NICOX SA

A French public limited company (*Société Anonyme*) with share capital of EUR 25.070.977
Registered Office: Drakkar D - 2405, route des Dolines
Sophia Antipolis
06560 Valbonne
Grasse Companies Register (RCS) No.: 403 942 642 4

REGISTRATION DOCUMENT
ANNUAL FINANCIAL REPORT
MANAGEMENT REPORT
2016

(Including CSR information required under the Grenelle II Act)

This registration document was filed with the Autorité des Marchés Financiers (AMF - Financial Markets Authority) on March 29, 2017, pursuant to Article 212-13 of AMF General Regulations. It may not be used in connection with any financial transaction unless it is supplemented by a securities note approved by the AMF.

Copies of this Registration Document are available from Nicox S.A., Drakkar 2 D, 2405 route des Dolines, BP 313 06906 Valbonne, on the Company's website (www.nicox.com) and on the AMF website: www.amf-france.org.
This document was prepared by the issuer and its signatories are liable for its content.

Translation disclaimer: This document is a free translation of "*Document de Référence 2016*" issued in the French language, registered on March 29, 2017 by the *Autorité des Marchés Financiers* (French Securities and Exchange Commission). In consequence, this English version has not been registered by this Authority nor been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Nicox S.A. expressly disclaims all liability for any inaccuracy herein

Pursuant to Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in this registration document:

- The consolidated financial statements, the financial statements and audit reports for fiscal year 2015 in sections 20.3 and 20.4 of the registration document for fiscal year 2015, filed on April 15, 2016 with the AMF under No. D.16-0351;
- The consolidated financial statements, the financial statements and audit reports for fiscal year 2014 in sections 20.3 and 20.4 of the registration document for fiscal year 2014, filed on April 10, 2015 with the AMF under No. D.15-0314;
- The key financial figures and the review of the Company's financial position and results for fiscal year 2015 in sections 3, 9 and 10 of the registration document for fiscal year 2013, filed with the AMF on April 15, 2016 under number D.16-0351.

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CROSS-REFERENCE TABLE

The cross-reference table below can be used to identify the following information in this Registration Document:

- the information comprising the annual financial report (Article L.451-1-2 of the Monetary and Finance Code and Article 222-3 of the AMF General Regulation);

- the information comprising the annual management report (Articles L. 225-100 *et seq* of the French Commercial Code).

ANNUAL FINANCIAL REPORT "TRANSPARENCY DIRECTIVE"	**REGISTRATION DOCUMENT**
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1 RESPONSIBLE PERSON

1.1 Person Responsible for the French version of the Registration Document

Mr. Michele Garufi, Chairman of the Board of Directors and Chief Executive Officer of Nicox SA

1.2 Responsibility statement

After having taken every reasonable measure for this purpose, I hereby certify that to the best of my knowledge the information contained in this registration document complies with the facts and does not contain any omissions liable to alter the contents thereof.

I hereby certify that the financial statements are prepared in accordance with the applicable accounting standards and that they give a faithful picture of the assets, the financial position and the results of the Company and of all the companies included in the scope of consolidation, and that the management report included in the body of this document presents a faithful picture of the business trends, results and financial position of Nicox SA and of all the companies included in the scope of consolidation as well as a description of the principal risks and uncertainties faced by them.

I have obtained from the statutory auditors a final letter in which they indicate that they have verified the information on the financial position and the financial statements given in this document and that they have read the entire document.

The report of the statutory auditors on the consolidated financial statements at 31 December 2016 presented in this document does not contain any contains emphasis of matter paragraphs.

Chairman and Chief Executive Officer
Michele Garufi

2 STATUTORY AUDITORS

2.1 Principal Statutory and Deputy Statutory Auditors

Principal Statutory Auditors

Ernst & Young Audit 1,2 Place des Saisons – 92400 Courbevoie RCS Nanterre 344 366 315 represented by Nicolas Pfeuty External Auditor, Member of the Regional Association of Chartered Accountants of Versailles	Novances David & Associés 455, promenade des Anglais Immeuble Horizon - 06285 Nice Cedex 3 RCS Nice 326 354 099 Represented by Jean-Pierre Giraud, External Auditor, Member of the Regional Association of Chartered Accountants of Aix-en-Provence
Date of first appointment	
1999	2014
Term and expiry date of current appointment	
From June 15, 2011 until the close of the annual general meeting held to approve the financial statements for the year ending December 31, 2016	From June 18, 2014 until the close of the annual general meeting held to approve the financial statements for the year ending December 31, 2019

Deputy Statutory Auditors

Auditex SAS 2 Place des Saisons 92400 Courbevoie RCS Nanterre 377 652 938 External Auditor, Member of the Regional Association of Chartered Accountants of Versailles	Novances Déchant et associés 119 rue Michel Aulas 69654 Villefranche sur Saône cedex RCS Villefranche-Tarare 321 562 415 External Auditor, Member of the Regional Association of Chartered Accountants of Lyon

2.2 Statutory Auditors whose appointment was not renewed in the past three years

The companies Deloitte & Associés, Principal Statutory Auditor, and BEAS SARL, Deputy Statutory Auditor, for the period from May 28, 2008 to June 18, 2014, were not reappointed at the ordinary general meeting held on June 18, 2014 to approve the financial statements for the year ended December 31, 2013. At the meeting, the Board nominated for appointment the companies Novances David & Associés and Novances Déchant et associés, who were appointed respectively, on that date, as Principal Statutory Auditors and Deputy Statutory Auditors.

2.3 Fees payable to external auditors and to members of their networks

For fiscal years 2015 and 2016, the fees incurred by Nicox S.A. and by its foreign consolidated subsidiaries in respect of its external auditors and members of their networks are broken down as follows:

	NICOX SA							
	Ernst & Young Audit				Novances			
	Amount (before tax)		%		Amount (before tax)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
External audit, certifications, review of individual and consolidated accounts								
Issuer	182,784	189,638	61,09%	20,58%	37,653	52,915	100,00%	77,91%
Consolidated subsidiaries	5,288		1,77%	0,00%				
Other work and services directly associated with the assignment of the external auditor								
Issuer	111,135	732,053	37,14%	79,42%		15,000	0,00%	22,09%
Subtotal	*299,207*	*921,691*	*100,00%*	*100,00%*	*37,653*	*67,915*	*100,00%*	*100,00%*
Other services rendered by the networks								
Tax-related	17,580	21,583	100,00%	0,00%				
Other (specify if> 10% of audit fees)			0,00%	0,00%				
Subtotal	*17,580*	*21,583*	*100,00%*	*0,00%*				
TOTAL	**316,787**	**943,274**			**37,653**	**67,915**		

3 SELECTED FINANCIAL INFORMATION

The information below has been prepared in accordance with IFRS standards (International Financial Reporting Standards), unless otherwise stated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016	2015 Restated *
Revenue	6.2	**16**	**67**
Gross profit		**16**	**67**
Selling expenses		-	(1,194)
Research and development expenditures		(12,168)	(6,159)
Administrative expenses		(8,617)	(9,674)
Other income	6.3	770	994
Other expenses	6.4	(525)	(543)
Operating profit or loss before changes in fair value of contingent consideration and the impairment of intangible assets		**(20,525)**	**(16,509)**
Fair value adjustment of contingent consideration	4.1.1	12,741	(4,215)
Impairment of intangible assets		-	-
Operating profit/(loss)		**(7,784)**	**(20,723)**
Finance income	6.7	1,202	1,514
Finance costs	6.7	(107)	(543)
Net financial income/(expense)	6.7	**1,094**	**972**
Profit/(loss) before tax from continuing operations		**(6,690)**	**(19,752)**
Income tax expense	7	(52)	**-**
Profit/(loss) after tax from continuing operations		**(6,742)**	**(19,752)**
Profit/(loss) for the period from discontinued operations (net of tax)	5.4	(12,293)	(8,187)
Profit/(loss) for the period		**(19,035)**	**(27,939)**
Attributable to equity holders of the Company		(19,035)	(27,939)
Earnings per share	8.1	**(0.80)**	**(1.25)**
Basic/diluted earnings per share from continuing operations (in €)	8.2	(0.28)	(0.88)
Basic/diluted earnings per share from discontinued operations (in €)		(0.51)	(0.37)

Key aggregates of the consolidated statement of financial position

	2016	2015
Cash and cash equivalents……	28,859	29,070
Financial instruments……	-	532
TOTAL ASSETS	**148,748**	**163,348**
Total equity……	**104,549**	**101,331**
Total current liabilities……....	**13,380**	**27,008**
Total non-current liabilities……	**30,819**	**35,009**

4 RISK FACTORS AND INSURANCE

The company has conducted a review of the risks that could have a significant adverse effect on its business, financial status, operating results, or ability to achieve its objectives, and considers that there are no significant risks other than those outlined below, which are presented in order of importance according to the company's current knowledge.

4.1 Risk factors

4.1.1 Risks related to latanoprostene bunod (Vyzulta™), developed with Bausch + Lomb

Latanoprostene Bunod (Vyzulta™) is a nitric oxide-donating prostaglandin F2-alpha analog developed to reduce intraocular pressure in patients with open-angle glaucoma or ocular hypertension. Vyzulta is the brand name provisionally accepted by the US FDA for latanoprostène bunod. Latanoprostene Bunod was licensed in March 2010 to Bausch + Lomb Incorporated (a subsidiary of the Valeant Group). Bausch + Lomb filed a marketing authorization application in the United States (NDA, New Drug Application) in July 2015 for the Latanoprostene Bunod ophthalmic solution and the FDA set July 21, 2016 as the target date for finalizing its review of the file. On July 21, the FDA sent a Complete Response Letter to the NDA for the latanoprostene bunod ophthalmic solution 0.024%. raising issues regarding Current Good Manufacturing Practice (CGMP) at Bausch + Lomb's manufacturing facility in Tampa, Florida. The FDA's letter did not identify any efficacy or safety issues with respect to the latanoprostene bunod NDA or additional clinical trials needed for the approval of the NDA.***

The Company has identified the main risks related to latanoprostene bunod below. Moreover, it should be noted that all of the "Risks related to Nicox's strategy and business: the research, development and marketing of ophthalmic products" apply to latanoprostene bunod.

The timing of potential approval for latanoprostene bunod remains uncertain, the approval may be significantly delayed or latanaprostene bunod might never obtain approval. Any delay in or failure to obtain approval could negatively affect Nicox's business, financial condition, prospects and stock price.

Following the Complete Response Letter sent by the FDA, Bausch + Lomb subsequently received written communication from the FDA regarding the resubmission of the NDA or latanoprostene bunod ophthalmic solution, 0.024%, to address issues raised in the CRL. Any delay in the approval of latanoprostene bunod could be negatively perceived by the market and negatively impact Nicox's business, financial condition and prospects, and there is no assurance that latanoprostene bunod will be approved for commercialization by the FDA or other regulators. Bausch + Lomb anticipates a launch mid-2017, subject to regulatory approval. Bausch + Lomb and Nicox S.A. resubmitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) seeking approval for latanoprostene bunod ophthalmic solution, 0.024%. The U.S. Food and Drug Administration (FDA) set a PDUFA date of August 24, 2017 for its decision on the NDA for latanoprostene bunod ophthalmic solution, 0.024%.

Risks related to the marketing authorization application for latanoprostene bunod (Vyzulta™)

As with any application to market a new drug, there is a risk that the FDA will not authorize Latanoprostene Bunod Ophthalmic Solution, 0.024%, or that it will issue a new Complete Response Letter. This could further delay the approval of this drug, which could affect Nicox's financial situation.

- Bausch + Lomb may decide to withdraw its marketing authorization application (New Drug Application, NDA) filed in July 2015 and not register the product in the United States;

- If Bausch + Lomb decided to terminate the agreement with Nicox and if Nicox were unable to pursue the regulatory process alone or to find another partner, the development

of this product would have to be stopped permanently. This would impact negatively on Nicox's financial situation and prospects.

As for marketing authorizations in Europe, a marketing authorization application (MAA) must be filed with the EMA (European Medicines Agency) or – in accordance with the decentralized procedure – with the national regulatory authorities of the European countries covered, which would conduct a validation process and scientific approval to evaluate the safety and efficacy of the drug. The requirements of the EMA or national regulatory authorities may differ significantly from those of the FDA and these authorities may request the conduct of different pre-clinical and clinical studies. There is no assurance that Bausch + Lomb will submit a marketing authorization application in Europe or that this request will be approved.

Outside the United States and Europe, it is also necessary to obtain ad hoc regulatory approvals before launching a drug on the market. This involves risks similar to those existing with the FDA, EMA or any European national regulatory authority.

If Latanoprostene Bunod Ophthalmic solution, 0.024%, has limited commercial potential, if any, the Group's activities could be harmed

Assuming that Latanoprostene Bunod Ophthalmic Solution , 0.024%,is approved and then marketed in the United States, Nicox would receive from Bausch + Lomb net royalties on sales of 6% to 11% after deduction of payments owed to Pfizer (see section 6.2.1 for additional information concerning these payments). Royalties received by Nicox depend on sales generated by Bausch + Lomb, which depend on the commercial success of Latanoprostene Bunod Ophthalmic Solution in the United States. Nicox cannot guarantee such commercial success. Actual sales revenues may be impacted by the following factors:

- US regulatory authorities might impose restrictions on the use or sale of latanoprostene bunod. These conditions could limit the potential market, delay the launch and/or reduce the level of sales and profitability of the product.

- The potential commercial success of latanoprostene bunod depends on several factors (none of these factors can be guaranteed by the Group), including:

    - The acquisition by Bausch + Lomb of a regulatory notice (label) containing references to differentiate latanoprostene bunod from other drugs for the treatment of glaucoma and ocular hypertension;

    - The obtaining by Bausch + Lomb of a product reimbursement at a satisfactory level and a sale price that allows for profitable marketing;

    - The maintenance and development of commercial production capabilities at Bausch + Lomb that provide for flexible conditions to ensure enough orders are processed;

    - The acceptance of Latanoprostene Bunod Ophthalmic Solution by the medical community, and, more generally, the success of the launch, commercial sales and distribution.

4.1.2 Specific risks related to ZERVIATE (AC-170)

ZERVIATE (AC-170) is an innovative and patented cetirizine-based eye-drop developed to treat ocular pruritus (itchy eyes) associated with allergic conjunctivitis. ZERVIATE is the brand name provisionally accepted by the US FDA for ZERVIATE (AC-170). Nicox submitted a New Drug Application for ZERVIATE AC-170 to U.S. FDA in April 2016 and the FDA assigned Prescription Drug User Fee Act (PDUFA) goal date of October 18, 2016. On October 10, 2016, Nicox announced that it had received a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) regarding the New Drug Application (NDA) for ZERVIATE (AC-170). The FDA's stated reason for the CRL pertains solely

to a Good Manufacturing Practice (GMP) inspection at a third party facility producing the active pharmaceutical ingredient (API) cetirizine and supplying it to the manufacturer of the finished product. The safety and efficacy data submitted by Nicox in the ZERVIATE (AC-170) NDA have not resulted in the FDA requesting any further clinical or non-clinical testing for the approval of the ZERVIATE (AC-170) NDA. Furthermore, the CRL did not include any concerns related to the finished product manufacturing facility. On March 8, 2017, Nicox resubmitted the New Drug Application (NDA) for ZERVIATE , after receiving confirmation that the FDA's Current Good Manufacturing Practice (CGMP) concerns surrounding the third-party manufacturing site of the active pharmaceutical ingredient (API) had been resolved. Once resubmitted, the FDA has 30 days to acknowledge its receipt, state the classification, and provide the due date for action, with a maximum review period of 6 months if the resubmission is a Class 2 resubmission.

The Company has identified the main specific risks associated with ZERVIATE AC-170 and has listed them below. Moreover, it should be noted that all of the "Risks related to Nicox's strategy and business: the research, development and marketing of ophthalmic products" apply to ZERVIATE (AC-170) (see section 4.1.9).

The timing of potential approval for ZERVIATE (AC-170) remains uncertain, the approval may be significantly delayed or ZERVIATE (AC-170) might never obtain approval. Any delay in or failure to obtain approval could negatively affect Nicox's business, financial condition, prospects and stock price.

Any delay in the approval of ZERVIATE (AC-170) could be negatively perceived by the market and negatively impact Nicox's business, financial condition and prospects, and there is no assurance that ZERVIATE (AC-170) will be approved for commercialization by the FDA.

Risks related to the marketing authorization application for ZERVIATE (AC-170)

- As with any application to market a new drug, there is a risk that the FDA will not authorize ZERVIATE (AC-170) or issues a new Complete Response Letter which could further delay approval of this product which could have an adverse effect on Nicox's financial position.

If the FDA does approve the NDA for ZERVIATE (AC-170), the commercial launch of ZERVIATE (AC-170) might fail in the United States

To date, Nicox has no commercial infrastructure in the US. Nicox must consider a number of options for putting this drug on the market.

- Nicox could conclude one or several sales, license or distributions agreements with third parties. However, the Group might not be able to conclude any agreements under acceptable terms or may not be able to conclude any agreement whatsoever. If the Group decided to conclude such agreements with third parties, its potential revenue would be a percentage of the sales and would depend on the terms of these agreements and the performance of these companies in the promotion and sale of ZERVIATE (AC-170).

- Nicox could create a new American commercial infrastructure to directly promote ZERVIATE (AC-170). This would generate important costs and there is no guarantee that the sales of ZERVIATE (AC-170). would be sufficient to cover the cost of such infrastructure. In addition, the establishment of such infrastructure is time consuming which could delay the launch of ZERVIATE (AC-170). The profitability of the proposed infrastructure might depend on the product portfolio available to the Group at the time of its introduction. In addition, Nicox might not be able to establish an adequate structure to ensure the commercial success of ZERVIATE (AC-170), which could have a negative impact on the commercial potential of this drug and on its valuation in the Group's portfolio.

The Group faces risks related to the commercial potential of ZERVIATE (AC-170). in the US

Assuming ZERVIATE (AC-170) is approved by the FDA and then launched in the US, the Company cannot guarantee that it will be commercially successful:

- Regulatory authorities might impose restrictions on the use or sale of ZERVIATE (AC-170). These restrictions could limit the potential market, delay the launch and/or reduce the level of sales and profitability of the product.

- The commercial success of ZERVIATE (AC-170) will depend on several factors (none of which can be guaranteed by the Group), including:

  - The obtaining by Nicox or a partner a reimbursement at a satisfactory level and a sale price that allows for profitable marketing;

  - The maintenance and development of commercial production capacities that provide for flexible conditions to ensure enough orders are processed;

  - The acceptance of ZERVIATE (AC-170) by the medical community, and, more generally, the success of the launch, commercial sales and distribution.

4.1.3 Specific risks related to NCX 4251

NCX 4251 is a novel ophthalmic suspension of fluticasone propionate nanocrystals being developed for the first time as a topical treatment for acute exacerbation of blepharitis. The Company has identified the main risks specific associated with NCX 4251 below. Moreover, it should be noted that all of the "Risks related to Nicox's strategy and business: the research, development and marketing of ophthalmic products" apply to NCX 4251 (see section 4.1.9).

The development of NCX 4251 could be delayed or fail

NCX 4251 is a pharmaceutical product in development that has not yet entered phase 2 of clinical development. There is a risk that the results of these studies may be insufficient for moving forward the development of the product phase 3 or that additional studies prove necessary before its development can be moved forward. Studies may be more costly or longer than expected. There is no guarantee that Nicox can file an NDA for NCX 4251 in the future.

4.1.4 Specific risks related to NCX 470

NCX 470 is a novel NO-donating bimatoprost for lowering intraocular pressure (IOP). The Company has identified the main risks specific associated with NCX 470 below. Moreover, it should be noted that all of the "Risks related to Nicox's strategy and business: the research, development and marketing of ophthalmic products" apply to NCX 470 (see section 4.1.9).

The development of NCX 470 could be delayed or fail

NCX 470 is a pharmaceutical product in development that has not yet entered any phase 2 of clinical development. There is a risk that the results of these studies may be insufficient for moving forward to an advance phase of development for the product or that additional studies prove necessary before its development can be moved forward. Studies may be more costly or longer than expected. There is no guarantee that Nicox can file an NDA for NCX 470 in the future.

4.1.5 Specific risks associated with AC-120

In January 2016, Nicox out-licensed to Ora Inc ("Ora") the OTC asset AC-120, an eye-drop for morning eyelid swelling. The regulatory approval and commercial success of AC-120, as an over-the-counter

(OTC) product cannot be guaranteed and is dependent on Ora and, as the case may be, a potential sub-licensee of the latter. Nicox may never receive additional consideration.

Under the terms of the license agreement, Ora will be responsible for all development activities and will fund AC-120 through its investment arm. Ora plans to advance the clinical development of AC-120 and to subsequently sub [illegible] compou
eligible to receive a percentage of any proceeds received by Ora under a potential sub-license agreement. However, there is no assurance that Ora will be able to complete with success the development of AC-120 or identify a third party for future commercialization. Further, there is no assurance that AC-120 will be approved by the FDA or, if approved, that that the product will become commercially successful.

4.1.6 Risks associated with cash use and potential future cash requirements

Risks associated with cash use

As of December 31, 2016, cash and cash equivalents of Nicox Group amounted to €28.9 million. Nicox has performed a specific review of its liquidity risk and considers that it is able to meet its future commitments.

Nicox anticipates significant capital requirements to complete the following projects:

- the development program for NCX 4251 (a novel ophthalmic suspension of fluticasone propionate nanocrystals);
- the program for developing drugs ***of NCX 470 (a novel NO-donating bimatoprost analog for lowering intraocular pressure based on Nicox's nitric oxide (NO)-donating research platform;
- the program for developing new generation nitric oxide (NO)-donors are in a less advanced stage;
- the completion of the development and regulatory approval in Europe of product candidates transferred to the new specialty pan-European pharmaceutical company (VISUfarma) in connection with the disposal in August of the Group's European and international commercial operations.

Nicox does not generate revenues linked to the direct sales of its products. The payments that Nicox might receive from strategic partners under collaboration agreements might not be sufficient to cover its operating expenses and there is no guarantee, moreover, that the Group will receive additional payments under its collaboration agreements. Furthermore, Nicox cannot guarantee that its choices in terms of cash utilization will prove adequate. Nicox will need to raise additional funds in proportions that will depend on many factors, including the cost of developing or registering new products and, if appropriate, their commercial development. The Company might therefore have to seek other sources of funding:

- either in the form of a capital increase;
- or in the form of a loan;
- or by signing strategic partnership agreements with a view to generating new revenue from patent licenses, or to sharing operating costs with partners.

Nicox cannot guarantee that its future capital requirements will be met or that additional funding will be available on acceptable terms. This could have a significant negative effect on the Company, its business, financial situation and results, as well as on its development and prospects. If the Group were unable to obtain the necessary funding, it could be forced to delay, reduce or eliminate expenses related to certain commercial products or certain projects that are under development, to seek funding through partnerships,

to grant licenses for the development or marketing of products that the Group would have preferred to develop or market itself, which would have the effect of reducing the added value that the Group might ultimately draw from these products. Such a situation could even jeopardize the continuation of the Company's activities.

Given that Nicox's capacity to achieve new capital increases is strictly framed, it might be difficult to raise the funds required to fund its operations

According to French law, Nicox's share capital may only be increased with the approval of shareholders at the Extraordinary Shareholders' Meeting. Shareholders may transfer to the Board of Directors a delegation of authority or a delegation of powers to proceed with a capital increase.

Moreover, the French Commercial Code imposes certain restrictions on the ability of the Company to fix the price of the shares offered without preferential subscription rights as part of a public offering or a private placement without identifying beneficiaries, which could prevent the Company from successfully carrying out a capital increase. More specifically, according to the French Commercial Code, unless the offer is less than 10% of the issued share capital (and provided that certain conditions are met), no securities may be sold in connection with such an offer at a price below the average weighted by volume over the last three trading sessions on the Euronext stock exchange in Paris prior to the setting of the price, which can be decreased by a maximum discount of 5%.

If the Company does not obtain the capital required to fund all of its activities, it could find itself unable to successfully continue the development, regulatory process and marketing of its products

The development of pharmaceutical products is characterized by a high rate of cash burn. The Company believes it will need additional funding to continue to fund its activities. Its future capital requirements will depend on and could increase significantly due to many factors, including:

- the development and cost of pre-clinical studies and clinical trials as well as other R&D programs;
- the expansion or continuation of clinical trials based on the demands of regulatory authorities;
- the scope, priority and the number of its R&D programs;
- the achievement of milestones and the occurrence of other events triggering payments under partnership agreements;
- the extent to which the Group is obliged to reimburse, or is entitled to obtain reimbursement for, expenses related to clinical trials;
- the costs related to the filing of patents, the defense of patents in court, the maintenance and development of patents and other intellectual property rights;
- the costs related to the conclusion of product manufacturing agreements; and
- the costs related to the establishment, outsourcing, or maintenance and development of sales and marketing infrastructure.

The Company could meet its future capital requirements through collaborative agreements, capital increases, loans, the reimbursement of expenses through the research tax credit or the granting of licenses until it is able to generate stable and significant revenue. The upheavals affecting the stock markets have generally made it more difficult to obtain capital financing and could have a materially adverse effect on Nicox's ability to obtain sufficient funding. If the Group obtains additional funding, there is no guarantee that it will obtain this on acceptable terms. In the absence of available funding, Nicox may be forced to delay, reduce the scope of or terminate one or more research or development programs for one or more

activities. If additional funding is provided by the issuance of shares or convertible instruments, this funding could substantially dilute the interests of shareholders.

4.1.7 Transaction with GHO Capital

On August 9, 2016, Nicox completed the transfer of its European and international commercial operations to the newly founded pan-European ophthalmic specialty pharmaceutical company called VISUfarma created by GHO Capital. The Company has identified the following main specific risks associated with this transaction.

The failure or poor performance of VISUfarma would negatively affect the value of the VISUfarma ordinary shares and payment in kind loan notes received by Nicox as consideration and, in addition, Nicox might never receive additional performance-based consideration.***

Upon consummation of the GHO Capital transaction, Nicox is expected to receive €9 million in cash and a combination of ordinary shares in the new company and interest-bearing payment in kind loan notes valued at an aggregate of €12 million. Nicox may be entitled to receive up to €5 million in additional pay in kind loan notes on the achievement by VISUfarma or any of its subsidiaries of defined business and commercial milestones that are not guaranteed. The value of VISUfarma, and by extension the value of the ordinary shares and pay in kind loan notes received by Nicox , is subject to the risks inherent to a company engaged in the development and sale of pharmaceutical products and there is no guarantee that VISUfarma will be successful or that Nicox will be able receive the full value, or any payment, in consideration for the ordinary shares or payment in kind loan notes, which could have an adverse effect on Nicox's business, financial condition and prospects.

The performance and value of VISUfarma are subject to the risks inherent to a company engaged in the development and sale of pharmaceutical products and may have a negative impact on our business, financial condition and prospects.

Furthermore, Nicox might never obtain reimbursement of certain expenditures incurred for the development and regulatory approval in Europe of the product candidates transferred to VISUfarma, it being specified that such reimbursement depends on achieving regulatory and commercial milestones associated to the product candidates.

4.1.8 Risks associated with potential future acquisitions of products or companies and with potential future in-licensing transactions

The Group has conducted and might continue to conduct acquisition or licensing operations. If the Group were to decide to implement such operations, it might not be able to identify appropriate acquisition targets or conduct acquisitions under acceptable terms or could even find itself unable to complete the integration of these acquisitions, which would be likely to disrupt Group operations and have a negative impact on its activities and its results.

Nicox might continue to seek acquisitions with the aim of optimizing its business model, developing its customer base, accessing new markets and achieving economies of scale. Acquisitions entail certain known and unknown risks that could mean that the Group's growth and actual operating results differ from its forecasts. Thus, the Group:

- might not manage to identify suitable acquisition targets under acceptable terms;
- might seek acquisitions in foreign countries, which represents greater risks than those inherent to domestic acquisitions;
- might find itself in competition with other companies for acquiring complementary products and activities, which could be reflected by lesser availability or an increase in the acquisition costs of intended targets;

- might not achieve the necessary financing under favorable terms, or not achieve any financing at all, for all or some of the potential acquisitions; or

- the products or activities acquired might not generate results in line with the Group's forecasts, which would then risk not achieving the anticipated revenue and returns.

Furthermore, such an acquisition strategy could divert Management's attention from its existing activities, resulting in a loss of key employees. This strategy could also expose the management to unexpected problems or liabilities, such as successor liability for contingent or undisclosed liabilities related to the activities or assets acquired.

If the Group fails to conduct effective prior assessment of these potential targets (due diligence), it risks, for example, to not identify the problems of target companies or not identify incompatibilities or other obstacles to successful integration. Its inability to integrate future acquisitions satisfactorily could prevent it from receiving all the benefits of these acquisitions and considerably weaken its operational activities. The process of integration may also disrupt its activity and, if new products or activities are not implemented effectively, prevent the Group from fully achieving the expected returns and prejudice its operating results. Furthermore, the total integration of new products or new activities may cause unexpected problems, expenses, liabilities and reactions from the competition. Difficulties related to the integration of an acquisition include the following:

- integrating products or activities of the target company with those of the Group;

- incompatibility between marketing and employee management techniques;

- maintaining staff motivation and retaining key employees;

- integrating the cultures of both companies;

- maintaining important strategic customer relationships;

- consolidating corporate and administrative infrastructures and eliminating duplications; and

- coordinating and integrating geographically separate organizations.

Moreover, even if the integration of an acquisition's operations is successful, the Group may not receive all the anticipated benefits, including in terms of the synergies, cost savings and growth opportunities expected. These benefits may not be obtained within the expected timescales or may never materialize.

Furthermore, as a result of acquisitions, the Group may find itself forced to:

- use a substantial portion of its cash resources;

- increase its expenses and its debt level if the Group has to make additional borrowings to finance an acquisition;

- take on liabilities for which the Group is not indemnified by the former owners, given that indemnification obligations may also be the subject of litigation or concerns in connection with the solvency of the previous owners;

- lose existing or potential contracts owing to conflicts of interests;

- suffer adverse tax consequences or deferred compensation charges;

4.1.9 Risks related to Nicox's strategy and business: the research, development and marketing of ophthalmic products

Regulations vary from one country to another. The general risks related to clinical and non-clinical trials, to regulatory constraints and to the market launch of pharmaceutical products and medical devices are set out below. In addition, it should be noted that Nicox's workforce is limited.

Pharmaceutical products cannot be marketed in a given jurisdiction until they have been approved by the relevant regulatory authority, and all pharmaceutical developments require non-clinical and clinical trials to demonstrate the safety and efficacy of the compound under evaluation. The unfavorable outcome of clinical trials or applications for regulatory approval of the therapeutic products developed by the company is likely to have a material adverse effect on its business.

4.1.10 Risks associated with regulatory constraints

- The regulatory process may give rise to delays or rejections. The U.S. and European regulatory authorities tend to impose ever more cumbersome requirements, particularly regarding the volume of data required to demonstrate safety and efficacy.

- The achievement of primary endpoints of clinical studies, even with statistically significant results, does not guarantee that the drug-candidate will then be approved by the regulatory authorities. Those authorities may argue that the comparator was inadequate, that the number of patients involved was insufficient or that the results, although statistically significant, are not clinically significant.

- Even after they have been approved, drugs and their manufacturers are subject to continuous and permanent review and the uncovering of problems or the inability to comply with the manufacturing and quality control requirements may lead to restrictions in the distribution, sale or use of these products and even to their withdrawal from the market.

- The regulatory authorities have the authority, when approving a product, to impose significant limitations on the product in the form of warnings, precautions and contraindications, or restrictions on the indicated use, conditions for use, labeling, advertising, promotion, marketing, distribution and/or production of the product that could negatively affect its profitability.

- The French National Agency of Medicine and Health Products Safety (ANSM), the EMA, the FDA and similar regulatory bodies may also implement new standards, or change their interpretation and enforcement of existing standards and requirements, for the manufacture, packaging or testing of products at any time. A company that is unable to comply could be subject to regulatory or civil proceedings or be ordered to pay fines.

- New regulations may be enacted.

- Given the disparity of the regulations and procedures, which vary from one country to another, obtaining authorization in each country within a reasonable time frame cannot be guaranteed.

- As part of its research and development work Nicox is, or may be, subject to regulations concerning safety standards, good laboratory practice (GLP), good clinical practice (GCP), good manufacturing practice (GMP), the experimental use of animals, the use and destruction of hazardous substances, in addition to regulations and market surveillance good practice (including adverse effects vigilance, materiovigilance and pharmacovigilance) where the products are marketed. In the event of non-compliance with the applicable regulations, the company may be subject to penalties which may take the form of temporary or permanent

suspension of operations, withdrawal of the product, restrictions on the marketing of the product and civil and criminal penalties.

4.1.11 Risks related to the market launch of pharmaceutical products

- Regulatory approvals may not be granted in time to secure a commercial return;
- The products may be difficult to produce on an industrial scale or their production on an industrial scale may prove too expensive;
- The products may not be profitable because of their cost of production, distribution and/or sale price as imposed by the relevant regulatory authorities;
- The products may not qualify for reimbursement arrangements in some countries, thereby potentially jeopardizing their commercial potential in certain jurisdictions;
- It may be difficult to achieve acceptable quality standards;
- The company may not find a trading partner for the marketing of its products;
- The products may not be marketable on account of rights held by third parties;
- third parties may market similar products that offer a higher benefit-risk ratio or a more competitive price; and
- a secondary effect or a manufacturing quality problem may arise at any time for a marketed product, which could lead to the restriction or withdrawal of regulatory authorizations for this product.

Each of the risks outlined above is likely to seriously affect the financial position of the company and its prospects.

4.1.12 Uncertainty surrounding pricing and reimbursement schemes and reform of health insurance schemes

The ability of Nicox and its partners to secure commercially viable prices for its products that may potentially be marketed in the future depends on several factors, including the profile of its product compared to that of its competitors' products, the price of competing products, the existence of generic products and the targeted geographic area. The company cannot guarantee that its products will secure pricing agreements for cost-effective marketing within the broader context, where pressure on pricing and reimbursement intensifies (greater control over prices, increased delisting, trend towards the promotion of generics).

In fact, the commercial success of the Group’s products depends in part on the agreement of the regulatory authorities responsible for health insurance, private insurance companies and other similar organizations in terms of product prices and reimbursement rates. Governments and third-party payers seek to control public health expenditure by limiting the reimbursement of new products. The Group cannot guarantee that it, its partners or its distributors will obtain a high enough reimbursement rate or price for the Company’s products and the commercial profitability of these products in the market may consequently be affected.

In addition, pricing and prescribing freedom in some European and other markets are governed and limited by the public authorities. The introduction of more stringent controls on pharmaceutical pricing can have a negative impact on the company's activities, either directly on the products it intends to sell or indirectly on the amount of income that the company can earn through its partnerships and licensing agreements.

4.1.13 Risks associated with manufacturers, the manufacturing costs of products, the price of raw materials and reliance on third party manufacturers

Nicox depends on third parties to manufacture its entire range under development due to the fact the Group has neither the infrastructure nor the expertise to produce pharmaceuticals. Any decision by the manufacturers to alter the price of the products could negatively affect the margin received by Nicox. Nicox might be obliged to delay the development or marketing of its products under development if their manufacture is disrupted or stopped.

The manufacture of medicines must comply with the applicable regulations and with good manufacturing practices, which is a complex, time-consuming and expensive process. Manufacturers may be subject to inspections prior to approval by regulatory authorities before obtaining marketing authorizations. Even after product approval, the facilities of manufacturers with whom the Company is associated are subject to periodic inspections by regulatory authorities or administrative authorizations that may be suspended. Nicox cannot guarantee that such inspections would not give rise to compliance issues that may prevent or delay marketing authorization, adversely impact the Group's ability to retain approval of the product or its distribution, or oblige the Group to use additional resources, financial or otherwise. Business would be negatively affected should its manufacturers fail to comply with the applicable regulations and recommendations.

A higher than anticipated cost of manufacturing the products or a significant rise in the cost of the raw materials needed for their manufacture could affect the commercial prospects of these products or the Group's margin. In these circumstances, the Group may have to halt the development or sale of these products, thereby potentially affecting the Group's financial position or prospects.

In addition, the Group's ability to develop and deliver products in a timely and competitive manner could be significantly affected if, for example, the Group is unable to maintain relations with manufacturers possessing the requisite facilities and expertise, if contract disputes arise, or if other events hinder production.

4.1.14 Uncertain protection provided by patents and other intellectual property rights; absence of protection for certain products; dependence on trade secrets

Products protected by patents and by other intellectual property rights

As far as patent-protected products are concerned, if the patent or patents relating to a product developed, in-licensed or acquired by the company were invalidated or declared unenforceable, the development and marketing of such compound or product would be directly affected or interrupted. In the pharmaceutical industry, patent law varies from country to country and is constantly evolving. The company may, for budgetary or other reasons, not be able to retain its patent portfolio in full, given the high cost of annuities and of potential lawsuits.

Nicox cannot therefore guarantee that:

- It will develop new patentable inventions, or that its patents will allow it to develop commercially profitable products;
- The filed patent applications will be granted;
- If these patents are granted, they will not be challenged, invalidated or declared unenforceable;
- that third parties will not develop products that are not in the scope of protection of its patents; or
- The products that it develops or might in-license or acquire will not infringe, or will not be alleged to infringe, patents or other intellectual property rights owned by third parties.

Infringement of Nicox patents and other intellectual property rights

Nicox will be able to protect its intellectual property rights against use by third parties if such intellectual property rights are protected by patents and trademarks that are valid and enforceable in the relevant jurisdictions. The protection conferred by a patent in practice varies by product and by country, and depends on many factors such as the nature of the patent, the scope of its protection, the possibility of regulatory extensions, the existence of legal remedies in a given country, and the validity and enforceability of the patents.

Scope, validity and enforceability of patents

The grant of a patent does not guarantee its validity or its enforceability and may not provide exclusive protection or competitive advantages against competitors with similar products.

To ensure the longest possible exclusivity, the company intends to seek an extension of certain of its patents for a period of up to 5 years. Nevertheless, it cannot guarantee that such extensions will be obtained and failure to obtain these extensions is likely to harm the products concerned.

