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NEOVACS PROVIDES BUSINESS UPDATE AND ANNOUNCES HALF-YEAR 2017 FINANCIAL RESULTS

- COMPLETED PATIENT ENROLLMENT IN PHASE IIb CLINICAL STUDY OF IFNα KINOID FOR TREATMENT OF LUPUS
- RECEIVED U.S. FDA APPROVAL TO EXPAND ITS PHASE I/IIa CLINICAL STUDY WITH IFNα KINOID FOR TREATMENT OF DERMATOMYOSITIS
- STRENGTHENED BALANCE SHEET THROUGH TWO TRANSACTIONS RESULTING IN APPROXIMATELY €10 MILLION

Paris, October 27, 2017, 5:45pm CET – NEOVACS (Alternext Paris: ALNEV PEA-PME eligible), a leader in active immunotherapies for the treatment of autoimmune diseases, provided today a business update and announced its financial results for the six-months ended June 30, 2017, as approved by the Company's Board of Directors on October 27, 2017.

Miguel Sieler, CEO of Neovacs, said: "*During the first half of 2017, Neovacs completed patient enrollment of its Phase IIb clinical trial in lupus. Our priority is now to obtain the results from this study in June 2018. The company also obtained approval from the U.S. Food & Drug Administration to extend to the United States the Phase I/IIa clinical trial of IFNα Kinoid for an additional indication, dermatomyositis. We believe these clinical development milestones confirm the vast potential of IFNα Kinoid in multiple indications. in this context we recently completed a successful $6 million private placement with biotech-focused U.S. institutional investors. This has significantly strengthened the Company's financial position, the funds will be utilized to accelerate our robust R&D efforts.*"

KEY RECENT ACCOMPLISHMENTS

- Completed patient enrollment in phase the IIb clinical study of IFNα Kinoid in lupus. 185 patients have been enrolled in this trial, and top-line results are currently expected in the second quarter of 2018.

- Third positive data review by IDSMB follows completion of patient recruitment in phase IIb lupus trial. The board reviewed the cumulative safety data, identified no safety concerns and recommended the continuation of the study without modification.

- Obtained U.S. FDA approval to conduct a Phase I/IIa study of IFNα Kinoid in dermatomyositis. This clinical trial is expected to enroll 30 patients in Europe and the U.S.

- Neovacs signed a license agreement with Centurion pharma to market IFN-Kinoid for the treatment of lupus and dermatomyositis in Turkey

- Building of a strategic position in China, the world's 2nd largest pharmaceutical market. Formed a partnership with Biosense Global for the development and commercial rights for IFNα Kinoid for lupus and dermatomyositis in China and other selected territories.
Neovacs was also granted a new patent from the Chinese Patent Office (SIPO), titled: "*Method of treatment of a disease related to the overexpression of IFNα*".

- Entered into collaboration with Sunnybrook Research Institute of Toronto, Canada. This collaboration is focused on preclinical development of Neovacs' VEGF Kinoid.

- First positive immunogenicity results for IFNα Kinoid in an animal model of type-1 diabetes. Neovacs observed in treated NOD-Mice a significant level of anti-interferon Alpha neutralizing antibodies. This study is conducted by Neovacs in collaboration with Dr. Agnès Lehuen and Professor Christian Boitard from the department of Immunology of Diabetes at the Hospital Cochin in Paris**.** Additional preclinical proof-of-concept data are expected by year-end 2017**.**

- Presented Kinoid technology and updates on clinical programs at Keystone Symposia Conference.

EXPECTED UPCOMING MILESTONES

- Results of the phase IIb clinical study with IFNα Kinoid to treat Lupus expected in Q2 2018. This fully-enrolled phase IIb trial is a randomized, placebo-controlled, multicenter study in systemic lupus erythematosus (LES) (study IFN-K-002). The objective of this study is to evaluate the biological and clinical efficacy of IFNα Kinoid, the most advanced product candidate in Neovacs' pipeline, in patients with moderate to severe Lupus. The trial is currently taking place in 21 countries across Latin America, Asia, Europe, North Africa, and the U.S.

- Conclude preclinical proof of concept studies with IFNα Kinoid for the treatment of type-1 diabetes. The Company reported initial positive immunogenicity data for IFN Kinoid in a relevant mice model for type-1 diabetes. Additional preclinical proof-of-concept data are expected by year-end 2017**.**

- Accelerate patient enrollment in Phase I/IIa clinical study of IFNα Kinoid in dermatomyositis following recent FDA acceptance of the IND to expand the Phase I/IIa study into the U.S. The study is currently enrolling patients in European countries. This multicenter, single blind study plans to enroll 30 patients in Europe and the U.S.

HALF-YEAR 2017 RESULTS

Summary financial information

In K€	June 30, 2017	June 30, 2016
Revenues	512	104
Operating costs	10,755	7,971
of which, R&D	9,351	6,213
Operating profit/loss	**(10,244)**	**(7,868)**
Financial Results	-36	-42
Pretax profit/loss	-10,280	-7,910
Exceptional items	69	-41
Research tax credit	**-2,086**	-1,171
Net profit /loss	**-8,125**	-6,779

KEY FIRST HALF 2017 FINANCIAL RESULTS

In the first half of 2017, the company received a payment of €0.5M, following the signing of an option to license contract with Biosense Global LLC, with a total value of €65 million.

In line with previously issued guidance, the Company's operating expenses increased by 30% compared to June 30, 2016. This increase is the natural consequence of significant R&D investments in all ongoing clinical and preclinical development programs. This includes also costs associated with the optimization of the production process for IFNα Kinoid in view of the expected phase III study in lupus.

In order to support these R&D investments and in line with our strict financial management policy, the Company reduced its administrative costs, which now represent just 13% of operating expenses, compared to 22% on June 30, 2016.

R&D expenses in the first half of 2017 were supported by the 78% increase in research tax credit payments, compared to the first half of 2016.

CASH POSITION

The Company's available cash and cash equivalents at June 30, 2017, amounted to €1.8 million. However, this position increased significantly during the third quarter of 2017 through the following:

- Successful capital increase with US institutional investors: € 6 million
- Research tax credit: €2 million

The Company still has available the full third line of financing through its equity line agreement with Kepler Cheuvreux for a total amount of €6.5 million.

The funds raised to date in 2017 and the capital available from the research tax credit and the

third line of financing from the equity line, are expected to sufficiently support the company's strategic plans through June 2018.

The half-year financial results report is also available on the Neovacs website, www.neovacs.fr/en/, section "Investors".

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 IFNα-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

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