ADOCIA

innovative medicine
for everyone, everywhere

PRESS RELEASE

ADOCIA announced its financial results for 2016 and its perspectives for 2017

- **Solid cash position of EUR 58 million on December 31st, 2016**
- **Diabetes-focused portfolio featuring six promising programs, one phase 3-ready and two in advanced clinical development**
- **Continued development of BioChaperone® Lispro and search for a new partner following the termination of the partnership with Eli Lilly announced in January 2017**

Lyon, France, March 07, 2017- 6pm CET **-** ADOCIA (Euronext Paris: FR0011184241 – ADOC – the "Company") announced today its financial results for 2016. The financial statements were approved by the board of directors on March 07, 2017 and will be submitted to the shareholders for approval at the next general shareholder's meeting on June 27th, 2017.

"Following a number of positive clinical in 2016, Adocia faced the unexpected termination of the licensing deal with Eli Lilly on our key program BioChaperone Lispro in January 2017." commented Gérard Soula, President and CEO of Adocia. *"We are now actively looking for a new partner to execute Phase 3 clinical studies and commercialize our ultra-rapid insulin. We also have high hopes in the clinical advancement of BC Combo as well as in the potential of the products that are expected to enter clinical testing in 2017."*

A conference call will be held on Thursday March 09, 2017 at 6 PM (CET)
Dial in number: (+33) 1 70 77 09 32

A replay of the conference will be available at the following number:

(+33) 1 72 00 15 01

REF: 307433#

A transcript in French and in English will be available on the website of the Company www.adocia.com

Financial Highlights

The following table summarizes the financial statements under IFRS for the years ended December 31, 2015 and December 31, 2016:

In thousand euros - IFRS	Fiscal year 2016 (12 months)	Fiscal year 2015 (12 months)
Revenue	22 488	36 936
Grants, public financing, research tax credits and other	7 966	7 818
Operating revenue	**30 454**	**44 753**
Research and development expenses	(30 971)	(28 625)
General and administrative expenses	(7 484)	(6 025)
Operating expenses	**(38 455)**	**(34 651)**
Profit from ordinary operating expenses / (Loss)	**(8 001)**	**10 103**
Financial income	**181**	**2 118**
Tax expense	(72)	333
Net profit / (Loss)	**(7 892)**	**12 553**

The consolidated financial statements on 31 December 2016 as well as detailed explanations on the evolution of accounts are presented in the Appendix.

The results of the Company for 2016 are characterized by:

- **A solid cash position of EUR 58 million,** compared to EUR 72.1 million on December 31, 2015.

  Over the full year 2016, the net amount of cash needed to finance operations amounted to EUR 14 million, compared to EUR 15.3 million over the same period in 2015.

  Financial debts at the end of December 2016 totaled EUR 7 million. They consisted essentially of the loan contracted to finance the acquisition of the building in which the headquarters and the research center of the Company are located. This acquisition is cash neutral for the Company, the reimbursement of the debts being equivalent to the payment of the previous rent.

- **A net loss of EUR 7.9 million,** compared to a positive net result of EUR 12.6 million in 2015, mainly constituted by:

  - Revenue of EUR 22.5 million in 2016 (compared to EUR 37 million in 2015), which primarily results from the research and collaborative contract signed in December 2014 with Eli Lilly. In January 2017, Adocia announced Eli Lilly's decision to terminate the collaboration. This decision will impact Adocia's financial statements in 2017.
  - Other operating income close to EUR 8 million, of which EUR 7.8 million in research and tax credit ("*Crédit d'Impôt Recherche* »), calculated on 2016 expenses.
  - Operating expenses of EUR 38.5 million (compared to EUR 34.7 million in 2015) of which more than 80% are dedicated to research and development activities. The

increase in expenses is mainly driven by an increase in staff expenditure reflecting the increase in the number of employees (from 93.9 Full Time Equivalent –FTEs- to 115.9 FTEs in 2016) and the impact of share-based compensation (non-cash item).

- A fiscal tax loss (by French standards) leading to the absence of tax.

