enzymes. It has an increased resistance to nucleases and plasmatic stability.

Valerio Therapeutics presented new preclinical data confirming the pan-DDR DNA decoy effect of VIO-01 and the high anti-tumor activity in tumor models independently from the homologous recombination repair status on April 19, 2023, at the American Association for Cancer Research (AACR) Annual Meeting. Also, the Company presented new preclinical data confirming VIO-01's capability to abrogate several DNA repair pathways and induce a drug-driven synthetic lethality, without the need of a combined treatment.

VIO-01 underwent late-stage IND-enabling preclinical development in 2023, with the execution of regulatory toxicology and ADME/PK studies. This package allowed IND submission to FDA followed by approval to start first-in-human clinical trial.

NEXT Oncology San Antonio, the first site for the Phase 1/2 (VIO-01-101) study investigating VIO-01 has been activated and has dosed the first patient.

3RD GENERATION OF PLATON™ PLATFORM

Valerio Therapeutics continued to optimize the PlatON™ platform to develop more potent assets coupled to innovative technologies, with the objective to combine PlatON™ platform's DNA decoys with the targeted protein degradation strategy offered by PROTACs (PROteolysis-TArgeting Chimeras) technology. PROTACs technology and other tumor specific targeting options may be a novel class of heterobifunctional molecules that can selectively degrade target proteins within cells. This approach offers several advantages over the other molecules involved in modulating the DNA damage response, such as increased selectivity and reduced toxicity. This specific strategy involves generating DecoyTAC combining our vectorized DNA decoy molecules capable of efficient cell penetration with a linker+E3 ligand promoting the complete degradation of the target proteins, thereby presenting a novel mechanism of action.

The exploration of the convergence of PROTACs and DNA Decoys aims to not only propose new therapeutic modalities against DDR proteins but also against transcription factor proteins that are challenging to target. Through these efforts, the Company strives to advance the field of oncology drug development and contribute to the treatment of cancer patients.

EVOLUTION OF THE R&D PORTFOLIO

Changes from the portfolio presented in the 2022 annual financial report are as follows:

- The Phase 1/2 of the trial AsiDNA™ in the U.S., in combination with the PARP inhibitor Olaparib enrolled three patients in 2023.
- Postponement of the preliminary results of the Revocan study to the first half of 2023, instead of the second half of 2022, due to slowed enrollment.
- Preclinical development of VIO-01 (formerly OX425), with the execution of regulatory toxicology and ADME/PK studies and the filing of an Investigational New Drug (IND) application with the FDA in October 2023.

Governance

The Annual General Meeting of June 6, 2023, renewed the terms of Financière de la Montagne, represented by Mr. Nicolas Trebouta, and Mr. Robert Coleman as directors for three years.

The Board of Directors is currently composed of 7 members, 6 men and 1 woman, including 3 independent members.

2024 OUTLOOK

In 2024, the Company will continue to pursue its value creation strategy based on the development of its therapeutic innovations until proof of concept in humans, with the following main milestones:

VIO-01

- Execute the clinical study VIO-01-101 for VIO-01
- Recruitment and dosing of patients for the Phase 1/2 (VIO-01-101).

AsiDNA™

- Deprioritization of AsiDNA clinical investigation to focus efforts on developing VIO-01, our second-generation development candidate.

PlatON

- Continued optimization of PlatON platform by developing DecoyTAC, leveraging the unique DNA Decoy MoA and the targeted protein degradation (PROTAC), and expanding the targets beyond DDR.

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About Valerio Therapeutics

ValerioTX (Euronext Growth Paris: ALVIO) is a clinical-stage biotechnology company developing innovative oncology drugs targeting tumor DNA-binding functions through unique mechanisms of action in the sought-after field of DNA Damage Response (DDR). The Company is focused on bringing early-stage first-in-class or disruptive compounds from translational research to clinical proof-of-concept, a value-creating inflection point appealing to potential partners.

PlatON is ValerioTX's proprietary chemistry platform of oligonucleotides acting as decoy agonists, which generates new innovative compounds and broaden the Company's product pipeline.

VIO-01 (formerly OX425), the second compound from platON™, is a novel pan-DDR Decoy with high antitumor activity. It also mediates multiple immunostimulatory effects by activating the STING pathway. In 2023, VIO-01 underwent IND-enabling preclinical development until IND submission and positive feedback from the FDA to initiate its clinical development.

DecoyTAC: the 3rd generation platON™ platform, leveraging the unique MOA of DNA decoy therapeutics coupled to targeted protein degradation (PROTAC). This evolution expands the activity of platON™ platform beyond DNA repair by targeting other proteins such as transcription and epigenetic factors, in oncology and outside oncology for other diseases like inflammatory and muscular diseases.

For further information, please visit www.valeriotx.com.

Forward looking statements

This communication expressly or implicitly contains certain forward-looking statements concerning Valerio Therapeutics and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Valerio Therapeutics to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Valerio Therapeutics is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise. For a discussion of risks and uncertainties which could cause actual results, financial condition, performance or achievements of Valerio Therapeutics to differ from those contained in the forward-looking statements, please refer to the risk factors described in the most recent Company's registration document or in any other periodic financial report and in any other press release, which are available free of charge on the websites of the Company Group (https://valeriotx.com/) and/or the AMF (www.amf-france.org).

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APPENDICE

CONSOLIDATED FINANCIAL STATEMENTS AT 12/31/2023

The 2023 Financial Report will be available on the Company's website as of April 30, 2024.

