NICOX SA

A French public limited company (*société anonyme*) with share capital of EUR 37,125,385

Registered Office:

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06560 VALBONNE Sophia-Antipolis

R.C.S. (Trade and Companies Register) GRASSE 403 942 642

INTERIM FINANCIAL AND MANAGEMENT REPORT AT JUNE 30, 2021

Disclaimer: This English language version of this document is a free translation of the original "*RAPPORT SEMESTRIEL FINANCIER ET D'ACTIVITE AU 30 JUIN 2021*" 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

These interim condensed consolidated financial statements present 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

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.

INTERIM FINANCIAL REPORT RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with applicable reporting standards for interim financial reporting, the interim condensed 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) 2021 FIRST HALF HIGHLIGHTS

January 5, 2021 Nicox Highlights successful 2020 development progress and clinical milestones for 2021

Nicox highlighted the strong progress in its development programs in 2020 and the key clinical milestones expected in 2021.

January 6, 2021 Nicox's licensee Bausch + Lomb launches VYZULTA in Mexico

Nicox SA today announced that an affiliate of its licensee, Bausch + Lomb, has launched VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Mexico. Approval was obtained in Mexico in January 2020. First approved by the U.S. Food and Drug Administration in late 2017, VYZULTA is now commercialized in the United States, Canada, Argentina and Mexico. It is also approved in 4 other territories – Colombia, Hong Kong, Taiwan and Ukraine – and is indicated for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension. Bausch Health Companies Inc. (NYSE/TSX: BHC) and its leading global eye health business, Bausch + Lomb, will continue seeking approvals in territories where the clinical data package, part of the U.S. New Drug Application, can be used for approval by the regulatory authorities.

January 20, 2021 Nicox provides fourth quarter 2020 business update and financial highlights

Nicox SA provided a business update and financial highlights for Q4 2020 for Nicox SA and its subsidiaries (the "Nicox Group"), as well as key expected value-inflection milestones in 2021. As of December 31, 2020, the Nicox Group had cash and cash equivalents of €47.8 million as compared with €28.0 million at December 31, 2019 and €42.2 million at September 30, 2020. Net revenue for the fourth quarter of 2020 was €5.8 million (consisting of €0.3 million of royalty payments and €5.5 million of license payments recognized from €14.0 million paid by Ocumension in March 2020 and initially recorded as prepaid income pursuant to accounting principles). Net revenue for the fourth quarter of 2019 was €0.6 million and consisted entirely of royalty payments. Net revenue for the full year 2020 was €8.9 million (€2.4 million in net royalties, €6.5 million in license payments), compared to €6.9 million (€2.1 million in net royalties, €4.8 million in license payments) for the full year 2019. As of December 31, 2020, the Nicox Group had financial debt of €18.4 million in the form of a bond financing agreement with Kreos Capital signed in January 2019 and a €2 million credit agreement with Société Générale and LCL, guaranteed by the French State, and granted in August 2020 in the context of the COVID-19 pandemic. The total number of prescriptions for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, in the U.S. increased by 29% in the fourth quarter of 2020 compared to the fourth quarter of 2019 and by 16% compared to the third quarter of 2020 despite the challenging situation due to the COVID-19 pandemic Along with the U.S., Canada and Argentina, VYZULTA has also been launched by Nicox's global partner Bausch + Lomb in Mexico and was recently approved in Colombia. ZERVIATE™ (cetirizine ophthalmic solution), 0.24%, U.S. prescriptions increased by 56% in the fourth quarter of 2020 over the third quarter of 2020. ZERVIATE has been commercialized in the

U.S. since March 2020 by Nicox's U.S. partner, Eyevance Pharmaceuticals, which was acquired in September 2020 by Santen Holdings U.S. Inc., a wholly owned subsidiary of Santen Pharmaceutical Co., Ltd of Japan, for $225 million.
Top-line results of the first clinical study of the phase 3 Mont Blanc trial evaluating NCX 470 ophthalmic solution are now prudently expected in H1 2022, instead of Q4 2021, given probable delays in recruitment due to COVID-19. The Company expects to enter into additional agreements for ZERVIATE™ (cetirizine ophthalmic solution), 0.24%, further enlarging the licensed territories and increasing potential future revenue. Ora and Nicox have agreed to terminate their license agreement for the development of NCX 4280 targeting lid swelling, or morning eye congestion. All rights to NCX 4280 will return to Nicox and there are no current plans to continue the development.

January 22, 2021 Nicox analyst coverage initiated by Edison Investment Research

Nicox announced that Edison, an investment research and advisory company with a world-renowned equity research platform and deep international healthcare expertise, has initiated equity research coverage of Nicox.

January 29, 2021 Nicox amends bond financing agreement with Kreos to provide financial flexibility in 2021

Nicox SA announced that it has amended its bond financing agreement with Kreos Capital, introducing an additional one-year period of interest-only payments on the outstanding principal starting on February 1, 2021, and an extension of the overall period of the loan by 6 months to July 2024. The new one-year interest-only period is expected to provide approximately €5.5 million of additional flexibility for investment in development activities in 2021. The interest rate of the bonds remains unchanged as a result of this amendment. Nicox has granted Kreos Capital 100,000 warrants for 100,000 Nicox shares, equivalent to approximately 0.27% of the present outstanding capital of the Company. On February 1, 2021, the capital remaining due under this bond financing agreement concluded with KREOS Capital in January 2019 was €16.1 million. Under the amendment announced today, the repayment of the outstanding principal will restart on February 1, 2022, and will be completely repaid by July 2024. Kreos received 100,000 warrants, each giving a right to subscribe one share in Nicox at an exercise price of €4.23 set in accordance with the 7th resolution of the Extraordinary Shareholder Meeting of June 30, 2020. The warrants may be exercised immediately and over a 5 year period. No specific restriction applies to the exercise of the warrants. The shares obtained by exercise of the warrants will be ordinary shares of Nicox listed on Euronext Paris. The exercise of the warrants would not materially dilute existing shareholders.

