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2010 Financial results in line with expectations

- Significant progress made on two product candidates: Initial proof of concept for TNF-Kinoid in Crohn's Disease, and human clinical testing initiated with IFN α -Kinoid;
- Initial public offering raising € 9.1 million (net of expenses) to finance the planned clinical studies;
- Operating expenses of € 10 million, an increase of 15%, reflecting the increased pace of clinical development;
- Important news flow expected throughout the first half of 2011;
- Net cash of € 8.4 million at 31st December 2010.

Paris, 7th March 2011 - Neovacs (Alternext Paris: ALNEV), a biotech company focused on an active immunotherapy technology platform (Kinoids) with applications in the treatment of autoimmune diseases, inflammatory diseases and cancer, today announced its financial results for the 12 months to 31st December 2010. The period under review was notable for the Company's successful initial public offering, which raised €9.1 million (net of expenses), to be employed to fund the Company's clinical development program. One clinical trial has been completed so far and three international clinical studies are ongoing with the two most advanced product candidates, in Crohn's Disease, rheumatoid arthritis and lupus.

The year also saw the announcement of encouraging results from the Phase I/II study of the TNF-Kinoid, demonstrating its promise for the treatment of Crohn's Disease.

Regarding IFN α -Kinoid, as announced on 21st February, recruitment of the 28 patients required by the protocol has been completed. First results will be presented on 8th April 2011 at the 8th European Lupus Meeting in Porto.

Guy-Charles Fanneau de La Horie, CEO of Neovacs, commented: *"2010 was a very successful year, and 2011 is expected to be busy with potential value-creating developments. The results presented at the ECCO congress on 25 February clearly showed the good safety profile and promising clinical effect of the TNF-Kinoid in Crohn's Disease: the Phase II study is intended to provide statistically significant confirmation of these findings. Having completed recruitment of the Phase I/II study with our second product candidate, IFN α -Kinoid, we expect to present first results from this study, which is currently blinded, at the 8th European Lupus Meeting in Porto."*

Financial results¹ in line with the plan presented at the time of the IPO

In K€	2010	2009
Total revenue	17	370
<i>Of which, grants</i>	0	248
Total operating costs	- 10,056	-8,747
<i>Of which, R&D</i>	-8,060	-7,764
Operating result	-10,039	-8,377
Pre-tax profit	-10,277	-8,409
Research tax credit	-1,316	-1,532
Net income	-8,983	-6,891

Cash at 31 December	8,351	2,284
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Over the course of the year, operating costs amounted to € 10.1 million, an increase of 15% compared to the € 8.7 million incurred in 2009. This increase is explained by:

- The start of two clinical studies in 2010, and preparations for the initiation of a third, the Phase II with TNF-Kinoid in Crohn's Disease, which began in January. In the first half of 2010, Neovacs started a Phase IIa study with TNF-Kinoid in rheumatoid arthritis and a Phase I/II with IFN α -Kinoid in lupus.
- One-off costs associated with the Company's IPO.
- A strengthening of the R&D staff, to support the execution and follow-up of the four clinical studies.

R&D represented 80% of operating expenses in 2010.

At the end of August 2010, the Company received payment of a tranche of the grant from OSEO, which finances in part the "Tracker" research program for the TNF-Kinoid in rheumatoid arthritis. The amount received was € 963,137, which has the effect of reducing the expenses eligible for the research tax credit. Research tax credit therefore declined in 2010 to € 1.3 million as opposed to € 1.5 million in the prior year.

The net loss for the 2010 financial year was € 9 million.

Net cash available at 31st December 2010 was € 8.4 million, resulting from:

- € 9.1 million raised (net of expenses) pursuant to the Company's listing on Alternext in April, together with the reimbursable advance from OSEO referred to above.
- Cash used to support operations was tightly controlled, at € 8.1 million in 2010 *versus* € 8 million in 2009.

¹ The annual accounts for 2010 were approved by the Board of Directors on 22th February 2011. The audit of these accounts is complete and the audit report will be issued shortly.

2011 Outlook

During 2011, Neovacs expects to hit major milestones in the clinical development of its two product candidates:

- For IFN α -Kinoid in lupus, Neovacs expects to announce the first results from the Phase I/II study on 8th April.
- For TNF-Kinoid in Crohn's Disease, Neovacs hopes to be in a position to communicate preliminary results from the Phase II study at the end of the second quarter 2011.
- For TNF-Kinoid in rheumatoid arthritis, the Phase IIa study is ongoing.

In order to finance these R&D efforts, the Board of Directors envisages using the authority delegated to it by the shareholders to raise new capital during 2011.

About Neovacs

Neovacs is a biotechnology company focused on an active immunotherapy technology platform (Kinoids™) with applications in autoimmune diseases and other chronic conditions. Neovacs proprietary technology, protected by five patent families, aims to induce a polyclonal immune response from the patient's own immune system targeting an over-expressed cytokine. Neovacs' current portfolio consists of 3 drug candidates: TNF-Kinoid, IFN α -Kinoid and VEGF-Kinoid. The company's lead immunotherapy program (TNF-Kinoid) targets TNF-mediated chronic inflammatory diseases. For TNF-Kinoid, a Phase I/II clinical trial in Crohn's disease has been completed and Phase II trials in rheumatoid arthritis (RA) and Crohn's Disease are ongoing. The RA clinical study is also the focus of collaboration with the French diagnostics company BMD, with the goal of developing theranostic tools for personalized care in RA. Patient recruitment is complete in a Phase I/II trial of Neovacs' second product candidate (IFN α - Kinoid, an immunotherapy targeting interferon alpha) in the treatment of lupus.

For more information, visit the Neovacs website at www.neovacs.com

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