Nicox: first quarter 2013 financial results

May 15, 2013.

Sophia Antipolis, France.

Nicox S.A. (NYSE Euronext Paris: COX) today reports financial results for the first three months of 2013 and provides an overview of its activities.

"We are encouraged by the progress made this quarter in growing Nicox as a new international ophthalmic company. We entered into an exclusive supply and distribution agreement for an innovative line of eye care products planned to be launched from the end of the year and our partner Bausch + Lomb initiated the phase 3 programme of the latanoprostene bunod as planned. These two important achievements represent new steps in our plan to create a portfolio of therapeutics and diagnostics which will support Nicox's expansion in the ophthalmic markets of Europe and the United States", said **Michele Garufi, Chief Executive Officer of Nicox.**

First quarter operational summary

In light of the positive results of the phase 2b study conducted with latanoprostene bunod (previously known as BOL-303259-X and NCX 116), Bausch + Lomb initiated a phase 3 clinical program with latanoprostene bunod in January 2013. This pivotal phase 3 program includes two separate, randomized, multicentre, double-masked, parallel-group clinical studies, APOLLO and LUNAR, which will be conducted in North America and Europe. These phase 3 studies are pivotal for U.S. registration.

In March 2013, Nicox strengthened its European and International Operations team with the appointments of David Trevor as Vice President, Managing Director UK and Head of European Sales Force Effectiveness; Davide Buffoni as Managing Director, Spain; and François Ducret as Director of International Operations. The team, under the leadership of Philippe Masquida as Executive Vice President, Managing Director of European and International Operations, will manage the commercialization of Nicox's ophthalmic products in Europe and other important markets around the world outside North America.

Nicox also announced it has entered into an exclusive supply and distribution agreement with an undisclosed private European pharmaceutical company for a range of eye care products developed for a major therapeutic class with a differentiated formulation. Nicox expects to launch this family of products directly and through partners from the end of the year onwards. Under the terms of the agreement, Nicox will have exclusive rights to market, sell and distribute these products in Europe, Middle East and Africa. The agreement does not provide for any upfront payment from Nicox.

Post-first quarter events 2013

In line with the strategy to transform Nicox into an international ophthalmology company, Nicox's Board of Directors has nominated Vicente Anido, Jr., PhD., to be elected to the Board. Dr. Anido is a highly respected and experienced leader in the ophthalmology sector. His election to the Company's Board will be voted on at the 2013 Ordinary Shareholder Meeting, which is convened for June 6, 2013.

In areas outside the core ophthalmic field, Nicox and the Center for Genetic Medicine Research, a center within the Children's Research Institute, Children's National Medical Center, presented promising pre-clinical results on naproxcinod, a CINOD (Cyclooxygenase-Inhibiting Nitric Oxide-Donating) anti-inflammatory candidate, in models of muscular dystrophies. The data were presented in a poster session on April 22, 2013, at the Muscular Dystrophy Association (MDA) Scientific Conference in Washington, DC.

Also, in April 2013, Nicox and Ferrer agreed to terminate their nitric oxide-donating steroids collaboration in dermatology, including termination of the Research & Development, Licence and Option Agreement of April 28, 2004. Nicox does not intend to continue the development of nitric oxide-donating steroids in dermatology nor seek another partner in this area.

Financial summary

For the three months ended March 31, 2013, Nicox's revenues totaled €0.07 million, compared to €7.5 million for the same period of 2012, which included receipt of a significant milestone payment from Bausch + Lomb.

Research and development costs and administrative and selling costs amounted to €4.3 million in the first quarter of 2013 compared to €3.8 million in the first quarter of 2012.

As a result, Nicox recorded a net loss of €4.3 million for the three months ended March 31, 2013, compared to a net profit of €4.2 million for the three months to March 31, 2012. On March 31, 2013, the Group's cash and cash equivalents were €72.1 million, compared to €77.5 million on December 31, 2012.

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

Consolidated statement of comprehensive income

Revenues

For the three months ended March 31, 2013, Nicox's revenues totaled €0.07 million, compared to €7.5 million for the same period of 2012.