"*Our cash position of EUR 58 million on December 31st, 2016 allows us to continue the development of our projects as planned. We remain extremely watchful and strict to control our expenditures and we have set up the necessary actions to maintain a cash horizon over 2 years.*" commented Valérie Danaguezian, Chief Financial Officer of Adocia.

Key events in 2016:

- **The advancement of the BioChaperone Lispro project under the partnership with Eli Lilly.**

In 2016, Adocia and Eli Lilly announced positive results for four clinical studies:

- **Repeated administration in people with type 1 diabetes:** this study showed that BioChaperone Lispro U100 improves postprandial glycemic control compared to Humalog® U100 (insulin lispro, Eli Lilly) at the beginning and the end of a 14-day outpatient treatment period, during which each treatment was administered thrice a day in people with type 1 diabetes.
- **Repeated administration in people with type 2 diabetes:** a similar study confirmed these results for BioChaperone Lispro U100 vs. Humalog U100 after a 14-day outpatient treatment period in people with type 2 diabetes.
- **Pharmacokinetic and pharmacodynamic profiles of BioChaperone Lispro in healthy Japanese subjects:** this study confirmed the profile of BioChaperone Lispro in healthy Japanese subjects, which may allow to include Japanese people with diabetes in the global phase 3 program.
- **Administration using insulin pumps in people with type 1 diabetes:** this study confirmed the ultra-rapid profile of BioChaperone Lispro U100 compared to Humalog U100 in people with type 1 diabetes using insulin pumps.

To summarize, since the signing of the licensing and collaboration agreement in December 2014, Eli Lilly and Adocia have successfully completed 5 clinical studies with BioChaperone Lispro U100 and one pilot bioequivalence study of BioChaperone Lispro U100 / BioChaperone Lispro U200.

- **A strengthened commitment to diabetes**

2016 was the year of Adocia's strategic decision to reinforce the commitment of the Company to the treatment of diabetes. This market is characterized by continuous growth and a very large population of patients, for whom there remains a significant medical need, both in terms of treatment efficacy and simplification of treatment regimen. Adocia addresses these patients'

needs by developing innovative and simple therapies, alone or in combination. These therapies aim to more closely mimic the healthy physiologic response while managing treatment costs.

In line with this strategy, in 2016, Adocia has pursued the development of its clinical programs as follows:

- BioChaperone Lispro, under the Eli Lilly-Adocia partnership, as described above.
- BioChaperone Combo, the unique combination of basal insulin glargine and prandial insulin lispro, with the initiation of a Phase 1/2 clinical study monitoring postprandial glycemic control (meal-test study) obtained in people with type 2 diabetes. Results from this study are expected in the second quarter of 2017.
- BioChaperone human insulin (HinsBet): results from the Phase 1/2 meal-test clinical study published in April 2016 showed that HinsBet U100 profile translated into an improved postprandial glycemic control compared to human insulin (Humulin U100, Eli Lilly), and similar to that obtained with insulin lispro (Humalog U100, Eli Lilly) during the first hour after the meal.

The Company initiated two new preclinical programs in the diabetes field in 2016:

- BioChaperone Human Glucagon: this project aims to develop an aqueous formulation of human glucagon that could be used to rescue people experiencing severe hypoglycemia or in an artificial pancreas (i.e. an automated pump delivering both insulin and glucagon without any intervention from the patient). Based on promising formulation and preclinical results, Adocia expects to initiate a first-in-man study in 2017.
- BioChaperone Glargine GLP-1, 2-in-1 combinations of basal insulin glargine and GLP-1 receptor agonists: BioChaperone Glargine Dulaglutide and BioChaperone Glargine Liraglutide. These projects aim to develop simple, 2-in-1 intensification options over basal insulin treatment, that could be both efficient and financially accessible. Based on promising formulation and preclinical results, Adocia expects to initiate a first-in-man study in 2017.

