

DIAXONHIT Group 2014 half-year results

Successful continuation of the Group's mutation in specialty in-vitro diagnostics with strong reduction of losses

- Strong 41% improvement in operating result and 29% in net result compared to June 30, 2013
- 7% growth of sales of specialty diagnostics, which more than offsets the planned end of the Allergan collaboration
- Strengthened financial position with € 14.7 million in cash for funding of continued growth and R&D

Paris, France – September 18, 2014 – DIAXONHIT (Alternext: ALEHT, FR0004054427), a French leader in specialty *in-vitro* diagnostics, announced today its financial results for the first half of 2014.

€ M	H1 2014	H1 2013	Variation
Sales of IVD products	14.5	13.6	+7%
Other revenues	1.7	2.3	
TOTAL REVENUES	16.2	15.9	+1.8%
COGS	(9.0)	(8.6)	
R&D expenses	(2.8)	(3.6)	
Marketing and sales expenses ⁽¹⁾	(4.2)	(3.7)	
G&A expenses	(2.1)	(3.2)	
OPERATING RESULT	(1.9)	(3.2)	+41%
%revenues	-11.6%	-20.0%	
NET RESULT	(1.9)	(2.7)	+29%
%revenues	-12.0%	-17.1%	
Cash and cash equivalents at June 30	14.7	5.9	+8.8 M€

(1) Includes amortization of intangible assets derived from Purchase Price Allocation

DIAXONHIT first-half sales of diagnostic products increased by 7% compared to the first semester of 2013, leading to a 1.8% increase of total consolidated revenues at € 16.2 million, more than offsetting the planned end of the collaboration with Allergan.

Operating profitability improved notably with an operating result of € -1.9 million, a 41% increase compared to first half of 2013. Net result also increased by 29% to € -1.9 million. This encouraging performance reflects the acceleration of the Group's mutation.

In a stable diagnostics market within Europe, the first half performance also highlights the strength of DIAXONHIT positioning in specialty *in-vitro* diagnostics, which led to further sales increase.

With € 14.7 million in cash and cash equivalents following the successful issuance of convertible bonds with warrants to US investors, DIAXONHIT can clearly maintain its investments in marketing and R&D in order to further strengthen its position in specialty *in-vitro* diagnostics.

Half-year results: further reduction of losses

Revenues: sales growth offsets the end of the Allergan collaboration

Half-year sales of *in-vitro* diagnostic products made by InGen, DIAXONHIT's marketing affiliate, reached € 14.5 million, up 7% compared to the first half of 2013. This increase more than offsets lower revenues in research and development in relation with the end of the Allergan collaboration which R&D fees are halved for the year 2014, before the end of the program planned for the month of December.

Thus, despite lower R&D revenues, DIAXONHIT's half-year consolidated revenues at June 30, 2014 totaled € 16.2 million, up 1.8% compared to consolidated revenues of € 15.9 million at June 30, 2013.

Strong improvement of operating result

Operating result totaled € -1.9 million, up 41% compared to the first half of 2013 (€ -3.2 million). This significant improvement of almost € 1.3 million reflects both the impact of synergies following the acquisition of InGen BioSciences ("IBS") and the rationalization of expenses, as part of the acquisition and preparing for the end of the R&D collaboration with Allergan programmed for 2014.

The consolidation of DIAXONHIT's and IBS's scientific teams in a single site, and the discontinuation of certain activities reduced R&D spending from € 3.6 million to € 2.8 million.

In a context of mutation with increased focus on commercial activities, sales and marketing expenses increased by 14.6% over the period to € 4.2 million. This growth is mainly due to the reorganization and strengthening of marketing activities undertaken to launch AlloMap and to prepare for the launch of BJI InoPlex.

General and administrative expenses decreased to € 2.1 million against € 3.2 million in the first half of 2013. This reduction is mainly due to the implementation of the synergies resulting from the acquisition of IBS.

Marketing and sales assets derived from IBS purchase price allocation are being amortized over 10 years, for a total of € 643 K at June 30, 2014, and are included in marketing and sales expenses. The remaining goodwill related to the acquisition of IBS is also being amortized over 10 years. It is deducted from the operating result and stands at € 154 K at June 30, 2014.

Reduction of net loss

Despite increased financial expenses related to strong currency exchange fluctuations during the first semester, and extraordinary expenses related to the reorganization undertaken as part of the end of the Allergan collaboration, the net loss stands at € 1.9 million, an improvement of 29% compared to June 30, 2013. Excluding amortization of goodwill, the net loss would have been € 1.8 million, and € 1.1 million when further excluding amortization of marketing and sales assets derived from IBS purchase price allocation.

Strengthened financial position

On January 1, 2014, DIAXONHIT had € 5.7 million in cash and cash equivalents. After several financings for a total of € 2.6 million, an operating cash consumption of € 3.0 million against € 4.3 million in the first half of 2013, which included an increase in net working capital of € 2 million against € 2.9 million on June 30, 2013, investments for a total of € 0.6 million, and the successful issuance of convertible bonds with warrants to US investors for € 10 million, the Group's cash and cash equivalents stands at € 14.7 million at June 30, 2014.

Operations: continued refocus on specialty *in-vitro* diagnostics

First European commercialization of the AlloMap test

CareDx, DIAXONHIT's US partner, successfully tested the first blood sample from a German patient with AlloMap in a commercial setting. A centralized laboratory is being set up in the E.U. for the commercialization of AlloMap. DIAXONHIT also initiated the necessary process to obtain reimbursement of the test. AlloMap is the only blood test that provides clinicians and patients with a non-invasive solution for monitoring heart transplants.

Development of a companion diagnostics of a therapeutic vaccine against AIDS

DIAXONHIT received a € 1.7 million financial support from Bpifrance, as part of a project to develop an innovative therapeutic vaccine (VAC-3S) to treat patients with AIDS, and to develop diagnostic tests for the personalized care of these patients. DIAXONHIT was selected for its competence in developing diagnostic tests in the field of infectious diseases and for its recognized expertise in proteomics.

Perspectives

The financial performance of the semester demonstrates the relevance of DIAXONHIT's positioning on specialty *in-vitro* diagnostics, with sales growth despite an environment that is expected to remain tight for the diagnostics market in Europe. These performances enable the Group to successfully maintain its R&D effort.

DIAXONHIT managed to offset the programmed shutdown of therapeutic activities with Allergan and focus on specialty *in-vitro* diagnostics in three areas: transplantation, cancer and infectious diseases. In terms of R&D, with its expertise in proteomics and genomics, with its patented GWSA technology and patented antigens, the Group is now fully dedicated to the development of its two proprietary products, BJI InoPlex, a first proteomic blood test to detect joint prostheses infections (CE mark expected by the end of the year), and DX15, a molecular test to identify the benign or malignant status of indeterminate thyroid cysts (validation study starting in the coming weeks). The Group is also developing companion diagnostics in cancer, in partnership with Erytech, and AIDS.

Loïc Maurel, President of DIAXONHIT's Management Board, concluded on the outcome of the first semester: *"In the first half of 2014, the combined effects of regrouping our R&D teams post-acquisition and reallocating our resources on the most promising projects helped further reduce DIAXONHIT's operating and net losses. This performance is a milestone and encourages us to strengthen our position in specialty in-vitro diagnostics. Despite an environment that currently remains unfavorable to growth in the diagnostics sector at large, DIAXONHIT has remained a growing business in H1. Sales increased while we continued to invest to support the commercial launch of AlloMap, to finalize BJI InoPlex development for launch in 2015, and to start the validation study of DX15 in thyroid cancer before the end of the year. These achievements are reinforced and supported following the recent success of our issuance of convertible bonds with warrants, and makes us feel confident in the future of DIAXONHIT."*

Upcoming financial press releases

2014 revenues: January 2015

2014 annual results: March 2015



About DIAXONHIT

Diaxonhit (NYSE Alternext, FR0004054427, ALEHT) is a French fully integrated leader in the *in vitro* diagnostic field, involved from research to commercialization of specialty diagnostic products. With many partnerships and a strong presence in hospitals, Diaxonhit has an extensive commercialization network. Through its affiliate, InGen, it commercializes and services, mostly under exclusivity agreements, *in-vitro* diagnostic kits and advanced equipment. It operates mainly in the fields of transplantation, infectious diseases and autoimmunity, product quality control and rapid tests, including Tetanus Quick Stick ®, a proprietary product. InGen is the leading supplier in France of HLA tests manufactured by Thermo-Fisher/One Lambda, of which it is the largest distributor worldwide. The group also owns a diversified portfolio of products in development, including both innovative molecular and non-molecular diagnostics, covering three main specialty areas: transplantation, immuno-infection and cancer. Diaxonhit headquarters are located in Paris and its affiliate in the Paris region. The Group is listed on NYSE Alternext in Paris and is part of the NYSE Alternext OSEO innovation index.

For more information, please visit: <http://www.diaxonhit.com>

Symbol: ALEHT - ISIN Code: FR0004054427 - Reuters: ALEHT.PA - Bloomberg: ALEHT:FP

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Finally, this press release may be drafted in the French and English languages. If both versions are interpreted differently, the French language version shall prevail.

Contacts

DIAXONHIT

Hervé Duchesne de Lamotte, CFO, +33 (0)1 53 94 52 49, herve.delamotte@diaxonhit.com

NewCap

Julien Perez, Investors Relations & Financial Communication, +33 (0)1 44 71 98 52, jperez@newcap.fr
Annie-Florence Loyer, Media Relations, +33 (0)1 44 71 98 50, aflower@newcap.fr



DIAXONHIT S.A.

CONSOLIDATED INCOME STATEMENT (in thousands of euros, except per share data)

	6 months June 30, 2014 (1)	6 months June 30, 2013 (1)	12 months December 31, 2013
Sales of in vitro diagnostic products	15 537	13 580	26 326
Research and Development revenues	1 429	2 008	4 174
Other products	27	130	248
Research & Development grants	186	182	468
Total revenues	16 179	15 900	31 216
Cost of goods sold	(8 990)	(8 618)	(16 217)
Research and Development expenses	(2 803)	(3 608)	(7 346)
Marketing and Sales expenses	(4 188)	(3 656)	(7 932)
<i>Including amortization of intangibles assets derived from PPA</i>	<i>(643)</i>	<i>(697)</i>	<i>(1 340)</i>
General and Administrative expenses	(2 077)	(3 193)	(6 495)
Total operating expenses	(9 068)	(10 457)	(21 774)
Loss from operations	(1 879)	(3 175)	(6 775)
Interest expense	(53)	(72)	(74)
Interest income	41	41	114
Currency exchange gain (loss) - net	(259)	(87)	(124)
Financial income (loss)	(271)	(117)	(85)
Extraordinary expense	(229)	(65)	(262)
Extraordinary income	105	71	241
Extraordinary income (loss)	(124)	6	(21)
Income (loss) before tax	(2 274)	(3 286)	(6 881)
Tax benefit	488	656	1 137
Depreciation of goodwill	(154)	(96)	(250)
Net income (loss)	(1 940)	(2 726)	(5 994)
Weighted average number of shares outstanding	60 139 691	55 942 675	56 922 318
Net loss per share	(0,03)	(0,05)	(0,11)
Net loss per share (diluted)	(0,03)	(0,05)	(0,11)

(1) Unaudited

DIAXONHIT S.A.

CONSOLIDATED BALANCE SHEET (in thousands of euros)

ASSETS	June 30, 2014	December 31, 2013
	(1)	
Goodwill, net	2 603	2 757
Intangible assets, net	12 698	13 382
Property and equipment, net	1 315	1 048
Other long term assets	863	280
Total long-term assets	17 479	17 467
Accounts and grants receivable	5 430	5 797
Other short term assets	5 618	4 457
Cash and cash equivalents	14 662	5 693
Total short-term assets	25 709	15 947
TOTAL ASSETS	43 189	33 414
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	981	934
Additional paid-in capital	106 905	104 531
Acquisition premium	9 795	9 795
Accumulated deficit	(98 603)	(96 663)
Other	924	968
Shareholders' equity	20 002	19 565
Other equity	11 125	999
Provisions for risks	673	800
Long-term debt less current portion	1 141	1 399
Long-term capital lease obligations less current portion	432	124
Long-term portion of deferred income	166	-
Total long-term liabilities	1 740	1 523
Current portion of long-term debt	509	510
Current portion of capital lease obligations	211	138
Accounts payable	5 298	5 480
Accrued liabilities	2 640	3 339
Deferred income short-term	990	1 060
Total short-term liabilities	9 650	10 526
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	43 189	33 414

(1) Unaudited

DIAXONHIT S.A.

CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousands of euros)</i>	6 months ending June 30, 2014 (1)	6 months ending June 30, 2013 (1)	Year ending Dec 31, 2013
OPERATIONS			
Net loss	(1 940)	(2 726)	(5 994)
Less :			
Depreciation and amortization of property & equipment	366	344	634
Depreciation of intangible assets	695	738	1 481
Amortization of goodwill	154	96	250
Net book value of impaired assets	(34)	64	39
Retirement liability accrual and other	(127)	62	231
Deferred tax	(87)	-	-
Other	(3)	16	(4)
Increase (decrease) in cash from:	(2 043)	(2 908)	(1 537)
Inventory	60	520	341
Accounts receivable	367	(1 526)	(1 689)
Research tax credit receivable	(389)	(656)	2
Prepaid expenses and other assets	(825)	(249)	674
Other assets, long term	(472)	-	-
Accounts payable and accrued expenses	(181)	(751)	(391)
Accrued compensation	(698)	(79)	48
Current portion of long-term debt	17	(18)	(18)
Deferred income, short term	140	(52)	(164)
Deferred income, long term	-	-	(126)
Grants - deferred income, short term	(227)	(52)	(214)
Grants - deferred income, long term	166	(46)	-
Net cash used in operations	(3 019)	(4 314)	(4 901)
INVESTING ACTIVITIES			
Purchase of property and equipment	(899)	(630)	(574)
Payment of patent and acquisition of other intangibles	291	-	168
Other financial assets	(14)	-	193
Net cash used in investing activities	(621)	(630)	(213)
FINANCING ACTIVITIES			
Issuance of shares (net of fees)	2 420	1 307	1 602
Convertible debenture bond	10 044	-	-
Loan – redeemable advances	65	-	156
Reimbursement of loans	(258)	(186)	(401)
Reimbursement of leasing	382	(107)	(230)
own share	(12)	-	-
Net cash provided by (used in) financing activities	12 642	1 015	1 127
Net increase (decrease) in cash and cash equivalents	9 002	(3 929)	(3 987)
Effects of currency exchange rate on cash	(34)	35	(121)
Cash and cash equivalents, beginning of period	5 694	9 802	9 802
Cash and cash equivalents, end of period	14 662	5 908	5 694

(1) Unaudited

