



Press release

First-half 2018 results and business update

- Structuring of the overall industrial supply chain
- A disruption in the supply of a component is in the process of being resolved and has had an impact on MA¹ filings, now scheduled for 2020
- PreIND meeting with the FDA concerning ZENEO[®] Naloxone

Dijon, 26 September 2018

CROSSJECT (ISIN: FR0011716265; Ticker: ALCJ), a specialty pharma company that is developing and will soon be marketing a portfolio of drugs for use in emergency situations, announces its results for the first half of 2018 and issues a business update.

Business update

Update on industrial activity and schedule

On the basis of approved equipment, Crossject continued structuring its overall industrial supply chain (internal and external production lines, pharmaceutical ingredients, consumables, control and maintenance).

¹ MA: Marketing authorisation issued by the relevant regulatory authorities.



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More than 3,000 units combining ZENEO® with a drug substance (ZENEO® Sumatriptan and ZENEO® Midazolam) were produced in the first half of 2018. These batches are currently being used to perform various pharmaceutical stability analyses.

However, the mould of one of ZENEO® components was damaged. Despite action taken, it was ultimately necessary to halt production during the summer and to undertake full repair. The repaired mould is in place at the manufacturer, and its new output is being analysed, with first satisfactory results.

This does not call into question the performance of the company's production lines or those of Cenexi. Overall production will be able to resume once all the tests have been finalised, in particular for the clinical and validation batches. But this has had an impact on the MA filing schedule.

Crossject now plans to file marketing authorisation applications in the United States and Europe in 2020 for ZENEO® Naloxone, ZENEO® Sumatriptan, ZENEO® Midazolam,² ZENEO® Adrenaline, ZENEO® Hydrocortisone and ZENEO® Terbutaline, and in 2021 for ZENEO® Methotrexate.

Update on the drug portfolio

The company regularly consults the regulatory authorities in Europe and the United States on development plans for its drugs. These consultations have been intense in 2018. At a preIND meeting in Washington in August, the FDA confirmed the pressing need for drugs targeting overdose of opioids, an indication for which Crossject is developing ZENEO® Naloxone.

Update on business development

Crossject is currently negotiating with several potential partners, particularly for ZENEO® Sumatriptan and ZENEO® Midazolam.

However, the discussions have been impacted by the delay in production mentioned above, insofar as negotiations for up-front payments on licensing agreements are linked in particular to the estimated time remaining before marketing.

Moreover, in the United States, a product³ competing with ZENEO® Midazolam has just obtained MA, with an orphan drug designation for "treatment of status epilepticus", which should give it commercial exclusivity for this type of disorder in that country. Crossject is assessing its strategy

² Filing in Europe. The strategy in the United States is under review (see under the heading "Update on business development").

³ Seizalam® from Meridian Medical Technologies, Inc.



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for this drug in the United States. This news does not change the estimated commercial potential of ZENEO® Midazolam in Europe. However, an impact is expected on ongoing negotiations for the marketing of ZENEO® Midazolam in the United States.

Cash contributions since 30 June 2018

In July 2018, Crossject received €5.6 million, adding to its €0.8 million cash balance as of 30 June 2018. The details are disclosed under the heading "Financial information" below.

A further €2.5 million is yet to be collected in 2018 and 2019 on repayable subsidies and advances already secured by contract. Commercial revenue, the research tax credit (over €1 million per year) and warrants yet to be issued (see below) will add to these amounts.

Lastly, the company is currently discussing non-dilutive financing.

Free allocation of warrants

As signalled in the press release dated 12 July 2018, Crossject plans, before 30 November 2018, to allocate free warrants to natural or legal persons shareholders on the issue date of the warrants. They will be valid until 31 December 2019.

Patrick Alexandre, CEO of Crossject, said:

"Our ability to cope with the production problems we have encountered and solved makes me confident about our outlook. Despite the impact on our schedule, market opportunities abound, our industrial facilities are operational and all employees are fully committed to the success of the company."

