ADOCIA

innovative medicine
for everyone, everywhere

PRESS RELEASE

Adocia announces financial results for 2013

- **A cash position of EUR 19,4M at end of December 2013**
- **Cash consumption of EUR 11M in 2013, related to accelerated clinical development**
- **Licensing a new technology in oncology**

Lyon, France, March 25, 2014 - Adocia (Euronext Paris: FR0011184241 - ADOC) announces today its annual financial results for 2013. The financial statements were approved by the board of directors on March 21 2014 and will be submitted to the shareholders for approval during the next general meeting on June 24, 2014.

Key events for year 2013 :

o Intensification of Adocia's clinical program:

In 2013, Adocia intensified the clinical development of its products based on the proprietary BioChaperone® technology, with a particular focus on innovative insulin formulations.

The first accomplishment resulting from the work undertaken in 2013 relates to BioChaperone Combo, an innovative combination of long-acting insulin analog Glargine with fast-acting insulin analog Lispro. During the first quarter of 2014, Adocia achieved positive results for the first Phase I/II clinical study. The results showed how this combination has the potential to replace insulin premixes. This market is estimated to exceed USD 2 Billion. It also presents an opportunity to seize part of the Lantus market, with revenues of USD 7.8 Bilion in 2013. A second clinical study is scheduled for the third quarter of 2014.

Another major event was the launch of a Phase IIa clinical study on Type 1 diabetic patients with BioChaperone Ultra-fast Lispro. Following the termination of the collaboration with Eli Lilly (announced in July 2013), and based on positive Phase I results obtained by Eli Lilly, Adocia accelerated clinical development of BioChaperone Ultra-fast Lispro. The next Phase IIa clinical results are expected during the second quarter of 2014. If successful, the value of the project should be significantly increased.

The company also continued the development of its third insulin project in 2013, with the formulation of a rapid-acting human recombinant insulin (HinsBet®), by working on an optimized formulation. The aim is to test it in a clinical trial during 2014.

Finally, Adocia is waiting for the approval of Indian authorities to start its Phase III clinical trial in India of its product for chronic wound healing, which specifically targets diabetic foot ulcer. Following a major reorganization of Indian regulatory authorities in 2013, the review of clinical trial approvals was

suspended for few months. This interruption resulted in an important backlog which seems yet to be completely absorbed. However, Adocia is ready to initiate the clinical study as soon as it gets this approval. In January 2013, Adocia also solicited scientific advice from the European Medical Agency (EMA), which allowed to validate the company's clinical development plan for Europe. Specifically, the company should only perform one Phase III European clinical trial before the submission for marketing approval in Europe.

o Project portfolio expansion through the acquisition of a new technology

In 2013, the company acquired an exclusive license from Universite de Bordeaux I, CNRS, Institut Polytechnique de Bordeaux and SATT Aquitaine on a novel nanotechnology called Drive*In*®. Drive*In* is a nanotechnology to actively target solid tumors. The objective is to improve the efficacy of oncologic treatments such as doxorubicin or docetaxel. In parallel, Adocia will offer to partner this technology with major pharmaceutical companies to improve the delivery and efficacy of their proprietary molecules.

o Strenghtened patents portfolio

In 2013, Adocia strengthened its diabetic foot ulcer patent portfolio. The patent protecting the BioChaperone PDGF (Platelet Derived Growth Factor) composition was delivered in Japan in December 2013 (after being granted in the United States and Europe in 2012).

Key financial results for year 2013:

The key financial statements include:
- Operational revenues that grew to EUR 8.8M in 2013, compared to EUR 7.2M in 2012
- Stable research and development expenses at EUR 11.5M compared to €11.8M in 2012
- A net loss of EUR 4.2M, compared to nearly EUR 6M during the preceding financial year

At December 31 2013, the company cash and cash equivalent amounted to EUR 19.4M.

The table below presents the 2013 income statement, with a comparison to 2012:

(in thousands of Euro - IFRS rules)	**Year 2013 (12 months)**	**Year 2012 (12 months)**
Revenue from licensing agreement	5 636	2 104
Revenue from collaboration agreement	(47)	1 892
Revenue (a)	**5 588**	**3 995**
Governement financing for research expenditures	3 215	3 061
Grant and other	19	180
Other Income (b)	**3 234**	**3 241**
Revenue and other income (a)+(b)	**8 822**	**7 236**
Research and developement expenses	(11 475)	(11 784)
General & administrative expenses	(1 649)	(1 522)
Operating expenses	**(13 124)**	**(13 306)**
OPERATING INCOME / (LOSS)	**(4 302)**	**(6 070)**
FINANCIAL INCOME	**9**	**75**
NET INCOME / (LOSS)	**(4 293)**	**(5 995)**

The consolidated annual IFRS financial statements as at December 31, 2013 as well as the management discussion on these results are presented in the appendix at the end of this document.

"*2013 was a year of major accomplishments on our projects and important investments in clinical studies. The outcomes are key to the short and mid-term future of the company. The initiative we took on the ultra-fast acting Lispro project following the termination of our collaboration with Eli Lilly should see realization as soon as 2014",* said Gerard Soula, CEO of Adocia. *"Through the acquisition and development of a new technology, we have strengthened our portfolio and taken the opportunity to enter oncology, with the ambition to improve the efficacy of existing treatments. We are confident that this acquisition can become a new lever of mid-term growth for the company. We step into 2014 with enthusiasm, fully supported by the clinical results we just obtained on our BioChaperone Combo."*

"Our burn rate was limited to EUR11M in 2013. Our cash position of EUR19.4M at the beginning of this year allows us to serenely envisage the financing of our important 2014 clinical program (three Phase II clinical studies on insulin, one Phase III clinical study in DFU), while also ensuring the active development of the DriveIn platform", said Valerie Danaguezian, CFO.

Next events:

- March 26 2014: SFAF Meeting at the Euronext auditorium in Paris
- April 7-8 2014 : Adocia will attend the *SmallCap Event* in Paris
- April 17 2014 : Press release on the turnover for the 1st quarter of 2014

About Adocia:

To be a global leader for delivery of insulins and therapeutic proteins

Adocia is a biotech company specialized in the development of innovative formulations of already-approved therapeutic proteins with a strong expertise on insulins. The proprietary BioChaperone® technological platform is designed to enhance the effectiveness and safety of therapeutic proteins and their ease of use for patients.

Adocia successfully completed two Phases I and II studies on the formulation of a fast-acting human insulin, one Phase I of an ultra-fast acting insulin lispro and one Phase I/II on a unique combination of Glargine, the gold-standard of basal insulin and fast-acting insulin analog, lispro. The results of a new phase I/II clinical trial on ultra-fast acting lispro should be released by 2Q 2014.

Adocia has also obtained positive results on a Phase I/II on a diabetic foot ulcer healing product based on PDGF-BB.

Adocia has extended its activities to the formulation of monoclonal antibodies, which are gold standard molecules for the treatment of various chronic pathologies (oncology, inflammation, etc.). In this field, Adocia is engaged in collaborative programs with two major pharmaceutical companies.

To fight cancer by targeting oncology treatments

Adocia recently acquired the rights for the development and commercialization in healthcare of Drive*In*, a nanotechnology which is remarkably efficient in carrying active molecules and delivering them into solid tumors. This new platform is an exceptional opportunity to enter the oncology market by improving the efficacy of already approved treatments and of proprietary molecules.

"Innovative medicine for everyone, everywhere"

Adocia's therapeutic innovations aim at bringing solutions in a profoundly changing global pharmaceutical and economic context, characterized in particular by the increased prevalence and impact of the targeted pathologies, population growth and ageing, the need to control public health expenditures and increasing demand from emerging countries.

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Adocia is listed on the regulated market of Euronext in Paris (ISIN: FR0011184241, mnemo / Reuters / Bloomberg: ADOC, ADOC.PA, ADOC.FP) and its share included in the Next Biotech index. For more information: www.adocia.com

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Disclaimer

This press release contains certain forward-looking statements concerning Adocia and its business. Such forward-looking statements are based on assumptions that Adocia considers to be reasonable. However, there can be no assurance that the estimates contained in such forward-looking statements will be verified, which estimates are subject to numerous risks including the risks set forth in the "Risk Factors" section of the Reference Document registered by the Autorité des Marchés Financiers on April 25, 2013 under number R13-017 (a copy of which is available on www.adocia.com) and to the development of economic conditions, 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 currently considered material by Adocia. The occurrence of all or part of such risks could cause actual results, financial conditions, performance or achievements of Adocia to be materially different from such forward-looking statements.

