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HALF-YEAR RESULTS 2016
AND UPDATE ON OPERATIONAL DEVELOPMENT

- **Cash position significantly strengthened by successful capital increase**
- **Phase IIb clinical trial in lupus expanded into the United States**

Paris, September 30, 2016 – NEOVACS (Alternext Paris: ALNEV PEA-PME eligible), a leader in active immunotherapies for the treatment of autoimmune diseases, today announced its 2016 first half financial results, as approved by its Board of Directors on September 29, 2016.

Miguel Sieler, CEO of Neovacs, said: "During the first half of 2016, Neovacs completed a successful capital increase that significantly strengthened the company's financial position and enabled us to continue our work in lupus and dermatomyositis. Indeed, in the first half of the year, Neovacs advanced its Phase IIb clinical study in lupus, accelerating patient enrollment and obtaining two important approvals from health authorities in South Korea and the United States, enabling us to expand the study into these two countries. Moreover, to be prepared for the eventual submission for regulatory approval of our product for lupus, we have created, in collaboration with Stellar Biotechnologies, the production company Neostell. We have already initiated the necessary studies to move from clinical-scale production to larger commercial-scale batches."

HALF-YEAR 2016 RESULTS*

Summary financial information

In K€	June 30,2016	June 30,2015
Revenues	104	94
Operating costs	7, 971	5, 714
of which, R&D	6, 213	4, 724
Operating profit/loss	**(7, 868)**	**(5, 620)**
Financial results	(42)	(205)
Pretax profit/loss	(7, 910)	(5, 825)
Exceptional items	(41)	(48)
Research tax credit	1, 171	1, 003
Net profit /loss	**(6 779)**	**(4 870)**

**unaudited figures*

Increased R&D expenses in line with expectations

For the six months ended June 30, 2016, operating expenses amounted to € 7.8 million. This increase in line with the guidance reflects the funding of the Phase IIb clinical study in lupus, especially the geographical expansion into the US, increased patient enrollment and preparation of clinical batches for the next phase III study. In parallel, Neovacs prepared for the initiation of a Phase IIa study in Europe for the treatment of dermatomyositis with IFN-K. The company is also pursuing preclinical work in AMD (age-related macular degeneration), solid tumors (VEGF-K), allergies (IL4 / IL-13) and diabetes type I (IFN-K).

Research and development expenses in the first half of 2016 were € 6.2 million, compared to € 4.7 million in the first half of 2015, and accounted for almost 80% of operating expenses.

As a result, the operating loss was € 7.9 million for the first half of 2016, compared to € 5.6 million for the same period in 2015, in line with expectations.

Inclusive of the tax income related to the research tax credit (CIR) of € 1.2 million, net loss was € 6.8 million, compared to € 4.9 million for the same period in 2015.

Significantly strengthened financial position

A capital increase with preferential subscription rights of € 8.0 million completed on June 23, 2016 strengthened the financial structure of the company. Cash and cash equivalents amounted to € 9.2 million at June 30, 2016 compared to € 6.0 million at June 30, 2015.

The Company also has two equity lines with Kepler Cheuvreux totaling € 13 million, which it could potentially use to have a net working capital sufficient to meet its obligations for the next twelve months.

KEY HIGHLIGHTS IN THE FIRST HALF OF 2016: COMPLETED SIGNIFICANT STEPS TO ENSURE THE CONTINUITY OF DEVELOPMENT PLAN

- **Creation of a joint production company with Stellar Biotechnologies,** which has collaborated with Neovacs for many years. Neostell will be located in the Ile-de-France area and is expected to manufacture all kinoids for Neovacs, starting with IFNa Kinoid. Neostell also plans to manufacture and sell other KLH-based immunotherapy products for third-party customers worldwide. The trigger investments for this production unit are expected after the announcement of the Phase IIb study results of IFNa Kinoid in lupus, currently led by Neovacs.
- **Continuation of the Phase IIb study of IFNa Kinoid in lupus** whose objective is to evaluate the biological and clinical efficacy of IFNa Kinoid in patients with moderate to severe forms of lupus.
- **Obtaining approval of authorities in South Korea and in the US to expand the Phase IIb study in lupus into those countries**. This clinical trial is expected to enroll 178 patients in 19 countries in Latin America, Asia, Europe and the United States.
- **Authorization by European authorities to initiate the clinical Phase IIa study in dermatomyositis**. This multicenter study plans to enroll 30 adult patients in Europe (France, Italy, Germany, UK and Switzerland) and will evaluate the immunogenicity, tolerability and the biological and clinical efficacy of IFNa kinoid.
- **Successful capital increase raising 8 million euros**. This significantly strengthened the Company's financial postition, providing additional resources to finance operations, in particular, preclinical, clinical and external costs related to the development of IFNa Kinoid for the treatment of lupus.

OUTLOOK FOR THE SECOND HALF OF 2016: TOP PRIORITY -IFNa KINOID & REDUCTION OF THE EXPENSES FOR THE PHASE IIb STUDY

- **Advance the Phase IIb study with IFNa Kinoid in lupus**
  The company carried out the bulk of spending for this study in the 1st half of 2016, it will continue to focus on the most advanced product of its technology: IFNa Kinoid in lupus, without the need for additional investments.
  This product is currently in a Phase IIb study. Neovacs plans to enroll 178 patients in 19 countries in Asia, Europe, Latin America and the United States.

- **Initiate a Phase IIa study with IFNa Kinoid in dermatomyositis**
  The company plans to initiate a Phase IIa study in dermatomyositis, in close cooperation with European disease specialists. This multicenter study plans to enroll 30 patients in Europe (France, Italy, Germany, UK and Switzerland). The trial will be in two parts: the first part will document the immune response induced by IFNa Kinoid and the second part will evaluate the safety and efficacy - biologically and clinically - of IFNa kinoid.

- **Neovacs' International Scientific Board to meet in New York**
  Neovacs has appointed to its International Scientific Board a group of renowned scientists, which should enable the company to find new and interesting scientific collaborations for the development of its therapeutic vaccines and their applications. This Board is expected to meet before the end of this year to discuss recent scientific findings (or publications) linking the role of IFNa to several autoimmune diseases.

- **Neovacs to participate at BIO Europe 2016**
  To support its growth, the company is seeking new partnerships and is talking with several international and regional firms. To this end, Neovacs will present at attend BIO Europe 2016 to be held in Cologne November 7-9, 2016. This is a major partnering event for the biotechnology industry.

About Neovacs
Created in 1993, 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. 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.

For more information on Neovacs, please visit www.neovacs.fr

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