NICOX SA

A French public limited company (*société anonyme*) with share capital of EUR 33,491,370

Registered Office:

Drakkar D - 2405 Route des Dolines

06560 Valbonne Sophia-Antipolis

Trade and Companies Register: R.C.S Grasse No. 403 942 642

INTERIM FINANCIAL AND MANAGEMENT REPORT

AS OF JUNE 30, 2020

Disclaimer: This English language version of this document is a free translation of the original "*RAPPORT SEMESTRIEL FINANCIER ET D'ACTIVITE AU 30 JUIN 2020*" that was prepared in French. This translation has not been reviewed by the Company's statutory auditors. All possible care has been taken to ensure that this translation is an accurate representation of the original issued in the French language. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation. In consequence, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Nicox expressly disclaims all liability for any inaccuracy herein.

PRESENTATION OF THE ACCOUNTS

The condensed interim consolidated financial statements concern the following fully consolidated subsidiaries:

- ✓ Nicox SA
- ✓ Nicox Research Institute S.r.l., Nicox SA's Italian subsidiary ("Nicox S.r.l.")
- ✓ Nicox Ophthalmics, Inc., Nicox SA's US subsidiary
- ✓ Nicox Science Ireland Limited, Nicox S. A's Irish subsidiary, it being specified that this subsidiary was wound down effective as from August 2, 2020.

These financial statements were prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

RESPONSIBILITY STATEMENT FOR THE FRENCH VERSION OF THE INTERIM FINANCIAL REPORT

To the best of my knowledge, and in accordance with applicable reporting standards for interim financial reporting, the condensed interim consolidated financial statements of the company and all consolidated operations provide a fair view of its assets and liabilities, financial position and earnings, and the interim management report provides a fair view of the information referred to in article 222-6 of the AMF General Regulations.

Chairman and Chief Executive Officer
Michele Garufi

1) 2020 FIRST HALF HIGHLIGHTS

January 13, 2020: Nicox's Partner Secures Approval of VYZULTA® in Mexico

https://www.nicox.com/assets/files/EN_VYZULTA-Mexico-approval_20200113_F1.pdf

Nicox announced that its partner, Bausch + Lomb, has received approval for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Mexico. The approval in Mexico follows approvals of VYZULTA in the U.S. and Canada. VYZULTA is indicated for the reduction of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension. Nicox receives increasing tiered net royalties of 6% to 12% on global sales of VYZULTA as well as up to $150 million in potential future milestones.

January 16, 2020: Nicox's Partner Secures Additional Approvals of VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Hong Kong and Argentina

https://www.nicox.com/assets/files/EN_VYZULTA-HK-and-Argentina-PR_20200116-F2.pdf

Nicox announced that its partner, Bausch + Lomb, has received approval for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Hong Kong and Argentina. With these approvals, VYZULTA is now approved for commercialization in a total of five countries and territories.

February 3, 2020: Nicox Receives Formulation Patent Extending NCX 470 U.S. Patent Coverage to 2039

https://www.nicox.com/assets/files/EN_NCX470_USFORMULATIONPATENTPR_20200203_F.pdf

Nicox announced today it has received approval from the U.S. Patent and Trademark Office of a formulation patent for NCX 470, extending the U.S. patent coverage to 2039. NCX 470, a novel second generation nitric oxide (NO)-donating bimatoprost analog for the lowering of intraocular pressure in patients with open-angle glaucoma or ocular hypertension. NCX 470 is covered by a composition of matter patent until 2029, which is potentially eligible for up to a 5-year patent term extension based on the period of regulatory review.

March 5, 2020: Nicox's Positive End-of-Phase 2 Meeting with the U.S. FDA Sets Stage for NCX 470 Phase 3 Program in Glaucoma

https://www.nicox.com/assets/files/EN_NCX470_FDAEOP2_PR_20200305_-F1.pdf

Nicox announced today that it has successfully completed an End-of-Phase 2 meeting with the U.S. Food and Drug Administration (FDA) and agreed on the design for the NCX 470 Phase 3 program, as well as nonclinical and CMC plans supporting submission of a New Drug Application (NDA) in the U.S. NCX 470, a novel second generation nitric oxide (NO)-donating bimatoprost analog for the lowering of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension, is Nicox's lead clinical

development program. The Mont Blanc trial, the first Phase 3 clinical trial of NCX 470, is expected to start by the end of Q2 2020, with top-line results expected in Q3 2021. As disclosed previously, the Mont Blanc trial will be initiated with 0.065% and 0.1% doses of NCX 470, with one dose being selected during the trial through an adaptive design. Additional details of the trial design will be disclosed following the initiation of the trial.

March 9, 2020: Nicox's Partner Secures Additional Approval of VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Taiwan

https://www.nicox.com/assets/files/EN_VYZULTA_TAIWAN_APPROVAL_PR_20200309_F.pdf

Nicox today announced that its partner, Bausch + Lomb, has received approval for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Taiwan. This additional approval brings the total number of countries or territories where VYZULTA is approved for commercialization to six (namely the U.S., Argentina, Canada, Hong Kong, Mexico and Taiwan), marking the continued expansion where regulatory authorities can accept the clinical data from the U.S. New Drug Application. VYZULTA is indicated for the reduction of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension and is commercialized in the U.S. and Canada.

March 11, 2020: Nicox Updates on ZERVIATE™ Progress in China and Expands the Countries of its Agreement with Ocumension Therapeutics

https://www.nicox.com/assets/files/EN_OCUMENSION_ZERVIATE_AMENDMENT_20200311_F.pdf

Nicox today announced that it has amended its March 2019 license agreement with Ocumension Therapeutics granting Ocumension exclusive rights to develop and commercialize ZERVIATE™ (cetirizine ophthalmic solution), 0.24% for the treatment of allergic conjunctivitis in the Chinese market. Under the amended agreement, Ocumension now also has exclusive rights of ZERVIATE in the majority of South East Asian Region.

March 11, 2020: Nicox to Receive €15 Million and Half of the Cost of the Second NCX 470 Phase 3 Clinical Trial from Ocumension Therapeutics under Amended Agreement

https://www.nicox.com/assets/files/EN_OCUMENSION_NCX470_JOINT_TRIAL_20200311_F.pdf

Nicox announced that it has amended its December 2018 licence agreement with Ocumension Therapeutics, which originally granted Ocumension exclusive rights to develop and commercialize NCX 470 for glaucoma in the Chinese market. Under the amended agreement, Ocumension will gain additional rights to NCX 470 for Korea and South East Asia.

