Pixium Vision announces H1 2018 financial results and provides an update on its activities

Paris, France. July 26, 2018 – 7.00 AM CEST - Pixium Vision (FR0011950641 - PIX), a company developing innovative bionic vision systems for patients who lost their sight to enable them to lead more independent lives, announces its financial results for the first half of 2018, approved July 25, 2018 by the Board of Directors. The Half-Year Financial Report is available on the Company's website.

Khalid Ishaque, Chief Executive Officer of Pixium Vision, stated: *"The breakthrough technology and the first human clinical results achieved with the novel wireless photovoltaic sub-retinal PRIMA implant in patients with advanced dry Age-related Macular Degeneration, delivered on a key milestone. The recently strengthened cash position will enable us to continue to improve the PRIMA system, aiming to ease the minimally invasive implantation below the retina and further improve the quality of the visual perception. These enhancements will enable the start of the pivotal clinical phase leading to CE mark. The first clinical results from the PRIMA feasibility trial on-going in France, combined with the upcoming implantations of patients also in the US feasibility study, signals our confidence in this novel and truly life changing option to compensate for blindness from retinal degeneration."*

Income Statement summary **(*)**

In thousand Euros	**H1 2018**	**H1 2017 Adjusted (**)**	**H1 2017 Reported**
Revenues (***)	**913.3**	**1,255.2**	**1,255.2**
Operating expenses	**(4,484,4)**	**(6,525.0)**	**(7,318.2)**
Cost of goods sold	(36.5)	(497.5)	(561.6)
Research and development	(3,049.4)	(3,657.4)	(3,990.8)
Selling and marketing	(72.8)	(238.7)	(238.7)
General and administrative	(1,326.1)	(2,131.4)	(2,527.1)
Adjusted Operating Result	**(3,571.1)**	**(5,269.8)**	**(6,063.0)**
Share-based payment	1,369.0	(793.2)	-
Operating Result	**(2,202.2)**	**(6,063.0)**	**(6,063.0)**
Financial Result	(786.4)	(379.2)	(379.2)
Net result	**(2,988.6)**	**(6,442.2)**	**(6,442.2)**
Earnings per share (€)	(0.20)	(0.50)	(0.50)

(*) The financial statements for the first half of 2018 were subject to a limited review by the Statutory Auditors; (**) operating expenses 2017 were adjusted from the share-based payment – refer to the Interim Financial Report 2018*; (****)* of which Research Tax Credit

Cash flow statement summary

In thousand Euros	**H1 2018**	**H1 2017 adjusted**	**H1 2017**
Opening cash and cash equivalents	10,531.6	14,244.2	14,244.2
(Decrease) / Increase in cash position	6,203.6	671.9	671.9
O/W net cash flows from operating activities	(5,486.7)	(6,960.0)	(7,116.7)
O/W net cash flows from investing activities	77.8	(330.1)	(330.1)
O/W net cash flows from financing activities	11,612.5	7,962.0	8,118.7
Closing cash, and cash equivalents	16,735.2	14,916.1	14,916.1

* 2017 adjusted: Cash flow statement has been adjusted from non-cash items related to IFRS treatment of refundable advance as well as BSA linked to Kreos Venture Loan contract. Excluding IFRS treatment accounting refundable advance as a subsidy (cf. Reference Document chapter 20.1 note 3.11 & note 12), the cash received from refundable advance was €1.9 million in 2016.

Business Update

During the first half of 2018, Pixium Vision implemented the strategy focusing on the development of PRIMA, its breakthrough Bionic Vision System, developed to compensate vision loss from atrophic dry-AMD. In parallel, the Company significantly reduced its operating expenses while continuously focusing its investments in technological development of the PRIMA system, as well as its clinical program. During the first half of 2018, the operating cash consumption was reduced by 21% compare with the same period last year.

At the end of the second quarter of 2018, Pixium Vision completed the five implantations in human as planned for the feasibility study in France. This study aims firstly to demonstrate the safety profile of the sub-retinal implantation of PRIMA in human. The first clinical results confirm the feasibility and safety profile of the procedure and implant stability.

