

## Pharnext Announces a New Financing Through a Convertible Bond Program for a Total Amount up to €81 Million Gross to Extend its Cash Runway and to Continue to Fund its Pivotal Phase III Study of PXT3003, the PREMIER trial, in Charcot-Marie-Tooth Disease Type 1A ('CMT1A')

- Additional financing in up to 35 OCEANE-BSA tranches representing a gross total par value of €81 million over a 36-month period subject to customary conditions and, for the tranches 17 to 35, to the approval of a specific authorization by the combined general meeting of shareholders to be held on June 30, 2021
- Issuance of the first tranche of a gross par value of €5.5 million
- Maximum potential dilution the 35 OCEANE-BSA tranches would lead a shareholder holding 1% of the share capital before the financing to hold 0.38% of the share capital after the full drawdown and conversion and exercise of the OCEANE and BSA<sup>1</sup>.

**PARIS, France, 8:00 a.m. CET, June 7, 2021 – Pharnext SA (FR0011191287 - ALPHA)** (the “Company”), an advanced late-stage clinical biopharmaceutical company pioneering new approaches to developing innovative drug combinations based on big genomics data and artificial intelligence using its PLEOTHERAPY™ platform, today announced the entry into a convertible bonds financing agreement (the “**Issuance Agreement**”) with Global Tech Opportunities 13 (the “**Investor**”), in which Alpha Blue Ocean acted as arranger, by means of the issuance of 8,100 warrants giving access to bonds convertible into new shares or exchangeable for existing shares with a par value of €10,000 each (the “**OCEANE**”) in several tranches. Subject to contractual and market conditions, the Investor committed to subscribe up to a maximum gross amount of €81 million in OCEANE. The financing program consists of 35 tranches of OCEANE (one tranche of 550 OCEANE, six tranches of 300 OCEANE, three tranches of 250 OCEANE followed by twenty-five tranches of 200 OCEANE each, it being specified that the size of such tranches may be lowered by the Investor depending on market conditions) of OCEANE with share subscription warrants attached (the “**BSA**” and with the OCEANE, the “**OCEANE-BSA**”).

### Use of Proceeds

The Company intends to use the net proceeds of this financing program, together with cash on hand, primarily to continue the development of the Pivotal Phase III clinical study ('PREMIER trial') of PXT3003 in CMT1A through trial enrolment as well as the next readout of top-line data in the ongoing long-term Phase III extension study and to extend its cash runway.

*“We are pleased to announce this financing that extends our cash runway to continue to fund and complete our pivotal Phase III study, the PREMIER trial, in CMT1A. This program relieves our financing overhang and allows us to progress our business plan to value creation for patients and shareholders with enthusiasm. This financing program is structured in order to let the Company manage its cash-needs while preserving flexibility in drawing down the tranches”, said Dr. David Horn Solomon, Chief Executive Officer of Pharnext.*

*“We are excited to embark on this journey with Pharnext to provide the funding necessary to complete their pivotal Phase III study, the PREMIER trial, for CMT1A in which there is no approved treatment. The Company’s innovative technology allowing it to combine genomic big data and Artificial Intelligence puts it at the forefront to build long-term value to the number of patients suffering from neurodegenerative diseases and to its shareholders” said Pierre Vannineuse, Chief Executive Officer at Alpha Blue Ocean and Frederic Sutterlin, Venture Partner at Alpha Blue Ocean.*

This financing program did not and will not require the publication of a prospectus submitted to the approval of the Autorité des Marchés Financiers (“AMF”).

<sup>1</sup> Theoretical calculations on the basis of a conversion price equal to 94% of the lowest daily VWAP (as published by Bloomberg) during the fifteen (15) trading days preceding the date hereof i.e. €2.745 x 94% = 2.58.

**Condition to the issuance of the tranches of OCEANE-BSA following the 16th tranche**

The OCEANE-BSA will be issued upon exercise of warrants issued free of charge on June 4, 2021 for a 36-month duration (the "Tranche Warrants").

The 4,300 Tranche Warrants allowing for the subscription of the first 16 tranches of OCEANE representing a total par value of €43 million were issued on June 4, 2021 by decision of the chief executive officer of the Company acting upon authorization of the board of directors held on May 27, 2021 itself acting upon the authorization granted by the shareholders' combined general meeting of July 17, 2020 in its 18<sup>th</sup> resolution.