March 31, 2020: Nicox Announces ZERVIATE™ Launch by Partner Eyevance Pharmaceuticals in the United States

https://www.nicox.com/assets/files/EN_ZERVIATE-U.S.-LAUNCH-PR-

_20200331_F1.pdf

Nicox today announced that its U.S. licensee, Eyevance Pharmaceuticals, has launched ZERVIATE™ in the United States. Commercial supplies were shipped to national wholesalers last week and are now available in pharmacies for patients to fill a prescription. ZERVIATE joins Eyevance's existing ophthalmic commercial portfolio, including FLAREX®, TOBRADEX® ST and FRESHKOTE® Preservative Free (PF), marketed by their own dedicated sales force. The Eyevance commercial team currently covers 40 key territories in the U.S. ZERVIATE is the first novel prescription-only treatment for allergic conjunctivitis in over 10 years.

April 2, 2020: Nicox's Partner Fera Pharmaceuticals Files Application for Orphan Drug Designation for Naproxcinod in Sickle-Cell Disease

https://www.nicox.com/assets/files/EN_Fera_SickleCell_PR_20200402_F.pdf

Nicox and Fera Pharmaceuticals, a privately-held, U.S. specialty pharmaceutical company, announced today that Fera has filed an application with the U.S. *Food and Drug Administration* (FDA) for an *Orphan Drug Designation* (ODD) for naproxcinod in sickle-cell disease. Following results from in vivo primary pharmacodynamics studies of naproxcinod in models of sickle-cell disease, Fera has decided to focus its development on the treatment of painful vaso-occlusive crisis in sickle-cell disease. Fera plans to conduct further studies and other development activities in preparation for entering directly into a clinical efficacy trial of naproxcinod in sickle-cell patients, subject to being granted an ODD.

April 8, 2020: Nicox Outlines Plans to Progress NCX 4251 into Phase 2b Trial Following Positive Meeting with FDA

https://www.nicox.com/assets/files/EN_NCX-4251-FDA-MEETING_20200408_F.pdf

Nicox announced today that it has held a Type C meeting with the U.S. Food and Drug Administration (FDA) in which the data from the recently completed Danube Phase 2 clinical trial of NCX 4251 was reviewed and the next NCX 4251 trial designs were discussed. Given the positive Danube Phase 2 trial results in reduction of the signs and symptoms of both blepharitis and dry eye disease, an agreement was reached with the U.S. FDA for NCX 4251 Phase 2b trial designs in both acute exacerbations of blepharitis and the reduction of signs and symptoms of dry eye disease. NCX 4251, a novel patented ophthalmic suspension of fluticasone propionate nanocrystals, has the potential for development in blepharitis and in dry eye disease, and is Nicox's second product candidate in clinical development.

April 17, 2020: Nicox First Quarter 2020 Business Update and Financial Highlights

https://www.nicox.com/assets/files/EN_Q1-2020-results-_20200417_F.pdf

As of March 31, 2020, the Nicox Group had cash and cash equivalents of €45.2 million as compared with €28.0 million at December 31, 2019. Net revenue for the first quarter of 2020 was €1.7 million (including €1.0 million of the milestone from Ocumension),

compared to €0.4 million for the first quarter of 2019. €14 million of the milestone received from Ocumension is classified as deferred income due to Nicox's ongoing involvement in the development of NCX 470. As of March 31, 2020, the Nicox Group had financial debt of €18.1 million in the form of a bond financing agreement with Kreos Capital signed in January 2019.

June 2, 2020: Nicox Initiates First Phase 3 Trial of NCX 470 in Glaucoma

https://www.nicox.com/assets/files/EN_NCX-470_Mont-Blanc-FPFV_PR_F.pdf

Nicox today announced the initiation of the first Phase 3 clinical trial, named Mont Blanc, evaluating NCX 470 for the lowering of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension, by enrolling the first 12 patients yesterday. NCX 470 is the company's novel, second-generation nitric oxide (NO)-donating bimatoprost analog.

2) CONDENSED INTERIM CONSOLIDATED FINANCIAL HIGHLIGHTS AT JUNE 30, 2020 AND 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenues from collaborations

Net profit from collaborations amounted to €2.4 million for the 2020 first half compared to €5.6 million in the last year's same period. This includes €1.4 million in net royalties versus €0.9 one year earlier. Net profit from collaborations in the 2020 first half also includes €1.0 million in non-recurring revenue linked to license concessions compared to €4.7 million in 2019.

Research and development expenditures

In the 2020 first half research and development expenditures amounted to €6.5 million compared to €7.5 million in the 2019 first half. The decrease in research and development expenditures in the first half compared to the same period in 2019 reflects mainly the continuation in the 2019 first half of the NCX 470 Dolomites phase 2 trial and the NCX 4251 Danube Phase 2a study completed in the fourth quarter of 2019. Phase 3 of the Mont-Blanc trial for NCX470 began on June 1, 2020.

Administrative expenses

Administrative expenses amounted to €3.5 million at June 30, 2020 compared with €3.7 million at June 30, 2019. These expenses relate mainly to the costs of administrative and financial personnel, compensation and fees for corporate officers, communications and business development expenses (including activities relating to evaluating companies and products for in-licensing and acquisition opportunities).

Other income

Other income amounted to €0.8 million at June 30 2020, up from €0.5 million from June 30, 2019 and consisting mainly of translation differences (€0.3 million in 2020 compared to €0.1 million in 2019) and a research tax credit of €0.4 million, the same amount as last year.

Other expenses

Other expenses amounted to €0.2 million at June 30, 2020 compared to €0.1 million at

June 30, 2019 and concern mainly exchange rate losses from assets and liabilities stated in foreign currency.

Amortization of intangible assets

Amortization expenses for intangible assets amounted to €0.6 million at June 30, 2020 compared to nil one year earlier and concern exclusively the amortization of the intangible asset, ZERVIATE for which development was completed in June 2019.

Finance income

Finance income amounted to €1.2 million for the 2020 first half compared to €1.5 million for the same period last year. This included for the six-month periods ended 30 June 2020 and 2019 respectively €0.9 million and €0.8 million in interest income from the loan notes in the form of bonds received from VISUfarma in connection with the transfer of commercial operations. For the six-month periods ended June 30, 2020 and June 30, 2019, financial income included €0.2 million and €0.5 million in currency gains and €0.1 million in interest income from term accounts for these periods respectively.

Finance expense

Finance expense amounted to €8.2 million at June 30, 2020 compared to €0.7 million one year earlier. In the 2020 first half, finance expense includes an impairment charge for the expected credit loss from loan notes received from VISUFarma in the amount of €6.8 million and interest expense and other costs linked to the Kreos loan in the amount of €1.0 million. In the same period last year, finance expense included unrealized foreign exchange losses on the receivable in US dollars from the American subsidiary in the amount of €0.4 million plus €0.3 million in interest expense and other costs linked to the Kreos loan.

