

Cellnovo announces its Half Year 2016 Results

- Continued strong growth in sales at €753k
- Stabilisation of net result prior to full transfer of insulin cartridge manufacture to Flex
 - Solid cash position of €16.2m

Paris, France, September 13, 2016 - Cellnovo Group ("Cellnovo" CLNV:EN Paris), a medical technology company marketing the first mobile, connected, all-in-one diabetes management system today announced its financial results for the half-year ended 30 June, 2016.

Sophie Baratte, Chief Executive Officer of Cellnovo, commented: *"The growth in sales over the first six months of 2016 was very encouraging and highlights the interest generated by the outstanding features of our system including its compact design combined with high levels of accuracy.*

As recently announced, the first pilot batch of insulin cartridges produced by Flex (Flextronics) has been delivered. Flex and Cellnovo are now focused on documentation and testing in order to build up to full-scale manufacturing, which is expected to be reached within the second half of 2016, as part of the planned move to mass production capability needed to meet demand for the system. The industrialisation of our production will have a major and continuously improving positive effect on our Cost of Production which was impacted by costs associated with developing and refining the manufacturing process in the first six months of 2016.

Over this semester we published a new study highlighting the superior accuracy of the Cellnovo Diabetes Management System compared to other leading patch pumps. In addition, our product's inclusion in several artificial pancreas programs gives us confidence in the high potential of our pump and in Cellnovo's future."

In K€ – IFRS	2016 (Year to Jun. 30, 2016)	2015 (Year to Jun. 30, 2015)
Operating revenue		
Sales	753	68
Operating expenses		
<i>o/w Cost of Production</i>	(3,377)	(2,674)
<i>o/w Research and Development</i>	(1,068)	(1,692)
<i>o/w Sales & Marketing</i>	(540)	(883)
<i>o/w General & Administrative</i>	(3,252)	(2,119)
Other operating income and expenses	-	(107)
Total operating expenses	(8,237)	(7,475)
Operating profit/(loss)	(7,484)	(7,406)
Financial result	(17)	(335)
Income tax	281	447
Net profit/(loss)	(7,221)	(7,295)

The Board of Directors of Cellnovo Group convened on September 8, 2016, to review and authorise the issue of the accounts of Cellnovo Group for the half year ended June 30, 2016. Audit procedures on the consolidated and statutory financial statements have been completed. The auditors are in the process of issuing their reports.



The First Connected All-in-one Diabetes Management System

Half-year sales

Cellnovo's half year 2016 sales totaled €752,373 (2015: €68,332), a strong increase compared with previous semesters. During the first semester of 2016, Cellnovo sold 228 new devices, which brings the total number of pumps sold since the launch of the system to 452.

Operating expenses increase to support growth

Operating expenses for the half-year totaled €8.2m compared with €7.5m in 2015. This increase reflects costs incurred as the Company approaches finalisation of the mass production process with Flex. Production costs increased to €3.4m compared to €2.7m for the same period in 2015. This takes into account the Company's continued investment to support growth and meet the demand from existing customers, with increased spend on personnel, raw materials and administrative costs whilst developing and refining the manufacturing process.

Sales and marketing expenses in the half totaled €540k compared to €883k for the same period in 2015. Excluding non-cash stock-based compensation expenses, adjusted sales and marketing expenses were €572k compared to €716k for the first half of 2015 which represents a decrease of €144k. This is chiefly attributable to the booking of approximately €200k of non-recurring fees in the first semester of 2015. We are currently intensifying our efforts in this area to accelerate growth, in phase with the delivery of the Flex insulin cartridges.

Research and development (R&D) costs for the period also decreased to €1.1m compared with €1.7m in 2015. The net impact of capitalised research and development expenses amount to €0.9m for the first half of 2016 and €1.2m for the comparable period in 2015. Non-cash stock-based compensation expenses amount to €171k for the first half of 2016 compared to €792k for the same period in 2015. If spending on R&D is restated with these two items included, the amount obtained is €1.8m for the first six months of 2016 and €2.1m for the same period in 2015. The decrease in R&D spend can be attributed to a reduction in the Company's use of outsourced R&D capabilities in favour of direct recruitments, to complement the existing teams in the Company. Thus, Cellnovo now benefits from a reinforced team to conduct its projects at competitive costs.

Administrative and overhead costs totaled €3.2m over the first half of 2016, growing by 53.5% compared to the same period in 2015. This increase is specifically due to costs associated with recruitment of key employees, the expansion of the Company's headquarters in Paris and costs resulting from the listing of the Company on Euronext. The latter corresponds to fees relating to the review and audit of financial accounts, legal services and financial communications.

The net result delivered over the period remained stable at €-7.2m compared to €-7.3m over the same period in 2015.

At June 30, 2016, the company had a cash and cash equivalent position of €16.2m.

Cellnovo's headcount amounted to 89 employees at June 30, 2016 (vs. 82 employees end-December 31, 2015).

Reconciliation of IFRS to NON- IFRS net income

IFRS to NON-IFRS net income

Euros in thousands	6 month period ended June 30, 2016	6 month period ended June 30, 2015
Net Loss - IFRS	(7,221)	(7,295)
<i>Adjustments:</i>		
Capitalization of R&D costs	(919)	(1,196)
Non-cash stock-based compensation expenses	237	1,491
Net Loss - non IFRS	(7,903)	(7,000)
Adjusted loss per share – non-IFRS	(0.73)	(6.77)
Weighted average number of outstanding shares	10,887,703	1,034,677

Half Year 2016 highlights

Scientific study

- June 2016: New study, published in *European Endocrinology*, highlights the superior accuracy of the Cellnovo Diabetes Management System compared to other leading patch pumps

Commercial Expansion

- January 2016: First sales in The Netherlands
- February 2016: Completion of the full registration process required by the Italian Ministry of Health for medical devices

Industrialization

- February 2016: Cellnovo reaches first insulin cartridge industrialisation milestone
- September 2016: Delivery of the first pilot batch of insulin cartridges produced by Flex

Scientific Partnerships

- February 2016: Cellnovo Partners with US company TypeZero on an Artificial Pancreas programme
- March 2016: Cellnovo and Roche sign commercial Blood Glucose Monitor agreement
- April 2016: Selection of Cellnovo's Diabetes Management System in a diabetes self-management project funded by the European Commission's Horizon 2020 programme

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The First Connected All-in-one Diabetes Management System

About Cellnovo

An independent medical technology company specialising in diabetes, Cellnovo has developed and markets the first mobile, connected, all-in-one diabetes management system that helps make life easier for patients. Compact, tubeless, intuitive and entirely connected, Cellnovo's insulin pump comprises a mobile touchscreen controller with an integrated blood-glucose meter. This unique device allows optimal management of insulin injections whilst ensuring extensive freedom of movement and peace of mind for patients. Thanks to the automatic transmission of data, it also allows the patient's condition to be continually monitored by family members and healthcare professionals in real time.

For further information please visit www.cellnovo.com

About the Cellnovo Diabetes Management System

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