Nicox 2013 Financial Results and Business Update

April 2, 2014.

Sophia Antipolis, France.

Nicox S.A. (NYSE Euronext Paris: COX) today announced its financial results for the year ended December 31, 2013, and provided an overview of its activities.

Michele Garufi, Chairman and CEO of Nicox, said: "*In 2013 and in the first quarter of 2014, we have made substantial and tangible progress in delivering our strategy to position Nicox as an emerging international ophthalmic Company. We have established our commercial presence in the United States and in four of the five most important European markets, attracting highly experienced management and sales teams, and broadened our presence through distribution agreements with high quality partners in other key international markets. The acquisition of Eupharmed has strengthened our presence in Italy, one of the largest ophthalmology markets in Europe.*

To complement this infrastructure, we are rapidly building a diversified portfolio of ophthalmic products, including our own range of dry eye lubricants under the proprietary brand name Xailin™ recently launched in Europe. Our innovative product range gives us access to several of the most important ophthalmic areas: RetnaGene™ AMD is the most advanced test to evaluate the risk of progression of AMD, a condition which affects approximately 15 million Americans[1]; Sjö™ is the first specific test for early detection of Sjögren's Syndrome, a serious and underdiagnosed autoimmune disease; and AdenoPlus® enables differentiated diagnosis of conjunctivitis. Our proprietary compound latanoprostene bunod continues to progress in Phase 3 trials for glaucoma with our partner Bausch + Lomb. The glaucoma market is expected to be worth more than $3 billion by 2015[2] and latanoprostene bunod is the only compound that showed superiority to Xalatan® in a robust Phase 2b study.

With several further acquisition and in-licensing discussions underway, as well as a promising internal development pipeline, we believe we are well-placed for further significant progress in 2014."

2013 Operational Summary

- **US operations further strengthened**
  - Agreement with Immco Diagnostics Inc. granting Nicox exclusive rights to promote Sjö™, a next-generation diagnostic test for early detection of Sjögren's syndrome, to eye care practitioners in North America
  - Launch of Sjö™ in targeted US markets
  - Partnership signed with the Sjögren's Syndrome Foundation
  - Continued expansion of Nicox Inc.'s US commercial team
- **Commercial infrastructure established in Europe**
  - Specialist ophthalmic sales infrastructure set up in Europe's largest markets
    - Acquisition of Eupharmed in Italy brings established sales force and product portfolio
    - Key appointments and teams hired in UK, France and Spain (end 2013 and early 2014)
  - Exclusive supply and distribution agreement signed with Medicom Healthcare for a branded range of differentiated medical device products for the treatment of dry eye
- **Significant progress towards building diversified portfolio of ophthalmic medical device and therapeutic products**
- **Progress in pharmaceutical R&D pipeline**
  - Initiation by Bausch + Lomb of a Phase 3 program for latanoprostene bunod in glaucoma. Bausch + Lomb and Nicox expect to receive top-line results from the Phase 3 studies APOLLO and LUNAR in the fourth quarter of 2014.
  - European Orphan Drug Designation granted for naproxcinod for Duchenne muscular dystrophy

Post Reporting Period Events

- **Exclusive agreement with Sequenom in AMD**
  - Nicox was granted North American promotional rights to the RetnaGene™ AMD test, for the evaluation of a patient's risk of Age-related Macular Degeneration progression within 2, 5 and 10 years
- **Launch of European operations with Xailin™ and AdenoPlus®**
  - Xailin™, a new range of tear lubricants for relief of dry eye symptoms, and AdenoPlus®, an in vitro diagnostic medical device to help the differential diagnosis of acute conjunctivitis, launched in UK, France, Italy and Spain.
  - Head of German operations appointment and sales team recruitment on track
  - Distribution agreements signed or in negotiation for other European and ROW markets
- **Naproxcinod refocused in Duchenne muscular dystrophy**
  - Exclusive evaluation funded by undisclosed financial partner

2013 Financial Summary

Nicox's revenues totaled €0.7 million in 2013, reflecting the fact that the full sales operations in the US and Europe will only begin in 2014, compared to €7.6 million in 2012. The revenues recognized in 2012 correspond mainly to the milestone payment of $10 million received from Bausch + Lomb in April 2012, following their decision to continue the development of latanoprostene bunod (previously known as BOL-303259-X).

Research and development costs and administrative and selling costs amounted to €21.7 million in 2013 compared to €16.7 million in 2012. This increase results from the development of our own commercial infrastructure in the United States and in four out of the five main European markets (France, Italy, Spain and the UK) as part of the ongoing transformation of Nicox into a commercial ophthalmic company.