February 9, 2021 Bausch Health announces VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, is now approved in South Korea

Bausch + Lomb, a leading global eye health business, and Nicox, an international ophthalmology company, today announced that VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, has received regulatory approval from the Ministry of Food and Drug Safety in South Korea. VYZULTA is indicated for the reduction of intraocular pressure

(IOP) in patients with open-angle glaucoma or ocular hypertension in the United States and other territories that have the same indication. VYZULTA is now approved in nine markets, including Argentina, Canada, Colombia, Hong Kong, Mexico, South Korea, Taiwan, Ukraine and the United States

February 15, 2021 Nicox's U.S. licensee Eyevance expands U.S. promotion of ZERVIATE® in an agreement with Hikma

Nicox announced that its exclusive U.S licensee, Eyevance Pharmaceuticals, a wholly-owned subsidiary of Santen Pharmaceutical Co., Ltd, has entered into a partnership with Hikma Pharmaceuticals for the co-promotion of ZERVIATE®, indicated for the treatment of ocular itching associated with allergic conjunctivitis. Hikma will be responsible for promoting ZERVIATE to U.S. healthcare professionals working outside the eyecare specialty, with all sales continuing to be booked by Eyevance, on which Nicox will receive royalties. Hikma has strong and well-established U.S. commercial capabilities with medical sales representatives deployed across the country, serving the needs of general practitioners and family doctors. Hikma is a top-10 U.S. generic pharmaceutical company, developing, manufacturing and distributing a broad range of branded and non-branded generic medicines for customers and partners. Eyevance will continue to promote ZERVIATE to ophthalmology and optometry healthcare professionals in the U.S. Nicox and Eyevance have a license agreement for the commercialization of ZERVIATE in the U.S., where the product has been marketed since March 2020.

February 23, 2021Nicox Publication in leading scientific journal of pre-clinical efficacy results on a new class of non-PGA NO-donating IOP-lowering compounds

Nicox announced today the publication of pre-clinical intraocular pressure (IOP)-lowering results on a new class of non-prostaglandin analog (PGA), nitric oxide (NO)-donating compounds, in the Journal of Ocular Pharmacology and Therapeutics. Increased IOP is one of the principal risk factors of open-angle glaucoma. The NO-mediated IOP-lowering effect in this new class of compounds is enhanced by concomitant action of phosphodiesterase type-5 (PDE5) inhibition within the same molecule. The published data on NCX 1741, an analog of Nicox's development candidate NCX 1728, compared its IOP lowering effect to that of travoprost in a non-human primate model of ocular hypertension. This publication reports that NCX 1741 reduced IOP to a similar extent to travoprost, with faster onset of activity. Travoprost is a prostaglandin analog, a class of molecules which are considered standard of care for IOP lowering in humans.

March 1, 2021: Nicox announces 2020 financial results and 2021 key milestones

Nicox announced the financial and operating results for Nicox and its subsidiaries (the "Nicox Group") for the year ended December 31, 2020, as approved by the Board of Directors on February 26, 2021, and provided upcoming 2021 key milestones.

March 4, 2021: Nicox's NCX 470 receives approval by Chinese authorities for local start of Denali Phase 3 trial

Nicox announced that its partner, Ocumension Therapeutics, has received

approval from China's Center for Drug Evaluation of the National Medical Products Administration to conduct the Chinese part of the ongoing NCX 470 Denali Phase 3 clinical trial for the lowering of intraocular pressure (IOP) in patients with open angle glaucoma or ocular hypertension. Nicox's lead clinical product candidate, NCX 470, is a novel nitric oxide (NO)-donating prostaglandin analog licensed exclusively to Ocumension Therapeutics for the Chinese, Korean and South East Asian markets.

March 23, 2021: Nicox's NCX 470 Mont Blanc phase 3 glaucoma trial reaches 50% enrollment milestone

Nicox announced that 50% of patients in the Mont Blanc NCX 470 Phase 3 glaucoma clinical trial have now been randomized out of a target of 670, with top-line results currently on track to be announced during Q2 2022.

April 16, 2021: February 9, 2021 Bausch Health announces VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, is now approved in South Korea

Bausch Health Companies Inc. announced that VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, has received regulatory approval from the Brazilian Health Regulatory Agency (ANVISA – Agência Nacional de Vigilância Sanitária).

April 19, 2021: Nicox provides first quarter 2021 business update and financial highlights

Nicox provided a business update and financial highlights for Q1 2021 for Nicox SA and its subsidiaries, and updated key expected value-inflection milestones.

April 22, 2021: U.S. Patents for Nicox's latanoprostene bunod, commercialized as VYZULTA®, eligible for patent term extension®

Nicox has determined that three U.S. composition of matter patents covering latanoprostene bunod, commercialized as VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024%, are eligible for patent term extension, potentially through to 2030. The initial patent term of the latanoprostene bunod patents concerned is 2025. Nicox believes that each of these patents could be extended by almost the maximum 5 years allowable. The duration of this patent extension is subject to calculation by the U.S. Food and Drug Administration (FDA) with the final decision of the USPTO regarding the term of the extension expected in two to three years. Nicox would then select one of the three patents for the extension.

April 23, 2021: Nicox's NCX 4251 Mississippi phase 2b blepharitis trial reaches 50% enrollment

Nicox announced that 102 patients in the NCX 4251 Mississippi Phase 2b blepharitis clinical trial have now been randomized out of a target of 200, with top-line results currently on track to be announced during Q4 2021.

April 27, 2021: U.S. Patent Office issues notice of allowance for Nicox's latanoprostene bunod in normal tension glaucoma

Nicox announced that the United States Patent and Trademark Office (USPTO) has issued a Notice of Allowance for the U.S. patent covering the use of latanoprostene bunod for the treatment of normal tension

glaucoma. Latanoprostene bunod ophthalmic solution, 0.024%, is commercialized as VYZULTA®, for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension in the United States and other territories that have the same indication.