Litigation and defense of patent rights

Competitors can or could infringe the patents of products developed or marketed by Nicox or attempt to circumvent them. The company may have to resort to legal action to enforce its rights, to protect its trade secrets or to determine the scope and validity of others' proprietary rights. Furthermore, the ability of the Group to assert its rights under patents depends on its ability to detect infringements. It is difficult to detect infringers who do not advertise the compounds used in their products. Any litigation to assert or defend the Group’s rights under patents, even if the rights of the Company should prevail, may prove costly in resources and time, and would divert the attention of management teams and key employees from carrying out Company business.

Possible infringements of third-party patents

Products developed or in-licensed by the company must not infringe the exclusive rights belonging to third parties. Third parties may also allege infringement by Nicox of their patents or of other intellectual property rights. If a legal action is brought against the company on such grounds, there can be no assurance that the company will win the case. Moreover, even if Nicox conducted prior art searches to determine whether its rights infringe the rights held by third parties, it cannot be certain that all relevant rights have been identified because of the uncertainty inherent in this type of search.

Any claim of patent infringement whose outcome is unfavorable to Nicox could require it to pay significant damages as well as royalties. As a result of claims by third parties, the company may be forced to change or rename its products to avoid infringement of the intellectual property rights of third parties, which could prove either impossible or costly in resources and time.

Products not protected by intellectual property rights; trade secrets

The company may be required to sell therapeutics that are not protected, in all or part of the territories concerned, by intellectual property rights. In this case, it is likely that other market participants will market similar or identical products on the same markets, which may seriously affect the commercial prospects of such products or indeed the financial condition of the company.

Where there exists non-public know-how or other trade secrets concerning a product (whether or not the product is patent-protected), the company cannot be certain that confidentiality will be ensured and that such know-how or trade secrets will not be disclosed. If disclosed, the products covered by such trade secrets could see their commercial potential diminished.

Trademarks

Nicox is exposed to certain risks related to trademarks. Nicox has submitted applications in numerous countries in order to register several trademarks, particularly for its products. These trademark applications may not result in registration or may be canceled following their registration on the grounds of non-use, revocation or infringement. The company may be denied use of the brand name. Some trademark applications filed by the company face opposition. There is no guarantee that the company will be able to resolve these trademark-related disputes and similar disputes in the future. Also, trademarks intended to designate products may be rejected by the relevant regulatory authorities.

Employees, consultants and subcontractors

The company cannot guarantee that the confidentiality agreements signed with its employees, consultants and subcontractors will be respected, that it will have adequate remedies for disclosure of confidential information, or that sensitive data will not be brought to the knowledge of third parties in another manner or independently developed by competitors.

Nicox regularly enters into agreements with researchers working in academia or with other public or private entities and, in such cases, the company has entered into intellectual property agreements with these entities. However, the company cannot guarantee that these entities will not claim intellectual property rights over the results of work conducted by their researchers, or that they will grant licenses for such rights to the company on acceptable terms. This would have a significant adverse impact on the company's business and financial condition.

4.1.15 Reliance on partners of collaboration agreements and on outside consultants

To maximize its chances of bringing products to market successfully, it may be preferable for Nicox to conclude collaboration agreements with third-party companies. The company cannot guarantee that it will be able to maintain the collaboration agreements in force, enter into new agreements in future on acceptable terms, or that these agreements will produce the desired results.

When the company enters into a collaboration agreement, it runs the risk that its partner may unilaterally and arbitrarily terminate the agreement or decide not to market the product. If current partners decided to terminate the agreements in place, or the development of selected compounds, the company would then have to pursue the development of these products itself, seek new partners or cease their development. Such a situation could increase the company's costs and/or adversely affect its business. The termination or non-renewal of a collaboration agreement could also adversely affect the company's image and share price.

Conflicts could arise with the company's partners. In addition, the company's partners could seek to compete with it. The existence of non-competition clauses in the company's collaboration agreements may not provide adequate protection.

Nicox also relies on outside consultants and subcontractors (such as academic researchers, medical specialists, and clinical and pre-clinical research organizations) to develop its products. Agreements between the company and such consultants and subcontractors may include limitation of liability clauses in favor of the other contracting party, in which case the company may not be able to secure full compensation for any losses incurred if the other contracting party fails to perform. Competition for access to these subcontractors is high, and the company cannot guarantee that it will be able to maintain its existing relationships on commercially acceptable terms. In general, contracting parties may terminate the contract at any time.

4.1.16 Risks associated with pre-clinical and clinical trials

- It cannot be guaranteed that the necessary authorizations will be obtained to conduct clinical trials.

- There can be no assurance that the authorized trials will be conducted in a timely manner or that they can be conducted without significant additional resources or knowledge.

- Companies conducting clinical trials could be held liable for patients or healthy volunteers participating or having participated in clinical studies in the event that they suffer from side effects associated with the administration of their compounds even in cases where the requirements laid down in the protocols were followed. However, the impact of this risk is limited by procuring insurance policies covering clinical trials. Pharmaceutical companies or the regulatory authorities may suspend or terminate clinical trials if they consider that the trial participants are exposed to health risks.

- The conduct of clinical trials depends on various factors such as indication, size of the affected population, nature of the clinical protocols followed, proximity between patients and clinical trial sites, eligibility criteria for trials, competition from other companies for the enrollment of patients to conduct clinical trials, availability of sufficient amounts of a compound of appropriate quality, ability to enter into agreements with appropriate subcontractors (and the discharge by them one of their contractual obligations), and compliance with the regulatory standards.

- The therapeutic products under development may not have the desired effects or may cause adverse reactions that preclude regulatory approval or limit their marketing. It frequently occurs that the favorable results of pre-clinical studies and preliminary clinical trials are not confirmed in subsequent clinical trials.

- Clinical trials may produce insufficient data to obtain regulatory approval.

4.1.17 Reliance on qualified personnel

The company's activities rely on a number of key managers and scientists, including members of the Executive Committee. Competition for the recruitment of managers and qualified personnel is fierce in the Group's area of activity. The Group cannot guarantee that it will be able to retain the human resources currently available to it or that it will be able to recruit any new resources it might require.

In addition, the Group's limited workforce does not allow for replacements in the case of the absence of an employee so that the prolonged leave of an employee can significantly disrupt operations.

4.1.18 Risks associated with new products

The development or sale of new products generates risks associated with their novelty.

New Molecular Entities (NMEs) are compounds whose chemical and pharmacological profile is unknown at the time of their discovery. The drugs under development covered by patents filed by Nicox relating to our nitric oxide release technology are NMEs. Each NME must be subjected to studies or extensive testing so that its chemical and pharmacological properties can be studied and investigated in detail. The outcome of these studies can entail a degree of uncertainty. Consequently, there can be no assurance that these compounds will demonstrate the same chemical and pharmacological properties in patients as those observed in the preliminary laboratory studies, or that these compounds will not interact unpredictably and toxically with human biological functions.

As for new compounds, given that their development, manufacture and properties are not known at the time of their design, difficulties may arise which might cause the company to terminate their development or their sale, thereby potentially affecting the company's prospects or financial position.

Certain pharmaceutical products under development by Nicox include molecules that have already been approved. If the development data relating to the previous development of these molecules is available, Nicox may use it, but there is a risk that a molecule used in another formulation or for another indication

will present different side effects. Additional safety studies and/or efficacy studies on the new indication or formulation may be required.

4.1.19 Product liability and coverage from insurance policies

The use of therapeutic products under development in clinical trials and the possible sale of drugs may expose the company to liability suits. In the United States, the approval of a product by the FDA may only offer limited or indeed no protection against liability claims based on federal state law (federal preemption cannot be invoked), and the obligations imposed on the company may vary from one federal state to another. If the company cannot successfully defend against liability suits, including liability in connection with clinical trials of its therapeutic products under development or with future commercial sales of its therapeutic products under development, it could incur heavy liability with potentially adverse consequences for the company.

The company believes it has procured insurance that is reasonably adequate to cover its current operations. The company may not be able to maintain adequate coverage of its operations or procure additional coverage if needed.

Whatever the grounds or eventual outcome of any liability suits, they could result in a fall in demand for a product, a reputation loss for the company, the withdrawal of volunteers from clinical trials, the withdrawal of a product from the market and/or loss of revenue.

4.1.20 Competition and rapid technological change

The markets in which Nicox operates are highly competitive and rapidly changing. The company competes with larger companies with development programs that target the same indications, and with greater experience in the development and marketing of products. In addition, these companies have far greater financial and human resources than the company. As a result, the company cannot guarantee that its products:

- Will be able to obtain the required regulatory approval or be brought to market more quickly than those of its competitors;
- Will be able to compete with safer, more effective or less expensive existing or future products;
- will adapt quickly enough to new technologies and scientific progress; and
- Will be accepted and selected by medical centers, physicians or patients to replace existing products.

New developments are expected both in the healthcare industry and in public and private research facilities. In addition to the development of safer, more effective and less costly products than those developed or marketed by Nicox, its competitors may manufacture and market products under better conditions. Furthermore, competitors' rapid technology developments may render products obsolete before it is able make the costs of research, development, acquisitions/licenses and marketing incurred for a given product profitable.

4.1.21 Environmental and industrial risks

Nicox's research and development activities involve the storage, use and disposal of hazardous radioactive and biological products (see paragraph 8.2 of the Annual Report). Since 2012, these activities have been outsourced. Although these activities are monitored and involve only small amounts of hazardous materials, they pose a risk of contamination to the environment. Even though the Group believes that its activities and procedures comply with standards laid down by applicable laws and regulations, the risk of accidental contamination or injury due to the storage, use and disposal of these

hazardous materials cannot be completely eliminated. Nicox could therefore be held liable for amounts over and above the limits of its insurance policy (see section 4.3.1). The occurrence of such a risk could have a significant negative impact on the Group's financial position.

4.1.22 Other risks

The company has never paid dividends.

Nicox has never paid dividends. The company does not currently expect to pay dividends or make distributions over the next two years at least.

Income and exchange rate fluctuations, reliability of investments

These risk factors are described in Note 27, “Financial risk management objectives and policies,” in the notes to the consolidated financial statements.

Market risks

These risk factors are described in Note 27.3, “Market risk,” in the notes to the consolidated financial statements.

4.2 Insurance and risk coverage

4.2.1 Insurance

Civil liability of senior officers

The Company purchased a global directors and officers liability policy for Group's senior officers (including directors) including coverage for defense costs before the civil and criminal courts, with a coverage limit for 2016 of €25,000,000 per period of insurance.

General civil liability: Operational, product and professional civil liability

The Company purchased a master insurance policy to cover the civil liability of NICOX group companies' operations, with a coverage limit for 2016 of €7,500,000 per claim for damage to third parties arising from their operations (business civil liability) and of €1,000,000 per year of insurance for damage caused to third parties by the provision of intangible services, and resulting from the non-performance of a contractual obligation (professional civil liability).

The Company purchased extended product liability coverage within a limit of €2,000,000 per year of insurance, with a deductible of €10,000 per claim. The product liability cover was raised to €6,400,000 (£5,000,000) per year of insurance for the United Kingdom to comply with NHS requests. The product liability policy was terminated following the disposal of the Group's commercial operations on August 9, 2016.

Nicox Farma Srl sold on August 9, 2016, had purchased a policy covering its professional liability and laboratory operations with respect to third parties and its employees and contractors within a limit of €1,000,000 per claim and per person for the latter.

Laboratoires Nicox, sold on August 9, 2016, had a policy with AXA covering its drugs and medical devices for €2,000,000.

This Master Policy provides DIC/DIL (difference in conditions/difference in limits) coverage on top of a local civil liability policy obtained by Nicox Ophthalmics Inc. for the business and product civil liability of the latter within a limit of USD 1,000,000 per claim and per insurance year.*** It should be noted that, in order to comply with the lease requirements of the previous offices occupied by Nicox Inc. at 20 Independence, Warren, New Jersey (subleased to a third party as the lease could not be terminated early),

the civil liability policy purchased in France by Nicox is in addition to the local US policy purchased by Nicox Ophthalmics Inc.

Nicox Ophthalmics Inc. took out a compulsory insurance policy to reimburse the wages and medical expenses of employees involved in occupational accidents and diseases (Workers' Compensation) within a limit of USD 500,000 and USD 100,000 per claim.

The budget for premium in 2016 for the above insurance policies amounted to €223,761.16.

4.2.2 Risk coverage

Besides the insurance policies described in the preceding paragraph, the Company took precautions to ensure continued operations and to avoid any significant loss in the event of a major incident. The Company's computer data are stored on central servers located in a secure room. Daily, weekly and monthly backups are performed. A copy of the weekly backups is transferred each week to an atomic shelter located off company premises. The Company entrusts the storage and backup of all materials relating to its clinical trials, its financial data and its human resources data to a specialist company.

5 INFORMATION ABOUT THE COMPANY

5.1 History and evolution of the Company

5.1.1 Legal name and trade name

The legal name of the Company is Nicox SA.

5.1.2 Place of registration and registration number

Nicox SA is registered at the 'registre du commerce et des societies' (Company Register) of Grasse, France, (Postal code 06133) under the number 403 942 642. The Nicox SA APE code is 7211Z.

5.1.3 Date and duration of incorporation

The Company was established on February 15, 1996 and registered on February 27, 1996 for a period expiring on December 12, 2094.

5.1.4 Legal form of organization and applicable legislation, address and telephone number of company headquarters

Nicox SA is a French corporation with a Board of directors subject to the provisions of the Commercial Code. Its corporate headquarters are located at DRAKKAR D 2405 route des Dolines 06560 Valbonne Sophia Antipolis, France. Telephone number: +33.4.97.24.53.00.

5.1.5 Key events of 2016 and as of January 1, 2017

Key events of 2016

- January 29, 2016: Signature of a license agreement between Nicox's US subsidiary, Ophthalmics, Inc., and Ora. This license agreement grants Ora exclusive worldwide rights for the development and commercialization of AC-120, an innovative drug-candidate for morning eyelid swelling. Under the terms of this exclusive license agreement, Ora will be responsible for all development activities and will fund this program through its investment arm. Ora plans to advance the clinical development of AC-120 and to subsequently sub-license this compound to a third party for future commercialization. Nicox is eligible to receive a $10 million milestone payment from Ora upon approval of AC-120 by the U.S. Food and Drug Administration (FDA). Nicox is also eligible to receive a percentage of any proceeds received by Ora under a potential sub-license agreement.

- April 19, 2016: Nicox Ophthalmics, Inc., submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) for approval of ZERVIATE (AC-170), a novel, proprietary, cetirizine eye drop formulation, for the treatment of ocular itching associated with allergic conjunctivitis.

- June 21, 2016: The US FDA granted a Priority Review of the NDA for ZERVIATE (AC-170).

- July 5, 2016: Signature of an agreement with GHO Capital, a European specialist investor in healthcare, to transfer the European and International commercial operations of Nicox Group, for a value of up to €26 million, to a newly -formed commercialization of a portfolio of ophthalmic products in Europe. The new company will combine Nicox's existing European and international commercial infrastructure and a portfolio of products in late -stage development;

- July 6, 2016: Bausch + Lomb, a subsidiary of Valeant Pharmaceuticals International, Inc. and Nicox S.A. announced the publication of latanoprostene bunod ophthalmic solution 0.024% Phase 3 study results in the American Journal of Ophthalmology The results of this study, called LUNAR, demonstrated that latanoprostene bunod ophthalmic solution administered once daily (QD) in the evening was not only non-inferior to timolol maleate 0.5% dosed twice daily (BID), in subjects with OAG or OHT over 3 months of treatment, but also provided significantly greater IOP reduction ($P \leq 0.025$) at all but the earliest time point evaluated.

- July 22, 2016: Reception by Bausch + Lomb of a Complete Response Letter from the US FDA for latanoprostène bunod. The concerns raised by the FDA pertain to a Current Good Manufacturing Practice (CGMP) inspection at Bausch + Lomb's manufacturing facility in Tampa, Florida where some deficiencies were identified by the FDA. The FDA's letter did not identify any efficacy or safety concerns with respect to the new drug application or additional clinical trials needed for the approval of the new drug application for latanoprostene bunod ophthalmic solution 0.024%.

- July 28, 2016: On July 28, 2016, Nicox announced a capital increase by the issuance of ordinary shares reserved for a specific category of investors. The proceeds from the financing will principally be used to drive the development of NCX 4251, a nanocrystalline formulation of fluticasone for blepharitis, and of NCX 470, a nitric oxide (NO)-donating bimatoprost for intraocular pressure lowering, through proof-of-concept clinical studies. The gross proceeds of the financing are approximately €18 million, for a total of 2,064,000 new shares.

- August 10, 2016: Completion of the transfer of the European and international commercial infrastructure and product portfolio to a pan European ophthalmic specialty pharmaceutical company created by GHO Capital. This transfer includes the affiliates Nicox Pharma (France), together with its Spanish and UK operations, Nicox GmbH (Germany), Laboratoires Nicox (France) and Nicox Farma (Italy), all commercial products and the rights (and associated agreements) to AzaSite®, AzaSite Xtra®, BromSiteTM for Europe, the Middle East and Africa and to NCX 4240 outside of Japan and North America. Nicox will receive a €9 million cash payment from GHO Capital.

- October 10, 2016: Receipt of a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) regarding the New Drug Application (NDA) for ZERVIATE (AC-170), its novel, proprietary, cetirizine eye drop formulation, for the treatment of ocular itching associated with allergic conjunctivitis. The FDA's stated reason for the CRL pertains solely to a Good Manufacturing Practice (GMP) inspection at a third party facility producing the active pharmaceutical ingredient (API) cetirizine, and supplying it to the manufacturer of the finished product. The safety and efficacy data submitted by Nicox in the ZERVIATE (AC-170) NDA have not resulted in the FDA requesting any further clinical or non-clinical testing for the approval of the ZERVIATE AC-170 NDA. Furthermore, the CRL did not include any concerns related to the finished product manufacturing facility.

- November 9, 2016 Nicox's licensee for latanoprostene bunod, Bausch + Lomb (a wholly-owned subsidiary of Valeant Pharmaceuticals International, Inc.), is currently addressing the issues identified by the U.S. Food and Drug Administration (FDA) and anticipates being ready for inspection by the end of the year. Bausch + Lomb anticipates a launch mid-2017, subject to regulatory approval. Nicox has indicated that it remains in close contact with the relevant manufacturing parties referred to in the FDA's CRL for the ZERVIATE (AC-170) NDA application. Furthermore, Nicox intends to meet with the FDA during the fourth quarter of 2016 regarding the next steps for the resubmission of the ZERVIATE AC-170 NDA and expects to receive feedback from the FDA by early 2017.

Key events since January 1, 2017

- January 05, 2017: Nicox announced that it is finalizing the design of a first-in-human Phase 2 clinical trial evaluating the efficacy and safety of NCX 4251, its novel ophthalmic suspension of fluticasone propionate nanocrystals being developed for the first time as a topical treatment for acute exacerbation of blepharitis. This multi-center, dose-ranging study will be conducted in the U.S. Nicox plans to initiate this Phase 2 clinical trial during the fourth quarter of 2017 and expects the trial to take approximately 1 year to complete.

- January 24, 2017: Clinical and regulatory update for NCX 470 for intraocular pressure (IOP) lowering. Nicox held a pre-Investigational New Drug (IND) meeting with the U.S. Food and Drug Administration (FDA) at the end of 2016. Based on the feedback from this meeting, Nicox is finalizing the design of a first-in-human trial for NCX 470 which will be a Phase 2 multi-center, investigator masked, 28-day, parallel group, dose-finding study in adult subjects with elevated IOP due to open-angle glaucoma or ocular hypertension. The primary endpoint of the study is the mean reduction in IOP, and the objective is to identify the appropriate safe and effective dose of NCX 470 to be taken into Phase 3 studies. Recruitment of subjects is expected to begin in early 2018, subject to IND filing and acceptance[1] , and the study is expected to take approximately 1 year to complete.

- February 21, 2017: Presentation of the pre-clinical data for NCX 667 at the Association for Ocular Pharmacology and Therapeutics (AOPT) 13th Scientific Meeting. NCX 667, synthesized by Nicox, is the lead compound of a new class of next-generation stand-alone NO-donors, which are designed to optimize NO dosing and enable intraocular pressure (IOP) lowering in patients with open angle glaucoma (OAG) or ocular hypertension. The pre-clinical results presented obtained in rabbit and non-human primate models of ocular hypertension and glaucoma following single and repeated treatment schedules lowered IOP by 20% or more regardless of the specific model and animal species used. Furthermore, repeated acute dosing of NCX 667 elicits sustained IOP-lowering activity over time with no signs of tachyphylaxis or ocular discomfort.

- February 27, 2017 : Bausch + Lomb and Nicox S.A. announced the resubmission of a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) seeking approval for latanoprostene bunod ophthalmic solution, 0.024%.

- March 9, 2017: Nicox announced the resubmission of the New Drug Application (NDA) for ZERVIATE (AC-170), its novel, proprietary, cetirizine eye drop formulation for the treatment of ocular itching associated with allergic conjunctivitis. The brand name provisionally approved by the U.S. Food and Drug Administration (FDA) for AC-170 is ZERVIATE. Nicox received confirmation that the FDA's Current Good Manufacturing Practice (CGMP) concerns surrounding the production site of the active pharmaceutical ingredient (API), cetirizine, have been resolved. Once resubmitted, the FDA has 30 days to acknowledge its receipt, state the classification, and provide the due date for action, with a maximum review period of 6 months if the resubmission is a Class 2 resubmission.

- March 20, 2017 Bausch + Lomb and Nicox announced that the U.S. Food and Drug Administration (FDA) has set a PDUFA date of August 24, 2017 for its decision on the New Drug Application (NDA) for the latanoprostene bunod ophthalmic solution 0.024%.

5.2 Investments

5.2.1 Historical investments

The research, development and manufacture of the active ingredient of the Company's the drug products are outsourced hence tangible assets are small relative to the Company's total expenditure on research and development. The gross value of fixed assets at December 31, 2016 was €2,323,000.

The Company's intangible assets break down as follows:

- An unlicensed patent portfolio acquired in April 2009 from the Company Nitromed covering nitric oxide-donor compounds for a gross value of €2 million.

- The portfolio of late stage therapeutics addressing major segments of the ophthalmic market of Nicox Ophtalmics Inc. (previously Aciex Thérapeutics Inc.) for a gross amount of €77,582,000.

5.2.2 Current investments

The Company has no significant current investments

5.2.3 Future investments

The Company is considering potential mergers, acquisitions and/or the purchase or licensing of products, and could decide in the medium term to make significant investments to this end. For information on this subject, readers are invited to refer to section 4.1 on the risks associated with potential merger and acquisition transactions.

6 BUSINESS OVERVIEW

6.1 Core activities

6.1.1 Summary of the Company's core activities

Nicox is an international ophthalmic R&D company utilizing innovative science to maintain vision and improve ocular health. The Company's strategy is to maximize the potential of its technology and products through in-house development and industry-leading collaborations.

Nicox's pharmaceutical product portfolio is already at an advanced stage of development. This pipeline includes in particular latanoprostene bunod ophthalmic solution 0.024% (Vyzulta™) for the lowering of intra-ocular pressure (IOP) in patients with open angle glaucoma or ocular hypertension. This product candidate is being developed in partnership with Bausch + Lomb, an affiliate of the Valeant group. An NDA was submitted to the US FDA in July 2015 by Bausch + Lomb. The FDA accepted this NDA for review and set an action date of July 21, 2016 to complete its review, as per the Prescription Drug User Fee Act (PDUFA). On July 21, 2016, the FDA sent a Complete Response Letter to the NDA for the latanoprostene bunod ophthalmic solution 0.024%. On February 27, 2017, Bausch + Lomb and Nicox announced the resubmission of a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) seeking approval for latanoprostene bunod ophthalmic solution, 0.024%. The U.S. Food and Drug Administration (FDA) set a PDUFA date of August 24, 2017 for its decision on the NDA.

Nicox's portfolio also includes ZERVIATE (AC-170), developed for the treatment of ocular itching associated with allergic conjunctivitis. ZERVIATE is the brand name provisionally accepted by the US FDA for ZERVIATE (AC-170). Bausch + Lomb filed a marketing authorization application in the United States (NDA, New Drug Application) in July 2016 for ZERVIATE (AC-170) and the FDA set October 18, 2016 as the target date for finalizing its review of the file. On October 10, 2016, Nicox announced that it had received a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) regarding the New Drug Application (NDA) for ZERVIATE (AC-170) product. The FDA's stated reason for the CRL pertains solely to a Good Manufacturing Practice (GMP) inspection at a third party facility producing the active pharmaceutical ingredient (API) cetirizine and supplying it to the manufacturer of the finished product. The safety and efficacy data submitted by Nicox in the ZERVIATE (AC-170) NDA have not resulted in the FDA requesting any further clinical or non-clinical testing for the approval of the ZERVIATE (AC-170) NDA. Furthermore, the CRL did not include any concerns related to the finished product manufacturing facility.

On March 8, 2017, Nicox resubmitted the New Drug Application (NDA) for ZERVIATE (AC-170). Nicox received confirmation that the FDA's Current Good Manufacturing Practice (CGMP) concerns surrounding the production site of the active pharmaceutical ingredient had been resolved. Once resubmitted, the FDA has 30 days to acknowledge its receipt, state the classification, and provide the due date for action, with a maximum review period of 6 months if the resubmission is a Class 2 resubmission.

Nicox also has two development programs, NCX 4251, a novel ophthalmic suspension of fluticasone propionate nanocrystals, and NCX 470, a novel nitric oxide (NO)-donating bimatoprost, in preparation for the phase 2 clinical trials, as well as next generation of stand-alone NO-donating molecules.

On August 9, 2016, Nicox completed the transfer of its commercial operations to the newly founded pan-European ophthalmic specialty pharmaceutical company (called VISUfarma) created by GHO Capital.

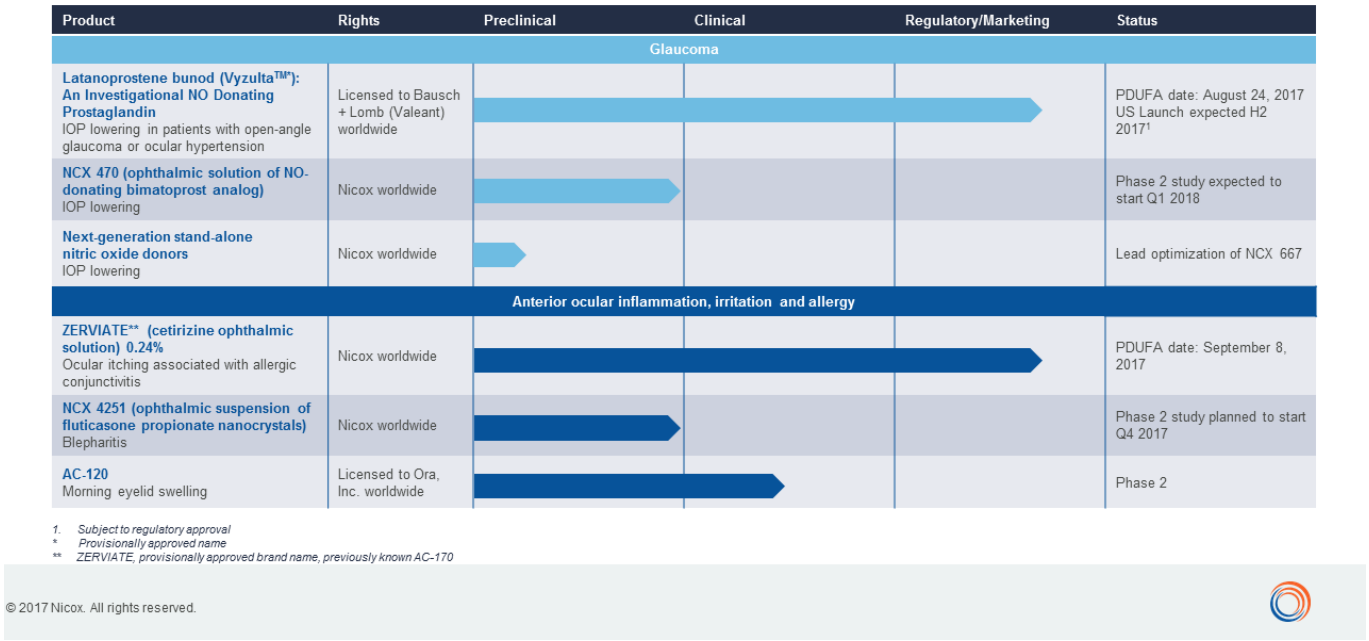
The Company's European and international commercial operations, product portfolio and related late-stage development programs were valued at up to €26 million in this transaction. Nicox transferred the related products and trademark rights to VISUfarma (or, as the case may be, the corresponding agreements with third parties) including rights to its commercial portfolio of ophthalmology products and rights to some development candidates in Europe. In exchange for these assets, Nicox will receive €9 million in cash and a combination of ordinary shares and interest -bearing

aggregate of €12 million. Nicox may also be entitled to receive up to €5 million in additional loan notes on the achievement by the new company of agreed business and commercial milestones. As a minority shareholder, Nicox will have a right to occupy one seat on the Board of the new company. Under the terms of the transaction, Nicox will be responsible for completing, at its own cost, the development and regulatory approval in Europe of product candidates transferred to the new company. Nicox will be eligible to receive reimbursement of some costs upon achievement of regulatory and commercial milestones associated with these product candidates.

Nicox's headquarters are located in Sophia Antipolis, France. Nicox is listed on Euronext Paris (COX.PA) and has a research center in Italy and development activities in the United States.

6.1.2 Ophthalmic Product Pipeline

Nicox's advanced ophthalmic product pipeline features 6 programs, including 2 in development with partners, in all stages of development. This portfolio includes in particular two products with NDAs pending evaluation by the US FDA.



The following table summarizes key information about Nicox's product development programs:

6.1.3 Main assets

In order to achieve its objective of becoming a leading international R&D company in ophthalmology, Nicox believes that its principal strengths are as follows:

- ***Its late stage product pipeline***, including two product candidates which have completed Phase 3.

- ***Its world-leading nitric oxide (NO)-donating R&D platform.*** Nicox's R&D platform provides a competitive advantage for the discovery and development of innovative drug-candidates for certain ocular diseases, as demonstrated by latanoprostene bunod.

- ***Its track-record of securing and maintaining successful partnerships with leading pharmaceutical and biotechnology companies in the field of ophthalmology.*** Notable examples include Nicox's worldwide out-licensing agreement with Bausch + Lomb granting exclusive worldwide rights for latanoprostene bunod and the license agreement with Ora.

- ***The experience of its management team*** in research, clinical and pharmaceutical development, finance and business development.

- ***Its board of directors, composed of top-level industry experts*** including Adrienne Graves, former President and CEO of Santen's U.S. subsidiary Santen Inc.; Luzi von Bidder, Former Chairman and CEO of Novartis Ophthalmics AG; Les Kaplan, former Executive Vice President of Allergan, Inc.; Jean-François Labbé, former CEO of SpePharm Holding BV and Birgit Stattin Norinder, former CEO and Chairman of Prolifix Ltd.

6.1.4 Strategy

Nicox's goal is to become a leading specialty pharmaceutical company focused on the discovery, development and commercialization of novel ophthalmic therapies. The key elements of Nicox's strategy are:

- ***Recognize value from latanoprostene bunod in the field of glaucoma, through the partnership with Bausch + Lomb.*** This partnership could generate significant revenue through future milestones (up to $132.5 million net mainly on commercial sales targets) and royalties (potential net tiered royalties on sales from 6% to 11%). A New Drug Application (NDA) was submitted to the US FDA in July 2015 for latanoprostene bunod ophthalmic solution 0.024% by Bausch + Lomb. The FDA accepted this NDA for review and set an action date of July 21, 2016 to complete its review, as per the Prescription Drug User Fee Act (PDUFA). On July 21, 2016, the FDA sent a Complete Response Letter to the NDA for the latanoprostene bunod ophthalmic solution 0.24%. Bausch + Lomb and Nicox S.A. resubmitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) seeking approval for latanoprostene bunod ophthalmic solution, 0.024%. The U.S. Food and Drug Administration (FDA) set a PDUFA date of August 24, 2017 for its decision on the NDA. Latanoprostene bunod is a NO-donating prostaglandin F2-alpha analog discovered in Nicox's research laboratories using Nicox's proprietary NO-donating R&D platform.

- ***Implement a commercial agreement for ZERVIATE (AC-170) in the United States.*** This drug is an innovative and patented cetirizine-based eye-drop developed to treat ocular pruritus (itchy eyes) associated with allergic conjunctivitis that is owned by the Company. Bausch + Lomb filed a marketing authorization application in the United States (NDA, New Drug Application) in April 2016 for ZERVIATE (AC-170) and the US FDA set October 18, 2016 as the target date for finalizing its review of the file. On October 10, 2016 Nicox announced that it received a Complete Response Letter (CRL) from the US FDA relating to the NDA for ZERVIATE (AC-170). The FDA's stated reason for the CRL pertains solely to a Good Manufacturing Practice (GMP) inspection at a third party facility producing the active pharmaceutical ingredient (API) cetirizine and supplying it to the manufacturer of the finished product. The safety and efficacy data submitted by Nicox in the ZERVIATE (AC-170) NDA have not resulted in the FDA requesting any further clinical or non-clinical testing for the approval of the AC-170 NDA. Furthermore, the CRL did not include any concerns related to the finished product manufacturing facility.

  On March 8, 2017, Nicox resubmitted the New Drug Application (NDA) for ZERVIATE (AC-170). Nicox received confirmation that the FDA's Current Good Manufacturing Practice (CGMP) concerns surrounding the production site of the active pharmaceutical ingredient had been resolved. Once resubmitted, the FDA has 30 days to acknowledge its receipt, state the classification, and provide the due date for action, with a maximum review period of 6 months if the resubmission is a Class 2 resubmission.

- ***Advance Nicox's earlier-stage development programs.*** The Company's portfolio also includes NCX 4251, a novel proprietary ophthalmic suspension of fluticasone propionate nanocrystals being developed for the treatment of blepharitis, NCX 470, a novel nitric oxide (NO) donating bimatoprost analog for lowering intraocular pressure based on Nicox's nitric oxide donating research platform as well as the next generation of stand-alone NO-donating molecules also derived from the Company's research platform focused on nitric oxide release which are in early-stage development. Nicox plans to advance development of these early-stage programs through clinical proof-of-concept trials (phase 2).

6.1.5 Detailed presentation of the company's activities

Latanoprostene bunod (Vyzulta™)

Latanoprostene bunod – Nicox's Lead Value Driver.

Overview

Latanoprostene bunod (Vyzulta™) is a nitric oxide NO-donating prostaglandin F2-alpha analog. Vyzulta is the brand name provisionally approved by the US FDA for latanoprostène bunod. The Latanoprostene bunod ophthalmic solution, 0.024% is in development for lowering intraocular pressure, or IOP, in patients with open-angle glaucoma or ocular hypertension. Latanoprostene bunod was previously known under the code names BOL-303259-X, NCX 116 and PF-03187207.

Latanoprostene bunod has been licensed to Bausch + Lomb since March 2010 (see section 6.2.1). Following positive efficacy results observed in two Phase 3 trials in September 2014, Valeant submitted an NDA to the US FDA in July 2015. The FDA accepted this NDA for filing and set an action date of July 21, 2016 to complete its review, as per the Prescription Drug User Fee Act (PDUFA). On July 21, 2016, the FDA sent a Complete Response Letter in response to the NDA for the latanoprostene bunod ophthalmic solution 0.024%. raising issues regarding Current Good Manufacturing Practice (CGMP) at Bausch + Lomb's manufacturing facility in Tampa, Florida. The FDA's letter, as a response to a New Drug Application (NDA), did not identify any efficacy or safety concerns or additional clinical trials needed for the approval of the new drug application for latanoprostene bunod. Bausch + Lomb received a letter from the FDA concerning a new NDA for the US market. Bausch + Lomb et Nicox S.A. resubmitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) seeking approval for latanoprostene bunod ophthalmic solution, 0.024%. The U.S. Food and Drug Administration (FDA) set a PDUFA date of August 24, 2017 for its decision on the NDA. . Bausch + Lomb anticipates a launch mid-2017, subject to regulatory approval.

About glaucoma

Glaucoma is a group of ocular diseases in which the optic nerve is injured, leading to peripheral and, ultimately, central visual field loss. Glaucoma can eventually lead to blindness if not treated. Glaucoma can eventually lead to blindness if not treated. Glaucoma is frequently linked to abnormally high pressure in the eye (intraocular pressure, IOP), due to blockage or malfunction of the eye's drainage system. Abnormally high IOP does not usually cause any symptoms itself, but it can lead to optic nerve damage and vision loss if left untreated. Several large trials have demonstrated that reducing IOP can prevent the progression of glaucoma in both early and late stages of the disease. Current medications are targeted at reducing IOP to slow the progression of the disease. Numerous eye drops are available to either decrease the amount of fluid produced in the eye or improve its flow out of the eye[1]. A significant portion of patients with elevated IOP requires more than one medication to lower and maintain their IOP within target levels, highlighting the need for more effective treatments.

1 American Academy of Ophthalmology® (AAO) Preferred Practice Pattern® (PPP), Prum BE, Rosenberg LF, Gedde SJ, et al. Primary open-angle glaucoma Preferred Practice Pattern® guidelines. Ophthalmology. 2016 cited 2016 Jul 18;123(1):P41–P111

In 2010, open-angle glaucoma, the most common form of glaucoma, was estimated to affect more than eight million individuals in seven major worldwide markets, United States, Japan, United Kingdom, France, Germany, Italy and Spain[2]. In 2015, treatments targeting glaucoma represented approximately 18 % of the global ophthalmic drug market, for a total of $4.2 billion[3]. The U.S. glaucoma market by itself represents around $2.3 billion per year of the global glaucoma market[4].

Open-angle glaucoma, is the most common form of glaucoma, affecting approximately 3.5% of the worldwide population between 4 and 80 years of age [5]. In the United States, an estimated 2.71 million patients have glaucoma (2011), with protections for 7.32 million cases in 2050[6].