Financial information as of 30 June 2018

Income statement as of 30 June 2018

Income statement € thousand, as of 30 June	2018	2017
Operating revenue	2,840	1,635
Operating expenses	(8,177)	(5,891)
Other purchases and external expenses	(4,090)	(3,277)
Personnel expenses	(1,991)	(1,343)
Taxes and duties	(32)	(22)
Depreciation, amortisation and provisions	(2,064)	(1,249)
Operating profit/(loss)	(5,337)	(4,256)
Financial income/(expense)	(252)	396
Exceptional income/(expense)	(3)	(1)
Income tax	848	501
Net profit/(loss)	(4,744)	(3,360)

The financial statements for six months to 30 June 2018 were approved by the Management Board on 24 September 2018 and presented at the Supervisory Board meeting of 25 September 2018. They are unaudited.

Operating revenue increased by 73.7% to €2,840 thousand in the six months to 30 June 2018, compared with €1,635 thousand in the six months to 30 June 2017. Capitalised production totalled €1,623 thousand at the end of June 2018, an increase of €970 thousand compared with the first half of 2017, illustrating the continued development of the company and its research and development activities. Capitalised R&D expenses totalled €11,310 thousand (€4,597 thousand after depreciation and amortisation).

Operating expenses amounted to €8,177 thousand (€5,891 thousand in H1 2017). Other purchases and external expenses increased by 25%, mainly due to the stock of components needed for the Gray and Dijon production lines, which are now operational. Personnel expenses totalled €1,991 thousand, compared with €1,343 thousand in H1 2017, reflecting the impact of hirings in 2017 and further strengthening of teams during the first half, particularly in the Quality and Development functions. As of 30 June 2018, Crossject had 69 employees (58 as of 31 December 2017).

Operating income was accordingly a negative €5,337 thousand in the first half of 2018.

After taking into account financial expense, impacted chiefly by the revaluation of treasury shares,



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and the 2018 research tax credit in the amount of €848 thousand, the half-yearly net loss works out at €4,744 thousand (compared with a loss of €3,360 thousand in H1 2017).

Funding flows amounted to €5,150 thousand, benefiting from the bond issued in the first half.

Cash flow totalled a negative €2,517 thousand for the half-year.

Cash flow from operations was a negative €5,210 thousand, impacted on a temporary basis by an increase in working capital attributable to the receipt of tax receivables and subsidies in July (€3.2 million). The €0.8 million cash position as of 30 June 2018 was compounded in July in the amount of €5.6 million by the €3.2 million inflow mentioned above and the convertible bond issued on 12 July (€2.5 million).

The company is currently discussing non-dilutive funding. As announced in July, Crossject will issue warrants no later than 30 November 2018.

Next release:

7 December 2018 (after trading): Business update

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About CROSSJECT · www.crossject.com

Crossject (ISIN: FR0011716265; Ticker: ALC; LEI: 969500W1VTFNL2D85A65) is developing and is soon to market a portfolio of drugs dedicated to emergency situations: epilepsy, severe migraine, allergic shock, overdose and asthma attack. Thanks to its patented needle-free self-injection system, Crossject aims to become the world leader in self-administered emergency drugs. The company has been listed on the Euronext Growth market in Paris since 2014, and has notably received financing from Bpifrance.

Disclaimer

This press release may contain forward-looking information. This information is based either on trends or objectives, and should not be taken as a forecast of future performance or any other performance indicator. This information is inherently subject to risks and uncertainties, which may in certain cases be beyond the company's control, particularly in the context of an R&D process. A more detailed description of these risks and uncertainties can be found in the company's annual financial report, which is available on its website (www.crossject.com).

Appendix: Financial statements for the six months to 30 June 2018

Balance sheet – Assets (in €k)	30-Jun-18			Dec-17	Change
	Gross	Depreciation	Net		
Fixed assets					
Research and development	11,310	6,712	4,597	4,031	566
Concessions, patents, similar rights	20,429	20,429	0		
Other intangible assets	138	103	34	26	8
Land	75		75	75	0
Industrial plant, machinery and equipment	8,493	3,272	5,222	5,413	-191
Other property, plant and equipment	679	310	369	293	76
Assets under construction	736		736	736	0
Other equity investments	100		100	100	0
Other long-term investments	1,562	1,081	481	694	-213
Other financial assets	48		48	47	1
Sub-total	43,570	31,907	11,663	11,417	246
Current assets					
Inventories	1,889	494	1,395	1,202	193
Advances and payments on orders					
Other receivables	3,783		3,783	2,291	1,492
Marketable securities	132		132	164	-32
Available cash	758		758	2,641	-1,883
Sub-total	6,564	494	6,069	6,298	-229
Deferred expenses	202		202		202
Total	50,335	32,401	17,934	17,716	218