Net loss

The Company recorded a net loss of €14.6 million for the six months ended June 30, 2020, compared to a net loss of €0.8 million for the same period in 2019. In this period, the Company received a €15 million upfront payment from Ocumension Therapeutics following the execution of the amendment to the licensing agreement for NCX 470 for the Chinese market and including €14 million fully recognized under deferred revenue in the unaudited condensed consolidated statement of financial position. This amount has no impact on the net loss for the 2020 first half. In the 2019 first half, the net loss was reduced by the contributions of an upfront payment of €2 million and a milestone payment of $3 million charged to the partners Ocumension and Eyevance, royalties received from Bausch + Lomb for VYZULTA and the recognition of tax income in the amount of €3.7 million with no effect on cash derived from the deferred tax assets of the US subsidiary.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2020, Nicox had cash and cash equivalents of €40.4 million as compared with €45.2 million at March 31, 2020 and €28.1 million at December 31, 2019.

As of June 30, 2020, Nicox Group had financial debt of €17.7 million in the form of a bond financing agreement with Kreos Capital executed in January 2019 compared to €11.1 million at December 31, 2019. Nicox has successfully drawn three tranches, a first for €8 million in January 2019, a second for €4 million in October 2019 and the last tranche for €8 million in December 2019 and received in January 2020, i.e. the total amount provided for under this financing

agreement.

At June 30, 2020, Nicox also had a finance lease liability totaling €1.3 million concerning mainly the Group's offices. At December 31, 2019, this lease liability amounted to €1.5 million.

3) FORESEEABLE TRENDS FOR THE COMPANY FOR THE YEAR

In the second half, the company's strategic priorities are to:

Achieve rapid progress in developing its main program NCX 470 for which the adaptive design part of the first Phase 3 clinical trial of NCX 470 for lowering of intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension is on track to be completed in Q4 2020. Upon completion of this phase, patients will then continue to receive the selected NCX 470 dose in the subsequent head-to-head 3-month safety and efficacy evaluation of NCX 470 vs. latanoprost. Selection of the dose will also enable the start of the second Phase 3 trial, or the Denali trial, before the end of 2020. This study jointly managed and funded equally by Nicox and Ocumension will include clinical sites in both the U.S. and China and are designed for the filing of an application for marketing authorizations in these two countries.

Nicox is planning to initiate a phase 2 b clinical study for NCX 4251, its second product candidate between now and year-end. This Phase 2b trial will include both blepharitis and dry eye endpoints with the option of declaring either the blepharitis or dry eye endpoints as the primary outcome of the trial.

In the research field, Nicox will focus on the research and development programs for nitric oxide (NO)-donating phosphodiesterase-5 (PDE5) inhibitors program for glaucoma for which it expects to be able to announce an Investigational New Drug (IND)-track candidate in 2020.

4) RISK FACTORS AND UNCERTAINTIES

The principal risks and uncertainties for the remaining six months of the financial year are described in chapter 3 of the Universal Registration Document of Nicox for the 2019 fiscal year filed with the AMF ("*Autorité des Marchés Financiers*") on March 6, 2020 (No. D20-0109) available on the Nicox website (www.nicox.com).

There is a risk that the Covid-19 epidemic could disrupt the activities of the Company, its partners and its subcontractors and as such have a potential impact on the development of its candidates or financial position.

The company will closely monitor the situation and will inform the market if there is any impact on its activities, notably development, or its financing needs or revenue. The Company does not foresee any delays respect to the timetable of its clinical studies.

5) RELATED PARTIES

No related party agreements were entered into in the first half of 2020.

6) STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

See the enclosed document.

The Board of Directors
September 09, 2020

Approbans Audit

Ernst & Young Audit

Nicox S.A.
For the six-month period ended June 30, 2020

Statutory auditors' review report on the interim financial statements

APPROBANS Audit
La Palmeret du Canet
22, boulevard Charles Moretti
13014 Marseille
A French limited liability company (S.A.R.L)
with share capital of € 100,000
Registered in Marseille
(RCS No.°525 098 786)

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

Ernst & Young Audit
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S with variable capital
Registered in Nanterre
(RCS No.°344°366°315)

Statutory Auditors
Member of the Regional Association
of Versailles

Nicox S.A.
For the six-month period ended June 30, 2020

Statutory auditors' review report on the interim financial statements

To the shareholders,

Pursuant to our appointment as statutory auditors by your shareholders' meetings and in accordance with article L. 451-1-2 III of the French monetary and financial code ("*Code Monétaire et Financier*"), we hereby report to you on:

- The limited review of the accompanying condensed consolidated interim financial statements of Nicox S.A. for the six-month period ended June 30, 2020;

- The verification of the information given in the interim management report.

These condensed interim consolidate financial statements were prepared under the responsibility of your Board of Directors on September 9, 2020 based on information available on that date against the backdrop of evolving market conditions linked to the Covid-19 health crisis and difficulties in understanding its implications and future development. Our responsibility is to express a conclusion on these statements on the basis of our limited review of these financial statements.

1. Conclusion on the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than for an audit conducted in accordance with generally accepted audit standards in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements that is lower than that which would result from an audit.

Based on our limited review, we have identified no material irregularities that would indicate that the condensed consolidated interim financial statements are inconsistent with IAS 34, the IFRS as adopted in the European Union for interim financial reporting.

2. Specific verifications

We have also verified information given in the interim management report issued on September 9, 2020 on the condensed consolidated interim financial statements that were subject to our review.

We have no matters to report as to the fair presentation and consistency of this information with the condensed consolidated interim financial statements.

Marseille and Paris-La Défense, September 9, 2020

Statutory Auditors

Approbans Audit	Ernst & Young Audit
Pierre Chauvet	Pierre Chassagne

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NICOX SA
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2020 AND 2019
(€ 000s EXCEPT PER SHARE AMOUNTS)

		For the period ended June 30	
	Notes	**2020**	**2019**
Revenue from collaborations		3,271	6,214
Royalty payments		(891)	(624)
Net Profit from collaborations	5.1	**2,380**	**5,590**
Research and development expenditures	5.2	(6,533)	(7,539)
Administrative expenses	5.3	(3,496)	(3,720)
Other income	5.4	840	489
Other expenses	5.5	(174)	(97)
Operating loss before the amortization of intangible assets		**(6,983)**	**(5,277)**
Amortization of intangible assets	5.6	(645)	(17)
Operating loss		**(7,628)**	**(5,294)**
Finance income	5.7	1,213	1,458
Finance expense	5.7	(8,166)	(714)
Net financial income/(expense)	5.7	**(6,953)**	**744**
Loss before tax		**(14,581)**	**(4,550)**
Income tax (expense) / benefit	15	(26)	3,799
Net loss for the period		**(14,607)**	**(751)**
Net loss attributable to equity holders of the Company		(14,607)	(751)
Weighted average number of shares outstanding		33,419,145	29,875,131
Basic/diluted earnings per share (in €)		(0.44)	(0.03)

NICOX SA
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2020 AND 2019
(€ 000s)

