Nicox reports financial results for the nine months to September 2012

October 25, 2012.

Sophia Antipolis, France.

Nicox S.A. (NYSE Euronext Paris: COX) today reported financial results for the nine month period ended September 30, 2012, and provided an overview of its activities.

Third quarter operational summary

Following the completion of the worldwide in-licensing agreement in June 2012 with Rapid Pathogen Screening, Inc (RPS®) for several innovative diagnostic tests, including AdenoPlus™, Nicox has been building up its commercial organization in the United States (US) and in Europe. In August 2012, Nicox strengthened its US business operations with the appointment of Jason Menzo as Director of Marketing, Mark Puwal as National Director of Sales and Jason Werner as Director of Commercial Development & Strategic Alliances for Nicox Inc., its US subsidiary. These followed the appointment of Jerry St. Peter as Executive Vice President and General Manager of Nicox Inc. in March 2012 and Philippe Masquida as Executive Vice-President, Managing Director of European Operations in April 2012.

In August 2012, Nicox Pharma, a new subsidiary, was created. Its purpose is to organize the Group's global commercial activities outside of North America. In September 2012, certain rights related to the diagnostic tests in-licensed from RPS® were sub-licensed to Nicox Inc. for the US and Canada and to Nicox Pharma for the rest of the world.

Post-reporting period

In October 2012, Nicox launched its first commercial product, AdenoPlus™, in the US. AdenoPlus™ is the first and only FDA-cleared, CLIA-waived, rapid point-of-care diagnostic test that aids in the differential diagnosis of acute conjunctivitis. The Company also unveiled a new brand identity representing its new positioning as an international late-stage development and commercial ophthalmic group.

In line with its strategic positioning, Nicox has decided to refocus the activities of its Italian research subsidiary Nicox Srl on the ophthalmic space. A small, specialized team will pursue targeted projects in collaboration with external research centers. This will enable Nicox to enhance its knowledge of the role and potential of nitric oxide (NO) in the eye and to leverage its long-standing expertise in the therapeutic application of NO-donating compounds.

Michele Garufi, Chairman and CEO of Nicox, commented: "*During the quarter we have made good progress in our strategy to become a new commercial player in the ophthalmic space. We recently built a specialized sales team in the US and launched our first commercial product in this market. We continue to evaluate additional ophthalmic assets to fully leverage our new commercial structure and create a portfolio of products for the US and as well for the future European operations. Our Research Centre in Milano will continue the activities around our second generation of NO-donating compounds to build on their potential for the development of new ophthalmic therapies.*"

Financial summary for the first nine months of 2012

Revenues were €7.6 million in the nine months to September 30, 2012, compared to zero for the corresponding period of 2011. These revenues correspond principally to a one-off $10 million milestone payment received from Bausch + Lomb in April 2012, following its decision to continue the development of BOL-303259-X.

Research and development costs and administrative and selling costs were €11.6 million in the nine months to September 30, 2012, compared to €11.8 million in the same period in 2011.

Nicox recorded a total net loss of €4.6 million in the period of nine month ending on September 30, 2012, compared to a net loss of €10.4 million for the same period in 2011. On September 30, 2012, the Group had cash and cash equivalents totaling €81.8 million, compared to €93.1 million on December 31, 2011.

Review of the consolidated financial results for the nine months ended September 30, 2012 and 2011

The interim consolidated financial statements for the nine months ended September 30, 2012 and 2011 have been prepared in accordance with applicable IFRS principles.

On March 21, 2012, Nicox acquired 11.8% of the shares of Altacor, a privately-held ophthalmology company based in the United Kingdom, and, further, entered into an exclusive option agreement to acquire the remaining shares of Altacor. On May 31, 2012 Nicox decided not to exercise the option to acquire the remaining 88.2 % of equity of Altacor. Under IFRS principles the Group is deemed to exercise a significant influence over Altacor as a result of its participation in the share capital and Board of Directors of Altacor. Consequently, the presented consolidated financial statements for the nine months to September 30, 2012 include Altacor for the period from May 31 to September 30, 2012, on the basis of the equity method.

