

Cellnovo announces its Half Year 2017 Results

*Progress towards industrial production; sales still limited by capacity
Strong cash position reinforced over the summer*

Paris, France, September 25, 2017 – Cellnovo Group (“**Cellnovo**” or the “**Company**” CLNV:EN Paris), a medical technology company marketing the first mobile, connected, all-in-one diabetes management system, published today its financial results for the half-year ended 30 June, 2017, and provided an update on production.

Sophie Baratte, Chief Executive Officer of Cellnovo, commented: “Cellnovo remains well placed to capitalise on the potential of its unique diabetes management system. Progress towards industrial production is ongoing, we have a strong international distribution network in place, and a healthy cash position to support our drive towards large-scale commercialisation. As reported in July, the decrease in year on year sales is in line with the Company’s decision to limit sales of systems for new patients until the full ramp-up of insulin cartridge production takes place.

“In July, we bolstered our financial resources raising €17.5m through a private placement and signing a loan agreement for up to €20 million from the European Investment Bank. Our strong cash position will enable us to deliver sales growth, finance our new production line and advance our artificial pancreas programmes.

“The ramp-up of insulin cartridge production with our partner Flex is still ongoing and we are working closely together to expedite several actions needed to reach the required production targets. We currently expect that sales in the second half of 2017 will be impacted and we will adjust our cash burn accordingly. We are confident that the expertise and proven methodology of our partner and of our team will enable us to reach our objectives.”

In K€ – IFRS	2017 (Year to Jun. 30, 2017)	2016 (Year to Jun. 30, 2016)
Operating revenue		
Sales	473	753
Operating expenses		
o/w Cost of Production	(2,902)	(3,377)
o/w Research and Development	(1,591)	(1,068)
o/w Sales & Marketing	(1,457)	(540)
o/w General & Administrative	(2,984)	(3,252)
Other operating income and expenses	-	-
Total operating expenses	(8,934)	(8,237)
Operating profit/(loss)	(8,461)	(7,484)
Financial result	(694)	(18)
Income tax	463	281
Net profit/(loss)	(8,691)	(7,221)



The first connected all-in-one Diabetes Management System

The Board of Directors of Cellnovo Group convened on September 22, 2017, to review and authorise the issue of the accounts of Cellnovo Group for the half year ended June 30, 2017. Audit procedures on the consolidated and statutory financial statements have been completed. The auditors are in the process of issuing their reports.

Half-year sales

Over the first half of 2017, Cellnovo reported a decrease in sales against the previous year with revenues of €473.3k. This decrease reflects the Company's decision to limit the number of new patients equipped with its system. As a result, the number of devices shipped in H1 2017 was limited to 107, bringing the total number of systems sold since launch to 736.

Operating expenses increase to prepare large-scale commercialisation

Operating expenses for the half-year totaled €8.9m compared with €8.2m in 2016.

Production costs decreased to €2.9m compared to €3.4m for the same period in 2016. This is the result of a decrease in sales and in investments related to the production transfer to Flex.

Research and development (R&D) costs for the period increased to €1.6m, attributable to the Company's ongoing product development roadmap, including artificial pancreas projects and next-generation systems.

Sales and marketing expenses in this period totaled €1.5m compared to €0.5m for the same period in 2016, reflecting an increase in the Company's activities in preparation for large-scale commercialisation.

Administrative and overhead costs totaled €3.0m over the first half of 2017, compared to €3.3m over the same period in 2016.

The net result for the first half of 2017 decreased to €-8.7m compared with €-7.2m in the first half of 2016.

At 30 June, 2017, the Company had a cash and cash equivalent position of €7.0m. In July, the Company raised €17.5 million through a capital increase from healthcare investors and signed a loan agreement of up to €20.0 million with the European Investment Bank.

Cellnovo's headcount was 113 employees at 30 June, 2017 (vs. 110 employees 31 December, 2016).

Half-year 2017 highlights

Industrialisation

- April: Cellnovo receives first commercial batch of insulin cartridges from manufacturing partner, Flex
- June: Signing of an agreement with Flex to build a second production line to increase total production capacity of insulin cartridges and significantly reduce cost of production

Artificial Pancreas: New milestones reached

- January: Positive results of a first study of the Diabeloop algorithm, paired with the Cellnovo insulin pump in 36 patients at 9 centres



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- April: Cellnovo acquires a worldwide commercial license for Artificial Pancreas Technology from TypeZero Technologies
- April: Cellnovo delivers its first Bluetooth pumps to Diabeloop in preparation for a new clinical study aimed at generating security and safety data for CE mark registration for an artificial pancreas

Commercial expansion

- June: Cellnovo expands international distribution network with new agreements signed in Spain, Greece, Cyprus, Israel, Australia and New Zealand

Financing

- March: Equity line agreement with Kepler Cheuvreux
- May: €5m structured debt financing agreement with Kreos Capital
- July: Capital raise of €17.5 million through an accelerated book building offering
- July: Loan agreement for up to €20 million with the European Investment Bank

510(k) approval

- September: Update on 510(k) submission, extension of the expected timeline



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
ISIN: FR0012633360 – Ticker: CLNV



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