	Notes	For the period ended June 30 2020	2019
Net loss attributable to equity holders for the period		**(14,607)**	**(751)**
Exchange differences on translation of foreign operations		232	317
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)		**232**	**317**
Actuarial gains / (losses)	16	(34)	(84)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		**(34)**	**(84)**
Other comprehensive income/(loss) for the period attributable to equity holders of the Company, net of tax		**198**	**233**
Comprehensive income for the period attributable to equity holders of the Company		**(14,409)**	**(518)**

NICOX SA
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020 AND DECEMBER 31, 2019
(€ 000s)

	Notes	At June 30, 2020	At December 31, 2019
ASSETS			
Non-current assets			
Goodwill		25,930	25,847
Intangible assets	6	71,708	72,120
Property, plant and equipment		1,453	1,670
Non-current financial assets	7	70	11,023
Total non-current assets		**99,161**	**110,660**
Current assets			
Trade receivables		1,357	1,069
Government grants receivable	8	1,286	864
Non-current assets classified as held for sale	7	5,000	-
Other current assets	9	248	1,297
Prepayments	10	1,647	814
Cash and cash equivalents	11	40,392	28,102
Total current assets		**49,930**	**32,146**
TOTAL ASSETS		**149,091**	**142 806**
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	12	33,491	33,231
Share premium	12	518,180	518,441
Cumulative translation adjustment		8,044	7,811
Accumulated deficit		(464,159)	(450,186)
Total equity		**95,556**	**109,297**
Non-current liabilities			
Non-current financial liabilities	14	14,687	10,168
Deferred tax liabilities	15	13,006	12,964
Provisions	16	576	549
Contract liabilities	17	8,500	-
Total non-current liabilities		**36,769**	**23,681**
Current liabilities			
Current financial liabilities	14	4,373	2,481
Trade payables		4,847	4,996
Contract liabilities	17	5,500	-
Other current liabilities		2,046	2,351
Total current liabilities		**16,766**	**9,828**
TOTAL LIABILITIES AND EQUITY		**149,091**	**142 806**

NICOX SA
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2020 AND 2019
(€ 000s)

	Notes	For the period ended June 30 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		**(14,607)**	**(751)**
Adjustments to reconcile profit or loss to net cash flows			
Depreciation and impairment of tangible assets		232	64
Amortization and impairment of intangible assets		654	
Amortization and impairment of financial assets		6,874	
Expenses related to share-based payments	13	667	908
Provisions	16	(7)	42
Non-cash translation adjustments		(93)	(94)
Amortized cost of non-convertible bonds		313	64
Capitalized interest	7	(891)	(806)
Deferred axes	15	-	(3,855)
Operating cash flows before working capital adjustments:		**(6,858)**	**(4,426)**
(Increase) / Decrease in trade receivables and other currents assets		(460)	(4,382)
(Increase) / Decrease in government grant receivables	8	(422)	(365)
Increase / (Decrease) deferred income	4.3	14,000	(1,147)
(Increase) / Decrease in trade payables and other current liabilities		(454)	(1,477)
Change in working capital		**12,664**	**(7,371)**
Net cash flows from (used in) operating activities		**5,806**	**(11,797)**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Purchase of intangible assets	6.1	(10)	(25)
Purchase of property, plant and equipment		(29)	(60)
Disposal of financial assets		-	-
Net cash flows from/(used in) investing activities		**(39)**	**(85)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Increase in borrowings net of issuance costs	14	7,685	7,248
Decrease in borrowings net of issuance costs		(1,037)	
Payment of lease and IFRS 16 liabilities	14	(166)	(77)
Net cash flows from/(used in) financing activities		**6,482**	**7,172**
Net Increase / (Decrease) in cash and cash equivalents		**12,249**	**(4,710)**
Cash and cash equivalents at January 1		**28,102**	**22,059**
Net foreign exchange differences		41	5
Cash and cash equivalents at June 30		**40,392**	**17,354**

NICOX SA
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2020 AND 2019
(IN € 000S EXCEPT PER SHARE AMOUNTS)

	Issued capital								
	Ordinary shares	Amount	Share premium	Treasury shares	Translation reserves	Reserves (deficit)	Profit/(loss) for the period	Attributable to equity holders of the company	Total equity
At January 1, 2019	**29,718,920**	**29,719**	**510,682**		**6,696**	**(415,055)**	**(18,391)**	**113,653**	**113,653**
Profit/(loss) for the period							(751)	(751)	(751)
Other comprehensive income					317	(84)		233	233
Comprehensive income/ (loss) for the period					**317**	**(84)**	**(751)**	**(518)**	**(518)**
Allocation of profit / (loss) of the previous period						(18,391)	18,391		
Delivery of bonus shares	191,200	191	(191)						
Share-based payments						910		908	908
Equity warrants						379		379	379
At June 30, 2019	**29,910,120**	**29,910**	**510,491**	**-**	**7,013**	**(432,241)**	**(751)**	**114,422**	**114,422**
Profit/(loss) for the period							(18,171)	(18,171)	(18,171)
Other comprehensive income					799	19		818	818
Comprehensive income/(loss) for the period					**799**	**19**	**(18,171)**	**(17,353)**	**(17,353)**
Issuance of ordinary shares	3,315,650	3,316	7,955					11,271	11,271
Delivery of bonus shares	4,800	5	(5)					-	-
Share-based payments						958		958	958
At December 31, 2019	**33,230,570**	**33,231**	**518,441**	**-**	**7,812**	**(431,264)**	**(18,922)**	**109,298**	**109,298**
Profit/(loss) for the period							(14,607)	(14,607)	(14,607)
Other comprehensive income/ (loss)					232	(34)		198	198
Comprehensive income/(loss) for the period					**232**	**(34)**	**(14,607)**		
Allocation of profit/ (loss) of the previous period						(18,922)	18,922	-	-
Delivery of bonus shares	260,800	261	(261)					-	-
Share-based payments						667		667	667
At June 30, 2020	**33,491,370**	**33,492**	**518,180**	**-**	**8,044**	**(449,553)**	**(14,607)**	**95,556**	**95,556**

1. CORPORATE INFORMATION ON THE REPORTING ENTITY

Nicox S.A. (“Nicox” or the "Company") is incorporated and domiciled in France. The Company’s headquarters are located at 2405 route des Dolines, 06560 Valbonne and the company is listed on Euronext Paris under the symbol (“COX”). These unaudited condensed consolidated financial statements include those financial statements of the Company and its subsidiaries (collectively, “the Group”).

Nicox Group is an international ophthalmology company using innovative solutions to maintain vision and improve ocular health. The Group’s strategy is to maximize the potential of its technology and products through in-house development and industry-leading collaborations.

