ADOCIA

innovative medicine
for everyone, everywhere

PRESS RELEASE

ADOCIA announced its financial results for 2017 and its perspectives for 2018

- **Cash position of approximately €35 million on December 31st, 2017**
- **Portfolio featuring six promising programs for treatment of diabetes, one phase 3-ready and three in advanced clinical development**
- **BioChaperone® technology deployed beyond diabetes with the launch of two new programs**

Lyon, France, March 19th, 2018 - 6:00 pm CET **-** ADOCIA (Euronext Paris: FR0011184241 – ADOC – the "Company") announced today its financial results for 2017. The financial statements have been approved by the board of directors on March 5th, 2018 and will be submitted to the shareholders for approval at the next general shareholder's meeting on May 17th, 2018.

"In 2017, we have achieved all our clinical objectives. Notably, the results of BioChaperone® Lispro against Fiasp® put us in an excellent competitive position at the same time as we are pursuing our partnering efforts" commented Gérard Soula, President and CEO of Adocia. *"Based on our strong clinical track-record with the BioChaperone technology in the diabetes field, we have recently expanded its application to other indications. This is a significant step towards the diversification of our portfolio, providing multiple partnering opportunities."*

Financial Highlights

The following table summarizes the financial statements under IFRS for the years ended December 31st, 2016 and December 31st, 2017:

In thousand euros- IFRS	Fiscal year 2017 (12 months)	Fiscal year 2016 (12 months)
Revenue	19 469	22 488
Grants, public financing, research tax credits and other	7 708	7 966
Operating revenue	**27 177**	**30 454**
Research and development expenses	(27 074)	(30 971)
General and administrative expenses	(8 284)	(7 484)
Operating expenses	**(35 358)**	**(38 455)**
PROFIT FROM OPERATING EXPENSES (LOSS)	**(8 180)**	**(8 001)**

In thousand euros- IFRS	Fiscal year 2017 (12 months)	Fiscal year 2016 (12 months)
NET FINANCIAL INCOME (LOSS)	**(335)**	**181**
Tax expenses	(35)	(72)
NET RESULT (LOSS)	**(8 550)**	**(7 892)**

The consolidated financial statements on December 31st, 2017 as well as detailed explanations on the evolution of accounts are presented in the Appendix.

Key results of the Company for 2017 are:

- **A net loss of €8.6 million in 2017,** compared to a net loss of €7.9 million in 2016:
  - Revenue of €19.5 million in 2017 (compared to €22.5 million in 2016). In January 2017, we announced the termination of the 2014 Eli Lilly collaboration. This led to the recognition in revenue of €18.8 million in the first quarter 2017, comprising the remaining non-amortized amount of the up-front payment received upon contract signing in 2014. This revenue has no impact on the Company's cash position.
  - Other operating income of approximately €8 million, of which €7.5 million in research and tax credits are included, as calculated on 2017 expenses.
  - Operating expenses were €35.4 million in 2017 (compared to €38.5 million in 2016). 77% of these expenses were dedicated to research and development activities. The decrease in expenses was mainly driven by the lower impact of share-based compensation (non-cash item) by €1.9 million. Other operating expenses were stable compared to 2016.
  - A fiscal tax loss (by French standards) resulting in no tax assessment.
- **A cash position of approximately €35 million,** compared to EUR 58 million on December 31st, 2016.

  Over the full year 2017, the net amount of cash needed to finance operations (excluding financial transactions) amounted to €23.9 million, compared to €20.3 million over the same period in 2016. This increase reflects a sustained level of activity, in line with that of 2016, but now financed solely by the Company.

  Financial debts at the end of December 2017 totaled €7.6 million compared to €7.1 million in 2016. They consisted essentially of the 2016 loan 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, as the loan payment is equivalent to the previous cost of renting.

"We remain on track with our operational development plan. Despite the end of the collaboration with Lilly, Adocia maintains a healthy financial position and will continue to support our fast-paced development while closely managing costs." commented Valérie Danaguezian, Chief Financial Officer of Adocia.

Key events in 2017 and perspectives for 2018:

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 the ultra-rapid insulin, BioChaperone Lispro.

