ADOCIA

innovative medicine
for everyone, everywhere

PRESS RELEASE

Adocia presents first half 2016 financial results

- **Cash position of € 60.9 million at the end of June 30, 2016,**
- **Revenue of € 11.9 million (compared to € 12.7 million for the first semester 2016)**
- **Increase in research and development expenses leading to operational expenses totaling € 20 million (compared to € 11.9 million in 2015) and a net loss of € 4.2 million (versus to a net profit of € 6,7 million as of June 30, 2015)**

Lyon, July 20 2016 – Adocia (Euronext Paris: FR0011184241 – ADOC), announced today its financial results for the first six months ended June 30, 2016.

IFRS half year financial consolidated statements have been subject to a limited review by the statutory auditors and were approved at the Board of Director's meeting held on July 20, 2016.

« We announced during the first semester our decision to reinforce and concentrate our efforts on new treatments for diabetes. Based on our recognized expertise in the field of diabetes, we made this strategic decision to create a synergy and leverage the resources currently deployed across our projects. Our present objective is to apply our BioChaperone platform to other therapeutic proteins of interest in the treatment of diabetes. » commented Gérard Soula, President and CEO of Adocia.

« Promising preliminary preclinical results were obtained with a stable formulation of human glucagon, which could be used to treat severe hypoglycemia (as a so-called "rescue" treatment), as well as to be used in a bi-hormonal artificial pancreas. This latter system, currently in development by numerous companies, has led to very promising clinical results for the treatment of diabetes. »

Key financial results

The table below summarizes the condensed consolidated interim financial statements prepared for the six-months periods ended June 30, 2016 and June 30, 2015:

In thousands of Euro - IFRS rules	**06/30/2016**	**06/30/2015**
Revenue	11 934	12 709
Grants, public financing and research tax credits and other	3 961	3 965
Operating revenue	**15 895**	**16 674**
Operating expenses	**(20 063)**	**(11 858)**
Operating income (loss)	**(4 168)**	**4 815**
Financial income	**41**	**1 904**
Net income (loss)	**(4 181)**	**6 719**

The financial results of the Company at June 30, 2016 are characterized by:

- **A solid financial position**: The Company shows a cash position as of June 30, 2016 close to 61 million euros compared to 72.1 million euros in January 1st 206.

  The cash needed to finance the operating cash flow for the first semester amounted to 10.6 million euros, compared to 7.1 million euros in the first six months of 2015. This increase reflects the advancement of projects and the clinical developments conducted during the period as well as the increase in staff to support program advancement and the Company growth.

  During the first semester, the Company finalized the acquisition, by a bank loan, of the building in which its headquarters and research center are located. Consequently, debts at June 30, 2016 totaled 6.3 million euros compared to 0.8 million euros at the beginning of the year.

- **Operating income** of 15.9 million euros as of June 2016 results primarily from the research and collaborative contract signed with Eli Lilly (11.9 million euros) and from research and tax credit ("*Crédit d'Impôt Recherche*") of 3.8 million euros.

- **Operating expenses of** 20.1 million euros were dedicated by more than 81% to research and development activities. Compared to last year, the 70% increase in expenses (or 8.2 million euros) comes, in part, from the strong clinical activity (+ 3.8 million euros) and, also, from a significant in staff (+27.8 FTE's *Full Time Equivalent* or 33% increase). Payroll expenses for the first half also increased by 2 million euros (without any effect on the cash) as a result of the Company's share-based compensation policy implemented last year for the benefit of all employees (in the context of the Company's 10th anniversary).

- After taking into account the financial net income, the result of the Company is a loss of 4.2 million euros, compared to a net profit of 6.7 million euros as of June 30, 2015.

«*During the first half, we increased our expenses as planned, notably as a result of the number of clinical studies conducted. Our strong 60 million euros cash position at June should allow us to continue to confidently execute the operational plan*» commented Valérie Danaguezian, Chief Financial Officer of Adocia.

