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## Neovacs announces free allocations of redeemable share warrants to all company's shareholders and the strengthening of its cash position by issuing €5.15 million in convertible bonds

Paris and Boston, November 22, 2017 - 7h45 CEST - NEOVACS (Euronext Growth Paris: ALNEV), a leader in active immunotherapies for the treatment of autoimmune diseases, today announced the launch of a redeemable stock warrant ("BSAR" - "**bons de souscription d'actions remboursable**") free allocation plan for the benefit of its shareholders, at the rate of (1) warrant per share held with an exercise price of €0.65.

In addition the company strengthened its cash position by issuing €5.15 million in convertible bonds, which were purchased by several European institutional investors, the final maturity date is September 30, 2018, no BSAR will be allocated to the subscribers of convertible bonds.

Miguel Sieler, CEO of Neovacs said: "*We have decided to implement a BSAR plan for the benefit of our shareholders, who have accompanied us as we develop an innovative treatment for the lupus and other serious autoimmune diseases. Shareholders who apply for the BSAR will be contributing to our research and development as we advance therapeutic-candidates that may address serious global public health issues.*"

This transaction allows the Company to thank all of its shareholders for their loyalty while including them in the pursuit and potential success of its development, through this additional investment, which complements the shares they already own.

### Use of Proceeds:

The proceeds of the convertible bonds issued will provide additional funding to the Company to finance the development plan of IFN $\alpha$  Kinoid, including:

- Pursuit of international Phase IIb clinical trial with FN $\alpha$  Kinoid in Lupus
- Scale-up process development and production of Phase III clinical slots in Lupus

The funds raised by means of the issue of the 61.607.363 BSAR warrants if they are exercised, which represents €3, 640, 434, 85 million, will give Neovacs additional resources to finance its development strategy.

## **Summary of the terms of the free allocation of BSAR redeemable stock warrants to all Neovacs shareholders:**

This allocation follows the authorisation granted by shareholders at the Combined General Meeting of 14 Juin 2017 in the 11th resolution and the Board of Directors' decision of 27 Octobre 2017 to use this delegation of authority.

On 24 Novembre 2017, each Neovacs shareholder will receive a free redeemable stock warrant for each share held. On the basis of the company's share capital as of this date, a maximum of 61,607, 363 warrants before the elimination of treasury shares.

Holders of the warrants will be able to exercise them and obtain Neovacs shares as of the issue date of the warrants and for a period of 8 months (i.e. until 31 July 2018 inclusive). The exercise price of the warrants is set at €0.65 per share. On the basis of the exercise ratio, 11 warrants give the holder the right to subscribe to 1 new Neovacs share at a price of €0.65. The new shares subscribed on exercise of the warrants will be identical to existing shares as soon as they are issued.

The redeemable stock warrants – named Neovacs BSAR – will be listed and tradeable on Euronext Growth under ISIN code FR0013298502 as of November 24, 2017.

The Company is not aware of the intentions of its major shareholders regarding the exercise of these warrants.

**The issue is advised by EuroLand Corporate.**

### **DISCLAIMER**

In accordance with the provisions of article L.411-2 of the French Monetary and Financial Code and article 211-2 of the General Regulations of the Autorité des Marchés Financiers (AMF), the issue does not require a Prospectus approved by the AMF, as the total amount of the offer is between €100,000 and €5,000,000 and concerns financial securities that do not account for more than 50% of the company's share capital.

A notice to shareholders relating to the issue will be published on November 22, 2017 in the Bulletin des Annonces Légales et Obligatoires (BALO).

### **Issue of convertible bonds (CB)**

Neovacs announced today that it has entered into a definitive agreement with several European investors (which are not shareholders) on this date with respect to a convertible debenture of 5.15 million euros. The convertible bonds (*obligations convertibles*) (the "CBs") will be subscribed at 95% of their par value and will not bear interest.

The conversion price of the CBs will depend on the stock price at the time of conversion<sup>[1]</sup>. Indicatively, based on the closing price of Neovacs' stock on November 21, 2017 (0.54 euro), if all the CBs were converted, 11,932,748 new shares would be issued, corresponding to a dilution rate of 15.08% (following exercise of all of the redeemable stock warrant).

