Nicox First Half 2013 Financial Results and Business Update

July 31, 2013.

Sophia Antipolis, France.

Nicox S.A. (NYSE Euronext Paris: COX) today announced its financial results for the six months ended June 30, 2013, and provided an update of its activities.

Michele Garufi, Chairman and CEO of Nicox, said:

"We have made good progress in the expansion of our product pipeline during the first six months of the year, with the addition of an innovative line of four eye care products licensed from an European partner for Europe, Middle East and Africa planned to be launched in the first quarter of 2014, and a proprietary Dry Eye panel for the diagnosis of Sjögren's Syndrome from Immco Diagnostics under a promotion agreement for North America and an option for the rest of the world. The Dry Eye panel, together with our RPS point-of-care diagnostic tests, enables the Company to provide eye care practitioners and their patients with a unique and innovative offering in diagnostics. In parallel, our European and International team has been strengthened and we will continue to structure the operational organization of the Company to support our planned international growth.

As planned, Bausch + Lomb has initiated its pivotal Phase 3 studies for latanoprostene bunod. This compound is a major asset of our pipeline and further demonstrates the value of Nicox's NO-donating research platform as an innovative therapeutic approach in ophthalmology."

Operational Summary for the first half 2013

- Expansion of the ophthalmic pipeline:
  - New range of eye care products developed for a major therapeutic class expected to be launched in 1Q 2014; exclusive supply and distribution agreement for Europe, Middle-East and Africa with an European private company
  - Dry Eye panel for the early diagnosis of the Sjögren's Syndrome; exclusive North-American agreement with Immco Diagnostics

- Pivotal Phase 3 program for latanoprostene bunod initiated by Bausch + Lomb in January 2013; positive Phase 2b results presented at the AGS (American Glaucoma Society) in San Francisco on March 2nd 2013
- Strengthened ophthalmology expertise:
    - Election of Vicente Anido, Jr., PhD., to the Company's Board of Directors
    - Further strengthening of European and International Operations team with key industry hires
- Positive pre-clinical results on naproxcinod in models of muscular dystrophy presented at MDA Scientific Conference in Washington (DC, United States); naproxcinod potential focus on muscular dystrophy

Post Reporting Period Events

- Initiation by Bausch + Lomb of Japanese studies for latanoprostene bunod in July 2013

Financial Summary for the first half 2013

Nicox's revenues amounted to €0.2 million for the six month ended June 30, 2013. This compares to €7.5 million for the same period in 2012, which included receipt of a significant milestone payment from Bausch + Lomb.

Selling, administrative and research and development costs were €9.3 million in the first half of 2013 (H1 2012: €8.1 million), with 40% of these costs related to selling expenses, reflecting the ongoing transformation of Nicox into a commercial ophthalmic company.

As a result, Nicox recorded a net loss of €9.2 million for the six months ended June 30, 2013, compared to a net loss of €0.4 million in the first half of 2012.

As of June 30, 2013, the Group had cash and cash equivalents of €67.4 million, compared to €77.5 million on December 31, 2012.

Review of the first six months of 2013

- **Expansion of the ophthalmic pipeline**

During the first half of 2013, Nicox has signed two new product agreements, which have significantly expanded its ophthalmic pipeline.

In March 2013, Nicox entered into an exclusive supply and distribution agreement for a range of four innovative eye care products with an undisclosed private European pharmaceutical company specializing in ophthalmics. Nicox expects to begin launching this family of products directly and through partners in the first quarter of 2014. These products have been developed for a major therapeutic class with a differentiated formulation. Under the terms of the agreement, Nicox will have exclusive rights to market, sell and distribute these products in Europe, Middle East and Africa. Nicox did not make any upfront payments.

In June 2013, Nicox entered into an exclusive agreement with Immco Diagnostics Inc., a worldwide leader in autoimmune diagnostic products and services, to promote the Dry Eye panel, a proprietary laboratory test targeted at the early detection and diagnosis of Sjögren's Syndrome, to eye care professionals in North America (US, Canada, Puerto Rico, Mexico). Dry eye is one of the early primary symptoms of the disease, eye care practitioners are poised to play a significant role in the early identification. Under the terms of the agreement, Nicox will receive a majority share of revenue generated from eye care practitioners. No upfront or milestones payments have been made by Nicox. Nicox also has a nine-month option to negotiate an agreement to promote the test in the rest of the world. During this period, Immco and Nicox are planning to study and evaluate the feasibility and implementation steps for the test in other markets, including Europe.

- **Advanced clinical trials for latanoprostene bunod**

In January 2013, Bausch + Lomb initiated a Phase 3 clinical program for latanoprostene bunod (previously known as BOL-303259-X). The initiation of this program started with two pivotal studies, APOLLO and LUNAR, for registration in the United States. These studies are designed to compare the efficacy and safety of latanoprostene bunod administered once daily (QD) with timolol maleate 0.5% administered twice daily (BID) in lowering intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension. The primary endpoint of both studies, which will include a combined total of approximately 800 patients, is the reduction in mean IOP measured at specified time points during three months of treatment.