After regaining ownership of all generated data and material, Adocia pursued alone the development of its product, launching a clinical study comparing the pharmacodynamics and pharmacokinetics of BioChaperone® Lispro to those of Fiasp® (faster-acting insulin aspart, Novo Nordisk) and Novolog® (insulin aspart, Novo Nordisk) after a single-dose administration using an insulin pump in people with type 1 diabetes. The results of this study, announced in December 2017, showed better performance for BioChaperone Lispro compared to Novolog (faster-on and faster-off metabolic effects) and compared to Fiasp (significant faster-off effect). Adocia's priority is to find a partner for the Phase 3 clinical development and the commercialization of the product.

Regarding BioChaperone® Combo, an important regulatory milestone was reached in 2017 with the completion of a Phase 1b clinical study supporting the dose-proportionality of BioChaperone Combo in people with type 2 diabetes. The results announced in January 2018, demonstrated that BioChaperone Combo displayed a proportional dose-exposure and a linear dose-response relationship when tested at three different doses in people with type 2 diabetes. Based on this study and previous clinical data, BioChaperone Combo should result in a better clinical performance than premix insulins and compete on par with the only new generation insulin combo approved to date (Ryzodeg®, insulin degludec and insulin aspart, Novo Nordisk). Adocia's strategy is to partner BioChaperone Combo with companies who aim to deliver best-in-class yet simple and affordable products in high-growth diabetes markets.

HinsBet®, a rapid-acting formulation of human insulin, had previously achieved positive Phase 1/2 results in people with type 1 diabetes. Adocia's strategy for this asset aims to license this product to regional leaders in diabetes seeking differentiation in markets where human insulin is the standard-of-care.

In November 2017, Adocia published positive top-line results of the first clinical study of BioChaperone® Glucagon. The objective was to compare the safety and tolerability of the product with commercially available human glucagon (Glugagen® Hypokit™, Novo Nordisk), as well as to assess their respective pharmacokinetic and pharmacodynamic profiles, in people with type 1 diabetes. In this study, BioChaperone Glucagon, a ready-to-use aqueous formulation of human glucagon, was shown to be safe and well tolerated and had a similar pharmacodynamic profile to that of reconstituted human glucagon. Together with positive stability results, this first set of clinical data supports the further development of this product as a rescue treatment for severe hypoglycemia.

Developments in various products in the portfolio have highlighted the unique properties of our BioChaperone® technology, enabling significant improvements in single therapeutic agents, while also allowing for the combination of synergistic or complementary therapeutic proteins.

Indeed, Adocia was able to leverage the expertise built through its historical projects to advance rapidly with novel multi-hormonal combination formulations. Notably, in early 2017, Adocia announced the launch of a new preclinical program focusing on the development of multi-hormonal combinations for the prandial treatment in type 1 diabetes (BioChaperone Prandial Combinations). In particular, BioChaperone Pramlintide Insulin aims to provide people with type 1 diabetes with a more effective treatment without increasing the number of daily injections. The initiation of a clinical study on this combination is planned for the first half of 2018.

Additionally, following its successful application to various diabetes treatments, Adocia announced in early 2018 that the BioChaperone® technology would also be deployed to a selected range of injectable therapeutics across numerous therapeutic areas. The first programs added to the portfolio include a ready-to-inject version of teduglutide for the treatment of short bowel syndrome and a fixed-dose combination of glucagon and exenatide for the treatment of obesity.

In terms of organization, in early July 2017, the Company announced the strengthening of its leadership team with the appointment of Dr. Stanislav Glezer as Chief Medical Officer. Dr. Glezer brings strong experience in clinical development and medical affairs related to diabetes therapies.

Finally, on the legal front, Adocia has commenced an arbitration proceeding against Eli Lilly & Company. arising out of the collaborative research and license agreement signed in 2014. The arbitration proceeding seeks an award of approximately $11 million, and other specific relief, relating to Lilly's change of the product development plan. The proceedings are confidential and Adocia will report at their conclusion, expected in the first half of 2018.

In February 2018, the Company announced that it had filed additional arbitration claims against Eli Lilly & Company for Lilly's misappropriation and improper use of confidential information and discoveries owned by Adocia, as well as Lilly's breaches of development and confidentiality agreements. Adocia seeks damages of over $200 million, as well as other specific remedies. Adocia expects a decision on these claims in the second half of 2018.