2 The Ophthalmic Pharmaceutical Market Outlook to 2016, Business Insight, September 2011.

3 Ophthalmic Drugs Market Forecast 2016-2026, published by visiongain.

4 The Glaucoma Drugs Market: Opportunities, Challenges, Strategies & Forecasts, SNS Research; Market Intelligence & Consultancy Solutions, 2016

5 YC, Li X, Wong TY, et al. Global prevalence of glaucoma and projections of glaucoma burden through 2040: a systematic review and meta-analysis. Ophthalmology. 2014 Nov;121(11):2081–2090.

6 TS, Wu S, Torres M, et al. The changing face of primary open-angle glaucoma in the United States: demographic and geographic changes from 2011 to 2050. Am J Ophthalmol. 2012 Aug;154(2):303–314.e3.

The mechanism of action of latanoprostene bunod

Prostaglandin analogs, a treatment frequently prescribed for lowering IOP for patients with open-angle glaucoma or ocular hypertension have an mode of action which primarily has a positive impact on the activity of matrix metalloproteinases. In so doing, widening the interstitial spaces of the ciliary muscle, it contributes to a better resorption of the aqueous humor.[7,8]. The conventional (trabecular meshwork/Schlemm's canal) pathway is generally the limiting factor in aqueous humor outflow and the flow of the aqueous humor is decreased in glaucoma. As the conventional pathway is known to be NO sensitive[9,10], Nicox's research team looked to create a compound that would release both a prostaglandin analog targeting the nonconventional pathway and NO targeting the conventional pathway. Through investigating this mechanism, latanoprostene bunod was invented in Nicox's research center in Italy. Latanoprostene bunod is an NO-donating version of an existing drug, latanoprost, which belongs to the category of prostaglandin F2-alpha analogs. Latanoprostene bunod is metabolized, after application on the ocular surface, into latanoprost acid and another substance which is then further metabolized to release NO[11].

Nonclinical data demonstrated that latanoprostene bunod lowers IOP to a greater extent than latanoprost in multiple animal models[12]. Bausch + Lomb conducted pre-clinical studies to investigate the effect of latanoprostene bunod on primary human trabecular meshwork cell contractility to determine whether latanoprostene bunod might mediate this additional IOP lowering via the conventional outflow pathway. Results from these pre-clinical studies, support the concept that latanoprostene bunod has a dual-mode action and may target both aqueous outflow pathways in vivo to lower IOP in patients with glaucoma or ocular hypertension as shown in the figure below. These results, published in 2015 in the *Journal of Investigative Ophthalmology & Visual Science*[13] support the concept that latanoprostene bunod has a dual-mode action and may target both aqueous outflow pathways in vivo to lower IOP in patients with glaucoma or ocular hypertension as shown below.

7 Toris CB, Gabelt BT, Kaufman PL. Update on the mechanism of action of topical prostaglandins for intraocular pressure reduction. Surv Ophthalmol. 2008;53(suppl 1);S107–120.

8 Winkler NS, Fautsch MP. Effects of prostaglandin analogues on aqueous humor outflow pathways. J Ocul Pharmacol Ther. 2014;30:102–109.

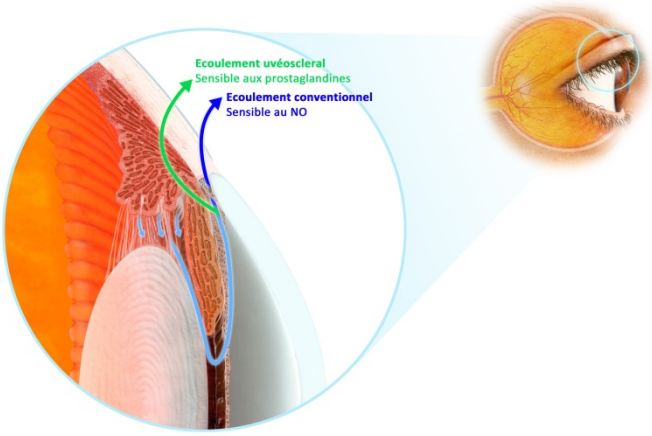
9 Becquet F, Courtois Y, Goureau O. Nitric oxide in the eye: multifaceted roles and diverse outcomes. Surv Ophthalmol. 1997;42:71-82.

10 Cavet ME, Vittitow JL, Impagnatiello F, Ongini E, Bastia E. Nitric oxide (NO): an emerging target for the treatment of glaucoma. Invest Ophthalmol Vis Sci. 2014;55:5005-5015.

11 Krauss AH, Impagnatiello F, Toris CA, Gale D, Prasanna D, Borghi V, Chiroli V, Chong WK, Carreiro S, Ongini E. Ocular Hypotensive Activity of BOL 303259 X, a Nitric Oxide Donating Prostaglandin- F2 agonist, in Preclinical Models, Exp Eye Res 2011, 93: 250-255.

12 Krauss AH, Impagnatiello F, Toris CA, Gale D, Prasanna D, Borghi V, Chiroli V, Chong WK, Carreiro S, Ongini E. Ocular Hypotensive Activity of BOL 303259 X, a Nitric Oxide Donating Prostaglandin- F2 agonist, in Preclinical Models, Exp Eye Res 2011, 93: 250-255.

13 Cavet ME, Vollmer TR, Harrington KL, VanDerMeid K, Richardson ME, Regulation of Endothelin-1–Induced Trabecular Meshwork Cell Contractility by Latanoprostene Bunod. Invest Ophthalmol Vis Sci. 2015, 56(6):4108-16.



Clinical Data

In January 2013, Bausch + Lomb initiated a program of Phase 3 clinical trials with latanoprostene bunod ophthalmic solution, 0.024% with positive top-line results announced in September 2014. Bausch + Lomb had previously conducted a dose-ranging Phase 2b study, which ended in December 2011 with positive results. Two Phase 2 trials had already been completed in patients with glaucoma and ocular hypertension by Nicox's former partner Pfizer Inc. (see section 6.2.1).

Results from the pivotal Phase 3 trials conducted by Bausch + Lomb

Bausch + Lomb initiated a program of Phase 3 trials, including two separate randomized, multi-center, double-masked, parallel-group clinical trials. These two studies, APOLLO and LUNAR, were designed to compare the efficacy and safety of latanoprostene bunod ophthalmic solution 0.024% administered once daily in the evening against timolol maleate ophthalmic solution 0.5%, a non-selective beta-adrenergic receptor blocking agent, administered twice daily in lowering IOP, in patients with open-angle glaucoma or ocular hypertension. The primary endpoint of both trials, which included a combined total of 840 patients, was the reduction in mean IOP measured at specified time points during three months of treatment. The Phase 3 trials are intended to support the basis for U.S. approval and were conducted in North America and Europe.

The primary endpoint of non-inferiority of latanoprostene bunod to timolol maleate 0.5% was achieved in both Phase 3 trials. Additionally, in both studies, latanoprostene bunod showed a reduction in mean IOP at three months of study of 7.5 to 9.1 mmHg from the baseline. This IOP effect was statistically superior ($p < 0.05$) to timolol in both trials (pooled data). Latanoprostene bunod also showed positive results on a number of secondary endpoints. There were no significant adverse safety events in either study for latanoprostene bunod.

Results of the APOLLO Phase 3 study conducted by Bausch + Lomb

Results of the APOLLO phase 3 study were published in the scientific journal, Ophthalmology[14] in 2016 and were presented at the American Glaucoma Society (AGS) Annual Meeting[15] held on March 3 to 6, 2016, in Fort Lauderdale, Florida (AGS 2016).

14 Weinreb RN, Scassellati Sforzolini B, Vittitow J, Liebmann J. Latanoprostene Bunod 0.024% versus Timolol Maleate 0.5% in Subjects with Open-Angle Glaucoma or Ocular Hypertension, The APOLLO Study. Ophthalmology, in press, available online 11 February 2016. doi:10.1016/j.ophtha.2016.01.019.

The APOLLO study was a phase 3, multi-center, double-masked, parallel-group, non-inferiority study which compared the effect of latanoprostene bunod ophthalmic solution 0.024% with timolol maleate ophthalmic solution 0.5% on IOP, in subjects with open-angle glaucoma or ocular hypertension.

Patients with open-angle glaucoma or ocular hypertension in one or both eyes were randomized (2:1) to either latanoprostene bunod administered once a day in the evening (qPM) or timolol administered twice a day (BID) for three months. IOP was measured at nine time points: 8am, 12pm, and 4pm at 2 weeks, 6 weeks, and 3 months post-randomization (primary efficacy endpoint). Secondary efficacy endpoints included the proportions of subjects with IOP ≤18 mmHg and IOP reduction ≥25%.

Of 420 randomized subjects, 387 completed the 3-month efficacy phase (latanoprostene bunod 0.024%, n=264; timolol 0.5%, n=123). At all 9 time points, the change from baseline in IOP was significantly lower with latanoprostene bunod (range, -7.7 to -9.1 mmHg) than with timolol (range, -6.6 to -8.0 mmHg; all p≤0.002) and the difference in IOP between treatments exceeded 1 mmHg at all time points. The percentage of subjects with mean IOP ≤18 mmHg or IOP reduction ≥25% for all points measurement was higher in the latanoprostene bunod group vs. the timolol group (mean IOP ≤18 mmHg: 22.9% vs. 11.3%, p=0.005; IOP reduction ≥25%: 34.9% vs. 19.5%, p=0.001). Adverse events were similar in both treatment groups.

Results of the LUNAR Phase 3 study

Detailed phase 3 data from the LUNAR study were published in 2016 in the *American Journal of Ophthalmology* (Medeiros FA, Martin KR, Peace J, Sforzolini BS, Vittitow JL, Weinreb RN. Comparison of Latanoprostene Bunod 0.024% and Timolol Maleate 0.5% in Open-Angle Glaucoma or Ocular Hypertension, The LUNAR Study. American Journal of Ophthalmology, 2016 Aug;168:250-9) and as a poster at ARVO 2016 (ARVO 2016 May 1-5, Seattle WA Poster# 3035 – A0384).

The LUNAR study was a phase 3, multicenter, double-masked, parallel-group, non-inferiority study which compared the effect of latanoprostene bunod ophthalmic solution 0.024% with timolol maleate ophthalmic solution 0.5% on intraocular pressure (IOP) in subjects with open-angle glaucoma or ocular hypertension.

Patients with open-angle glaucoma or ocular hypertension in one or both eyes were randomized (2:1) to either latanoprostene bunod administered once a day in the evening (qPM) or timolol administered twice a day (BID) for three months. IOP was measured at nine time points: 8am, 12pm, and 4pm at 2 weeks, 6 weeks, and 3 months post-randomization (primary efficacy endpoint). Secondary efficacy endpoints included the proportions of subjects with IOP ≤18 mmHg and IOP reduction ≥25%.

Of 420 randomized subjects, 387 completed the 3-month efficacy phase (latanoprostene bunod 0.024%, n=259; timolol 0.5%, n=128). In 8 out of the 9 time points, the change from baseline in IOP was significantly lower with latanoprostene bunod (range, -7.5 to -8.8 mmHg) than with timolol (range, -6.6 to -7.9 mmHg) and statistically significant (p≤0.025) at all but the first time point in the study (Week 2, 8AM) where latanoprostene bunod was not statistically significantly different from timolol (8.3mmH vs 7.9mmHg, P=0.216). The percentage of subjects with IOP reduction ≥25% at all 9 time points was significantly higher in the latanoprostene bunod group *vs.* the timolol group (31.0% vs. 18.5%, p=0.007). However, the percentage of subjects with mean IOP ≤18 mmHg was not statistically significantly different between the two groups (17.7% *vs.* 11.1%, p=0.084). Adverse events reported in the latanoprostene bunod group were similar in nature to those observed with other prostaglandin analogs. Events of conjunctival hyperemia, irritation and ocular pain, appeared more frequent in the latanoprostene bunod group.

Results from these two studies demonstrated that latanoprostene bunod 0.024% qPM was well tolerated and more effective in reducing IOP than timolol 0.5% BID in patients with open-angle glaucoma or ocular hypertension.

Benefits associated with lowering IOP

15 Vittitow J, Liebmann JM, Weinreb R. The effect of Latanoprostene Bunod 0.024% vs. Timolol Maleate 0.5% on Lowering Intraocular Pressure in Patients with Open-Angle Glaucoma or Ocular Hypertension: the APOLLO Study. Poster PO086, American Glaucoma Society (AGS) 2016 Annual Meeting. http://sched.co/5zUx.

The lowering of IOP is correlated with a reduced risk of the development of glaucoma for patients with open-angle glaucoma with ocular hypertension and visual field loss for patients with open-angle glaucoma, with each mmHg in lowering IOP resulting in a reduction in the progression of open-angle glaucoma by approximately 10% to 20% . Patients with open-angle glaucoma reaching the IOP target value have a significantly reduced risk of the progression of the illness.[16]

Results of the Phase 2b study conducted by Valeant

Bausch + Lomb conducted a randomized, investigator-masked Phase 2b study to identify the most efficacious and safe dose of latanoprostene bunod for the reduction of IOP. These Phase 2b results were published in 2015 in the British Journal of Ophthalmology[17].
The study enrolled 413 patients across 23 sites in the United States and Europe. Patients were randomized to receive either latanoprostene bunod (various concentrations) or latanoprost 0.005 % once a day in the evening for 28 days.

The phase 2b study met its primary efficacy endpoint and showed positive results on a number of secondary endpoints. The primary efficacy endpoint was the reduction in mean diurnal IOP on day 28. Latanoprostene bunod consistently lowered IOP in a dose-dependent manner. All four doses tested showed greater IOP reduction compared with latanoprost at a dose of 0.005%, with the differences for two of the four doses reaching more than one mmHg (statistical significance: $p<0.01$).

The most efficacious dose of latanoprostene bunod also showed positive results on secondary endpoints, including consistently better control of IOP over 24 hours on day 28, as well as a statistically significant greater percentage of responders versus latanoprost at a concentration of 0.005%, defined as patients achieving an IOP of 18 mmHg or less. The responder rate was nearly 70 % for the most efficacious dose of latanoprostene bunod, compared to less than 50 % for latanoprost 0.005 % ($p<0.05$).

The safety assessment indicated that latanoprostene bunod at concentrations from 0.006% to 0.040% dosed once daily for 28 days was well tolerated, although associated with slightly more treatment-emergent adverse events overall in the 0.040% treatment group compared to lower concentrations. Hyperaemia, a common adverse event of IOP-lowering treatment, did not appear to differ across treatments. Instillation site pain, occurring more frequently with latanoprostene bunod treatments, did not affect compliance.

Additional Phase 2 study conducted by Valeant

Valeant conducted a complementary Phase 2 study called CONSTELLATION to study the effect of latanoprostene bunod ophthalmic solution 0.024% on IOP lowering over a 24-hour period, and notably overnight. Results from this study were presented at the Association for Research in Vision and

16 The Advanced Glaucoma Intervention Study (AGIS): 7. The relationship between control of intraocular pressure and visual field deterioration. The AGIS Investigators. Am J Ophthalmol. 2000 Oct;130(4):429–440. Leske MC, Heijl A, Hussein M, et al., Early Manifest Glaucoma Trial Group. Factors for glaucoma progression and the effect of treatment: the early manifest glaucoma trial. Arch Ophthalmol. 2003 Jan;121(1):48–56. Heijl A. Glaucoma treatment: by the highest level of evidence. Lancet. 2015 Apr 4;385(9975):1264–1266. Garway-HeathD.F. Latanoprost for open-angle glaucoma (UKGTS): a randomized, multicentre, placebo-controlled trial. Lancet 2015; 385: 1295–304

17 Weinreb RN, Ong T, Scassellati Sforzolini B, Vittitow JL, Singh K, Kaufman PL. A randomized, controlled comparison of latanoprostene bunod and latanoprost 0.005% in the treatment of ocular hypertension and open-angle glaucoma: the VOYAGER study. Br J Ophthalmol. 2015, 99(6):738-45.

Ophthalmology, or ARVO[18], 2014 congress, at the American Glaucoma Society, or AGS[19], 2015 congress, and at the World Glaucoma Congress, or WGC, 2015[20].

The objective of the study was to compare the effect of latanoprostene bunod ophthalmic solution 0.024 % (*qPM*: given once daily in the evening) with timolol maleate ophthalmic solution 0.5 % (*bid*: given twice a day) in reducing 24-hour IOP in subjects with open-angle glaucoma or ocular hypertension. This was a randomized, single-center, open-label, eight-week study with crossover at four weeks, in 20 subjects at the University of California, San Diego. Subjects were randomized to receive either latanoprostene bunod 0.024% once a day or timolol maleate 0.5% twice a day for four weeks and were crossed over to the alternate treatment for another four weeks. IOP and arterial blood pressure were measured every two hours for 24 hours at the baseline, week four and week eight study visits.

Whereas both treatments lower diurnal IOP compared to the baseline*** ($p<0.001$), only latanoprostène bunod reduces nocturnal IOP in relation to the baseline. ($p\leq0.002$), suggesting that treatment by latanoprostène bunod is capable of lowering IOP more effectively and on a more sustained basis over 24 hours[17]. Furthermore, latanoprostene bunod treatment resulted in better ocular perfusion pressures (OPP), compared to the baseline during the diurnal period and compared to timolol during the nocturnal period ($p\leq0.002$)[17]. A low OPP has been identified as a risk factor in the progression of open-angle glaucoma[21]. In this study, latanoprostène bunod thus reduced IOP without negative effects on average arterial pressure, resulting in better PPO compared to the baseline in the day and timolol at night[22]. The capacity of latanoprostène to improve OPP by reducing IOP in a sustained manner over a 24-hour period may represent a benefit in the treatment of patients with open-angle glaucoma or ocular hypertension[17].

Japanese trials

18 Liu JH, Vittitow JL, Ngumah Q, Weinreb RN. Efficacy of Latanoprostene Bunod Ophthalmic Solution 0.024% Compared With Timolol Maleate Ophthalmic Solution 0.5% in Lowering IOP over 24 hours in Subjects With Open-Angle Glaucoma or Ocular Hypertension. Abstract 3549. Presented at ARVO 2014.

19 Liu J, Vittitow J, Sforzolini B, Weinreb R. Effect of Latanoprostene Bunod Compared with Timolol Maleate on Ocular Perfusion Pressure in Subjects with Open-Angle Glaucoma or Ocular Hypertension (CONSTELLATION). Invest Ophthalmol Vis Sci 2014;55:E-abstract 3549. Presented at AGS 2015.

20 Scassellati Sforzolini B, Vittitow J, Weinreb R. Efficacy of VESNEO (Latanoprostene Bunod Ophthalmic Solution, 0.024%) Compared with Timolol Maleate Ophthalmic Solution 0.5% in Subjects with Open-Angle Glaucoma or Ocular Hypertension. Abstract RF-T-02-07. Presented at WGC 2015.

21 Tielsch JM, Katz J, Sommer A, et al. Hypertension, perfusion pressure, and primary open-angle glaucoma. A population-based assessment. Arch Ophthalmol. 1995;113(2):216–221.

Bonomi L, Marchini G, Marraffa M, et al. Vascular risk factors for primary open angle glaucoma: the Egna-Neumarkt study. Ophthalmology. 2000;107:1287-1293.

Leske MC. Ocular perfusion pressure and glaucoma: clinical trial and epidemiologic findings. Curr Opin Ophthalmol. 2009 Mar;20(2):73–78.

Schmidl D, Garhofer G, Schmetterer L. The complex interaction between ocular perfusion pressure and ocular blood flow relevance for glaucoma. Exp Eye Res. 2011 Aug;93(2):141–155.

22 Liu J.H.K. et al. Efficacy of Latanoprostene Bunod 0.024% Compared With Timolol 0.5% in Lowering Intraocular Pressure Over 24 Hours. Am J Ophthalmol 2016;169:249–257

Bausch + Lomb completed a Phase 1 clinical trial called KRONUS. This was a single-arm, single-center, open-label, clinical study on 24 healthy Japanese male volunteers. Results from this study were published in 2015 in *Advances in Therapy*[23].

The objective of the KRONUS study was to evaluate the effect of latanoprostene bunod ophthalmic solution 0.024% in reducing and maintaining IOP over 24 hours in healthy Japanese subjects. A baseline 24-hour profile was established by measuring IOP in both eyes at 8pm, 10pm, 12am, 2am, 4am, 8am, 10am, 12pm and 4pm. IOP was then measured at the same time points after 14 days of treatment with latanoprostene bunod 0.024%, given once a day in the evening (*qPM*). In this study, the IOP of voluntary healthy Japanese subjects was significantly lowered over the entire 24-hour period. IOP decline from13.6 to 10.0 mmHg or 27% over the 24-h period.

These results suggest the potential of this compound to provide sustained 24-hour IOP reduction to glaucoma patients not only with elevated IOP, but also with normal IOP. Studies of latanoprostene bunod ophthalmic solution 0.024% in patients diagnosed with normal tension glaucoma are warranted.

Bausch + Lomb also completed a phase 3 clinical study on the long-term safety of the product, called JUPITER[24]. The data of this study was published in *Advances in Therapy* and were incorporated into the US NDA as additional safety data. In addition to demonstrating the product's long-term safety it also evaluated the lasting reduction of IOP based on a study of a cohort open to Japanese patients with open-angle glaucoma or ocular hypertension. The treatment with latanoprostène bunod ophthalmic solution 0.024%, given once a day in the evening (*qPM*) lowered mean IOP from 19.6 (baseline) to 15.3 mmHg (a 22% reduction) after 4 weeks of treatment. Reductions in IOP greater than 22% were maintained for all visits up to 12 months of monitoring with an average IOP at one year of 14.4 mmHg (N = 121)[25].

A confirmatory efficacy study is expected to be required for the registration of latanoprostene bunod ophthalmic solution 0.024% in Japan.

ZERVIATE (AC-170)

Overview

(N = 121) is a novel formulation of cetirizine, the active ingredient in Zyrtec®[26], being developed for the first time for topical application in the eye. ZERVIATE is the brand name provisionally approved by the US FDA for (AC-170). Cetirizine is a second generation antihistamine and mast cell stabilizer that binds competitively to histamine receptor sites to reduce swelling, itching and vasodilation. Cetirizine, as an approved oral drug, has a well-characterized systemic safety and efficacy profile with worldwide exposure representing more than 300 million patient-years.[27,28,29] ZERVIATE (AC-170) was developed for the treatment of ocular pruritus (itchy eyes) associated with allergic conjunctivitis.by Aciex Therapeutics, Inc., which became a wholly-owned subsidiary of Nicox in October 2014 and was

23 Araie M. Scassellati Sforzolini B, Vittitow J, Weinreb RN. Evaluation of the Effect of Latanoprostene Bunod Ophthalmic Solution, 0.024% in Lowering Intraocular Pressure over 24h in Healthy Japanese Subjects. Adv Ther 2015 ; 32 : 1128-39, in press, published online 12 November 2015.

24 https://clinicaltrials.gov/ct2/show/NCT01895972.

25 Kawase, K., et al, Long-term Safety and Intraocular Pressure Lowering Efficacy of Latanoprostene Bunod 0.024% in Japanese Subjects with Open-Angle Glaucoma or Ocular Hypertension: the JUPITER Study, Abstract 3037 - A0386, ARVO 2016.

26 Zyrtec® is a trademark of UCB Pharma SA or GlaxoSmithKline.

27 ZYRTEC® (Cross-discipline team-leader review).

28 Charlesworth, E.N., et al., Effect of cetirizine on mast cell-mediator release and cellular traffic during the cutaneous late-phase reaction. J Allergy Clin Immunol, 1989. 83(5): p. 905-12.

29 Levi-Schaffer, F. and R. Eliashar, Mast cell stabilizing properties of antihistamines. J Invest Dermatol, 2009. 129(11): p. 2549-51.

subsequently renamed Nicox Ophthalmics, Inc. Nicox submitted a New Drug Application for AC-170 to U.S. FDA in April 2016 and the FDA assigned a Prescription Drug User Fee Act (PDUFA) goal date of October 18, 2016 to finalize the review of the file. On October 10, 2016 Nicox announced that it received a Complete Response Letter (CRL) from the US FDA relating to the NDA for ZERVIATE (AC-170). The FDA's stated reason for the CRL pertains solely to a Good Manufacturing Practice (GMP) inspection at a third party facility producing the active pharmaceutical ingredient (API) cetirizine and supplying it to the manufacturer of the finished product. The safety and efficacy data submitted by Nicox in the ZERVIATE (AC-170) NDA has not resulted in the FDA requesting any further clinical or non-clinical testing for the approval of the AC-170 NDA. Furthermore, the CRL did not include any concerns related to the finished product manufacturing facility.

On March 8, 2017, Nicox resubmitted the New Drug Application (NDA) for ZERVIATE (AC-170). Nicox received confirmation that the FDA's Current Good Manufacturing Practice (CGMP) concerns surrounding the production site of the active pharmaceutical ingredient had been resolved. Once resubmitted, the FDA has 30 days to acknowledge its receipt, state the classification, and provide the due date for action, with a maximum review period of 6 months if the resubmission is a Class 2 resubmission.

Regulatory requirements for anti-allergic products are different between Europe and the United States. Therefore, Nicox plans to meet with the EMA or with national regulatory authorities to discuss next steps towards a potential European approval.

The company is seeking to implement a license agreement for the commercialization of ZERVIATE (AC-170) in the United States.

About allergic conjunctivitis

Allergic conjunctivitis occurs when an allergic reaction causes conjunctivitis. Conjunctivitis is an inflammation of the thin layer of tissue that lines the white surface of the eye and the inner surface of the eyelids. It is a common eye disease, especially in children, and may affect one or both eyes. The signs and symptoms may include eye redness, excessive watering, itchy burning eyes, discharge, blurred vision and increased sensitivity to light. Conjunctivitis can be caused by a viral or bacterial infection, or can be the result of an allergic reaction.

It is estimated that more than 75 million adults suffer from allergic conjunctivitis in the United States[30] and the prevalence of allergic conjunctivitis in the United States is approximately 20% to 40%[31,32.]. The annual U.S. market for the treatment of allergic conjunctivitis totals $800 million[33].

Clinical Data

Two Phase 3 safety and efficacy trials have been completed by Ora, Inc. (North Andover, MA) using the Ora-CAC® (Conjunctival Allergen Challenge) model ["Ora-CAC®" is a registered trademark of Ora, Inc.]. Two Phase 3 safety and efficacy trials have been completed by Ora, Inc. (North Andover, MA) using the Ora-CAC® (Conjunctival Allergen Challenge) model ["Ora-CAC®" is a registered trademark of Ora, Inc.] of allergic conjunctivitis. In this model, participants are artificially submitted to the allergen so that their allergic reaction can be measured in a controlled setting.

Both Phase 3 clinical trials have demonstrated statistically significant results for ZERVIATE (AC-170) over vehicle control for the primary endpoint of ocular itching. Vehicle control is a solution containing

30 Global Data : Allergic Conjunctivitis Market Analysis, September 2014.

31 Nathan RA, Meltzer EO, et al. Prevalence of allergic rhinitis in the United States. J Allergy Clin Immunol 1997; 99(6)2:S808S814.

32 Singh K, et al. Epidemiology of ocular and nasal allergy in the United States, 1988-1994. Journal of Allergy and Clinical Immunology; 2010. 126: 778–783.

33 IMS April 2014.

only the inactive ingredients of the ZERVIATE (AC-170) formulation, without the active pharmaceutical ingredient (cetirizine). Treatment emergent adverse events were similar in severity and frequency within the active and placebo groups.

The results from one of these two Phase 3 trials (NCT01881113) were presented at the Association for Research in Vision and Ophthalmology (ARVO)[34] 2014 annual congress. In this trial, a total of 101 subjects were enrolled at 3 sites and 87 completed the study. Subjects were randomized to receive bilateral ocular instillation of either ZERVIATE (AC-170) or vehicle ophthalmic solution. Subjects were challenged with allergen on two separate visits, once at 15 minutes post-instillation of ZERVIATE (AC-170) or vehicle and once at 8 hours post-instillation of AC-170 or vehicle. Primary efficacy measures were ocular itching, scored at 3, 5, and 7 minutes post-challenge and ocular hyperemia scored at 7, 15, and 20 minutes post-challenge. Subjects treated with ZERVIATE (AC-170) exhibited significantly lower ocular itching scores at both the onset and duration of action visits compared to vehicle treated subjects (the difference was statistically significant) both at the first and the second visit post-instillation (3 measures per visit at 3, 5 and 7 minutes after exposure to the allergen).

NCX 4251

Overview

NCX 4251 is a novel suspension of fluticasone propionate nanocrystals, being developed for the first time as a topical treatment for acute exacerbation of blepharitis. This nano-crystalline form of fluticasone propionate is being developed for the first time for topical treatment via an applicator swab at the eyelid margin as shown in the picture below.

Fluticasone, which has not previously been approved in a topical formulation for use in ophthalmology, has an affinity for the glucocorticoid receptor which is approximately 10 times greater than dexamethasone[2,3], a corticosteroid used extensively in ophthalmology. Fluticasone propionate is a glucocorticoid with potent anti-inflammatory properties that has been approved in numerous drug products over the past 20 years for the treatment of various indications including dermatology, rhinitis and asthma.

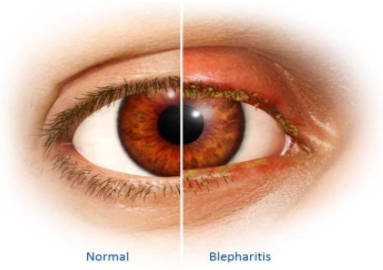
NCX 4251 is protected under the technology developed by Aciex Therapeutics, Inc., a company which was acquired by Nicox in 2014 and renamed Nicox Ophthalmics, Inc. This technology can be used to repurpose existing drugs by producing novel, patentable nanocrystalline forms. Approval of a New Drug Application (NDA) for NCX 4251 on or before 1st July 2021 would trigger a milestone payment of up to $10 million in Nicox shares to former shareholders of Aciex Therapeutics, Inc

34 Gomes PJ, Raval Y, Schoemmell E, Welch DL. Evaluation of the Onset and Duration of Action of Topical AC-170 (Cetirizine 0.24%) for the Prevention of Allergic Conjunctivitis. Association for Research in Vision and Ophthalmology (ARVO) 2014, Poster number C0010.

Based on the extensive safety data available for fluticasone propionate, the development of NCX 4251 is expected to proceed via a 505(b)(2) regulatory pathway. A successful pre-IND meeting was held with the U.S. FDA in late 2016, clearing the path for an IND filing in 2017.

About Blepharitis

Blepharitis is a condition where the edges of the eyelids become red and swollen, as shown in the picture below.



Blepharitis occurs in two forms:

- Anterior blepharitis affects the outside front of the eyelids, where the eyelashes are attached, and is most commonly caused by bacteria and skin desquamation.

- Posterior blepharitis affects the inner eyelids, the moist part which makes contact with the eye, and is most commonly caused by problems with the oil glands. Acne rosacea and scalp dandruff can also cause posterior blepharitis[35].

Because blepharitis often coexists with other related conditions, such as dry eye, it is difficult to study and there is little consensus on the prevalence of the disease. Studies do show, however, that blepharitis is one of the most common conditions encountered in clinical practice [36]. Of patients seen by ophthalmologists and optometrists, 37% and 47% , respectively, present with signs of the disease.

There is currently no FDA-approved prescription treatment for this disease, which limits Nicox's ability to estimate prevalence and market size. Treatment options include lid hygiene products, anti-inflammatories, antibiotics, and combination anti-inflammatory and antibiotic agents. The annual U.S. revenues for existing products prescribed for blepharitis in these three submarkets total more than $500 million[37]. Surveys reveal that ophthalmologists consider anti-inflammatory activity to be the most important product attribute when selecting a treatment for both forms of blepharitis, which supports the development of NCX 4251[38].

NO-donating Product Candidates

Overview

35 nei.nih.gov/health/blepharitis/blepharitis.

36 Lemp MA, Nichols KK. Blepharitis in the United States 2009: a survey-based perspective on prevalence and treatment. Ocul Surf. 2009; (2 Suppl):S1-S14.

37 Market made up of products from USC categories; 61110, 61120, 61411, 61412 and 61413 known for use in blepharitis. IMS NDTI July MAT 2007-2015 and IMS NPA April 2015 MAT in U.S. Dollars.

38 Lemp MA, Nichols KK. Blepharitis in the United States 2009: a survey-based perspective on prevalence and treatment. Ocul Surf. 2009; (2 Suppl):S1-S14.

Nicox considers it has developed a leading global position in the therapeutic application of nitric oxide (NO) donating molecules, based on a R&D platform that creates new molecular entities ("NMEs"). Nicox's compounds, known as nitric oxide (NO) donors***, are designed to release NO with a sustained pharmacological effect at the tissue level, to avoid the drawbacks of the rapid burst of NO associated with traditional nitrates. Consistent with Nicox's strategic positioning in ophthalmology, Nicox's research platform is focused on ocular diseases where NO has been shown to play an important role. With this approach, Nicox seeks to develop new drugs with a strong potential in the ophthalmic field, in collaboration with external research centers.

Rationale for using NO in ophthalmology

NO is an endogenous cell signaling molecule which plays a fundamental role in physiology and has been the object of strong scientific interest for many years. The connection between certain diseases and a deficiency in the production of NO is widely accepted by the medical community. This creates an opportunity to develop new pharmacological treatments that release NO when the human body is not able to generate it in sufficient quantities to ensure proper functioning of biological processes.

NO is present in the ocular tissue, together with other compounds involved in the NO signaling cascade. Studies have shown that topical or systemic administration of traditional NO-donors (nitroglycerine, isosorbide dinitrate) reduces IOP, thus reinforcing the role of NO in IOP regulation. This is of particular interest in the field of glaucoma, which is often associated with an increase of IOP and which can result in blindness if left untreated.

Data suggest that NO is involved in the regulation of IOP. Several studies conducted in animal models as well as in humans show that the release of NO reduces the IOP. The positive Phase 2b and 3 results obtained with latanoprostene bunod confirm the potential of Nicox's NO-donating research platform in the ophthalmic area.

NCX 470

NCX 470 is a novel NO-donating bimatoprost analog. Bimatoprost (marketed under the brand name Lumigan by Allergan, Inc.) is one of the leading products in the class of prostaglandin analogs, the most widely used class of IOP lowering drugs. NCX 470 is designed to donate both bimatoprost and nitric oxide when applied to the surface of the eye. The Company considers that this approach should proved to be more effective in lowering intraocular pressure than with a bimatoprost dose by itself

Promising results with NCX 470 were presented at ARVO 2015 in three pre-clinical models of glaucoma and ocular hypertension[39]. In all three models, NCX 470 appeared well-tolerated and more effective in reducing IOP than bimatoprost when tested in a solution containing an equivalent number of molecules. Notably, in a pre-clinical model in which prostaglandin analogs are known to be inactive, NCX 470 lowered IOP, suggesting that its NO-donating part of the molecule produces an IOP-lowering effect.

Based on the positive Phase 3 results for latanoprostene bunod and increased interest in the potential of NO-donors in ophthalmology, Nicox's board of directors has selected NCX 470 as the lead follow-on glaucoma candidate for internal development. Nicox held a pre-Investigational New Drug (IND) meeting with the U.S. Food and Drug Administration (FDA) at the end of 2016. Based on the feedback from this meeting, Nicox is currently finalizing the design of a first-in-human trial for NCX 470 which will be a Phase 2 multi-center, investigator masked, 28-day, parallel group, dose-finding study in adult subjects with elevated IOP due to open-angle glaucoma or ocular hypertension. The primary endpoint of the study is the mean reduction in IOP, and the objective is to identify the appropriate safe and effective dose of

39Impagnatiello F, Bastia E, Toris CB, Krauss AH, Prasanna G, Ongini E, NCX 470, a nitric oxide (NO)-donating bimatoprost lowers intraocular pressure in rabbits, dogs and non-human primate models of glaucoma. Abstract No. 5809. Presented at ARVO 2015.

NCX 470 to be taken into Phase 3 studies. Recruitment of subjects is expected to begin in early 2018, subject to IND filing and acceptance, and the study is expected to take approximately 1 year to complete.

Stand-alone NO-donors

Nicox's first-generation research platform has generated compounds presenting a more important reduction in intraocular pressure (IOP) than the original active compounds resulting from the additional mechanism of action associated with nitric oxide. However, this first-generation research platform is limited by constraints on the quantity of NO that is released, since this quantity is directly related to the dose of the associated drug. Nicox's research team has developed novel new class of next-generation patentable stand-alone NO-donors which are designed to optimize NO dosing and enable intra-ocular pressure (IOP) lowering in patients with open angle glaucoma (OAG) or ocular hypertension when given alone or in combination with existing standard treatments as well as for potentially reducing adverse side effects compared to "traditional" NO-donor compounds.

Nicox is focusing Nicox's research efforts on ocular disorders where NO plays a major role as a modulator, such as glaucoma and ocular hypertension. NCX 667, the lead nitric oxide (NO)-donating compound has already demonstrated promising pre-clinical results. NCX 667 effectively lowers intra-ocular pressure (IOP) in rabbits and non-human primate models of glaucoma after single or repeated administration. NCX 667 appears to lower IOP by 20% or more in relation to the vehicle treatment regardless of the specific model and animal species used[40].

Furthermore, repeated dosing of NCX 667 in the course of a day or a week elicits sustained IOP-lowering activity over time with no signs of tachyphylaxis or ocular discomfort.

Certain results were selected by the ARVO 2015 Annual Meeting Program Committee as a 'Hot Topic', representing one of the newest and most innovative researches being conducted[41]. Nicox is planning to develop these candidates originating from this program in collaboration with an ocular drug delivery technology company.

AC-120

AC-120 is an eye drop that targets morning eyelid swelling (also known as 'puffy eyes'), a common complaint of aging individuals, particularly women, and a condition with a variety of causes. Nicox acquired AC-120, an OTC product, in October 2014 as part of the acquisition of Aciex Therapeutics, Inc., which was since renamed Nicox Ophthalmics, Inc. In January 2016, Nicox Ophthalmics, Inc and Ora, Inc, entered into a license agreement granting Ora exclusive worldwide rights to the development and commercialization of AC-120.