Consolidated statement of comprehensive income

Revenues

Nicox revenues totalled €7.6 million for the nine months ended September 30, 2012, compared to zero revenue in the same period of 2011.

The revenues recognized on September 30, 2012, correspond principally to the milestone payment of $10 million received from Bausch + Lomb in April 2012, following their decision to continue the development of BOL-303259-X. This amount has been immediately recognized in revenues because the Company will not have continuing involvement in the future development of this compound, which is the subject of the collaboration agreement signed in 2010 with Bausch + Lomb.

The revenues also include the sales of AdenoPlus™ (€0.02 million) made by RPS® on behalf of Nicox from July 1st, 2012 to September 30, 2012 following the signature of the licensing agreement with RPS® in June 2012. In the third quarter of 2012, RPS® has taken AdenoPlus™ orders for Nicox. Nicox initiated its own active marketing activities in October 2012.

Cost of goods sold

This item corresponds to the cost of goods sold in relation with the above mentioned sales of AdenoPlus™ by RPS® and includes all the direct costs related to the manufacturing of the products sold.

Research and development costs, administrative and selling costs

For the nine months ended September 30, 2012, research and development costs, administrative and selling costs amounted to €11.6 million compared to €11.8 million for the same period of 2011. On September 30, 2012, 39% of these expenses concerned research and development expenses and 61% administrative and selling expenses, compared to 61% and 39%, respectively, on September 30, 2011. This situation is explained by the ongoing transformation of Nicox into a commercial ophthalmic company.

For the first nine months of 2012, research and development expenses were €4.5 million, compared to €7.2 million during the same period in 2011. In the nine months ended September 30, 2012, research and development expenses primarily related to activities at the research centre and ongoing regulatory activities for naproxcinod. The Group employed 18 people in research and development on September 30, 2012, compared to 39 people at the same date in 2011.

Administrative expenses were €3.1 million on September 30, 2012, compared to €3.4 million at the same date in 2011 and include personnel expenses in administrative and financial functions, as well as the remuneration of corporate officers. On September 30, 2012, the Group employed 11 people in its administrative department, compared to 14 people on September 30, 2011.

In the first nine months of 2012, selling expenses totalled €4 million compared to €1.3 million during the same period in 2011. Selling expenses correspond for the first nine months of 2012 to communication and business development activities (including €0.7 million of costs incurred over the period in relation to the acquisition of 11.8% of Altacor), and also include the costs of building Nicox's commercial organization in the US and in Europe following the recent in-licensing of AdenoPlus™. On September 30, 2012, the Group employed 9 people in its selling department (commercial and corporate development), compared to 4 people on September 30, 2011.

Other income

On September 30, 2012, other income was €0.6 million compared to €0.8 million in the first nine months of 2011. In 2012, other income includes €0.3 million of operational subsidies from the research tax credit in France and €0.3 million of unrealized foreign exchange gains.

Other expense

Other expense, which refers exclusively to restructuring costs, amounted to €0.5 million for the nine months ended September 30, 2012, compared to an income of €0.1 million on September 30, 2011. On September 30, 2012, the Group has accrued an amount of €0.9 million with respect to an undertaking vis-à-vis employees of the Italian subsidiary in the event of a potential further restructuring.

Operating loss

The Group generated an operating loss of €4 million in the first nine months of 2012, compared to €10.9 million during the same period in 2011.

Other results

In the first nine months of 2012, the Group recorded a net financial loss of €0.6 million (including the share of Altacor's results), compared to a net financial income of €0.7 million during the first nine months of 2011. On September 30, 2012, finance expenses include 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. Said depreciation has been booked due to the fact that the product is still under development.

The income tax expense incurred by Nicox on September 30, 2012, relates to tax from its Italian subsidiary and totalled €0.03 million, compared to €0.09 million on September 30, 2011.

Total net loss for the period

Nicox recorded a net loss of €4.6 million on September 30, 2012, compared to €10.4 million on September 30, 2011. This significant decrease of the net loss in the first nine months of 2012 is explained by the strong increase in revenues recognized over the period as indicated above.

Consolidated statement of financial position

The intangible assets includes €1.6 million corresponding to the license fee paid to RPS® for the worldwide licensing agreement on three diagnostic tests signed in June 2012.