About Adocia

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of already-approved therapeutic proteins and peptides. Adocia's portfolio of injectable treatments for diabetes, featuring five clinical-stage products and three preclinical products, is among the largest and most differentiated of the industry. Adocia expanded its portfolio to develop treatments for obesity and short bowel syndrome.

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 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 analog lispro (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). An aqueous formulation of human glucagon (BioChaperone Human Glucagon) successfully completed a Phase 1 trial. Adocia also develops a prandial combination of human insulin with amylin analog pramlintide (BioChaperone Pramlintide hIns), two combinations of insulin glargine with GLP-1 receptor agonists (BioChaperone Glargine Dulaglutide and BioChaperone Glargine Liraglutide), a ready-to-use aqueous formulation of teduglutide (BioChaperone Teduglutide) and a ready-to-use combination of glucagon and exenatide (BioChaperone Glucagon

Exenatide), 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

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 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: Full year results for the year ended December 31st, 2017 – IFRS Rules

The table below summarizes the Company's income statement under IFRS for the fiscal year ended December 31st, 2017 and provides a comparison with fiscal year 2016.

In (€) thousands	FY 2017 (12 months)	FY 2016 (12 months)
Revenue (a)	**19 469**	**22 488**
Research and collaborative agreements	650	11 739
Licencing revenues	18 819	10 749
Other revenue (b)	**7 708**	**7 966**
Research tax credit	7 535	7 812
Grants, public financing, others	173	154
Operating revenue (a) + (b)	**27 177**	**30 454**
Research and development expenses	(27 074)	(30 971)
General and administrative expenses	(8 284)	(7 484)
Operating expenses	**(35 358)**	**(38 455)**
OPERATING INCOME (LOSS)	**(8 180)**	**(8 001)**
FINANCIAL INCOME (LOSS)	**(335)**	**181**
Tax	(35)	(72)
NET INCOME (LOSS)	**(8 550)**	**(7 892)**
Base earning per share (€)	(1,2)	(1,2)
Diluted earning per share (€)	(1,2)	(1,2)
GROUP NET PROFIT (LOSS)	**(8 550)**	**(7 892)**

Operating income

The Company's operating income resulted from collaboration and licensing agreements and public funding of research costs. In 2017, operating income amounted to €27.2 million compared to €30.5 million in 2016 based on the following breakdown:

In (€) thousands	FY 2017 (12 months)	FY 2016 (12 months)
Revenue (a)	**19 469**	**22 488**
Contrat de recherche et de collaboration	650	11 739
Licencing revenues	18 819	10 749
Grants, public financing, others (b)	**7 708**	**7 966**
OPERATING REVENUE (a) + (b)	**27 177**	**30 454**

Revenue of €19.5 million at December 31st, 2017 resulted primarily from the collaboration and licensing agreement signed with Eli Lilly at the end of 2014, which ended on May 31st, 2017.

Eli Lilly's decision to terminate the BioChaperone Lispro collaboration had a significant impact on 2017 revenue. In fact, under IFRS rules, the initial payment of €40.8 million ($50 million) made by Lilly in December 2014 was amortized on a straight-line basis over the development period initially specified in the agreement. The end of the agreement led the Company to recognize the unamortized balance, i.e. €18.8 million, as revenue. This licensing revenue had no impact on the Company's cash position, since the payment was made when the agreement was signed in December 2014.

Throughout this collaboration, which ended in late May 2017, Lilly assumed all internal and external expenses incurred by Adocia related to the development of BioChaperone Lispro. This revenue totaled €0.7 million in 2017 compared to €11.8 million in 2016.

Other operating income includes the Research Tax Credit in the amount of €7.5 million at December 31st, 2017 compared to €7.8 million at December 31st, 2016. This slight decrease is in line with the smaller amount of research and development costs recorded this year.

Operating expenses

The table below shows a breakdown of operating expenses by function for the fiscal years ended December 31st, 2016 and December 31st, 2017:

In (€) thousands	FY 2017 (12 months)	FY 2016 (12 months)
Research and development expenses	(27 074)	(30 971)
General and administrative expenses	(8 284)	(7 484)
OPERATING EXPENSES	**(35 358)**	**(38 455)**

Research and development costs mainly include payroll costs of research and development employees, subcontracting costs (including preclinical studies and clinical trials), intellectual property costs and purchases of materials (reagents and other consumables), pharmaceutical products and other raw materials. In 2017, these costs amounted to €27.1 million compared to €31 million in 2016. They accounted for nearly 77% of operating expenses in 2017.