2. CONSOLIDATED COMPANIES

Consolidated subsidiary	Date of first-time consolidation	Registered office	Consolidation method	% interest 06/2020	% interest 12/2019
Nicox S.A.	1996	2405 Route des Dolines 06560, Valbonne Sophia Antipolis France	Parent	-	-
Nicox S.r.l.	1999	Via Ariosto 21, Bresso, MI 20091 Italy	Full consolidation	100 %	100 %
Nicox Ophthalmics Inc.	2014	15 TW Alexander Drive - Durham - NC 27 709 - United States	Full consolidation	100%	100 %
Nicox Science Ireland Limited	2014(1)	Riverside One, Sir John Rogerson's Quay, Dublin 2 Ireland	Full consolidation	100%	100 %

(1) This subsidiary was wound down with effect on August 2, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared and presented in accordance with IAS 34 (Interim Financial Reporting) and as such do not include all the financial information required for complete annual financial statements according to international financial reporting standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union. The accompanying notes include a selection of notes providing explanations of significant events and transactions in the six-month period ended June 30, 2020 affecting the Group’s financial position and performance since December 31, 2019. These notes are to be read in conjunction with the annual consolidated financial statements for the period ended December 31, 2019.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements as at June 30, 2020 and for the six-month period ending on June 30, 2020 and 2019 comply with the IFRS of the IASB and the interpretations as adopted by the European Union. They are consistent with those described in the notes to the published consolidated financial statements as of December 31,

2019, except for new standards adopted for periods beginning on or after January 1, 2020. No other standards, interpretations or amendments in issue but not yet into force were early adopted by the Group. The accounting principles applied for the period beginning on January 1, 2020 are identical with those adopted for the consolidated financial statements as of December 31, 2019. The other standards and interpretations published by IASB and approved by the European Union entering into force on January 1, 2020 had no impact on the Group's condensed consolidated financial statements.

These financial statements include all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the results of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire year ending December 31, 2020. These unaudited condensed consolidated financial statements, have been prepared on a going concern basis as the Group currently believes that it has sufficient cash to sustain its operations and thus ensure continuity of business over the next twelve months.

IFRSs adopted by the European Union on June 30, 2020 may be consulted under the heading IAS/IFRS Interpretations and Standards, at : *https://www.efrag.org/Endorsement*.

These interim condensed consolidated financial statements were approved by the Board of Directors on September 9, 2020. The financial statements are adjusted to reflect subsequent events that provide evidence of conditions existing at the end of the reporting period. The adjustments are made up to the date of approval of the financial statements by the Board of Directors. Other events subsequent to this approval date that do not result in adjustments are presented in note 20.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the interim condensed consolidated financial statements, the Group's management has to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts recognized in the financial statements.

The underlying estimates and assumptions are reviewed on an ongoing basis. Changes in these estimates are accounted for prospectively. Information on the use of estimates, assumptions and judgments in connection with the application of accounting policies with the most significant impact on amounts recognized in the consolidated financial statements are presented below.

4.1 Fair value of financial assets

At June 30, 2020, financial assets held by the Group included:

- The Group minority stake in Iris TopCo (parent company of VISUfarma B.V.), amounted to 10% at June 30, 2020 and December 31, 2019 and was recognized as nil after being fully written down (see note 4.2).

- The notes receivable in the form of bonds in the amount of €19,460,000 including accrued interest excluding the expected credit loss (see note 4.2) for a net amount of €5 million. At December 31, 2019, the notes receivable amounted to €18,568,000, including accrued interest and excluding the expected credit loss.

In accordance with IFRS 13 and IFRS 7, the fair value measurements of these financial instruments must be classified according to a hierarchy according to inputs used to measure the instrument at fair value. This fair value hierarchy is comprised of the following levels:

- level 1: use of quoted prices on active markets (unadjusted) for identical assets or liabilities that the company can assess on the measurement date;

- level 2: use of quoted prices on active markets for similar assets or liabilities or derived from all significant inputs that are corroborated by observable market data (market-corroborated inputs); and
- level 3: use of valuation techniques for which significant inputs are not all based on significant observable market data.

Nature of the financial instrument	Valuation principle	Fair value level
Non-current financial assets (equity interests in Iris TopCo)	Fair value	3
Loans and receivables (bond loan)	Amortized cost	n/a
Liability relating to business combinations (contingent consideration)	Fair value	3

4.2 Risk of expected credit loss on the loan to VISUfarma

On June 30, 2020, the Company revised its valuation regarding the change in the risk of default and measured the expected credit loss associated with the notes receivable at maturity. The notes receivable was repayable at the earlier of the first of the following two dates (i) January 1, 2026 or (ii) the date of VISUfarma's sale. Payment of the notes receivable is subordinated to loans held by all other shareholders of VISUfarma B.V. In accordance with IFRS 9, the Group measures at the end of each reporting period the risk of default of VISUfarma B.V. and recorded an impairment of the notes receivable in consequence in the amount of €14.5 million at June 30, 2020, in comparison to €7.6 million at December 31, 2019 reducing the value of the notes receivable, including accrued interest to the net amount of €5 million at June 30, 2020 in comparison to €10.9 million at December 31, 2019.

The Group has elected for an approach based on the probability of default of VISUfarma B.V. and the measurement of changes in the credit risk, two aspects requiring a considerable judgment.

The Group referred to a market risk model as well as a judgmental evaluation of VISUfarma's performance, its ability to meet the objectives of its business plan given its short period of operating activity and its financing capacity. In view of the prospects of a significant increase in VISUfarma's credit risk since December 31, 2019, an additional impairment was recorded in the amount of €6.8 million.

At June 30, 2020, the Group was in discussions with VISUfarma's majority shareholders concerning a transaction involving the divestment of its shareholding and the loan notes. This transaction was completed in July 2020 based on the net carrying value of the assets or €5 million (see note 20)

4.3 NCX 470 and ZERVIATE amendment to the license agreement with Ocumension for the Chinese market.

In March 2020, Nicox signed an amendment to the license agreement with Ocumension for NCX 470. Under the amended agreement, Ocumension paid Nicox €15 million (in place of the milestones in the original agreement), gained additional rights to NCX 470 for Korea and South East Asia and will pay 50% of the costs of the second glaucoma Phase 3 clinical trial of NCX 470 ("Denali"). The two companies will jointly manage the Denali trial in the U.S. and China. Under the 2018 agreement, Ocumension received exclusive rights to develop and commercialize NCX 470, at its own cost, in the Chinese market. Nicox received a one-time upfront payment of €3 million from Ocumension.

Under the amended agreement, Ocumension immediately paid Nicox €15 million (of which €14 million are repayable under certain conditions) and, furthermore, will fund 50% of the costs of the joint U.S.-China second Phase 3 clinical trial. No future NCX 470 milestones will be due from Ocumension to Nicox. In the unlikely case that the Joint Trial would not take place, refunds of some or the significant majority of this payment may be made and in certain situations, the original milestones of the agreement would again apply. The tiered royalties of 6% to 12% of the original agreement remain unchanged and will apply to sales in the original and the additional territories.