April 30, 2021: Nicox updates on Fera Pharmaceuticals' continuing evaluation of Naproxcinod

Nicox and Fera Pharmaceuticals, a privately-held, U.S. specialty pharmaceutical company, provided an update on Fera's evaluation of naproxcinod for future development. Fera has been reviewing opportunities for the development of naproxcinod in a number of indications and has conducted pre-clinical development work on naproxcinod in models of both COVID-19 infections and sickle cell disease.

May 4, 2021: Nicox's Licensee Bausch + Lomb Launches VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Taiwan and receives approval in Qatar

Nicox announced that its exclusive global licensee Bausch + Lomb, a leading global eye health business of Bausch Health Companies Inc., has launched VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in Taiwan. Regulatory approval in Taiwan was obtained in March 2020. VYZULTA has also recently received approval in Qatar.

May 05, 2021: Nicox partners with Laboratorios Grin to bring ZERVIATE to Mexico

Nicox announced the signature of an exclusive license agreement with Laboratorios Grin, a wholly-owned subsidiary of Lupin Limited, for the registration and commercialization of ZERVIATE™ (cetirizine ophthalmic solution), 0.24% for the treatment of ocular itching associated with allergic conjunctivitis in Mexico Grin is a Mexican specialty pharmaceutical company engaged in the development, manufacturing and commercialization of branded ophthalmic products.

June 1, 2021 Nicox's completes pre-defined enrollment of NCX 4251 Mississippi Phase 2b blepharitis trial

Nicox announced that as of June 1, 2021, more than 200 patients, the pre-defined target, have been randomized in the NCX 4251 Mississippi Phase 2b blepharitis clinical trial. Top-line results are expected to be announced during September 2021.

June 25, 2021: Nicox's Licensee Bausch + Lomb receives approval for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in the United Arab Emirates

Nicox announced that its exclusive global licensee Bausch + Lomb, a leading global eye health business of Bausch Health Companies Inc., has received approval for VYZULTA® (latanoprostene bunod ophthalmic solution), 0.024% in the United Arab Emirates. Now approved in 12 countries, VYZULTA is commercialized in the United States (since 2017), Canada (2019), Argentina (2020), Mexico (2020), Hong Kong (2020) and Taiwan (2021). It is also approved in Brazil, Colombia, Qatar, South Korea, Ukraine and the United Arab Emirates

2) CONDENSED INTERIM CONSOLIDATED FINANCIAL HIGHLIGHTS AT June 30, 2021 AND 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue from collaborations

Net profit from collaborations amounted to €1.3 million for the 2021 first half compared to €2.4 million in the last year's same period. This includes €1.2 million in net royalties versus €1.4 one year earlier. Net profit from collaborations in the 2021 first half also included €0.1 million in non-recurring revenue linked to license concessions compared to €1 million in 2020.

Research and development expenditures

In the 2021 first half research and development expenditures amounted to €10 million compared to €6.5 million in H1 2020. The increase in research and development expenditures in the 2021 first half compared to last year's same period is mainly due to the continuation in the 2021 first half of three parallel clinical studies, the Mont Blanc and Denali Phase 3 studies for NCX 470 initiated in June and November 2020, respectively, and the phase 2b Mississipi trial for NCX 4251 initiated in December 2020.

Administrative expenses

Administrative expenses amounted to €3.3 million at June 30, 2021 compared with €3.5 million at June 30, 2020. 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 €0.5 million at June 30 2021, up from €0.8 million from June 30, 2020 and consisting mainly of translation differences (€0.1 million in 2021 compared to €0.3 million in 2020) and a research tax credit (€0.4 million in 2021 and 2020 respectively).

Other expenses

Other expenses amounted to €0.1 million at June 30, 2021 compared to €0.2 million at June 30, 2020 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, 2021 unchanged from one year earlier and concern exclusively the amortization of the intangible asset, ZERVIATE for which development was completed in June 2019. The amortization expense concerns only the value of the assets included under the "North America" region.

Finance income

Financial income amounted to €1.5 million in the 2021 first half compared to €1.2 million for the same period in 2020. For the six-month period ended June 30, 2021, financial income includes €1.3 million of foreign exchange gains and €0.2 million of income related to the restructuring of the KREOS loan. For the six-month period ended June 30, 2020 financial

income included €0.2 million in foreign exchange gains, €0.1 million in interest on term accounts and €0.9 million in interest on a bond loan from VISUfarma as part of the disposal of the commercial activities. This receivable was transferred to VISUFARMA's majority shareholder in July 2020.

Financial expenses

Finance costs amounted to €1.0 million at June 30, 2021 compared to €8.2 million one year earlier. In the first half of 2021 and 2020, financial expenses relating to the KREOS loan amounted to €1.0 million. In the 2020 first half, financial expenses also included an impairment loss relating to the expected credit loss on the bonds received from VISUfarma for €6.8 million set aside in connection with the transfer of this receivable to VISUfarma's majority shareholder effective in July 2020.

Net loss

The Company recorded a net loss of € 11.7 million for the six-month period ended June 30, 2021, compared to a net loss of €14.6 million for the same period in 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2021, Nicox had cash and cash equivalents of €36.5 million as compared with €42.0 million at March 31, 2021 and €47.2 million at December 31, 2020.

As of June 30, 2021, the Nicox Group had €17.9 million in financial debt compared to €17.7 million in the 2020 first half in the form of a bond loan from KREOS Capital subscribed in 2019 for €20 million as well as a French Covid-relief government-guaranteed loan in the amount of €2 million obtained in the 2020 second half. The debt balance has not significantly changed as of June 30, 2021 compared to December 31, 2020 because the Group restructured the bond loan agreement with KREOS Capital at the beginning of the 2021 first half obtaining an additional one-year period of interest-only payments on the outstanding principal, with payment of the latter suspended until February 2022.

At June 30, 2021, Nicox also had a finance lease liability totaling €1.0 million concerning mainly the Group's offices. At December 31, 2020, this lease liability amounted to €1.1 million.