General and administrative expenses mainly include payroll costs of non-research and development employees, as well as the cost of services related to the management and business development of the Company and its subsidiary in the United States. They amounted to €8.3 million in 2017 compared to €7.5 million in 2016. In 2017, this item also included attorneys' fees incurred as a result of the arbitration procedures initiated against Eli Lilly.

The table below shows a breakdown of operating expenses by type of expense for the fiscal years ended December 31st, 2016 and December 31st, 2017:

In (€) thousands	FY 2017 (12 months)	FY 2016 (12 months)
Purchases used in operations	(1 740)	(1 781)
Payroll expense	(10 843)	(12 051)
Share-based payments	(2 525)	(4 568)
External expenses	(19 019)	(19 070)
Taxes and contributions	(217)	(222)
Depreciation, amortization & provisions	(1 013)	(763)
OPERATING EXPENSES	**(35 358)**	**(38 455)**

The cost of materials, products and supplies consumed remained stable between 2016 and 2017 at more than €1.7 million.

Payroll expenses totaled €10.8 million in 2017 compared to €12.1 million in 2016. Given the recruitments in 2016, the average workforce rose from 115.9 full-time equivalents (FTE) in 2016 to 126.1 FTE in 2017, an increase of nearly 9%. The €1.2 million decrease in personnel expenses therefore mainly reflects the conservative wage policy following the announcement of the end of the partnership with Lilly, which in 2017 resulted in a freeze on wages and bonuses.

The €2.5 million share-based payments item in 2017 mainly includes the impact of the plan introduced in previous years, as the awards during the year were limited. In accordance with IFRS 2, these expenses correspond to the fair value of the equity instruments granted to managers and employees. These elements had no impact on the Company's corporate financial statements or cash position.

External charges mainly included the costs of preclinical studies, clinical trials, subcontracting expenses, intellectual property costs, professional fees and administrative expenses. These expenses amounted to €19 million and remained stable between 2016 and 2017, given that the decrease in research and development costs, particularly those of a clinical nature, were partly offset by the increase in attorneys' fees incurred for the procedures against Eli Lilly.

Taxes totaled €0.2 million in both years.

Depreciation and amortization for 2017 totaled €1 million compared to €0.8 million a year earlier. The €0.2 million increase resulted mainly from the depreciation related to the building purchased in April 2016, which had partly impacted the previous year's financial statements.

Net financial income / expense

A net financial expense of €0.3 million was recorded in 2017, compared to €0.2 million in income the previous year. This was due to the decrease in the Company's cash position associated with a decrease in investment income in an environment of lower interest rates.

The Company's investment policy focused on liquidity, the absence of capital risk and, to the extent possible, guaranteed performance.

Corporation tax

The €35,000 in tax for 2017 shown on the consolidated income statement refers only to the US-based subsidiary, as the parent company reported a €32.7 million tax loss for the year.

The amount of carryforward tax losses, after allocation for 2017, was €95.7 million. This carryforward loss is not limited in time. Since the company cannot determine with sufficient reliability when it will be able to absorb its accumulated tax loss, it did not recognize a deferred tax asset for this loss.

Net profit / loss

The net loss for 2017 totaled €8.6 million compared to €7.9 million for 2016. The net loss per share for 2017 amounts to €1.20, remaining stable compared to 2016.

Balance sheet analysis

Non-current assets

Non-current assets increased by €0.3 million between 2016 and 2017, due mainly to the purchase of a warehouse and improvements to the inner courtyard (+€0.8 million), which were offset by the decrease in the deposit related to the liquidity agreement (-€0.3 million). The remaining difference of €0.2 million corresponds to depreciation over the 12 months less the investments in scientific equipment and improvements to the building during the year.

Non-current assets therefore rose from €8.8 million at end-December 2016 to €9.1 million at end-December 2017.

Current assets

Current assets amounted to €44.7 million at December 31st, 2017 compared to €70 million at December 31st, 2016. They consisted of the following items:

"Cash and cash equivalents" fell from €58 million at December 31st, 2016 to €34.8 million at December 31st, 2017. The €23.3 million in cash consumption during the year 2017 reflects the same level of expenses as the previous year; however, in contrast to 2016, these expenses were financed entirely by the Company.

