Pixium Vision first half 2016 financial results and business update

- Operational outlook: IRIS®II CE mark expected shortly and PRIMA advances toward first human clinical

- First half cash usage from operating activities reduced by 14.9% year-over-year

Paris, France. July 20th, 2016– The board of Directors of Pixium Vision (FR0011950641 – PIX), the company developing both epi-retinal and sub-retinal bionic vision systems, chaired by Bernard Gilly, met on July 19, 2016 to approve the financial results for the first half of 2016. The 2016 half year financial statements were subject to a limited review by the statutory auditors and the 2016 Interim Financial Report is available on the Company's website.

Khalid Ishaque, CEO of Pixium Vision, said *"The first half 2016 has resulted in achieving significant milestones for IRIS®II and PRIMA. We implanted IRIS®II in patient for the first time while increasing additional reference centers in new geographies to support the clinical trial and preparing for the upcoming launch. On PRIMA, safety of the tiny wireless, sub-retinal photovoltaic implant was demonstrated in pre-clinical studies enabling preparation for first in human study."* **Khalid Ishaque** added: "*Pixium Vision has had constructive interactions with its European notified body. The company is now eagerly awaiting the CE mark approval of IRIS®II that will enable the Company to begin commercializing a differentiated epi-retinal system designed to be upgradable for patients suffering from severe retinal dystrophies, such as Retinitis Pigmentosa."*

First Half 2016 financial results

P&L summary

in thousand euros	**H1 2016**	**H1 2015**
Revenue / other revenues	1,366.0	1,737.7
Research and Development	(5,800.9)	(7,999.1)
General and Administrative	(2,597.5)	(1,766.5)
Operating income	(7,032.4)	(8,027.9)
Net profit	(6,915.0)	(7,953.8)
Earnings per share	(€0.54)	(€0.63)

Cash flow statement summary

in thousand euros	**H1 2016**	**H1 2015**
Opening cash and cash equivalents	24,353.8	42,131.7
(Decrease) / Increase in cash position	(8,123.7)	(11,050.6)
O/W net cash flows from operating activities	(8,090.4)	(9,504.2)
O/W net cash flows from investing activities	(96.3)	(1,571.6)
Closing cash and cash equivalents	16,230.2	31,081.2

Business update

Pixium Vision is the only company in the world developing in parallel two distinct retinal implant platforms. An epi-retinal IRIS®II, the company's first system, targeting Retinitis Pigmentosa (RP), and a sub-retinal PRIMA, the second generation miniaturized wireless implant better suited for Age-Related Macular Degeneration (AMD), will allow the company to address an estimated market of more than 4 million patients[1] in Europe and North America.

Over the first half of 2016, the company made significant progress on IRIS®II, its differentiated epi-retinal bionic vision system equipped with an asynchronous bioinspired[2] image sensor. IRIS®II is the first epi-retinal device worldwide to be equipped with 150 electrodes. Over the period, IRIS®II was implanted for the first time in a patient in Nantes, France. Recently, a second patient was successfully implanted and others additional patients have been enrolled in the study. In parallel, Pixium Vision opened additional clinical centers in new geographies. In May, the company announced the clinical trial participation of Moorfields Eye Hospital in London, the oldest and largest center for Ophthalmic teaching and research across Europe. The company soon expects clinical study approval from regulatory authorities in Spain. The addition of these new clinical sites will accelerate the recruitment of patients in the IRIS®II clinical trial.

In December 2015, Pixium Vision submitted the CE mark dossier for IRIS®II. The company has had constructive exchanges with its European notified body and expects CE mark approval shortly. Once the CE mark is granted, Pixium Vision will initiate the national reimbursement processes. Subject to reimbursement, first sales of IRIS®II can be expected before the end of 2016.

In early 2016, the company announced positive preclinical safety and feasibility data for PRIMA, its second generation bionic system. Stanford University demonstrated thermal safety of near infrared stimulation[3] of PRIMA in a well-established animal model for retinal damage assessment in laser treatment. PRIMA meets the required standards as the temperature increase is more than 4 times below the recommended thermal safety limit of 2°C[4].

Completion of pre-clinical testing enables preparation for the first human studies with PRIMA. Pixium Vision expects First in Human implantation of PRIMA before the end of 2016 as part of a feasibility study.

