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Nicox raises €18 million to finance development of its pipeline

- Proceeds to finance development of NCX 4251 in blepharitis and NCX 470 in glaucoma and for general corporate purposes

July 28, 2016

Sophia Antipolis, France.

Nicox S.A. (Euronext Paris: FR0013018124, COX), the international ophthalmic company, today announced a reserved capital increase of ordinary shares of the Company to a specific category of investors. The proceeds from the financing will principally be used to drive the development of NCX 4251, a nanocrystalline formulation of fluticasone for blepharitis, and of NCX 470, a nitric oxide (NO)-donating bimatoprost for intraocular pressure lowering, through proof-of-concept clinical studies. The gross proceeds of the financing are approximately €18 million, for a total of 2,064,000 million new shares, which represents the maximum capital increase the Company could undertake without publishing a formal prospectus.

“This financing demonstrates the confidence experienced healthcare investors have in our company. We welcome the support and interest they have for our other highly promising pipeline assets and in our endeavor to build an innovative R&D-focussed ophthalmology company” commented **Michele Garufi, Chairman and Chief Executive Officer of Nicox**, adding: *“With the potential approvals of latanoprostene bunod and AC-170, plus the anticipated completion of the collaboration agreement with GHO Capital involving our European commercial assets, Nicox is well placed to achieve this ambition. With this additional funding, we are also in an excellent financial position to continue to advance the rest of our promising proprietary ophthalmology pipeline”*

The financing attracted significant investor interest which exceeded the maximum offering size.

Nicox's key assets in this R&D strategy are:

- **Partnership with Bausch + Lomb** (a wholly-owned subsidiary of Valeant Pharmaceuticals International, Inc.) on latanoprostene bunod in glaucoma, which has the potential to generate significant revenue through milestones (up to \$132.5 million net, mainly on commercial sales targets) and royalties (potential net tiered royalties on sales from 6% to 11%). On July 21, 2016, the US Food and Drug Administration (FDA) issued a Complete Response Letter regarding the NDA for latanoprostene bunod citing some concerns pertaining to Current Good Manufacturing Practice (CGMP) at Bausch + Lomb's manufacturing facility in Tampa, Florida. The FDA's letter did not identify any efficacy or safety concerns with respect to the NDA or additional clinical trials needed for the approval of the NDA.
- **AC-170**, a novel, proprietary formulation of cetirizine 0.24%, a widely-used antihistamine developed for topical application in the eye for the first time. The NDA for the treatment of ocular itching associated with allergic conjunctivitis was granted Priority Review with a Prescription Drug User Fee (PDUFA) date of October 18, 2016 (contingent upon the information and data provided by Nicox during the review period). Any approval of the NDA triggers a payment in Nicox shares to former Acix shareholders. Nicox is currently in partnering discussions in the United States for this program.
- **NCX 4251**, a novel, proprietary formulation of nanocrystalline fluticasone propionate for blepharitis. This is currently in formulation development. Nicox currently plans to seek a pre- Investigational New Drug (IND) meeting, to be held by the end of Q1 2017, and also expects to start clinical studies directly at Phase 2 in 2017.
- **NCX 470**, a NO-donating bimatoprost for reduction of intraocular pressure based on our nitric oxide (NO)-donating research platform. This molecule is currently in pre- IND toxicology studies. Nicox currently plans to seek a pre-IND meeting, to be held by the end of Q1 2017, and also expects to start clinical studies directly at Phase 2 in H2 2017.
- **Next generation standalone nitric oxide (NO)-donors** in ophthalmology. This program, also from the nitric oxide (NO)-donating research platform, is at an earlier stage but we believe has significant promise. Nicox is planning to develop these candidates in collaboration with an ocular drug delivery technology company.
- **Participation in new pan-European ophthalmology specialty company led by GHO capital.** Subject to completion, Nicox will become a minority shareholder of this new organisation to which it will have transferred its European and International commercial infrastructure and portfolio including some products in late-stage development for Europe only (see Press Release dated July 5, 2016).

Main terms of the financing

The share capital increase, by issuance of 2,064,000 million new ordinary shares (the "New Shares"), was reserved for subscription by French or foreign companies or mutual funds investing in the pharmaceutical biotechnology sector (*sociétés ou fonds gestionnaires d'épargne collective de droit français ou de droit étranger investissant dans le secteur pharmaceutique/biotechnologique*).

The subscription price of the New Shares has been set at €8.75 per New Share. Following the completion of the capital increase, the 2,064,000 New Shares will represent approximately 9% of the issued share capital of the Company before the capital increase and 8.3% after the capital increase and is the maximum capital increase the Company could undertake without publishing a formal prospectus.