In line with the strategic focus on diabetes, Adocia terminated the mAbs (using Adocia technologies to improve formulation of third-parties proprietary monoclonal antibodies) and Drive*In*® (nanoparticle-based drug delivery technology in oncology) programs, both at a preclinical stage.

Finally, 2016 was marked by the termination of the clinical development of BioChaperone PDGF-BB. In August 2016, Adocia announced that BioChaperone PDGF-BB did not meet the primary endpoint of the Phase 3 clinical study that had been performed in India to evaluate this product for the treatment of diabetic foot ulcer. Although these results were in contradiction with positive results previously obtained during a Phase 2 trial, and after initiating a thorough review of the data to explain this unexpected outcome, Adocia decided to terminate all development of BioChaperone PDGF-BB.

Furthermore, following the agreement to sell signed in 2015, the Company became the owner of the building in which it has been established since its inception. This acquisition was financed by a bank loan.

Perspectives for 2017:

The beginning of 2017 was marked by Eli Lilly's decision to terminate the license and collaboration agreement signed in December 2014 for the development of ultra-rapid formulations, BioChaperone Lispro. The contract will effectively come to an end after a 4 months period during which data and manufactured material will be transferred to Adocia. Adocia's priority is now to find a new partner for the Phase 3 clinical development and the commercialization of this product.

Regarding BioChaperone Combo, Adocia is currently preparing a first dose-response study in people with type 1 diabetes. The Company also expects to launch a second outpatient repeated administration study in people with type 2 diabetes during the last quarter 2017.

Regarding HinsBet, Adocia's strategy is to license the product to one or more regional partner(s) to allow its development and commercialization in emerging countries.

Regarding the new programs, the objective is to initiate first-in-man studies for BioChaperone Glucagon and one BioChaperone Glargine GLP-1 product before the end of the year.

Early in 2017, Adocia also announced the initiation of two new multi-hormonal combination projects for the treatment of type 1 diabetes:

- the combination of insulin lispro with pramlintide (amylin analog, Symlin®, AstraZeneca)
- the combination of insulin lispro with exenatide (GLP-1 receptor agonist, Byetta®, AstraZeneca).

These projects aim to offer people with type 1 diabetes alternative treatment options that more closely mimic the healthy physiologic response, without increasing the number of daily injections. These projects are currently in preclinical development. Adocia aims to initiate a first clinical study during the fourth quarter of 2017.

About Adocia

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of already-approved therapeutic proteins. Adocia's portfolio of therapeutic proteins for the treatment of diabetes, featuring four clinical-stage products and six preclinical-stage products, 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 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 basal insulin glargine and rapid-acting insulin lispro (BioChaperone Combo). Adocia is also developing an aqueous formulation of human glucagon (BioChaperone Human Glucagon), two combinations of insulin glargine with GLP-1s (BioChaperone Glargine Dulaglutide and BioChaperone Glargine Liraglutide), two combinations of insulin lispro with synergistic prandial hormones (BioChaperone Lispro Pramlintide and BioChaperone Lispro Exenatide), and a concentrated, rapid-acting formulation of human insulin (HinsBet U500), all of which are in preclinical development.

Adocia aims to deliver "Innovative medicine for everyone, everywhere."
To learn more about Adocia, please visit us at www.adocia.com

ENTERNEXT | TECH40 | LABEL | 2015

ELIGIBLE PEA PME

ADOC LISTED EURONEXT

For more information please contact:

Adocia Gérard Soula Chairman and CEO contactinvestisseurs@adocia.com Ph. : +33 4 72 610 610	**Adocia Press Relations Europe** **MC Services AG** Raimund Gabriel adocia@mc-services.eu Ph. : +49 89 210 228 0	**Adocia Investor Relations USA** **The Ruth Group** Tram Bui tbui@theruthgroup.com Ph.: +1 646 536 7035

Disclaimer

This press release contains certain forward-looking statements concerning Adocia and its business. Such forward-looking statements are based on assumptions that Adocia considers to be reasonable. However, there can be no assurance that the estimates contained in such forward-looking statements will be verified, which estimates are subject to numerous risks including the risks set forth in the "Risk Factors" section of the Reference Document filed with the French Autorité des marchés financiers on April 8, 2016 (a copy of which is available on www.adocia.com) and to the development of economic conditions, financial markets and the markets in which Adocia operates. The forward-looking statements contained in this press release are also subject to risks not yet known to Adocia or not currently considered material by Adocia. The occurrence of all or part of such risks could cause actual results, financial conditions, performance or achievements of Adocia to be materially different from such forward-looking statements.