Nicox recorded a net loss of €18.1 million in 2013, compared to €10.2 million in 2012, in line with the trend observed at the end of the third quarter of 2013 (€13.6 million). It is important to note that the net loss was unusually low in 2012 due to the payment received from Bausch + Lomb as set out above.

On December 31, 2013, the Group's cash, cash equivalents and financial instruments were €58.5 million, compared to €77.5 million on December 31, 2012.

Evelyne Nguyen, Chief Financial Officer of Nicox, said: "*In 2013, Nicox focused its efforts on establishing its commercial organization in the United States and the five major European markets. In addition, the Company continued to seek new ophthalmic products through partnerships and acquisitions. This resulted in the acquisition of Eupharmed in Italy and the in-licensing of RetnaGene™ AMD from Sequenom, helping us to both increase our geographic presence and bring new and innovative products to the portfolio. The acquisition of Eupharmed was performed with the issue of new shares, demonstrating their confidence in the Group's commercial potential and allowing us to build shareholder value while carefully controlling our cash burn.*

As of December 31, 2013, the Company had cash, cash equivalents and financial instruments of over €58 million, which gives us the means to continue to pursue our commercial activities and to continue to make significant investments in our marketing infrastructure in 2014. We look forward to a full-year contribution to our 2014 results from newly launched or acquired products and businesses, including Eupharmed."

Organizational changes

Management team

In February 2014, Evelyne Nguyen was appointed Chief Financial Officer (CFO) of Nicox. Mrs. Nguyen has a strong track record in financial management, business development and strategic alliances. She leads Nicox's finance, legal and IT departments and has joined the Group's Executive Committee, reporting to Michele Garufi, Chairman and CEO. Mrs. Nguyen succeeds Eric Castaldi, who stepped down as Chief Financial Officer of Nicox in January 2014.

Board of Directors

In June 2013, shareholders approved the appointment of Vicente Anido, Jr., PhD., to the Company's Board of Directors at the 2013 Ordinary Shareholder Meeting. Dr. Anido is a highly experienced and respected leader in the ophthalmology sector and currently serves as Chairman and CEO of Aerie Pharmaceuticals Inc. From 2001 to 2012, he served as President and Chief Executive Officer of ISTA Pharmaceuticals prior to its acquisition by Bausch + Lomb.

Review of the consolidated financial results as of December 31, 2013 and 2012

The 2013 consolidated financial statements, as approved by the Board of Directors on April 1st, 2014, have been certified by the statutory auditors.

The consolidated 2013 accounts include Eupharmed accounts for the period from December 5 2013 to December 31 2013, through full integration. Eupharmed is an Italian pharmaceutical company specialized in ophthalmology that Nicox fully acquired in December 2013. Eupharmed commercializes a broad portfolio of ophthalmic products in Italy, including pharmaceuticals, medical devices and nutraceuticals.

The consolidated accounts of 2012 include Nicox's share of Altacor's equity for the period from May 31, 2012 to December 31, 2012. Altacor is a private pharmaceutical investment specialized in opththalmology from which Nicox acquired an 11.8% stake in March 2012.

Consolidated statement of comprehensive income

Revenues

Nicox's revenues totaled €0.7million in 2013, compared to €7.6 million in 2012.

The revenues generated in 2013 are linked to the sales of AdenoPlus® following the signature of a licensing agreement with RPS® in June 2012; to the sales of Sjö™, as per the agreement with Immco signed in June 2013; and to sales from Eupharmed which was acquired in December 2013. The 2012 revenues are linked to the milestone payment of $10 million received from Bausch + Lomb in April 2012 following their decision to continue the development of latanoprostene bunod (previously known as BOL-303259-X). This amount has been immediately recognized as revenue because the Company will not have continuing involvement in the future development of this compound under the collaboration agreement signed in 2010 with Bausch + Lomb.

Cost of sales

Cost of sales amounted to €0.6 million in 2013. This item corresponds to the cost of goods sold in relation to the above mentioned sales of AdenoPlus®, as well as the cost of goods from sales by Eupharmed. Cost of goods also includes all the direct costs related to the manufacturing of the products sold.