CONSOLIDATED BALANCE SHEET

ASSETS in €K	12/31/2023	12/31/2022
Non-current assets		
Intangible fixed assets	20,531	20,531
Tangible assets	802	794
Rights of use	727	1,093
Other financial fixed assets	220	90
Total non-current assets	**22,279**	**22,507**
Current assets		
Trade receivables and related accounts	1,889	1,473
Other receivables	4,287	4,521
Cash and cash equivalents	6,818	14,856
Total current assets	**12,995**	**20,579**
TOTAL ASSETS	**35,274**	**43,086**

LIABILITIES AND SHAREHOLDERS' EQUITY K€	12/31/2023	12/31/2022
Shareholders' equity		
Capital	38,591	27,877
Less: Treasury shares	-61	-81
Share premium	28,991	27,705
Reserves	-32,372	-13,669
Earnings	-20,344	-19,562
Total shareholders' equity	**14,805**	**22,270**
Non-current liabilities		
Provisions	379	869
Deferred tax liability	0	0
Non-current financial debts	6,906	8,104
Non-current lease liabilities	313	646
Other non-current liabilities	1,740	4,048
Total non-current liabilities	**9,339**	**13,667**
Current liabilities		
Current provisions	1,690	20
Short-term borrowings and financial liabilities	1,447	1,003
Current lease liabilities	332	335
Trade payables and related accounts	2,458	3,449
Other current liabilities	5,203	2,342
Total current liabilities	**11,130**	**7,149**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,274**	**43,086**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In K€	12/31/2022	12/31/2022
Revenues	**1,800**	**1,443**
Purchases	-533	-514
Personnel expenses	-9,270	-8,624
External expenses	-10,298	-9,392
Taxes and duties	-47	-52
Net depreciation, amortization and provisions	-480	-1
Other current operating expenses	-425	-423
Operating expenses	**-21,054**	**-19,008**
Other current operating income and expenses	200	450
Current operating income	**-19,053**	**-17,115**
Other non-current operating income	456	395
Other non-current operating expenses	-1,690	-6
Share of income from equity affiliates		
Operating result after share of income from equity affiliates	**-20,288**	**-16,727**
Net cost of financial debt	-110	-2,173
Other financial income	144	124
Other financial expenses	-72	-500
Financial income	**-39**	**-2,549**
Tax expenses	-17	-285
- *of which deferred taxes*	204	*204*
Consolidated net income	**-20,344**	**-19,562**
Earnings per share	-0.15	-0.18
Diluted earnings per share	-0.15	-0.18

In K€	12/31/2023	12/31/2022
Result for the period	**-20,344**	**-19,562**
Currency translation adjustments	171	105
Other items recyclable as a result	**171**	**105**
Actuarial gains and losses	60	86
Other items non-recyclable as a result	**60**	**86**
Other comprehensive income for the period, net of tax	**231**	**191**
Total comprehensive income for the period	**-20,114**	**-19,371**
Total comprehensive income attributable to the parent company owners	**-20,114**	**-19,371**
Minority interests		

CONSOLIDATED STATEMENT OF NET CASH FLOWS

K€	31/12/2023	31/12/2022
Consolidated net loss	**-20,344**	**-19,562**
+/- Depreciation, amortization and provisions, net (excluding provisions against working capital)	1,743	-167
+/- Unrealized gain and losses associated with changes in fair value		213
+/- Non-cash income and expenses on stock options and similar items	514	724
+/- Other calculated income and expenses		
+/- Capital gains and losses on disposal		
+/- Dilution gains and losses		
+/- Share of equity affiliates		
Gross operating cash flow after cost of net debt and taxes	**-18,088**	**-18,792**
+ Cost of net debt	139	2,189
+/- Tax expenses (including deferred taxes)	17	285
Gross Operating cash flow before cost of net debt and taxes	**-17,932**	**-16,318**
- Taxes paid		
+/- Changes in operating WCR (including debt related to employee benefits)	-665	6,875
NET CASH FLOW FROM OPERATING ACTIVITIES	**-18,597**	**-9,443**
- Expenditures on acquisition of tangible and intangible assets	-183	-488
+ Proceeds of disposal of tangible and intangible assets		
- Expenditures on acquisition of financial assets		
+ Proceeds of disposal of financial assets	7	80
+/- Effect on changes in scope of consolidation		
+ Dividends received (equity affiliates, unconsolidated investments)		
+/- Change in loans and advances granted		
+ Capital grants received		
+/- Other changes from investment transactions		
NET CASH FLOW FROM INVESTING ACTIVITIES	**-177**	**-409**
+ Net amount received from shareholders on capital increase		
. Paid by shareholders of the parent company	12,114	7,875
. Paid by minority interest in consolidated companies		
+ Amount received on exercise of stock options		
-/+ Purchase and Sale of treasury shares	-125	99
+ Amounts received on issuances of new loans		
- Reimbursements of loans (including lease debts)	-1,223	-1,513
o/w repayment of lease debts (IFRS16)	-336	-405
+/- Others flows related to financing activities	-7	1
NET CASH FLOW FROM FINANCING ACTIVITIES	**10,759**	**6,463**
+/- Effects of fluctuations in foreign exchange rates	244	87
CHANGE IN CASH AND CASH EQUIVALENTS	**-7,771**	**-3,301**
CASH AND CASH EQUIVALENTS AT START OF YEAR	**14,585**	**17,886**
CASH AND CASH EQUIVALENTS AT YEAR END	**6,814**	**14,585**