In a Phase 2 clinical program conducted by Aciex and Ora, treatment with AC-120 led to a reduction in morning eyelid swelling. AC-120 was also well tolerated, with no adverse effects noted.

NCX 4240

Overview

40NCX 667, a lead nitric oxide (NO)-donating compound for a new class of ocular hypotensive agents

F. Impagnatiello, E. Bastia, N. Almirante, C. Toris, C. Lanzi, E. Ongini, E. Masini, M.V.W Bergamini

Presentation at the Association for Ocular Pharmacology and Therapeutics, Florence (Italy) February 16-19, 2017.

41 Bastia E, Impagnatiello F, Almirante N, Lanzi C, Masini E, Toris C, Ongini E, NCX 667, a novel nitric oxide (NO) donor lowers intraocular pressure (IOP) in ocular normotensive and hypertensive eyes of rabbits and non-human primates. Abstract No. 1999-D0242. Presented at ARVO 2015 and selected as 'Hot Topic' by the ARVO 2015 Annual meeting Program Committee.

NCX 4240 is an innovative Carragelose anti-viral eye drop in development for viral conjunctivitis. Following the transfer of the Group's commercial operations to the newly founded pan-European ophthalmic specialty pharmaceutical company created by GHO Capital called VISUfarma in August 2016, Nicox retained the rights for NCX 4240 in the United States and Japan.

Carragelose (iota-carrageenan) is a sulfated galactose polymer extracted from red seaweed with unique anti-viral properties. It inhibits viruses from binding to and entering human cells, reducing viral replication and associated symptoms. Carragelose is already used in a variety of medical device products for cold and influenza including nasal sprays marketed in more than 17 countries. Carragelose has demonstrated anti-viral activity in pre-clinical studies, including with three of the most important adenovirus strains causing conjunctivitis[42]. The antiviral efficacy of Carragelose was demonstrated in clinical trials performed with a nasal spray in more than 450 patients with flu syndrome. Carragelose appeared to significantly reduce the viral load, with shorter duration of the disease and lower frequency of relapses (recurrence of illness after a symptom-free period). In addition, a low rate of adverse events was observed[43,44,45].

About viral conjunctivitis

Viral conjunctivitis is the most common overall cause of infectious conjunctivitis and symptoms include itching, tearing, burning, foreign body sensation, and sensitivity to light[46]. Viral conjunctivitis, in particular adenovirus, is highly contagious, and currently there are no approved treatments for shortening the duration of the disease. Adenovirus accounts for up to 90% of all cases of viral conjunctivitis[47.]

Other programs

Nicox has entered into a licensing agreement for naproxcinod with Fera Pharmaceuticals (see section 6.2.1)

Nicox is responsible for completing, at its own cost, the development and regulatory approval in Europe of product candidates transferred to VISUfarma. Nicox is eligible to receive reimbursement of some costs upon achievement of regulatory and commercial milestones associated with these product candidates.

6.2 Commercial, industrial, and financial contracts and intellectual property

The reader is invited to refer to section 4.1, dealing with risk factors relating to its dependence upon partners, collaboration agreements and external consultants.

42 Data on file, Marinomed Biotechnologie GmbH.

43 Eccles R, Meier C, Jawad M, Weinmüllner R, Grassauer A, Prieschl-Grassauer E, Efficacy and safety of an antiviral Iota-Carrageenan nasal spray: a randomized, double-blind, placebo controlled pilot study in volunteers with early symptoms of the common cold. Respiratory Research 2010, 11:108.

44 Fazekas T, Eickhoff P, Pruckner N, Vollnhofer G, Fischmeister G, Diakos C, Rauch M, Verdianz M, Zoubek A, Gadner H, Lion T, Lessons learned from a double-blind randomized placebo-controlled study with an iota-carrageenan nasal spray as medical device in children with acute symptoms of common cold. BMC Complementary and Alternative Medicine 2012, 12:147.

45 Ludwig M, Enzenhofer E, Schneider S, Rauch M, Bodenteich A, Neumann K, Prieschl-Grassauer E, Grassauer A, Lion T, Mueller CA, Efficacy of a Carrageenan nasal spray in patients with common cold: a randomized controlled trial. Respiratory Research 2013, 14:124.

46 Bialasiewicz A. Adenoviral Keratoconjunctivitis. Sultan Qaboos Univ. Med. Journ. 2007 April;7(1) :15-23.

47 O'Brien TP, Jeng BH, McDonald M, et al. Acute conjunctivitis: truth and misconceptions. Curr Med Res Opin. 2009 Aug; 25(8):1953-61.

6.2.1 Nicox's principal Strategic Alliances

The collaboration agreements are presented below in the alphabetical order.

Bausch + Lomb (Valeant)

In March 2010, Nicox signed a licensing agreement with Bausch + Lomb (a Valeant company), a leading eye health company, granting Bausch + Lomb exclusive worldwide rights to develop and market latanoprostene bunod (see section 6.1.5.1).

Bausch + Lomb is responsible for funding development and marketing activities and the two companies manage the collaboration through a joint executive committee. The agreement also grants Bausch + Lomb the exclusive worldwide rights to develop and market other products containing latanoprostene bunod, such as fixed-dose combinations, for the treatment of glaucoma and ocular hypertension.

Under the terms of the agreement, Bausch + Lomb made an initial license payment of $10 million to Nicox upon execution of the agreement. Bausch + Lomb made an additional $10 million milestone payment to Nicox in April 2012 following the decision to pursue further development of latanoprostene bunod after the Phase 2b study completion in late 2011.

Nicox stands to receive from Bausch + Lomb additional potential payments which could total $162.5 million, if certain regulatory and sales milestones are met, which would result in net milestone payments for Nicox of up to $132.5 million less payments due to Pfizer as part of the 2009 agreement (see below). Nicox would also receive potential net royalties on sales ranging from 6% to 11% following payments due to Pfizer.

In other respects, Nicox had an option to co-promote latanoprostene bunod products in the United States. In August 2014, the Company informed Bausch + Lomb of its decision to exercise the option. However, Nicox and Bausch & Lomb have now agreed that Nicox would not be promoting latanoprostene bunod in the United States.

Moreover, Bausch + Lomb had the option to develop additional NO-donating compounds for the treatment of glaucoma and ocular hypertension, including other NO-donating prostaglandin F2-alpha analogs from Nicox's research. During the third quarter of 2013, Bausch + Lomb decided to forego this option. Bausch + Lomb remains fully committed to the development of latanoprostene bunod.

This agreement will remain in effect until all royalty payment obligations from Bausch + Lomb expire or unless terminated earlier by either Nicox or Bausch + Lomb pursuant to the early termination provision in the agreement. Nicox may terminate this agreement on a country-by-country basis if Bausch + Lomb fails to use commercially reasonable efforts to develop and commercialize the licensed products under this agreement. Nicox may also terminate this agreement in its entirety in the event that Bausch + Lomb challenges or causes a third party to challenge the validity or ownership of any of Nicox's licensed patents or fails or becomes unable to meet its payment obligations under the agreement. Bausch + Lomb may terminate this agreement without cause upon 90 days' notice. In the event of termination, licenses granted by Nicox to Bausch + Lomb will terminate and any sublicenses granted by Bausch + Lomb will either be assigned to Nicox or terminated.

Fera Pharmaceuticals

In November 2015, Nicox entered into an exclusive license agreement with Fera Pharmaceuticals (or Fera), granting Fera exclusive rights to develop and commercialize naproxcinod in the United States. Naproxcinod is a CINOD (Cyclooxygenase-Inhibiting Nitric Oxide-Donating) anti-inflammatory candidate. Fera's initial focus will be the indication of the treatment of signs and symptoms of osteoarthritis. Fera plans to seek advice from the FDA regarding the additional clinical work required before submitting NDA for naproxcinod. Nicox already completed a broad clinical program for naproxcinod in osteoarthritis, including three phase 3 studies with over 2,700 patients. Nicox submitted an NDA for naproxcinod for osteoarthritis in 2009 and received a Complete Response Letter in 2010 in which the FDA requested additional long-term safety data on the product.

Under the terms of the agreement, Nicox may be eligible to receive up to $35 million in the form of sales-based milestones, plus 7 % royalties based on net sales of naproxcinod in the United States. Fera will be responsible for, and will fully finance, all clinical development manufacturing and commercialization activities. The agreement covers all indications excluding ophthalmology-related conditions and Duchenne Muscular Dystrophy (DMD), and Nicox will retain all rights for naproxcinod outside of the U.S. Fera is eligible to receive an undisclosed royalty should naproxcinod be approved and commercialized*** using data generated by Fera, regardless of the therapeutic indication and territory (excluding the United States). A joint steering committee will be put in place with representation from both companies to ensure that development of naproxcinod proceeds in accordance with the agreement.

The contract will remain in force until the later of the 10th anniversary of the commercial launch or the expiry of the last patent included in the agreement which ever is the later. At the expiry of this agreement, the licenses become fully paid up and irrevocable and Fera will have all the rights to the product in the United States. In the case where Fera, despite having used commercially reasonable efforts, has not submitted an NDA for the product before the 31st December 2020, Fera must present a plan for such submission, otherwise Nicox may terminate the agreement. Fera may terminate the agreement at will and at any time by giving 1 months' notice. In such case (or in the case of significant breach by Fera of its obligations), all the rights concerning regulatory authorizations, Fera's intellectual property rights concerning the product, notably trademarks, all data (clinical, pre-clinical, regulatory, formulation, commercial, etc.) shall be returned to Nicox.

Ora

In January 2016, Nicox Ophthalmics, Inc. and Ora, Inc., the world's leading ophthalmic clinical research and product development firm entered into a license agreement granting Ora exclusive worldwide rights for the development and commercialization of Nicox's AC-120, an innovative drug-candidate for morning eyelid swelling.

Under the terms of the exclusive license agreement announced today, Ora will be responsible for all development activities and will fund this program through its investment arm. Ora plans to advance the clinical development of AC-120 and to subsequently sub-license this compound to a third party for future commercialization. Nicox is eligible to receive a $10 million milestone payment from Ora upon approval of AC-120 by the U.S. Food and Drug Administration (FDA). Nicox is also eligible to receive a percentage of any proceeds received by Ora under a potential sub-license agreement.

Nicox acquired AC-120 in October 2014 as part of the acquisition of Aciex Therapeutics, Inc., which was since renamed Nicox Ophthalmics, Inc. Under the terms of the acquisition of Aciex, Nicox could pay up to $10 million in Nicox shares to Aciex's former shareholders if AC-120 was to be approved by the FDA (see Nicox press release dated July 2, 2014).

The agreement remains in force, on a country-by-country basis, until the later of the tenth anniversary of the commercial launch or until the expiry of the last patent included under the agreement in the relevant country whichever is the later. At expiry of the agreement, the licenses become fully paid up and

irrevocable. Ora can terminate the agreement at any time by giving 90 days' notice. In case of early termination of the agreement, Ora may complete the ongoing work subject to the payment of all royalties due. In case of early termination of the agreement or termination due to material breach of the agreement by Ora, all licensed rights and data return to Nicox, however Ora retains ownership of rights prior to the agreement. In case of termination for material breach by Nicox, rights to all improvements made by Ora are retained by Ora. In the case of termination for all reasons other than material breach by Ora, the sub-licenses granted by Ora remain in force providing such sub-licenses do not place obligations on Nicox which are greater than those in the main agreement.

Pfizer

In August 2009, Nicox signed an agreement with Pfizer ending Nicox's previous collaboration agreements dated August 2004 and March 2006 respectively. Under the terms of the 2009 agreement, Nicox recovered all the development and marketing rights for latanoprostene bunod, and in particular the right to sub-license, as well as all the data and development information. This compound is currently licensed to Bausch + Lomb (see above). Moreover, Nicox also has access to certain information regarding development of Xalatan (latanoprost) belonging to Pfizer, in particular the regulatory files for Xalatan (latanoprost). In return, Nicox has to pay Pfizer two undisclosed milestone payments for a total of up to $30 million (the first being linked to approval in the United States, in Europe, and in Japan, and the second to reaching the predefined sales levels), and royalties on potential future sales. Nicox also recovered the rights to a certain number of new NO-donors at the research stage for the potential treatment of diabetic retinopathy and glaucoma.

6.2.2 Other agreements

The other agreements described below remain in force. Activities conducted under these agreements are not expected to impact Nicox's future financial status.

Merck

Nicox signed an agreement covering NO-donating compounds in the cardiovascular field with Merck, known as MSD outside the United States and Canada, in 2006. This agreement was amended in 2010 following the discovery of a new approach to NO donation in the context of the joint research program. Nicox is not aware of any compounds under development under this agreement; however the agreement remains in place at Merck's request.

Nicox has received €19.2 million from Merck under the 2006 agreement, including an upfront payment of €9.2 million and €10 million in milestone payments. Under the revised agreement signed in September 2010, Merck has the right to develop new molecular entities (NMEs) using the new approach in certain cardiovascular indications. Nicox will have the right to develop product candidates in other indications. Nicox and Merck will pay development milestones and royalties to the other partner on products emerging from their respective research programs. Payment of milestones by Nicox is subject to certain undisclosed conditions. Payment of milestones by Nicox is subject to certain undisclosed conditions. Under the revised agreement, each company is responsible for funding their own R&D costs.

Portola

Nicox's subsidiary Nicox Ophthalmics, Inc. has a collaborative research agreement with Portola Pharmaceuticals, Inc. that provides Nicox with exclusive rights to jointly develop Portola's pre-clinical small molecule dual Spleen Tyrosine Kinase (Syk) and Janus Kinase (JAK) inhibitors for topical ophthalmic indications. These are targeted at ophthalmic diseases including ocular allergy, dry eye and other inflammatory eye conditions, for which there is a promising potential for Syk and JAK inhibition. This agreement had originally been signed between Portola and Nicox Ophthalmics, Inc., formerly known as Aciex Therapeutics, Inc. No compound has been selected for development under this agreement.

6.2.3 Intellectual property

Information relating to intellectual property of the Company can be found in section 11.2 of this document.

6.2.4 Industrial agreements for supply of products

The Nicox Group does not have any manufacturing facilities nor logistics platforms. Therefore, Nicox needs to secure partnerships with third parties for the manufacturing and supply of Nicox's product candidates under development. These third parties either manufacture and assemble in-house or outsource to subcontractors. For Nicox products licensed to third parties, Nicox seeks, within the framework of these agreements, to entrust the partner licensee with the manufacturing.

Nicox's business is subject to risks associated with Nicox's reliance on third-party suppliers. These risks are discussed more fully in the "Risk Factors" section of this prospectus (see section 4.1).

6.3 Competition

6.3.1 Ophthalmics market

The ophthalmics market is a competitive field dominated by the presence of leading global companies. Some of the world's largest pharmaceutical companies such as *Allergan* and *Novartis* offer a broad general portfolio including an ophthalmics division. Other major companies such as Bausch + Lomb specialize in eye care.

In the United States, there are smaller companies that specialize in the development of ophthalmic therapeutics (e.g. *Aerie, pSivida, Envisia, SUN Ophthalmics, Inc.*), or that do not specialize in ophthalmics but develop or market certain ophthalmic products (e.g. *Regeneron*).

A prominent player in Europe is *Laboratoires Thea*, an independent pharmaceutical company specializing in ophthalmics and operating in more than sixty-five countries, most notably in Europe, sub-Saharan Africa, North Africa, Latin America and the Middle East. There are also national companies that specialize in ophthalmic treatments and are engaged in local commercial operations.

Nicox may also be exposed to potentially competitive products which may be under development for Nicox's indications.

Competitors to Nicox's pipeline candidates

Glaucoma

The glaucoma market is currently dominated by prostaglandin analogs, such as travoprost (Travatan®), bimatoprost (Lumigan®), latanoprost (Xalatan®) and tafluprost (Zioptan®).

Following latanoprostene bunod, the most advanced new chemical entities among those currently in development are Rhopressa and Roclatan developed by Aerie Pharmaceuticals Inc., and trabodenoson, developed by Inotek Pharmaceuticals Corp. Both are currently in Phase 3.

Products currently in development also include new formulation of existing drugs with sustained release drug delivery, e.g. ENV515, a sustained-release travoprost developed by Envisia, and Helios Insert, a sustained-release bimatoprost developed by ForSight VISION5 (acquired by Allergan in 2016). Both are currently in phase 2, and Allergan also has a development program for a sustained-release bimatoprost formulation.

Allergic conjunctivitis

The allergic conjunctivitis market is dominated by Alcon's Patanol and Pataday, two products based on olopatadine at different concentrations. In January 2015, the FDA approved a new line-extension within the olopatadine franchise, Pazeo (olopatadine hydrochloride ophthalmic solution) 0.7%, which is expected to replace the existing formulations[48].

Ocular Therapeutix is developing Dextenza™, a dexamethasone punctal plug (tiny, biocompatible device inserted into tear ducts). It is currently in Phase 3 for allergic conjunctivitis and Aldeyra Therapeutics is in Phase 2 with ADX-102.

Blepharitis

There is currently no treatment approved specifically for blepharitis, although certain drugs, notably steroids, are known to be used off-label.

InSite Vision is developing DexaSite™, a dexamethasone eye drop targeting the treatment of blepharitis. InSite Vision has indicated that it intends to file an NDA with the FDA for DexaSite™ in 2017 for this indication.

Viral conjunctivitis

There is currently no approved treatment targeting the cause of viral conjunctivitis.

Adenovir Pharma is developing a topical antiviral pharmaceutical product for the treatment of epidemic keratoconjunctivitis, which is currently in Phase 2.

Shire Plc is developing FST-100, an eye drop containing both povidone iodine and dexamethasone, for the treatment of infectious conjunctivitis, both bacterial and viral. FST-100 has completed Phase 2 and is expected to move to Phase 3.

6.3.2 Nitric oxide delivery

As far as Nicox is aware, there are at least four pharmaceutical companies working in the field of NO-donating drugs:

- *Lacer* (Spain) is developing, among others, LA419, a NO-donor compound for the treatment of ischemic cardiovascular disease, currently undergoing Phase 2 trials.

- *INO Therapeutics LLC* (United States, a subsidiary of Ikaria Holdings Inc.) markets INOmax, a gaseous NO product for the treatment of persistent pulmonary hypertension of the newborn.

- *Novan Therapeutics* (United States) is developing NO-releasing therapies primarily in the field of dermatology (acne, wound healing, etc.).

- *Kowa Pharmaceuticals* (Japan) markets HYPADIL Kowa Ophthalmic Solution 0.25% for the treatment of glaucoma and intraocular hypertension. The active ingredient of this drug is nipradilol, an alpha- and beta-adrenergic blocker with NO-releasing action.

48 http://www.accessdata.fda.gov/drugsatfda_docs/appletter/2015/206276Orig1s000ltr.pdf

Furthermore, at least three other companies have focused their drug research and development activity on the biological roles of nitric oxide: *Nioxx* (United States, China) *Vasopharm Biotech GmbH* (Germany) and *Nivalis Therapeutics, Inc*. (formerly known as N30 Pharmaceuticals, United States). This list is not exhaustive as there are also many small-scale biotechnology companies.

It is important to note that once marketed (subject to obtaining marketing approvals on an ad-hoc basis), the products developed by Nicox will be competing with a number of products that are already commercially available. In addition, research conducted by the pharmaceutical industry and by public and private institutions will continue to generate new products that could compete with Nicox's existing or future commercial products.

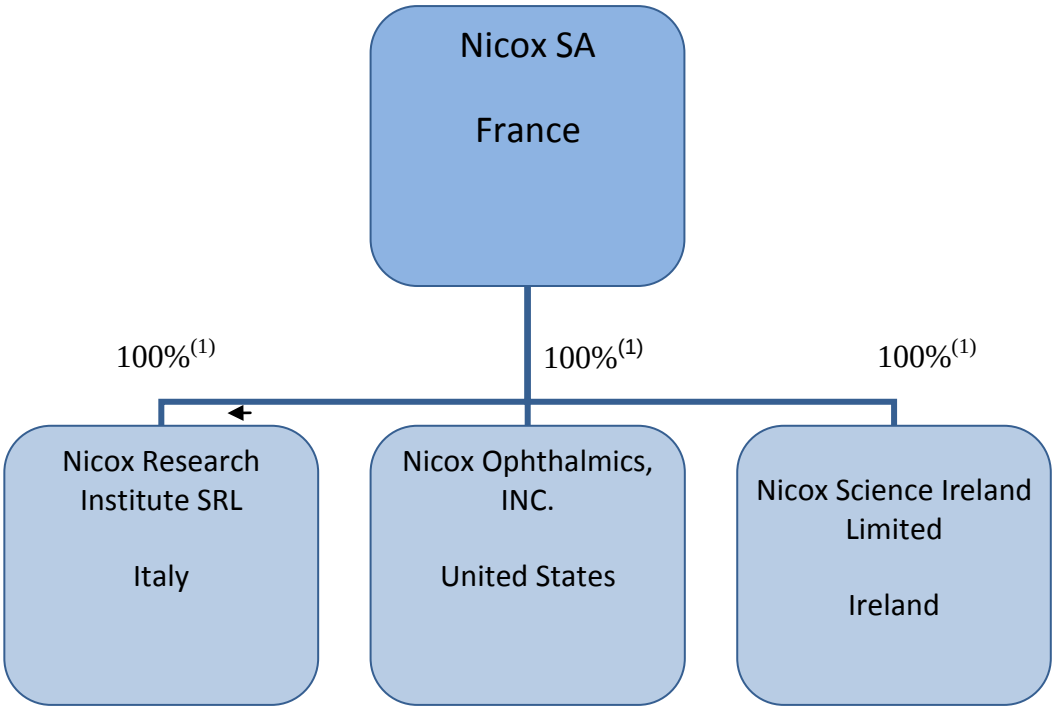
Reader are invited to refer to the section on risk factors associated with competition and rapid technological change (See section 4.1).

6.4 Level of reliance on patents or licenses, industrial, commercial or financial contracts, or new manufacturing processes

The company is heavily reliant on the licensing agreements under which it grants patents to Bausch + Lomb, Ora, Merck and Fera and hence on the patents to which such agreements relate. The partnerships are described section 6.2.

7 ORGANIZATION CHART

7.1 Description of the Nicox Group



1. 100%(1) This is the percentage of share capital and voting rights.

Nicox SA also has a minority interest in a company which holds the rights and products transferred in connection with the GHO Capital transaction.
Nicox S.A. is the parent company of the Group. 1%(1) This is the percentage of share capital and voting rights.

7.2 Description of Group subsidiaries

The Group's subsidiaries are presented in the table of subsidiaries and affiliates found in the financial statements in section 2.21 of this document and in Note 21 to the consolidated financial statements found in section 20.3 of this document.

8 PROPERTY, PLANT AND EQUIPMENT AND CSR REPORT

8.1 Property, plant and equipment

A description of the property, plant and equipment of the Company and the Group is included in note 2.2 to the consolidated financial statements and in note 9 to the consolidated financial statements.
It is specified that the Company is not the owner of its head office.

8.2 CSR Information (Grenelle II)

In accordance with the MiddleNext corporate governance code updated in September 2016 and the Board of Directors' internal rules of procedure, the Corporate Governance Committee, followed by the Board of Directors, reviewed the social, employment-related and environmental consequences of the Company's business activities and strategy. The Board of Directors considered that the Company's business activities and strategy did not have material consequences for a specific action.

8.2.1 Information on the Company

Information on the Company is included in section 17.1 of this document.

8.2.2 Information on the environment

Impact on the Environment

The Group has only offices which have a limited effect on the environment. Moreover, the activities subcontracted by the Group are for the most part intellectual activities with a modest impact on the environment. The other subcontracted activities (in particular research and development activities) are limited in terms of financial flows as of the publication date of this report.

The Company has not assigned any specific objectives to its subsidiaries in respect of the environment but has taken a number of initiatives to reduce greenhouse gas emissions, (e.g. car-pooling for business trips, home office, eco-driving guidelines, limitations in company car size etc.).

General policy on the environment

Given the nature of the activities not subcontracted by the Group, there is no internal environmental management department.

The Group is not subject to any specific environmental certification procedures.
There are no provisions or guarantees for environmental risks.

The Group did not pay any compensation during the fiscal year pursuant to any court decision in respect of the environment.

Pollution and waste management

Research and development activities, which are all subcontracted, can involve the storage, use and elimination of hazardous, biological and radioactive products, which may result in the release of greenhouse gases and chemical agents which may contribute to the acidification of water and soil. These impacts are limited given the limited scope of these activities; in any event, they remain within the limits authorized by the applicable regulations.

Given the activity engaged in by Nicox, the Group does not generate any significant noise pollution.

Sustainable use of resources

The activities not subcontracted by the Group generate standard consumption of water, raw materials and energy insofar as they are conducted exclusively in offices.
Given the activity engaged in by Nicox, the Group does not generate a significant impact in respect of soil use.

8.2.3 Societal Information

Territorial, economic and social impact of the Group's activity

Given the Group's limited workforce and activities, it has no significant impact on employment, regional development or on the local or residential population.

Relations with persons or organizations affected by the Group's activity (job placement organizations, schools or universities, environmental defense organizations, consumers' and residents' associations)

The Group has no significant ties to this type of organization.

Subcontracting and suppliers

Nicox depends on external consultants and subcontractors (such as university researchers, specialized physicians and clinical and pre-clinical research agencies) to develop its products. Furthermore, the Company depends on third parties for the manufacture and supply of all its products.

The contracts between Nicox and its co-contractors do not contain any provisions related to ethical, environment or social practices beyond the applicable regulatory requirements.
No issues of an ethical nature related to the practices of its co-contractors were identified in 2016.

Fair practices

Company practices

With respect to clinical trials, companies conducting clinical trials could be held liable for patients or healthy volunteers participating or having participated in clinical studies in the event that they suffer from side effects even in cases where the requirements laid down in the protocols were followed. In 2016, Nicox conducted no clinical trials.

Actions undertaken to prevent corruption

The Group has adopted procedures for concluding contracts with third parties. These procedures require several functions to validate these agreements in both principle and content.

Measures taken on consumer health and safety

The Group has adopted specific procedures for gathering and processing complaints and incidents brought to its attention primarily by patients and healthcare practitioners using the medical devices and pharmaceuticals marketed by the Group.

Food wastage

Nicox's business is not concerned by this issue.

Methodological note on CSR information (Grenelle II)

Grenelle II cross-reference table: Labor provisions

Labor	Location in document***	Comments
Employment		
Total number and distribution of employees by gender and geographic area	Section 17.1	Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Hirings and dismissals	Section 17.1	Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Compensation policy	Section 17.1	Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Working arrangements		
Organization of working time	Section 17.1	Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Absenteeism	Section 17.1	The absenteeism rate is calculated in respect of the consolidation scope: Nicox SA, Research (Italy), Ophtalmics (USA)
Industrial relations		Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Organization of social dialog	Section 17.1	Consolidated subsidiaries: Nicox SA, Research (Italy), Ophtalmics (USA)
Review of collective agreements	Section 17.1	
Health and safety		
Occupational health and safety conditions	Section 17.1	
Review of agreements signed with trade unions	*	Health and safety are based chiefly on staff representative bodies. Labor agreements have not been concluded as a result.
Occupational accidents (including frequency and severity rates) and occupational diseases	Section 17.1	Occupational accidents are presented in respect of the consolidation scope: Nicox SA, Research (Italy), Ophtalmics (USA)
Training		
Training policies implemented	Section 17.1	
Total number of training hours	Section 17.1	The number of training hours is calculated in respect of the consolidation scope: Nicox SA, Research (Italy), Ophtalmics (USA)
Diversity and equal opportunities/equal treatment		

Measures introduced in favor of equality between women and men	Section 17.1	
Measures for the employment and integration of disabled people	Section 17.1	
Measures against discrimination		The group has identified no issues relating to discrimination
Promotion and enforcement of ILO core conventions relating to		
Elimination of discriminatory treatment in employment		
Freedom of association and collective bargaining rights	*	The group confirms its
Elimination of forced labor	*	commitment to ILO core
Abolition of child labor	*	principles. This is a legal requirement in the countries where we operate

Grenelle II cross-reference table: Environmental provisions

Environment	Location in document***	Comments
General policy on the environment		
Evaluation and certification procedures on the environment		All production activities liable to generate environmental impacts are subcontracted. Environmental data is considered immaterial in 2016.
Training projects and employee briefings regarding environmental protection		
Resources devoted to preventing environmental risks and pollution		
Amount of provisions and guarantees for environmental risks		
Pollution and waste management		
Measures to prevent, reduce and remedy air, water and soil pollution		
Measures to prevent, recycle , other forms of recovery, and eliminate waste		
Measures for combating food wastage		
Noise pollution and any form of pollution specific to the activity		
Sustainable use of resources		
Water consumption and water supply as related to local constraints		
Consumption of raw materials and measures taken to improve the efficient use thereof		
Sustainable use of resources		
Energy consumption, measures taken to improve energy efficiency and the use of renewable energies		
Soil utilization		
Climate change		
The significant sources*** of greenhouse gas emissions generated by the company's business, namely the use of goods and services that it produces***		
Measures to adapt to the consequences of climate change		
Protection of biodiversity		
Measures taken to develop biodiversity		

Grenelle II cross-reference table: Societal provisions

Societal	Location in document	Comments
Territorial, economic and social impact of the Company's activity		
Regarding employment and regional development		Given the relatively small workforce of the Group and its activities, we have not identified any issues in this regard. .
On surrounding residents or local populations		
Relations maintained with persons or organizations interested in the Company's activity		
Terms of the dialog with such persons or organizations		Given the relatively small workforce of the Group and its activities, we have not identified any issues in this regard.
Partnership or philanthropic actions		Not applicable to date.
Subcontracting and suppliers		
Social and environmental issues taken into account in the procurement policy	8.2.3	
The importance of subcontracting and in relations with suppliers and subcontractors taking into account their social and environmental responsibilities	8.2.3	
Fair practices		
Actions undertaken to prevent corruption	Section 8.2	
Measures taken on consumer health and safety	Section 8.2	
Other actions taken to promote human rights		
Measures taken to promote human rights		We have not identified any issues in this regard.

9 REVIEW OF FINANCIAL POSITION AND REVENUES

The 2016 consolidated financial statements, as adopted by the Board of Directors on March 29, 2017, were certified by the Statutory Auditors.
Changes in the Group's consolidation perimeter are described in the note 29 of the consolidated accounts.

Consolidated statement of comprehensive income

In August 2016, Nicox announced the completion of the transfer of its European and international commercial operations to VISUfarma B.V, a subsidiary of GHO Capital, specialized in the healthcare sector. In accordance with the standard IFRS5, the net loss impact of commercial operations in the consolidated comprehensive income of the Group has been summarized in the line "discontinued operations". In consequence, comments related to the comparison between the years 2016 and 2015 in the consolidated statements of comprehensive income exclude the transferred commercial operations

General, administrative and research and development costs

General, administrative and research and development costs amounted to €20.8 million in 2016 compared to €15.8 million in 2015. This increase is largely due to regulatory activities to prepare the AC-170 NDA filing in with the FDA in April 2016 as well as the cost of a 3b clinical study for the evaluation of safety and the cost of pre-clinical development for the NCX 470 and NCX4251 projects.

The change in value for contingent consideration resulted in income of €12.7 million in 2016 compared to expenses of €4.2 million in 2014 and relates primarily to the change in fair value of contingent consideration in the form of in shares to former shareholders of Aciex (renamed Nicox Ophtalmicx Inc.). This earn-out payment is contingent on receiving regulatory authorizations from the FDA. Fair value is remeasured at the end of each reporting period according to assumptions considered most probable by the company and variables such as trends for the US dollar exchange rate and the Nicox share price. The income recognized in 2016 corresponds to the absence of the completion of a regulatory milestone in the period.

The Group generated an operating loss of €7.8 million in 2016, compared to €20.7 million in 2015. The operating loss was significantly impacted by the fair value change in contingent consideration payable in shares to former Nicox Ophtalmics Inc. shareholders.

Total net loss for the period

Nicox recorded a net loss from continuing operations of €6.7 million in 2016, compared to €19.8 million in 2015.

Consolidated statement of financial position

The 2016 consolidated financial statements, as approved by the Board of Directors on March 29, 2017, were certified by the Statutory Auditors.

Changes in the Group's consolidation perimeter are described in the note 29 of the consolidated accounts.

Consolidated statement of financial position

Intangible assets totaled €77.7 million at the end of 2016 compared to €92.1 million at the end of 2015 and included mainly in 2016 €77.6 million corresponding to the portfolio of pharmaceuticals under development by Nicox Ophtalmics Inc. The change in intangible assets in the period resulted primarily

from rights on intangible assets relating to the commercial operations transferred in August 2016 and the remeasurement of Nicox Ophtalmics Inc. intangible assets in US dollars.

At December 31, 2016, the Group's cash and cash equivalents amounted to €28.9 million, compared to €29.1 million at December 31, 2015.

Deferred tax liabilities amounted to €29.4 million at December 31, 2016 compared to €30.19 in 2014 and correspond primarily to the deferred taxes on intangible assets recognized on Nicox Ophtalmics Inc. following the allocation of the purchase price paid to acquire this company in 2014.

Current financial liabilities relating to business combinations amounted to €5.2 million compared to €16.8 million in 2015, corresponding to the fair value of the earn-out payable in shares to former Nicox Ophtalmics Inc. shareholders. This contingent consideration is subject primarily to grant of approval of the New Drug Application for AC170 before December 2017.

Deferred income amounted to €4.2 million in 2016 compared to zero in 2015 and concerned income paid by VISUFarma B.V. to cover future costs to be incurred by the Group relating to the provision of services, primarily research and development on behalf of VISUFarma B.V.