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<sup>[1]</sup> Le prix de conversion des OC sera égal au plus bas entre un cours de bourse moyen pondéré de l'action Néovacs précédant la notification de conversion diminué d'une décote de 10% et un cours de bourse moyen pondéré de l'action Néovacs précédant la décision d'émission des OC diminué d'une décote de 20%.

This conversion price will not be adjusted following the free grant of the redeemable stock warrant, which will occur prior to the issue of the CBs.

The Company will periodically publish on its website the number of new shares issued upon conversion of CBs.

The CBs will not be admitted to trading on Euronext Growth. The issue of the CBs will not require a prospectus to be submitted for approval to the AMF.

### **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 five patent families that potentially run until 2032) Neovacs is focusing its clinical development efforts on IFN $\alpha$ -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](http://www.neovacs.fr)

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## **APPENDIX: DETAILED TERMS OF THE FREE ALLOCATION OF REDEEMABLE STOCK WARRANTS**

### **Type of transaction**

The transaction proposed by NÉOVACS concerns the free allocation of 61,607,363 “BSAR” redeemable stock warrants to all shareholders, before neutralization of treasury shares.

### **Legal framework of the offer**

Using the authorisation granted by the eleventh resolution adopted by shareholders at the Combined General Meeting of June 14, 2017, NÉOVACS’s Board of Directors decided at its meeting of October 27, 2017 to implement the delegations awarded by the General Meeting to sub-delegate to the Chief Executive Officer the right to adopt the final terms and conditions for the issuance of redeemable stock warrants and to carry it out.

Pursuant to the sub-delegation awarded by the Board of Directors on October 27, 2017, the Chief Executive Officer decided on November 20, 2017, to issue and grant all shareholders a maximum of 61,607,363 BSAR, before the neutralization of treasury shares, as detailed below.

### **Characteristics of the warrants**

**Form.** – Shareholders can choose whether to hold the warrants in bearer or registered form.

**Subscription price.** – The warrants will be allocated free of charge to all shareholders at the rate of one (1) warrant per share held.

**Exercise ratio and exercise price.** – Eleven (11) warrants will entitle the holder to subscribe to two (2) new shares in the Company with a par value of €0.15 each at a per-unit price of €0.65.

**Exercise price.** – €0.65 per share, which equates to a premium of 22.64% to the reference share price of €0.53 euros representative of the share price at close of trading on November 20, 2017.

The subscription price of the Company’s shares issued upon the exercise of the BSAR shall be fully paid up, upon the exercise of the BSAR in cash, including, where appropriate, by offsetting receivables on the Company in the conditions defined within the law.

To exercise their warrants, holders must make a request to the intermediary with which their shares are registered.

**Warrants exercise period.** – Warrants can be exercised at any time from their allocation and until July 31, 2018 midnight inclusive. Warrants that have not been exercised after this date will become invalid and lose all value.

**Payment for new shares subscribed on the exercise of warrants and vesting date.** – The new shares resulting from the exercise of the warrants must be paid up in full at the time of subscription. Payment for the new shares may be in cash or by offsetting receivables on the Company in the conditions defined within the law.

The new shares resulting from the exercise of the warrants will bear immediate dividend rights and will be listed under the same code as existing shares.

**Warrants Invalidity.** – Warrants that have not been exercised by July 31, 2018 will become invalid and lose all value.

**Listing of the warrants.** – An application will be made for the warrants to be listed for trading on Paris Euronext Growth market. They are due to be listed on November 24, 2017 under ISIN code FR0013298502 .

**Number of new shares that may be issued upon exercise of warrants.** – The 61,607,363 warrants (before neutralization of treasury shares on the basis of share capital at November 20, 2017), will give the right to subscribe to a maximum of 5,600,669 new shares of the Company, i.e. a maximum capital increase, excluding share issue premium, of a nominal amount of €814,100.35.

