PRESS RELEASE

Circassia Business Update

-- Good clinical progress across whole allergy and respiratory portfolio --
-- Strong commercial progress with significant NIOX® sales growth --
-- Robust balance sheet to fund delivery of pipeline --

Oxford, UK – 27 October 2015: Circassia Pharmaceuticals plc (LSE: CIR), a specialty biopharmaceutical company focused on allergy and asthma, today publishes a business update for the period 1 July to 27 October 2015, which covers the first full financial quarter following the Company's acquisitions of Aerocrine AB and Prosonix Limited on 18 June and 15 June 2015 respectively.

Commenting on Circassia's performance during the period, Steve Harris, Chief Executive, said: *"Circassia has made considerable progress following the completion of our recent acquisitions, with a number of important achievements across every part of our newly-enlarged business. The phase III study of our cat allergy treatment remains on track to report in Q2 2016, and our wider allergy and respiratory franchises have made good progress with clinical studies initiated in both. Sales of our NIOX® asthma management products have grown particularly strongly during the last three months, and regulatory approval of our lead asthma product is anticipated by the end of 2015. With a strong balance sheet to deliver our pipeline we are well placed to achieve our ambition of transforming Circassia into a self-sustaining specialty biopharmaceutical company."*

COMMERCIAL PROGRESS

Circassia markets its innovative NIOX® asthma management products directly to specialists in the USA and Germany, and more widely via its international network of distributors. The Company's next generation NIOX VERO® product has recently been launched in a number of major markets, offering significant advantages compared with the earlier NIOX MINO® model, including improved portability, greater ease-of-use, longer life span and faster test results.

Strong sales growth

NIOX® sales grew strongly during the third quarter of 2015, with revenues totalling £4.5 million, an increase of 35% compared with the same period the year before. Sales for the nine months to 30 September also show good growth, reaching £13.6 million, an increase of 30% compared with the first three quarters of 2014.

Chinese NIOX® approval and launch

On 29 July, the China Food and Drug Administration issued regulatory clearance for NIOX VERO®, and at the end of August Circassia's Chinese commercial team formally launched the product at a meeting in Guangzhou. Leading asthma expert Professor Jiang-Tao Lin, Chief of the Department of Respiratory Diseases at the China-Japan Friendship Hospital, Peking University, Beijing, chaired the scientific portion of the meeting, which was attended by over 100 opinion leaders. The launch also included a distributor meeting in preparation for the roll out of the product across China.

Commercial team expansion

Circassia is rapidly expanding its US field force to drive continued growth of its NIOX® business, and to target faster product uptake for the launch of its first allergy treatment, once approved. Sales force recruitment is currently underway, and the Company intends to double the existing team to approximately 50 by the end of 2015.

CLINICAL PROGRESS

Circassia has a broad portfolio of product candidates based on its innovative proprietary technologies, which target the treatment of common allergies, asthma and chronic obstructive pulmonary disease (COPD). Currently, the Company has a wide range of clinical programmes underway, with several in late-stage development.

Cat allergy phase III study completes 'last subject last dose'

At the end of 2014, Circassia's phase III registration study for its lead allergy immunotherapy successfully completed the enrolment of 1,409 subjects across North America, the EU and Russia, exceeding its initial target by 19%. The study has made good progress during 2015, and during the summer completed dosing of the final subject. With the primary endpoint measured one year after the start of treatment the trial is on track to report results in Q2 2016.

House dust mite and ragweed allergy phase IIb studies on track

Circassia also advanced other late-stage allergy programmes during the period. The large-scale phase IIb field study of its house dust mite allergy therapy has enrolled 450 subjects, and is on track to reach its 660 recruitment target by the end of the year. In addition, the two-season follow-up of subjects who completed the 2014 phase IIb ragweed allergy study is also on track. The ragweed pollen season is now complete and all of the 249 participants enrolled originally have been retained in the trial.

Birch allergy phase II study initiated and fully recruited

In July 2015, Circassia initiated the first-in-human clinical study of its birch allergy treatment. The study has made good progress, and recruitment is now complete (n=64) with results anticipated in Q3 2016 following the end of the birch pollen season.

Fixed-dose combination COPD therapy first-in-human study initiated

In September 2015, Circassia began the clinical development of its fixed-dose triple combination COPD treatment, which contains particle-engineered formulations of fluticasone propionate, glycopyrronium bromide and salmeterol xinafoate administered via pressurised metered dose inhaler. The two-part 38-subject study is ongoing in Berlin, and the initial single-dose component is now fully recruited. The repeat-dose portion will begin following its completion, and results from the study are expected in Q2 2016.

FINANCIAL REVIEW

Circassia is fully funded to complete its transformation into a self-sustaining specialty biopharmaceutical business. The Company's balance sheet remains robust following its successful initial public offering in 2014, and placing and open offer in 2015, which significantly accelerated its strategy by funding the acquisitions of Aerocrine and Prosonix. As a result, the Company is in a strong financial position, with an unaudited cash balance of £209.3 million on 30 September 2015.

OUTLOOK

Circassia has made strong progress during the first nine months of 2015, and is well positioned to continue advancing each part of its newly-enlarged business. The Company anticipates strong sales of its NIOX® products during the rest of 2015, and the current expansion of its commercial capabilities should drive further growth in 2016. Circassia also anticipates progress in its development pipeline, and by the end of the year plans to complete its ongoing cat allergy treatment paediatric safety study, ragweed allergy phase IIb follow-up and recruitment for its house dust mite allergy field study. Circassia also expects good progress in its asthma pipeline, with the approval of its lead product targeting substitution of GSK's Flixotide® anticipated by the end of the year.

With commercial infrastructure now in place targeting the Company's key allergy / asthma specialist customers, and the rapid expansion of its sales force underway, Circassia is well placed to capture the significant value of its current and future products. The coming months will be an important period of transformation as the Company prepares for the launch of its first allergy product, while also boosting sales of the NIOX® franchise. With results of Circassia's cat allergy phase III study and filings of its Seretide® and Serevent® substitute products expected by the end of the first half of 2016, the outlook is extremely exciting as the Company accelerates towards its goal of becoming a self-sustaining specialty biopharmaceutical business.

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Notes to editors

Circassia
Circassia is a world-class specialty biopharmaceutical business focused on allergy and asthma. The Company has an established commercial infrastructure, marketed products, a pipeline of near-term therapies and a portfolio of next generation treatments targeting multi-$billion market opportunities. Circassia sells its novel, market-leading products for asthma management directly to allergy / asthma specialists in the United States and Germany. Its products are also promoted in a number of other countries by the Company's international network of partners.

Circassia's broad-based development pipeline includes a range of treatments for allergy and asthma. Circassia's most advanced next-generation immunotherapy is currently in phase III testing for cat allergy, and is the first in a new class of treatments, Synthetic Peptide Immuno-Regulatory Epitopes (SPIREs). Three other SPIREs, targeting house dust mite, ragweed and grass allergies, have completed clinical proof-of-concept phase IIb studies. Circassia's lead asthma product targets substitution of GSK's Flixotide® pMDI, and was filed for regulatory approval in H2 2014. The Company anticipates two further product filings by the end of H1 2016, targeting direct substitution of Serevent® pMDI and Seretide® pMDI. Circassia is also developing a number of novel treatments, including a fixed dose 'triple' combination containing an inhaled corticosteroid, long-acting beta agonist and long-acting muscarinic antagonist.

For further information on Circassia please visit www.circassia.com.