First half 2016 financial results

Total revenues amounted respectively to €1.37 million and €1.74 million in the first six months of 2016 and 2015. Other revenues are composed of proceeds of the research tax credit (RTC), respectively €1.24 million and €1.26 million in the first halves of 2016 and 2015) and €0.12 million in grants related to the GRAPHENE projects in 2016 while the company had received the first instalment of €0.5 million provided by Bpifrance under the SIGHT AGAIN project in the first half of 2015. The RTC is related to a continued R&D effort, notably with the preclinical, clinical and regulatory expenses of IRIS®II and the industrial and preclinical development of PRIMA.

In the first half of 2016, **Research and Development** (R&D) expenses amounted to €5.80 million compared to €8.0 million a year earlier. In line with its strategy, the company has curbed research expenditures on IRIS®II following its CE mark dossier filling in December 2015. Furthermore, the Company selectively allocated its resources during the first half of 2016. The decrease in R&D spend is partially offset by the recognition of a non-cash expense of €0.3 million related to the 2016 AGA (free shares) plan, and a provision for bonuses recognized for the first time in the first half of 2016.

General and administrative (G&A) expenses amounted to €2.6 million and €1.8 in the first halves of 2016 and 2015 respectively. The increase in G&A over the period is mainly explained by a non-cash expense of €0.6 million related to the 2016 AGA (free shares) plan, a provision for bonuses recognized for the first time during the first half of 2016 and an increased depreciation due to capital expenditure made last year in relation to the Company's new premises.

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[1] Retinitis Pigmentosa (RP) and Age related Macular Degeneration (AMD)
[2] How Neuromorphic Image Sensors Steal Tricks from the Human Eye – IEEE Spectrum 26 November 2015
[3] Retinal safety of near infrared radiation in photovoltaic restoration of sight – Biomedical Optics Express Vol. 7, Issue 1, pp. 13-21 (2016)
[4] Required standards for active implanted medical devices in chronic use at a power level that allow in-vivo stimulation

Consequently, the **net loss** amounted to €6.9 million and €8.0 million in the first halves of 2016 and 2015 respectively. The loss per issued share (weighted average number of shares outstanding over the period) amounted to (€0.54) and (€0.63) respectively in the first halves of 2016 and 2015.

The use of **cash flows from operating activities** was down 14.9% year on year. It amounted to €8.1 million in the first half 2016, down from €9.5 million a year earlier. This decrease is mainly related to the curbing of research expenses on IRIS®II following the filing of its CE mark dossier in December 2015 and the selective allocation of the company's resources.

During the first half of 2016, **cash flows from investing activities** were down to €0.1 million from €1.6 million the year earlier. In 2016, the Company mainly invested into industrial lab equipment. The year-on-year decrease is related to the completion of the building work of the Company's new premises.

At June 30, 2016, Pixium Vision had a positive net cash position of €16.2 million.

Contacts

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About Pixium Vision (www.pixium-vision.com ; @PixiumVision; www.facebook.com/pixiumvision)

Pixium Vision's mission is to create a world of bionic vision for those who have lost their sight enabling them to regain partial visual perception and greater autonomy. Pixium Vision's bionic vision systems are associated with a surgical intervention as well as a rehabilitation period. They aim to enable patients who have lost their sight to lead more independent lives.

European Clinical trials are currently underway with IRIS®II for patients blinded from severe retinal dystrophies like Retinitis Pigmentosa (RP). Patients have tolerated their implants well so far and improvements in visual perception have been observed. Pixium Vision has filed CE mark for IRIS®II at the end of 2015 and expects CE mark approval shortly.

In parallel, Pixium Vision is developing the PRIMA bionic vision system for Age-related Macular Degeneration (AMD), a sub-retinal miniaturized wireless photovoltaic implant platform currently in preclinical studies. The company plans to begin clinical trials with PRIMA in Europe in 2016.

The company is EN ISO 13485 certified.

Pixium Vision collaborates closely with academic and research partners spanning across the prestigious Vision research institutions including the Institut de la Vision in Paris, the Hansen Experimental Physics Laboratory at Stanford University, and Moorfields Eye Hospital in London.

Pixium Vision is listed on Euronext (Compartment C) in Paris.
ISIN: FR0011950641; Mnemo: PIX

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For more information, please visit www.pixium-vision.com

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Pixium Vision provides this press release as of the aforementioned date and does not commit to update forward looking statements contained herein, whether as a result of new information, future events or otherwise.

For a description of risks and uncertainties which could lead to discrepancies between actual results, financial condition, performance or achievements and those contained in the forward-looking statements, please refer to Chapter 4 "Risk Factors" of the company's Registration Document filed with the AMF under number R16-033 on April 28, 2016 which can be found on the websites of the AMF - AMF (www.amf-france.org) and of Pixium Vision (www.pixium-vision.com).