



PRESS RELEASE • PRESS RELEASE • PRESS RELEASE

HALF-YEAR 2018 FINANCIAL RESULTS

- STRENGTHENED CASH POSITION: €4.7 M AT JUNE 30 2018 VS €1.7 M AT JUNE 30 2017
- LOWER OPERATING COSTS, CONSISTENT WITH THE END OF THE IFN α KINOID PHASE IIB STUDY FOR LUPUS TREATMENT
- NET LOSS REDUCED BY 25%
- 2019 DEVELOPMENT PLAN CONFIRMED

Paris, Boston, October 30, 2018, 05h50pm CET – NEOVACS (Euronext Growth Paris : ALNEV), a leader in active immunotherapies for the treatment of autoimmune diseases, provided today business update and reported its financial results for the six-months ended June 30, 2018, approved by the Board of Directors on October 30, 2018.

Miguel Sieler, CEO of Neovacs, commented: *“The end of the first half 2018 was marked by the publication of the clinical results of the IFN α Kinoid Phase Iib study for lupus treatment. With these results validating our technology, Neovacs has received the endorsement of the scientific community and its international licensees enabling us to pursue the development of the vaccine. We are now working on the preparatory requirements to conduct the international Phase III study for this treatment. At the same time, we continue to pursue the development of our preclinical programs to treat type 1 diabetes with IFN α Kinoid and allergies with Kinoid IL4/IL13.”*

Neovacs’ objective for 2019 remains the publication of the results of the preclinical programs, the signature of a new partnership for IFN α Kinoid to treat lupus and the filing of an Orphan Drug Designation (ODD) in South Korea, all in line with the development plan.

FIRST HALF 2018 RESULTS

The company's accounts for the first half ending June 30, 2018 have been established according to French GAAP and have been partially reviewed by the auditors and approved by the Board of Directors on October 30, 2018.

Summary financial information

In 000's Euros	June 30 2018	June 30 2017
Revenues	19	512
Operating Costs	6,640	10,755
<i>of which R&D</i>	5,161	9,351
Operating income/(loss)	(6,621)	(10,244)
Financial results	(582)	(36)
Operating income before tax	(7,203)	(10,280)
Non recurring result	(429)	69
Research tax credit	(1,535)	(2,086)
Net income/(loss)	(6,096)	(8,125)

KEY HIGHLIGHTS OF THE FIRST HALF 2018 RESULTS

The net loss was reduced by 25 % to €(6,1)m vs €(8,1)m at June 30 2018.

The operating costs dropped by 40% compared to the first half of 2017, in line with published forecasts. This reduction was consistent with the end of primary Phase IIb clinical study for IFN α Kinoid in the treatment of lupus. (The patients forming part of the active study will now be followed over a 'long term study'). In parallel Neovacs continues to invest in R&D for its clinical and preclinical programs (IL4/IL 13 Kinoid for allergy treatment and IFN α Kinoid for type 1 diabetes) and to pursue pharmaceutical development in anticipation of Phase III and commercialization. R&D expenditure continue to represent the vast majority of the company's operating costs (78%) which also enabled Neovacs to benefit from a significant research tax credit during the period of €1, 5 m. At the same time, SG&A costs were strictly controlled.

The financial results increased to a charge of €582k vs €36k as a consequence of the cost of bond redemption. Non-recurring items amounted to €429k due to the impact of early bond conversion versus €69k in H1 2017.

STRENGTHENING OF THE FINANCIAL SITUATION AS AT JUNE 30 2018

The cash position of €4.7m as at June 30, 2018 is a significant improvement on the situation at the end of June 2017 which stood at €1.8m, and remains solid versus December 31 2017 (€5.1m). The financial structure was strengthened during the first quarter 2018 through the issue of convertible bond of € 3.8m placed with three European investors (maturity February 26, 2020). In addition, the company realized a €1.0m private placement rights issue with two French institutional investors.

At June 30, 2018 Neovacs' financial runway extends until the second quarter 2019, taking into account the cash in hand of €4.7 m, the pre-financed Research tax credit booked in H1 2018 of €1.5 m and the balance remaining on the third and final financing facility with Kepler Cheuvreux of €5.0 m.

MAIN ACHIEVEMENTS IN THE FIRST HALF 2018

Strengthen of intellectual property in U.S, Europe, Russia and Japan, as part of Neovacs' international development strategy, its patent: "Method for treating Interferon alpha related conditions", has been extended to cover U.S, Europe, Russia, Japan and Hong Kong from previously being awarded in China and Mexico. This reinforces the intellectual property portfolio of the IFN α Kinoid vaccine until at least 2032, as well as the global protection of its technology platform and its applications.

Positive data review from Last IDSMB, prior to Final Results of Phase IIb clinical trial of IFN α Kinoid in Lupus published in July 2018. The committee inspected the data from the 185 patients recruited who received the complete IFN α Kinoid vaccine or placebo (ratio 1:1) according to the dosage criteria defined in the protocol of the study. Following this review of tolerance and safety data, the iDSMB recommended that the study be pursued with no changes to the protocol.

UPCOMING MILESTONES

Neovacs confirms its objectives following the publication of the results of its phase IIb clinical study published in the second half of 2018, in particular:

Finalization of a global partnership for IFN α Kinoid in lupus and DM, The Company is pursuing its discussions to obtain a licensing partnership with a pharmaceutical group in view to secure the Phase III development and future commercialization of its IFN α Kinoid vaccine for the treatment of lupus.

Obtain validation by Health authorities in the U.S and in Europe of the Phase III clinical program for lupus, notably following the publication of Phase IIb results of IFN α Kinoid for lupus,.

File ODD request in South Korea with our partner CKD. This is the only country where lupus meets the conditions to be considered as an orphan disease. Following the publication of the Phase IIb results for lupus treatment with IFN α Kinoid, Neovacs and CKD plan to file in South Korea a "Orphan Drug Designation" file. ODD certification will allow CKD to request the registration of the product with the health authorities. Once registered, the commercialization of the product could be launched in South Korea without the need to carry out a Phase III study.

Pursue and complete the ongoing preclinical programs for IFN α Kinoid in the treatment of Type 1 diabetes and IL4/IL13 Kinoid against allergies.

The half year report is available on Neovac's website, www.neovacs.fr

About Neovacs

Listed on Euronext Growth Paris since 2010, Neovacs is today a leading biotechnology company focused on an active immunotherapy technology platform (Kinoids) with applications in autoimmune and/or inflammatory diseases. On the basis of the company's proprietary technology for inducing a polyclonal immune response (covered by four patent families that potentially run until 2032) Neovacs is focusing its clinical development efforts on IFN α -Kinoid, an immunotherapy being developed for the indication of lupus and dermatomyositis. Neovacs is also conducting preclinical development works on other therapeutic vaccines in the fields of auto-immune diseases, oncology, allergies and Type 1 diabetes. The goal of the Kinoid approach is to enable patients to have access to safe treatments with efficacy that is sustained in these life-long diseases. www.neovacs.fr

Contacts**NEOVACS – Corporate Communication & Investor Relations****Charlène Masson**

+33 (0)1 53 10 93 14

cmasson@neovacs.com**NEWCAP- Media****Annie-Florence Loyer**

+33 1 44 71 00 12 / + 33 6 88 20 35 59

afloyer@newcap.fr**Léa Jacquin**

+33 1 44 71 20 41 / +33 6 58 14 84 66

ljacquin@newcap.fr**ORPHEON FINANCE – Financial Communication and Investor Relations****James Palmer**

+33 7 60 92 77 74

j.palmer@orpheonfinance.com