In July 2013, Bausch + Lomb initiated two other studies, JUPITER and KRONUS, in Japan, the second largest ophthalmic market in the world. JUPITER is a Phase 3 study enrolling approximately 130 subjects. Its purpose is to demonstrate the clinical safety of latanoprostene bunod 0.024% administrated once daily (QD) over a one-year treatment period. This study is required for registration in accordance with the International Conference on Harmonisation (ICH) and the Japanese regulatory authority, the Pharmaceuticals and Medical Devices Agency (PMDA). KRONUS is a Phase 1 study. Its primary objective is to evaluate the effect of latanoprostene bunod 0.024% administered once daily (QD) in reducing IOP measured over a 24-hour period in approximately 24 healthy male Japanese subjects. A confirmatory efficacy study is expected to be required for the Japanese registration of latanoprostene bunod.

- **Strengthened ophthalmology expertise**

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 brings a wealth of experience from the pharmaceutical industry and more specifically in the ophthalmology area. Under the leadership of Philippe Masquida as Executive Vice President, Managing Director of European and International Operations, the team is responsible for the commercialization of Nicox's ophthalmic products in Europe and other important markets around the world outside of North America.

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.

- **Nitric oxide-donating pipeline in other therapeutic areas**

In April 2013, Nicox announced promising pre-clinical results of naproxcinod in models of muscular dystrophies. A long-term confirmatory study (nine months of treatment), sponsored by Nicox and conducted at the Children's National Medical Center (Washington DC), showed that naproxcinod improves skeletal and cardiac muscle function and reduces skeletal muscle inflammation in *mdx* mice. The data was presented in a poster session on April 22nd at the Muscular Dystrophy Association (MDA) Scientific Conference in Washington, DC.

Following these positive results, Nicox is evaluating the opportunity to partner naproxcinod for development as an adjuvant for the treatment of muscular dystrophy. Separately, the Company continues to seek partners to out-licence naproxcinod for the treatment of the signs and symptoms of osteoarthritis of the knee. This approach is aimed at maximising the opportunities to progress the development of naproxcinod in one of these indications.

In April 2013, Nicox and Ferrer agreed to terminate their nitric oxide-donating steroids collaboration in dermatology, including the termination of the research & development, licence and option agreement of April 28, 2004. Nicox does not intend to continue, nor seek another partner to continue, the development of nitric oxide-donating steroids in dermatology.

- **Presentations of research, preclinical and clinical results in the ophthalmology field**

In the first half of 2013, Nicox presented two scientific posters at the Association for Research in Vision and Ophthalmology (ARVO) and the European Society of Ophthalmology (SOE) meetings. The posters reported research results on the role of nitric oxide (NO) in the physiology of the eye and more specifically in the regulation of intraocular pressure (IOP).

Nicox also presented, at the 245th American Chemical Society (ACS), the research program which led to the discovery of nitric oxide-donating prostaglandin F2-alpha analogs, which have been shown to reduce intraocular pressure (IOP), potentially through interaction with both NO/cGMP pathway and prostaglandin F2-alpha (FP) receptors.

In addition, the Phase 2b results for latanoprostene bunod were presented at the American Glaucoma Society 23rd Annual Meeting by Robert N. Weinreb, MD, chairman & distinguished professor of Ophthalmology, University of California San Diego and director, Shiley Eye Center and Hamilton Glaucoma Center, and a poster was presented at the Association for Research in Vision and Ophthalmology (ARVO) and at the World Glaucoma Congress (WGS).

Review of the consolidated financial results as of June 30, 2013 and 2012

The consolidated half-year financial statements for the six months to June 30, 2012 include Altacor (a privately-held ophthalmology company in which Nicox acquired in March 2012 11.8% of the shares) for the period from May 31 to June 30, 2012, on the basis of the equity method.

Consolidated statement of comprehensive income

Revenues

Nicox's revenues amounted to €0.2 million for the six months ended June 30, 2013, compared to €7.5 million for the same period of 2012.

Revenues during the first half of 2013 correspond to the 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 the US in October 2012 and is in the process of strengthening its internal sales force to support the commercialization of its growing portfolio of ophthalmic products. In Europe and the rest of the world, while AdenoPlus® is available for sale, Nicox is initially focusing on key activities to secure its reimbursement in the largest European countries.

The revenues recognized in the first six month 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 €0.2 million during the first six months of 2013. This item corresponds to the cost of goods sold in relation to the sales of AdenoPlus® and includes all the costs related to the manufacturing of the products sold.

Selling, administrative and research and development costs

Selling, administrative and research and development costs were €9.3 million in the first half of 2013 compared to €8.1 million in the first semester of 2012. In the first half of 2013, 40% of these costs were related to selling expenses, 39% to administrative expenses (including the corporate development expenses previously reported as selling expenses) and 21% to research and development expenses. This compared to 6% related to selling expenses, 55% to administrative expenses (including the corporate development expenses previously reported as selling expenses), and 39% to research and development expenses, in the first half of 2012. The change reflects the ongoing transformation of Nicox into a commercial ophthalmic company.