**Exercise procedures.** – To exercise their warrants, holders must make a request to the intermediary with which their shares are registered.

In the event that a warrant holder does not have enough warrants to subscribe to a whole number of shares in the Company, the holder will have to purchase on the market the number of warrants needed to subscribe to a whole number of shares in the Company. Warrants forming odd lots can be sold on the market during their listing period but will not entitle holders to compensation from the Company.

**Suspension of the exercise of warrants.** – In the event of the issuing of new equity securities or new marketable securities giving access to the Company's share capital, or in the event of a merger or demerger, the Board of Directors reserves the right to suspend the exercise of the warrants for a period of no more than three months. This must not result in the holders of warrants losing their right to subscribe to new shares in the Company.

In this case, a notice will be published in the Bulletin des Annonces Légales Obligatoires (BALO) at least fifteen days before the suspension comes into effect to inform warrant holders of the date when the exercise of warrants will be suspended and the date it will resume. This information will also be provided in a notice published by Euronext Paris.

**Early redemption of warrants** – The Company may, at its sole discretion, at any time as of November 28, 2017 until the end of the exercise period, proceed with the early redemption of all or some of the warrants outstanding at a unit price of €0.01. However, early redemptions will only be possible if the average (weighted by trading volumes of the NÉOVACS shares on Euronext Growth Paris) calculated over ten consecutive trading days during which the NÉOVACS shares are listed, chosen from the twenty days preceding the date the notice of early redemption is published (see paragraph below "Notice to warrant holders of the early redemption of warrants"), of the closing price of the NÉOVACS shares on Paris Euronext Growth market exceeds the exercise price of €0.65 by 15%, i.e. €0.75, subject to any adjustments provided for (see paragraph below " Maintaining the rights of warrant holders ").

**Notice to Warrant Holders of the early redemption of Warrants.** – The Company's decision to proceed with the early redemption of warrants will require, no later than one month before the date set for redemption of the warrants, a notice of early redemption published in the Bulletin des Annonces Légales Obligatoires (BALO) and in a national financial newspaper, as well as a notice from Euronext Paris.

In the event that the Company proceeds with the early redemption of warrants at a price of €0.01, warrant holders will be able to avoid this redemption by exercising their warrants before the redemption date set in accordance with the stipulations of the section "Period and terms for the exercise of warrants". After this date, warrants will be redeemed by the Company and cancelled.

**Maintaining the rights of warrant holders** – After the warrants are issued and as long as there are still warrants that are valid, the rights of warrant holders will be reserved in accordance with the law and applicable regulations, in particular articles L. 228-98 and seq. of the French Commercial Code, in particular:

- in the event of a reduction in share capital as a result of losses by means of a decrease in the number of shares, the rights of warrant holders as regards the number of shares

to be received on the exercise of warrants will be reduced accordingly, as if the holders had been shareholders at the time the warrants were issued;

- in the event of a reduction in share capital as a result of losses by means of a decrease in the par value of shares, the subscription price of the shares to which the warrants bestow the right will be equal to the par value of the shares immediately before the said reduction in share capital, with additional paid-in capital plus the amount of the decrease in par value.

Furthermore:

- in the event of a reduction in share capital not resulting from losses by means of a decrease in the par value of shares, the subscription price of the shares to which the warrants bestow the right will be reduced accordingly;
- in the event of a reduction in share capital not resulting from losses by means of a decrease in the number of shares, warrant holders – if they exercise their warrants – may request redemption of their shares under the same terms as if they had been shareholders at the time of the buyback by the Company of its own shares;

In the event that warrants are not exercised, the Company shall proceed with one of the following:

- issuing of equity securities bearing a preferential subscription right for shareholders;
- redemption of share capital;
- change in the allocation of profits, in particular by means of the creation of preferred shares;
- distribution of reserves, in cash or in kind, and additional paid-in capital;

The rights of warrant holders will be protected in accordance with article L. 228-99 of the French Commercial Code.

It may also inform warrant holders of such transactions being carried out, as well as protection measures it has decided to implement in their favour.