Principal consolidated financial data

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016	2015 Restated *
Revenue	6.2	**16**	**67**
Gross profit		**16**	**67**
Selling expenses		-	(1,194)
Research and development expenditures		(12,168)	(6,159)
Administrative expenses		(8,617)	(9,674)
Other income	6.3	770	994
Other expenses	6.4	(525)	(543)
Operating profit or loss before changes in fair value of contingent consideration and the impairment of intangible assets		**(20,525)**	**(16,509)**
Fair value adjustment of contingent consideration	4.1.1	12,741	(4,215)
Impairment of intangible assets		-	-
Operating profit/(loss)		**(7,784)**	**(20,723)**
Finance income	6.7	1,202	1,514
Finance costs	6.7	(107)	(543)
Net financial income/(expense)	6.7	**1,094**	**972**
Profit/(loss) before tax from continuing operations		**(6,690)**	**(19,752)**
Income tax expense	7	(52)	-
Profit/(loss) after tax from continuing operations		**(6,742)**	**(19,752)**
Profit/(loss) for the period from discontinued operations (net of tax)	5.4	(12,293)	(8,187)
Profit/(loss) for the period		**(19,035)**	**(27,939)**
Attributable to equity holders of the Company		(19,035)	(27,939)

Earnings per share	8.1	**(0.80)**	**(1.25)**
Basic/diluted earnings per share from continuing operations (in €)	8.2	(0.28)	(0.88)
Basic/diluted earnings per share from discontinued operations (in €)		(0.51)	(0.37)

** See Note 2.4.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2016	2015
Non-current assets			
Goodwill	11	27,546	32,245
Intangible assets	10	77,654	92,141
Property, plant and equipment	9	204	866
Non-current financial assets	16	12,652	253
Total non-current assets		**118,056**	**125,505**
Current assets			
Inventories	12	-	948
Trade receivables	13	104	3,027
Government grants receivable	14	396	727
Other current assets	15	1,164	3,013
Prepayments		168	526
Other current financial assets		-	532
Cash and cash equivalents		28,859	29,070
Total current assets		**30,692**	**37,843**
TOTAL ASSETS		**148,748**	**163,348**
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	17	25,005	22,870
Share premium	17	483,745	469,119
Translation reserve	17	11,868	10,049
Treasury shares		(478)	(458)
Reserves	17.2	(396,555)	(372,310)
Profit/(loss) for the period	17.2	(19,035)	(27,939)
Total equity		**104,549**	**101,331**
Non-current liabilities			
Non-current financial liabilities	20	30	1,567
Non-current financial liabilities relating to business combinations	4.1.1	923	2,066
Deferred taxes	22	29,409	30,759
Provisions	19	456	617
Total non-current liabilities		**30,819**	**35,009**
Current liabilities			
Current financial liabilities	20	32	308
Current financial liabilities relating to business combinations	4.1.1	5,234	16,832
Trade payables		1,338	5,364
Deferred income	21	4,275	2
Provisions	19	40	-
Other current liabilities	23	2,462	4,502
Total current liabilities		**13,380**	**27,008**
TOTAL LIABILITIES AND EQUITY		**148,748**	**163,348**

Key financial data for Nicox S.A.: Balance Sheet

ASSETS	Notes	Gross	Depreciation (See Note 2.2) & provisions	Net FY 2016 [12 months]	Net FY 2015 [12 months]
Start-up costs	2.1	58,278	58,278		
Development costs	2.1	50,000	25,425	24,575	34,575
Concessions, patents and similar rights	2.1	2,320,966	2,278,142	42,824	2,949,566
Other intangible assets	2.1			0	2,855,893
Intangible assets	**2.1**	**2,429,244**	**2,361,845**	**67,399**	**5,840,034**
Property, plant and equipment	**2.2**	**708,014**	**595,035**	**112,979**	**196,742**
Equity interests	2.3	54,707,091		54,707,091	79,320,315
Other long-term investments	2.3				
Other financial assets	2.3	13,517,239		13,517,239	1,206,706
Financial assets	**2.3**	**68,224,330**	**0**	**68,224,330**	**80,527,021**
TOTAL NON-CURRENT ASSETS		**71,361,588**	**2,956,880**	**68,404,708**	**86,563,797**
Advances and prepayments on orders	2.4	163,364		163,364	163,364
Trade receivables and related accounts	2.4	104,386		104,386	35,129
Other receivables	2.4	20,824,310	583,597	20,240 713	20,991,594
Marketable securities	2.5	21,021,445		21,021,445	21,669,853
Cash	2.5	7,071,274		7,071,274	1,136,697
Prepayments	2.6	96,542		96,542	244,123
TOTAL CURRENT ASSETS		**49,281,321**	**583,597**	**48,697,724**	**44,240,760**
Unrealized foreign exchange losses	2.10				8,601
TOTAL ADJUSTMENT ACCOUNTS	**2.10**				**8,601**
TOTAL ASSETS		**120,642,909**	**3,540,477**	**117,102,432**	**130,813,158**

Balance Sheet (continued)

LIABILITIES	Notes			FY 2016 [12 months]	FY 2015 [12 months]
Issued capital	2.7			25,004,544	22,869,670
Share premium	2.7			475,090,437	460,463,995
Regulated reserves					
Retained earnings	2.7			(386,610,674)	(366,484,193)
EARNINGS FOR THE YEAR	**2.7**			(19,061,214)	(20,126,481)
TOTAL EQUITY	**2.7**			**94,423,094**	**96,722,991**
Provision for contingencies	2.8			40,000	1,472,767
Provision for charges	2.8			456,251	441,814
PROVISIONS FOR CONTINGENCIES & CHARGES	2.8			**496,251**	**1,914,581**
Conditional advances				-	-
TOTAL OTHER EQUITY				-	-
Bank borrowings and overdrafts					359,517
Miscellaneous borrowings***	2.9			14,587,832	28,380,478
Trade payables and equivalent***	2.9			787,144	1,922,259
Tax and social security liabilities	2.9			1,846,377	1,426,996
Other payables	2.9			20,757	85,817
Payables on fixed assets and related accounts					
Deferred revenue	2.11			4,274,008	
TOTAL LIABILITIES				**21,516,117**	**32,175,066**
Unrealized foreign exchange gains	2.10			**666,970**	**521**
TOTAL LIABILITIES				**117,102,432**	**130,813,158**

PROFIT AND LOSS STATEMENT	Notes	Export	FY 2016	FY 2015
Sales of goods	2.14			
Sales of services	2.14		1,512,319	2,311,923
REVENUE	**2.14**		**1,512,319**	**2,311,923**
Operating grants				
Patent royalties				
Reversals of depreciation, amortization and provisions, expense transfers			24,605,930	14,786,963
Other revenue - patent royalties	2.14		432,405	7,741
OPERATING REVENUE			**26,550,654**	**17,106,627**
Purchase of goods				
Other purchases and external expenses			(8,538,974)	(8,689,024)
Taxes, duties and similar payments (other than on income)			(131,087)	(88,686)
Wages and salaries			(3,433,268)	(2,834,938)
Social charges			(1,544,431)	1,553,071
Allowances for the depreciation of fixed assets			(167,401)	(309,044)
Provisions for impairment of fixed assets***				
Provisions for impairment of fixed assets***			(358,493)	(23,054,130)
Provisions for contingencies and charges			(54,437)	(1,490,040)
Other expenses			(337,437)	(272,624)
OPERATING EXPENSES			**(14,565,227)**	**(38,291,557)**
OPERATING PROFIT			**11,985,427**	**(21,184,930)**
Income from equity interests			855,973	183,889
Other interest and similar income			1,830,639	572,393
Reversals of provisions, expense reclassifications				
Foreign exchange gains			66,227	2,100,087
Net proceeds from the disposal of marketable securities			30,302	243,578
Allowances for amortization and reserves				(521)
Interest and similar expenses			(25,087,409)	(1,415)
Foreign exchange losses			(125,268)	(1,349,644)
Net losses on disposals of marketable securities			(485,440)	(157,910)
FINANCIAL INCOME			**(22,914,975)**	**1,590,457**
OPERATING INCOME BEFORE TAX			**(10,929,616)**	**(19,594,473)**

PROFIT AND LOSS STATEMENT (continued)	Notes	Export	FY 2016 12 months]	FY 2015 [12 months]
Non-recurring income from non-capital transactions			955,992	102,973
Non-recurring income from capital transactions			9,785,571	2,617,385
Reversals of provisions and expense reclassifications				
Non-recurring expenses on non-capital transactions	2.14		(339,531)	(42,432)
Non-recurring expenses on capital transactions	2.14		(18,916,414)	(3,937,087)
Non-recurring depreciation, amortization and provisions	2.14		-	-
NET NON-RECURRING INCOME (LOSS)			**8,514,382**	**(1,259,161)**
Income tax (research tax credit)			382,717	727,153
TOTAL INCOME			40,075,358	22,926,932
TOTAL EXPENSES			(59,136,572)	(43,053,413)
LOSS			**(19,061,214)**	**(20,126,481)**

Information on the accounts payable aged trial balance

Information on the accounts payable aged trial balance at December 31, 2016 is presented below by due date):

	At December 31, 2016					
	(In Euros/expressed in payable days outstanding)***					
	Not due	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Total
BALANCE	291,329	-17,451	3,647	-10,301	19,750	286,974

10 CAPITAL RESOURCES

10.1 Information on the Company's equity

10.1.1 Capital financing

See also Note 3.9 in the Notes to the 2016 consolidated financial statements, in section 20.3 of this registration document.

Since its Initial Public Offering, the Company has financed itself mainly by raising funds through private and public placements on Euronext. To date, the Company has earned little revenue from the sale of pharmaceuticals, medical devices and nutraceuticals and ophthalmics in Europe and international markets from 2013 until August 2016, the date these operations were transferred Nicox also receives payments from strategic partners in connection with collaboration agreements though these payments are not sufficient to cover operating expenses. In March 2010, Bausch + Lomb (an affiliate of the Valeant group) thus entered into a worldwide licensing agreement with Nicox for latanoprostene bunod and made two payments of $20 million to Nicox. In 2017, the Company may receive a new milestone payment and royalties on sales as part of its collaboration with Bausch + Lomb. The conclusions of the FDA on the New Drug Application for latanoprostene bunod resubmitted by Bausch + Lomb at the end of February 2017 following the Complete Response Letter received in July 2016 are expected in the summer of 2017. However, the milestone payment and royalties to be recognized in 2017 if the marketing authorization is granted will not be sufficient to cover the company's operating expenses. In the future, the Company may potentially receive new milestone payments in connection with its collaboration with Bausch + Lomb or other collaborations that have not yet resulted in such milestone payments. However, as details of the contracts signed with its partners are confidential, the Company is unable to disclose the amount and/or timing of any payments that may be receivable in the future.

At December 31, 2016, the Group's consolidated cash, short-term financial instruments and cash equivalents were €28.9million compared to €29.6 million at December 31, 2015.

Following the transfer of its European and international commercial operations in August 2016, the Company has decided to refocus its resources on its research and development programs.

In the future, Nicox may be led to seek out new sources of financing either through a capital increase or through loans for multiple reasons, including in particular the costs of development, acquisitions, and the registration of products under development.

10.2 Cash flows

The Company has as yet never obtained financing in the form of borrowing but could do so over the medium term. Financial debts recognized as liabilities consist mainly of contingent consideration payable exclusively in shares to former shareholders of Aciex (renamed Nicox Ophatalmics Inc.), acquired in 2014. These earn-outs are contingent on the achievement of development or regulatory milestones and may not be paid if the conditions for reaching these milestones are not met.

10.2.1 Cash flows from operating activities.

In 2016, net cash flows from operating activities represented an outflow of €24.6 million compared to an outflow of €22.3 million in 2015.***

10.2.2 Cash flows from investing activities.

In 2016, cash flows from investing activities represented inflows of €6.5 million compared to outflows of €4.4 million in 2015.

10.2.3 Cash flows from financing activities.

In 2016, cash flows from financing activities amounted to inflows of €18 million compared to €24.3 million in 2015, and correspond to proceeds from the capital increase in March 2015 in the form of a private placement with specialist life-science investors, entailing the issue of 3 million new shares.

10.3 Borrowing requirements and funding structure

As stated in 10.1.2 above, to date the Company has not financed itself through borrowing. The Company has entered into some minor finance leases and has no plans to borrow in the immediate future.

10.4 Restrictions on the use of capital resources

There are no restrictions on the use of capital resources that have materially affected or could materially affect, directly or indirectly, Nicox's operations.

10.5 Expected sources of funding to finance tangible assets and investment projects

As noted in section 8.1 and Note 8 to the consolidated financial statements, tangible assets are of minor significance. Should the Company decide to embark on investment projects, their funding would be explored on an ad-hoc basis. This may involve securities-backed or cash financing, or the transfer of assets already owned by the company. In the first two instances, the company will make capital increases pursuant to resolutions passed by the extraordinary general meeting in force.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 Research and development

The Group's research and development programs are described in section 6.1.5 of this document.

Nicox's Research and Development activities are organized in such a way as to achieve efficient product development with maximum flexibility and the rational use of resources.

The outsourced share of research and development work at December 31, 2016 accounted for 87 % of total spending on research and development by the Company.
Intellectual property related activities (patents) are managed by Nicox Srl.

A summary of the Company's research and development expenses for the last three years is presented below:

	R&D	As a percentage of administrative and R&D expenses
	(In thousands of euros)	
2016	12,168	59%
2015	6,159	35%
2014	4,432	29%

11.2 Patents, industrial property

Intellectual property is of vital importance to the Company's businesses. Nicox takes all possible measures to protect intellectual property, including by obtaining and maintaining patent protection in different territories (particularly in the United States) for its products under development and other inventions important for its business. The Group must also use of trade secrets to protect and ensure the confidentiality of proprietary information to protect those aspects of its business operations that do not lend themselves to patent protection or considered by Nicox as not appropriate for patent protection. The Company must also have recourse to the filing of trademarks, copyrights and contractual obligations to establish and protect its intellectual property rights.

Nicox's activities are dependent on its intellectual property and as such are subject to risks linked to the uncertain protection offered by patents and other intellectual property rights. The position of pharmaceutical companies like Nicox with respect to patents is highly uncertain and involves extremely complex legal, scientific and factual circumstances. In addition, the protections sought in patent applications may be significantly reduced before the patent is issued and its scope may be reinterpreted after it is issued. For that reason, the possibility cannot be excluded that Nicox might not be successful in obtaining or maintaining a patent protection for one of its products under development. The Company cannot anticipate*** if the patent applications currently pending will result in the issuance of patents in all the targeted territories, or if the claims of the patents issued will offer sufficient protection against the competition. Any patent held by the Company may be challenged, circumvented or invalidated by third parties. The reader is invited to refer to section 4.1 that

describes the risk factors related to the uncertain protection provided by patents and other intellectual property rights.

The Group has a patent department within its Italian subsidiary Nicox Research Institute Srl. The Group’s patent department regularly uses industrial property law firms in several countries around the world.

Nicox’s portfolio of patents and patent applications cover a number of products. The Group has patents issued on products covering a wide range of nitric oxide donor drugs and its main products in development. The Group also has filed numerous composition of matter patents covering a wide range of drug classes including steroidal and non-steroidal anti-inflammatory drugs, prostaglandin analogs angio-tension enzyme inhibitors and nitric oxide donor drugs. The Company's intellectual property portfolio also includes patent licenses for assets on the market or under development; The Company has also submitted registration applications for a certain number of trademarks filed in several countries including France and the United States.

In January 2017, the Company's patent portfolio included 227 patents issued an 58 patent applications pending plus 4 patent applications under the Patent Cooperation Treaty (PCT). In the United States, the Company’s patent portfolio includes 34 patents issued and 10 patent applications. In addition, more than 13 European patents have been issued by the European Patent Office (EPO) and validated in the main European countries, and 7 patent applications are pending review with the EPO.

Latanoprostene bunod is protected in the United States by a patent which expires in October 2025. A Patent Term Extension (PTE) could be sought if the latanoprostene bunod ophthalmic solution receives approval before the date of expiration of the original patent term (in 2025). This PTE could provide additional protection until 2030.

In Europe, a patent covering latanoprostene bunod was issued in February 2016 and validated in 36 countries of the EPC (European Patent Convention) and provide protection until 2024. An application could be made for a Supplementary Protection Certificate (SPC) to extend the term of the patent to a maximum of 5 years.

In Japan, latanoprostene bunod is protected by a patent which expires in 2024.

ZERVIATE (AC-170) (Cetirizine) is protected in the United States by two patents expiring in 2030 and 2032. In Europe patent applications are currently under examination. If issued, these patents will offer protection until 2030.

In Japan, the patent covering ZERVIATE (AC-170) was issued in November 2016.

NCX 4251 (a novel ophthalmic suspension of fluticasone propionate nanocrystals) is protected in the United States by a parent*** patent which expires in 2033. In Europe, a patent application for NCX 4251 is currently under examination and would provide protection until 2033 if accepted.

Nicox is holder of patent applications in the United States, Canada, Mexico and Japan covering NCX4240, composition of matter and therapeutic treatment and the patent applications at the national level are under review. These patents will provide protection until 2035.

The Company is the license holder for the European patent for AzaSite which expires in 2020. It also holds a license agreement for the European patent currently under examination for BromSite. Once issued, this patent will provide protection until 2030.

The term of an individual patent depends on the legal term applying in the country where it was obtained. In most countries where the Company has filed patent applications, the patent has a term of 20 years from the original patent application date for a non-provisional patent application.

In the United States, a patent term extension can be sought for FDA approved drugs which provides a means to make up for some of the time lost during the FDA's regulatory examination process. The Hatch-Waxman Act authorizes an extension of protection for up to five years after the patent has expired. The scope of this extension is related to the time spent on the drug's regulatory examination. The patent term extension cannot exceed a maximum period of 14 years from the date the product was approved and such an extension can only be granted to one patent of an approved drug. Similar provisions exist and Europe and other foreign jurisdictions. The Company expects that it will request in the future a patent term extension for one or more products approved by the FDA or by other regulatory authorities, as applicable. However, no guarantees exist that the relevant authorities will approve the Company's arguments for such extensions, nor, if these extensions are granted, their term;

Nicox also relies on trade secrets for protecting its confidential and proprietary information. Even though the Group takes measures to protect its proprietary information and trade secrets, including through contractual provisions with its employees and consultants, third parties may develop independently information and proprietary techniques substantially equivalent or gain access to its trade secrets or disclose its technology. For those reasons, Nicox might not be able to effectively protect its trade secrets. The company's policy requires staff, consultants, external scientific staff and other consultants to sign confidentiality agreements at the start of their employment or relations as consultants with Nicox. The agreements thus concluded with employees also provide that all inventions designed by an employee in the course of his or her term of employment within the Company or based on the use of confidential information of the Company remain the exclusive property of Nicox.

12 TREND INFORMATION

Significant events since January 1, 2016 are described in section 5.1.5 of this document.

The uncertainties surrounding the company's prospects and operations are described in section 4.1 of this document.

13 PROFIT FORECASTS OR ESTIMATES

Nicox does not publish profit forecasts or estimates.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Members and operation of the administrative, management and supervisory bodies

The information on the administrative and management bodies of the Company is provided in section I of the Report on the Operation of the Board of Directors and Internal Audit provided in section 16.1 of this document.

Attached to this registration document is the table below summarizing all the current offices and positions held in any company by each of the directors in 2016 as well as any other office held during the last five years.

CORPORATE OFFICERS Last name - First name / Date of birth	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
GARUFI Michele 02/03/1954	02/15/1996	Meeting called to approve the financial statements at 12/31/2016	Chairman-CEO	Director	OncoBiotek	SA	France	Director of IrisTopco (UK) from August 9, 2016 to March 16, 2017	233,051
				Director	Novaera	Srl	Italy	Chairman of the Board of Directors of Relivia Srl (Italy) until February 2014	
				Director	Eagle Eye	SA	Switzerland	Director of Delife Srl (Italy) until March 20141	
								Director of Scharper SpA (Italy) until November 30, 2011	

CORPORATE OFFICERS	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
Last name - First name / Date of birth	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
LABBE **Jean-François** 03/15/1950	06/16/2010	Meeting called to approve the financial statements at 12/31/2019	Director Chairman of the Audit Committee	Managing Director	SpePharm Holding	B.V.	Netherlands		0
				Director	Transgène	SA	France		

CORPORATE OFFICERS	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
Last name - First nam / Date of birth	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
VON BIDDER Luzi Andreas 04/09/1953	10/22/2014	Meeting called to approve the financial statements at 12/31/2017	Director	Director	Ferring	S.A.	Switzerland	Acino Holding AG (Switzerland)	10,000
				Chairman of the Board of Directors	Solvias	AG	Switzerland	Sequana Madical (Switzerland)	
				Chairman of the Board of Directors	EyeSense	AG	Switzerland		
				Director	Ixodes	AG	Switzerland		

CORPORATE OFFICERS	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
Last name - First nam / Date of birth	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
KAPLAN Les 08/06/1950	10/22/2014	Meeting called to approve the financial statements at 12/31/2017	Director	Director	Acadia Pharmaceuticals	Inc.	United States	Chairman of the Board of Directors of Altheos (United States)	69,131
				Director	Neurotech	Inc.	United States		
				Chairman of the Board of Directors	Aciex Therapeutics	Inc.	United States		

CORPORATE OFFICERS	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
Last name - First nam / Date of birth	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
GRAVES Adrienne 12/14/1653	10/22/2014	Meeting called to approve the financial statements at 12/31/2017	Director	Director	Akorn	Inc.	United States	Director / Akorn Inc.	0
				Director	TearLab	Inc.	United States	Director / TearLab Inc.	
				Director	Envisia	Inc.	United States	Director / Envisia Inc.	
				Director	Aerpio	Inc.	United States	Director / Aerpio Inc.	
				Director	Encore Vision	Inc.	United States	Director / Encore Vision Inc.	

CORPORATE OFFICERS	OFFICES WITHIN THE COMPANY			OFFICES AND POSITIONS OUTSIDE THE GROUP HELD ON THE DATE OF THE REGISTRATION DOCUMENT				OFFICES AND POSITIONS OUTSIDE THE GROUP HELD DURING THE LAST FIVE YEARS HAVING EXPIRED	NUMBER OF NICOX SHARES HELD
Last name - First name / Date of birth	Date of first appointment	Expiration date of current term	Principal position held in the Company	Positions held	Name or corporate name	Legal form	Country of registered office		
Birgit Stattin Norinder 10/17/1948	06/15/2011	Meeting called to approve the financial statements at 12/31/2016	Director	Director	Jettesta	AB	Sweden	Chairman of InDex Pharmaceuticals AB (Sweden) - 2003 to 2010	-
				Chairman of the Board of Directors	Hansa Medical	AB	Sweden	Director of PhotoCure ASA (Norway) - 2003 to 2008	
				Director	AddLife	AB	Sweden	Director of Antisoma Ltd (UK) 2003 to 2011	
				Director	WntReseach	AB	Sweden	Director of Biolipox AB (Sweden) 2004 to 2007	
								Director of Artimplant AB (Sweden) 2004 to 2007	
								Chairman of Lauras AS (Norway) 2004 to 2009	
								Director of CODE Genetics Inc. (Iceland) - 2006 to 2009	
								Director of Moberg Derma AB (Sweden) - 2008 to 2009	
								Director of Wingfirm Pharma AB (Sweden) - 2010 to 2012	
								Director of KaroBio AB (Sweden) - 2007 to 2011	
								Director of PULS AB (Sweden) - 2008 to 2011	
								Director of Exini Diagnostics AB (Sweden) from 2013 to 2015	
								Director of Navigation Systems AB (Sweden) 2015-2016	

Management Committee

The Nicox Management Committee currently has five members:

Name (age)	Date of appointment	Positions held in the Nicox group
Michele Garufi (63)	1996	Chairman-Chief Executive Officer
Gavin Spencer (45) (47)	2005	Executive Vice-President, Corporate Development
Michael Bergamini (70)	2015	Chief Scientific Officer
Elizabeth Robinson (61)	2006	President of Nicox Research Institute Srl
Sandrine Gestin (50)	1999	Senior Finance Director

Philippe Masquida, 53, occupied the functions of Executive Vice President, Managing Director of European and International Operations from 2012 to 2016.

Stéphane Nicolas, 49, has served as Senior Director of Human Resources from 2012 to 2017.

The biography of **Michele Garufi** appears in section 16.1 of this document.

Elizabeth Robinson, co-founder of Nicox, has served as the President of the Nicox Research Institute Srl since January 2006. Dr. Robinson has extensive experience in the development of innovative pharmaceutical products. She is a founding member and shareholder of Relivia Srl, an Italian company specializing in dermatology. She was Chairman of the Board of Directors of Layline Genomics (2007-2008); Director of Development at Recordati Italie (1990-1996); a consultant in technological development for Techint Engineering Company (1988-1990); Vice-President, New Technology Ventures Europe, at Genzyme (1985-1988); Visiting Scientist at MIT (1984-1987); Assistant at MIT (1983) and post-doctorate research assistant at MIT (1982-1984). Dr. Robinson graduated Phi Beta Kappa from Wellesley College in 1977, received a Masters in Chemistry in 1979 and a Doctorate in biotechnology from Massachusetts Institute of Technology (MIT) in 1982. She is also a member of 'Italian Angels for Growth' in Italy, a member of the Fulbright Commission in Italy and a director of Molmed S.p.A, a publicly traded biotech company.

Gavin Spencer is Vice-President, Corporate Development. Dr. Gavin Spencer has been with Nicox since 2005 and has been key in building and managing the partnerships, including closing the 2006 Pfizer deal and the 2010 Bausch + Lomb deal and the VISUfarma deal.. He has also been responsible for identifying and securing ophthalmology opportunities, including in particular the acquisition of Aciex in 2014 and also, with his team, leading the design and communication of the new Nicox corporate identity following Nicox's decision to refocus its activities in the ophthalmic field. Gavin Spencer has a PhD in Chemistry from the University of Aberdeen, Scotland. He has more than 20 years of experience in life sciences,

including R&D, research, evaluation and licensing of new technologies, alliance management, communication and M&A evaluation. Before joining Nicox, he fulfilled roles in the search, evaluation and development of new technologies at Novartis Consumer Health, in Nyon, Switzerland. He began his career in the development and evaluation of new products at Boots Healthcare International.

Sandrine Gestin has served as Senior Finance Director of Nicox since January 2015. She has over 25 years of experience in accounting and finance. She joined Nicox in 1999 and since then she has held several positions, including Accounting Director, Financial Controller and more recently Chief Financial Officer. Mrs. Gestin played a key role in building up Nicox's Finance department, notably by setting up the IFRS (International Financial Reporting Standards) and implementing the financial reporting system. Before joining Nicox, Mrs. Gestin spent 10 years at IBM France where she had a position in (to replace responsible for) the consolidation of overseas subsidiaries. Mrs. Gestin has a master's degree in accounting and finance (*Maîtrise des Sciences et Techniques Comptables et Financières*) from the IAE (Institut d'Administration des Entreprises), Nice, France.

Mike Bergamini is Chief Scientific Officer and Executive Vice President. Michael Bergamini brings over 30 years of experience in the eye care industry. He is an experienced biomedical R&D executive and a leader of pre-clinical and clinical functions and project teams. He has played key roles in the discovery, translation, development, registration, and US and International launch of a dozen pharmaceuticals, as well as several medical device products Dr. Bergamini has served at the University of North Texas Health Science Center as an Adjunct Professor of Pharmacology & Neuroscience since the late 1990's, as Director, Office of Clinical Trials from 2009 to 2011, and as Executive-in- Residence and Senior Research Analyst from 2011 to 2014. From 1997 to 2009, he held several senior positions with Alcon Research Ltd., the world's leader in eye care, including Vice President, Pharmaceutical Development and Glaucoma Development. Prior to its acquisition by Alcon, Dr. Bergamini was Chief Executive Officer of the R&D center for Laboratorios Cusí, S.A., the Spanish market leader in ophthalmic therapeutics & surgical adjuncts. He previously was Vice President of R&D at SOLA/Barnes-Hind, Director of Ophthalmic R&D at the Liposome Company, Inc., and Manager of Pharmacology at Allergan Pharmaceuticals, Inc. Dr Bergamini holds a PhD in Pharmacology (Biomedical Sciences) from the City University of New York. He is the author of 35 peer-reviewed publications, has been a contributor to a number of scientific works and filed more than a dozen patents.

From 2012 to 2016, **Philippe Masquida** was Executive Vice-President, Managing Director of European & International Operations and Chairman of the French subsidiary that was sold in August 2016. Mr. Masquida has over 27 years of senior international pharmaceutical experience and an impressive track record in ophthalmology. Before joining Nicox in April 2012, Mr. Masquida served as Vice-President, Head of International Operations, Pharmaceuticals at Pierre Fabre, where he was responsible for 25 subsidiaries in Europe, Asia, the Americas, the Middle East and Africa, employing around 1,600 people. Prior to joining Pierre Fabre, Mr. Masquida spent more than seven years at Allergan Inc., where he successfully led the growth of Allergan's emerging markets in Europe, Africa and the Middle East, including in ophthalmology as Vice President in charge of EAME Emerging Countries. Mr. Masquida also held the position of Director of International Affairs for eight years at Laboratoires Théa, an independent pharmaceutical company specialized in ophthalmology, where he spearheaded the creation of a number of European subsidiaries, and was responsible

for international business. He has previously held a number of positions at Sanofi Aventis (Fisons) and Merck Inc.

Stéphane Nicolas served as Senior Director of Human Resources from 2012 to 2017 He has 24 years of experience in Human Resources in international companies. He joined Nicox in December 2012 to lead the HR function and support Company growth. Prior to that, he served as HR Director, World at Scubapro, a division of Johnson Outdoors Inc., where he played a key role in the organizational transformation of the headquarters and the 14 subsidiaries in the United States, Europe and Asia, notably through his involvement in acquisitions, mergers and other strategic initiatives. Mr. Nicolas also had a successful track record with American Express as HR Director and at Eurosport TV at the time this company was starting up and beginning to expand in Europe. He started his career with Groupe Vinci in Human Resources as an HR generalist. Mr. Nicolas holds a Master 2 in Human Resources from the University of Aix-en-Provence (IAE) and he graduated from the INSEEC Paris business school. In addition, he has been certified as an Executive Coach with Transformance Pro in 2013. Mr. Nicolas lived in Montreal for ten years and holds dual French and Canadian citizenship.

Scientific Advisory Board

In 2016, no formal meetings of the Scientific Advisory Board (SAB) were held. However, several meetings were held with experts in the field of ophthalmology. The main meetings were organized in connection with the annual meeting of the Association for Reasearch in Vision and Ophthalmology (ARVO) held in Seattle (Washington). At this meeting, experts shared their views on the status of the main eye diseases. Discussions at this meeting provided an opportunity to identify areas where the nitric oxide-donors developed by Nicox might be used.

14.2 Conflicts of interest in the administrative, management and supervisory bodies and senior management

In accordance with the updated MiddleNext corporate governance code and the Board of Directors' internal rules of procedure, the Board of Directors examined in December 2016 the existence of potential conflicts of interest and duly noted that the directors confirmed in writing the absence of conflict of interest as company directors of Nicox SA.

To the Company's knowledge, there are in consequence no potential conflicts of interest between the duties of the directors to the Company and their private interests and/or other interests and positions.

To the Company's knowledge, no loans or guarantees have been made to corporate officers or executives, and the Company does not use assets owned by the officers or executives of the Company or their families.

The restrictions on holding certain Nicox shares owned by Michele Garufi are described in section 15.1 of this document.

There is no arrangement or agreement signed with the major shareholders or co-contracting parties of the Company under which any of the persons discussed in section 14.1 has been selected as a member of an administrative, management or supervisory body or as chief

executive officer. However, it is specified that Mr. Jean-François Labbé has been appointed at the request of a shareholder, Banque Publique d'Investissement (BPI, formerly Fonds Stratégique d'Investissement).

15 COMPENSATION AND BENEFITS

15.1 Compensation of corporate officers

The principles and rules approved by the Board of Directors to determine the compensation and benefits awarded to corporate officers are set out in the report on the functioning of the Board of Directors and on Internal Control Procedures, which is reproduced in section 16.1 of this document.

The Company applies the MiddleNext code in the preparation of the report required by Article L. 225-37 of the French Commercial Code.

Total aggregate compensation and benefits of all kinds excluding payment in shares paid by the Company in 2016 to the six corporate officers of Nicox S.A. in office during 2016 was approximately €932,190.

15.1.1 Executive Directors (Chairman and Chief Executive Officer)

The Company has only one executive director within the meaning of the AMF position-recommendation no. 2009-16 (section 3.5) on information to be provided in registration documents on the compensation of corporate officers: Its Chairman and Chief Executive Officer Michele Garufi.

Compensation of the Company's Chairman and Chief Executive Officer

Table 1: Summary table of compensation, options and shares granted		
Michele Garufi **Chairman-Chief Executive Officer**	Year 2015	Year 2016
Compensation due for the year (Itemized in table below)	€491,380	€497,190
Value of options granted during the year	€231,643	-
Value of bonus shares granted during the year	€1,067,920	€573,106
TOTAL	€1,790,943	€1,067,920

Table 2: Summary table of compensation				
Michele Garufi **Chairman-Chief Executive Officer**	Year 2015		Year 2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- Fixed compensation	€346,667	€346,667	€365,000	€365,000
- Variable compensation [(1)]	€173,333	€132,300	€142,377	€142,377
- Non-recurring compensation	None	None		
- Directors' attendance fees	None	None	None	None
- Benefits in kind[(2)]	€6,113	€6,113	€4 813	€4 813
TOTAL	€526,113	€485,080	€497,190	€497,190

It should be noted that Michele Garufi receives no compensation from the companies controlled by the Company.

(1) The variable compensation payable to the CEO is calculated at the end of each financial year if the corporate objectives set each year by the Board of Directors have been achieved, and provided that these objectives, which relate to the Group's strategic objectives, remain confidential and undisclosed. The variable compensation for 2015 and 2016 could be as high as 50% of the fixed compensation for 2015 and 2016. For 2015, the Board of Directors estimated that the company achieved 74.30% of its objectives. For 2016, the Board of Directors estimated that the company achieved 85% of its objectives.

(2) Benefit of the use of a company car and a parking space in Milan.

A settlement agreement was negotiated with Michele Garufi relating to the dispute for non-payment by the Company of management contributions to the social security and pension funds concerning Mr. Garufi between March 1996 and December 2002. This second settlement agreement cancels and replaces the previous agreement relating to the same dispute negotiated on June 15, 2011 but that was not executed as Michele Garufi, despite the numerous proceedings with the INPS, the Italian pension agency, was unable to obtain the repurchase in his favor of the pension rights as provided for in the settlement agreement negotiated in 2011. The new agreement that provides for the payment for the benefit of Michele Garufi in September 2016 of an amount net of all tax, employers' and employees' contributions, of €200,000, puts an end to the dispute concerning the non-payment by the Company of retirement contributions on his behalf for the period from March 1996 to December 2002. This agreement was subject to prior approval of the Board of Directors on June 14, 2016, executed on June 15, 2016 and reported to the auditors by registered letter on that same day. It will be submitted for approval at the next ordinary general meeting.

Table 10

Executive Directors	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due upon termination or change of duties		Compensation under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Michele Garufi Chairman-Chief Executive Officer Term of office from 06/15/2011 until the meeting to approve the financial statements at 12/31/2016		X		X	X (cf. 16.1)			X

The Board of Directors decided on December 15, 2015 that Michele Garufi's fixed compensation for 2016 would be €350,000, in addition to a bonus of up to 50% of the fixed compensation amount, calculated according to whether the Company's objectives for 2016, as set by the Board of Directors, are achieved. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality. On June 14, 2016, the Board of Directors decided to reduce the amount on a prorated basis from €350,000 to €320,000 effective as of July 1, 2016 in connection with the signature of an employment contract with

Nicox Research Institute Srl entering into effect on July 1, 2016 as "Strategic Advisor for Development" with the status of "Manager" in exchange for wages of €30,000.

The Board of Directors' meeting of December 6, 2016 considered that the compensation of Michele Garufi for 2017 would remain unchanged, as follows:

- Fixed compensation of €320,000;
- A bonus amounting to up to 50% of fixed compensation, based on achievement of company objectives set for 2017,
- Use of a company car.

The use of a company car represents a benefit in kind in the amount of €4,813.32 in 2016 and €6,013 in 2015

Severance package for the Chief Executive Officer of the Company

The only director who may benefit from a severance package is Michele Garufi. In a resolution of June 15, 2011 that renewed the terms of a previous commitment from April 3, 2008, the Board of Directors of the Company decided that, in the event of his dismissal from the position of Chief Executive Officer, except for dismissal for serious fault, he could receive a compensation, the payment of which would be subject to the determination by the Board, at the time of his dismissal, of the achievement of at least one of the following performance criteria:

- That at least one collaboration or licensing agreement is in force;

- That at least one compound is in an active clinical phase of development by the Company.

If neither of these criteria is achieved at the time of the dismissal, no severance payment should be made.

The amount of the severance payment would correspond to two years of compensation (both fixed and variable compensation), calculated on the basis of the compensation paid during the last fiscal year ended before the dismissal date.

This agreement, authorized by the Board of Directors and notified to the Statutory Auditors, was ratified by the ordinary general meeting of June 6, 2012.

The Board has noted that the MiddleNext Code recommends the exclusion of any payment if the corporate officer leaves the company on his own initiative to take a new position, or if he changes position within the group, and specified that the severance package for Michele Garufi would not be owed in either of these two cases.

Stock options awarded to the Chief Executive Officer of the Company

During the year ended December 31, 2016, the Board of Directors awarded no stock options to Michele Garufi, Chairman-Chief Executive Officer. It did not award purchase options to the corporate officer of the Company either.

Table 4

Stock options for new or existing shares awarded during the year to each executive officer by the issuer or by any company of the Group						
Name of the executive officer	Plan No. and date	Type of options (existing or new shares)	Valuation of the options using the method used for consolidated financial statements	Number of options awarded during the year	Exercise price	Exercise period
-	-	-	-	-	-	-
TOTAL			-	-		

The table below shows the outstanding stock options awarded to Michele Garufi during the year ended December 31, 2016. Mr. Garufi is the only corporate officer of the Company who has received stock options.

	Plan No. 1	Plan 2
Shareholders' meeting date	June 17, 2009	October 22, 2014
Board meeting date	March 22, 2012	January 30, 2015
Total number of shares that may be subscribed	11,000[(1)]	40,000[(1)]
First day on which options may be exercised	(2)	(3)
Expiration date	March 21, 2018	
Subscription price (euros)	2.25[(4)]	1.87[(4)]
Exercise procedures (when the plan has several tranches)	(5)	(5)
Number of ordinary shares	-	-
Total number of stock options canceled or void	None	None
Stock options remaining at year end	55,000	200,000

(1) This figure takes into account the 5-for-1 reverse stock split of December 3, 2015.

(2) The exercise of these stock options was subject to the Board of Directors of the Company determining that at least 70% of the Company's objectives had been reached for both 2012 and for 2013, which was the case. Therefore, these options have been exercisable as from March 23, 2016.

(3) The exercise of these stock options was subject to the Board of Directors of the Company determining that at least 70% of the Company's objectives had been reached for 2015, which was the case. Therefore, these options may be exercised on or after January 30, 2019.

(4) This represents the subscription price per option, it being recalled that five options will be necessary to subscribe for one new share pursuant to the 5-for-1 reverse stock split of December 3, 2015.

(5) 10% of the shares obtained through the exercise of the stock options awarded to Michele Garufi must be registered shares until the end of his duties as Chief Executive Officer of the Company.

Table 5

Stock options exercised during the fiscal year by each corporate officer			
Name of the executive officer	Plan No. and date	Number of options exercised during the year	Exercise price per share
Michele Garufi	-	-	-
TOTAL	-	-	-

Bonus shares issued to the Company's Chairman and Chief Executive Officer

Table 6

Bonus shares granted to Michele Garufi during the 2016 fiscal year						
Bonus shares granted during the year by the issuer	Plan No. and date	Number of shares granted during the year	Valuation of shares based on the method used for consolidated financial statements	Date of vesting	Date of availability	Performance conditions
Michele Garufi, CEO	No. 11 09/21/2016	60,000	€573,106	September 21, 2018	September 21, 2018 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	Grant conditional on the Board's determination, at the end of 2016(1), that the Company achieved at least 70% of its objectives for 2016, which was the case.
TOTAL		**60,000**				

(1) The 2016 company objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

The table below shows the shares granted to Michele Garufi, the only company officer to be awarded bonus shares, which became vested during the 2016 fiscal year.

Table 7

Bonus shares vesting during the year			
Bonus shares vesting for each corporate officer	Plan No. and date	Number of shares vesting during the year	Performance conditions
Michele Garufi, CEO	Plan 6*** of September 13, 2012	32,000[(1)]	(2)
TOTAL		32,000	

(1) This figure takes into account the 5-for-1 reverse stock split of December 3, 2015.

(2) These shares were subject to a 4-year vesting period (that ended on September 12, 2016, date on which the shares were delivered to Michele Garufi)) with their vesting conditional on the Company's Board of Directors' determination, at the end of 2013, that the Company achieved at least 70% of its objectives for both 2012 and 2013, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality. It should be noted that one of the company objectives for 2013 was involving the execution of a research and development agreement. At the end of the year, negotiations on an agreement to evaluate the development of naproxcinod and certain nitric oxide-donating compounds for the treatment of Duchenne Muscular Dystrophy had reached a very advanced stage, the essential terms of the contract having been agreed in writing between the parties. It was in this context that the Board took the view that this objective would be considered achieved if the detailed contract was signed before the end of February 2014, the execution of which occurred on February 13, 2014.

Table 8

HISTORY AT DECEMBER 31, 2016 OF BONUS SHARE GRANTS (RESTRICTED SHARE UNITS) TO CORPORATE OFFICERS (MICHELE GARUFI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11
Shareholders' meeting date	July 27, 2012	July 27, 2012	July 27, 2012	October 22, 2014	October 13, 2015	October 13, 2015
Board meeting date	September 13, 2012	February 19, 2013	March 06, 2014	January 30, 2015	October 13, 2015	September 21, 2016
Total number of bonus shares granted	32,000(1)	20,000(1)	14,000(1)	20,000(1)	100,000(1)	60,000
Final vesting date of bonus shares	(2)	(3)	(4)	(5)	(6)	(7)
Date of availability	September 13, 2016 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	September 19, 2017 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	March 06, 2018 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	January 30, 2019 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	October 13, 2017 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer	September 21, 2018 for 90% of shares and the remaining 10% on the date when he steps down as Chairman and Chief Executive Officer
Number of bonus shares finally vested at December 31, 2016	32,000	0	0	0	0	0
Aggregate number of bonus shares canceled	32,000	0	0	0	0	0
Bonus shares remaining at year-end	0	20,000(1)	14,000(1)	20,000(1)	100,000(1)	60,000

(1) These figures take into account the 5-for-1 reverse stock split of December 3, 2015.