Revenues of the first quarter of 2013 correspond to initial sales of AdenoPlus®, a rapid point-of-care diagnostic test in-licensed from Rapid Pathogen Screening, Inc (RPS®) in June 2012. Nicox initiated its own marketing activities for AdenoPlus® in October 2012 and is in the process of building up a sales network to support the product.

The revenues recognized in the first quarter of 2012 correspond 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).

Cost of sales

Cost of sales amounted to €0.09 million during the first quarter of 2013. This item corresponds to the cost of goods sold in relation to the above mentioned sales of AdenoPlus® and includes all the costs related to the manufacturing of the products sold.

Research and development costs, administrative and selling costs

Research and development costs and administrative and selling costs amounted to €4.3 million in the first quarter of 2013 compared to €3.8 million in the first quarter of 2012. In the first three months of 2013, 22% of these costs were related to research and development expenses, 40% to administrative expenses (including the corporate development expenses previously reported as selling expenses) and 38% to selling expenses. This compared to 35% related to research and development expenses and 65% to administrative expenses (including the corporate development expenses previously reported as selling expenses) in the first quarter of 2012. The change reflects the ongoing transformation of Nicox into a commercial ophthalmic company.

Research and development expenses were €1million for the first three months ended March 31, 2013, compared to €1.3 million in the first three months of 2012. In the first quarter of 2013, research and development expenses were principally related to activities at the research center and ongoing regulatory activities for naproxcinod. On March 31, 2013, the Group employed 14 people in research and development, compared to 23 people at the same date in 2012.

For the first three months of 2013, administrative expenses were €1.7 million, compared to €2.5 million in the first quarter of 2012, and include personnel expenses in administrative and financial functions, as well as the remuneration of corporate officers, and since 2012, communication and business development expenses which were previously reported in selling expenses. Administrative expenses for the first quarter of 2013 are substantially lower than for the same period of 2012 due to the fact that administrative expenses in an amount of €0.7 million had been recorded in 2012 in relation to the acquisition of 11.8% of Altacor, a privately-held ophthalmology company based in the United Kingdom. On March 31, 2013, the Group employed 15 people in its administrative department, compared to 16 people at the same date in 2012.

Selling expenses amounted to €1.6 million in the first three months ended March 31, 2013, compared to €0.01 million in the first quarter of 2012. Selling expenses correspond to the costs of building Nicox's commercial organization in the US and in Europe following the in-licensing and commercial launch of

AdenoPlus™ in 2012. On March 31, 2013, the Group employed 15 people in its sales and marketing department compared with none as of March 31, 2012.

Other income

Other income was €0.2 million on March 31, 2013, unchanged from the same period a year earlier. In the first quarter of 2013, other income included €0.1 million of operational subsidies from the research tax credit in France and €0.1 million of unrealized foreign exchange gains.

Other expense

Other expense, which refers principally to restructuring costs, amounted to €0.3 million in the first three months of 2013, compared to an income of €0.2 million in the first quarter of 2012. Said income resulted from the cancellation of contingencies related to restructuring expenses previously recognized which were no longer applicable in 2012.

Operating loss

For the first three months of 2013, the Group generated an operating loss of €4.3 million, compared to an operating profit of €4 million on March 31, 2012.

Other results

In the first quarter of 2013, the Group recorded a net financial profit of €0.05 million compared to €0.1 million on March 31, 2012.

Total net loss for the period

Nicox recorded a net loss of €4.3 million for the three months ended March 31, 2013, compared to a net profit of €4.2 million on March 31, 2012. This situation is explained by the strong decrease in revenues recognized over the period compared to the first three months of 2012 which included a significant milestone payment from our partner Bausch + Lomb as set out above.

Consolidated statement of financial position

Intangible assets totaled €1.9 million at the end of the first quarter of 2013 and included €1.5 million corresponding to the license fee paid to RPS® for the worldwide licensing agreement signed in June 2012.