The secondary endpoint of the trial is to outline the efficacy criteria to be used for the European multicenter pivotal trial. To date, all tested patients perceived white-yellow patterns with adjustable brightness, in expected locations where no central vision remained prior to implantation. The training program, implemented as per the protocol, helps patients to interpret these new light perception patterns. Results to date are in line with the theoretical and pre-clinical data and encouraging for the preparation of the next clinical step.

In the meantime, following the approval from the US FDA to start a single center feasibility trial in the US (PRIMA FS-US[1]), the University of Pittsburgh Medical Center (UPMC), is actively recruiting and screening potentially eligible patients. The first implantations are expected in the third quarter of 2018.

To finance the on-going development of Pixium Vision, the Company secured additional funding and strengthened its cash position with a 10.6 million euros right issue, as well as the use of an Equity Line that provided 3.3 million euros. The additional funding will enable the Company to finance its technological development, pursue the feasibility studies, both in France and the US, and actively prepare the European pivotal study needed to obtain CE mark approval. Altogether, the Company raised almost 14 million euros additional funding and closed the first half of 2018 with a cash position of 16.7 million euros.

2018 Operational Outlook

Pixium Vision is focusing its resources on the technological and clinical development of PRIMA in preparation of the next regulatory and pivotal clinical steps.

During the second half of 2018, the Company plans to announce the activation of its PRIMA device in the fifth consecutive patient recently implanted. The interim 6-month follow-up results are expected to be available by the end of the fourth quarter of 2018. The interim data should allow Pixium Vision to prepare, from the beginning of 2019, the filings to European regulatory bodies for the multicentric pivotal trial to obtain CE mark approval.

[1] [1] Feasibility Study of Compensation for Blindness with the PRIMA System in Patients with Atrophic Dry Age Related Macular Degeneration (**PRIMA-FS-US**) https://clinicaltrials.gov/ct2/show/NCT03392324

First experience of surgical technique and observations from the human implantations of PRIMA will be presented and discussed during upcoming international retinal surgery and ophthalmology conferences, with EURETINA and EVER in September 2018 in Europe, and American Association of Ophthalmology congress (AAO) in October 2018 in the USA.

In the US, the Company looks forward to report on the first implantations in the US feasibility study (PRIMA-FS-US).

Financial Results of the First Half 2018

Revenues totalled €0.91 million, including €0.86 million from a Research Tax Credit (CIR). CIR is almost stable compared with the 2017 reference period and corresponds to the Company's ongoing R&D efforts, both on technology and on clinical development of PRIMA. The lower revenue is explained by lower accounted refundable advances for €0.28 million related to the "Sight Again" project.

Research & Development (R&D) spending amounted to €3.05 million compared with €3.66 million in H1 2017. The lower facilities rental and lower consulting expenses driving the reduction in R&D expenses. Pixium Vision continues to invest in R&D to further improve the technology comprising its PRIMA bionic vision system, as well as create and strengthen the intellectual property and know-how across electronics, optics, mechanics, and intelligent signal processing. The R&D expenses also reflect the first impact of the clinical development of PRIMA with two on-going feasibility studies, one in France and the other in the US.

General and administrative expenses amounted to €1.32 million compared to €2.13 million a year earlier. This 40% drop in G&A results from: the drop in rental cost following facilities optimisation, the decision by the Chairman of the Board to forego his cash compensation and, more globally, the strict control of operating expenses and the goal of the management to reduce the operating cash consumption while preserving the R&D and clinical investment.

Costs of goods sold is not significant following the strategic decision to halt IRIS®II system implantation and further development. This strategic decision also impacted the **Selling and Marketing** costs which were significantly reduced. The field engineers recruited in 2017 for the commercial launch of IRIS®II left the company early 2018.

Current Operating result narrowed the loss to €3.57 million (compared with a loss of €5.27 million in the first half of 2017). It reflects the restructuring of the Company as well as the continuous efforts to strictly control the spending since the beginning of the year.

The **share-based payment** resulted from the accounting of the IFRS 2 rule. The volatility of such non-cash items requires to list as separate line from the Current Operating result to increase the readability of the underlying operational activity. In the first half 2018, Pixium Vision booked a gain of €1.37 million compared to a charge of €0.79 million in the first half 2017.

Net **financial result** showed a loss of €0.79 million (vs. a loss of €0.38 million in H1 2017), mainly related to the execution of the bond financing with Kreos Capital.