APPENDIX: Full year results for the year ended December 31, 2016 – IFRS Rules

The table below summarizes the company's income statement prepared in accordance with IFRS rules for the fiscal year ended December 31, 2016, and provides a comparison with fiscal year 2015:

In thousand euros - IFRS	Fiscal year 2016 (12 months)	Fiscal year 2015 (12 months)
Research and collaborative agreements	11 739	17 048
Licencing revenues	10 749	19 888
Revenue (a)	**22 488**	**36 936**
Research tax credit	7 812	6 768
Grants, public financing and other	154	1 050
Other revenue (b)	**7 966**	**7 818**
Operating revenue (a)+(b)	**30 454**	**44 753**
Research and development expenses	(30 971)	(28 625)
General and administrative expenses	(7 484)	(6 025)
Operating expenses	**(38 455)**	**(34 651)**
Profit / Loss from ordinary operating expenses	**(8 001)**	**10 103**
Financial income / expenses	**181**	**2 118**
Tax expense	(72)	333
Net profit / loss	**(7 892)**	**12 553**
Base earnings per share (€)	(1,15)	1,88
Diluted earnings per share (€)	(1,15)	1,80
Group net profit / loss	**(7 892)**	**12 553**

Operating income:

The operating income of the Company resulted from the licensing and research agreement and also from the public financing of research expenses. They amounted respectively to EUR 44.7 million and EUR 30.5 million, for the fiscal years ended December 31, 2015 and December 31, 2016, according to the following breakdown:

In thousand euros - IFRS	Fiscal year 2016 (12 months)	Fiscal year 2015 (12 months)
Research and collaborative agreements	11 739	17 048
Licencing revenues	10 749	19 888
Revenue (a)	**22 488**	**36 936**
Grants, public financing, research tax credits and other (b)	**7 966**	**7 818**
Operating revenue (a)+(b)	**30 454**	**44 753**

Adocia's revenue was primarily derived from the licensing and collaborative contract signed with Eli Lilly on December 2014 relating to the development of the ultra-rapid insulin BioChaperone® Lispro. In January 2017, Adocia announced Eli Lilly's decision to terminate the collaboration on BioChaperone® Lispro. The termination of this contract will be effective after a 4 month- period, during which data and material will be transferred back to Adocia.

2016 revenue amounted to EUR 22.4 million compared to EUR 39.6 million in 2015.

Specifically, it includes EUR 10.7 million in **licensing revenue** from Eli Lilly, reflecting the up-front payment of USD 50 million (EUR 40.8 million) received from Eli Lilly in December 2014. Under IFRS rules, this payment was recognized as revenue linearly over the expected duration of the development plan, as anticipated at the time of the signing of the agreement.
Following the announcement in January 2017 of the decision of Eli Lilly to terminate the contract, the remaining non-amortized part of the up-front payment end of December 31st, 2016 amounted to EUR 18.8 million, which will be fully recognized in 2017.
In 2015, on top of the amortization of EUR 10.7 million, the licensing revenue included the milestone payment of USD 10 million, i.e. EUR 9.2 million, received from Eli Lilly following positive results of a pilot bioequivalence clinical study.

Additionally, as per the agreement, the Company invoiced Eli Lilly for a total EUR 11.7 million for all internal and external costs related to the co-development of the project. These expenses are accounted for as **research and collaborative agreements revenue**. This amount decreased by EUR 5.3 million compared to 2015, as a result of transferring part of the activities from Adocia to Eli Lilly over the fourth quarter in alignment with the predefined development plan of the project.