The first tranche of OCEANE-BSA, having a gross par value of €5.5 million has been drawn down on June 4, 2021 upon request of the Company which was not aware of any inside information which should be disclosed to the public pursuant to the European Regulation n° 596/2014 on market abuse.

From the 17<sup>th</sup> tranche, Pharnext will have to obtain the approval of its shareholders to continue this financing program by drawing down further tranches of OCEANE-BSA from Global Tech Opportunities 13 and therefore Pharnext will submit a specific authorization to its shareholders' combined general meeting to be held on June 30, 2021 on its twenty-fourth resolution (the "**Condition**").

In the context of the Financing, the outstanding convertible bonds issued by the Company on February 3, 2021 shall be redeemed in cash by the Company.

**Impacts of the Issuance Agreement in terms of funding horizon**

The first ten tranches of OCEANE Bonds representing an aggregate net cash-in of €23.51 million after deduction of the total commitment fee will extend the Company's financing horizon up until the first quarter of 2022.

**Fees and indemnification rights**

In consideration of the commitment by the Investor to fund any drawn-down tranche up to a maximum of EUR 81,000,000, Pharnext agreed to pay a commitment fee of a fixed amount to Global Tech Opportunities 13 which will be paid in ten equal installments within the next 12 months by means of set-off against a portion of the subscription price of the first ten OCEANE-BSA tranches of the financing.

Further, should Pharnext be unable to deliver the shares owed to Global tech Opportunities 13 having converted all or part of its outstanding OCEANE, it will have to acquire the converted OCEANE for a price equal to the number of new shares which should have been issued upon conversion of the OCEANE multiplied by the closing price of the share on the day prior to the conversion date.

Similarly, should Pharnext be unable to deliver the shares owed to Global tech Opportunities 13 having exercised all or part of its outstanding BSA, it will have to acquire each BSA exercised for a price equal the difference between (a) the closing price of a share on the day prior to the date of exercise of the BSA and (b) the Exercise Price.

Further, should Pharnext fail to deliver the shares owed to Global tech Opportunities 13 upon conversion of OCEANE or exercise of BSA within the contractual timeframe, it will have to pay (i) one thousand Euros (EUR 1,000) per trading day of delay in the delivery of the shares, and (ii) an amount equal to the loss in capital gain suffered by Global Tech Opportunities 13 due to the delay in delivering the new shares.

**Terms and legal framework of the issuance*****Main characteristics of the Tranche Warrants***

The Tranche Warrants will not be listed or admitted to trading on the Euronext Growth market of Euronext Paris or on any other financial market.

The Tranche Warrants may not be assigned or transferred without the prior consent of the Issuer, except to any other fund or company controlling or controlled by the Investor.

Upon request of the Company and subject to the satisfaction of conditions precedent, or upon request of the Investor (such right of the Investor being available as from January 1, 2022 and for the drawdown of up to 7 tranches only), the Investor shall subscribe to a tranche of OCEANE with BSA attached and pay the corresponding subscription price upon exercise of the corresponding Tranche Warrants (with a ratio of 1 Tranche Warrant for 1 OCEANE-BSA).

Subject to the fulfillment of contractual conditions, the Company shall have the right (and not the obligation) to request the disbursement of a tranche of OCEANE on the earlier of (i) the trading day following the conversion or redemption of all the outstanding OCEANE and (ii) the trading day following the expiry of a period equal to 20 trading days following the issuance of the previous tranche of OCEANE.

### ***Main characteristics of the OCEANE***

The OCEANE may not be assigned or transferred without the prior consent of the Issuer, except to any other fund or company controlling or controlled by the Investor.

The OCEANE will not be listed or admitted to trading on the Euronext Growth market of Euronext Paris or on any other financial market.

Each OCEANE shall have a par value of €10,000.

Each OCEANE will have a duration of twelve (12) months after its issuance (the “**Maturity Date**”). If an OCEANE is not converted before the Maturity Date, the OCEANE will be automatically converted into shares of the Company on such date.

The OCEANE will not bear interest. However, upon occurrence of an event of default, outstanding OCEANE may be redeemed at 110% of their par value upon request of the Investor.