Net result reported a loss of €2.99 million, significantly narrowed as compared with the loss of € 6.44 million booked in the first half of 2017. **Net earnings per share** amounted to € (0.20) and € (0.50), respectively, at June 30, 2018 and June 30, 2017.

Net cash outflow **from operating activities** amounted to €5.49 million and €7.12 million, respectively, as of June 30, 2018 and June 30, 2017. This reduced cash consumption reflects the sustained control of operating expenses, especially the G&A spending, and the continuous improvement in the management of suppliers' balance.

During the first half of 2018, **cash flows from investing activities** resulted in a gain of €0.08 million, explained by a deposit cash-in following the reduction of the premises used by the Company.

On June 30, 2018, **net cash flows from financing activities** amounted to €11.61 million. During H1 2018, Pixium Vision cash flow benefited from the Equity Line signed back in October 2017, with net total proceeds of €3.24 million. Moreover, on May 7, 2018, Pixium Vision finalized a right issue with net proceeds of €9.64 million. These cash inflows were partly offset by the planned reimbursement of the venture loan for €1.00 million.

On June 30, 2018, the Company had a **positive net cash position** of €16.74 million.

Contacts

Pixium Vision
Didier Laurens, CFO
investors@pixium-vision.com
+33 1 76 21 47 68
@PixiumVision

Media Relations: Newcap Media
Annie-Florence Loyer - afloyer@newcap.fr
+33 1 44 71 00 12 / +33 6 88 20 35 59
Léa Jacquin - ljacquin@newcap.fr
+33 1 44 71 94 94

ABOUT PRIMA

PRIMA is a new generation miniaturized and totally wireless sub-retinal implant. The PRIMA implant is a micro photovoltaic chip of 2x2 millimeters and 30 microns thick, equipped with 378 electrodes. Implanted under the retina via a less invasive surgical procedure, it acts like a tiny solar panel that is powered by pulsed near infrared light through a miniaturized projector integrated in a pair of augmented reality-like glasses, along with a mini-camera, worn by the implanted subject. PRIMA is designed to compensate for severe vision loss from retinal dystrophies, initially atrophic dry Age-related Macular Degeneration (dry AMD), a significant unmet medical need with currently no curative therapeutic solution, and at later stage also Retinitis Pigmentosa (RP).

ABOUT AGE-RELATED MACULAR DEGENERATION (AMD)

Age-related macular degeneration[2] is the leading cause of severe vision loss and legal blindness in people over the age of 65 in North America and Europe, impacting an estimated 12 to 15 million people worldwide which is continuously growing due to ageing population. There are two forms of AMD, the wet form, representing ~20% of AMD, where treatment like anti-VEGF injections is available slow down the disease progression, and the dry form, representing ~80% of AMD, where there is currently no curative treatment available. More than 4 million patients are afflicted with advanced dry AMD In Europe and the United States. Patients suffering from this retinal disorder start by losing their central vision (responsible for visual precision and details, for example, required for reading and face recognition) and progressively become blind.

ABOUT PIXIUM VISION

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. Following the CE mark for its first bionic retinal implant systems, IRIS®II, Pixium Vision is now conducting clinical studies with PRIMA, its new generation sub-retinal miniaturized photovoltaic wireless implant system, for patients who have lost their sight due to outer retinal degeneration, initially for atrophic dry age-related macular degeneration (dry AMD). Pixium Vision collaborates closely with academic and research partners spanning across the prestigious Vision research institutions including the Institut de la Vision in Paris, Stanford University in California, Moorfields Eye Hospital in London, and Institute of Ocular Microsurgery (IMO) in Barcelona. The company is EN ISO 13485 certified and qualifies as "Entreprise Innovante" par Bpifrance.

[2] http://www.thelancet.com/journals/langlo/article/PIIS2214-109X(17)30393-5/fulltext

For more information, please visit: www.pixium-vision.com;
And follow us on: @PixiumVision; www.facebook.com/pixiumvision
www.linkedin.com/company/pixium-vision

Pixium Vision is listed on Euronext Paris (Compartment C). Pixium Vision shares are eligible for the French tax incentivized PEA-PME and FCPI investment vehicles.

Pixium Vision is included in the Euronext CAC All Shares index

Euronext ticker: PIX - ISIN: FR0011950641 – Reuters: PIX.PA – Bloomberg: PIX:FP

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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).
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