ADOCIA

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for everyone, everywhere

PRESS RELEASE

Adocia presents first half 2017 financial results

- **Cash position of € 52.3 million at the end of June 30, 2017,**
- **Revenue of € 19.5 million (compared to € 11.9 million for the first semester 2016), € 18.8 million linked to the contract terminated with Eli Lilly (with no impact on the cash),**
- **As a result, a net benefit of € 7.1 million compared to a net loss of € 4.2 million in the first semester 2016.**

Lyon, July 19, 2017 – 6 pm CET- Adocia (Euronext Paris: FR0011184241 – ADOC), announced today its financial results for the first six months ended June 30, 2017.

Half year financial consolidated statements, expressed according to IFRS standard, have been subject to a limited review by the statutory auditors and were approved at the Board of Director's meeting held on July 19, 2017.

« Since the termination of the collaboration with Lilly on BC Lispro, we have regained ownership of the product development and have initiated a head-to-head comparison with Fiasp, the first "ultra-rapid" insulin to be approved for use in Europe. In parallel, we launched two other clinical studies; one dose-relationship study on BC Combo and a first-in-human study on BC Glucagon. The latter aims to document the performance of our ready-to-use aqueous formulation of human glucagon in both indications that we target, rescue treatment for severe hypoglycemia and use in a dual hormone artificial pancreas. Results for these three studies are expected by year end," said Gérard Soula, Chairman and CEO.
"Therefore, we continue to strengthen the value of our portfolio of projects for the treatment of diabetes, which is one of the most differentiated in the industry »

Key financial results

The table below summarizes the condensed consolidated interim financial statements prepared for the six-months periods ended June 30, 2017 and June 30, 2016, respectively:

In euros thousands IFRS	06/30/2017	06/30/2016
Revenue	19 469	11 934
Grants, reserach tax credit and others	3 652	3 961
Operating revenue	**23 121**	**15 895**
Operating expenses	**(15 840)**	**(20 063)**
Profit (loss) from operating activities	**7 281**	**(4 168)**
Financial income	**(210)**	**41**
Net profit (loss)	**7 050**	**(4 181)**

The financial results of the Company at June 30, 2017 are characterized by:

- **A solid financial position**: The Company shows a cash position as of June 30, 2017 close to 52.3 million euros compared to 58 million euros in January 1st 2017.

  Including the research and tax credit ("*Crédit d'Impôt Recherche*") collected mid-June 2017 for an amount of 7.8 million euros, the company reports a net cash flow of 5.8 million euros in the first semester 2017. Excluding this non-recurrent item, the cash burnt for the first six months of 2017 is 13.6 million euros, compared to 11.2 million euros in the first six months of 2016.

  This increase reflects the advancement of projects and the clinical developments conducted during the period which, contrary to last year are all financed by the Company.

  Debts as of June 30, 2017 totaled 7 million euros, which is stable compared to the beginning of 2017. They primarily result from the bank loan contracted in 2016 to finance the acquisition of the building in which the headquarters and research center of the Company are located.

- **Operating income** of 23.1 million euros as of the end of June 2017 primarily derives from the research and collaborative contract signed with Eli Lilly (19.5 million euros) and from research and tax credit ("Crédit d'Impôt Recherche") of 3.5 million euros. The termination of the collaboration with Lilly led to the recognition in revenue of 18.8 million euros relating to the remaining non-amortized amount of the up-front payment received when signing the contract in December 2014. This revenue has no impact on the Company's cash position.

- **Operating expenses of** 15.8 million euros were mostly (81%) dedicated to research and development activities. These expenses have decreased by 4.2 million euros compared to the first half of 2016, mainly due to lower external expenses. Last year, the first six months were marked by a strong clinical activity, especially in relation to the collaboration with Lilly, whereas this year, the new clinicals trials recently launched by the Company have a limited impact on the current first half year.

- After net financial income is included, the result of the Company is a net profit of 7.1 million euros compared to a net loss of 4.2 million euros. Excluding the exceptional

impact resulting from the termination of the agreement with Lilly, the net result of the Company is a loss of 6.3 million euros.