APPENDIX: Consolidated financial statements as at December 31 2013 – IFRS rules

Income statement:

(in thousands of Euro - IFRS rules)	Year 2013 (12 months)	Year 2012 (12 months)
Revenue from licensing agreement	5 636	2 104
Revenue from collaboration agreement	(47)	1 892
Revenue (a)	**5 588**	**3 995**
Governement financing for research expenditures	3 215	3 061
Grant and other	19	180
Other Income (b)	**3 234**	**3 241**
Revenue and other income (a)+(b)	**8 822**	**7 236**
Research and developement expenses	(11 475)	(11 784)
General & administrative expenses	(1 649)	(1 522)
Operating expenses	**(13 124)**	**(13 306)**
OPERATING INCOME / (LOSS)	**(4 302)**	**(6 070)**
FINANCIAL INCOME	**9**	**75**
NET INCOME / (LOSS)	**(4 293)**	**(5 995)**

Balance sheet statement:

(in thousands of Euro - IFRS rules)	Year 2013 (12 months)	Year 2012 (12 months)
NON CURRENT ASSETS	**1 194**	**1 281**
Incl. laboratory equipment	528	555
Incl. other tangible assets	418	384
CURRENT ASSETS	**23 535**	**35 345**
Incl. cash and cash equivalents	19 415	30 462
TOTAL ASSETS	**24 729**	**36 627**
SHAREHOLDER'S EQUITY	**19 130**	**23 028**
NON CURRENT LIABILITIES	**2 066**	**2 244**
Incl. long term financial debts	1 814	2 046
CURRENT LIABILITIES	**3 532**	**11 354**
TOTAL LIABILITIES	**24 729**	**36 627**

Cash flows statement:

(in thousands of Euro - IFRS rules)	Year 2013 (12 months)	Year 2012 (12 months)
Net cash generated from / (used in) operating activitiesFlux	(10 796)	919
Net cash generated from / (used in) investing activities	57	(1 774)
Net cash generated from ((used in) financing	(309)	25 413
NET INCREASE / DECREASE) IN CASH AND CASH EQUIVALENTS	**(11 047)**	**24 558**
Cash and cash equivalents at the beginning of the year	30 462	5 905
Cash and cash equivalents at the end of the year	19 415	30 462

Revenue and other income :

Revenue and other income result from government financing for research expenditure and collaboration and licensing agreements. The company's revenue and other income was 7.2 million euros and 8.8 million euros for the fiscal years ended on December 31,2012 and 2013, respectively, from the following sources :

(in thousands of Euro - IFRS rules)	Year 2013 (12 months)	Year 2012 (12 months)
Revenue from licensing agreement	5 636	2 104
Revenue from collaboration agreement	(47)	1 892
Revenue (a)	**5 588**	**3 995**
Governement financing for research expenditures, grants and other	3 233	3 241
Revenue and other income (a)+(b)	**8 822**	**7 236**

Revenue from collaboration and licensing agreements amounted to 5.6 million euros and 1.6 million euros for the fiscal years ended on December 31, 2013 and 2012 respectively, representing an increase of 1.6 million.

This increase is essentially due to the termination of the licensing contract with Eli Lilly acted in July 2013, which had two consequences:

- on the one hand, the anticipated amortization of the licensing contract during the third quarter 2013 for 4.7 million euros which corresponds to the remaining non-amortized part of the initial up-front payment received in 2011, and thus adding to the 0.9 million euros previously recognized during the first semester

- on the other hand, the lack of revenue from research and collaborative development contracts which represented the majority of revenue recorded in 2012 under this line.

As a reminder, since the signature of the agreement covering the development of an ultra-fast acting analog in December 2011, the initial up-front payment of 7.6 million euros was recognized in revenue on a linear basis throughout the expected duration of the clinical development program set-out in the contract.

Finally, public funding for research expenditures is mostly comprised of research tax credit. It represented 3.2 million euros in 2013 (i.e. the same amount as in 2012).

Operating expenses by business function:

The table below gives a breakdown of the net operating expenses by business function for the fiscal years ended on December 31, 2012 and 2013:

(in thousands of Euro - IFRS rules)	Year 2013 (12 months)	Year 2012 (12 months)
Research and developement expenses	(11 475)	(11 784)
General & administrative expenses	(1 649)	(1 522)
Operating expenses	**(13 124)**	**(13 306)**

Research and development expenses include the cost of employees assigned to research and development operations, the subcontracting costs (including preclinical and clinical studies), the intellectual property rights expenses and the costs of materials (reagents and other consumables) and pharmaceuticals products. Research and development expenses amounted to 11.8 million euros and 11.5 million euros for the fiscal year ended on December 31, 2012 and

2013, respectively. These expenses respectively represented 89% and 87% of the net operating expenses for the same fiscal years.

General and administrative expenses include expenses for employees not directly working on research and development, as well as the expenses necessary for the management of the business and its development. General and administrative expenses were 1.5 million euros and 1.7 million euros for the fiscal year ended on December 31, 2012 and 2013 respectively. These expenses respectively represented 11% and 13% of the total operating expenses for the same fiscal years.