To this end, it will have to:

1° either put warrant holders in a position to exercise their warrants, if the conditions for exercise defined by the Company's Board of Directors are not met, so that they may participate immediately in the transactions mentioned in the first paragraph or benefit from such transactions, in accordance with the stipulations of article R. 228-87 of the French Commercial Code;

2° or take measures that will enable them, should they come to exercise their warrants at a later date, to subscribe to new marketable securities issued as of right, or to obtain the free allocation of such securities, or even to receive cash or assets similar to those distributed, in the same quantities and proportions as well as under the same conditions, apart from as regards the vesting of such securities, as if they had been shareholders at the time of these transactions, in accordance with the stipulations of articles R. 228-88 and R. 228-89 of the French Commercial Code;

3° or to make an adjustment to the subscription conditions for shares issued as a result of the exercise of warrants initially provided for, in order to take account of the impact of the aforementioned transactions, provided that such an adjustment is possible in the light of the exercise conditions for warrants decided by the Company's Board of Directors. The adjustment shall be made using the method set out in article R. 228-91 of the French Commercial Code, it being specified that the value of the preferential subscription right and the value of the shares ex subscription rights shall be, if necessary, determined by the Board of Directors according to the subscription, exchange or sale price per share in the most recent transaction involving the Company's share capital (capital increase, contribution of shares, sale of shares etc.) during the six (6) months preceding the Board meeting, or if there are no such transactions during this period, according to any other financial parameter that the Board of Directors deems relevant.

The Company may take the measures provided for in 1° and 2° at the same time. In any case, it may replace them with the adjustment authorised in 3° if such an adjustment is possible.

In the event of the Company being merged into another company, each warrant holder will be informed of such and will receive the same information as if they were a shareholder in order to be able, should they wish, to exercise their subscription right.

The Company may amend its form, corporate purpose and regulations for the allocation of its earnings, as well as redeem its share capital and issue preferred shares as set out in article L. 228-98 of the French Commercial Code.

**Representative of the body of warrant holders** – In accordance with article L.228-103 of the French Commercial Code, warrant holders will be grouped together into a collective body (“*masse*”) with the status of a legal entity and subject to the same provisions as those provided for by articles L.228-47 to L.228-64, L.228-66 and L.228-90.

In application of article L. 228-47 of the French Commercial Code, the designated appointed representative of the body of warrant holders (the “Representative of the Body of Warrant Holders”) will be:  
Mr. Thomas HORNUS, 37, rue Truffaut 75017 Paris.

The representative of the body of warrant holders will have the power, without limitation or reservation, to carry out on behalf of the body of warrant holders all acts of an administrative nature to protect the common interests of warrant holders.

He will exercise his duties until his resignation or dismissal by the general meeting of warrant holders or if a conflict arises. His term of office will expire automatically after a period of two months from the end of the exercise period. This term will be automatically extended, where applicable, until the final resolution of any legal proceedings in which the representative is involved and the enforcement of any judgments rendered or settlements made pursuant there to.

The representative of the body of warrant holders receives compensation from the Company of €650 per year, payable on January 1<sup>st</sup> of each legal year as long as there are warrants outstanding on this date.

**Treatment of fractional entitlements.** – Any warrant holders exercising their rights in respect of the warrants may subscribe to a number of new shares in the Company calculated by applying the applicable exercise ratio to the number of warrants presented.

When as a result of one of the aforementioned transactions the warrant holder exercising their warrants is entitled to a number of new shares forming an odd lot, they may ask to be allocated:

- either the whole number of new shares immediately below; in this case, they will be paid a balancing amount in cash by the Company equal to the product of the fraction of the share by the value of the share. The shares will be valued on the basis of the first quoted price of the Company’s shares on Euronext Growth Paris or any other market on which the Company’s shares are listed during the trading session preceding the date the request to exercise the rights attached to warrants is submitted;
- or the whole number of new shares immediately above, on the condition that a sum is paid in cash to the Company that is equal to the value of the additional fraction of a share so requested, valued on the basis provided for in the preceding paragraph.

