

Drawing of a second tranche of financing from Kreos Capital

Revision of the terms and conditions of the funding agreement

Paris, France, January 14, 2019 - Cellnovo Group (“**Cellnovo**” or the “**Company**” - CLNV: EN Paris), a medical technology company that distributes the first diabetes management platform composed of an insulin micro-pump communicating via Bluetooth® with a locked-down Android™ smartphone, is announcing today the drawing of a second tranche of financing of €3 million, including €2 million in the form of a loan and €1 million corresponding to Kreos’ subscription to convertible bonds of the Company. This drawdown is part of the financing agreement entered into with Kreos Capital in July 2018 and amended by an amendment dated December 28, 2018.

As announced by press release on July 26, 2018, the Company signed an agreement with Kreos for a €20 million financing (the “**2018 Loan**”). This financing consisted of a €17 million loan in three tranches and an issue by the Company of convertible bonds for a total amount of €3 million in three tranches in favour of Kreos. A first tranche of the loan of €9 million and €1 million of convertible bonds (the “**Existing Convertible Bonds**” or “**OCEs**”) was drawn down in July 2018 and used in part to fully repay an initial €5 million financing concluded in May 2017 (the “**2017 Loan**”). At the same time, the Company issued 450,000 share warrants to Kreos (the “**BSA 2018**”) pursuant to the terms of the 2018 Loan.

As the operational and financial conditions to which the second tranche of the 2018 Loan payable in January 2019 was subject were not met, the Company and Kreos entered into an amendment to the 2018 Loan (the “**Amendment**”) on 28 December 2018, pursuant to which: (i) the total amount of the second tranche has been reduced to €3 million, (ii) certain terms of the Existing Convertible Bonds, BSA 2017 and BSA 2018 have been amended (see table below), (iii) Kreos may request that a portion of the 2018 Loan, up to €4 million, be converted into new convertible bonds (the “**Additional Convertible Bonds**” or “**OCA**”) and (iv) the Company shall issue additional share warrants (the “**BSA 2019**”) to Kreos, with similar terms to those of the BSA 2017 and BSA 2018 as amended by the Amendment.

In accordance with the terms of the Amendment, the second tranche of the 2018 Loan was paid to the Company on December 31, 2018, provided that the Company:

- (i) obtains the approval: (a) by its Board of Directors, by January 15, 2019 at the latest, of the planned amendment of the interest rate applicable to the Existing Convertible Bonds and, (b) by a General Shareholders’ Meeting, at the latest by February 28, 2019, of the planned amendments to the exercise price of the BSA 2017 and BSA 2018, and of the requisite delegations to its Board of Directors such that the latter may decide, where appropriate, to proceed with the issue of the Additional Convertible Bonds and new BSA 2019 to Kreos; and
- (ii) raise additional financing in the form of capital increases or otherwise (negotiations in progress) for an amount of €1.5 million by January 31, 2019 at the latest, and an additional amount of €1.5 million, by March 31, 2019 at the latest;

it being stipulated that should the aforementioned conditions not be met, the Amendment would be rescinded, resulting in all or part of the sums lent by Kreos in respect of the 2018 Loan possibly becoming immediately repayable.

The Amendment does not *per se* entail the issue of any new shares and does not require a prospectus for such purpose to be prepared. The obligation to prepare, where appropriate, a prospectus will be considered when the Company makes any issue of Additional Convertible Bonds and new BSA 2019 to Kreos.

Information on the Company's financial position to date

At December 31, 2018, Cellnovo held €4.5 million in cash and cash equivalents, compared with €4.9 million at September 30, 2018. That amount includes the €3 million drawdown of the second tranche of the Kreos financing, showing it used €3.4 million in cash (excluding the impact of Kreos financing) in the fourth quarter of 2018.

Subject to completion of the additional financing anticipated by March 31, 2019, the Company believes that it will have sufficient funds to cover the needs of its business activities at least until May 2019. Given its cash burn, the Company decided to focus its efforts on studying all means available, whether dilutive or not, to extend its financial horizon beyond that point in time.

Table summarizing the principal terms and conditions of the first and second tranches of the 2018 Loan arranged with Kreos and the financial instruments issued or that may be issued to Kreos in respect of the 2017 and 2018 Loans, as altered by the Amendment

N.B. At the date of this press release, the Company had issued a total number of 17,641,765 shares. The dilution percentages shown in the following table have been calculated based on that total number of shares.

For reference purposes, the Company's shares closed at €1.74 on January 11, 2019.

	2018 Loan	OCEs – OCAs*	BSA 2017	BSA 2018	BSA 2019*
		<i>*OCAs not yet issued</i>			<i>*not yet issued</i>
First tranche (July 2018)	€9,000,000	€1,000,000	98,532 BSAs	270,000 BSAs	
Summary of the key initial terms and conditions	Term: 48-54 months for each tranche Interest rate: 10.25%	Term: 54 months. Interest rate: 10.25%	Exercise period: at any time between July 6, 2017 and July 6, 2027 (or the date of sale of the Company, where earlier).	Exercise period: at any time between the drawdown date of the corresponding tranche and July 31, 2028 (or the date of sale of the Company, where earlier).	
	Security interests: Security interest granted in the assets of Cellnovo Limited (patents, equipment, inventories, receivables, goodwill, bank accounts and intellectual property rights), guarantee granted by Cellnovo Group SA, pledge of Cellnovo Group SA's bank accounts opened in France, and pledge of Cellnovo Group SA's receivables	Redemption: in cash or conversion into shares (based on a price equal to €3.20 - i.e., VWAP over the 5 days prior to the date of the first tranche of the 2018 Loan, plus 5% - or in the event of early repayment of the 2018 Loan: VWAP over the 5 days preceding the repayment less 30%	Exercise price: €5.58 (i.e., VWAP 90 days prior to agreement of the 2017 Loan) (this price may be adjusted downwards should Cellnovo carry out a capital increase at a Lower price)	Exercise price: €3.05 (i.e., VWAP 3 days prior to the date of the first tranche of the 2018 Loan)	