3) FORESEEABLE TRENDS FOR THE COMPANY FOR THE YEAR

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

Drive the development of its lead drug candidate NCX 470 currently in Phase 3 clinical development. NCX 470, a novel nitric oxide (NO)-donating prostaglandin analog (PGA), is currently in two multi-regional Phase 3 glaucoma clinical trials, with top-line results from the first Phase 3 clinical trial, Mont Blanc, expected in Q2 2022. Results from the second Phase 3 trial, Denali, are expected in 2023. The objective with these two Phase 3 clinical trials is to demonstrate statistically superior efficacy for the lowering of intraocular pressure (IOP) with once-daily dosed NCX 470 0.1% ophthalmic solution over latanoprost ophthalmic solution 0.005% (first marketed as Xalatan), the most prescribed PGA in the U.S. The ongoing Phase 3 program, planned and executed together with our Chinese partner, Ocumension Therapeutics, is expected to support NDA submissions in the U.S. and China, and will also provide data for countries accepting the same package for approval.

On September 23, 2021, the company announced the results from the NCX 4251 Mississippi Phase 2b Blepharitis Trial. The results of this study will be discussed with the U.S. Food and Drug Administration (FDA) at the end of phase 2 planned for the beginning of 2022, to in

order to agree on the Phase 3 program needed to submit a New Drug Application for this product for the US market.

In December 2020 the Group raised €15 million in gross proceeds ensuring the availability of cash resources for a period extending beyond Q3 2022.

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 2020 fiscal year filed with the AMF (*Autorité des Marchés Financiers*) on March 1, 2021 (No. D.21-0083) 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 apprise the market if there is any impact on its activities, and 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 2021 first half.

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

See the enclosed document.

The Board of Directors
September 24, 2021

Approbans Audit Ernst & Young Audit

Nicox S.A.

For the six-month period ended June 30, 2021

Statutory auditors' review report
on the interim financial statements

Approbans Audit
22, boulevard Charles Moretti
La Palmeraie du Canet
13014 Marseille
S.A.R.L. with share capital of € 100 000
Companies Register (RCS) No°5 525 098 786 Marseille

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

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

Statutory Auditors
Member of the Regional Association
of Chartered Accountants of Versailles and the Central Region

This is an unsigned free translation into English of the auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. This report should thus be read in conjunction with, and is construed in accordance with, French law and professional standards applicable *in France*.

Nicox S.A.

For the six-month period ended June 30, 2021

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, 2021;
- The verification of the information given in the interim management report.

The global crisis linked to the Covid-19 pandemic creates particular conditions with respect to the preparation and auditing of the condensed consolidated interim financial statements. Specifically, this crisis and the exceptional measures taken within the framework of the health emergency has multiple consequences for companies, particularly on their business and financing as well as increased uncertainties about their future prospects. Certain measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our work.

These condensed consolidated interim financial statements were prepared under the responsibility of the Board of Directors. 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 limited review of interim financial information consists of making inquiries, primarily of 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 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 24, 2021

Statutory Auditors

Approbans Audit	Ernst & Young Audit
Pierre Chauvet	Pierre Chassagne

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NICOX SA
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2021 AND 2020
(€ 000S) (EXCEPT SHARE AND PER SHARE ITEMS)

		For the period ended June 30	
	Notes	**2021**	**2020**
Revenue from collaborations		2,043	3,271
Royalty payments		(721)	(891)
Net Profit	5.1	**1,322**	**2,380**
Research and development expenditures	5.2	(10,000)	(6,533)
Administrative expenses	5.3	(3,263)	(3,496)
Other income	5.4	466	840
Other expenses		(90)	(174)
Operating loss before amortization of intangible assets		**(11,565)**	**(6,983)**
Amortization of intangible assets	5.5	(587)	(645)
Operating loss		**(12,152)**	**(7,628)**
Finance income	5.6	1,451	1,213
Finance expenses	5.6	(1,036)	(8,166)
Net financial income/(expense)	5.6	**415**	**(6,953)**
Loss before tax		**(11,737)**	**(14,581)**
Income tax (expense) / benefit		24	(26)
Net loss for the period		**(11,713)**	**(14,607)**
Net loss attributable to equity holders of the Company		(11,713)	(14,607)
Weighted average number of shares outstanding		37,083,717	33,419,145
Basic earnings per share (in €)		(0.32)	(0.44)

NICOX SA
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2021 AND 2020
(€ 000s)

	Notes	For the period ended June 30 2021	2020
Net loss of the period attributable to equity holders of the Company		**(11,713)**	**(14,607)**
Exchange differences on translation of foreign operations		1,638	232
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)		**1,638**	**232**
Actuarial gains /(losses)	14	(38)	(34)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		**(38)**	**(34)**
Other comprehensive income/(loss) for the period attributable to equity holders of the Company, net of tax		**1,600**	**198**
Comprehensive income/(loss) for the period attributable to equity holders of the Company		**(10,113)**	**(14,409)**

NICOX SA
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021 AND DECEMBER 31, 2020
(€ 000s)

	Notes	At June 30, 2021	At December 31, 2020
ASSETS			
Non-current assets			
Goodwill		24,433	23,663
Intangible assets	6	66,356	64,848
Property, plant and equipment		1,029	1,166
Non-current financial assets		69	68
Total non-current assets		**91,887**	**89,745**
Current assets			
Trade receivables		1,283	1,723
Government grants receivable	7	1,130	736
Other current assets		317	237
Prepayments	8	2,209	2,630
Cash and cash equivalents	9	36,528	47,195
Total current assets		**41,467**	**52,521**
TOTAL ASSETS		**133,354**	**142,266**
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	10	37,112	37,030
Share premium	10	528,513	528,595
Translation reserve		4,597	2,959
Treasury shares		(873)	(605)
Accumulated deficit		(478,033)	(467,169)
Total equity		**91,316**	**100,810**
Non-current liabilities			
Non-current financial liabilities	12	16,031	13,429
Deferred tax liabilities	13	12,255	11,868
Provisions	14	819	754
Total non-current liabilities		**29,105**	**26,051**
Current liabilities			
Current financial liabilities	12	2,917	5,646
Trade payables		3,433	2,422
Deferred income	15	5,113	5,174
Other current liabilities		1,470	2,163
Total current liabilities		**12,933**	**15,405**
TOTAL LIABILITIES AND EQUITY		**133,354**	**142,266**

