# FINANCIAL RESULTS FOR 2011

- **Cash and cash consumption in line with expectations**
- **2011 a key year for clinical results**
- **2012 expected to deliver further validation of the potential of the Kinoid technology**

**Paris, 20th February 2012 –** Neovacs (Alternext Paris: ALNEV), a biotech company focused on the development of active immunotherapies to treat autoimmune and inflammatory diseases, today announced its financial results for the year to 31 December 2011 as approved by the Board of Directors on February 16th 2012.

**Results in line with expectations: R&D expenses consistent with development plan, tight control of overhead expenses**

| In € '000s | 2011 | 2010 | Chg. % |
|---|---|---|---|
| **Revenues** | **392** | 17 | +2,206% |
| ***Of which, grants*** | *364* | | |
| **Operating costs** | -10,595 | -10,056 | +5% |
| ***Of which, R&D*** | *-8,991* | *-8,060* | |
| **Operating profit/loss** | -10,203 | -10,039 | +1% |
| **Pretax profit/loss** | -10,198 | -10,277 | -1% |
| **Research tax credit** | -1,596 | -1,316 | +21% |
| **Net income/loss** | -8,114 | -8,983 | +10% |
| | | | |
| **Period end cash balance** | 10,533 | 8,351 | +26% |

Revenues for the year to 31 December 2011 were 392 thousand euros. Since the company is still a development stage enterprise, effectively all the revenues arose from a grant paid by OSEO in the first half of the year under the "TRACKER" program, related to the development of the TNF-Kinoid in rheumatoid arthritis.

Operating costs rose to 10,595 K€ for the period, reflecting both the significant progress in the clinical development of the Company's products and tight control of indirect costs. R&D expense amounted to , 8,991 K€, in line with the Company's projections. R&D expense was 85% of the Company's total operating cost, representing an improvement of 5 percentage points as compared to the prior period.

As a result, operating losses at 10,203 K€ showed only a very modest increase over 2010. After taking into account an exceptional gain of 522 K€ arising from the balance of a reimbursable advance from OSEO in respect of the VEGF-Kinoid in the amount of 450 K€, and a capital gain in the amount of 72 K€ euros arising from the purchase and sale of shares in the Company under the liquidity contract, a capital loss of 34 K€ arising from the purchase and sale of shares in the Company under the liquidity contract, and a tax credit arising from the CIR of 1,596 K€, the net loss for the year to 31 December, 2011 was 8,114 K€. This compares to a net loss of 8,983 K€ for the prior period of 2010, a significant improvement of 10%.

**Shareholders' funds strengthened by nearly 10 Million €**

Available cash balances at 31 December 2011 were 10,533 K€. As announced in the first half of the year, the Company materially strengthened its financial resources via several successful capital raising exercises with Debioinnovation, its historical shareholders Truffle Capital and OTC AM, as well as other qualified institutional investors. In addition, in the first half, Neovacs received payment of financial support from OSEO of 1.4 M€ under the "TRACKER" project, comprising a grant of de 0.4 M€ and a reimbursable advance of 1.0 M€. Lastly, a payment of 1.3 M€ was received in respect of the Research Tax Credit balance carried at 31 December 2010.

Taking these cash inflows into account, the available cash balance at the end of 2011 of 10,533 K€ reflects a cash burn during 2011 of 8,696 K€, very much in line with the Company's projections given its clinical development program.

Of note, the Company has no material indebtedness and so benefits from a strong balance sheet.

**Highlights of 2011 and recent developments: Important clinical progress**

Neovacs is developing active immunotherapies for three autoimmune/inflammatory diseases: lupus, Crohn's disease and rheumatoid arthritis. In line with its planned strategy, 2011 and early 2012 saw significant clinical progress in these three indications:

- Lupus: Having completed patient enrollment of the Phase I/II study of IFNα-Kinoid in February 2011, Neovacs presented the full results of the study on the 8th of November at the ACR Scientific Meeting in Chicago. These results were very positive, showing the Kinoid's excellent tolerability, strong immunogenicity and statistically significant activity on markers of lupus disease.

- Crohn's disease: Neovacs presented the results of its Phase I/II study of TNF-Kinoid at both the international gastroenterology conferences in February and May 2011. These results highlighted that the TNF-Kinoid is well-tolerated and immunogenic. In addition, they also showed very encouraging evidence of clinical activity, with a remission rate of 50% at the 180 mcg and 360 mcg doses. On the 15th December 2011, Neovacs announced the completion of patient recruitment in its international Phase II study in Crohn's.

- Rheumatoid arthritis: Following completion of patient recruitment in early August 2011 in the Phase IIa study of the TNF-Kinoid, in January 2012, Neovacs published final results that exceeded its expectations. Not only did the trial once again confirm the excellent tolerability of the TNF-Kinoid, but it also served to highlight the first indications of efficacy in this indication, which is very encouraging given the design and size of the study.

In addition, Neovacs' results have been published in prestigious scientific journals such as "The Annals of Rheumatic Diseases". Lastly, the presentations of the results at the scientific congresses were very well received by the scientific community.

**2012 Outlook: Further significant validation of the potential of the Kinoid technology expected**

2012 is expected to be a key year for Neovacs, with several major milestones that should further consolidate the therapeutic value of its product candidates both with the scientific community and potential partners, and which therefore represent important advances in the near term.

Specifically, Neovacs confirms that it will publish the results of its Phase II clinical study in Crohn's Disease during the second quarter. In addition, Neovacs' studies are expected to be the subject of several articles in prestigious scientific journals as well as presentations at leading scientific congresses.

In terms of financing, consistent with what was already announced with the half year results, Neovacs confirms that the cash currently available is sufficient to finance planned operations as summarized above until the end of 2012.

Guy-Charles Fanneau de la Horie, CEO of Neovacs, commented: "*Our Kinoid active immunotherapy technology is intended to deliver sustained therapeutic benefit where antibodies have lost efficacy; these are markets worth several billion dollars, and major areas of unmet medical need. Given the quality of the results achieved in different indications, our technology's potential is increasingly being recognized in the scientific community as well as by potential partners. Consequently, these factors make us more confident than ever in the development plan for Neovacs and reinforce our strategy for the systematic creation of shareholder value.*"

**About Neovacs**

***Neovacs*** is a biotechnology company focused on an active immunotherapy technology platform (Kinoids) with applications in autoimmune and inflammatory diseases. On the basis of the company's proprietary technology for inducing a polyclonal immune response (covered by five patent families that run until at least 2023), Neovacs is focusing its development efforts on two active immunotherapies: TNF-Kinoid is being developed for the treatment of TNF-mediated autoimmune diseases such as rheumatoid arthritis and Crohn's disease, whereas IFNα-Kinoid is being developed for the indication of lupus. 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, visit www.neovacs.com**

**Contacts**

**Press – ALIZE RP**
Caroline Carmagnol
+33 (0)1 42 68 86 43
caroline@alizerp.com.com

**Neovacs**
Guy-Charles Fanneau de la Horie
gdelahorie@neovacs.com

**Investors – NewCap**
Axelle Vuillermet
+ 33 (0) 1 44 71 94 93
avuillermet@newcap.fr