Directors and Executive Committee members of Nicox have agreed to certain customary lock-up arrangements with the Placement Agents on the shares they hold in Nicox for a 90-day period.

Use of proceeds

The net proceeds from the sale of the New Shares are intended to provide additional resources to the Company to finance its strategy, in particular:

- Clinical development of pipeline candidates as set out above
- Working capital and general corporate purposes

Listing of new shares

An application will be made for the admission to listing of the New Shares on Euronext Paris. The settlement-delivery of the New Shares is expected to take place on August 2, 2016.

Guggenheim Securities, LLC acted as lead placement agent for the offering, and Bryan, Garnier & Co and Needham & Company, LLC acted as placement agents.

About Nicox

Nicox (Bloomberg: COX:FP, Reuters: NCOX.PA) is an international commercial-stage company focused on the ophthalmic market. For more information on Nicox, its commercial products or pipeline, please visit: www.nicox.com.

Analyst coverage

Bryan, Garnier & Co	Hugo Solvet	Paris, France
Invest Securities	Martial Descoutures	Paris, France
Gilbert Dupont	Damien Choplain	Paris, France
Stifel	Max Hermann	London, UK



Upcoming 2016 events

Financial and business conferences

September 11-13	Rodman & Renshaw Annual Global Investment conference	New York, US
October 5-6	Large et Midcap Event	Paris, France
December 13	Guggenheim Securities 4th Annual Boston Healthcare Conference	Boston, US

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This press release contains certain forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these 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 2015*' filed with the French *Autorité des Marchés Financiers* (AMF) on April 15, 2016, and in the updated and additional risk factors as of July 26, 2016, which are available on Nicox's website (www.nicox.com).

DISCLAIMER

This announcement is for information purposes only and does not, and shall not, in any circumstances, constitute a public offering by Nicox, nor a solicitation of an offer to subscribe for securities in any jurisdiction, including France.

The securities referred to herein (the "Shares") may not be and will not be offered or sold to the public in France except to qualified investors and/or to a restricted circle of investors, acting for their own account, as defined in, and in accordance with Articles L. 411-2 and D. 411-1 of the French Code monétaire et financier..

In each of the various Member States of the European Economic Area other than France which has implemented the Prospectus Directive (the "Relevant Member States"), no action has been undertaken or will be undertaken to make an offer to the public of the Shares requiring the publication of a prospectus in any Relevant Member State. As a result, the Shares may only be offered in Relevant Member States:

- a) to qualified investors, as defined in the Prospectus Directive (as defined below); or
- b) in any other circumstances that do not require the publication by Nicox of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this paragraph, (i) the notion of an "offer to the public of Shares" in any Relevant Member State, means any communication, to individuals or legal entities, in any form and by any means, of sufficient information on the terms and conditions of the offering and on the Shares to be offered, thereby enabling an investor to decide to purchase or subscribe for the Shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive, (ii) the expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 (and amendments thereto, including the PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and (iii) the expression "PD Amending Directive" means Directive 2010/73/EU of the European Parliament and Council dated 24 November 2010.

This selling restriction supplements the other selling restrictions applicable in the Member States which have implemented the Prospectus Directive.

This announcement and the information it contains do not constitute an offer of securities for sale nor a solicitation of an offer to purchase securities in the United States or in any other jurisdiction. The Shares may not be offered, sold or subscribed in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The Shares of Nicox have not been and will not be registered under the U.S. Securities Act and Nicox does not intend to register any portion of the offering in the United States, or to conduct a public offering of its securities in the United States.

This announcement and the information it contains do not constitute an offer of securities to the public in the United Kingdom. This document is for distribution in the United Kingdom only to persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) or to whom it may otherwise be lawfully passed on (all such persons being referred to as "relevant persons"). This document or any of its contents must not be relied upon by persons who are not relevant persons. Any investment or investment activity to which this communication relates is only available to relevant persons and will be engaged in only with relevant persons.

In accordance with Article 211-3 of the General Regulation of the *Autorité des marchés financiers* (the "AMF"), it is recalled that:

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- the offer does not require a prospectus to be submitted for approval to the AMF;
- persons or entities referred to in Point 2°, Section II of Article L. 411-2 of the French Code monétaire et financier may take part in the offer solely for their own account, as provided in Articles D. 411-1, D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code;
- the Shares thus subscribed or acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

The distribution of this announcement in certain countries may be subject to specific regulations. The persons in possession of this announcement shall then get knowledge of any local restrictions and shall comply with these restrictions.

Any decision to subscribe for Shares should only be made on the basis of public information about Nicox.

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