NICOX SA
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2021 AND 2020
(€ 000s)

	Notes	For the period ended June 30 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		**(11,713)**	**(14,607)**
Adjustments to reconcile profit or loss to net cash flows			
Depreciation and impairment of tangible fixed assets		214	232
Amortization and impairment of intangible fixed assets	5.5	595	654
Amortization and impairment of financial assets		-	6,874
Expenses related to share-based payments	11	795	667
Provisions	14	27	(7)
Non-cash effect of foreign exchange rate fluctuations		(857)	(93)
Amortized cost of non-convertible bonds		26	313
Capitalized interest		-	(891)
Deferred taxes	13	(36)	-
Working capital adjustments:		**(10,949)**	**(6,858)**
(Increase) / Decrease in trade receivables and other currents assets		780	(460)
(Increase) / Decrease in government grant receivables	7	(393)	(422)
Increase / (Decrease) in deferred income	15	(61)	14,000
(Increase) / Decrease in trade payables and other current liabilities		317	(454)
Change in working capital requirement		**643**	**12,664**
Net cash flows from (used in) operating activities		**(10,306)**	**5,806**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	6.1	-	(10)
Purchase of property, plant and equipment		(6)	(29)
Net cash flows from/(used in) investing activities		**(6)**	**(39)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Increase in borrowings net of issuance costs	12	-	7,685
Increase / (decrease) in borrowings net of issuance costs		-	(1,037)
(Purchase) /Disposal of treasury shares		(164)	
Repayment of finance lease liabilities	12	(198)	(166)
Net cash flows from/(used in) financing activities		**(362)**	**6,482**
Net Increase / (Decrease) in cash and cash equivalents		**(10,674)**	**12,249**
Cash and cash equivalents at January 1		**47,195**	**28,102**
Net foreign exchange differences		7	41
Cash and cash equivalents at June 30		**36,528**	**40,392**

NICOX SA
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIODS ENDING JUNE 30, 2021 AND 2020
(€ 000S) (EXCEPT SHARE AND PER SHARE ITEMS)

	Issued capital								
	Ordinary shares	Amount	Share premium	Treasury shares	Translation reserves	Reserves	Profit/(loss) for the period	Attributable to equity holders of the company	Total equity
At January 1, 2020……	**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 for the period…..					**232**	**(34)**	**(14,607)**	**(14,409)**	**(14,409)**
Allocation of profit/(loss) of the previous period						**(18,922)**	**18,922**		
Issuance of ordinary shares……..	260,800	261	(261)						
Share-based payments……..						667		667	667
Treasury shares									
At June 30, 2020……	**33,491,370**	**33,492**	**518,180**		**8,044**	**(449,553)**	**(14,607)**	**95,556**	**95,556**
Profit/(loss) for the period……							(3,491)	(3,491)	(3,491)
Other comprehensive income/(loss)……					(5,085)	(165)		(5,250)	(5,250)
Comprehensive income/(loss) for the period…...					**(5,085)**	**(165)**	**(3,491)**	**(8,741)**	**(8,741)**
Issuance of ordinary shares……..	3,268,765	3,269	10,685					13,954	13,954
Treasury shares				(605)				(605)	(605)
Share-based payments	270,200	270	(270)			647		647	647
At December 31, 2020……	**37,030,335**	**37,030**	**528,595**	**(605)**	**2,959**	**(449,071)**	**(18,098)**	**100,811**	**100,811**
Profit/(loss) for the period……							(11,713)	(11,713)	(11,713)
Other comprehensive income……					1,638	(38)		1,600	1,600
Comprehensive income for the period……					**1,638**	**(38)**	**(11,713)**	**(10,113)**	**(10,113)**
Allocation of profit of the previous period						(18,098)	18,098		
Share-based payments……	81,650	82	(82)			795		795	795
Treasury shares……				(268)				(268)	(268)
Equity warrants KREOS ……						91		91	91
At June 30, 2021……	**37,111,985**	**37,112**	**528,513**	**(873)**	**4,597**	**(466,321)**	**(11,713)**	**91,316**	**91,316**

1. 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 (“COX”). These condensed interim consolidated financial statements concern the Company and its subsidiaries (collectively, “the Group”).

Nicox Group is an international ophthalmology company using innovative solutions to help 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	Method of consolidation	% interest 06/2021	% interest 12/2020
Nicox S.A.	1996	2405 Route des Dolines 06560, Valbonne Sophia Antipolis France	Parent	-	-
Nicox Research Institute S.r.l.	1999	Via Ariosto 21, Bresso, MI 20091 Italy	Full consolidation	100 %	100 %
Nicox Ophthalmics Inc.	2014	4721 Emperor Blvd. Suite 260 - Durham, NC 27703 – USA	Full consolidation	100%	100 %

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim 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 annual consolidated financial statements in accordance with the IFRS of the IASB as adopted by the European Union. The notes to the financial statements include explanatory notes relating to material events and transactions occurring in the six-month period ending June 30, 2021 with an impact on the Group’s financial position and its earnings after December 31, 2020. These notes are to be read in conjunction with the annual consolidated financial statements for the period ended December 31, 2020.

The accounting principles adopted to prepare the unaudited condensed interim consolidated financial statements as at June 30, 2021 and for the period ending on June 30, 2021 and 2020 are in compliance with the IFRS of the IASB and the interpretations thereof adopted by the European Union. They have been established in accordance with the accounting principles described in the notes to the annual consolidated financial statements for the period ended December 31, 2020, with the exception of new standards adopted for periods beginning on or after January 1, 2021. 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, 2021 are identical with those adopted for the annual consolidated financial statements for the period ended December 31, 2020. The other standards and interpretations published by IASB and approved by the European Union entering into force

on January 1, 2021 had no impact on the Group's condensed consolidated financial statements.