For the first six months ended June 30, 2013, selling expenses were €3.7 million, compared to €0.5 million in the first half of 2012. Selling expenses correspond to the costs of building Nicox's commercial organization in the US and in Europe to support the planned business activities related to our current portfolio and to future products we expect to add to our pipeline. On June 30, 2013, the Group employed 16 people in its sales and marketing department compared with 2 as of June 30, 2012.

During the period, administrative expenses amounted to €3.6 million, compared to €4.4 million in the first half 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 six months 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 June 30 2013 and 2012, the Group employed 16 people in its administrative department.

Research and development expenses totaled €1.9 million for the first six months ended June 30, 2013, compared to €3.2 million in the first semester of 2012. In the first six months of 2013, research and development expenses were primarily related to activities at the research center and ongoing regulatory activities for naproxcinod. The Group employed 12 people in research and development on June 30, 2013, compared to 19 people at the same date in 2012.

Other income

Other income amounted to €0.3 million on June 30, 2013, compared to €0.6 million in the first six months of 2012. In the first half of 2013, other income included €0.2 million of operational subsidies from the research tax credit in France.

Other expense

Other expense, which refers principally to restructuring costs, was €0.2 million in the first six months of 2013, compared to €0.6 million on June 30, 2012.

Operating loss

The Group generated an operating loss of €9.3 million in the first six months of 2013, compared to an operating loss of €0.5 million during the same period in 2012.

Other results

In the first semester of 2013, the Group recorded a net financial profit of €0.04 million compared to €0.1 million (including the share of Altacor's results) in the first half of 2012.

Total net loss for the period

Nicox recorded a net loss of €9.2 million for the six months ended June 30, 2013, compared to a net loss of €0.4 million in the first semester of 2012. This is explained by the strong decrease in revenues recognized over the period compared to the first six 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 six months 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 June 30, 2013, financial assets amounted to €2.3 million, including €1.3 million representing the fair value of the shares held by Nicox in Altacor, €0.8 million corresponding to the re-fundable part of the option fee paid to RPS® in June 2012, and €0.2 million of security deposits.

The indebtedness incurred by Nicox is mainly short-term operating debt. On June 30, 2013, the Group's current liabilities totaled €3.8 million, including €1.6 million in accounts payable to suppliers and external collaborators, €1.4 million in accrued compensation for employees, €0.6 million in taxes payable, €0.1 million in other contingencies and €0.1 million in other liabilities.

On June 30, 2013, the Group's cash and cash equivalents were €67.4 million, compared to €77.5 million on December 31, 2012.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is creating a new 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.

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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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – JUNE 30, 2013

	For the period of six months ended June 30,	
	2013	**2012**
	(In thousands of € except for per share data)	
Revenues	**183**	**7,552**
Cost of sales	(223)	-
Selling expenses	(3,701)	(485)
Administrative expenses	(3,611)	(4,403)
Research & development expenses	(1,945)	(3,173)
Other income	265	627
Other expense	(219)	(570)
Operating profit (loss)	**(9,251)**	**(452)**
Financial income	128	321
Financial expense	(87)	(85)
Share of Profit (loss) of associates	-	(95)
Profit (Loss) before income tax	**(9,210)**	**(311)**
Income tax expense	14	(42)
Net profit (loss)	**(9,196)**	**(353)**
Exchange differences on translation of foreign operations	(31)	(21)
Other comprehensive income (loss) for the period, net of tax	**(31)**	**(21)**
Total comprehensive income (loss) for the period, net of tax	(9,227)	(374)
Attributable to:		
- Equity holders of the parent	(9,227)	(374)
- Non-controlling interests	-	-
Basic and diluted loss per share attributable to equity holders of the parent	**(0.13)**	**(0.00)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – JUNE 30, 2013

	As of June 30, 2013	As of December 31, 2012
	(In thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment	584	791
Intangibles assets	1,898	1,801
Financial assets	2,263	2,550
Deferred income tax assets	95	54
Total non-current assets	**4,840**	**5,196**
Current assets		
Inventories	37	26
Trade receivables	110	7
Government subsidies receivable	770	531
Other current assets	959	757
Prepaid expenses	388	154
Cash and Cash equivalents	67,405	77,477
Total current assets	**69,669**	**78,952**
TOTAL ASSETS	**74,509**	**84,147**
EQUITY AND LIABILITIES		
Common shares	14,593	14,579
Other reserves	51,331	59,975
Total Equity	**65,924**	**74,554**
Non-current liabilities		
Other contingencies and liabilities	4,723	4,618
Deferred income tax liabilities	-	8
Financial Lease	108	114
Total non current liabilities	**4,831**	**4,740**
Current liabilities		
Other contingencies and liabilities	90	667
Financial lease	43	43
Trade payables	1,576	1,850
Social security and other taxes	1,968	2,145
Other liabilities	77	149
Total current liabilities	**3,754**	**4,853**
TOTAL EQUITY AND LIABILITIES	**74,509**	**84,147**