



PRESS RELEASE

Adocia Announces Third Quarter 2019 Financial Results

- Cash position of EUR 32.5 million as of September 30, 2019 and increased to more than EUR 39 million after subscription of the first tranche of the debt financing agreement contracted with IPF Partners
 - A second tranche for EUR 7.5 million from IPF Partners is available to the Company until December 31, 2019
 - Dilution is limited to 1.89% of the share capital of the Company for each tranche¹
- Revenue of EUR 2 million for the first nine months of 2019

Lyon, France, October 22, 2019 – 6 pm CEST- Adocia (Euronext Paris: FR0011184241 – ADOC), a clinical stage biopharmaceutical company focused on diabetes treatment and other metabolic diseases with innovative formulations of proteins and peptides, announced today third quarter revenue and net cash position as of September 30, 2019.

- **Revenue detail for the third quarter of 2019**

In K€ - IFRS rules (unaudited)	3 months		9 months	
	09/30/19	09/30/18	09/30/19	09/30/18
Licensing revenue	134	11 096	1 844	43 896
Research and collaboration contracts	-	-	-	-
Other revenue	42	41	126	128
Revenue	176	11 137	1 970	44 024

Revenue of EUR 2 million is primarily due to the licensing agreements signed with Tonghua Dongbao (THDB) at the end of April 2018, to develop, manufacture, and commercialize BioChaperone® Lispro and BioChaperone® Combo in China and other territories in Asia and the Middle East. In 2018, the non-refundable upfront payment from Tonghua Dongbao provided for in the contract, in the amount of USD 50 million, or EUR 41.1 million, had been partially recognized as revenue (EUR 37.1 million).

In the first nine months of 2019, revenue has been recognized upon provision of research and development services performed by Adocia and related to the transfer and development of the products.

¹ as of the date of this press release

Last year, revenue for the first nine months of 2018 was impacted by the recognition of the rights to use the patents granted to Tonghua Dongbao, for EUR 33.6 million, in addition to a contractual milestone payment from Lilly for which Adocia obtained a favorable arbitration judgement in August 2018, for USD 11.6 million or EUR 10.3 million.

- **Net cash position**

Including the payment from Lilly of the contractual milestone of USD 11.6 million USD 2.6 million of interest received in September 2019, the Company has a cash position of EUR 32.5 million as of September 30, 2019, compared to EUR 39.8 million as of January 1, 2019. As of October 14, 2019, the Company has a cash position of more than EUR 39 million, after the subscription of EUR 7.5 million for the first tranche of the financing agreement with IPF Partners.

Net cash flow for the first nine months of 2019 is EUR 7.3 million. Excluding USD 14.3 million received from Lilly and EUR 4.1 million paid in legal fees, net cash flow is EUR 16.2 million compared to EUR 14.7 million for the same period last year, on a comparable basis. The EUR 1.5 million increase is primarily due to fewer research and development expenses eligible for the French research tax credit.

Financial debt as of September 30, 2019 amounts to EUR 8 million compared to EUR 7.1 million as of December 31, 2018. Debt mainly consists of a loan secured in 2016 to finance the acquisition and renovation of the building in which the headquarters and the research center of the Company are located as well as an additional loan of EUR 1.2 million contracted in February 2019 to finance the renovation work on two floors of 450 sqm each dedicated to the analysis department.

As of October 14, 2019, the financial debt amounts to EUR 15.5 million, after the subscription of EUR 7.5 million for the first tranche of the financing agreement with IPF Partners.

Main legal, financial and organizational events for the third quarter 2019 and the beginning of October 2019:

On legal matters, the third quarter of 2019 marked the conclusion of the arbitration procedure initiated by Adocia against Lilly in 2017.

In August 2018, the American Arbitration Association Tribunal (“the Tribunal”) governing the procedure had ruled in Adocia’s favor regarding its first claim, which related to a contractual milestone payment contested by Lilly, and awarded Adocia USD 11.6 million, plus interest. The related payment of EUR 14.3 million was received on September 30, 2019.

In August 2019, the Tribunal dismissed both parties’ claims in the second phase of the procedure. In this second phase, Adocia had filed claims against Lilly for misappropriation and misuse of its confidential information and discoveries and Lilly had subsequently filed counterclaims based on allegations that Adocia concealed the discoveries and confidential information which were at issue in Adocia's claims. The arbitration procedure is now finalized.

Moreover, in September 2019, Adocia and Lilly together agreed to file a consent judgment to conclude the civil litigation initiated by Lilly at the Court of the Southern District of Indiana in October 2018. This litigation

related to inventorship declarations related to two of Lilly's US patents for ultra-rapid insulin formulations. The consent judgment was entered by the Court of the Southern District of Indiana on October 6, 2019. Each party will bear its own legal fees and associated costs, without any further financial consequence.

On the financial front, Adocia announced having obtained additional financial resources to accelerate its growth in October 2019 with the establishment of a debt financing plan with IPF Partners, for a maximum amount of EUR 15 million, structured in two tranches of equal amounts. The first tranche of EUR 7.5 million was subscribed immediately upon signing.

Finally, in terms of organization, Adocia announces the departure of Dr Rémi Soula, Director of Business Development and Legal, as of October 18, 2019. Co-founder of Adocia with Gérard and Olivier, Rémi Soula contributed talent and energy to develop the Company during his 14 years tenure. He now wishes to pursue other professional endeavors. The recruitment process for a new Director of Business Development and Legal is ongoing. Gérard Soula will act as *interim* Director for those activities during the transition period.

About Adocia

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of therapeutic proteins and peptides for the treatment of diabetes and other metabolic diseases. In the diabetes field, Adocia's portfolio of injectable treatments is among the largest and most differentiated of the industry, featuring five clinical-stage products. Adocia aims to expand its portfolio towards the treatment of other metabolic diseases and their comorbidities.

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. 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 combination of basal insulin glargine and rapid-acting insulin lispro (BioChaperone® Combo) and a combination of a prandial insulin with amylin analog pramlintide (M1 pram - ADO09). It also includes an aqueous formulation of human glucagon (BioChaperone® Glucagon) for the treatment of hypoglycemia. Adocia preclinical pipeline includes combinations of insulin glargine with GLP-1 receptor agonists (BioChaperone® Glargine GLP-1) for the treatment of diabetes and a ready-to-use combination of glucagon and a GLP-1 receptor agonist (BioChaperone® Glucagon GLP1) for the treatment of obesity. Adocia is also exploring in preclinic the potential of its M1 Pram combination to treat people with type 2 diabetes suffering from neurological comorbidities, including Alzheimer's disease.

In 2018, Adocia and Chinese insulin leader Tonghua Dongbao entered a strategic alliance. In April 2018, Adocia granted Tonghua Dongbao licenses to develop and commercialize BioChaperone Lispro and BioChaperone Combo in China and other Asian and Middle Eastern territories. The licensing agreements included USD 50 million upfront and up to USD 85 million development milestones, plus double-digit royalties on sales. In June 2018, Tonghua Dongbao agreed to manufacture and supply active pharmaceutical ingredients insulin lispro and insulin glargine to Adocia globally, excluding China, to support Adocia's portfolio development and commercialization.

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 Autorit  des march s financiers on April 12, 2019 (a copy of which is available at 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.

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