«*Additionally, we took the opportunity to acquire the building in which we are located since the inception of the Company. This acquisition was finalized in April with attractive financial conditions.* »

Key events for the first half of 2016:

This first half was notable, with the release of positive results on three clinical studies launched in 2015 and conducted within the partnership with Eli Lilly:

- A phase 1b study of repeated administration of ultra-rapid BioChaperone Lispro in type 1 diabetic patients,
- A phase 1b study of repeated administration of ultra-rapid BioChaperone Lispro in type 2 diabetic patients,
- A phase 1 study in healthy Japanese subjects.

The results for the phase 1b study in patients with diabetes using an insulin pump launched in 2015 are expected in Q4 2016.

The Company also pursued the development of its non-partnered:

- BioChaperone Combo, the unique combination of long-acting insulin glargine and fast-acting insulin lispro, with the preparation of a clinical study that should be launched in the third quarter,
- BioChaperone human insulin, HinsBet, with the launch of phase 1b study for which the results are expected in the third quarter,
- BioChaperone PDGF-BB, the diabetic foot ulcer wound healing project, currently tested in a phase 3 study in India and for which the rests are expected in the third quarter.

This first half 2016 was also marked by the strategic decision to reinforce the commitment of the Company in the field of diabetes, a market which presents a strong growth and is rich of new opportunities are appearing, with a need for treatments better adapted to patients, the emergence of new therapies and the development of combinations. In line with the new focused corporate strategy, Adocia announced the launch of new project (BioChaperone Glucagon) and the discontinuation of its non-diabetes programs (monoclonal antibodies and Drive*In*).

Finally, during the first months of 2016, the Company was presented with an opportunity to secure its presence on the site that was occupied since its inception. The Company acquired this property of 7 120m², in the Center of Lyon, for a net amount of 5.2 million euros. This acquisition was financed with a bank loan.

About ADOCIA

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of already-approved therapeutic proteins. Adocia's insulin formulation portfolio, featuring four clinical-stage programs and one preclinical program, is among the largest and most differentiated in the industry.

The proprietary BioChaperone® technological platform is designed to enhance the effectiveness and/or safety of therapeutic proteins while making them easier for patients to use. Adocia customizes BioChaperone to each protein for a given application in order to address specific patient needs.

Adocia's clinical pipeline includes a unique formulation of PDGF-BB for the treatment of diabetic foot ulcer and four novel insulin formulations for the treatment of diabetes: two ultra-rapid formulations of insulin analogs (BioChaperone Lispro U100 and U200), a rapid-acting formulation of human insulin (HinsBet U100) and a combination of insulin glargine and a rapid-acting insulin analog (BioChaperone Combo). Adocia is also developing a concentrated, rapid-acting formulation of human insulin (HinsBet U500).

In December 2014, Adocia signed a partnership with Eli Lilly for the development and commercialization of the BioChaperone Lispro programs.

Adocia aims to deliver "Innovative medicine for everyone, everywhere."

To learn more about Adocia, please visit us at www.adocia.com

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APPENDIX: Financial results at June 30, 2016

Operating income

The following table provides details on operating income for each period:

In thousands of Euro - IFRS rules	06/30/2016	06/30/2015
Research and cooperation agreements	6 560	7 334
Income from licenses	5 375	5 375
Revenue (a)	**11 934**	**12 709**
Grants, public financing and research tax credits and other (b)	3 961	3 965
Operating revenue (a) + (b)	**15 895**	**16 674**

Operational revenues resulted from the licensing and research agreements and also from the public financing of research and development expenses. At June 30, 2016, they amounted to 15.9 million euros versus 16.7 euro million last year over the same period.

Revenues of 11.9 million euros at June 30, 2016 resulted primarily from the collaborative and licensing agreement signed with Lilly end of 2014 and included:

- Revenues from research and collaborative agreement for a total of 6.6 million euros, reflecting Lilly's financial coverage of all internal and external costs incurred by Adocia in the development of the project developed in partnership. This amount, slightly decreasing compared to last year, still reflects the high activity conducted with the partner.
- License revenue for 5.4 million euros relating to the amortization of the initial payment received when the signing the agreement with Eli Lilly in December 2014. Under IFRS, this amount of 40.8 million euros (50 million dollars), is recognized linearly in licensing revenues over the duration of clinical development plan as anticipated at the time of the signature of the agreement.

