NEOVACS PROVIDES CORPORATE UPDATE AND REPORTS FULL YEAR 2016 FINANCIAL RESULTS

- **IFNα Kinoid to treat Lupus received "Fast Track" designation from FDA; Phase IIb ongoing**
- **Extended IFNα Kinoid clinical development program to Dermatomyositis; Phase IIa ongoing**
- **Extended IFNα Kinoid preclinical development program to Type 1 diabetes**
- **Secured key partnerships**
- **Balance sheet strengthened through capital increase of €8 million**
- **Operating expenses in line with projections, primarily therapeutic-candidate development**

Paris, March 30, 2017 – NEOVACS (Alternext Paris: ALNEV), a leader in discovery and development of innovative active immunotherapies for the treatment of autoimmune diseases, today provided a corporate update and announced its full-year 2016 financial results, as approved by its Board of Directors on March 29, 2017.

"*The past year has been a pivotal period for Neovacs. The Company achieved multiple clinical development and regulatory milestones, while maintaining strict control over expenses*," said Miguel Sieler, CEO of Neovacs. "*In 2017, we will focus on securing additional partnerships, which will allow us to further control our costs in the mid- and long-term, whilst maintaining ownership of our technology*."

2016 HIGHLIGHTS

New indications for IFNα Kinoid: Phase IIa dermatomyositis clinical trial and a preclinical Type 1 diabetes study

Following authorization by the European authorities, Neovacs initiated a Phase IIa clinical trial of IFN Kinoid to treat dermatomyositis in 30 adult patients. This multicentre European study aims to evaluate immunogenicity, tolerance and biological and clinical efficacy.

At the end of 2016, Neovacs began a preclinical type 1 diabetes study in "NOD-mice", a widely recognized model, in collaboration with Dr. Agnès Lehuen and Professor Christian Boitard, Department of Immunology of Diabetes at Hospital Cochin in Paris. Initial results of the study showed a strong immune response, marked by a high production of anti-IFNα neutralizing antibodies.

The activation of a U.S. Investigational New Drug (IND) protocol extended the IFNα Kinoid Phase IIb Lupus trial, including the first U.S. patients

Following the activation of an IND by the U.S. Food and Drug Administration (FDA), Neovacs extended its Phase IIb clinical trial into leading centers for Lupus treatment in the U.S. The study has attracted the interest of many leading U.S. clinicians, including specialists in autoimmune diseases. Due to strong demand, Neovacs opened additional U.S. centers, bringing the total number to 15.

FDA Fast Track Designation for IFNα Kinoid in lupus

IFN Kinoid was granted Fast-Track designation by the FDA. Fast-Track designation is provided for developing innovative therapies that target life-threatening, severe illnesses and have demonstrated pre-clinical and clinical ability to address an unmet medical need. This status facilitates interactions with FDA, accelerates product development and allows for priority review of the registration filing for marketing authorization.

Neovacs entered into two strategic agreements to secure and optimize the manufacturing of interferon alpha (IFN alpha), one of the primary raw materials required for IFN alpha Kinoid

Neovacs first acquired the rights to the technology required to manufacture IFNα from the Argentinian company, AMEGABIOTECH. This transaction facilitated a subsequent partnership with 3P Biopharmaceuticals, a Spanish leader in the production of biological drugs, to produce IFNα. These two agreements represent a significant step in securing manufacturing capabilities for the future development and commercialization of Neovacs' therapeutic vaccine, IFNα Kinoid.

Creation of a production subsidiary, Neostell, in partnership with Stellar Biotechnologies

Neovacs and Stellar Biotechnologies created the production company, Neostell SAS (Paris, France), in the form of a joint venture, owned 70% by Neovacs and 30% by Stellar Biotechnologies. Benefiting from the IFN alpha manufactured by 3P Biopharmaceutical, Neostell will be directly involved in the manufacturing of kinoids, positioning itself as a leader in the production of conjugated therapeutic vaccines. Neostell will provide Neovacs with its IFN alpha Kinoid therapeutic vaccine using the cytokine, IFNα (produced by 3P Biopharmaceutical), and the carrier protein, KLH (produced by Stellar Biotechnologies).