The Group has considered that there were no new obligations of performance in connection with

the signature of this amendment and that €1 million could be recognized under revenue for the 2020 first half. The Group considered that this amount concerned the exclusive rights granted for new territories and that in consequence the corresponding obligation of performance had been met. A residual amount of €14 million recorded under deferred revenue will be recognized only if it is highly probable that the uncertainty associated with the variable consideration is subsequently resolved and the potential repayment clauses do not result in an adjustment involving a significant decrease in the cumulative amount of revenue recognized.

In the Group's view, the joint Phase 3 clinical trial ("Denali"). entered into the scope of IFRS 11 on "Joint arrangements" and in consequence expenses relating to this trial will be recognized in the consolidated statement of profit or loss as incurred.

Nicox also amended the license agreement with Ocumension for ZERVIATE providing for the extension of its exclusive rights to the majority of countries of Southeast Asia. This amendment had no financial impact on the 2020 first half.

4.4 Company objectives

The Board of Directors sets the Group's objectives each year. Achieving these objectives is one of the criteria upon which variable compensation is calculated for certain employees. Furthermore, Group employees receive share-based compensation (stock options and free shares). The vesting of this share-based compensation is subject to performance conditions requiring that at least 70 % of the Group's yearly objectives set by the Board of Directors are met for the calendar year concerned. In the event that these performance conditions are not met, half of the rights granted for 2020 (i.e. 50% + 1 option) will be definitively canceled, with the other half of the rights remaining in effect for the stock options and free shares. The rate of performance of the 2020 objectives was evaluated in June 2020 at 100% which is consistent with the accrual recorded.

4.5 Covid-19

The company will closely monitor the situation and will apprise the market if there is any impact, notably on its development programs, its financing needs or revenues. The Company does not foresee any delays with respect to the timetable of its clinical studies and has not identified any indications of impairment which might result in the recognition of an impairment loss for these intangible assets, including goodwill. In consequence, at June 30, 2020 the company was in discussions with its banking partners to obtain a government-backed loan for the purposes of covering the consequences of the pandemic on its activities in the 2020 first half. This loan in the amount of €2 million was paid in two €1 million tranches respectively in August and September 2020 (see note 20). The Group does not anticipate at the present time any further impact on its financing needs linked to the pandemic.

5 INCOME AND EXPENSES

5.1 Net profit from collaborations

Net profit from collaborations which consist of revenue from collaborations less royalty payments, amounted to €2,380,000 for the first half period ended on June 30, 2020 compared to €5,590,000 one year earlier. This breaks down as follows:

	For the first half At 30 June	
	2020	**2019**
	(In €000s)	
Upfront payment(s)	1,000	2,005
Milestone payment(s)		2,655
Net royalties	1,380	930

Net Profit from collaborations	2,380	5,590

5.2 Research and development expenditures

In the 2020 first half, research and development expenditures amounted to €6,533,000 compared with €7,539,000 in the 2019 first half. The decrease in research and development expenditures in 2020 reflects the commencement of phase 3 for NCX470 at the end of the 2020 first half whereas the phase 2 clinical trials for NCX470 and phase 2a trials for NCX4251 continued over the entire 2019 first half and were completed in the last quarter of 2019.

The following table provides a breakdown of research and development costs by nature and product:

	Period ending on 30 June:	
	2020	**2019**
	(In €000s)	
Internal expenditures	**(2,272)**	**(1,988)**
External expenditures	**(4,261)**	**(5,551)**
Total research and development expenditures	***(6,533)***	***(7,539)***
ZERVIATE (AC 170)	*(94)*	*-*
External expenditures	*(94)*	*(984)*
Revenue from Eyevance		*984*
NCX 4251	*(219)*	*(1,306)*
NCX 470	*(3,562)*	*(3,294)*
Other expenses not allocated by project	*(315)*	*(912)*
Other expenditures	*(71)*	*(39)*
Total external expenditures	***(4,261)***	***(5,551)***

5.3 Administrative expenses

Administrative expenses amounted to €3,496,000 for the 2020 first half compared with €3,720,000 for the same period in 2019. These expenses relate mainly to the costs of administrative and financial personnel, compensation and fees for corporate officers, communications and business development expenses (including activities relating to evaluating companies and products for in-licensing and acquisition opportunities).

5.4. Other income

Other income amounted to € 840,000 at the June 30, 2020, compared with € 489,000 at June 30, 2019 and concerned primarily unrealized foreign exchange gains (€305,000 in 2020 compared with € 114,000 in 2019) and a research tax credit (€ 422,000 in 2020 compared with €374,000 in 2019).

5.5 - Other expenses

Other expenses amounted to €174,000 at June 30, 2020 compared with € 97,000 at June 30, 2019. Other expenses include mainly unrealized foreign exchanges losses on assets and liabilities denominated in foreign currencies.

5.6 Total amortization of intangible assets

Amortization expenses for intangible assets amounted to €0.6 million at June 30, 2020 compared

to nil one year earlier and concern mainly the amortization of the intangible asset, ZERVIATE for which development was completed in June 2019.

5.7 Net financial income / (expense)

	For the first half ended June 30	
	2020	**2019**
	(€ 000s)	
Foreign exchange gain	141	499
Other financial income[(1)]	1,072	959
Total financial income	**1,213**	**1,458**
Foreign exchange loss	(102)	(398)
Other financial expense (2)	(8,064)	(316)
Total financial expenses	**(8,166)**	**(714)**
Net financial income (expense)	**(6,953)**	**744**

(1) This consists primarily of €891,000 corresponding to interest expense on a loan in the form of notes receivable from VISUfarma in connection with the transfer of commercial operations and €96,000 of interest income from cash equivalents for the period ending June 30, 2020. For the first half ending on June 30, 2019, this amount consists primarily of €838,000 interest on the loan in the form of notes receivable from VISUfarma, proceeds linked to the revaluation of the expected credit loss on the VISUfarma moan notes and €121,000 of interest income from cash equivalents.

(2) Other financial expenses include €1,104,000 of interest expense relating to the KREOS bonds, a €6,806,000 impairment charge on VISUfarma loan notes and a €68,000 impairment charge on Nicox's shareholding in this company (see note 4.2). These assets had a net value on December 31, 2019 of €10,914,000 and €68,000 respectively.

6. INTANGIBLE ASSETS

6.1 Breakdown by nature

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Patent, rights, licenses	74,961	74,727
Software	426	426
Research and development activities acquired separately	50	50
Gross value	**75,437**	**75,203**
Patent, rights, licenses	(3,294)	(2,657)
Software	(385)	(376)
Research and development activities acquired separately	(50)	(50)
Accumulated depreciation	**(3,729)**	**(3,083)**
Net value of intangible assets	**71,708**	**72,120**

At June 30, 2020, the intangible assets in the form of patents, rights and licenses amounted to a gross value of €74,961,000, breaking down as follows: €43,490,000 for ZERVIATE and €29,470,000 for NCX 4251. The balance of €2,000,000 which was fully depreciated concerns Nitromed. The intellectual property associated with NCX 4251 is considered as in-process development, and as such is not amortized. Once the research and development activities of this product are considered completed, it will be amortized over its estimated useful life, which will be determined primarily based on the patent period. The Group began to amortize the US portion of the intellectual property associated with ZERVIATE in June 2019. The value of intangible assets of the Group as presented in the condensed consolidated financial statements is subject to the Group's ability to successfully conclude partnerships or license agreements with third parties. This could lead to an impairment loss should the Group be unsuccessful in concluding certain agreements.