	2018 Loan	OCEs – OCAs*	BSA 2017	BSA 2018	BSA 2019*
		*OCAs not yet issued			*not yet issued
		with a minimum at €1.875)			
Max. number of shares that may be issued following completion of the first tranche	-	Max. number of shares: 312,500 (or 533,333 in the event of early repayment)	Max. number of shares: 98,532 (or 300,000 should Cellnovo carry out a capital increase at a Lower price)	Max. number of shares: 270,000	

Second tranche (December 2018)	€2,000,000* *€4,000,000 reduced to €2,000,000	€1,000,000	-	90,000 BSAs	Number to be defined upon their future issue by dividing €600,000 by the Price of a New 2019 Funding Round, or, in the absence of such a funding round, by the Price at Dec. 31, 2018 (i.e., €1.306) In the event of the sale of the Company prior to the issue of the BSA 2019, the Company shall make a payment to Kreos equal to the amount that Kreos would have received had it exercised the BSA 2019 prior to said sale and then sold the shares it received
Terms and conditions altered by the Amendment	Term: <i>Unchanged</i> Interest rate: 12% Security interests: <i>Unchanged</i>	Term: <i>Unchanged</i> Interest rate: 12%	Exercise period: <i>Unchanged</i>	Exercise period: <i>Unchanged</i>	Exercise period: <i>To be defined upon the issue of the BSA 2019</i>
		Redemption: <i>Unchanged</i>	Exercise price: Subscription price for one of the Company's shares (including the issue premium) agreed in connection with a forthcoming capital increase to be completed by May 31, 2019 (the " Price of a New 2019 Funding Round "), or (ii) in the absence of any such capital increase going ahead or in the event of a sale of the Company prior to this capital increase, €1.306 (i.e., the closing price of the Cellnovo shares on December 31, 2018) (the " Price at December 31, 2018 ").		
At Kreos' request, the future conversion of part of the principal amount of the	€(4,000,000)	€4,000,000 <i>The OCAs would have the same terms as the OCEs except for their conversion, which would take place at</i>			

	2018 Loan	OCEs – OCAs* <i>* OCAs not yet issued</i>	BSA 2017	BSA 2018	BSA 2019* <i>* not yet issued</i>
2018 Loan into OCAs		<i>the Price at December 31, 2018, i.e. €1.306.</i> Max. number of shares: 3,062,787			
Total number of additional shares that may be issued completion of the second tranche	-	Max. number of shares: OCEs: 312,500 (or 533,333 in the event of early repayment) OCAs: 3,062,787	-	Max. number of shares: 90,000	Max. number of shares: 346,021 (assuming the Price of a New Funding Round is equal to the closing price on January 11, 2019), or 600,000 (assuming the Price of a New Funding Round is equal to the shares' par value, i.e., €1.00)
Final position after drawdown of the first and second tranches	€11,000,000 (or €7,000,000 in the event of conversion into OCAs)	€3,000,000 (or €7,000,000 in the event of conversion into OCAs) Max. number of shares: OCEs: 625,000 (or 1,066,666 in the event of early repayment) OCAs: 3,062,787	Max. number of shares: 98,532 (or 300,000 should Cellnovo carry out a capital increase at a Lower price)	Max. number of shares: 360,000	Max. number of shares: 346,021 (assuming the Price of a New Funding Round is equal to the closing price on January 11, 2019), or 600,000 (assuming the Price of a New Funding Round is equal to the shares' par value, i.e., €1.00)
Maximum total dilution	-	OCEs: 3.4% (or 5.7% in the event of early repayment) OCAs: 14.8%	0.6% (or 1.7% should Cellnovo carry out a capital increase at a Lower price)	2.0%	1.9% (or 3.3% assuming the Price of a New Funding Round equal to the shares' par value)

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The first connected diabetes management platform

About Cellnovo (Euronext: CLNV)

Cellnovo Group is global innovative medical technology company supporting the needs and desires of people with type 1 diabetes. Cellnovo has developed and markets a novel diabetes management system, which is a connected platform that aims to make life easier for people with type 1 diabetes. Cellnovo's insulin delivery system comprises a discreet, wearable micro-pump that communicates via Bluetooth® with a locked-down Android™ smartphone. This unique system allows optimal management of insulin dosing and delivery while ensuring freedom of movement and peace of mind. Thanks to the transmission of data in real time, the patient's status can be seamlessly monitored by family members and healthcare professionals. Cellnovo is currently participating in several major Artificial Pancreas projects with TypeZero, PEPPER and Diabeloop, to develop fully automated, closed-loop insulin delivery systems.

For more information go to www.cellnovo.com

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Cellnovo

Chief Executive Officer
Sophie Baratte
investors@cellnovo.com

NewCap

Investor Relations
Tristan Roquet Montégon
+ 33 1 44 71 00 16
cellnovo@newcap.eu

NewCap

Media Relations in France
Nicolas Merigeau
+ 33 1 44 71 94 98
cellnovo@newcap.eu