"We benefit from a solid cash position which ensures we can proceed with our operational plan. » commented Valérie Danaguezian, Chief Financial Officer of Adocia.

Key events for the first half of 2017:

The beginning of the year was marked by the decision of Eli Lilly to terminate the license and collaboration agreement which had been signed in December 2014 for the development of BioChaperone Lispro.

Early June 2017, a first clinical trial was launched to compare the pharmacodynamics and pharmacokinetics of BioChaperone® Lispro to those of both Fiasp® (faster-acting insulin aspart, Novo Nordisk) and Novolog® (insulin aspart, Novo Nordisk) in people with type 1 diabetes. Results are expected before year end and should consolidate the current dossier. Adocia is actively seeking a partner to pursue the development and conduct the clinical phase 3 program.

Regarding BioChaperone Combo, the results of the clinical study phase 1/2 monitoring postprandial glycemic control (meal-test study) in people with type 2 diabetes were published in early June 2017. Based on these positive results, the Company launched a new phase 1b clinical study on the dose-proportionality relationship of BioChaperone Combo in people with type 2 diabetes. Results are expected during the fourth quarter of 2017.

Regarding Hinsbet, Adocia's strategy is to license this product to a regional diabetes player for its development and commercialization in emerging countries.

Early in 2017, Adocia announced the launch of a new preclinical program which aims to develop multi-hormonal combinations for the prandial treatment of type 1 diabetes (BioChaperone Prandial combinations) enabling to combine insulin lispro with pramlintide (Symlin®, AstraZeneca) and insulin lispro with exenatide (Byetta®, AstraZeneca). These new projects could offer people with type 1 diabetes improved treatments, without increasing the number of injections. The launch of a first clinical trial for one of these combinations is expected during the fourth quarter of 2017.

This new program strengthens Adocia's portfolio dedicated to the treatment of diabetes, which was already enriched last year by two other programs: BioChaperone Human Glucagon and BioChaperone Glargine GLP-1.

In June 2017, Adocia initiated a first-in-man clinical study of BioChaperone Glucagon in order to compare the safety and tolerability of the product to those of commercially available human glucagon (Glugagen® Hypokit™, Novo Nordisk), as well as their pharmacodynamics and pharmacokinetics profiles in people with type 1 diabetes. Results are expected in the fourth quarter of 2017.

Adocia is also preparing a clinical study for BioChaperone Glargine GLP-1, expected to be initiated in 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 injectable treatments for diabetes, featuring five clinical-stage products and five preclinical products, is among the largest and most differentiated of 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). Additionally, an aqueous formulation of human glucagon (BioChaperone Human Glucagon) has recently entered clinical testing. Adocia is also developing 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

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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 11, 2017 (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. This press release and the information contained herein do not constitute an offer to sell or the solicitation of an offer to buy Adocia shares in any jurisdiction.

APPENDIX: Financial results at June 30, 2017

Operating income

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

In thousand euros - IFRS	06/30/2017	06/30/2016
Research and cooperation agreements	650	6 560
Income from licenses	18 819	5 375
Revenue (a)	**19 469**	**11 934**
Grants, public financing and research tax credits (b)	**3 652**	**3 961**
Operating revenue (a)+(b)	**23 121**	**15 895**

Operational revenues resulted from the licensing and research agreements and also from the public financing of research and development expenses. At June 30, 2017, they amounted to 23.1 million euros versus 15.9 million euros last year over the same period.

Revenues of 19.5 million euros at June 30, 2017 resulted primarily from the collaborative and licensing agreement signed with Lilly end of 2014 and which was terminated in May 31, 2017.

Lilly's decision to terminate the collaboration on BioChaperone Lispro impacted significantly the revenue for the first half 2017. Indeed, under IFRS norms, the upfront payment received from Lilly in December 2014, for a total amount of 40.8 million euros (50 million dollars), was recognized linearly in licensing revenues over the duration of clinical development plan as anticipated at the time of the signature of the agreement. The termination of the agreement led to the recognition of the non-amortized part of this amount, i.e. 18.8 million euros. **This license income** has no impact on the cash of the Company since the payment was totally received at the signing of the contract in December 2014.