The indebtedness incurred by Nicox is mainly short-term operating debt. On September 30, 2012, the Group's current liabilities totalled €5.8 million, including €2 million in accrued compensation for employees, €1.5 million in accounts payable to suppliers and external collaborators, €1.4 million in other contingencies and liabilities with respect to the restructuring cost accrued, €0.8 million in taxes payable and €0.1 million in other liabilities.

On September 30, 2012, the Group's cash and cash equivalents were €81.8 million, compared to €93.1 million on December 31, 2011.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is creating an international, late-stage development and commercial ophthalmic group based around therapeutics, diagnostics and devices.

Nicox has in-licensed innovative ocular diagnostics from RPS®, including AdenoPlus™, a test for the detection of adenoviral conjunctivitis already authorized for marketing in the United States and Europe. The Company has a partnership with Bausch + Lomb for the development of BOL-303259-X, a novel glaucoma candidate based on Nicox's proprietary nitric oxide-donating R&D platform.

Further nitric oxide-donating compounds are under development in non-ophthalmic indications notably through partners, including Merck (known as MSD outside the United States and Canada) and Ferrer.

Nicox S.A. is headquartered in France and is listed on Euronext Paris (Compartment C: Small Caps). For more information 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 2011 » filed with the French Autorité des Marchés Financiers (AMF) on February 29, 2012 and available on Nicox's website (www.nicox.com) and on the AMF's website www.amf-france.org).

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – SEPTEMBER 30, 2012

	For the period of nine months ended September 30,	
	2012	**2011**
	(in thousands of € except for per share data)	
Revenues……………………………………………	7,571	**-**
Cost of goods sold …………………………………………	(6)	**-**
Research and development expenses……………………….	(4,518)	(7,160)
Administrative expenses……………………………………….	(3,105)	(3,395)
Selling expenses………………………………………………..	(4,007)	(1,279)
Other income……………………………………………………..	622	764
Other expense…………………………………………………..	(542)	141
Operating loss...	**(3,985)**	**(10,929)**
Finance income ……………………………………………….	403	675
Finance expenses………………………………………………	(847)	(12)
Share of Profit (loss) of associates………………………….	(169)	-
Loss before income tax..	**(4,598)**	**(10,266)**
Income tax expense………………………………………….....	(32)	(94)
Net loss of the period…………………………………………	**(4,630)**	**(10,360)**
Exchange differences on translation of foreign operations	3	-
Other comprehensive income (loss) for the period, net of tax……………………………………………………….	**3**	**-**
Total comprehensive income (loss) for the period, net of tax	**(4,627)**	**(10,360)**
Attributable to:		
- Equity holders of the parent...	4,627	10,360
- Non-controlling interests	-	-
Basic and diluted loss per share attributable to equity holders of the parent………………………………………..	**(0,06)**	**(0.14)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SEPTEMBER 30, 2012

	As of September 30, 2012	As of December 31, 2011
	(in thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment	651	843
Intangible assets	1,672	117
Investments in associates and joint ventures	2,243	-
Other financial assets	1,116	263
Deferred income tax assets	67	65
Total non-current assets	**5,749**	**1,288**
Current assets		
Government subsidies receivable	1,199	866
Other current assets	1,541	367
Prepaid expenses	243	172
Cash and cash equivalents	81,757	93,136
Total current assets	**84,740**	**94,541**
TOTAL ASSETS	**90,489**	**95,829**
EQUITY AND LIABILITIES		
Common shares	14,579	14,563
Other reserves	65,408	69,761
Non-controlling interests	-	-
Total Equity	**79,987**	**84,324**
Non-current liabilities		
Other contingencies and liabilities	4,655	4,592
Deferred income tax liabilities	(17)	3
Finance lease	58	58
Total non-current liabilities	**4,696**	**4,653**
Current liabilities		
Other contingencies and liabilities	1,360	3,590
Finance lease	65	24
Trade payables	1,452	1,185
Social security and other taxes	2,814	1,890
Other liabilities	115	163
Total current liabilities	**5,806**	**6,852**
TOTAL EQUITY AND LIABILITIES	**90,489**	**95,829**