These financial statements include the normal recurring adjustments necessary for a fair presentation of the results of the relevant interim financial periods. All intragroup balance sheet balances and transactions are eliminated in consolidation. The interim results presented do not necessarily reflect the annual results expected for the full year ending on December 31, 2021. These unaudited interim 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 at June 30, 2021 may be consulted under the heading IAS/IFRS Interpretations and Standards, at: *https://www.efrag.org/Endorsement*.

These interim condensed consolidated financial statements were adopted by the Board of Directors on September 20, 2021. The interim condensed consolidated financial statements have been adjusted to reflect conditions existing at the balance sheet date. The adjustments are made up to the date of approval of the financial statements by the Board of Directors. Other events subsequent to the closing date and which required no adjustments are presented in note 18.

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.

4.14.1 Fair value of financial assets

As of June 30, 2021, financial assets held by the Group include only term accounts with a value of €22,622,000 measured at amortized cost and recognized in the consolidated statement of financial position under "cash and cash equivalents" (See note 9). At December 31, 2020, the time deposit accounts amounted to € 10,710,000.

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
		3
Liability relating to business combinations (contingent consideration)*	Fair value	

*Contingent consideration to be paid to former shareholders of Aciex, acquired by the Group in 2014, for which the payment condition expired on July 1, 2021

4.2 Restructuring of the KREOS bond loan

In 2019 Nicox entered into a financing agreement for up to €20 million with KREOS Capital, structured as senior secured bonds and consisting of three tranches. Each tranche has a maturity of 48 months and during the period of the first tranche only interest was repaid. In January 2021, Nicox amended its bond financing agreement with Kreos Capital, introducing an additional one-year period of interest-only payments on the outstanding principal starting on February 1, 2021, and an extension of the overall period of the loan by 6 months to July 2024 for all tranches. This amendment was accompanied by a grant of 100,000 warrants valued at €127,000. The Group considered that these warrants constituted components of equity in accordance with IAS 32 and as such their valuation has been included at amortized cost of the debt issued.

4.3 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 fiscal 2021 (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 performance of the 2020 objectives was measured in June 2021 at 70 %.

4.4 Covid-19

The Group closely monitors the situation and apprises the market if there is any impact, notably on its development programs, its financing needs or revenues. The Group has not identified any indications of impairment which might result in the recognition of an impairment loss for its intangible assets, including goodwill due to the pandemic. In September 2021, the Group announced that due to delays caused by the COVID-19 pandemic, the results of the Mont Blanc study to be initially released in Q2 2022, are now expected for Q1 2023. With respect to its cash position, in Q3 2020 the Group obtained loan agreements in H2 2020 guaranteed by the French State from Société Générale and LCL for an amount totaling €2 million under measures made available in connection with the COVID-19 pandemic. These loans are not secured against any of the Group's assets. Up to 90% of the loan is guaranteed by the French State (interest-free during this period). It has an initial maturity of 12 months which may be extended for an additional year and Nicox may exercise an option to extend the repayment period by 1 to 5 years after that. In addition, in December 2020 the Group raised €15 million in gross proceeds ensuring the availability of cash resources for a period extending beyond Q3 2022. The COVID-19 pandemic, as well as any other comparable health crisis, could have a significant impact on the advancement of the Group's development programs within the established timetables. This could have a significant negative effect on the Group, its business, financial situation and results, as well as on its development and prospects.

5 INCOME AND EXPENSES

5.1 Net profit from collaborations

Net profit from collaborations, calculated by deducting royalty payments from revenue from collaborations, amounted to € 1,322,000 for the first half period ended on June 30, 2021 compared to € 2,380,000 one year earlier. This breaks down as follows:

	For the first half At 30 June	
	2021	2020
	In €000	
Upfront payment(s)	83	1,000
Milestone payment(s)	-	-
Net royalties	1,239	1,380
Net Profit from collaborations	1,322	2,380

5.2 Research and development expenditures

In the 2021 first half, research and development expenditures amounted to € 10,000,000 compared to € 6,533,000 in H1 2020. The increase in research and development expenditures in the 2021 first half compared to last year's same period is mainly due to the continuation in the 2021 first half of three parallel clinical studies, the Mont Blanc and Denali Phase 3 studies for NCX 470 initiated in June and November 2020, respectively, and the phase 2b Mississipi trial for NCX 4251 initiated in December 2020.

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

	Period ending on 30 June:	
	2021	**2020**
	In €000	
Internal expenditures	**(2,043)**	**(2,272)**
External expenditures	**(7,957)**	**(4,261)**
Total research and development costs	***(10,000)***	***(6,533)***
ZERVIATE (AC 170)	*(59)*	*(94)*
External expenditures	*(59)*	*(94)*
NCX 4251	*(2,377)*	*(219)*
NCX 470	*(4,911)*	*(3,562)*
Other expenses not allocated by project	*(430)*	*(315)*
Other expenditures	*(180)*	*(71)*
Total external expenditures	***(7,957)***	***(4,261)***

5.3 Administrative expenses

Administrative expenses amounted to € 3,263,000 for the 2021 first half compared to € 3,496,000 for the same period in 2020. 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 €466,000 as of June 30, 2021, compared to €840,000 as of June 30, 2020, and mainly concerns the research tax credit (€394,000 in 2021 compared to €422,000 in 2020), a Covid-related grant from the Italian government of €46,000 in 2021, and translation differences (€22,000 in 2021 compared to €305,000 in 2020).

5.5 Total amortization of intangible assets

Amortization expenses for intangible assets amounted to € 587,000 million at June 30, 2021 compared to €645,000 one year earlier and concern exclusively the intangible asset, ZERVIATE for which development was completed in June 2019 (see note 6.1).