Throughout this collaboration which was completely closed end of May 2017, Lilly supported internal and external costs incurred by Adocia for the development of BioChaperone Lispro. These revenue from research agreement totaled 0.7 million euros for the first six months of 2017 whereas they reached 6.6 million euros over the same period in 2016.

Other operating income consisted primarily of the French research development tax credit amounting to 3.6 million euros for the first half 2017, compared to 3.9 million euros during the first half 2016. This decrease reflects lower operational expenses compared to the same period last year.

Moreover, following its real estate acquisition, the Company now invoices rents to three tenant companies located in the building. As of June 2017, these revenues amounted to 0.1 million euros, stable compared to last year.

Operating expenses

Consolidated operating expenses for the first half 2017 amounted to 15.8 million euros versus 20.1 million euros in the same period last year, representing a decrease of 21% (4.2 million euros).

These expenses are presented by function and by nature below.

Operating expenses by function :

EXPENSES BY FUNCTION (in € thousands)	06/30/2017	06/30/2016
Research and development costs	(12 815)	(16 356)
Administrative costs	(3 025)	(3 707)
Operating expenses	**(15 840)**	**(20 063)**

Over the first six months of the year, **research and development costs** represented close to 81% of the total operating expenses (81,5% in the first half 2016). They mainly include payroll costs assigned to research and development operations, subcontracting costs (including preclinical and clinical studies) and intellectual property rights expenses.
The decreased expenditure of 4.2 million euros compared to the first semester of 2016 mainly results from lower external expenses, as the first semester of 2016 was marked by intense clinical activity, especially related to the partnership with Lilly.

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 :

EXPENSES BY NATURE (in € thousands)	06/30/2017	06/30/2016
Cost of goods sold	(909)	(755)
Payroll expense	(6 492)	(8 440)
External charges	(7 824)	(10 423)
Taxes	(100)	(138)
Depreciation, amortization & provisions	(515)	(307)
Operating expenses	**(15 840)**	**(20 063)**

External expenses represent the largest expenditure item with nearly half of total operating expenses. They amounted to 7.8 million euros in 2017 compared to 10.4 million euros for the same period in 2016. The first semester last year was marked by intense clinical activity for the development of BioChaperone Lispro within the partnership with Lilly. Over the first six months of 2017, clinical activity has been less intense and the three clinical studies launched end of May will impact the expenses of the second semester.

Personnel costs represent the second significant expenditure item with 44% of total operating expenses.
The decrease of 1.9 million euros is explained by a lower impact of the incentive share policy, during the first semester 2017 compared to last year. Under IFRS, share-based payments are recognized at the fair value of the equity instruments and represent an amount of 1.1 million euros at June 30, 2017 (compared to 2.1 million euros at June 30, 2016).

Excluding these elements that have no impact in French GAAP, nor on the cash position of the

Company, personnel expenses decreased from 6.3 million euros in the first half of 2016 to 5.4 million euros at the end of June 2017, reflecting a prudent wage policy implemented as a result of the termination of the partnership with Lilly.

Balance sheet items

In euros thousands IFRS	06/30/2017	12/31/2016
Net cash and cash equivalents	**52 280**	**58 037**
Total assets	68 415	78 798
Equity	**51 106**	**42 762**
Financial Debt	**7 005**	**7 072**

On June 30, 2017, the amount of cash and cash equivalents held by the Company amounted to 52.3 million euros compared to 58 million euros at December 31, 2016.

Consolidated shareholders' equity decreased from 42.8 million euros at end December 2016 to 51.1 million euros at end June 2017, mainly reflecting the positive result at the end of June 2017.

Financial liabilities of 7 million euros at June 2017, are mainly related to the real estate loan used to finance the acquisition and renovation of the building in which the Company's headquarters and research center are located, amounting to 5.6 million euros, as well as refundable advances from the French Agency for Innovation (Bpifrance), for the insulin project for 0.8 million euros.