On March 31, 2013, financial assets amounted to €2.5 million, including €0.8 million corresponding to the re-fundable part of the option fee paid to RPS® in June 2012, €1.4 million representing the fair value of the shares held by Nicox in Altacor and €0.3 million of security deposits.

The indebtedness incurred by Nicox is mainly short-term operating debt. On March 31, 2013, the Group's current liabilities totaled €3.8 million, including €1.4 million in accounts payable to suppliers and external collaborators, €1 million in taxes payable, €0.9 million in accrued compensation for employees, €0.4 million in other contingencies and liabilities with respect to the restructuring cost accrued, and €0.1 million in other liabilities.

On March 31, 2013, the Group's cash and cash equivalents were €72.1 million, compared to €77.5 million on December 31, 2012.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is creating a new mid-sized international player in the ophthalmic market by building a diversified portfolio of innovative therapies and diagnostic tools. With a heritage of scientific, business development and commercial expertise, the Nicox team is focused on developing and marketing novel pharmaceuticals and diagnostic devices that can help people to enhance their sight. In the United States, Nicox markets AdenoPlus™, a test for the differential diagnosis of acute conjunctivitis in-licensed from RPS®.

The Company's pipeline includes latanoprostene bunod, a novel drug candidate based on Nicox's proprietary nitric oxide (NO)-donating R&D platform, developed in collaboration with Bausch + Lomb for the potential treatment of glaucoma and ocular hypertension. Further NO-donating compounds are under development in non-ophthalmic indications, notably through partners, including Merck (known as MSD outside the United States and Canada).

Nicox S.A. is headquartered in France and is listed on Euronext Paris (Compartment B: Small Caps). For more information please visit www.nicox.com.

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME MARCH 31, 2013

	For the period of three months ended March 31,	
	2013	**2012**
	(In thousands of €)	
Revenues	69	7,487
Cost of sales	(86)	-
Research & development expenses	(957)	(1,346)
Administrative expenses *	(1,684)	(2,483)
Selling expenses *	(1,611)	(9)
Other income	253	160
Other expense	(325)	234
Operating profit (loss)	**(4,341)**	**4,043**
Financial income	65	174
Financial expense	(13)	(36)
Profit (Loss) before income tax	**(4,289)**	**4,181**
Income tax expense	20	(14)
Net profit (loss)	**(4,269)**	**4,167**
Exchange differences on translation of foreign operations	(110)	(9)
Other comprehensive income (loss) for the period, net of tax	(110)	(9)
Total comprehensive income (loss) for the period, net of tax	(4,379)	4,158
Attributable to:		
- Equity holders of the parent	(4,379)	4,174
- Non-controlling interests	-	(16)

* Restated as of March 31, 2012 as Corporate development expenses were previously reported as Selling expenses

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - MARCH 31, 2013

	As of March 31, 2013	As of December 31, 2012
	(In thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment	606	791
Intangibles assets	1,865	1,801
Financial assets	2,526	2,550
Deferred income tax assets	106	54
Total non-current assets	**5,103**	**5,196**
Current assets		
Inventories	34	26
Trade receivables	86	7
Government subsidies receivable	646	531
Other current assets	495	757
Prepaid expenses	392	154
Cash and Cash equivalents	72,097	77,477
Total current assets	**73,750**	**78,952**
TOTAL ASSETS	**78,853**	**84,147**
EQUITY AND LIABILITIES		
Common shares	14,593	14,579
Other reserves	55,733	59,975
Total Equity	**70,326**	**74,554**
Non-current liabilities		
Other contingencies and liabilities	4,618	4,618
Deferred income tax liabilities	8	8
Financial Lease	104	114
Total non current liabilities	**4,730**	**4,740**
Current liabilities		
Other contingencies and liabilities	435	667
Financial lease	44	43
Trade payables	1,371	1,850
Social security and other taxes	1,881	2,145
Other liabilities	66	149
Total current liabilities	**3,797**	**4,853**
TOTAL EQUITY AND LIABILITIES	**78,853**	**84,147**