(2) These shares were subject to a 4-year vesting period (that ended on September 12, 2016, date on which the shares were delivered to Michele Garufi)) with their vesting conditional on the Company's Board of Directors' determination, at the end of 2013, that the Company achieved at least 70% of its objectives for both 2012 and 2013, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality. It should be noted that one of the company objectives for 2013 was involving the execution of a research and development agreement. At the end of the year, negotiations on an agreement to evaluate the development of naproxcinod and certain nitric oxide-donating compounds for the treatment of Duchenne Muscular Dystrophy had reached a very advanced stage, the essential terms of the contract having been agreed in writing between the parties. It was in this context that the Board took the view that this objective would be considered achieved if the

detailed contract was signed before the end of February 2014, the execution of which occurred on February 13, 2014.

(3) These shares are subject to a 4-year vesting period (i.e. until February 19, 2017) with their vesting conditional on the Company's Board of Directors' determination, at the end of 2014, that the Company achieved at least 70% of its objectives for both 2013 and 2014, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(4) These shares are subject to a 4-year vesting period (i.e. until March 06, 2018) with their vesting conditional on the Company's Board of Directors' determination, at the end of 2015, that the Company achieved at least 70% of its objectives for both 2014 and 2015, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(5) These shares are subject to a 4-year vesting period (i.e. until January 30, 2019) with their vesting conditional on the Company's Board of Directors' determination, at the end of 2015, that the Company achieved at least 70% of its objectives for 2015, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(6) These shares are subject to a 2-year vesting period (i.e. until October 13, 2017) with their vesting conditional on the Company's Board of Directors' determination that the Company completed on June 30, 2016 certain strategic objectives, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(7) These shares are subject to a 2-year vesting period (i.e. until September 21, 2018) with their vesting conditional on the Company's Board of Directors' determination that the Company achieved at least 70% of its objectives for 2016, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

On February 6, 2017, 200,000 restricted share were awarded to Michele Garufi, Chair*** and Chief Executive Officer. In conjunction with this award, restricted stock rights*** were also awarded to all employees of the Group. This award is conditional on the Board's determination, at the end of 2017, that the Company achieved at least 70% of its objectives for 2017, failing which one half of these will be forfeited. These shares are subject to a 2-year vesting period, with 90% becoming transferable as of February 6, 2019, and 10% on the date when he*** steps down as Chair and Chief Executive Officer. The 2017 company objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

15.1.2 Other corporate officers

Compensation of other corporate officers of Nicox S.A.

Directors' attendance fees and other compensation paid to non-executive directors during fiscal years 2015 and 2016 are distributed as follows (the Chairman and Chief Executive Officer, as the only executive director, does not receive directors' attendance fees):

Table 3

Table of directors' attendance fees and other compensation received by non-executive directors

Non-executive directors	Amounts paid for fiscal year 2015	Amounts paid for fiscal year 2016
Jean-François Labbé		
Directors' attendance fees	€50 000	€50 000
Other compensation	-	-
Birgit Stattin Norinder		
Directors' attendance fees	€50 000	€50 000
Other compensation	-	-
Adrienne Graves		
Directors' attendance fees	€50 000	€50 000
Other compensation	-	-
Luzi Von Bidder		
Directors' attendance fees	€50 000	€50 000
Other compensation	-	-
Les Kaplan		
Directors' attendance fees	€50 000	€50 000
Other compensation	-	-
TOTAL	**€250,000**	**€250,000**

In addition, the Group reimbursed the directors for travel expenses incurred in attending the meetings of the Board of Directors, namely a total of approximately €84,171 in 2016.

It is should also be noted that none of the Group's directors is eligible for a "golden hello" or for any supplementary pension scheme.

Neither the Company nor its subsidiaries have made provision for pension payments or other benefits.

The Company has purchased civil liability insurance covering its directors. This policy is described in section 4.3 of this document.

Compensation of corporate officers of Nicox S.A. subsidiaries

Within the Nicox Group (See the organization chart in section 7.1), the corporate officers of Nicox Research Institute Srl alone receive compensation for holding corporate office. Compensation paid for 2016 was:

- Elizabeth Robinson: € 264,000

- Ennio Ongini: €90,000
- Michele Garufi: Unpaid member

Equity warrants issued in favor of corporate officers

		Plan 4	Plan 5	Plan 6
Shareholders' meeting date		July 2012	October 2014	June 2015
Board meeting date		September 13, 2012	October 30, 2014	October 13, 2015
Total number of shares that may be subscribed[(1)]		20,000	28,000	40,000
Breakdown of shares by corporate officer[(1)]				
Bengt Samuelsson		4,000	-	
Jörgen Buus Lassen		4,000	-	
Vaughn Kailian		4,000	-	
Birgit Stattin Norinder		4,000	8,000	8,000
Jean-François Labbé		4,000	8,000	8,000
Adrienne Graves			4,000	8,000
Luzi Von Bidder			4,000	8,000
Les Kaplan			4,000	8,000
Exercise date of the warrants		(2)	(3)	(4)
Expiration date		September 12, 2017	October 29, 2019	October 12, 2020
Subscription price per warrant (€)[(1)]		2.66	2.19	1.73
Exercise procedures (when the plan has several tranches)		(2)	(3)	(4)
Number of shares subscribed at December 31, 2015[(1)]		-	-	-
Aggregate number of equity warrants canceled or expired[(1)]		-	-	-
Equity warrants remaining at year-end[(1)]		100,000	140,000	200,000

(1) The figures correspond to the number of shares adjusted for the 5-for-1 reverse stock split of December 3, 2015. The number of equity warrants corresponds to the number of rights granted by the Board of Directors so that five equity warrants received will be required to subscribe for one new share.

(2) Exercise of the warrants is conditional on the Board's determination, at the end of 2013, that the Company achieved at least 70% of its objectives for 2012 and 2013, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(3) Exercise of the warrants is conditional on the Board's determination that the Company achieved at least 70% of its objectives set for 2014, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

(4) Exercise of the warrants was conditional on the Company's Board of Directors' determination that the Company completed on June 30, 2016 certain undisclosed strategic objectives, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

The Company, having consulted its advisors, considers that the issuance of equity warrants to the directors is legally valid and is not equivalent to a stock option grant for the following reasons:

- Unlike an option grant, which is decided by the Board of Directors, the issuance of warrants to the directors is a matter for the general meeting, which alone has powers

to make such a decision. In particular, the general meeting designates the beneficiaries by name.

- The features of the warrants differ from those of options. The warrants do not enjoy the favorable tax treatment afforded to options, and are subject to securities regulations.

15.1.3 Compensation, option grants, equity warrants, and bonus shares to members of the Executive Committee

Aggregate compensation and benefits of all kinds relating to the 2016 fiscal year awarded to members of the Executive Committee (7 people including 1 director, it being specified that the management committee had six members on December 31, 2016, excluding a member currently with an uncompleted notice period***) amounted to €4,877,000 over the 2016 fiscal year, including bonus shares and stock options valued at €1,891,249.

At December 31, 2016, the six incumbent members of the Executive Committee held 329,100 stock options to purchase a total of 65,820 shares (taking into account the 5-for-1 reverse stock split of December 3, 2015).

At December 31, 2016, the six incumbent members of the Executive Committee held and aggregate number of 2,038,800 bonus share rights*** allowing for the purchase of 407,760 shares (taking into account the 5-for-1 reverse stock split of December 3, 2015).

As regards bonus shares granted before October 13, 2015, the Board established two categories of beneficiaries according to country of residence so as to take account of differences in tax and social security regimes. Accordingly, for certain grants, the vesting period is two years followed by a retention period of two years (or three years and two years, respectively, with respect to grants authorized by the extraordinary general meetings held on July 27, 2012 and October 22, 2014), whereas others are subject to a four-year vesting period but without a retention period. Subsequent to October 13, 2015, the board granted to selected beneficiaries, members of the Management Committee, restricted stock units (bonus shares) subject to a 2-year vesting period, and immediately transferable at the end of this vesting period, subject to achievement of the performance criteria set by the Board of Directors.

As for the Chairman and Chief Executive Officer, the Board of Directors decided that 10% of the bonus shares allocated to him should be held in registered form until termination of his service.

No equity warrants have been granted to members of the Executive Committee.

15.1.4 Securities transactions performed by the Company's directors

Pursuant to Article L. 223-26 of the General Regulations issued by the Autorité des Marchés Financiers (the "AMF"), below is a summary of transactions made by directors and managers in the period from January 1 to December 31, 2016, as published by the AMF:

- NONE.

15.2 Total amounts set aside or accrued by the Group to provide pension, retirement or similar benefits

Pension contributions paid for Michele Garufi in the financial year amounted to €53,009.

16 OPERATION OF MANAGEMENT AND SUPERVISORY BODIES

16.1 Report on the functioning of the Board of Directors and Internal Control

Nicox SA

A French public limited company (*société anonyme*) with share capital of EUR 25,070,977
Registered Office:
Drakkar D - 2405 Route des Dolines
06560 - Valbonne Sophia-Antipolis
R.C.S. (Trade and Companies Register) 403 942 642***

REPORT ON THE FUNCTIONING OF THE BOARD OF DIRECTORS AND INTERNAL CONTROL

This report was prepared by the Chairman of the Board of Directors and approved by the Board of Directors on March 29, 2017 in accordance with the provisions of Article L.225-37 of the French Commercial Code. The aim of this report is to provide an account of the Board's membership, the conditions governing the preparation and organization of its work, the internal control and risk management procedures put in place by the Company, any restrictions on the powers exercised by the Chairman and Chief Executive Officer, and the principles and rules adopted by the Board of Directors for determining the compensation and benefits granted to the corporate officers. It is submitted to you in conjunction with the management report contained in the registration document for 2016, which includes inter alia the information required in Article L. 225-38 of the French Commercial Code.
On matters of corporate governance, the Company applies the recommendations of the MiddleNext Corporate Governance Code for Small and Midcap Companies" (hereinafter the "Code"), available on its website at www.middlenext.com.
The Company has based the development, implementation and description of its internal control and risk management system on the framework proposed by the AMF for small and midcap companies.

I - CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

I.1. Membership of the Board of Directors

The management of Nicox S.A. is entrusted to a Board of Directors currently comprising 6 members.

During 2016, there were no changes in the composition of the Board of Directors:

The Company is committed to the principle of equal representation of men and women pursuant to Article L. 225-37 of the French Commercial Code. The Board of Directors currently has two women, representing 30% of its workforce.

Biographies of the Directors

Michele Garufi has been the Chief Executive Officer since February 15, 1996. His term as director will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2016. Michele Garufi was born in Milan, Italy in 1954 and earned a degree with honors in pharmaceutical chemistry from the University of Milan in 1977. He also earned a pharmacist's degree in 1989. Michele Garufi has extensive experience in partnerships management, licensing agreements and international marketing in the European pharmaceutical industry. Before 1996, he served as Vice President of the International Division and Director of Licensing Activity at Recordati Italy and as CEO of the Spanish subsidiary of Recordati Italy. Prior to those positions, he was the Director of the International Division of Italfarmaco (1988-1992), assistant to the Chief Executive Officer of Poli Chimica (1984-1988), assistant to the President of Medea Research (1983) and Technical Director for one of the Italian subsidiaries of the Lipha group (1978-1982). During his career, he has served on the Boards of Directors of Novuspharma, Novexel SA and Lica SA. He was also a co-founder and member of the Board of Directors of Scharper SpA, a specialized pharmaceutical company, Delife Srl, and Relivia Srl, two Italian companies active in the dermatology segment. Michele Garufi is currently a member of the Board of Directors of OncoBiotek, a French company providing solutions to treat canine cancer, and Novaera Srl, a private Italian research company in the dermatology segment. He was a director of Iris TopCo (UK) from August 9, 2016 to March 16, 2017 M. Garufi is 63. In his youth, Mr Garufi was a member of the national Italian swimming team. He may be contacted at the following address: Drakkar D, 2405 route des Dolines 06560 Valbonne Sophia Antipolis (France). He holds 233,051 shares

Birgit Stattin Norinder has been a director of Nicox SA since 2011. Her term will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2016. Mrs. Stattin Norinder has held several executive positions in pharmaceutical companies based in Europe and the United States, including Pharmacia & Upjohn (United States) as a member of Corporate Management and Senior Vice President of World Product Development, Glaxo Group Research Ltd (United Kingdom) as Director of the International Regulatory Affairs Division, Astra Research Centre AB (Sweden) as Vice President of the Infection R&D Department, Pfizer Inc. (United States), and Parke-Davis AB (Sweden). Mrs. Stattin Norinder was CEO and chairman of the Board of Prolifix Ltd (United Kingdom). She has also served as Chairman or director on several Boards in biotech companies based in the United Kingdom, Sweden and Norway. She is currently a member of the Board of Directors of Addlife AB, Hansa Medical AB, Jettesta AB, and WntResearch in Sweden. She holds a degree in pharmacy from Uppsala University (Sweden). Stattin Norinder is 68. She may be contacted at the following address: Karlavägen 68, 114 59 Stockholm, Sweden. She does not hold any Nicox shares.

Jean-François Labbé has served as a director of Nicox since 2010 and Chair of the Audit Committee since July 2013 He was proposed for the Board by Banque Publique d'Investissement (formerly Fonds Stratégique d'Investissement). His term will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2019. Before founding in 2006 SpePharm, a specialized pharmaceutical company based in Amsterdam, Jean-François Labbé was one of the investors and CEO of OTL Pharma, a Paris-based pharmaceutical company specializing in orphan drugs. OTL Pharma's revenues totaled €14 million in 2004, the year Mr. Labbé sold this company to

Strakan (now Prostrakan). He is a member of the Board of Directors of Transgène SA where he serves on the Audit Committee. Mr. Labbé has more than 40 years of experience in the pharmaceutical industry and was previously the CEO of Parke Davis France. Prior to that, he worked for 25 years at Hoechst-Roussel, where he held different management positions in Europe (Netherlands, France, United Kingdom) and outside Europe (United States, South Africa). Mr. Labbé served as President Europe-Middle East-Africa for Hoechst-Marion-Roussel from 1995 to 1999, serving on the Executive Committee until the company's merger with Aventis. Mr. Labbé earned*** an MBA from the Ecole HEC Paris, France. Mr. Labbé is 66. He can be contacted at 27 allée des Bocages, 78110 Le Vésinet (France). He does not hold any Nicox shares.

Adrienne L. Graves, Ph.D. was coopted to the Board of Directors of Nicox in August 2014. His term will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2017. She is a global industry leader in ophthalmology. From 2002 to 2010, Dr. Graves was President and Chief Executive Officer of Santen Inc., the US arm of Japan's largest ophthalmic pharmaceutical company. Prior to joining Santen, Dr. Graves spent nine years with Alcon Laboratories, Inc., progressing through various roles, including Director of International Ophthalmology. Dr. Graves serves as Director on several Corporate Boards in the United States, including Akorn, Inc., TearLab Corporation, Aerpio, Encore Vision and Envisia Therapeutic, and Foundation Boards, including the ASCRS Foundation, Glaucoma Research Foundation and AAO Foundation (emeritus). Dr. Graves received her AB in Psychology with honors from Brown University (Rhode Island, United States), her PhD in Psychobiology from the University of Michigan (Michigan, United States), and she completed a postdoctoral fellowship in visual neuroscience at the University of Paris (France). She is 61. She may be contacted at 999 Green Street, ≠1205, San Francisco CA 94133, United States. She does not hold any Nicox shares.

Luzi A. von Bidder was coopted to the Board of Directors of Nicox in August 2014. His term will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2017. He was until 2013 Chairman of the Swiss-listed company Acino Holding AG, a pharmaceutical company focused on novel drug delivery forms acquired by Pharma Strategy Partners GmbH in December 2013. Mr von Bidder is currently on the Board of several other Swiss private healthcare companies, including Ferring, Ixodes, Solvias, EyeSense (and for the last two as Chairman). Between 1992 and 2002, prior to joining Acino, M. von Bidder served as Chairman and Chief Executive Officer of Novartis Ophthalmics AG, a subsidiary of the Swiss arm of Novartis. He also served as a member of the Novartis Pharma Executive Committee and held various positions at Ciba-Geigy. Mr von Bidder graduated in Economics from HSG University of St. Gallen (Switzerland). He is 64. He may be contacted at 10 Geissacher, 8126 Zumikon, Switzerland. He holds 10,000 Nicox shares.

Les Kaplan has been a Nicox director since June 2014. Her term will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2017. He was the Executive Chairman of Aciex Therapeutics, Inc., a private US pharmaceutical development company specializing in ophthalmics acquired in October 2014 and renamed Nicox Ophthalmics, Inc. Previously, he served as the Executive Vice President, then President in charge of research and development for Allergan Inc. Dr Kaplan joined Allergan in 1983, and prior to be appointing Executive Vice President successively served as Corporate Vice President then President, Research and Development and President

of Global BOTOX from June 1998 to November 2003. He was appointed to Allergan's Board of Directors in 1994. Dr Kaplan is currently a member of the Boards of Directors of ACADIA Pharmaceuticals Inc. and Neurotech. He is also a member of the Board of Directors of the Clinical Research Institute of the Foundation for Fighting Blindness. Dr. Kaplan received a PhD in organic chemistry from the University of California (Los Angeles, United States). He is 65. He can be contacted at 1710 Anglers Dr, Steamboat Springs, CO81487, United States. He holds 69,131 Nicox shares.

Absence of criminal conviction

To the Company's knowledge, no corporate officer serving in 2016:

- has been convicted of fraud during at least the last five years;
- has been declared bankruptcy, been in receivership or liquidation during at least the last five years;
- has been the subject of an accusation and/or official public sanction ordered by statutory or regulatory authorities during at least the last five years.

Finally, to the Company's knowledge, no corporate officer serving in 2016 has been prohibited by a court from serving as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the business of an issuer during at least the last five years.

Independence of the directors

To the Company's knowledge, there are currently no contractual or family ties among the corporate officers of the Company.

The internal rules of the Board of Directors, which were updated in 2016 following the decision to refer to the MiddleNext Corporate Governance Code, stipulate that the Board must have, to the extent possible, two directors considered to be independent, and that it must reevaluate the independence of its members under the criteria set by the Board every year.

The Board, which refers to the MiddleNext Code, decided that the criteria for evaluating the independence of Board members would be the criteria defined in the MiddleNext Code as updated in September 2016, i.e.:

- they must not have been during the last five years an employee or executive officer of the company or a company in its group;
- they must not have had any material business relationship with the company or its group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the company or hold a significant percentage of voting rights;
- the member has no close family ties with a corporate officer or a reference shareholder;
- they must not have been an auditor of the company in the course of the previous six years.

COMPLIANCE OF EACH DIRECTOR WITH THE INDEPENDENCE CRITERIA OF THE MIDDLENEXT CODE(1)

Director	Compliance	Non-compliance
Michele Garufi		X
Jean-François Labbé (2)	X	
Birgit Stattin Norinder	X	
Adrienne Graves	X	
Luzi Von Bidder	X	
Les Kaplan	X	

1. *At its meeting held on December 6, 2016, the Board concluded that the only non-independent director, based on the independence criteria set out in the updated version of the Middlenext Code, is Michele Garufi in his capacity as Chairman and Chief Executive Officer.*
2. *It should be noted that Mr. Labbé's candidacy has been proposed by the Banque Publique d'Investissement (Bank for Public Investment, formerly Strategic Investment Fund).*

Moreover, the Board of Directors' internal rules of procedure require each director to provide, before the end of each fiscal year, a statement describing his/her relationship with the Company, the members of the Board of Directors and its Chief Executive Officers and a declaration on the existence of possible conflicts of interest.

According to statements made in late 2016, five directors, namely Birgit Stattin Norinder, Adrienne Graves, Jean-François Labbé, Luzi Von Bidder, and Les Kaplan, declared that they had no direct or indirect relationship with any Group companies, their directors or Chief Executive Officers.

One director declared the following link with a Group company, its directors or Chief Executive Officers. Michele Garufi, in his capacity as a corporate officer of
Nicox SA, Nicox Research Institute Srl, Nicox Science Ireland and Nicox Ophthalmics, Inc.

As provided for in the Board of Directors' internal rules of procedure, directors having a conflict of interest must inform the Board, abstain from voting or taking part in its deliberations and, if necessary, resign. The absence of any information to this effect will be deemed to be acknowledgment that no such conflict of interest exists.

Non-voting Advisors

The Annual General Meeting may also appoint one or more persons with the title of non-voting advisor for a term of four years. The Non-voting Advisors attend the meetings of the Board of Directors, but have no voting rights on the decisions submitted to the Board. The non-voting advisors are called to Board meetings under the same conditions as the directors, and have the same rights to information.

There are presently no Non-voting Advisors with the Company.

Directors elected by the employees

The Board of Directors has no members representing the employees, it being specified that the threshold of the employees holding at least 3% of the corporate capital stipulated by Article L. 225-23 of the French Commercial Code for mandatory appointment of directors representing the employees was not reached at December 31, 2016.

Service contracts

There are no service contracts binding the members of the administrative or management bodies to the issuer, or to any of its subsidiaries, which stipulate advantages under the terms of such contracts.

I.2. Operation of the Board of Directors

Internal rules of the Board of Directors

The operation of the Company's Board of Directors and its working committees is governed by internal rules of procedure that were updated in 2016, primarily to reflect the recommendations of the MiddleNext Code, updated in September 2016.

These internal rules contain provisions on the following:

- The powers of the Board of Directors. The internal rules stipulate that the Board defines the strategies of the Company's activities and ensures that they are implemented. Subject to the powers expressly granted to shareholders' meetings, and within the limits of the corporate purpose, the Board considers any question that is relevant to the proper operation of the Company and decides the Company's affairs through its resolutions. In particular, the Board rules on the budget, the business plan and, in general, any major transaction. In the event of a difference between a decision of the Board and a MiddleNext recommendation, the Board shall provide an explanation for this difference (according to the "*comply or explain* " principle).

- The composition of the Board of Directors, in order to ensure and monitor its independence. Thus, the internal rules stipulate that the Company's Board must have, to the extent possible, at least two independent members. The independence of the directors must be reevaluated annually by the Board on the basis of the criteria set forth in the revised MiddleNext code of September 2016.

- The procedures and conditions for meetings of the Board of Directors The Internal Rules of Procedure stipulate that, subject to the limits and exceptions provided by law, directors who participate in the meeting via videoconferencing or electronic methods that allow identification and guarantee effective participation, the nature and conditions of which shall be defined by the regulations in force and subject to reservations stipulated by said regulations, shall be deemed present for calculating the quorum and majority. In this respect, it is specified that participation via videoconferencing or electronic methods is not open for Board meetings called for the purpose of establishing the annual financial statements, the consolidated financial statements and the management report.

- The procedures for information to the members of the Board of Directors. In particular, the Internal Rules of Procedure provide for an obligation to regularly inform the directors of the Company's financial position, about the cash it holds and its financial commitments. It also provides that the Chairman of the Board of Directors must provide Board members with all significant information concerning the company. The internal rules stipulate, for each member of the Board, the right to obtain any information or document the member believes he needs to perform his duties and/or to meet with any of the senior executives of the company outside the presence of the Chairman of the Board. The rules also provide that directors must receive, prior to meetings, all documents and information required for them to perform their mission. These documents and information shall be transmitted to them by email to the extent possible, approximately one week before the meeting.

- The list of the decisions for which the Chief Executive Officer must obtain prior approval from the Board. This list includes: decisions to establish operations in international markets or withdraw from foreign sites; significant transactions that could impact the Group's strategy or modify its financial structure or scope of activity; the acquisition or sale of stakes in other companies; all transactions covering assets, securities or stocks; the acquisition or sale of real estate; the granting of sureties on corporate assets, or obtaining loans in excess of €150,000.

- The conditions for appointment and the role of the Working Committees. The internal rules stipulate that the Board may form committees to prepare its work. The Board defines the role assigned to each committee; it is specified that these committees operate under the exclusive and collective responsibility of the Board members. The mission of the committees is to clarify the Board's decisions through their analyses, and they formulate proposals, recommendations and opinions for this purpose. The members of the committees must personally participate in the meetings and may not be represented by another member. The committees may not deliberate with fewer than half the members. The committees can consider any question falling within their area of expertise. They may also be petitioned by the Board of Directors or the Chairman.

- The responsibilities of the Audit Committee. The mission of the Audit Committee is to ensure the quality of the Internal Audit and the reliability of the information provided to shareholders and the financial markets. In particular, it is responsible for monitoring the process to prepare the financial information, the effectiveness of the Internal Audit systems (evaluation of internal control procedures, review of proposed internal audits and implementation of the recommendations resulting from internal

audits, evaluation of risk assessment), monitoring control of the corporate and consolidated financial statements by the Statutory Auditors (review of the assumptions used to close the financial statements, review of the annual, half-yearly and quarterly financial statements, if applicable, before they are reviewed by the Board of Directors, the review, in consultation with the Statutory Auditors, of the accounting principles and methods used, examination of the major transactions that might generate a conflict of interest), monitoring the independence of the Statutory Auditors, the procedure for selecting them, their fees, and the use of the Statutory Auditors for work other than auditing the financial statements.

- The members of the Audit Committee. The Audit Committee is composed of three to five members and if, possible, two-thirds of its members are directors considered to be independent, with at least one member with specific expertise in financial or accounting matters. The Chief Executive Officer is not, in principle, a member of the Audit Committee. The Audit Committee meets whenever it deems necessary and at least twice a year before the Board meetings that review the annual and half-yearly financial statements. The Audit Committee may ask the Chairman to provide it with any document and interview any person. It must receive summary reports from the internal audit. It may also decide to use outside experts.

- The responsibilities of the Compensation Committee. The mission of the Compensation Committee is to make recommendations on the general compensation policy for executive corporate officer (fixed and performance-based, in-kind benefits, retirement, severance packages), and the award of free shares, stock options or equity warrants; to make recommendations concerning all elements of compensation for each executive officer (including in-kind benefits); to make proposals concerning the total allocation for directors' attendance fees and the distribution of those fees, on all elements of compensation (including the award of stock options or free shares) for the principal executives (Senior Managers, Vice Presidents, Chief Financial Officer); to review the annual increase in the payroll; to review plans to grant shares and stock options, and the criteria and conditions applicable to these grants; to collect information about the compensation and benefits paid to the corporate officers of the Company and the companies that it controls.

- The members of the Compensation Committee. The Compensation Committee has three to five members, half of whom should be considered independent, if possible. The Chief Executive Officer is not, in principle, a member of the Compensation Committee. The Compensation Committee meets whenever it deems necessary, and at least once a year. The Compensation Committee may ask the Chairman to provide any document or interview any person.

- The responsibilities of the Corporate Governance Committee. The mission of the Corporate Governance Committee is to propose criteria to evaluate the independence of Board members, assess the effectiveness, relevance and implementation of the corporate government procedures, and to make recommendations to improve them, submit proposals on the composition and responsibilities of the committees, and examine candidates for director and strategic management positions.

- The members of the Corporate Governance Committee. The Corporate Governance Committee has three to five members, at least half of whom are considered

independent, if possible. The Chief Executive Officer is not, in principle a member of the Corporate Governance Committee, but he participates in the work of the Committee to select directors and corporate executive officers. The Corporate Governance Committee meets whenever it deems necessary, and at least once a year. The Corporate Governance Committee may ask the Chairman to provide it with any document or interview any person.

- The principles for the distribution of directors' attendance fees. For the distribution of directors' attendance fees, the Board may take into consideration attendance of members at Board meetings, and any participation in the work of the Committees.

- A restatement of the confidentiality obligations;

- A restatement of the legal obligation for members of the Board of Directors to hold their shares in registered form;

- The declaration procedures for transactions executed by the directors and their relatives in securities of the Company, which stipulates an obligation for Board members and chief executive officers to declare in writing each of the transactions they, or their families, have executed in securities of the Company to the French Autorité des Marchés Financiers, within five trading days;

- Recommendations to prevent insider trading.

In addition, the Board of Directors adopted, for its employees and officers, recommendations to prevent insider trading in the Company. These recommendations contain a list of precautions to take to preserve the confidentiality of sensitive information; a general obligation to abstain if privileged information is held, and a specific obligation to refrain from executing any transaction in Nicox financial instruments (or financial instruments related to Nicox securities) for thirty calendar days before, and one day after, the publication of the annual and interim results and fifteen calendar days before, and one day after, the publication of quarterly financial information.

Meetings of the Board of Directors

During 2016, the Company's Board of Directors met ten times.

Board meeting dates	Number of directors attending	Total number of directors
February 10, 2016	6	6
March 03, 2016	6	6
April 14, 2016	6	6
April 16, 2016	6	6
June 14, 2016	6	6
1 Jul. 2016	3	6
July 22, 2016	5	6
July 27, 2016	4	6
September 21, 2016	6	6
December 06, 2016	6	6
Percentage	**90%**	**-**

In 2016 the Company's Board of Directors considered the following issues:

- discussion on the operations of the Board of Directors
- 2016 and 2017 budget and 2016 and 2017 company objectives
- Update of the Company's Bylaws following the delivery of bonus shares;
- Restricted stock unit awards;
- Achievement of 2015 and 2016 company objectives;
- Closing of the consolidated financial statements;
- Examination of the agreements referred to in Article L. 225-38 of the French Commercial Code;
- Consideration of the terms of office of directors and Statutory Auditors;
- Discussion of and decisions on Company activities and strategy;
- 2015 registration document, reports on the operations of the Board of Directors and on Internal Control, equity warrants, restricted stock units, resolutions submitted to the meetings;
- Discussion on the compensation of the Chairman and Chief Executive Officer;
- Prior approval of a related party agreement (negotiated settlement agreement with the Chairman and Chief Executive Officer);
- termination on economic grounds of Philippe Masquida and cancellation of the condition of presence for restricted stock unit awards;
- Disposal of the Group's commercial operations;
- Equity financing through a capital increase reserved for a category of investors;
- Half-yearly and quarterly financial information;
- The share buyback program;
- Updating of the Board of Directors' internal rules of procedure after the MiddleNext corporate governance code was revised;
- Review of the risks to which the Company may be exposed;

- discussion of the operations of the Board of Directors
- Annual review of the independence of directors, links between directors and with the Company; potential conflicts of interest;
- management succession planning for the Chief Executive Officer and key managers, plan in the event of a temporary unavailability of the of the Chief Executive Officer and key managers;
- The social, employment-related and environmental consequences of the Company's businesses and strategy;
- Breakdown of attendance fees.

It should be noted that in accordance with Article 15 of the Bylaws, the members of the Board of Directors were convened verbally and/or by e-mail to meetings of the Board. Approximately one week before each meeting, they received in electronic format the documents and information submitted for the review by Board, with explanatory summaries.

In accordance with Article L.823-17 of the French Commercial Code, the statutory auditors were convened to meetings of Board held to approve the yearly and half-yearly consolidated financial statements.

Provisions of the By-laws

The Company is administered by a Board of Directors currently composed of six members.

The term of office of directors was reduced from six to four years by a resolution of the extraordinary general meeting of July 27, 2012; it was specified that the terms of directors in office on the date of that meeting will continue until the end of their initial six-year term. The term of office of directors ends at the end of the Annual General Meeting called to approve the financial statements for the past year, which is held in the year in which the term expires.

The age limit to serve on the Board is 79. A director who reaches the age limit shall be considered to have automatically resigned as of the date of the next Annual General Meeting, which will note this resignation. Subject to this reservation, directors may always be re-elected.

The Board of Directors conducts the controls and audits it deems timely. The Chairman or the Chief Executive Officer of the Company must communicate to each director all the documents and information necessary to perform his mission.

The Board elects a chairman from among the members, who must be an individual, under penalty of nullification of the election. The Board determines his compensation and the term of office, which may not exceed his term as a director. The Chairman of the Board must be less than 70 years old. If this age limit is reached during his term, the Chairman of the Board shall be deemed to have automatically resigned from office. His term is extended, however, until the next meeting of the Board of Directors, which will then elect a new chairman.

The Chairman organizes and directs the work of the Board and reports on that work to the general meeting of the shareholders. He ensures the correct operation of the corporate bodies and ensures that directors are able to perform their mission.

The Board of Directors meets as often as required by the Company's interest, on a notice from the Chairman. In addition, if the Board has not met for more than two months, directors representing at least one-third of the members of the Board may ask the Chairman to call a Board meeting on a specific agenda. When the positions of Chairman and Chief Executive Officer are held by two persons, the Chief Executive Officer may ask the Chairman to call a Board meeting on a specific agenda. The notices of meeting are issued by all methods, even verbally. Board meetings are held at the registered office, or at any other location indicated in the notice of meeting. The Board may validly deliberate only if at least half of the members are present. Decisions are made by a majority vote of the members present or represented.

Directors who participate in Board meetings via videoconferencing or electronic methods that allow their identification and effective participation are deemed present for counting the quorum and majority. The nature and conditions of such methods are determined by the regulations in force and subject to the reservations stipulated by said regulations.

The Chairman does not have the deciding vote in the event of a tie vote. One or more advisors may assist in an advisory capacity at meetings of the Board of Directors.

Assessment of the operations of the Board of Directors

The Internal Rules of Procedure of the Board of Directors provide that the Board must devote one item on its agenda, at least once a year, to a discussion of its operations.

The annual discussion of the operations of the Board of Directors for 2016 took place in December 2016. In particular, this discussion covered the conditions for preparing Board meetings, the frequency and duration of the meetings, the composition of the Board (diversification of expertise and balance of powers), and the use of an outside expert for technical questions. The Board considered that its operating practices were satisfactory.

Number of shares to be held by the directors

The by-laws stipulate no obligation for directors to own shares.

Members and operation of the committees

The Board of Directors has three Committees, whose functions are governed by the internal rules of the Board (see section I.2, Internal Rules).

Audit Committee

The Audit Committee comprises three directors: Jean-François Labbé, Luzi Von Bidder, Les Kaplan. It is chaired by Jean-François Labbé.

It should be noted that during the annual discussion at the Board of Directors' meeting held on December 06, 2016, the directors comprising the Audit Committee on that date were considered independent by the Board of Directors in application of the recommendations of the MiddleNext code.

During the 2016 fiscal year, the Audit Committee met four times. The attendance rate at these four meetings was 100%. The Audit Committee's work focused in particular on the analysis of the consolidated financial statements for the 2016 fiscal year, including a review of off-balance sheet commitments and cash flow; the half-yearly financial report; auditors' fees, quarterly financial information, half-year financial information and the half-year financial report, the revised budget for 2016, the 2017 budget, internal audit.

Remuneration Committee

The Remuneration Committee comprises three directors: Birgit Stattin Norinder, Jean-François Labbé, Adrienne Graves. It is chaired by Birgit Stattin Norinder.

It should be noted that during the annual discussion at the Board of Directors' meeting held on December 6, 2016, the directors comprising the Remuneration Committee on that date were considered independent by the Board of Directors in application of the recommendations of the MiddleNext code.

The recommendations of the Remuneration Committee regarding the stock option allocation or share purchase policy, which were adopted by the Board, consist in systematically awarding stock options or bonus shares to the Group's new employees. The number of options or bonus shares awarded to beneficiaries is based on their responsibilities. The Remuneration Committee also recommended that options or bonus shares be granted to the Group's employees and corporate officers after their appointment, in an effort to reward loyalty. The Board adopted these recommendations too.

During the 2016 fiscal year, the Remuneration Committee met three times. The attendance rate at these meetings was 100%. The work of the Remuneration Committee covered the following subjects: the remuneration of the Chief Executive Officer and members of the Management Committee, the settlement of the dispute with the Chairman-CEO concerning nonpayment of the pension contributions for the periods from 1996 to 2002; restricted stock unit awards; examination of the achievement of the performance criteria applicable to past awards and the consequences of failure to achieve a certain performance criteria; possible increases in the remuneration of employees, achievement of the 2016 company objectives; variable compensation for employees for 2017, directors' attendance fees.

Corporate Governance Committee

The Corporate Governance Committee comprises three directors: Adrienne Graves, Birgit Stattin Norinder and Les Kaplan. It is chaired by Adrienne Graves.

It should be noted that during the annual discussion at the Board of Directors' meeting held on December 06, 2016, the directors comprising the Corporate Governance Committee on that date were considered independent by the Board of Directors in application of the recommendations of the MiddleNext code.

During the 2016 fiscal year, the Corporate Governance Committee met once. The attendance rate at this meeting was 100%. The work of the Corporate Governance Committee covered notably the updating of the Board of Directors' Internal Rules of Procedure after the MiddleNext corporate governance code was updated; risks to which the Company is exposed; Board practices; the situation concerning board members and their ties with the Company, other board members and the Chief Executive Officer, the annual assessment of independence of directors; the annual discussion on conflicts of interest, the succession plan for the Chairman-CEO and key managers and the plan in the event of the temporary unavailability of the Chairman-CEO and key managers; the social, employment-related and environmental consequences of the Company's businesses and strategy.

I.3. Principles and rules adopted by the Board to determine the compensation and benefits paid to corporate officers in the past year.

The compensation and benefits of corporate officers are set out in section 15.1 of Nicox's Registration Document including the annual financial report and management report for 2016, which can be found on the website of the Autorité des Marchés Financiers (www.amf-france.org) and on Nicox's website (www.nicox.com). The information is made publicly available through an announcement which outlines the relevant procedures.

As regards the compensation policy for corporate officers adopted by the Board of Directors for 2016, it was decided that the Chairman and Chief Executive Officer would not receive directors' attendance fees, and that directors' attendance fees in the aggregate amount of €250,000 would be allocated as follows: €50,000 each to Birgit Stattin Norinder, Adrienne Graves, Jean-François Labbé, Luzi Von Bidder and Les Kaplan.

As for the Chairman and Chief Executive Officer, the Board decided that he would receive a fixed compensation and a variable compensation based on the achievement of weighted objectives set by the Company and formally approved by the Board of Directors, provided that the amount of the variable portion of his compensation does not exceed 50% of his base salary.

The Board of Directors took note of the information contained under the heading "Points to be watched" of the MiddleNext Code. The recommendations of the MiddleNext Code are all applied by the Company with the one exception mentioned in the table below:

Recommendations of the MiddleNext Code	**Explanations for their non-application**
(*Recommendation 7*) Each director should attend shareholders' general meetings.	The shareholders' meetings of the Company held on June 21, 2016 were attended in person by five shareholders.

II - INTERNAL CONTROL SYSTEM:

The Group relied on the AMF guide to implementing the reference framework for Small and Midcap Companies and points out that it is in compliance with the transposition of the 8th European Directive requiring an audit committee. It should be noted that the procedures described in this report apply to the parent company and all companies included in the Group's consolidated accounts. This report describes the situation as of December 31, 2016.

II.1. Group objectives for Internal Audit:

The Group is implementing the structuring of its Internal Audit mechanism over time.

In this respect, the Group notes that Internal Audit is a mechanism of the Company defined and implemented under its responsibility, and intended to ensure:

- Application of the instructions and strategies defined by Management;
- The reliability of financial information;
- Compliance with laws and regulations;
- The correct operation of the Group's internal processes, particularly those which help to protect its assets;

and, in general, it contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources. However, Internal Audit cannot provide an absolute guarantee that the Company's objectives will be met.

II.2. Organization of Internal Audit

The Nicox Internal Audit is based on organizational structures and methods responsible for direction and control, but also responsible for risk management.

The Board of Directors and its different committees:

The Board of Directors: The Board of Directors is the leading player in the Group's Internal Audit. It has adopted internal rules that define, among other items, the responsibilities and procedures for the operation of the Audit Committee, the Compensation Committee, and the Corporate Governance Committee.

The Audit Committee: For the work of its Audit Committee, the Group relies on the report of the AMF working group on the Audit Committee (AMF Recommendation of July 22, 2010).

The Audit Committee, whose role is to advise the Board of Directors, is responsible for the following within the framework of the Internal Audit process:

- to monitor the effectiveness of the Internal Audit and risk management systems within the Group;
- to review the controls performed by the Finance Department to evaluate the relevance and effectiveness of the procedures in effect;
- to monitor the implementation of the recommendations developed on the basis of the results of the Finance Department's controls;
- to regularly review the Group's main financial risks and its significant off-balance sheet commitments;
- to take a position on any changes in accounting principles and the determinant financial statements judgments and estimates.

In the context of the missions it has been assigned, the Audit Committee may ask the Chairman to provide it with any document or allow the committee to interview any person, particularly the Chief Financial Officer and the Statutory Auditors, in order to obtain information about the specific accounting, financial and operational features of the company. The Audit Committee is regularly informed in reports of the progress on the different work being performed as part of the Internal Audit of Group companies.

The Compensation Committee: The Compensation Committee, which has an advisory role with the Board of Directors, is responsible for the following within the Internal Audit process:

- to review annually the compensation, in-kind benefits, stock options and free shares awarded to corporate officers and senior management employees, and the members of the Management Committee;
- to review the plan for long-term allocation of stock options and free shares;
- to review the annual increase in employee payroll.

The Corporate Governance Committee: The Corporate Governance Committee, which has an advisory role with the Board of Directors, is responsible for the following tasks within the Internal Audit process:

- to establish criteria to assess the independence of the members of the Board of Directors;
- to evaluate and monitor corporate governance procedures;
- to verify the appropriate application of the regulations and recommendations on corporate governance;
- to examine candidates for corporate officers and senior management employees.

The Management Committee In addition to the Board of Directors and its different committees, Internal Audit also relies on an operational committee: the Management Committee

The Management Committee, led by the Chief Executive Officer is currently composed of six members. The Management Committee monitors the Group's plan, ensures respect for the operating plan and targets assigned by the Board of Directors at all management levels, and

debates all organization and operational strategy questions placed on the agenda by its members.
In addition, it is responsible for defining, leading and monitoring the Internal Audit process best adapted to the Group's situation and activities. Within this framework, it is continually informed of any malfunctions, insufficiencies or difficulties in application. The Management Committee ensures the commitment to the correct actions necessary.

Advisory Committee: The Group regularly organizes meetings of Advisory Committees composed of independent experts in order to exchange information on various issues related, in particular, to its business development activities and its new commercial activities. These committees provide an independent opinion and propose recommendations that assist the Group to make strategic and operational choices.

Quality Assurance and Finance Department: Finally, the other players in Internal Audit are Quality Assurance and the Finance Department:

Quality Assurance (QA): The Quality management system is organized around two pillars:

- Designing, preparing and managing a quality information system as reflected by manuals, procedures and instructions. QA ensures the distribution of procedures and the homogeneity of formats and media used.
- Conducting quality audits to evaluate in an independent manner
    - Compliance with procedures and internal processes for the purpose of ensuring continuing improvement for operations;
    - The capabilities of suppliers and service providers for the purpose of guaranteeing compliance with applicable requirements.

The Finance Department: The Chief Financial Officer (with the support of QA for the document support area) is responsible for maintaining the Internal Audit process which is based on:

- continual update and improvement of the existing administrative and financial procedures;
- the establishment of new procedures, as needed;
- the availability of adapted information tools.

II.3. Internal information distribution

Disseminating information for making it possible to implement Internal Audit within the Group through Quality Assurance which directs production and centralizes all standard procedures through the Intranet after formal approval. Each newly issued procedure is transmitted in an accompanying email by Quality Assurance in order to:

- Summarize the objectives of the procedure,
- Indicate its application date.

A reply from each recipient is requested to ensure follow-up (confirmation that it has been read).
Each new employee receives an email from Quality Assurance which informs the employee where he can access the procedures for his department.

In addition, certain procedures are covered by internal training sessions in order to explain the content and responsibilities.

II.4. Risk management

In its management of risks, the Group relies on three main tools, which complete the Internal Audit process. This approach is moving it toward conformity with the transposition of the 4th and 7th European Directives, primarily by establishing a specific risk management process.

The Registration Document

Each year Nicox prepares a registration document that includes a chapter on the risk factors that could have a material negative impact on its activity, financial position and results. This document deals with operational risk factors as well as financial, environmental, commercial and technological risk factors.
Faced with a number of these risks, the Group adopts a policy of precautions for risk insurance and coverage. Nicox believes that, as of this date, its insurance coverage is adequate for all the operations of its Group.

Assessment of risk management

There was no formal review of risk management in 2016.

Statutory Auditors' review of Internal Audit procedures

The Statutory Auditors conduct a yearly review of the Internal Audit Procedures. The conclusions of this work are presented to the Finance Department and allow the Internal Audit teams to enhance the risk identification process. The answers provided by management are reconciled with the correct action plan.
In November and December 2016, the Auditors' work consisted of individual interviews with managers of the Company and walk-through tests on the functional processes of certain Company operations.

II.5. Control activities

II.5.1. Internal control procedures relating to the preparation and processing of financial and accounting information

II.5.1.1. Accounting and financial management and organization

Parties involved

The Group's company accounts are all kept under the direction of the Chief Financial Officer. The accounts of Nicox SA, Nicox Research Institute SRL are maintained internally. The accounts of subsidiaries Nicox Ophtalmics Inc. and Nicox Science Ireland Limited were entrusted to an external service provider, as was the consolidation of the Group's financial results.
As part of their procedures on behalf of the parent company and the publication of its consolidated financial statements, the statutory auditors conducted an audit of companies

included in the consolidation scope of Nicox SA and considered at December 31, 2016 as significant entities based on the thresholds set by them.

In addition, at December 31, 2016, the payroll function was outsourced.

Forecasting systems:

The Business Plan: This is a projected business model prepared for all Group operations over a time horizon of five years (or ten, if necessary). This document is prepared and updated regularly on the basis of the Group's strategic decisions, taking into account the different objectives to be achieved for each operational development, and also taking into consideration changes in the pharmaceutical markets, regulations and the competitive environment. Each update of the Business Plan is presented to the Audit Committee, and then to the Board of Directors.

The Annual Budget: Every year in the final quarter of the year, the Group Finance Department prepares an annual Budget, in close collaboration with the operational departments. On the basis of the strategic objectives defined in the Business Plan, the Management Committee defines the Group's objectives for the coming year. These objectives are then approved by the Board of Directors and distributed to the operational departments. The various operational departments assess their detailed needs in terms of operating expenses, investments and equipment, and human resources. This information is centralized by the Chief Financial Officer and the Group Management Controller. The Management Committee evaluates the various budget proposals and makes certain decisions. The finalized Budget is presented to the Audit Committee and then to the Board of Directors for approval. Actual expenditures are monitored and analyzed every month as part of the monthly reporting;

The Revised Budget: budget revision process carried out midyear. This process updates budget assumptions for the following six-month period by comparison of the actual figures for the year to date with the initial budget projection. The Revised Budget is presented to the Audit Committee and then to the Board of Directors.

The Business Plan, Annual Budget and the Revised Budget compose a set of financial documents and statements intended for the operational departments, the Management Committee, the Audit Committee and the Board of Directors of the Group. These financial documents and statements are shared by a defined and limited group of users, for strictly internal use, and are not, under any circumstance or in any form, communicated to the public.

II.5.1.2. Preparation of financial and accounting information

The consolidated internal reporting system

The internal reporting system is based on the collection and compilation of local general accounting and budget data/revised budget of all Group entities. The data are returned in the form of detailed reports and consolidated statements which reflect the discrepancies between actual and forecast data. Consolidation adjustments are recognized at the close of each half-year.

Based on this information, the Finance Department produces each month, as part of a closing procedure, a monthly operating reporting document. This consists of various cost accounting financial statements, both for the reference month and year to date as well as an analysis of the most significant variances in relation to budget and the revised budget excluding consolidation adjustments.

The operational reporting information is made available to line management departments This report is presented every quarter to the Audit Committee.

Added to these monthly operational reporting items are an interim and annual consolidated report including in particular consolidation adjustments and a reconciliation table with the operational reporting information. This report is submitted to and discussed by the Audit Committee, and then submitted to the Board of Directors.

The consolidated monthly, semi-annual and annual reports are a major component of the financial information control system. They are favored by the Executive Committee as a monitoring, control and management tool. The reconciliation of accounting and forecast data, combined with the monthly analysis, ensures that the information produced is of high quality and reliable.

These reporting elements and analytical reviews are strictly for internal use and accessible to a defined and limited group of users. They are in no way and in no manner disclosed to the public.

The consolidated financial statements

The consolidated reporting system described above, and in particular the monthly report produced as part of a monthly closing procedure, is the basis on which the consolidated financial statements are prepared.

The procedures for escalating information from the subsidiaries to the parent company, along with the closing procedures, enable the parent company to prepare the consolidated financial statements. A closure timetable is circulated in the month preceding each closing to allow the various accounting divisions to arrange for all the necessary information to be submitted on time.

The consolidated accounts are closed semi-annually on June 30 and December 31 of each year (statutory accounting year end date). They are subject to an audit by the statutory auditors on December 31 and to a limited review on June 30. The statutory auditors carry out a review of internal control procedures in the last quarter of each year.

The separate statutory financial statements of each Group company are prepared only as of December 31 of each year. Each subsidiary prepares its own statutory financial statements (except in special cases as indicated above in the paragraph entitled Parties involved) according to the accounting standards applicable locally. For consolidation purposes, the data are restated using the Group's accounting standards (IFRS since January 1, 2005).

II.5.1.3. Update of standard procedures relating to the preparation and processing of financial and accounting information

A procedure was updated in 2016.

This concerns of the G&A04 procedure, "Management of Procurement Process"

II.5.3. Information systems

During 2016, the reporting documents, business plan and budget were prepared using Excel.

II.6 Oversight of the Internal Control system

II.6.1. Verification or Periodic Control of the proper implementation of procedures

Operational area

Periodic control of operational areas was undertaken by Quality Assurance and is detailed in § II.6.3.2, which focuses on Quality Assurance work in 2016.

Accounting and financial area

The Group did not update the self-assessment record in 2016, including:

- The application guide for internal control of accounting and financial information;
- General internal control principles with regard to accounting and financial information;
- Questionnaires on internal control of accounting and financial reporting and on risk analysis and management.

II.6.2. Reporting of work on Risks and Internal Control operations

The work conducted on Risks and Internal Control operations is submitted by the Finance Department to the Audit Committee and is a major component of the risk management process.

This work involves the following:

- Work in relation to the AMF Reference Framework (Selection of control points involving a self-assessment, identification of the scope of existence tests, proposed corrective action plan, selection of working processes for risk mapping);

- Improvement of the Internal Control system to encompass the updating of procedures, improved management tools, improved security and confidentiality of computer data, the conduct of audits by Quality Assurance.

II.6.3. Work carried out in 2016 on Internal Control and Quality System management

In 2016, the Group updated certain procedures as described above.

II.6.3.2. Monitoring work undertaken by Quality Assurance

The Quality Group was consolidated within a functional entity, Quality – Regulatory Affairs Vigilance (QRV). The Quality function covers all Group operations (research and development, manufacturing and surveillance, medical devices).
At December 31, 2016, the internal resources of the quality group included one full-time equivalent (FTE) employee (an employee of Nicox S.A).

The process of simplifying and harmonizing quality documents is continuing with the goal of implementing identical Quality processes across all sites and subsidiaries (Nicox S.A, Nicox Institute S.r.l, Nicox Ophtalmic Inc.).

II.6.3.3. Work undertaken in the field of IT

The work in the IT area in 2016 was limited to maintenance and infrastructure rationalization. Given its size, the Group subcontracts IT services with an objective of ensuring the continuity of service.

II.6.4. Areas for improvement in the Internal Control system

II.6.4.1. Update of the draft AMF Reference Framework

Following the disposal of its European commercial operations in August 2016 and the associated objective of refocusing on research and development, the Group initiated work in the 2016 fourth quarter to strengthen its internal control system. This work will continue in the 2017 first quarter and is expected to result in a complete revamping of procedures in the following areas:

- Human Resources
- Purchasing
- Cash management
- The preparation of financial information and drafting the accounting manual
- The code of good conduct

II.6.4.2. Adaptation of accounting and financial tools to the Group's new environment

In the 2016 fourth quarter, the Group adopted a tool allowing for automatic monthly operational reporting starting in January 2017.

II.6.4.3. Network architecture and IT security

In 2017, the Group will continue to adapt and rationalize the IT infrastructure of Nicox Group : by replacing obsolete equipment to ensure availability, the integrity and confidentiality of Nicox's IT infrastructure; by outsourcing as much as possible IT operations to guarantee continuity of service in the context of a small structure and by educating end users about information systems to assist them in becoming more autonomous with IT procedures and quality documents.

II.6.4.4. Audit program conducted by the Quality Assurance

Service providers (logistics, distribution, non-clinical development, pharmaceutical development, clinical development, the production of active ingredients and finished products, secondary packaging) were audited either for vendor approval purposes of oversight.
Seven external audits were performed in 2016 including two for activities that continue to be outsourced in 2017 by Group subsidiaries (non-clinical development).

III – LIMITATION OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer

The ordinary general meeting of June 15, 2011 re-elected Michele Garufi to the Board for a term of six years that will expire at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2016.

At its meeting of June 15, 2011, the Board of Directors elected Michele Garufi as Chairman of the Board. Reporting back on the Management of the Company, the Board decided at this same meeting of June 15, 2011 that the position of Chief Executive Officer would be held by the Chairman of the Board, Michele Garufi, who would then have the title of "Chief Executive Officer. The Board decided to set the term of office of the CEO at six years, expiring at the end of the annual general meeting called to approve the financial statements for the year ended December 31, 2016, which is his term of office on the Board as re-elected by the ordinary general meeting of June 15, 2011.

It is specified that the reduction of the term of office of directors from 6 to 4 years resulting from the extraordinary general meeting of June 27, 2012, does not affect the terms in progress on the date of the meeting, so that Michele Garufi's membership on the Board will still expire at the annual general meeting called to approve the financial statements for the year ended December 31, 2016 (in 2017).

The limitations placed by the Board of Directors on the powers of the Chief Executive Officer are set forth in Article 4 of the Internal Rules of Procedure of the Board, which stipulates:

Article 4: Exercise of his powers by the Chief Executive Officer

"The following decisions of the Chief Executive Officer are subject to prior authorization by the Board of Directors:

a) Significant decisions to create sites abroad through the setting up of offices, a direct or indirect subsidiary, or through an acquisition of an equity interest, as well as the decisions to withdraw from these sites;
b) Significant transactions that could affect the strategy of the Group or change its financial structure or its scope of activity;
c) The acquisition or sale of all stakes in any and all companies created or to be formed, the participation in the formation of all companies, groups and organizations, the subscription to all issues of shares, units and bonds;
d) Any exchanges, with or without cash balance, of assets, securities or stocks;
e) The acquisition or sale of real estate;
f) Sureties granted on corporate assets;
g) Securing loans exceeding €150,000.

More generally, the Chairman will submit for prior Board approval any significant transaction outside the stated strategy of the company. The significant or non-significant nature of such transactions shall be assessed by the Chairman, under his responsibility."

As of this date, the Company has no Chief Operating Officers.

IV – CONDITIONS FOR SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The conditions for shareholder participation in shareholders' meetings are described in section 21.2.5 of the Registration Document. They are stipulated in Article 19 of the Company's bylaws.

V – INFORMATION REQUIRED UNDER ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE

The information stipulated in Article L.225-100-3 of the French Commercial Code is provided in Chapters 10, 18, 21 and section 15.1 of this Registration Document.

Consequences of a change in control of the company on the principal agreements

After a review of the Company's principal agreements, it appears that the following agreement could be affected by a change in control of the Company, under the conditions described below:

- Exclusive licensing, development and marketing agreement of March 20, 2006 with the Merck company: in the event of a change in control of the Company, and under certain conditions (change in control to the benefit of a competitor), the Company will cease to participate directly in the research program, and will lose the possibility of exercising the option to co-promote the products resulting from the collaboration. In addition, in such a case, Merck will have the option to end the co-promotion agreement in the United States and Europe in the event such an agreement has been signed.

Drawn up on March 29, 2017
The Chairman and Chief Executive Officer
Michele Garufi.

16.2 Auditors' Report on Corporate Governance and Internal Control

Nicox

Fiscal year ended December 31 2016

Report of the Statutory Auditors prepared pursuant to Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of the company Nicox

NOVANCES - DAVID & ASSOCIES
455, promenade des Anglais
Immeuble Horizon
06203 Nice Cedex 03
S.A.S. with a share capital of € 62,500

Statutory Auditors***
Member of the Regional Association
of Chartered Accountants of Aix-en-Provence-Bastia

Ernst & Young Audit
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S with variable capital

Statutory Auditors***
Member of the Regional Association
Marketing/Commercial

Nicox

Fiscal year ended December 31 2016

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Report of the Statutory Auditors prepared pursuant to Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of the company Nicox

To the shareholders,

In our capacity as statutory auditors of the accounts of the company Nicox and pursuant to the provisions of Article L 225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of said Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report on the internal control and risk management procedures implemented in the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code particularly in terms of corporate governance measures

It is our responsibility:

- To report to you our observations on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and

- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, bearing in mind that it is not our responsibility to verify the accuracy of such disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we plan and perform the audit to assess the accuracy of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly entail:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;

- Obtaining an understanding of the work involved in the preparation this information and of the existing documentation;

- Determining whether such significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information as we may have identified in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information concerning the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of Board in accordance with Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the report of the Chairman of the Board includes the other disclosures required by Article L. 225-37 of the French Commercial Code

Nice and Paris-La Défense, March 29, 2017

Statutory Auditors

French original signed by:

NOVANCES - DAVID & ASSOCIES	Ernst & Young Audit
Jean-Pierre Giraud	Nicolas Pfeuty

17 EMPLOYMENT-RELATED DISCLOSURES

17.1 Report on employment information

In 2016, Nicox Management decided to change the strategic focus and refocus on its original core business of research and development.
On August 10, 2016, an agreement was executed with the VISUfarma Group which acquired Nicox's European commercial operations.

In consequence, the organization of Nicox Group was significantly reviewed and adapted.
On that basis, as from August 10, 2016, the Nicox Group was comprised of only Nicox SA and two subsidiaries.

The following companies, former subsidiaries of Nicox, were transferred to VISUfarma : Nicox Pharma (France, Spain and the United Kingdom), Laboratoires Nicox, Nicox Farma srl, Nicox Pharma GmbH. In consequence they are no longer included within the scope of this report.

As of December 31, 2016, the Nicox Group was comprised of the following:

- Nicox S.A., the Group's headquarters, based in Sophia Antipolis, France.
- Nicox Srl, the research center based in Bresso, Italy.
- Nicox Ophthalmics Inc based in Fort Worth, Texas in the United States.

Nicox Group workforce

A breakdown of the Nicox Group workforce is presented below:

Departments	December 2016	December 2015	December 2014	December 2013
Research and development	18	24	19	13
Marketing/Commercial	0	88	87	70
Other	15	22	21	18
Total	**33**	**134**	**127**	**101**

December 31, 2016, the Group had 33 employees, 27 of which with permanent contracts and six employees with fixed-term contracts. The Group does not employ temporary personnel.

6 employees are part-time.

- 21 people are employed by Nicox S.A. (two of whom part-time).
- 10 people are employed in Italy (four of whom part-time) for the research center.
- Finally, two people are employed by Nicox Ophthalmics Inc in the United States.

After the disposal of the commercial operations, the Group's headcount declined significantly.
For the two months of December 2016 and January 2017, five additional positions were eliminated.

In early February 2016, the Group's workforce will be stabilized at 28 employees.
In 2016 and at the Nicox Group level, three employees were laid off (including two for economic reasons) and seven were recruited (permanent/fixed-term contracts).

At December 31, 2016, women made up 64% of the workforce (62% in 2015) and men 36% (38% in 2015).

The average age was 41 at December 31, 2016 (compared to 40 at December 31, 2015).

Finally, the lowest age is 26 years and the highest age is 70 years at December 31, 2016.

Organization of working time

For Nicox SA:

In the beginning of 2015, the Human Resources Management (HRM) and social partners of Nicox S.A. adopted two agreements to improve the organization of working time.

- An agreement on the duration and organization of working time. It was validated by the French Pharmaceutical Companies Association (LEEM).

- An agreement on home working or telecommuting.

The aim of these two agreements, which were simultaneously negotiated and signed, is not only to bring greater convenience and flexibility to the organization of working time but also to expand the scope of employee autonomy.

In 2016, working time is monitored by IT tools proposed by the payroll service provider (a system for managing absences) and through a table for monitoring the hours for employees subject to fixed working hours.
Over time work is either paid or compensated by time off.

For the other Group entities:

Nicox adheres to the local rules applicable to working time management. They differ according to each country.

Employee handbooks are drawn up and implemented when required, particularly in the United States.

For Italy:

The automated vacation and absenteeism management system adopted in 2015 in collaboration with our payroll service provider has proved effective and contributed to a reduction in the administrative workload resulting from manual oversight. This system was renewed in 2016.

From this system, employees have access to and can download personal documents such as payslips and their annual declaration (*Certificazione Unica*).

In 2015, and internal document ("Employee Handbook") was drafted and made available to all employees and providing information on the different rules governing the management of working hours, paid vacation, etc.

In addition, employees can consult the national industry collective bargaining agreement for the chemical sector.

Absenteeism:

Absenteeism is regularly monitored for Nicox SA through automated tools proposed by the HR/Payroll service provider (ADP).
In general, for the entire Nicox Group, the monitoring of absenteeism did not indicate or identify any potential dysfunctions (disengagement, burnout, etc.) at the level of the teams. This indicator is not relevant from this point of view.

For Nicox SA in 2016:

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total	Average
Absences	65	64	40	22	16	2	0	0	11	2	3	1	226	18.83
Theoretical number of business days	560	567	550	525	500	550	500	550	528	462	420	462	6,174	514.50
Absenteeism rate	11.61	11.29	7.27	4.19	3.20	0.36	0.00	0.00	2.08	0.43	0.71	0.22		3.45

Absenteeism for 2016 was 3.45% for Nicox S.A. For Nicox S.A., this rate fell marginally compared with 2015 (2.78%).

The absenteeism rate is the total number of days of paid absence (sickness, maternity or accident) divided by the theoretical number of working days in the year.

The theoretical number of working days is calculated as follows: Number of employees on the payroll (not FTE) in the month* number of working days in month X (number of working days - weekends - holidays in the month).

Days of absenteeism break down as follows:

	2016 - NICOX SA		
	Women	Men	Total
ABS CHILD'S ILLNESS		1.00	1.00
FAMILY EVENT	1.00		1.00
PATHOL. PREGNANCIES	10.00		10.00
ILLNESS	79.00	57.00	136.00
MATERNITY/ADOPTION LEAVE	78.00		78.00
Total	168.00	58.00	226.00

	2015 - NICOX SA		
	Women	Men	Total
UNAUTHORIZED ABSENCES		12.00	12.00
CHILD'S ILLNESS 1/2D			0.00
FAMILY EVENT	2.00	1.00	3.00
ILLNESS	107.00	57.00	164.00
PART-TIME FOR THERAPEUTIC REASONS			0.00
Total	109.00	70.00	179.00

In 2015, sick leave accounted for 92% of absenteeism compared to 60% in 2016.
The number of days of absenteeism rose in 2016 in relation to 2015. This increase is a result of a maternity leave and one long-term sick leave.

For the other Group subsidiaries:

In Italy, for Nicox Research Institute, absenteeism is monitored on a regular basis using the software tools proposed by the HR payroll service provider (Zucchetti).

Days of absenteeism break down as follows:

	2016 - NICOX Research Institute		
	Women	Men	Total
ABS CHILD'S ILLNESS	0.5	0	0.5
FAMILY EVENT			
PATHOL. PREGNANCIES			
ILLNESS	10	0	10
MATERNITY/ADOPTION LEAVE			
Total	10	0	10.5

	2015 - NICOX Research Institute		
	Women	Men	Total
ABS CHILD'S ILLNESS	0.28	0	0.28
FAMILY EVENT	1	0	1
PATHOL. PREGNANCIES			
ILLNESS	2.5	24.5	27
MATERNITY/ADOPTION LEAVE			
Total	3.78	24.5	28.28

Absenteeism for 2016 was down significantly in relation to 2015 with 10.5 days in 2016 compared to 28.28 days in 2015.

For Nicox Ophthalmics Inc, the total number of days of absenteeism was 2 in 2016.

Remuneration

To attract and retain talent, Nicox has implemented an ambitious and comprehensive remuneration policy that takes into account the individual performance of the employee and the collective performance of the Group.

Individual performance of the employee is reviewed each year at the time of the annual appraisal meetings. According to the level of achievement of the individual objectives, the employee's base salary is revised (or not).
The overall percentage of merit increases is reviewed and decided each year according to the company's situation. The compensation policy is based solely on merit, and the company does not apply general salary increases.
In 2016, in light of the uncertainties linked to the project for the disposal of commercial operations, as a measure of prudence, it was decided not to increase salaries.

In addition, employees also benefit from the company bonus program. All employees can receive a bonus regardless of their level in the company. The amount distributed to employees is based on achievement of the company objectives and the objectives of the employee.

Finally, the company has adopted a program for long-term remuneration designed to associate employees with the company's share capital and strengthen long-term loyalty and retention. Each year, Nicox grants restricted stock units (bonus shares) or stock options to each employee according to the plans approved by the Board of Directors.

All information concerning compensation and. and restricted stock units and stock options is available in the documents of the consolidated financial statements.

Industrial relations

This chapter on industrial relations relates only to France as none of the other subsidiaries had social partners.

Since the election of the Employee Delegates organized on May 11, 2015 (2nd round), meetings are organized every month according to a calendar defined with the Employee Delegates.

Working conditions, health and safety

As Nicox's operations are primarily in the tertiary sector, there are no particular risks to report in respect of its office activities.

No work-related accidents were recorded for Nicox SA in 2016.

For the other subsidiaries (Italy and the United States):

No work-related accidents were recorded in 2016 in our two subsidiaries.

Training of employees

Training needs are defined either during individual annual appraisals or as part of the business decision-making process. In both cases, the training course aims to develop skills so that the efficiency and/or ability of each employee increases (change of software, etc.) as the organization and regulations evolves.

Overall, Nicox is sensitive to the development needs of its employees and thus facilitates access to training throughout the year. We take care to meet each employee so that we can match his/her needs to the most suitable training.

Across the Nicox Group (not only in France), our automated comprehensive performance management system (annual appraisal) gives all employees the opportunity to discuss their training and development needs with their manager so that their objectives align with those of the Company. This is because we believe that developing the professionalism and autonomy of our employees is key to their success in their work and therefore to the success of the Company.

The 2016 training plan will be designed and organized around the following areas:

- Job Training
- Language Training
- Management Training
- Personal Development Training
- "Other" Training

In 2016, for Nicox SA, 13 employees participated in 14 courses representing 210.5 hours of training for Nicox SA. 76.5% of the courses held in 2016 are for job training.

The research center in Italy ran 110 hours of training in 2016. These concerned mainly job training programs for 4 employees and 5 courses.

US employees did not benefit from training programs in 2016.

Employment and integration of disabled workers

In 2016, Nicox S.A. employed one disabled worker and is therefore not required to contribute to AGEFIPH (Fund Management Organization for the Professional Integration of People with Disabilities).

Nicox S.A. promotes the employment of disabled workers by also enlisting the services of a CAT (Occupational Support Center) to clean the premises.

Social welfare

Even though the Works Committee has been eliminated, management continued to allocate a budget for social welfare measures in 2016 in connection with French social security regulations. This budget is managed jointly by the Employee Delegates and company management.

Outsourcing of certain Human Resources activities

The main HR activities were centralized at the Group's headquarters in Sophia Antipolis, France,

Nicox has established partnerships with a number of HR service providers for the sustainable development of its various HR activities.

To address local issues specific to the different Group entities (France, Italy and the United States) including labor laws, payroll and personnel administration, HR relies on local partners with the requisite skills and expertise.

From time to time, HRM enlists the services of specialist remuneration companies to help set the Group's remuneration and benefits policy.

Employee participation in the share capital

In 2016, 139,700 restricted stock units (bonus shares) were awarded to Group employees (Nicox SA, Nicox Research and Nicox Ophthalmics) and no options, pursuant to decisions of the three Board of Directors' meetings.

Discrimination and diversity

The size of the company and the closeness of the teams mean that the Company has encountered no problems of discrimination and diversity, either on hiring or in the day-to-day management of the teams.

However, in order to prevent all forms of discrimination, the HRD*** clearly states in the internal rules (Handbook) introduced in countries where Nicox has employees, that fighting discrimination and promoting diversity are major priorities for its human resources management.

The introduction of these internal rules provides the Company with an opportunity to remind its employees of the importance of respect for fundamental principles and to impose sanctions if necessary.

Greenhouse gas emissions

As yet, the Company has no environmental charter in place but is committed daily through various initiatives to combating the emission of greenhouse gases, such as for example:

- The introduction of carpooling for business travel (travel between Sophia Antipolis in France and Bresso in Italy)

- Teleworking; An agreement was signed with its social partners on December 15, 2014;
- An eco-driving guide attached to the Car Policy;
- Restriction on the engine size of company cars.

17.2 Shareholdings, equity warrants, stock options, bonus shares

17.2.1 Equity interests

The equity interests held by corporate officers in the Company's capital are detailed below:

Name of Corporate Officer	Number of shares held at March 31, 2016
Michele Garufi	233,051
Birgit Stattin Norinder	-
Adrienne Graves	-
Jean-François Labbé	-
Les Kaplan	82,034
Luzi Von Bidder	10,000
TOTAL	**325,085**

At February 28, 2017, the Company's administrative and executive management bodies held, to the Company's knowledge, 325,085 shares, namely 1.3 % of the share capital and voting rights based on the number of shares outstanding at February 28, 2017, the date of the most recent disclosure of voting rights (Article 223-16 of AMF General Regulations).

17.2.2 Equity warrants

Equity warrants

There are 440,000 outstanding equity warrants issued under three authorizations allowing for the subscription of 88,000 shares, in light of the 5-for-1 reverse stock split of December 3, 2015 representing approximately 0.35% of the share capital of Nicox SA based on the number of shares outstanding at February 28, 2017, the date of the most recent disclosure of voting rights (Article 223-16 of AMF General Regulations). No employee of the Company or its subsidiaries holds any equity warrants.

The table below shows the equity warrants outstanding at December 31, 2016:

		Plan 4	Plan 5	Plan 6
Shareholders' meeting date		July 2012	October 2014	June 2015
Board meeting date		September 13, 2012	October 30, 2014	October 13, 2015
Total number of shares that may be subscribed[(1)]		20,000	28,000	40,000
Breakdown of shares by corporate officer[(1)]				
Bengt Samuelsson		4,000	-	
Jörgen Buus Lassen		4,000	-	
Vaughn Kailian		4,000	-	
Birgit Stattin Norinder		4,000	8,000	8,000
Jean-François Labbé		4,000	8,000	8,000
Adrienne Graves			4,000	8,000
Luzi Von Bidder			4,000	8,000

Les Kaplan			4,000	8,000
Exercise date of the warrants		(2)	(3)	(4)
Expiration date		September 12, 2017	October 29, 2019	October 12, 2020
Subscription price per warrant (€)[(1)]		2.66	2.19	1.73
Exercise procedures (when the plan has several tranches)		(2)	(3)	(4)
Number of shares subscribed at December 31, 2015[(1)]		-	-	-
Aggregate number of equity warrants canceled or expired[(1)]		-	-	-
Equity warrants remaining at year-end[(1)]		100,000	140,000	200,000

(1) The figures correspond to the number of shares adjusted for the 5-for-1 reverse stock split of December 3, 2015. The number of equity warrants corresponds to the number of rights granted by the Board of Directors so that five equity warrants received will be required to subscribe for one new share.
(2) Exercise of the warrants is conditional on the Board's determination, at the end of 2013, that the Company achieved at least 70% of its objectives for 2012 and 2013, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.
(3) Exercise of the warrants is conditional on the Board's determination that the Company achieved at least 70% of its objectives set for 2014, which was the case. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.
(4) Exercise of the warrants was contingent on the Company's Board of Directors' determination that the Company completed on June 30, 2016 certain undisclosed strategic objectives. These objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

During the 2016 fiscal year, no equity warrants were exercised.

17.2.3 Stock options

The number of shares that may be issued based on the 968,200 stock options outstanding at December 31, 2016 is 193,640 for shares taking into account the 5-for-1 reverse stock split of December 3, 2015.

In the 2016 no stock options were granted.

In addition, 183,320 options entitling the holder to 36,664shares (taking into account the 5-for-1 reverse stock split of December 3, 2015) were canceled following employee departures or have expired since January 1, 2016.

The Company has issued no share purchase options. Except subject to a decision to the contrary by the Board of Directors, options may only be exercised if the beneficiary holds employee or corporate officer status in a Group company on the date on which the options are exercised.

The following table summarizes the stock options outstanding at December 31, 2016

Options outstanding at December 31, 2016

Options outstanding at 12/31/2016

	Board of Directors' meeting date	Options granted	Exercise date of the options	Expiry date	Subscription price per option in euros	Number of canceled or expired options	Options outstanding	Options exercised	Number of outstanding shares issuable upon exercise of the options	Number of shares outstanding issuable (1) by taking into account the 5-for-1 reverse stock split of December 3, 2015
	Plan authorized by the general meeting of June 17, 2009:									
	03/22/2012	360,600	Mar. 22-15	Mar. 22-18	2.25	224,900	135,700	0	135,700	27,140
	04/02/2012	100,000	Apr. 2-15	Apr. 2-18	2.91	100,000	0	0	0	0
Sub-total		460,600				324,900	135,700	0	135,700	27,140
	Plan authorized by the general meeting of July 27, 2012:									
	09/13/2012	104,720	Sept. 13-16	Sept. 13-18	2.62	101,920	2,800	0	2,800	560
	10/24/2012	60,000	Oct. 24-16	Oct. 24-18	2.52	60,000	0	0	0	0
	12/19/2012	35,000	Dec.19-16	Dec.19-18	2.31	0	35,000	0	35,000	7,000
	02/19/2013	148,200	Feb. 20-17	Feb. 20-19	3.36	93,600	54,600	0	54,600	10,920
	04/09/2013	30,000	Apr. 9-17	Apr. 9-19	3.01	30,000	0	0	0	0
	08/20/2013	110,200	Aug. 20-17	Aug. 20-19	2.48	75,000	35,200	0	35,200	7,040
	11/11/2013	235,600	Nov. 11-17	Nov. 11-19	2.56	183,200	52,400	0	52,400	10,480
	03/06/2014	440,917	Mar. 06-18	Mar. 06-20	2.6	153,517	287,400	0	287,400	57,480
	05/22/2014	132,104	May 22-18	May 22-20	2.35	9,004	123,100	0	123,100	24,620
	07/30/2014	54,003	Jul. 30-18	Jul. 30-20	2.15	12,003	42,000	0	42,000	8,400
Sub-total		1,350,744				718,244	632,500	0	632,500	126,500
	Plan authorized by the general meeting of October 22, 2014:									
	01/30/2015	200,000	Jan. 30-19	Jan. 30-21	1.87	0	200,000	0	200,000	40,000
		2,011,344				**1,043,144**	**968,200**		**968,200**	**193,640**

Options granted in 2010, 2011, 2012, 2013, 2014 and 2015 are subject to conditions of performance:

- The exercise of these stock options granted in 2010 was subject to Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2010 and for 2011, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The exercise of these stock options granted in 2011 was subject to the Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2011 and for 2012, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The exercise of these stock options granted in 2012 was subject to the Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2012 and for 2013, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The exercise of these stock options granted in 2013 was subject to the determination that at least 70% of the company's objectives had been achieved for both 2013 and for 2014, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The exercise of these stock options granted in 2014 was subject to the determination that at least 70% of the company's objectives had been achieved for both 2014 and for 2015, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The exercise of these stock options granted in 2015 was subject to the determination that at that at least 70% of the company's objectives had been achieved for 2015, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

As of January 1, 2016, there have been no stock option grants.