Balance sheet – Liabilities (in €k)	Jun-18	Dec-17	Change		
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Shareholders' equity

Share capital (of which paid up: 9,267)	9,267	8,959	308		
Share, merger, contribution premiums, etc.	963	27,692	-26,729		
Other reserves		40	-40		
Retained earnings	-3,133	-22,993	19,860		
Profit/(loss) for the year	-4,744	-7,611	2,867		
Sub-total	2,353	6,086	-3,733		

Conditional advances	3,647	3,747	-100		
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Provisions for contingencies and charges					
Provisions for contingencies					
Provisions for charges	123	93	30		
Sub-total	123	93	30		

Borrowings and debt

Convertible bonds	4,238		4238		
Bank loans and debts	1,000	1,000	0		
Overdrafts, short-term bank loans	93		93		
Advances and down-payments received on orders in progress	1,000	1,000	0		
Trade and other payables	2,439	2,628	-189		
Tax and social security payments	524	645	-121		
Debts on fixed assets	2,514	2,514	0		
Other liabilities	2	4	-2		
Sub-total	11,811	7,790	4,021		
Total	17,934	17,716	218		

Income statement (in €k)	Jun-18	Jun-17	Change
Revenue			
Stored production	688	728	-40
Capitalised production	1,623	653	970
Operating subsidies	262	234	28
Reversals of depreciation, amortisation and provisions, transfer of expenses	267	20	247
Other income			
Total operating revenue	2,840	1,635	1,205
Inventories of purchases			
Other purchases and external expenses	4,090	3,277	813
Taxes, duties and similar payments	32	22	10
Wages and salaries	1,369	906	463
Social security contributions	622	437	185
Depreciation and amortisation of fixed assets	1,539	998	541
Provisions	525	251	274
Other expenses			
Total operating expenses	8,177	5,891	2,286
OPERATING PROFIT/(LOSS)	-5,337	-4,256	-1,081
FINANCIAL INCOME/(EXPENSE)	-252	396	-648
RECURRING INCOME BEFORE TAX	-5,589	-3,860	-1,729
EXCEPTIONAL INCOME/(EXPENSE)	-3	-1	
Income taxes	-848	-501	-1,349
NET PROFIT/(LOSS)	-4,744	-3,360	-1,384
Earnings per share (in euros)	-0.51	-0.38	

Cash flow statement (in €k)	30/06/2018	31/12/2017
Net profit/(loss)	-4,744.00	-7,611.00
Depreciation, amortisation and provisions	2,227.00	2,054.00
Capital gains on disposal, net of tax		
Other comprehensive income and expenses		
Cancellation of exceptional income on cancellation of debt		
Cash flow from operations	-2,517.00	-5,557.00
Change in working capital requirements (1)	-2,693.00	583.00
(1) Net cash generated by (used in) operating activities	-5,210.00	-4,974.00
Acquisition of fixed assets	-1,950.00	-4,248.00
Disposal of fixed assets, net of tax		
(2) Net cash generated by (used in) investing activities	-1,950.00	-4,248.00
Capital increase	308.00	1,667.00
Share premium	704.00	5,745.00
Warrants	-	-
Bonds	5,250.00	
Bond conversion	-1,012.00	
Repayment of borrowings		
Commercial paper	-	-755.00
Debts on fixed assets	-	-720.00
Repayable advances	-100.00	3,457.00
(3) Net cash generated by (used in) financing activities	5,150.00	9,394.00
Change in cash and cash equivalents (1)+(2)+(3)	-2,010.00	172.00
Opening cash position	2,806.00	2,634.00
Closing cash position	796.00	2,806.00