The number of new or existing shares to be issued or transferred by the Company for each OCEANE whose conversion is requested by its holder shall be equal to:

$N = Pv / P$ , in which:

“N” is number of new or existing shares to be issued or transferred by the Company to the holder;

“Pv” is the par value of an OCEANE, i.e. €10,000; and

“P” is the conversion price of an OCEANE, i.e. the higher of (i) 94% of the lowest daily volume weighted average share price (“**VWAP**”) (as published by Bloomberg) during a period of fifteen (15) trading days immediately preceding the date of receipt of the conversion notice of an OCEANE by the Company and (ii) the nominal value of the shares, it being specified that, only for the OCEANE to be converted prior to the approval of the combined general meeting of shareholders to be held on June 30, 2021 on a specific authorization designed for the purpose of this financing program, P shall not be lower than 70% of the VWAP of the Company’s shares over the three trading days preceding any conversion date.

### ***Main characteristics of the BSA***

The number of BSA attached to each tranche of OCEANE will be equal to 20% of the aggregate par value of such tranche of OCEANE divided by the applicable Exercise Price (as defined below).

It is reminded that the issuance of these BSA after the drawdown of the first 16 tranches of OCEANE shall remain subject to the Condition being met.

The BSA shall immediately be detached from the OCEANE. The BSA may not be assigned or transferred without the prior consent of the Issuer, except to any other fund or company controlling or controlled by the Investor.

The BSA will not be listed or admitted to trading on the Euronext Growth market of Euronext in Paris or on any other financial market.

Each BSA shall give to its holder the right, for five years from its issuance, to subscribe to one ordinary share in the Company (subject to legal adjustments).

The exercise price of the BSA shall be equal to 120% of the lowest daily VWAP (as published by Bloomberg) over the fifteen (15) consecutive trading days preceding the issuance date of the tranche of OCEANE to which said BSA were attached (the “**Exercise Price**”).

Depending on the assumed volatility of the share price applied (50%) and on the basis of the Company’s closing share price on May 31, 2021 (i.e. €2.835), the theoretical value of a BSA is equal to € 0.86.

#### **New shares resulting from the conversion of OCEANE or the exercise of BSA**

The new shares issued upon the conversion of OCEANE or the exercise of BSA will carry dividend rights. They will have the same rights as those attached to the Company’s existing ordinary shares and will be admitted to trading on the Euronext Growth market of Euronext Paris in the same listing line (FR0011191287).

The Company shall keep an up-to-date table of the number of Tranche Warrants, OCEANE, BSA and the number of shares outstanding on its website ([www.pharnext.com](http://www.pharnext.com)).

#### **The main risks related to this financing are the following:**

- This financing program entails the issuance of several kinds of complex securities giving access to the share capital of Pharnext and including in particular a debt component;
- The volume of completion of this financing program is uncertain and will notably depend upon market conditions;
- This financing program will entail a dilution due to the issuance of new shares upon the conversion of the OCEANE and the exercise of the BSAs by GLOBAL TECH OPPORTUNITIES. An illustration of the dilution which could result from these issuances of new shares is presented below;
- Global Tech Opportunities 13 will sell these new shares, at its discretion, which could have an effect on the volatility, the liquidity and the market price of the Company shares.

#### **The Company’s shareholding structure after the conversion of EUR 81 million OCEANE and the attached BSA**

For illustration purposes, the impact of the issuance of OCEANE-BSA would be as follows:

- Impact of the issuance on equity per share (on the basis of equity as at December 31, 2020, i.e. - €13,191,614, and the number of shares making up the Company’s share capital as at May 31, 2021, i.e. 22,349,489 shares):

	Equity per share as at December 31, 2020 *	
	Non-diluted basis	Diluted basis**
Before issuance	- €0.59	€0.51
After issuance of only the 2,131,535 new shares resulting from the conversion of the first tranche of OCEANE	€0.31	€0.67
After issuance of only the 29,260,163 new shares resulting from the conversion of the 34 additional tranches of OCEANE ***)	€1.26	€1.64
After issuance of only the 4,918,032 new shares resulting from the exercise of BSA attached to the 35 tranches of OCEANE***	€0.11	€0.96

TOTAL After issuance of 36,309,730 new shares resulting from the conversion of OCEANE and the exercise of BSA***	€1.43	€1.77
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\*Theoretical calculations on the basis of a conversion price equal to 94% of the lowest daily VWAP (as published by Bloomberg) during the fifteen (15) trading days preceding the date hereof i.e.  $€2.745 \times 94\% = 2.58$ .

\*\*After exercise of all existing dilutive instruments that could result in the creation of an indicative maximum of 3,759,058 new shares.

\*\*\*The issuance of these additional OCEANE and BSA remains subject to the satisfaction of the Condition.

- