Nicox reports financial results for the nine months to September 2013

October 30, 2013.

Sophia Antipolis, France.

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

Michele Garufi, Chairman and CEO of Nicox, said: *"In the third quarter of 2013 we made progress in strengthening our commercial organization in the five largest European markets, where we plan to launch AdenoPlus®, our first diagnostic test in-licensed from RPS®, as well as a line of eye care products sourced from a European partner.*

We also made good progress in the United States, where we are preparing to launch our second diagnostic test by the end of 2013, the innovative Dry Eye Panel for Sjögren's Syndrome, further to our exclusive agreement with Immco Diagnostics Inc.

In addition, we received Orphan Drug Designation in Europe for naproxcinod for the treatment of Duchenne Muscular Dystrophy. This designation will support our search for specialized financial or pharma partners interested in undertaking and funding the development of our drug in this severe genetic disease, which still lacks any approved drug treatment."

Third quarter operational summary

During the third quarter of 2013, Nicox continued building its ophthalmology-focused commercial organization both in the United States and in the five major European markets: France, Italy, United Kingdom, Germany and Spain. Nicox continues to evaluate in-licensing and acquisition opportunities in these markets to fully leverage this sales infrastructure.

In July 2013, Bausch + Lomb initiated clinical studies in Japan for latanaprostene bunod, a nitric oxide (NO)-donating prostaglandin F2-alpha analog, currently in Phase 3 clinical development for the potential treatment of glaucoma and ocular hypertension.

During the third quarter of 2013, Bausch + Lomb decided to waive its option to develop additional preclinical NO-donating compounds. Bausch + Lomb remains fully committed to the development of latanaprostene bunod.

In September 2013, Nicox and Grupo Ferrer Internacional S.A. (“Ferrer”), a subsidiary of Ferrer Grupo, have agreed to terminate the option agreement they had entered into in March 2011. This agreement granted Ferrer an option on co-marketing rights for naproxcinod in Spain and Germany, and on exclusive marketing rights in Greece and Portugal.

Post-reporting period

In October 2013, the European Commission granted Orphan Drug Designation (ODD) for naproxcinod, a CINOD (Cyclooxygenase-Inhibiting Nitric Oxide-Donating) anti-inflammatory candidate, for the treatment of Duchenne Muscular Dystrophy (DMD). A positive opinion had been issued by the Committee for Orphan Medicinal Products (COMP) in September 2013. Promising preclinical results obtained with naproxcinod in models of muscular dystrophy were presented at the Muscular Dystrophy Association Scientific Conference in Washington, DC in April 2013, and at the International Congress of the World Muscle Society in Asilomar, CA in October 2013.

In October 2013, Nicox decided not to exercise the option to negotiate an agreement for an additional diagnostic test included in the licensing agreement signed with Rapid Pathogen Screening, Inc. (RPS®) in June 2012. As a result, Nicox recovered $1 million (approximately €0.74 million) corresponding to the refundable part of the option fee.

Financial summary for the first nine months of 2013

Revenues were €0.3 million in the nine months to September 30, 2013, compared to €7.6 million for the corresponding period of 2012, which included a milestone payment from Bausch + Lomb.

Selling, administrative and research and development costs were €13.6 million in the first nine months of 2013, with 43% of these costs related to selling expenses, reflecting the transformation of Nicox into a commercial ophthalmic company. This compares to €11.6 million for the same period in 2012.

Nicox recorded a total net loss of €13.6 million in the period of nine months ending on September 30, 2013, compared to a net loss of €4.6 million for the same period in 2012. On September 30, 2013, the Group had cash and cash equivalents totaling €63.8 million, compared to €77.5 million on December 31, 2012.

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

The consolidated financial statements for the nine months to September 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 September 30, 2012, on the basis of the equity method.

Consolidated statement of comprehensive income

Revenues

Nicox's revenues amounted to €0.3 million for the nine months ended September 30, 2013, compared to €7.6 million for the same period of 2012.

Revenues recognized on September 30, 2013 correspond to the sales of AdenoPlus®, a 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 upcoming launch of the Dry Eye Panel for Sjögren's Syndrome. AdenoPlus® is already CE-marked and available and Nicox is preparing to launch the product, with its own sales force, in the top five European markets.

The revenues recognized in the first nine months 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.

Cost of sales

Cost of sales amounted to €0.3 million during the first nine 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 expenses were €13.6 million in the first nine months of 2013 compared to €11.6 million for the same period of 2012. On September 30, 2013, 43% of these costs were related to selling expenses, 37% to administrative expenses (including the corporate development expenses previously reported as selling expenses) and 20% to research and development expenses. This compared to 9% related to selling expenses, 52% to administrative expenses (including the corporate development expenses previously reported as selling expenses), and 39% to research and development expenses, on September 30, 2012. The change reflects the ongoing transformation of Nicox into a commercial ophthalmic company.

For the first nine months ended September 30, 2013, selling expenses were €5.8 million, compared to €1.1 million in the first nine months 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. The Group employed 21 people in its sales and marketing department on September 30, 2013 compared with 5 people on September 30, 2012.

During the period, administrative expenses amounted to €5.0 million, compared to €6.1 million in the first nine months 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 nine 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. On September 30, 2013, the Group employed 14 people in its administrative department, compared to 15 people at the same date in 2012.

Research and development expenses totaled €2.7 million for the first nine months ended September 30, 2013, compared to €4.5 million on September 30, 2012. The Group employed 12 people in research and development on September 30, 2013, compared to 18 people at the same date in 2012.

Other income

Other income amounted to €0.4 million on September 30, 2013, compared to €0.6 million at the same date in 2012. In the first nine months of 2013, other income included €0.3 million of operational subsidies from the research tax credit in France.

Other expense

Other expense was €0.3 million for the first nine months of 2013 and corresponds mainly to unrealized foreign exchange losses, compared to €0.5 million on September 30, 2012.

Operating loss

In the first nine months of 2013, the Group generated an operating loss of €13.5 million, compared to an operating loss of €4.0 million during the same period in 2012.

Other results

The Group recorded a net financial loss of €0.07 million in the first nine months of 2013, compared to €0.6 million (including the share of Altacor's results) during the same period in 2012. On September 30, 2012, financial expense include the depreciation of the non-refundable part of the option fee paid to RPS® in June 2012.

On September 30, 2013, the income tax expense incurred by Nicox relates principally to tax from its Italian subsidiary and amounted to €0.02 million, compared to €0.03 million at the same date in 2012.

Total net loss for the period

For the nine months ended September 30, 2013, Nicox recorded a net loss of €13.6 million, compared to a net loss of €4.6 million on September 30, 2012. This is explained by (i) the increase in operating expenses related to the costs of building Nicox's commercial organization in the US and in Europe, and (ii) by the strong decrease in revenues recognized over the period compared to the first nine months of 2012, which included a significant milestone payment from Bausch + Lomb as set out above.

Consolidated statement of financial position

Intangible assets totaled €1.9 million at the end of the first nine months of 2013 and included €1.4 million corresponding to the license fee paid to RPS® for the worldwide licensing agreement signed in June 2012.

On September 30, 2013, financial assets amounted to €2.4 million, including €1.4 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 September 30, 2013, the Group's current liabilities totaled €3.6 million, including €1.5 million in accounts payable to suppliers and external collaborators, €1 million in accrued compensation for employees, €0.8 million in taxes payable, €0.2 million in other liabilities and €0.1 million in other contingencies.

On September 30, 2013, the Group's cash and cash equivalents were €63.8 million, compared to €77.5 million on December 31, 2012.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is an emerging international company focused on the ophthalmic market. With a heritage of innovative R&D, business development and commercial expertise, the Nicox team is building a diversified portfolio of therapies and diagnostic tools that can help people to enhance their sight. The Company's commercial portfolio and near-term pipeline already include several innovative diagnostic tests intended for eye care professionals, as well as a range of eye care products. Nicox's key proprietary asset in ophthalmology is latanoprostene bunod, a novel compound based on Nicox's proprietary nitric oxide (NO)-donating R&D platform, currently in Phase 3 clinical development in collaboration with Bausch + Lomb for the potential treatment of glaucoma and ocular hypertension. Further NO-donors are under development, notably through partners.

Nicox is headquartered in France, with research capabilities in Italy, a growing commercial infrastructure in North America and in the major European markets and an expanding international presence through partners. Nicox S.A. is listed on Euronext Paris (Compartment B: Mid Caps). For more information on Nicox or its products 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 - SEPTEMBER 30, 2013

	For the period of nine months ended September 30,	
	2013	**2012**
	(In thousands of € except for per share data)	
Revenues	**252**	**7,571**
Cost of sales	(339)	(6)
Selling expenses	(5,782)	(1,052)
Administrative expenses	(5,032)	(6,059)
Research & development expenses	(2,738)	(4,519)
Other income	435	622
Other expense	(340)	(542)
Operating profit (loss)	**(13,544)**	**(3,985)**
Financial income	196	403
Financial expense	(261)	(847)
Share of Profit (loss) of associates	-	(169)
Profit (Loss) before income tax	**(13,609)**	**(4,598)**
Income tax expense	(17)	(32)
Net profit (loss)	**(13,626)**	**(4,630)**
Exchange differences on translation of foreign operations	153	3
Other comprehensive income (loss) for the period, net of tax	**153**	**3**
Total comprehensive income (loss) for the period, net of tax	**(13,473)**	**(4,627)**
Attributable to:		
- Equity holders of the parent	(13,473)	(4,627)
- Non-controlling interests	-	-
Basic and diluted loss per share attributable to equity holders of the parent	**(0,18)**	**(0,06)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SEPTEMBER 30, 2013

	As of September 30, 2013	As of December 31, 2012
	(In thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment	622	791
Intangibles assets	1,852	1,801
Financial assets	2,352	2,550
Deferred income tax assets	106	54
Total non-current assets	**4,932**	**5,196**
Current assets		
Inventories	65	26
Trade receivables	71	7
Government subsidies receivable	878	531
Other current assets	395	757
Prepaid expenses	310	154
Cash and Cash equivalents	63,783	77,477
Total current assets	**65,502**	**78,952**
TOTAL ASSETS	**70,434**	**84,147**
EQUITY AND LIABILITIES		
Common shares	14,593	14,579
Other reserves	47,406	59,975
Total Equity	**61,999**	**74,554**
Non-current liabilities		
Other contingencies and liabilities	4,724	4,618
Deferred income tax liabilities	10	8
Financial Lease	120	114
Total non current liabilities	**4,854**	**4,740**
Current liabilities		
Other contingencies and liabilities	148	667
Financial lease	52	43
Trade payables	1,520	1,850
Social security and other taxes	1,755	2,145
Other liabilities	106	149
Total current liabilities	**3,581**	**4,853**
TOTAL EQUITY AND LIABILITIES	**70,434**	**84,147**