6.2 Change in the year

	Gross value	Amortization and depreciation	Net value
		(€ 000s)	
Value at December 31, 2019	**75,203**	**(3,083)**	**72,120**
Acquisitions/amortizations		(654)	(654)
Disposals or retirements			
Impact of change in exchange rates	234	8	242
Value at June 30, 2020	**75,437**	**(3,729)**	**71,708**

7. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

NON-CURRENT FINANCIAL ASSETS

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Deposits and guarantees	70	40
Securities and notes receivables [(1)]	-	10,983
Total non-current financial assets	**70**	**11,024**

CURRENT FINANCIAL ASSETS

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Financial assets classified as held for sale[(1)]	5,000	-
Total financial assets classified as held for sale……	**5,000**	-

(1) Assets held by VISUfarma net of the impairment expense for the expected credit loss (ECL) on interest and the nominal value of the notes receivable from VISUfarma (see note 4.2) and the €68,000 impairment charge of the shareholding in this company. These impairment charges are included under other financial expenses of the unaudited condensed consolidated statement of profit or loss. Pursuant to discussions with respect to the sale of these assets to the majority shareholders of VISUfarma, the notes receivable and the shareholding have been reclassified as current financial assets held for sale. This transaction was closed in July 2020. In 2019, these assets were classified under Non-current financial assets.

8. GOVERNMENT GRANTS RECEIVABLE

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Research tax credit*	1,286	864
Total	**1,286**	**864**

* The Group has requested the reimbursement of the 2019 Research Tax Credit by virtue of European community tax provisions for small and medium-size companies, in compliance with regulations in force, which was received in July 2020. In February 2019, the Group was informed of a tax audit of the parent company Nicox SA. This audit covers the financial periods of 2016 and 2017 and was extended to FY 2015 with respect to the research tax credit and FY 2018 with respect to VAT. At June 30, 2020, this audit was still ongoing.

9. OTHER CURRENT ASSETS

Other current assets primarily consist of VAT credits and advances paid to suppliers. The change concerns mainly the repayment of the tax credit and VAT refunds obtained in the period.

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Tax receivables	203	834
Other receivables	45	463
Total	**248**	**1,297**

10. PREPAYMENTS

Prepayments amounted to €1,647,000 at June 30, 2020, up from €814,000 at December 31, 2019 reflecting prepayments in connection with the Mont-Blanc study on NCX 470.

11. CASH AND CASH EQUIVALENTS

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Cash	40,392	17,366
Cash equivalents	-	10,736
Total cash and cash equivalents	**40,392**	**28,102**

12. ISSUED CAPITAL AND RESERVES

At June 30, 2020, the share capital consisted of 33,491,370 fully paid up ordinary shares with a par value of € 1.

Type of transaction	Share capital	Share premium	Number of shares	Par value
		(€ 000s)		In Euros
At January 01, 2019	**29,719**	**510,682**	**29,718,920**	**1**
Issuance of restricted stock units	196	(196)	196,000	1
Issuance of ordinary shares	3,316	7,955	3,315,650	1
At December 31, 2019	**33,231**	**518,441**	**33,230,570**	**1**
Issuance of restricted stock units	260	(260)	260,800	
Issuance of ordinary shares	-	-	-	-
At June 30, 2020	**33,491**	**518,180**	**33,491,370**	**1**

13. SHARE-BASED PAYMENTS

Share-based payments on Group profit or loss break down as follows:

	For the six-month period ended June 30	
	2020	2019
	(€ 000s)	
Stock options	(262)	(103)
Equity warrants	-	-
Restricted stock units (free shares)	(405)	(805)
Total impact on net profit of the period	**(667)**	**(908)**

13.1 Stock subscription or purchase options

Changes in the period are described below:

	Rights*	Number of shares issuable
Stock subscription or purchase options at December 31, 2019	**825,650**	**301,570**
Granted during the period	394,750	394,750
Canceled during the period	419,100	88,620
Stock subscription or purchase options at June 30, 2020	**801,300**	**607,700**

** Number of rights issuable before the stock of December 2015*

13.2 Equity warrants

There were no changes during the period and at June 30, 2020 there were 488,000 warrants outstanding conferring rights to subscribe to 328,000 shares.

13.3 Restricted stock units

Changes in the period are described below:

	Number of shares issuable
Restricted stock units outstanding at December 31, 2019	**386,050**
Granted during the period	107,750
Delivered during the period	(260,800)
Canceled during the period	(2,100)
Restricted stock units outstanding at June 30, 2020	**230,900**

** Number of rights issuable before the stock of December 2015*

14. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Loan [(1)]	13,725 [(1)]	9,045
Lease	962	1,123
Total non-current financial liabilities	**14,687**	**10,168**

(1) This amount includes €6.4 million corresponding to the long-term portion of the last tranche of the bond financing obtained from Kreos Capital in December 2019 and paid in January 2020 in the amount of €8 million and the long-term portion of the loan tranches paid in February and November 2019 in the amount of €7.3 million. These different amounts are net of transaction expenses incurred for arranging this bond financing

	At June 30, 2020	At December 31, 2019
	(€ 000s)	
Loans	3,970	2,077
Lease	403	404
Total current financial liabilities	**4,373**	**2,481**

15. DEFERRED TAX LIABILITIES

As of June 30, 2020, deferred tax liabilities amounted to € 13,005,000, compared with € 12,964,000 as of December 31, 2019. These correspond to deferred tax calculated based on fair value adjustments associated with the purchase price allocation exercise of the US subsidiary, Nicox Ophthalmics Inc., net from deferred tax assets. The change in 2020 is the result of a foreign exchange translation adjustment of €41,000. The Group has tax losses in France and the United States. Based on a study completed in 2019 in accordance with article 382 of the US Internal Revenue Code (IRC) concerning historical losses available to be carried forward, the Group considers that it does have tax loss carryforwards with respect to federal and state taxes incurred prior to the Nicox Opthalmics Inc.'s acquisition for an amount of €50,882,000 at December 31, 2019 able to be carried forward to offset taxable income for the statutory period of 20 years. With the exception of deferred tax assets recognized to offset deferred tax liabilities on equity warrants relating to the loan agreement in France and deferred tax assets relating to development activities completed in 2019 in the United States recognized to offset the corresponding deferred tax liabilities, no deferred tax asset was recognized in the consolidated statements of the financial position at June 30, 2020 and December 31, 2019, as the Group was unable to assure that it would be able to recover the tax credit on possible taxable income in the foreseeable future.

