



NOVAGALI P H A R M A

2010 annual results

- **Cash burn in line with expectations**
- **Major clinical milestones since the IPO**
- **Unique status as a pure player in ophthalmology reinforced**

Evry (France), April 26, 2011: Novagali Pharma, a pharmaceutical company that develops innovative ophthalmic products, today announces its audited results for the financial year ending December 31, 2010 as approved by the Executive Board on April 20, 2011.

- **Annual results**

<i>In thousands of euros - IFRS</i>	FY 2010	FY 2009
Revenue		
Sales	580	426
Research contracts and licence revenues	10	5
Subsidies, public funding and research tax credit	933	1,870
Total income	1,523	2,301
Operating costs		
of which: raw materials & consumables expenses	928	786
of which: employee & benefit expenses	3,523	3,276
of which: external expenses	4,266	6,399
Total operating costs	9,120	10,848
Operating loss	-7,596	-8,547
Net loss	-7,464	-8,452

- **Buoyant increase in Cationorm[®] sales**

Novagali Pharma's 2010 annual revenue, reflecting sales of Cationorm[®], totalled €580k, an increase of +36.1% by value and +54.7% by volume. This acceleration in growth was associated with the marketing of Cationorm[®] in new countries, notably Italy and Portugal. Hence, on December 31, 2010, Cationorm[®] was marketed in 10 countries.

In line with expectations, other income was down, essentially because of the reduction in the amount of research tax credit paid in 2010, following the completion of some research studies.

All in all, total income totalled €1,523k in 2010, compared to €2,301k in 2009.

- **Operating expenses under control**

Operating expenses were down -15.9% to €9,120k in 2010, versus €10,848k in 2009. This change was essentially the result of the slowdown in clinical research programmes over the 1st half of the year, prior to the IPO. Over the second half, operating expenses rose by +18% compared to the second half of 2009. This increase in operating expenses in the last six months of the year is however limited given the major strategic



milestones recorded over the second half of 2010 that resulted in the launch of the Phase II clinical trials for Catioprost® at the end of the year and the launch, in the 1st quarter of 2011, of the confirmatory pivotal Phase III clinical study for Cyclokat®.

Once a positive financial income of €133.3k is taken into account, the net loss for the year was -€7,464k, compared to -€8,452k in 2009.

- **Financial situation**

Novagali Pharma went public on Euronext Paris in July 2010. This allowed the Company to raise €22m (net produce of €19.7m), thus enabling it to have a sound financial structure in order to implement its strategy of development and the acceleration of its Research & Development programmes for its innovative products.

At December 31, 2010, Novagali Pharma had a cash position of €18.2m, and thus the “cash-burn” for the year was just €6.6m, taking into account the receipt of €1.8m in research tax credit. However, it should be noted that the Company expects to spend a larger amount of cash in 2011 than in 2010, mainly due to the ramp-up of the clinical trial programmes launched at the end of 2010 and in early 2011 for Catioprost® and Cyclokat®.

- **Milestones and recent events**

- **Marketing developments**: sales launch of Cationorm® in new countries
- **Clinical developments**
 - **Launch of Phase II clinical trials for Catioprost®** (December 2010) and **finalising of the patient recruitment** (April 2011)
 - **EMA gives positive advice for Phase III trials for Cyclokat®** (January 2011) and **launch of the recruitment of the first patients** (March 2011)
- **Strengthening of the Company’s organisation**: recruitment of Dr. Ronald R. Buggage as Scientific Director of Novagali Pharma

Jérôme Martinez, Chairman of Novagali Pharma, concludes: “*The various announcements made throughout 2010 and the first few months of 2011, as well as our 2010 results, reflect both a product portfolio that is reaching major milestones and limited cash consumption. In particular, in recent months, we have substantially increased the medical value of our flagship products Cyclokat® and Catioprost®. Further major milestones should be achieved in 2011 with, for one, the publication of the results of the Phase II clinical trial for Catioprost® in the United States. These major milestones will further contribute to the strengthening of Novagali Pharma’s unique status as a pure player in ophthalmology as well as its increasing prominence in a fast-growing and consolidating 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.

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



Disclaimer

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**Next press release:
Revenue for the 1st quarter of 2011 on May 12th, 2011
(after market)**

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