



NOVAGALI P H A R M A

2010 annual revenue

Evry (France), February 28th 2011: Novagali Pharma, a pharmaceutical company that develops innovative ophthalmic products, today announced its revenue for the 4th quarter and full year ending December 31st 2010.

- **Quarterly and annual revenue**

4th quarter and annual revenue

| <i>In thousands of euros - IFRS</i> | Q4 2010 | Q4 2009 | 2010 (12 months) | 2009 (12 months) |
|---|----------------|----------------|-----------------------------|-----------------------------|
| Sales | 185 | 126 | 580 | 426 |
| Research contracts and licence revenue | 0 | 0 | 10 | 5 |
| Subsidies, public funding and research tax credit | 66 | 469 | 928 | 1,870 |
| Total revenue | 250 | 595 | 1,518 | 2,301 |

Unaudited data - The presented figures for H1 2009 and 2010 are extracted from a balance sheet and P and L. They are established under IFRS rules and were the object of a limited review by the auditors.

Change in revenue by half year

| <i>In thousands of euros - IFRS</i> | 2010 | | 2009 | |
|---|-------------|------------|--------------|------------|
| | H1 | H2 | H1 | H2 |
| Sales | 236 | 345 | 221 | 206 |
| Research contracts and licence revenue | 0 | 10 | 0 | 5 |
| Subsidies, public funding and research tax credit | 419 | 509 | 1,160 | 709 |
| Total revenue | 655 | 863 | 1,381 | 920 |

Unaudited data - The presented figures for H1 2009 and 2010 are extracted from a balance sheet and P and L. They are established under IFRS rules and were the object of a limited review by the auditors.

For the 4th quarter of 2010, the revenue recorded by Novagali Pharma, reflecting sales of Cationorm[®], again saw a sharp growth, increasing by +46.9% to €185k compared to €126k over the same period the previous year. Over 2010 as a whole, the Company recorded growth of +36.1% in value and +54.7% in volume. This discrepancy between sales revenue and units sold over the period was essentially due to the transferral of the French marketing of the product from Novagali Pharma to a partner distributor at the end of the first half of 2009. All in all, sales recorded substantial growth over the second half of the year, with a jump of +46.2% in activity between the first and second halves of 2010. This acceleration in growth was associated with the marketing of Cationorm[®] in some new countries, including Italy and Portugal.

Subsidies, public funding and research tax credit, totalled €928k over 2010 as a whole, compared to €1,870k in 2009. This change, which was expected by Novagali, is essentially due to a decrease in research tax credit in 2010 because of the completion of some research studies.



- **Milestones and recent events**

- **Marketing developments: sales launch of Cationorm® in new countries**

Cationorm® is currently the first and only product marketed by Novagali Pharma. As mentioned above, the increase in revenue generated by Cationorm® is associated with the increase in volumes sold in geographical zones in which the product is already marketed. During the 4th quarter of 2010, the marketing of Cationorm® was launched in Kuwait and Singapore. Since the end of the 4th quarter of 2010, Cationorm® has also received the necessary authorisations for its marketing in Saudi Arabia. At December 31st 2010, Cationorm® was thus marketed in 10 countries.

- **Clinical developments**

- **Launch of Phase II clinical trials for Catioprost®** (December 2010)

The randomised Phase II clinical trial of Catioprost® should include around one hundred patients in the United States. The recruitment of the first patient for the trial in early December 2010 is perfectly in line with the published roadmap and should enable the Company to announce the first significant results of this trial in 2011.

- **EMA gives positive advice for Phase III trials for Cyclokat®** (January 2011)

A major step in the final development phase of Cyclokat®, one of the most promising products in Novagali Pharma's product portfolio, this positive scientific advice significantly strengthens the medical value and appeal of Cyclokat® for potential partners.

- **Financing: success of the IPO**

Novagali Pharma's IPO on the NYSE Euronext Paris in July 2010 was a success, enabling the Company to raise €22 million. Thanks to the funds thus raised, Novagali Pharma has a sound financial structure that will allow it to implement its development strategy and accelerate its Research & Development programmes for its innovative products.

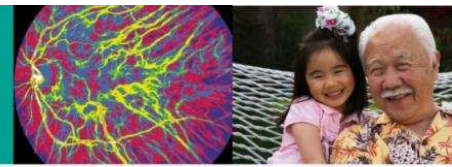
Jérôme Martinez, Chairman and CEO, concludes: "2010 was a decisive year for Novagali Pharma, in terms of both its IPO and the marketing and clinical developments it implemented. The marketing of Cationorm® and the development of our product portfolio is progressing perfectly in line with our business plan, whilst the funds raised allow us to finance our clinical trials. New major milestones will no doubt be reached in 2011 with the launch of the Pivotal Phase III study for Cyclokat® in Europe and the publication of the results of a Phase II clinical study for Catioprost®. These major breakthroughs will further contribute to strengthening Novagali Pharma's unique status as a pure player in ophthalmology as well as its increasing prominence on a fast-growing market."

[About NOVAGALI Pharma \(www.novagali.com\)](http://www.novagali.com)

Founded in 2000, Novagali Pharma SA is a pharmaceutical company that develops ophthalmic innovative products for all segments of the eye. Thanks to its three proprietary technology platforms, the Company has an advanced portfolio of highly innovative products, one of which is already on sale and two of which are undergoing phase III clinical trials.

In 2009, Frost & Sullivan recognised Novagali with the Award for Industry Innovation & Advancement of the Year, for its proprietary emulsion technology platforms, and Siemens awarded the company the "Health Award" *Grand Prix de l'Innovation* for Novasorb®.

In April 2010, Novagali Pharma and its partners in the Vitrena project obtained €9.4 million in funding from Oséo for this diabetic retinopathy project. Novagali Pharma carried out a successful IPO in July 2010 enabling the Company to raise €22 million.



This press release contains certain forward-looking statements. Although the company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risques") section of the *Document de Base* filed with the AMF, which is available on the AMF website (<http://www.amf-france.org>) or on Novagali Pharma's website (www.novagali.com). This press release and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to securities of Novagali Pharma in any country.



**Next press release:
2010 annual results on April 26, 2011
(after market)**

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Novagali Pharma is listed on NYSE Euronext Paris - Compartment C
ISIN code: FR0010915553 - Ticker: NOVA