16. CURRENT AND NON-CURRENT PROVISIONS

	At January 1, 2019	Increase	Actuarial gains and losses	Amount used in the period	Change in scope resulting from discontinued operations	At December 31, 2019
				(€ 000s)		
Post-employment obligations….	441	43	65	-	-	549
Other provisions……...	76	-	-	(76)	-	-
Total provisions……..	**517**	**43**	**65**	**(76)**	**-**	**549**
Of which non-current provisions	*441*	*43*	*65*	*-*	*-*	*549*
Of which current provisions……	*76*	*-*	*-*	*(76)*	*-*	*-*

	At January 1, 2020	Increase	Actuarial gains and losses	Reversals Reimbursed in the period	Change in scope resulting from discontinued operations	At June 30, 2020
				(€ 000s)		
Post-employment obligations.....	549	21	34	(28)		576
Other provisions.....	-					
Total provisions.....	**549**	**21**	**34**	**(28)**		**576**
Of which non-current provisions.	*549*	*21*	*34*	*(28)*		*576*
Of which current provisions	-					

17. DEFERRED INCOME

Deferred income amounted to €14 million at June 30, 2020 (nil at December 31, 2019) and concerns exclusively deferred income received in connection with the amendment of the Ocumension license agreement (see note 4.3).

18. OFF-BALANCE-SHEET COMMITMENTS AND LITIGATION

18.1 Off balance sheet commitments

New off-balance sheet items were recognized in the first half ending on June 30, 2020 in an amount totaling €12,509,000. This concerns mainly phase 3 clinical development expenses for NCX 470.

18.2 Disputes

Teva Pharmaceutical Industries Ltd filed a notice of opposition on November 23, 2016 with the European Patent Office (EPO) against the European patent covering latanoprostene bunod and requested the revocation of the patent as a whole, alleging the absence of novelty or an inventive step. The European patent office 31 rejected this notice of opposition and decided to maintain the patent as delivered. Teva Pharmaceuticals appealed this decision of the EPO on September 12, 2018. The date this appeal decision will be rendered is not known on this date.

19. RELATIONS WITH RELATED PARTIES

Total compensation recognized for directors (5 individuals as of June 30, 2020 and 2019) and management committee members (6 individuals as of June 30, 2020 and 2019) breaks down as follows:

	For the first half ended June 30	
	2020	2019
	(€ 000s)	
Short-term benefits.....	893	927
Post-employment benefits.....	165	156
Other long-term benefits.....	20	60
Share-based payments	292	521
Total	**1,370**	**1,663**

Members of the management committee and the Chief Executive Officer are eligible for a contractual severance allowance of between four months and two years of salary should their employment contract be terminated as a result of a change in majority control or the Group within two years from the date thereof. The calculation of this severance benefit is based on salary received by the beneficiaries over the 12 months preceding the termination of the employment contract. Should the employment contract be terminated for all beneficiaries on June 30, 2020, the total amount of the severance benefits payable under the provisions described above would amount to € 1,954,000.

Should the employment contract be terminated at the initiative of the Group, the management committee members, the Chief Executive Officer and selected employees would also receive a contractual severance benefit of between six months and two years of salary based on the salary received for the 12 months preceding the termination of the employment contract. The provisions described above do not apply in the case of termination for serious or gross misconduct. In addition, payment of the benefit to the CEO is contingent on the achievement of undisclosed objectives. Should the employment contract be terminated for all beneficiaries on June 30, 2020, the total amount of the severance benefits payable under the provisions described above would amount to € 1,377,000.

Due to the conditional nature of the commitments described above, no provisions were recorded by the Group at June 30, 2020 or December 31, 2019 in consequence.

As of June 30, 2020, stock options, free shares and equity warrants outstanding awarded to company directors and members of the Management Committee were distributed as follows:

Type of equity instrument	Exercise price (€)	Number of rights	Number of shares issuable	Expiry date
Restricted stock units (*actions gratuites* or free shares).....	—	72,000	72,000	—
Stock options	9.35	200,000	40,000	01/29/21
Stock options…….	6.05	72,000	72,000	02/12/27
Stock options	4.79	208,000	208,000	01/27/28
Equity warrants	8.65	200,000	40,000	10/13/20
Equity warrants	11.88	144,000	144,000	06/07/22
Equity warrants	8.88	144,000	144,000	05/24/23

20. SUBSEQUENT EVENTS

July 10, 2020, Nicox announced the sale of its remaining stake in VISUfarma (including a bond loan and shares), a Pan-European ophthalmic specialty pharmaceutical company, to a subsidiary of the main shareholder, GHO Capital, for €5 million. The stake consisted of shares in the UK holding company of VISUfarma and loan notes granted by VISUfarma B.V. This transaction was closed on July 23, 2020.

On August 5, 2020, Nicox announced the implementation a liquidity contract with Kepler Cheuvreux, effective as of August 3, 2020, with respect to Nicox shares listed on Euronext Paris. The implementation of this liquidity contract, pursuant to the authorization granted by the fifth resolution of the ordinary shareholder meeting of June 16, 2020, will be carried out in accordance with the legal provisions in force. An initial amount of €500,000 (which may be increased up to €1 million) was allocated to the liquidity account.

On August 12, Nicox announced the signature of an exclusive license agreement with ITROM Pharmaceutical Group for the registration and commercialization of ZERVIATE (cetirizine ophthalmic solution), 0.24% for the treatment of ocular itching associated with allergic conjunctivitis in Gulf and Arab markets including the Kingdom of Saudi Arabia, the United Arab Emirates and Qatar. ITROM is a regional, Dubai-based, internationally recognized pharmaceutical marketing and distribution group of companies specializing in the introduction and representation of breakthrough ophthalmology products since 1999.

ITROM is granted exclusive rights to develop and commercialize ZERVIATE in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, the Kingdom of Saudi Arabia, the United Arab Emirates and Yemen. Nicox is eligible to receive 15% royalties on net sales of ZERVIATE in certain key countries, and 10% in other countries. Nicox will also receive a license fee on signature and may receive a future milestone payment upon product launch. ITROM will be responsible, at its own cost, for development and commercialization of ZERVIATE in the countries of the agreement. ZERVIATE is expected to require only the existing approved U.S. New Drug Application (NDA) package to support approval.

On September 10, Nicox announced having obtained a loan facility guaranteed by the French State with Société Générale and LCL for an amount totaling €2 million linked to the Covid-19 pandemic. This non-dilutive financing contributes to strengthening the Company's cash position. This loan is not secured against any of the Company's assets. Up to 90% of the loan is guaranteed by the French State. It has an initial maturity of 12 months with the option for Nicox to extend the repayment period by 1 to 5 additional years