



The First Connected All-in-one Diabetes Management System

Press Release

Cellnovo announces its Full Year 2016 Results and Q1 2017 Sales

*Strong growth in 2016 impacted by production constraints in Q1 2017
Delivers first commercial batch of insulin cartridges with manufacturing partner, Flex*

Paris, France, April 26, 2017 – Cellnovo Group (“Cellnovo” CLNV:EN Paris), a medical technology company marketing the first mobile, connected, all-in-one diabetes management system, today announces its full-year results for the financial year ended December 31, 2016, and its Q1 2017 sales.

Sophie Baratte, Chief Executive Officer of Cellnovo, commented: *“It is clear that there is very strong interest in the Cellnovo System, demonstrated by the rapid growth in patients equipped in 2016. However, during the first quarter of 2017 we reached our maximum in-house production level regarding the consumable part of the system, which consequently slowed sales. With the production transfer to Flex, we are confident that 2017 sales on a full year basis will show a robust growth.*

“Cellnovo continues to lead the way in supporting innovations for people with diabetes with several milestones in our Artificial Pancreas programmes achieved over the period. We recently acquired a worldwide commercial license for the integration and commercialisation of TypeZero’s Artificial Pancreas technology into Cellnovo’s system. We delivered our first Bluetooth pumps to Diabeloop to equip patients in a clinical study aimed at generating data for the purpose of obtaining a CE mark. We are also a step closer to ensuring that our system is available in the US with the filing for 510(k) approval with the FDA.

“Cellnovo is in the final stage of securing loan facilities with a first draw down of at least €5M. We anticipate that the conclusion of these debt financing discussions will enable us to move forward with confidence to ensure the continued growth of Cellnovo and our ability to deliver further value for patients and shareholders.”

Euros in thousands	12 month period ended December, 31 2016	12 month period ended December, 31 2015
Operating revenue		
Sales	1,419	609
Operating expenses		
<i>o/w Cost of Production</i>	(6,647)	(5,845)
<i>o/w Research and Development</i>	(2,366)	(3,244)
<i>o/w Sales & Marketing</i>	(2,545)	(1,557)
<i>o/w General & Administrative</i>	(4,476)	(5,135)
Total operating expenses	(16,034)	(15,781)
Other operating income and expenses	2	551
Operating profit/(loss)	(14,614)	(14,622)



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Financial result	(559)	(969)
Income tax	625	1126
Net profit/(loss)	(14,549)	(14,464)

The Board of Directors of Cellnovo Group convened on April 25, 2017 to review and authorise the issue of the accounts of Cellnovo Group for the year ended December 31, 2016. Audit procedures on the consolidated and statutory financial statements have been completed. The auditors are in the process of issuing their reports.

Full-year sales

As recorded, for the twelve-month period ended 31 December 2016, Cellnovo recorded sales totalling €1,419k, an increase of +133% compared to the previous year. The total number of systems shipped since the launch of Cellnovo's Diabetes Management System now stands at 629.

Increase of operating expenses to accelerate growth

Cellnovo's cost of production includes both the cost of goods sold and the Company's significant efforts in developing and refining the manufacturing processes necessary to bring production of Cellnovo's product to an industrial scale. In 2016, the Company continued to produce all the components of the micro-pump in Wales, waiting for transfer of production of insulin cartridges to Flex. The increase in production costs in 2016, compared with 2015, is mainly due to the increase in sales, which resulted in an increase of purchases of raw materials. Other costs remained relatively stable.

In 2016, Cellnovo recorded R&D expenses of €2,366k compared to €3,244k for the year 2015, which represents a decrease of 27.1%. This decrease is mainly due to the decrease in expenses related to stock-based compensation without cash impact, which amounts to €286k in 2016 against €1,066k in 2015. To accompany the R&D effort, a large investment in recruiting additional talent to the Company was made.

In 2016, Cellnovo's sales and marketing costs grew by +63.5% reaching €2,545k. The increase in these expenses reflect the drive to publicise and increase sales of the system in France and the UK, as well as new geographic areas.

Finally, administrative and overhead costs were of €4,476k in 2016, decreasing by 12.8% compared to the previous year. This decrease is the result of a reduction in expenses related to share-based compensation without cash impact and the departure of some managers.

The net result delivered over the period remained stable at €-14.6m compared to €-14.5m over the same period in 2015.

At 31 December 2016, the Company had a cash and cash equivalent position of €10.7m.

Cellnovo's headcount amounted to 110 employees at 31 December 2016 (vs. 82 employees end-December 2015).



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Reconciliation of IFRS to NON- IFRS net income

IFRS to NON-IFRS net income

Euros in thousands	12 month period ended December, 31 2016	12 month period ended December, 31 2015
Net Loss - IFRS	(14,549)	(14,464)
<i>Adjustments:</i>		
Non-cash stock-based compensation expenses	760	1,940
Net Loss - non IFRS	(13,789)	(12,524)
Adjusted loss per share – non-IFRS	(1.27)	(2.12)
Weighted average number of outstanding shares	10,874,786	5,895,533

Q1 2017 revenues

In Euros	Quarterly – 3 months	
	Q1 2017	Q1 2016
Sales	185,592	435,209

Over the first quarter of 2017, Cellnovo's sales were limited at €185,592, and decreased by 57.3% compared to the same period in 2016. The decrease in sales is a result of the Company's choice to limit the number of new patients using the system, pending the full production scaling of the insulin cartridges, ensuring that the needs of current patients are met.

Over the first quarter, Cellnovo shipped 38 new systems, amounting to a total of 667 since launch.

At March 31, 2017, the Company had a cash and cash equivalent position of €5.8m. Cellnovo is in the final stage of securing loan facilities with a first draw down of at least €5M.

H2 2016 and Q1 2017 highlights

Industrialisation

- September 2016: First pilot batch of Cellnovo insulin cartridges produced by Flex delivered to the Company
- December 2016: Update on progress towards full-scale manufacturing of insulin cartridges by Flex



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- Ramp up of the wax actuator assembly production at the Flex facility that results in a +50% capacity increase at Cellnovo's Wales manufacturing facility in Q1 2017
- Further improvements made to the Flex manufacturing processes to increase the yield and quality of the full insulin cartridge

Artificial Pancreas: New milestones reached in Artificial Pancreas programme

- January 2017: Positive results of a first study of the Diabeloop algorithm, paired with the Cellnovo pump in 36 patients at 9 centers
- April 2017: Cellnovo acquires a worldwide commercial license for Artificial Pancreas Technology from TypeZero Technologies
- April 2017: Cellnovo delivers its first Bluetooth pumps to Diabeloop in preparation for a new clinical study, that aims to obtain CE marking for its Artificial Pancreas system

Financing

- September 2016: Cellnovo raises circa €5.4m in capital increase
- March 2017: Arrangement of an equity line to support Cellnovo's development

Nominations

- September 2016: Appointment of Rémi Soula as Non-Executive Director
- April 2017: Appointment of Erwan Martin as Chief Financial Officer

Others

- July 2016: Cellnovo introduces manual blood glucose entry feature for CGM users
- November 2016: Cellnovo files for 510(k) approval with the FDA for its diabetes management system



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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, 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. Cellnovo is currently participating in several major Artificial Pancreas projects with Diabeloop, TypeZero and Horizon 2020 to develop automated insulin delivery systems.

For further information please visit www.cellnovo.com

About the Cellnovo Diabetes Management System

Compact, 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 with drop-by-drop precision, 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.

Cellnovo is listed on Euronext, Compartment C
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