Public funding for research expenditures totaling EUR 8 million in 2016 are stable compared to 2015 and comes primarily from the tax credit amounting to EUR 7.8 million in 2016.

Operating expenses:

The table below gives a breakdown of the operating expenses by business function for the fiscal years ended December 31, 2016 and 2015:

In thousand euros - IFRS	Fiscal year 2016 (12 months)	Fiscal year 2015 (12 months)
Research and development expenses	(30 971)	(28 625)
General and administrative expenses	(7 484)	(6 025)
Operating expenses	**(38 455)**	**(34 651)**

Research and development expenses primarily include payroll costs of employees assigned to research and development operations, subcontracting costs (including preclinical and clinical studies), intellectual property rights expenses and costs of materials (reagents and other consumables) and pharmaceuticals products. These expenses amounted respectively to EUR 28.6 million and EUR 31 for the fiscal year ended on December 31, 2015 and 2016. These expenses are close to 81% of the total operating expenses for year 2016.

General and administrative expenses include expenses for employees not directly working on research and development, as well as expenses for services related to management, the business development of the Company and its subsidiary in the United States. General and administrative expenses amounted respectively EUR 6 million and EUR 7.5 million for the fiscal year ended on December 31, 2015 and 2016. The increase for the year 2016 is mainly due to payroll expenses (including shares-based payments) and operating costs.

The table below gives the breakdown of operating expenses by nature of expenses for the fiscal years ended December 31, 2015 and 2016:

In thousand euros - IFRS	Fiscal year 2016 (12 months)	Fiscal year 2015 (12 months)
Purchases used in operations	(1 781)	(1 133)
Payroll expense	(16 619)	(12 690)
External expenses	(19 070)	(20 119)
Taxes and contributions	(222)	(240)
Depreciation, amortization and provisions	(763)	(468)
Operating expenses	**38 455**	**34 651**

The cost of supplies and consumable materials amounted to EUR 1.8 million and increased by 57% compared to the previous year. This change results from the increase of purchase in connection with the intensification of clinical studies.

Personnel expenses increased by 31% between the two periods, reflecting, first, the increase in staff count, and secondly, the Company's share-based compensation policy. These expenses were recorded under IFRS at fair value of the equity instruments granted in the amount of EUR 4.6 million euros over the year 2016 compared to EUR 2.6 million euros in 2015. This increase mainly results from the attribution made in December 2015, for the benefit of all employees in the context of the Company's 10th anniversary.

Excluding these elements that have no impact in French GAAP, nor on the cash position of the Company, payroll expenses totaled 12.1 million, up EUR 2 million (+20%) compared to 2015. This increase is explained mainly by recruitments made in 2016 in order to support the development of projects. The average Full Time Equivalents (FTEs) went from 93.9 in 2015 to 115.9 FTE in 2016.

External expenses include essentially preclinical and clinical development costs, subcontracting expenses as well as intellectual property expenses.
These expenses amounted to EUR 19.1 million, stable compared to 2015 reflecting the intense project-related activities:

- Realization of efficacy and toxicity studies prior to the clinical studies.
- Preparation, production and release of clinical batches needed for the clinical studies
- Management of the clinical studies, especially on the insulin products, subcontracted to Profil GmbH (Clinical research Organization).

Taxes amounted to EUR 0.2 million, and are stable compared to 2015.

Depreciation and amortization for 2016 amounted to EUR 0.8 million compared to EUR 0.5 million in 2015. This increase mainly resulted from the amortization of the building acquired in February 2016.

Net Financial result:

Net financial income totaled EUR 0.2 million in 2016 and decreased by EUR 1.9 million compared to 2015. It included net foreign exchange variations and interests received on cash. In 2016, in a general declining interest rate environment, the payments received were much lower than in previous years.

The Company's cash investment policy favors the liquidity, the absence of capital risks and, as far as possible, guaranteed performance.

Income Tax expenses:

The tax amount of EUR 72 thousand of the consolidated income statement only related to tax paid in the USA for the American subsidiary, as the parent Company is showing a net fiscal loss.