Selling, Administrative and Research and Development costs

Selling, Administrative and Research and Development costs amounted to €21.7 million in 2013 compared to €16.7 million in 2012. In 2013, 48% of these costs were related to selling expenses, 35% to administrative expenses, including corporate development expenses, and 17% to Research and Development expenses. This compares to 16% related to of selling expenses, 45% of administrative expenses and 39% of Research and Development expenses in 2012, reflecting the implementation of Nicox's commercial strategy. In 2013, selling expenses were €10.4 million, compared to €2.6 million in 2012.

Selling expenses are principally related to Nicox's investments to set up and strengthen its commercial organization in the US and in Europe (starting with the UK, Spain, France and Italy). This followed the signature of the agreements with RPS® in June 2012 for AdenoPlus® and with Immco in June 2013 for Sjö™. As of December 31, 2013, the Group employed 69 people in Marketing and Commercial functions, compared to 12 people at the same date in 2012.

Administrative expenses were €7.6 million in 2013, unchanged from 2012 and include Corporate Expenses (€2.3 million), personnel expenses in support functions, costs of facilities and general resources, as well as the remuneration of corporate officers, and communication expenses. On December 31, 2013, the Group employed 18 people in its support functions, compared to 16 people at the same date in 2012.

In 2013, Research and Development expenses totaled €3.7 million compared to €6.5 million in 2012.

In 2013, Research and Development expenses are essentially related to development activities of two innovative diagnostic tests for ocular use, following the agreement with RPS® in 2012, to research activities in ophthalmological domains from our R&D center in Italy, and to stability studies on naproxcinod. The Group employed 13 people in R&D as of December 31, 2013, compared to 15 people at the end of 2012.

Other income

In 2013, other income was €4.6 million compared to €0.8 million in 2012. In 2013, other income includes €4.0 million of accrual cancellation from the previous year linked to an agreement signed in 2009 as Nicox assumes the payment linked to the earn-out is now unlikely.

Other expense

Other expense amounted to €0.6 million in 2013, compared to €0.4 million in 2012 and is mainly linked to unrealised losses on foreign currency transactions.

Operating loss

The Group generated an operating loss of €17.6 million in 2013, compared to €8.7 million in 2012, consistent with September year-to-date actuals.

Other results

In 2013, the Group recorded a net financial loss of €0.6 million compared to €1.4 million in 2012 (including the share of Altacor's results). On December 31 2013, financial expenses include €0.8 million linked to the depreciation of Altacor shares to reflect the fair value of the company, to the latest knowledge of Nicox. On December 31, 2012, financial expenses include (i) €0.8 million corresponding to the depreciation of the shares held by the Group in Altacor, and (ii) €0.8 million corresponding to the depreciation of the non-refundable part of the option fee paid to RPS® in June 2012 to negotiate an agreement for an additional product. In 2013, the Group decided not to exercise the option, and RPS® has paid back to Nicox the reimbursable portion of the option, i.e. $1 million.

On December 31, 2013, the tax credit in Nicox accounts is linked to its Italian subsidiary, and amounted to €0.04 million, compared to a tax expense of €0.06 million in 2012.

Total net loss for the period

Nicox recorded a net loss of €18.2 million in 2013, compared to €10.2 million in 2012. The lower level of net loss in 2012 is explained by the $10 million of non-recurrent revenues received from Bausch + Lomb and recognized over the period as set out above.

Consolidated statement of financial position

Intangible assets totaled €2.3 million at the end of 2013 and included an amount of €1.5 million corresponding to the license fee paid to RPS® for the worldwide licensing agreement signed in June 2012.

Goodwill amounted to €5.4 million in 2013 compared to none in 2012 and is linked to the acquisition of Eupharmed SrL. In December 2013, Nicox acquired 100% of Eupharmed Srl. The transaction was paid out from Nicox new shares with an earn-out in warrants. The earn-out is subject to the achievement of certain undisclosed business objectives by Eupharmed before May 29, 2014. The goodwill, temporarily recognized at €5.4 million comprises the earn-out payment, as the Group estimated that the achievement of these objectives is highly probable.

Current liabilities amounted to €8.7 million in 2013, and include a financial liability of €2 million related to the Eupharmed acquisition for the earn-out to be liquidated in warrants as described above. The remaining current liabilities are linked to operational debts from the Group, for a total of €6.7 million, including €2.9 million of payables to suppliers & external consultants, €2.0 million of tax due, €1.5 million of personnel expenses, and €0.3 million of other liabilities.

On December 31, 2013, the Group's cash, cash equivalents and financial instruments were €58.5 million, compared to €77.5 million on December 31, 2012.