5.6 Net finance income/(expense)

	For the first half ended June 30	
	2021	**2020**
	(€ thousands)	
Foreign exchange gain [5]	1,290	141
Other income [1; 2]	161	1,072
Total finance income	**1,451**	**1,213**
Foreign exchange loss	(2)	(102)
Other finance expense [3; 4]	(1,034)	(8,064)
Total finance expenses	**(1,036)**	**(8,166)**
Net financial income (expense)	**415**	**(6,953)**

(1) For the six-month period ended June 30, 2021, this amount is mainly composed of the gain resulting from the renegotiation of the KREOS loan agreement.

(2) For the six-month period ending June 30, 2020, this amount consists mainly of €891,000 in interest income on a loan in the form of VISUfarma bonds in connection with the disposal of commercial operations and €96,000 in interest income from cash equivalents.

(3) For the quarter ending June 30, 2021, other financial expenses include €700,000 in interest expenses on the KREOS loan

(4) For the six-month period ending June 30, 2020, other financial expenses include €1,104,000 in interest expense relating to the KREOS loan, a €6,806,000 impairment loss on VISUfarma bonds and a €68,000 impairment loss on Nicox's shareholding in this company.

(5) This corresponds mainly to the foreign exchange gain from the conversion of the US subsidiary's current account.

6. INTANGIBLE ASSETS

6.1 Breakdown by nature

	At June 30, 2021	At December 31, 2020
	(€ thousands)	
Patent, rights, licenses	70,749	68,581
Software	357	357
Research and development activities acquired separately	50	50
Gross value	**71,156**	**68,988**
Patent, rights, licenses	(4,419)	(3,766)
Software	(331)	(324)
Research and development activities acquired separately	(50)	(50)
Accumulated depreciation	**(4,800)**	**(4,140)**
Net value of intangible assets	**66,356**	**64,848**

At June 30, 2021, the intangible assets in the form of patents, rights and licenses amounted to a gross value of € 70,749,000, breaking down as follows: € 40,979,000 for ZERVIATE and € 27,768,000 for NCX 4251. The balance of €2,000,000 which was fully written down concerns Nitromed. The Group began amortizing the value of ZERVIATE allocated to the US territory in June 2019.

The intellectual property associated with NCX 4251 is considered as in-process development, and as such is not amortized. When the development activities of this product are completed, it will be amortized according to its estimated useful life that will be initially determined on the basis of the patent's remaining life.

The value of intangible assets of the Group as presented in the condensed consolidated financial statements depends on 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
		(€ thousands)	
Value at December 31, 2020	**68,988**	**(4,140)**	**64,848**
Acquisitions/amortizations		(595)	(595)
Disposals or retirements		-	-
Impact of change in exchange rates	2,168	(65)	2,103
Value at June 30, 2021	**71,156**	**(4,800)**	**66,356**

7. GOVERNMENT GRANTS RECEIVABLE

	At June 30, 2021	At December 31, 2020
	(€ thousands)	
Research tax credit*	1,130	736
Total	**1,130**	**736**

* The Group had requested the reimbursement of the 2020 Research Tax Credit by virtue of European community tax provisions for small and medium-size companies, in compliance with regulations in force, the payment was not effective on June 30, 2021.

8. PREPAYMENTS

Prepayments amounted to €2,209,000 at June 30, 2021, compared to €2,630,000 at December 31, 2020, and related to advance payments for the Mont-Blanc and Denali clinical trials.

9. CASH AND CASH EQUIVALENTS

	At June 30, 2021	At December 31, 2020
	(€ thousands)	
Cash	13,906	36,258
Cash equivalents	22,622	10,937
Total cash and cash equivalents	**36,528**	**47,195**

10. ISSUED CAPITAL AND RESERVES

At June 30, 2021, the share capital consisted of 37,111,985 fully paid up ordinary shares with a par value of € 1.

Type of transaction	Share capital	Share premium	Number of shares	Par value
		(€ thousands)		In Euros
At January 01, 2020	**33,231**	**518,441**	**33,230,570**	**1**
Issuance of ordinary shares**	3,799	10,154	3,799,765	1
At December 31, 2020	**37,030**	**528,595**	**37,030,335**	**1**
Issuance of restricted stock units	82	(82)	81,650	1
Issuance of ordinary shares	-	-	-	-
At June 30, 2021	**37,112**	**528,513**	**37,111,985**	**1**

** This includes the capital increase without preferential subscription rights reserved for companies or French or foreign investment funds investing in the pharmaceutical/biotechnology sector. This capital increase resulted in the issuance of 3,529,565 new ordinary shares for gross proceeds of €15.0 million.

11. SHARE-BASED PAYMENTS

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

	For the six-month period ended June 30	
	2021	2020
	(€ thousands)	
Stock options	(473)	(262)
Equity warrants	-	-
Restricted stock units (free shares)	(323)	(405)
Total impact on net profit of the period	**(796)**	**(667)**

11.1 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, 2020	**930,300**	**770,300**
Granted during the period	382,850	382,850
Canceled during the period	250,000	90,000
Stock subscription or purchase options at June 30, 2021	**1,063,150**	**1,063,150**

** Number of voting rights attributable before the reverse split of the shares of December 2015*

11.2 - Equity warrants

There were no changes during the period and at June 30, 2021 there were 348,000 warrants outstanding conferring rights to subscribe to 348,000 shares.

11.3 Restricted stock units (free shares)

Changes in the period are described below:

	Number of shares issuable
Restricted stock units outstanding at December 31, 2020	**276,500**
Granted during the period	96,950
Delivered during the period	83,050
Canceled during the period	14,800
Restricted stock units outstanding at June 30, 2021	**275,600**

12. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	At June 30, 2021	At December 31, 2020
	(€ thousands)	
Borrowings	15,368	12,687
Rentals	663	742
Total non-current financial liabilities	**16,031**	**13,429**

	At June 30, 2021	At December 31, 2020
	(€ thousands)	
Borrowings	2 609	5,289
Rentals	308	357
Total current financial liabilities	**2,917**	**5,646**

13. DEFERRED TAX LIABILITIES

As of June 30, 2021, deferred tax liabilities amounted to € 12,255,000, versus € 11,868,000 as of December 31, 2020. These correspond to deferred tax calculated on the basis of fair value adjustments associated with the exercise of the purchase price allocation of the US subsidiary, Nicox Ophthalmics Inc., net of deferred tax assets. The change in 2021 first half is the result of a foreign exchange translation adjustment of € 387,000. No deferred tax asset was recognized for the period with respect to losses of the 2021 first half whereas a deferred tax of €36,000 was recognized in connection with the equity warrants

granted to KREOS issued in January 2021.