FULL YEAR 2016 RESULTS

Summary financial information

In K€	2016	2015
Revenues	**394**	**1 181**
Operating costs	**17, 655**	**12, 459**
of which, R&D	***14,658***	***10,683***
Operating profit/loss	**-17,261**	**-11, 279**
Financial Results	**-99**	**-157**
Pretax profit/loss	**-17, 361**	**-11, 436**
Exceptional items	**34**	**4 188**
Research tax credit	**-3, 394**	**-2, 565**
Net profit /loss	**-13, 932**	**-4, 683**

Due to the operating subsidy paid by BPI France for the PIAVE program in the amount of € 0.3 million, the Company's operating revenues at December 31, 2016, amounted to € 0.4 million.

In line with the Company's goals, the evolution of operating income reflects the intensification of clinical and pharmaceutical development programs over the past year, leading to an increase in operational expenditure of 42% to € 17.6 million, in 2016, compared to € 12.4 million in 2015. The increase in operating expenses, of which 83% is dedicated to R&D activities, was primarily driven by:

- The opening of clinical enrolment in the Phase IIb study at new centers in the U.S., which coincided with the most active phase in the recruitment of Lupus patients
- The initiation of a European IFNα Kinoid Phase I/IIa clinical study to treat Dermatomyositis (DM)
- The preparation of new IFNα Kinoid development batches in preparation for larger clinical batches.

The Company's net loss amounted to € 13.9 million in 2016, compared with € 4.7 million recorded in the previous year. This was offset by a significant increase in the French Research Tax Credit (+ 32% compared to 31 December 2015) in connection with the acceleration of R&D programs over this period.

CASH FLOW POSITION

At 31st December 2016, Neovacs had € 3.9 million in cash, which was further reinforced during the first half of 2017 by the following payments:

- An undisclosed first payment under the license option contract with BIOSENSE GLOBAL
- € 1.5 million from ''*Crédit Impôt Recherche*''
- € 2.4million from Tranche 2 under the equity financing line with Kepler.

The Company also has two additional flexible financing lines with Kepler Cheuvreux for a total of € 13 million. Clinical development-related expenses are expected to decrease significantly following the conclusion of patient enrollment in the IFNα Kinoid Phase IIb Lupus study, which is expected to begin in mid-2017.

NEOVACS TO PRIORITIZE PIPELINE DEVELOPMENT AND MAINTAIN STRICT FINANCIAL CONTROL IN 2017

Finalization of recruitment in Phase IIb study of IFNα Kinoid to treat lupus

The Phase IIb clinical study already has enrolled more than **80%** of its target number of 178 patients. The Independent Data Safety Monitoring Board (iDSMB) issued a favorable opinion for the continuation of the Phase IIb clinical study in January 2017.

Preliminary results of phase IIa clinical study in dermatomyositis expected in H2 2017

Preliminary results from the Phase IIa clinical trial with IFNα Kinoid to treat dermatomyositis are expected in the second half of 2017. The Company expects that these data will confirm the biological activity of the antibodies generated by IFNα-Kinoid and, therefore, provide the opportunity for Neovacs to file for "orphan- drug designation" in this indication.

Results of preclinical study in Type 1 Diabetes with IFNα Kinoid expected in H2 2017

Positive preclinical proof of concept in type 1 diabetes could lead to the launch of Phase II clinical development of IFN alpha Kinoid in this indication during the first half of 2018.

Neovacs extends development activities to China following partnership with BioSense Global LLC

Neovacs is preparing for the development of IFNα Kinoid in Asia following the signing of an agreement with BioSense Global LLC for the development and commercialization of the product in lupus and dermatomyositis in China and other selected territories. The licensing option with BioSense Global LLC included a cash upfront payment and is worth up to € 65 million, plus royalties. Neovacs received a first undisclosed payment upon signing, which will be followed by payments related to development and regulatory milestones, and later double-digit royalties on sales.

About Neovacs

Listed on Alternext 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, dermatomyositis and also in preclinical trial for Type 1 diabetes. Neovacs is also conducting preclinical development works on other therapeutic vaccines in the fields of auto-immune diseases, oncology and allergies. 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 1 53 10 93 14
cmasson@neovacs.com

LIFESCI ADVISORS- Investor Relations / Financial Communications
Chris Maggos
chris@lifesciadvisors.com
+41 79 367 6254

Media – NewCap:
Annie-Florence Loyer
afloyer@newcap.fr
+33 1 44 71 00 12 / +33 6 88 20 35 59