The "trade receivables" item totaled €2.5 million at December 31st, 2016 and consisted mainly of the receivable related to the activities billed to Lilly under the agreement in place at the time. At the end of 2017, only the receivables related to the billing of rent for a portion of the premises belonging to Adocia were shown on the balance sheet in an immaterial amount.

Other current assets rose from €9.5 million at December 31st, 2016 to €9.8 million at December 31st, 2017.

Current and non-current liabilities

Liabilities consisted mainly of four items presented on the balance sheet according to their maturity:

- "Trade payables" under current liabilities in the amount of €4.9 million compared to €4.6 million at end-December 2016.
- "Financial debt" totaling €7.3 million at end-December 2017, an increase of €0.3 million compared to the previous year. This increase related mainly to the lines of credit obtained in the amount of €0.8 million ($1 million) to finance the attorneys' fees incurred as a result of the legal proceedings against Eli Lilly. This increase was partly offset by the repayment of the loans taken out to finance the building. The short-term portion, shown under "Current financial liabilities", totaled €1.6 million at end-December 2017 compared to €0.7 million a year earlier.
- "Long-term provisions" mainly comprise provisions for retirement benefits, which totaled €2.2 million for fiscal year 2017 versus €1.7 million for fiscal year 2016.
- The "other liabilities" item for 2017 mainly includes tax and social security liabilities which amounted to €2.1 million, down by €1.7 million from the previous year given that no provision for bonuses was recognized for 2017. In 2016, other liabilities also included €18.8 million in deferred revenue related to the agreement signed with Eli Lilly at the end of 2014 for development of the ultra-rapid insulin BioChaperone® Lispro. Given the discontinuation by Lilly of the collaboration agreement in January 2017, the entire unamortized balance was recognized as revenue under IFRS.

Cash, financing and equity

Debt financing

In 2016, the Company took out a loan to finance the purchase of the building that it has occupied since its creation as well as adjoining parking. At the end of 2017, the principal balance was €5.3 million.

In 2017, the Company also financed the legal costs incurred in connection with the arbitration proceedings against Eli Lilly. This financing, obtained from two banks, took the form of two lines of credit, each in an amount of up to $1.5 million.

At December 31st, 2017, Adocia's financial debt increased by €0.5 million to reach a total of €7.6 million, with a portion due in less than one year of €1.8 million.

Cash flows

In (€) thousands, Consolidated financail statements, IAS/IFRS	FY 2017 (12 months)	FY 2016 (12 months)
Net cash flow generated by operating activities	(22 227)	(13 138)
Net cash flow in connection with investment transactions	(1 685)	(7 189)
Net cash flow in connection with financing transactions	653	6 301
Changes in net cash	**(23 259)**	**(14 026)**
Cash and cash equivalents at the start of the year	58 037	72 062
Cash and cash equivalents at year-end	34 778	58 037

Net cash flow from operations

For fiscal year 2017, net cash outflows related to operations amounted to €22.2 million compared to €13.1 million a year earlier.

Net cash flow includes reimbursements by Eli Lilly of internal and external expenses incurred by Adocia for the BioChaperone Lispro project until the end of the collaboration agreement. A year earlier, the Company had received €14.3 million under the licensing agreement compared to €3.1 million in 2017.

Net cash flow from investments

Cash consumption related to investment activities was €1.7 million, a significant decrease compared to the previous year (€7.2 million in 2016).

In 2016, the Company purchased the building that it has occupied since its creation as well as adjoining parking for a total of €5.6 million, financed through bank loans (positive cash flow related to the financing of this transaction).

As a follow-up to this transaction, in 2017 the Company purchased a warehouse and the inner courtyard of this same real estate complex for €0.8 million. It then continued to invest €0.8 million in equipment and improvements, €0.1 million of which was financed through leasing.

Net cash flow from financing transactions

In 2017, net cash flow from financing transactions resulted primarily from two lines of credit obtained to finance the legal costs incurred for the applications for arbitration against Eli Lilly. At December 31st, 2017, Adocia's cash flow was impacted in the amount of €0.8 million ($1 million).