Other operating income consisted primarily of the French research development tax credit amounting to 3.9 million euros for the first half 2016 compared to 2.9 million euros in first half 2015. The increase of more than 30% is in line with the expenditure recorded on this semester to support the development of our projects.

Moreover, following its real estate acquisition, the Company invoiced rents, from now on, to three tenants located in the building. As of June 2016, these revenues amounted to 0.1 million euros.

Furthermore, last year, the Company obtained from Bpifrance the decision of a partial failure of the bone reconstruction project (osteoporosis). Consequent to this decision, an amount of 1.05 million euros was forgiven and recognized as a grant in the June 2015 accounts (balance of 0.5 million euros was reimbursed by Adocia in September 2015).

Operating expenses

Consolidated operating expenses for the first half 2016 amounted to 20.1 million euros versus 11.9 million euros in the same period last year, representing an increase of +70% (8.2 million euros).

These charges are presented by destination and by nature in the templates below.

Operating expenses by destination :

In thousands of Euro - IFRS rules	06/30/2016	06/30/2015
Research and development expenses	(16 356)	(9 492)
General and administrative expenses	(3 707)	(2 366)
Operating expenses	**(20 063)**	**(11 858)**

Over the first six months of the year, **research and development costs** represent more than 81% of the total operating expenses (80% in the first half 2015). They mainly include payroll costs assigned to research and development operations, subcontracting costs (including preclinical and clinical studies) and intellectual property rights expenses.
The increased spending comes for 3.8 million euros from clinical studies expenses, reflecting the high level of activity in 2016, and for 2.8 million euros from payroll costs (including shares-based payments), following the increase in enrollment.

General and administrative expenses primarily include expenses for employees not directly working on research and development (including share-based payment), as well as services related to management, the business development of the Company and its subsidiary in the US.

Operating expenses by nature :

In thousands of Euro - IFRS rules	06/30/2016	06/30/2015
Cost of goods sold	(755)	(663)
Payroll expense	(8 440)	(4 172)
External charges	(10 423)	(6 832)
Taxes	(138)	(25)
Depreciation, amortization & provisions	(307)	(166)
Operating expenses	**(20 063)**	**(11 858)**

External expenses represent the largest expenditure item with nearly 52% of total operating expenses. They amounted to 10.4 million euros in 2016 compared to 6.8 million euros for the same period in 2015. The acceleration of clinical and preclinical developments explains this increase and reflects the progress of our portfolio

Personnel costs represents the second significant area of expenses with 42% of total operating expenses. The increase of 4.2 million euros to 8.4 million euros reflects firstly the increase in staff and, secondly, the incentive policy in bonus shares implemented for the benefit of all staff at the end of last year. Under IFRS, share-based payments are recognized at the fair value of the equity instruments and represent an amount of 2.1 million euros at June 30, 2016 (compared to 0.3 million euros at June 30, 2015).

Excluding these elements that have no impact in French GAAP, nor on the cash position of the Company, personnel expenses amounted to 6.3 million euros (compared to 3.9 million euros in the first half of 2015) reflecting mainly enrollment growth of 33% between the two periods

Balance sheet items

In thousands of Euro - IFRS rules	**06/30/2016**	**12/31/2015**
Net cash and cash equivalents	**60 899**	**72 062**
Total assets	86 668	88 095
Equity	**44 564**	**47 052**
Financial Debt	6 260	838

On June 30, 2016, the amount of cash and cash equivalents held by the Company amounted to 60.9 million euros compared to 72.1 million euros at December 31, 2015.

Consolidated shareholders' equity decreased from 47.1 million euros at end December 2015 to 44.6 million euros at end June 2016, mainly reflecting the negative result at the end of June 2016.

Financial liabilities in the amount of 6.3 million euros at June 2016, mainly related real estate loan used to finance the acquisition and renovation of the building in which its headquarters and its research center are located, amounting to 5.2 million euros, as well as refundable advances from the French Agency for Innovation (Bpifrance), for the insulin project.