In 2015, with a net fiscal loss amounting to nearly EUR 5 million, no income tax expense was recognized. The Company charged back a part of its net loss on the 2014 positive result, thus generating a tax receivable (carry back) of EUR 0.3 million.

The remaining deferred losses to be carried forward, after imputation of the fiscal year 2016, amounts to EUR 63.3 million. This loss carryforward is not time-barred. Since the company cannot determine with certainty when its cumulated deferred tax loss may be used, no deferred tax asset has been recognized for this loss.

Net Profit /loss:

The net loss for the year 2016 amounted to EUR 7.9 million compared to a net profit last year of EUR 12.6 million. The loss per share stands at EUR 1.15 in 2016 compared to a profit per share of EUR 1.88 in 2015.

Balance sheets statements:

The balance sheet totals as of December 31, 2015 and December 31, 2016 were EUR 88.1 million and EUR 78.8 million respectively.

Non-current assets:

As a result of the building and parking acquisition, non-current assets increased by EUR 5.5 million in 2016. Including laboratory equipment, non-current assets increased from EUR 2.1 million on December 31, 2015 to EUR 8.8 million on December 31, 2015.

Current assets:

Current assets totaled EUR 70 million as of December 31, 2016 compared to EUR 86 million on December 31, 2015. They are composed of the following items:

- « Cash and cash equivalents » item went from EUR 72.1 million as of December 31, 2015 to EUR 58 million as of December 31, 2016. The cash needed to finance the operation for

an amount of EUR 14.1 million reflects the high level of expenses to support the development of the projects

- "Trade payable" related mainly to the receivables due on the activities invoiced for the fourth quarter of 2016. It amounted to EUR 2.5 million compared to EUR 5.3 million at the end of 2015. This decrease reflects the transfer on the fourth quarter of the development activities from Adocia to Eli Lilly, as planned in the operational development plan of the project.
- "Other current assets" went from EUR 8.7 million on December 31, 2015 to EUR 9.4 million on December 31, 2016. This increase of EUR 0.7 million is due primarily to the increase of the receivable on the tax R&D credit ("*Credit d'impôt Recherche*") based on the 2016 expenses.

Current and non-current liabilities:

Liabilities comprised four items shown in the balance sheet according to their respective maturity:

- "Current suppliers" liabilities recorded in current liabilities for EUR 4.6 million in 2016 compared to EUR 5.6 million in 2015,
- "The financial debts" totaled EUR 7.1 million at the end of December 31, 2016 compared to EUR 0.8 million on December 31, 2015. The increase of EUR 6.3 million was mainly driven by the new loans contracted to finance the acquisition of the building and parking lots. The short-term part of it, recorded on the line "financial current debt" amounted to EUR 0.6 million compared to EUR 0.1 million on December 31, 2015.
- « Long-term provisions » mainly comprised provisions for retirement benefits, which totaled EUR 1 million for the fiscal year 2015 and EUR 1.7 million for the fiscal year 2016.
- « The other liabilities » included the remaining non-amortized portion of the initial up-front payment (not reimbursable) received from Eli Lilly for a total of USD 50 million (EUR 40.7 million). Under IFRS rules, this amount is recognized in licensing revenues linearly over the duration of the clinical development plan, as anticipated at the time of the signing of the agreement. Some of these EUR 40.7 million has been recognized in revenues in 2014 (for EUR 0.4 million) and in 2015 and 2016 for EUR 10.7 million per year.
    - At the end of 2015, the non-amortized portion amounted to EUR 28.8 million with a short-term amount of EUR 10.4 million relating to the amount recognized in revenue the following year i.e. 2016.
    - At the end of 2016, the non-amortized amount amounted to EUR 18.8 million and was recorded fully in current liabilities. Indeed, as a result of the termination of the contract with Eli Lilly, this amount will be fully recognized in revenue in 2017.
    - On top of this amount, tax and social debts are recorded in current liabilities for EUR 3.9 million. This amount is stable compared to 2015.