Information on the ten employee beneficiaries who are not corporate officers having received the largest number in 2016:

OPTIONS TO PURCHASE OR SUBSCRIBE SHARES GRANTED TO AND EXERCISED BY TEN BENEFICIARY EMPLOYEES WHO ARE NOT CORPORATE OFFICERS	Total number of options granted/shares subscribed or purchased	Weighted average price per share Euro	Plan
Options granted during the year by the issuer, and by any company within the scope of the option grant, to the ten employees of the issuer and any company within that scope receiving the largest number of options (aggregate figures)	-	-	-
Options to buy shares in the issuer and the foregoing companies exercised during the year by the ten employees of the issuer and those companies who bought or subscribed the largest number of shares (aggregate figures)	-	-	-

17.2.4 Restricted stock units (free shares)

The following table summarizes the bonus shares (restricted share units) outstanding at December 31, 2016:

Bonus shares outstanding at 12/31/2016

Board of Directors' meeting date	Category (1)	Shares granted	Shares awarded after the reverse stock split - Dec 2015	Vesting date of shares	Number of canceled or expired options	Number of shares canceled or expired after the reverse stock split	Number of potential shares after adjustment of Dec 09	Number of potential shares after the reverse stock split	Price on allotment date	Vested shares	Total issuable	Total issuable, by taking into account the reverse stock split on December 3, 2015	Authorization of shareholders' meeting
Plan authorized by the general meeting of July 27, 2012:													
09/13/2012	A	212,180	42,436	Sept. 13-15	105,480	21,096	106,700	21,340	2.68	106,700	0	0	07/27/2012
09/13/2012	B	245,970	49,194	Sept. 13-16	38,300	7,660	207,670	41,534	2.68	207,670	0	0	07/27/2012
02/19/2013	A	207,500	41,500	Feb. 19-16	60,800	12,160	146,700	29,340	3.33	146,700	0	0	07/27/2012
02/19/2013	B	212,400	42,480	Feb. 19-17	5,400	1,080	207,000	41,400	3.33	0	207,000	41,400	07/27/2012
03/06/2014	A	201,690	40,338	Mar. 6-17	76,520	15,304	125,170	25,034	2.628	0	125,170	25,034	07/27/2012
03/06/2014	B	302,720	60,544	Mar. 6-18	56,780	11,356	245,940	49,188	2.628	0	245,940	49,188	07/27/2012
05/22/2014	A	2,320	464	May 22-17	0	0	2,320	464	2.315	0	2,320	464	07/27/2012
05/22/2014	B	38,520	7,704	May 22-18	3,600	720	34,920	6,984	2.315	0	34,920	6,984	07/27/2012
07/30/2014	B	21,600	4,320	Jul. 30-18	4,800	960	16,800	3,360	2.150	0	16,800	3,360	07/27/2012
Plan authorized by the general meeting of October 22, 2014:													
01/30/2015	A	285,502	57,100	Jan. 30-19	46,002	9,200	239,500	47,900	1.870	0	239,500	47,900	10/22/2014
01/30/2015	B	626,504	125,301	Jan. 30-19	168,504	33,701	458,000	91,600	1.870	0	458,000	91,600	10/22/2014
05/08/2015	B	5,000	1,000	May 8-15	0	0	5,000	1,000	0	0	5,000	1,000	10/22/2014
Plan authorized by the general meeting of October 13, 2015:													
10/13/2015		1,486,000	297,200	Oct. 13-17	12,000	2,400	1,474,000	294,800	1.730	0	1,474,000	294,800	10/13/2015
04/14/2016		175,000	35,000	Apr. 2-18	43,500	8,700	131,500	26,300	0	0	131,500	26,300	10/13/2015
09/21/2016		629,250	125,850	Sept. 21-18	0	0	629,250	125,850	0	0	629,250	125,850	10/13/2015
12/06/2016		18,000	3,600	Dec. 6-18	0	0	18,000	3,600	0	0	18,000	3,600	10/13/2015
TOTAL		**4 670,156**	**934,031**		**621,686**	**124,337**	**4,048,470**	**809,694**		**461,070**	**3,587,400**	**717,480**	

(1) As regards the grants made prior to October 2015, the Board established two categories of beneficiaries according to country of residence so as to take account of differences in tax and social security regimes. Category "A" shares are those subject to a 3-year vesting period, followed by a two-year retention. Category "B" shares are those subject to a 4-year vesting period and with no retention period. In October, the Board of Directors decided to no longer make a distinction between the beneficiaries. Category "C" shares are those subject to a 2-year vesting period and with no retention period.

Bonus shares (restricted share units) granted in 2010, 2011, 2012, 2013, 2014 and 2015 are subject to conditions of performance:

- The vesting of bonus shares granted in 2012 was subject to Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2012 and for 2013, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The vesting of bonus shares granted in 2013 was subject to Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2013 and for 2014, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The vesting of bonus shares granted in 2014 was subject to Company's Board of Directors' determination that at least 70% of the Company's objectives had been achieved for both 2014 and for 2015, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The vesting of bonus shares granted between January and September 2015 was subject to Company's Board of Directors' determination that at least 70% of the Company's objectives were achieved for 2015, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

- The vesting of bonus shares granted between October and December 2015 is conditional on the Company's Board of Directors' determination that the Company completed on June 30, 2016 certain strategic objectives. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

The Board established two categories of beneficiary according to country of residence so as to take account of differences in tax and social security regimes. At December 31, 2016, the vesting period for 967,660 rights giving access to 193,532 shares (taking into account the 5-for-1 reverse stock split of December 3, 2015) is four years, with no retention period, and the vesting period for 366,990 rights to 73,398 shares (taking into account the 5-for-1 reverse stock split of December 3, 2015) is three years, followed by a retention period of two years.

In December 2016:

(i) On April 14, 2016, pursuant to the authorization of October 13, 2015, to grant 35,000 rights to 35,000 restricted stock units (bonus shares) subject to a 2-year vesting period, without a retention period.
(ii) On September 21, 2016, pursuant to the authorization of October 13, 2015, to grant 125,850 rights to 125,850 restricted stock units (bonus shares) subject to a 2-year vesting period, without a retention period.
(iii) On December 6, 2016, pursuant to the authorization of October 13, 2015, to grant 3,600 rights to 3,600 restricted stock units (bonus shares) subject to a 2-year vesting period, without a retention period.

The restricted stock unit award to the Chairman and the Chief Executive Officer was made in the same period as the awards of restricted stock units made to Group employees in accordance with provisions of articles L. 225-186-1 and L. 225-197-6 of the French Commercial Code

Information on the ten employee beneficiaries who are not corporate officers having received the largest number in 2016:

The vesting of restricted stock units awarded in 2016 was contingent, for certain beneficiaries on the achievement of at least 70% of the objectives, which was the case, and for certain beneficiaries reaching seniority within the Group of 10 years or 20 years, to certain objectives linked to the approval of latanoprostene bunod by the US FDA which was not achieved, and in consequence, one half of these rights were canceled. These company objectives that relate to the Group strategy are not disclosed for reasons of confidentiality.

The vesting of restricted stock units awarded in September 2016 is contingent on the Company's Board of Directors' determination that at least 70% of the company objectives for 2016 were achieved, which was the case. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

The vesting of restricted stock units awarded in December 2016 is contingent on the Company's Board of Directors' determination that at least 70% of the company objectives for 2017 were achieved. In the event this objective is not achieved, one half the rights thus awarded will be canceled. These objectives that relate to the Group strategy are not disclosed due to their confidentiality.

BONUS SHARES GRANTED DURING THE YEAR TO THE TEN EMPLOYEES WHO RECEIVED THE HIGHEST NUMBER	Number of bonus shares granted/vested shares/transferable shares	Plan
Bonus shares granted during the year to the ten employees of the Company and its subsidiaries who received the highest number of bonus shares (aggregate figures)	274,000[49]	General meeting of October 13, 2015
Bonus shares of the Company finally vested during the year by the nine employees of the Company and its subsidiaries receiving the largest number (aggregate figures)	162,260[50]	General meeting of July 27, 2012

On February 6, 2017, 102,600 restricted stock units were granted to employees of the Group and Michele Garufi. This award is conditional on the Board's determination, at the end of 2017, that the Company achieved at least 70% of its objectives for 2017, failing which one half of these will be forfeited. The shares are subject to a two-year vesting period, though without a retention period. The 2017 company objectives relate to the Group's strategic objectives and are not disclosed due to their confidentiality.

17.3 Arrangements for involving the employees in the capital of the issuer

There are no arrangements providing for the involvement of employees in the capital of the issuer.

49 Conferring rights to 54,800 shares taking into account the 5-for-1 reverse stock split of December 3, 2015.

50 Conferring rights to 32,452 shares taking into account the 5-for-1 reverse stock split of December 3, 2015.

17.4 Company's share ownership

Based on the statutory and legal threshold statements received by the Company, its share ownership is as follows:

	At December 31, 2016			At December 31, 2015			At December 31, 2014		
	Number of shares	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**
Banque Publique d'Investissement (Bank for Public Investment, formerly Strategic Investment Fund)	790,514	3.16	3.16	790,514	3.46	3.46	3,952,574	3.98	3.98
New Enterprises Associates	141,187	0.57	0.57	283,094	1.24	1.24	3,536,486	3.57	3.57
Michele Garufi (CEO of Nicox S.A.)	213,051	0.85	0.85	181,051	0.79	0.79	905,259	0.91	0.91
Elizabeth Robinson (Chair of Nicox Srl)	74,060	0.30	0.30	74,060	0.32	0.32	370,032	0.37	0.37
Treasury shares	60,987	0.24	0.24	50,903	0.22	0.22	-	-	-
Public	23,724,744	94.88	94.88	21,490,047	93.97	93.97	90,477,027	91.17	91.17
Total	**25,004,543**	**100**	**100**	**22,869,669**	**100**	**100**	**99,241,648**	**100**	**100**

The Company is not aware of other shareholders holding more than 2% of its share capital or voting rights. To the Company's knowledge, the shareholders have not entered into any agreement or concerted action. It should be noted that, in view of the current ownership structure, the Company has not implemented special measures to ensure that control of its capital is not exercised abusively.

The Company is not able to disclose the approximate number of shareholders. The information known to the Company regarding the number of shares held by its employees is contained in section 17.1 of this document.

On February 28, 2017, the Company held 43,526 treasury shares in connection with its share buyback program.

Statutory and/or legal threshold crossing disclosures during the 2016 fiscal year
During the year ended December 31, 2016, the Company was not informed of the crossing of any thresholds subject to disclosure obligations resulting from provisions of the bylaws or law.

17.5 Existence of different voting rights

There is no statutory clause providing for double voting rights for shareholders of the Company. There is no clause either to limit the number of voting rights.

17.6 Company control

No person or entity has control of the Company, whether jointly or separately or directly or indirectly.

17.7 Agreement to effect a change control of the Company

The Group is not aware of any agreement likely to result in a change of control of the Company.

18 RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 28 to the consolidated financial statements presented in section 20.3 of this document.

The Statutory Auditors' Special Report on regulated agreements and commitments relating to the year ended December 31, 2016 is reproduced below:

Nicox

Annual general meeting to approve the financial statements for the year ended December 31, 2016.

Statutory Auditors' Special Report
on regulated agreements and commitments et engagements

NOVANCES - DAVID & ASSOCIES
455, promenade des Anglais
Immeuble Horizon
06203 Nice Cedex 03
S.A.S. with a share capital of € 62,500

Statutory Auditors***
Member of the Regional Association
of Chartered Accountants of Aix-en-Provence-Bastia

Ernst & Young Audit
1, 2 Place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S with variable capital

Statutory Auditors***
Member of the Regional Association
Marketing/Commercial

Nicox

Annual general meeting to approve the financial statements for the year ended December 31, 2016.

Statutory Auditors' special report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and regulated commitments should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the characteristics, the principal terms and conditions as well as the reasons justifying the interest for the company of those agreements and commitments brought to our attention or that we may have discovered during the course of our audit, without expressing an opinion on their utility and merits or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R.225-31 of the French commercial code, to evaluate the merits of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225.58 of the French Commercial Code (*Code de Commerce)* of the implementation, during the year, of the agreements and commitments already approved by the general meeting.******

We have implemented the measures considered necessary by us to comply with the professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes*) in relation to this type of assignment. These standards require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval by the general meeting

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorized by your Board of Directors.

With Michele Garufi, Chairman of the Board of Directors and your Company's Chairman and Chief Executive Officer

Nature, purpose and procedures

In accordance with the authorization given by your Board of Directors on June 14, 2016, your company concluded a settlement agreement with Michele Garufi whereby your company undertakes to pay him an amount of €200,000 net of all taxes or employers' and employees contributions.

Reasons justifying the interest of this agreement for the Company[51]

The reasons presented justifying the interest of this agreement for the company are putting an end to the dispute concerning the nonpayment by your company of pension contributions for Michele Garufi from March 1996 to December 2002.

Your company accordingly paid this amount in September 2016.

Agreements and commitments already approved by the general meeting

Pursuant to article 225-30 of the French commercial code, we have been informed that the following agreements and commitments, previously approved by shareholders' meetings of prior years, remained in force during the year.

1. With Nicox Pharma, a subsidiary of your company

Nature and purpose

On June 21, 2012, your company entered into a licensing agreement with the company Rapid Pathogen Screening, Inc., providing access to RPS's innovative diagnostic tests.

Following the agreement signed with RPS, the Board of Directors, at its meeting held on September 13, 2012, authorized a sub-licensing and distribution agreement with the company Nicox Inc., of the one part, and the company Nicox Pharma, of the other part.

The purpose of these agreements is to sublease certain rights to Nicox Pharma worldwide excluding the United States and Canada.

The sub-license relates to the rights granted to your company under the agreement with RPS dated July 1, 2012.

Terms

This agreement had no financial impact on the fiscal year ended December 31, 2016.

51 According to the exact terms of the reasons disclosed by the company (for further information, refer to the CNCC*** press release of January 29)

2. With Michele Garufi, Chairman of the Board of Directors and your Company's Chairman and Chief Executive Officer

a) Nature and purpose

The Board of Directors decided, at its meeting held on June 15, 2011, to undertake to pay directly to INPS (Italian pension agency) the sums needed to purchase pension rights in favor of Michele Garufi, for a maximum of six years and nine months. This relates to the period between March 1996 and December 2002, during which Michele Garufi was already serving as Chairman and Chief Executive Officer.

This agreement was terminated following the signature of the settlement agreement of September 15, 2016.

Terms

This agreement specifies that the pension rights for that period amount to maximum of €200,000, on the understanding that taxes, expenses and employer contributions are not included in this amount and will henceforth*** be added, as applicable.

This agreement, that ended following the signature of the settlement agreement of September 15, 2016, had no financial impact on the financial period ended December 31, 2016.

b) Nature and purpose

The Board of Directors decided, at its meeting held on June 15, 2011 (in renewal of the terms of a previous commitment from April 3, 2008), that in the event of his dismissal as Chairman and Chief Executive Officer, save for dismissal for serious misconduct, Mr. Michele Garufi was eligible for severance pay, contingent upon the Board of Directors finding, at the time of his dismissal, that at least one of the following performance criteria was met:

- One collaboration or licensing agreement is in progress;
- One compound is in active phase of clinical development by the Company.

The value of the severance payment would correspond to two years of compensation, including both fixed and variable compensation, calculated on the basis of the compensation paid during the last fiscal year ended before the date of dismissal.

Terms

This agreement had no financial impact on the fiscal year ended December 31, 2016.

Nice and Paris-la-Défense, March 29, 2017

Statutory Auditors

French original signed by:

NOVANCES - DAVID & ASSOCIES

Jean-Pierre Giraud

Ernst & Young Audit

Nicolas Pfeuty

19 FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE ISSUER

19.1 Historical financial information

The consolidated financial statements for 2014 and 2015 are incorporated by reference in this Registration Document, as stated on page 2 of this document.

19.2 Pro-forma financial information

Not applicable.

19.3 Consolidated financial statements at December 31, 2016

[See separate document]

Nicox

Year ended December 31, 2016

Statutory auditors' report on the consolidated financial statements

NOVANCES - DAVID & ASSOCIES
455, promenade des Anglais
Immeuble Horizon
06203 Nice Cedex 03
S.A.S. with a share capital of € 62,500

Statutory Auditors***
Member of the Regional Association
of Chartered Accountants of Aix-en-Provence-Bastia

Ernst & Young Audit
1, 2 Place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S with variable capital

Statutory Auditors
Member of the Regional Association
Marketing/Commercial

Nicox

Year ended December 31, 2016

Statutory auditors' report
on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below in the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with the terms of our appointment as Statutory Auditors by your general meetings, we hereby report to you, for the year ended December 31, 2016, on:

The audit of the consolidated financial statements of Nicox, as attached to this report;

The justification of our assessments;

The specific verifications required by law.

The consolidated financial statements have been approved by the Board of Directors This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. I. Opinion on the annual financial statements We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the annual financial statements.

In our opinion, the financial statements for the fiscal year ended December 31, 2015 give a true and fair view of the assets, operations, and financial position of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

II. Substantiation of our opinion

In accordance with Article L823-9 of the French commercial code concerning the justification of our assessments, we bring to your attention the following emphasis of matter paragraph:

Note 4 to the consolidated financial statements refers to the critical accounting estimates and assumptions made by management concerning in particular business combinations, non-current financial assets, contingent consideration and cost reimbursements receivable, contingent liabilities and objectives of companies.

Our work consisted in assessing the data and assumptions underlying the assessments and estimates, reviewing on a sample basis, the calculations performed by your Company, examining management's approval procedures for such estimates and verifying that the disclosures relating to these estimates made by your Company in the Notes to the financial statements are appropriate.

On this basis, we have assessed the reasonable nature of these estimations.

The assessments thus made form part of our audit procedure for the consolidated financial statements overall, and have contributed to our forming an opinion, as expressed in the first part of this report.

III. Specific verifications

As required by law we have also verified, in accordance with professional standards applicable in France, the information relating to the Group given in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Nice and Paris-la-Défense, March 29, 2017

Statutory Auditors

French original signed by:

NOVANCES - DAVID & ASSOCIES	Ernst & Young Audit
Jean-Pierre Giraud	Nicolas Pfeuty

19.4 Audit of annual historical information

Ni**cox**

Year ended December 31, 2016

Statutory Auditors' Report

on the annual financial statements

NOVANCES - DAVID & ASSOCIES
455, promenade des Anglais
Immeuble Horizon
06203 Nice Cedex 03
S.A.S. with a share capital of € 62,500

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S.A.S with variable capital
Statutory Auditors***
Member of the Regional Association
Marketing/Commercial

Nicox

Year ended December 31, 2016

Statutory Auditors' report on the annual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below in the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with the terms of our appointment as Statutory Auditors by your general meetings, we hereby report to you, for the year ended December 31, 2016, on:

- The audit of the annual financial statements of Nicox, as attached to this report;
- The justification of our assessments;
- The specific verifications and information required by French law.

The annual financial statements have been approved by the Board of Directors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements.*** An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below.

We certify that the annual financial statements give a true and fair view of the results of operations for the past year and of the financial position and assets and liabilities of the Company at the end of the year in accordance with generally accounting accepted principles in France.

II. Substantiation of our opinion

Pursuant to the provisions of article L.823-9 of the French Commercial Code defining our obligation to explain our assessments, we bring to your attention the following emphasis of matter paragraph:

Note 2.3 "Financial assets" of the annual financial statements mentions the critical accounting estimates and assumptions made by management with particular regard to financial assets.

Our work consisted in assessing the data and assumptions underlying these assessments and estimates, reviewing on a sample basis the calculations performed by your Company, examining management's approval procedures for such estimates and verifying that the disclosures relating to the estimates made by your Company in these notes are appropriate.

On this basis, we have assessed the reasonable nature of these estimations.

The assessments thus made are part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we have formed, which is expressed in the first part of this report.

III. Specific procedures and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fairness and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents sent to shareholders with respect to the financial position and the financial statements.

As regards the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code relating to the compensation and benefits paid to corporate officers as well as the commitments made in their favor, we have verified its consistency with the financial statements or with the information used to prepare these financial statements and, where appropriate, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French, law we have ensured that the required information concerning the purchase of investments and controlling interests and the identity of shareholders or holders of voting rights have been disclosed in the management report.

Nice and Paris-la-Défense, March 29, 2017

Statutory Auditors

French original signed by:

NOVANCES - DAVID & ASSOCIES	Ernst & Young Audit
Jean-Pierre Giraud	Nicolas Pfeuty

Interim and other financial information
Not applicable.

19.5 Dividend policy

The Company has never paid dividends. At present, the Company does not expect to pay dividends or make distributions in the next two years at least.

19.6 Litigation and arbitration

There are no administrative, governmental, judicial or arbitration proceedings, including any proceedings of which the Company is aware, whether pending or threatened, that are liable to have, or have had in the last 12 months, a material impact on the financial position or profitability of the Company or the Group other than the administrative proceeding mentioned below.

Teva Pharmaceuticals filed a patent opposition on November 23, 2016 for the European patent covering latanoprostene bunod. This procedures is currently pursuing its normal course.

19.7 Significant change in the issuer's financial or trading position since January 1, 2016

Key events since January 1, 2017 are described in section 5.1 of this document.

20 FURTHER INFORMATION

20.1 Issued capital

20.1.1 Statutory Equity capital and outstanding shares

Outstanding shares:
Number of ordinary shares at February 28, 2017: 25,045,943
Par value of each ordinary share: €1

At December 31, 2016, the data were as follows:
Number of ordinary shares: 25,004,543
Par value of each ordinary share: €1

Registered capital (updated on March 09, 2017):
€25,070,977 divided by 25,070,977 shares;
Par value of each ordinary share: €1

20.1.2 Non-equity shares

There are no shares that are not representative of the capital.

20.1.3 Purchase by the Company of its own shares

The ordinary general meeting of June 21, 2016 authorized the Board of Directors to implement a Nicox share buyback program pursuant to Articles L. 225-209 *et seq*. of the French Commercial Code up to 5% of the share capital and a maximum amount of €2,000,000.

It will be possible to acquire shares under this program by decision of the Board of Directors for the following purposes:

- Retaining or subsequently tendering shares in payment or exchange, particularly as part of external growth operations in accordance with recognized market practice and applicable regulation;
- Awarding shares to employees or corporate officers of the Company or its Group, particularly for the purpose of bonus share awards, employee profit-sharing plans, stock option plans and employee stock ownership plans;
- Tendering shares in the exercise of rights attached to securities giving access to the Company capital;
- The cancellation of all or part of the shares thus repurchased;
- Maintaining an orderly market or the liquidity of the Nicox share by an investment services provider through a liquidity agreement that complies with an ethics charter recognized by the Autorité des Marchés Financiers;
- Implementing any and all market practices that may be recognized by law or by the Autorité des Marchés Financiers.

This authority was given for a period expiring after the Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2016, not to exceed a maximum period of 18 months from June 21, 2016, the date of the Shareholders' Meeting that granted the authority.

The Company implemented a share buyback program authorized by the ordinary general meeting of June 21, 2016 for the purpose of maintaining an orderly market or the liquidity of the Nicox share by a service provider through a liquidity agreement in compliance with the code of ethics recognized by the Autorité des Marchés Financiers.

Neither the Company nor its subsidiaries own treasury shares.

20.1.4 Amount of securities convertible, exchangeable or coupled with equity warrants with details on terms and methods of conversion, exchange or subscription

As of December 31, 2016, there were options and equity warrants as well as free shares during the acquisition period. They are described in detail in section 17.2 of this document.

20.1.5 Currently valid capital increase authorizations

Authorizations granted to the Board of Directors by the extraordinary general meeting of June 03, 2015 (and the meeting of October 13, 2015, for the authorization relating to bonus shares – point 10)	Maximum nominal amount of the capital increase (in euros)	Duration of the authorization	Use of the authorization during 2016
1. Issue of securities giving access to the Company's capital and maintaining shareholders' preferential subscription rights	11,424,000 (2)	26 months(1)	Unused
2. Issue of securities giving access to the Company's capital with waiver of shareholders' preferential subscription rights and by public offering	6,854,000(2) (3)	26 months(1)	Unused
3. Issue of securities giving access to the capital with waiver of shareholders' preferential subscription rights through private placement	6,854,000(2) (3)	26 months(1)	Unused
4. Increased number of shares to be issued for issues with or without preferential subscription rights, decided under resolutions 1. to 3. Above	15% of the initial issue(4)	26 months(1)	Unused
5. Capital increase through incorporation of reserves, profits or premiums	11,424,000 (2)	26 months(1)	Unused
6. Capital increase by way of contributions in kind consisting of shares or securities giving access to capital	10% of the equity capital	26 months(1)	Unused
7. Capital increase reserved for qualified investors	6,854,000 (2)	18 months(1)	The issuance of 2,064,000 new shares on August 2, 2016
8. Capital increase reserved for members of a savings scheme	60,000(2)	26 months(1)	Unused
9. Grant of stock subscription or purchase options to employees and corporate officers	600,000	38 months(1)	Unused
10. Grant of existing or new shares to employees and corporate officers (EGM of October 13, 2015)	600,000(5)	38 months(1)	822,250 restricted stock unit rights (6)

(1) With effect from the date of the extraordinary general meeting of June 3, 2015.
(2) Up to the overall nominal ceiling of €11,424,000.
(3) Possibility, within the limit of 10% of the capital per annum, of setting an issue price according to market practice (but not less than the weighted average of the share price in the 10 trading days preceding the pricing less a maximum discount of 10%).
(4) Up to the overall nominal ceiling of €11,424,000 for above resolution one *** and also the overall nominal ceiling of 6,854,004 for the above resolution 2 and 3.

(5) Up to 10% of the capital.
(6) Conferring a right to subscribe to 164,450 new shares pursuant to the 5-for-1 reverse stock split of December 3, 2015.

20.1.6 Information on the capital of all Group companies to which an option is attached

Not applicable

20.1.7 History of equity capital for the period covered by the historical financial information

Date	Transaction	Number equity warrants/stock options/bonus shares	Number of shares issued /canceled	Maximum nominal amount of the capital increase/reduction (in euros)	Aggregate issue/merger premium	Successive capital amounts (in euros)	Cumulative number of shares	Nominal value of shares (in euros)
01/22/2013 (EGM 5/22/2007)	Capital increase following the delivery of bonus shares	62,500	70,681	14,136.20		14,593,101.60	72,965,508	0.20
05/30/2013	Rectification of material error in respect of a share	-	(1)	(0.20)		14,593,101.40	72,965,507	0.20
12/05/2013 (ESM 7/27/2013)	Consideration for an in-kind contribution (shares of the Italian company EuPharmed)	-	1,351,351	270,270.20		14,863,371.60	74,316,858	0.20
06/02/2014 (ESM 7/27/2012	Capital increase following the exercise of equity warrants issued in consideration for the acquisition of EuPharmed shares	821,996	821,996	164 399, 20		15,027,770.80	75,138,854	0.20
09/25/2014 (ESM 7/27/2012	Consideration for an in-kind contribution (shares of Laboratoires Doliage)	-	2,235,134	447,026.80		15,474,797.60	77,373,988	0.20
09/25/2014 (ESM 7/27/2012	Consideration for an in-kind contribution (shares of AVEye Biotechologie GmbH)	-	1,240,636	248 127 ,20		15,722,924.80	78,614,624	0.20
10/24/2014 (ESM	Consideration for an in-kind	-	20,627,024	4 125 404, 80		19,848,329.60	99,241,648	0.20

10/22/2014	contribution (shares of Aciex Therapeutics, Inc.)							
03/10/2015 (EGM 10/22/2014)	Capital increase reserved for a category of beneficiaries	-	15,000,000	3,000,000		22,848,329.60	114,241,648	0.20
09/15/2015 (ESM 7/27/2012	Capital increase following the delivery of bonus shares	106,700	21,340 (1)	21,340		22,869,669.60	114,348,348	0.20
12/03/2015 (ESM 10/13/2015	5-for-1 reverse stock split					22,869,669	22,869,669	1
04/14/2016 (EGM 07/27/2012)	Capital increase following the delivery of bonus shares	146,700	29,340	29,340		22,889,009	22,889,009	1
07/27/2016 (EGM 06/03/2015)	Capital increase reserved for a category of investors;	-	2,064,000	2,064,000		24,963,009	24,963,009	1
09/21/2016 (EGM 07/27/2012)	Capital increase following the delivery of bonus shares	207,670	41,534	41,534		25,004,543	25,004,543	1

(1) This figure takes into account the 5-for-1 reverse stock split of December 3, 2015.

The table above reflects only the statutory changes in equity capital as established by the Board of Directors. It may differ from the actual capital according to whether the stock options, equity warrants and share issues are exercised following the delivery of bonus shares.

20.2 Articles of incorporation and bylaws

20.2.1 Corporate purpose

Under Article 2 of the bylaws, the purpose of the Company in France and abroad is:

- Research and development, experimentation, development, launching on the market, operation, manufacture and wholesale distribution, particularly for export and import, of medical devices, food supplements, pharmaceutical and parapharmaceutical products by any means, either directly or indirectly.

- Protection by any means of intellectual property to which it may claim ownership as well as any and all operating rights or status of its drug candidates or products acquired, licensed or developed directly.

- The acquisition, operation or sale of all intellectual property rights as well as any and all expertise in the area of medical devices, food supplements, pharmaceutical or parapharmaceutical products and the sale, either direct or indirect, of all medical devices, food supplements, pharmaceutical or parapharmaceutical products.
- The creation, acquisition, rental, lease management of all business corporations, the leasing, installation and operation of any and all establishments; and
- More generally, participation in any business or Company created or to be created as well as the completion of any and all legal, economic, financial, industrial, civil and commercial, movable or immovable operations related directly or indirectly, in full or in part, to the above purpose or to any other similar or related purpose.

20.2.2 Provisions contained in the bylaws and the rules and regulations of the Board of Directors concerning the members of administrative bodies

See Chapter 16 – Operation of the administrative and management bodies

20.2.3 Rights, privileges and restrictions attached to each category of outstanding shares

All shares are of the same category and are legally entitled to the same rights.
Commitments by the Chief Executive Officer to retain shares are described in Chapter 15.

20.2.4 Procedures for modifying of shareholders' rights

Shareholders' rights may be changed only by the Extraordinary Shareholders' Meeting in accordance with the applicable regulations. The bylaws do not contain any special provisions.

20.2.5 Shareholders' meetings

Collective decisions by shareholders are taken in shareholders' meetings under the conditions defined by law. All shareholders' meetings regularly constituted represent the shareholders as a whole.

Deliberations by the shareholders' meetings are binding on all shareholders even if they are absent, dissenting or incapacitated.

Shareholders' meetings are convened and meet under the conditions set by law.

All shareholders are entitled to participate in general meetings regardless of the number of shares they may hold. Shareholders may choose one of these three options to participate in meetings:

- Personally attend the meeting;
- Grant a proxy to any person of their choice under the conditions provided by law and regulations or send a proxy form to the Company without specifying the identity of the proxy;
- Vote by mail or remote voting.

To attend the meeting, be represented or vote by mail or remote voting, shareholders must demonstrate that their shares have been registered in their name or in the name of the intermediary on the second business day preceding the meeting at midnight Paris time, or on

the ledger of registered shares maintained by the Company or on the ledger of bearer shares maintained by the authorized intermediary.

Registration of the securities in the ledger of bearer shares maintained by the authorized intermediary is evidenced by a certificate of attendance (*attestation de participation*) issued by the latter;

A certificate will also be issued to shareholders wishing to personally attend the meetings who have not received their admission card by midnight (Paris time) on the second business day preceding the meeting.

Any intermediary satisfying the legal provisions in effect may under a general power of attorney for management of securities, transmit for a meeting the vote or power of attorney of any shareholder not residing in France.

The Company is entitled to ask the intermediary in question to provide a list of the non-resident holders of the shares to which these voting rights are attached.

Shareholders may, under the conditions set by law and regulations, send their proxy form and mail-in vote for any shareholders' meeting, either in hard copy form or electronically by decision of the Board of Directors mentioned in the meeting invitation.

Shareholders' meetings deliberate under the quorum and majority conditions set by the applicable laws and regulations. Shareholders participating in the meeting by video conference or by telecommunications methods allowing them to be identified under the conditions set by the applicable regulations at the time they are used are also deemed present for purposes of calculating the quorum and the majority if the Board of Directors so decides at the time the meeting is convened.

20.2.6 Provision of the bylaws, any charter or regulation that may delay, defer or prevent any change in control

Authority was delegated to the Board of Directors to issue securities by decision of the extraordinary general meeting of June 3, 2015. These delegations of authority are presented in section 21.1.7.

20.2.7 Crossing of statutory thresholds

Under Article 10.2 of the bylaws, any individual or legal entity acting alone or in concert who owns in any form whatsoever, pursuant to articles L. 233 7 *et seq*. of the French Commercial Code a number of shares representing immediately or in the future a fraction equal to 2% of the capital and/or rights in the Company allowing them to vote in shareholders' meetings, or any multiple of that percentage up to 50% and even if that multiple crosses the legal threshold of 5%, shall inform the Company of the total number of shares owned by it by registered letter with return receipt, sent to the head office within five trading days from any such thresholds, or by any other equivalent means for shareholders or the holders of bearer shares residing outside France.
This disclosure requirement applies under the same conditions as those described above whenever a portion of the share capital or voting rights owned falls below any of the thresholds described above.

If the above stipulations are not followed, then any shares exceeding the reporting threshold shall be denied the right to vote if this is requested by one or more shareholders owning together or separately at least 0.5% of the capital and/or voting rights in the Company, under the conditions referred to in Article L.233-7, paragraph 6 of the French Commercial Code.

In the event of an adjustment, the corresponding voting rights may not be exercised until the deadline provided by existing laws and regulations expires.

20.2.8 Changes in the share capital

Any change in the share capital or the voting rights attached to the shares comprising it is subject to the legal requirements, as the bylaws do not contain any specific provisions.

20.2.9 Other information of a general nature

Corporate Registry, APE code

Nicox SA is registered in the Grasse Corporate Registry under number 403 942 642.

The APE code of Nicox SA is 7211 Z. It corresponds to the biotechnology research and development activity.

Corporate fiscal year

The corporate fiscal year begins on January 1 and ends on December 31 of every year.

Distribution of earnings (Article 22 of the bylaws)

The income statement summarizing revenues and expenses for the year shows the earnings spread for the year after deduction of amortization and provisions.

At least 5% is deducted from the earnings for the year as well as any prior losses for appropriation to the legal reserve fund. This deduction ceases to be mandatory when the legal reserve fund reaches one-tenth of the share capital; it resumes when, for any reason, the legal reserve falls below this one-tenth figure.
Distributable earnings consist of the profit for the year less any prior losses or withholdings intended for allocation to the legal reserve plus any retained earnings.

These earnings are distributed to all shareholders in proportion to the number of shares belonging to each of them.

As a priority, dividends are taken from the earnings for the year. Moreover, the Shareholders' Meeting may decide to pay out any sums withheld from the reserves available to it, indicating expressly the reserve lines from which the sums are withheld.
The Shareholders' Meeting has the option of granting to each shareholder the choice of payment in cash or in stock for all or part of the dividend or interim dividend paid out.

Identifiable bearer shares (Article 19.3 of the bylaws)

Any intermediary satisfying the legal provisions in effect may under a general power of attorney for management of securities, transmit for a meeting the vote or power of attorney of

any shareholder not residing in France. The Company is entitled to ask the intermediary in question to provide a list of the non-resident holders of the shares to which these voting rights are attached.

In accordance with article L. 228-2 of the French Commercial Code, the Company may apply at any time to Euroclear France to use the procedure for identifiable bearer shares.

Terms and conditions for amending the bylaws
Pursuant to Article L225-96 of the French Commercial Code, only the Extraordinary Shareholders' Meeting has the authority to amend the Company's bylaws.

However, whenever the Company's head office is transferred by decision of the Board of Directors, then the Board is authorized to amend the bylaws accordingly.

20.3 The Company's securities market

The following table shows the changes in the Company's share price and volume of transactions on the Euronext Paris Market (Compartment B).
(Source: Euronext Paris)

	Share price (in €)			Volume of transactions
Month	**Lower**	**Higher**	**Average price**	**number of shares**
March 2016	6.610	7.400	6.990	57,421
April 2016	6.992	9.150	8.014	133,223
May 2016	7.960	11.470	9.610	194,429
June 2016	9.055	13.000	11.218	365,423
July 2016	9.620	13.680	12.351	562,982
August 2016	9.650	11.500	10.298	230,803
September 2016	8.050	10.295	9.637	160,364
October 2016	7.320	9.149	8.046	214,635
November 2016	7.050	8.110	7.637	104,436
December	7.350	8.820	7.932	144,771
January 2017	8.083	9.880	8.834	163,729
February 2017	8.213	9.250	8.788	95,799

21 MATERIAL CONTRACTS

Contracts significant to the Group are described in section 6.2.

22 INFORMATION PROVIDED BY THIRD PARTIES, STATEMENTS FROM EXPERTS AND DECLARATIONS OF SPECIAL INTERESTS

Not applicable.

23 DOCUMENTS ON DISPLAY

The Company's corporate documents (bylaws, minutes of shareholders' meetings, and other documents) as well as the Group's historical financial information for the past three fiscal years may be consulted at the Company's head office, and a copy may be obtained.

All regulatory information (as defined by Article 221-1 of the AMF General Regulation) is available on the Company's website (www.nicox.com). The following regulatory information is presented in this Registration Document: the annual financial report for 2016: the report on the terms and conditions for preparing and organizing the work of the Board of Directors and for internal auditing procedures and risk management; and the statement on the fees of the statutory auditors.

23.1 Person responsible for financial communications

Dr. Gavin M. Spencer
Executive Vice-President, Corporate Development
Nicox SA
Drakkar D
2405 route des Dolines
CS 10313 Sophia Antipolis
06560 Valbonne, France
Tel: +33.(0)4.97.24.53.00
Fax: +33. +33.(0)4.97.24.53.99
Site internet : www.nicox.com
E-mail : spencer@nicox.com

23.2 Timetable showing financial information reporting dates

Half-yearly financial information – 2017 first half:	September 29, 2017
Annual results for 2017:	March 30, 2018

24 INFORMATION ON HOLDINGS

See note 26 to the consolidated financial statements (consolidation scope) and note 2.21 to the parent company financial statements (table of subsidiaries and equity interests), included in Chapter 20 of this registration document.