14. CURRENT AND NON-CURRENT PROVISIONS

	At January 1, 2020	Increase	Actuarial gains and losses	Amount used in the period	Change in consolidation scope	At December 31, 2020
			(€ thousands)			
Post-employment obligations	549	6	199	-	-	754
Total provisions	**549**	**6**	**199**	**-**	**-**	**754**
Non-current provisions	**549**	*6*	**199**	-	-	**754**
Current provisions	-	-	-	-	-	-

	At January 1, 2021	Increase	Actuarial gains and losses	Reversals Reimbursed in the period	Change in consolidation scope	At June 30, 2021
			(€ thousands)			
Post-employment obligations	754	27	38	-	-	819
Total provisions	**754**	**27**	**38**	**-**	**-**	**819**
Non-current provisions	754	*27*	*38*	-	-	*819*
Current provisions						

15. DEFERRED INCOME

Deferred income amounted to €5,113,000 at June 30, 2021 (5,174,000 at December 31, 2020) and concerns mainly deferred income received in connection with the amendment of the Ocumension license for NCX 470.

16. OFF-BALANCE-SHEET COMMITMENTS AND LITIGATION

16.1 Off-balance sheet commitments

New off-balance sheet items were recognized in the first half ending on June 30, 2021 an amount totaling € 1,344,500. This concerns mainly phase 3 clinical development expenses for NCX 470.

16.2 Disputes

16.2.1 Teva Pharmaceutical

Teva Pharmaceutical Industries 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 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.At the end of August 2020, the appeals board in a preliminary opinion concluded to the existence of the inventive step of the patent and invited the parties to submit their observations by December 31, 2020. The parties filed their arguments in December 2020 and January 2021. The date of the hearing is set for July 5, 2022.

16.2.2 URSSAF

The Group contests the application of social security contributions imposed on compensation paid in connection with the offices held by two non-employee directors whose tax residence is in the United States. By judgment of January 24, 2020, the Court of Justice of Nice had approved the claims of the Company. URSSAF appealed this judgment, requesting that it be overturned, the social security charge adjustment confirmed and, as a result, that the Company be ordered to pay €95,054 in principal and €2,000

under Article 700 of the French Code of Civil Procedure. The case was struck from the docket due to the failure of URSSAF to perform procedures. After initiating new procedures, the case was reinstated. No hearing date has been set at this time.

16.2.3 Tax audit

In February 2019, the Group was informed of a tax audit of the parent company Nicox SA in France. This audit was completed in September 2020 by a tax deficiency notice concerning €49.6 million in tax loss carryforwards out of a total of €484.6 million available at December 31, 2020 in addition to €0.9 million in withholding tax. The Group strongly disagrees with the merits of these tax adjustments and duly notified the tax authorities by letter on November 10, 2020. On June 30, 2021, this matter was appealed with the tax authorities by the Group involving a procedure referring to a higher administrative authority.

17. RELATIONS WITH RELATED PARTIES

Total compensation recognized for directors (5 persons as of June 30, 2021 and 5 persons as of June 30, 2020) and management committee members (4 persons as of June 30, 2021 and 5 persons as of June 30, 2020) breaks down as follows:

	For the first half ended June 30	
	2021	**2020**
	(€ thousands)	
Short-term benefits	785	893
Post-employment benefits	159	165
Other long-term benefits	60	20
Share-based payments	247	292
Total	**1,252**	**1,370**

Members of the management committee and the Chairman-CEO 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, 2021, the total amount of the severance benefits payable under the provisions described above would amount to € 3,045,000.

Should the employment contract be terminated at the initiative of the Group, the management committee members, the Chairman-CEO 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, 2021, the total amount of the severance benefits payable under the provisions described above would amount to € 2,766,000.

Due to the conditional nature of the commitments described above, no provisions were recorded by the Group at June 30, 2021 or December 31, 2020 in consequence.

As of June 30, 2021, 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)	—	45,000	45,000	—

Stock options…….	6.0546	60,000	60,000	02/12/2027
Stock options	4.79	190,000	190,000	01/27/2028
Stock options	3.5181	45,000	45,000	01/14/2029
Equity warrants	11.88	144,000	144,000	06/07/2022
Equity warrants	8.88	144,000	144,000	05/24/2023

18. SUBSEQUENT EVENTS

On September 24, 2021, Nicox announced the results from its Mississippi Phase 2b clinical trial evaluating once-daily dosed NCX 4251, fluticasone propionate ophthalmic suspension 0.1%, against placebo in patients with acute exacerbations of blepharitis. The primary outcome measure was the proportion of patients achieving complete cure in all three hallmark signs and symptoms of blepharitis, eyelid redness, eyelid debris and eyelid discomfort, at Day 15, with two secondary outcome measures on signs and symptoms of dry eye. The trial did not meet the primary or secondary efficacy endpoints. However, a signal of NCX 4251's potential efficacy was seen in the trial with NCX 4251 0.1% showing a numerical improvement over placebo in the primary outcome measure of complete cure in eyelid redness, eyelid debris and eyelid discomfort at Day 15. Data analysis is continuing in order to decide on the key signs and symptoms of focus for future development. NCX 4251 was found to be safe and well-tolerated over 14 days' treatment, with no serious adverse events, and all of the adverse events for the NCX 4251 treatment arm were mild. There were no discontinuations in the study due to an adverse event.

* * *