**Informing warrant holders in the event of an adjustment.** – In the event of an adjustment, holders of warrants resulting from the issue will be informed of the new exercise conditions by means of a notice published in the Bulletin des Annonces Légales Obligatoires (BALO).

The Board of Directors will report the calculation and results of the adjustment in the first annual report following the adjustment.

**Purchases by the Company and cancellation of warrants.** – The Company reserves the right to purchase warrants on the market and off-market, at any time, with no restrictions in terms of price or quantity, or to make public offers to purchase or exchange warrants. Warrants purchased on the market or off-market or by means of public offers shall no longer be regarded as outstanding and will be cancelled, in accordance with article L.225-149-2 of the French Commercial Code.

**Other markets.** – None.

### **Characteristics of new shares resulting from the exercise of warrants**

**Issue date of new shares** – The new shares will be issued as warrants are exercised between November 28, 2017 and July 31, 2018 inclusive.

**Number of new shares issued** – By way of indication, the exercise of all 61,607,363 BSAR warrants issued and allocated, before neutralization of treasury shares, on the basis of the Company's share capital as at November 20, 2017 would result in the creation of a maximum of 5,600,669 new shares in the Company, equal to an increase in share capital including additional paid-in capital of €3,640,434.85.

The number of new shares will be set out in a Euronext notice and a press release issued at the end of the exercise period, on July 31, 2018.

**Listing and nature of new shares resulting from the exercise of warrants** – The new shares resulting from the exercise of warrants will be ordinary shares in the Company in the same category as the Company's existing shares. Once they are admitted to trading on Paris Euronext Growth market, they will be treated as identical to the Company's existing shares.

The new shares resulting from the exercise of warrants will be subject to periodical requests for admission to trading on Euronext Growth Paris and will be tradeable under the same code as the existing shares. They will be listed under the same ISIN code as the Company's existing shares, FR0013298502.

**Publication of results.** – At the end of the warrant exercise period on July 31, 2018, the Company will issue a press release stating the number of new shares and the total amount of funds raised by the subscription of new shares resulting from the allocation of BSAR warrants.

**Dilution.** – A shareholder holding 1% of the Company's share capital prior to the allocation of BSAR warrants who decides not to exercise the warrants received within the framework of the current transaction would see their interest in the Company's share capital decrease to 0.917% in the event that all of the warrants allocated are exercised on the basis of the Company's share capital.

**Vesting date.** – The new shares resulting from the exercise of the warrants will bear immediate dividend rights and will be listed under the same code as the existing shares.

**Form.** – The new shares may be held in registered or bearer form, at the option of the holders.

**Transferability of the new shares.** – No provision in the by-laws limits the transferability of the shares that make up the Company's share capital. The new shares will therefore be freely transferable.

**Applicable law and courts having jurisdiction in the event of a dispute** – The warrants and new shares are issued in accordance with French law. The courts having jurisdiction in the event of a dispute are those in the place where the Company's registered office is located when the Company is the defendant and designated according to the nature of the dispute, unless otherwise provided by the French Code of Civil Procedure.

### **INDICATIVE TIMETABLE**

<b>October 27, 2017</b>	Decision by the Board of Directors to implement the delegation of authority awarded by the General Meeting dated June 14, 2017 and sub-delegating to the Chief Executive Officer the right to adopt the final
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	terms and conditions for the issuance of redeemable stock warrants
<b>November 20, 2017</b>	Decision of the Chief Executive Officer concerning the terms and conditions for the issuance of redeemable stock warrants
<b>November 22, 2017</b>	Publication of notice in the BALO and issuing of a press release about the transaction
<b>No later than November 22, 2017</b>	Notice of the issue published by Euronext
<b>November 23, 2017</b>	Registration date for the allocation of warrants
<b>November 24, 2017</b>	Emission and allocation free of charge of warrants
<b>November 28, 2017</b>	First day of listing of the warrants
<b>July 31, 2018</b>	End of warrant exercise period. Warrants that have not been exercised by July 31, 2018 at close of trading will become invalid and lose all value.