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2013 HALF-YEAR FINANCIAL RESULTS

- **Improvement in operating performance**
- **Cash position of 8.3 M€ following a capital increase in Q1**
- **Initiation of a phase IIb study of TNF-Kinoid in Rheumatoid Arthritis**

Paris, September 13 2013 – Neovacs (Alternext Paris: ALNEV), a leader in therapeutic vaccines for the treatment of autoimmune diseases, today announced its financial results for the first half of 2013, as approved by the board of directors on September 12, 2013.

Financial highlights

In K€	HY2013	HY2012
Revenues	**10**	**103**
Operating costs	**-3,656**	**-4,691**
Of which, R&D costs	**2,719**	**3,708**
Operating income/loss	**-3,646**	**-4,588**
Financial income	**-37**	**-8**
Pretax income/loss	**-3,683**	**-4,595**
Exceptional items	**-6**	**-66**
Research tax credit	**409**	**660**
Net income/loss	**-3,279**	**-4,002**
Cash and cash equivalents	**8,259**	**6,622**

- **Rigorous control of expenses**

Operating costs in the first half of 2013 were 3.7 M€, compared to 4.7 in the first half of 2012. This 22% decrease was expected and is linked to the completion of the clinical studies initiated in 2011-2012. R&D expenses were 74% of total operating costs for the period – a total of 2.7 M€ compared to 3.7 M€ during the same period in 2012. The Company has carefully controlled administrative expenses to focus its resources on the clinical development of its drug candidates.

The operating income reflects this control of expenses with a loss of 3.6 M€, a 20.5% decrease from 4.6 M€ for the prior period. After taking into account the 409 K€ R&D tax credit (*crédit d'impôt recherche*), the net loss for the period decreased significantly to reach 3.3 M€ - a 723 K€ improvement.

- **Cash on hand at the end of June 2013: 8.3 M€**

The cash position improved with a capital increase completed in March 2013. After taking into account a 1.2 M€ tax credit for the R&D expenses incurred over 2012 and a 415 K€ repayable advance from OSEO, cash and cash equivalents at period end were at 8.3 M€ compared to 6.6 M€ in June 2011. Financing of the Company, and notably of the TNF-Kinoid phase IIb clinical study, is assured for the next 12 months.

Clinical highlights for the first half of 2013 and perspectives

- **Scientific publications**

Publications in *Arthritis & Rheumatism* and Science over the first half of 2013 attest of a growing scientific and medical community interest in the role played by type I interferon in the immune response. This lends further validation to interferon blockade as a valid therapeutic pathway to treat lupus.

- **Initiation of the TNF-K-006 study in Rheumatoid Arthritis (RA)**

The Company completed the protocol for the phase IIb study of its anti-TNF therapeutic vaccine (TNF-Kinoid) in RA. The primary endpoint is clinical efficacy of TNF-Kinoid. The double blind, randomized, placebo-controlled study will be conducted in 140 RA patients (active disease) with inadequate response to methotrexate but have never been treated with TNF antagonists.

Applications have been filed with health autorities in 10 countries of Eastern and Central Europe and the Middle East. Consistent with its clinical development plan, the Company expects the study to begin in the second half of 2013 with the inclusion of the first patients.

- **Ongoing works with IFNα-Kinoid**

Experimental lab testing on samples collected during the Phase I/II study of IFNα-Kinoid in lupus is being conducted by Neovacs research team in order to prepare for the next phases of clinical development.

Guy-Charles Fanneau de la Horie, CEO of Neovacs, concludes: *"The positive outcome of our capital increase last March, oversubscribed by 135%, is a strong vote of confidence by investors and our shareholders. It improved our cash position and allows us to advance the development of our therapeutic vaccines. A phase IIb clinical study of TNF-Kinoid in RA will begin in the second half of 2013. Anti-TNF biologics, the current standard of care for RA, are among the top selling drugs of the pharmaceutical industry, with billion-dollar revenues. The commercial potential of a differentiated treatment, with sustained efficacy, a low cost structure, and requiring only 3-to-4 shots per year is immense.*

About Neovacs

Neovacs is a 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

run until at least 2023) Neovacs is focusing its development efforts on two therapeutic vaccines: 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.fr

Contacts

Press – ALIZE RP
Caroline Carmagnol
+33 (0)1 70 22 53 86
caroline@alizerp.com

NEOVACS
Nathalie Trépo
+33 (0)1 53 10 93 00
ntrepo@neovacs.com

Investors - NewCap
Valentine Brouchot
+ 33 (0) 1 44 71 94 93
vbrouchot@newcap.fr