References

1 Global prevalence of age-related macular degeneration and disease burden projection for 2020 and 2040: a systematic review and meta-analysis, Wong WL, Su X, Li X, Cheung CM, Klein R, Cheng CY, Wong TY, The Lancet Global Health, Early Online Publication 3 January 2014.

2 Global Industry Analysts 2010.

3 Long-term treatment with naproxcinod significantly improves skeletal and cardiac disease phenotype in the mdx mouse model of dystrophy, Uaesoontrachoon K, Quinn JL, Tatem KS, Van der Meulen JH, Yu Q, Phadke A, Miller BK, Gordish-Dressman H, Ongini E, Miglietta D, Nagaraju K. Hum Mol Genet. 2014, Early online publication Jan 23, 2014.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is an emerging international company focused on the ophthalmic market. With a heritage of innovative R&D, business development and commercial expertise, the Nicox team is building a diversified portfolio of therapies and diagnostic tools that can help people to enhance their sight. The Company's commercial portfolio and near-term pipeline already include several innovative diagnostic tests intended for eye care professionals, as well as a range of eye care products. Nicox's key proprietary asset in ophthalmology is latanoprostene bunod, a novel compound based on Nicox's proprietary nitric oxide (NO)-donating R&D platform, currently in Phase 3 clinical development in collaboration with Bausch + Lomb for the potential treatment of glaucoma and ocular hypertension. Further NO-donors are under development, notably through partners.

Nicox is headquartered in France, with research capabilities in Italy, a growing commercial infrastructure in North America and in the major European markets and an expanding international presence through partners. Nicox S.A. is listed on Euronext Paris (Compartment B: Mid Caps). For more information on Nicox or its products please visit www.nicox.com.

This press release contains certain forward-looking statements. Although the Company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in the forward-looking statements.

Risks factors which are likely to have a material effect on Nicox's business are presented in the 4th chapter of the « Document de référence, rapport financier annuel et rapport de gestion 2012 » filed with the French Autorité des Marchés Financiers (AMF) on March 22, 2013 and available on Nicox's website (www.nicox.com) and on the AMF's website (www.amf-france.org).

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – DECEMBER 31, 2013

	As of December 31,	
	2013	2012
	(in thousands of € except for per share data)	
Revenues	747	7,614
Cost of sales	(563)	(13)
Selling expenses	(10,398)	(2,630)
Administrative expenses	(7,615)	(7,621)
Research and development expenses	(3,685)	(6,471)
Other income	4,560	751
Other expense	(622)	(377)
Operating loss	**(17,576)**	**(8,747)**
Finance income	283	401
Finance expense	(893)	(1,621)
Share of Profit (loss) of associates		(217)
Loss before income tax	**(18,186)**	**(10,184)**
Income tax expense	41	(63)
Net loss	**(18,145)**	**(10,247)**
Exchange differences on translation of foreign operations	352	58
Other comprehensive income (loss) for the period, net of tax	**352**	**58**
Total comprehensive income (loss) for the period, net of tax	**(17,793)**	**(10,189)**
Attributable to:		
- Equity holders of the parent	(17,793)	(10,189)
- Non-controlling interests		-
Basic and diluted loss per share attributable to equity holders of the parent	**(0.24)**	**(0.14)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2013

	As of December 31,	
	2013	2012
	(in thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment..	614	791
Goodwill..	5,406	-
Intangible assets..	2,373	1,801
Financial assets..	824	2,550
Deferred income tax assets	89	54
Total non-current assets..	**9,306**	**5,196**
Current assets		
Inventories...	1,111	26
Trade receivables..	294	7
Government subsidies receivable...	500	531
Current assets	739	757
Current financial assets..	6,111	-
Prepaid expenses...	205	154
Cash and cash equivalents	52,363	77,477
Total current assets	**61,323**	**78,952**
TOTAL ASSETS...	**70,629**	**84,147**
EQUITY AND LIABILITIES		
Common shares..	14,863	14,579
Other reserves..	46,519	59,975
Non-controlling interests	-	-
Total Equity	**61,382**	**74,554**
Non-current liabilities		
Other contingencies and liabilities..	421	4,618
Deferred income tax liabilities	-	8
Finance lease..	104	114
Total non-current liabilities..	**525**	**4,740**
Current liabilities		
Other contingencies and liabilities..	60	667
Finance lease	47	43
Current financial liabilities..	2,014	-
Trade payables...	2,896	1,850
Social security and other taxes..	3,450	2,145
Other liabilities...	255	149
Total current liabilities..	**8,722**	**4,853**
TOTAL EQUITY AND LIABILITIES...	**70,629**	**84,147**