Overall, the operating expenses are flat between 2012 and 2013 (13.1 million in 2013 and 13.3 million in 2012). The table below gives a breakdown of the net operating expenses by nature of expense for the fiscal years ended in December 31, 2012 and 2013:

(in thousands of Euro - IFRS rules)	**Year 2013 (12 months)**	**Year 2012 (12 months)**
Cost of consumable materials	612	834
Employee benefits	5 445	4 934
External expenses	6 614	7 050
Tax	93	69
Depreciation and amortization	360	419
Other operating expenses		
operating expenses	**13 124**	**13 306**

The cost of supplies and consumable materials decreased by almost 27% between the fiscal year ended in December 31, 2012 and 2013, reflecting the move to clinical stage for insulin projects and the lower consumption of pharmaceutical products purchase required for the preclinical stage.

Employee benefits raised by 10% between 2013 and 2012. This increase is in part due to the loss of JEI (Jeune Entreprise Innovante) status which decreased the Company's social security contributions until 2012, and in part to the increase of Full Time Equivalents (FTE) which went from 66.6 at the end of December 31, 2012 to 69.2 as of December 31 2013. The effective staff came from 71 people at the end of 2012 to 73 people as of December 31, 2013.

External expenses include essentially the discovery research costs, preclinical and clinical development outsourced to third parties and intellectual property expenses. These expenses decreased by 6% (0.4 million euros) between the year ended on December 31, 2012 and 2013 including:

- The decrease of 33% (1 million euros) of « preclinical studies » expenditures which was offset by the increase of 'clinical studies', thus reflecting the maturity of our project portfolio. A first Phase I-II clinical study testing the combination of slow-acting insulin analog glargine with fast-acting insulin analog Lispro on type 1 diabetic patients was launched in November 2013. Another, Phase IIa, clinical study was launched early in 2014 to test the BioChaperone Insulin Lispro formulation on type 1 diabetic patients. Preliminary results of the first study were announced on February 27 2014, results for the second study are expected for the second quarter of 2014.

- The decrease of 26% (0.4 million euros) of subcontracting expenditures, which reflects the clinical progress of the product targeting diabetic foot ulcer. The clinical trial approval dossier was prepared in 2012 and filed at the Indian regulatory agency (DCGI) in September 2012. To date, the company is still waiting for clinical trial approval. Subcontracting expenses in 2013 are

mainly related to the advancement of the development of a PDGF-BB (platelet derived growth factor-BB) to European standards of production.

- The increase of 50% (0.2 million euros) of consultancy fees (excluding intellectual property right expenses) which is primarily due to expenses associated to the company's entry on the NYSE Euronext Paris stock exchange in February 2012.

Net financial income:

The net financial income amounted to 142 thousands euros and 169 thousands euros for the fiscal years ended December 31, 2012 and 2013 respectively. The company's cash investment policy favours the absence of risk on principal and, wherever possible, guaranteed minimum performance.

The financial costs including unrealized conversion differences and the interests calculated on conditional advances were 66 thousands euros in 2012 and 160 thousands euros in 2013.

Income tax expense:

As the company recorded loss results over the two past fiscal years, there is no income tax expense. The total deferred tax assets at the end of December 2013 were 50 million euros (including 12.9 million for the fiscal year 2013 and 13.1 for the fiscal year 2012). These deferred tax losses are not limited in time. Furthermore, as the company cannot determine with confidence when its tax loss deferred cumulated could be absorbed, no deferred tax asset has been recognized related to this loss.

Net income / (loss) for the year ended December 31, 2012 and 2013:

The loss was 6 million euros in 2012 and 4.4 million euros in 2013 with a loss per share standing at respectively 1 euro and 0.7 euro for the fiscal year ended December 31, 2012 and 2013.

Balance sheet statements:

Since its creation, the company has raised over 55 million euros in the form of capital increase and recognized its first revenues from collaboration agreements in 2009. The company is also financed by reimbursable loans and grants received by different French public organizations – including Bpifrance, and by the Research Tax Credit.

At the end of December 2013, the balance of cash, cash equivalents end financial instruments was 19.4 million euros (vs. 30.5 million euros in 2012) and the Research Tax Credit was 3.2 million euros (stable compared to the previous year).

At the end of December 2013, all debts came to 5.2 million euros (compared with 7.7 million euros in 2012); financial debts of the Company (OSEO loans) representing 2.2 million euros (compared with 2.4 million euros in 2012).

Annual financial report for 2013 and « Reference Document »:

The company intends to file its 2013 annual financial report included in its 'Reference Documents' for the year so that these documents are made public in the second quarter 2014.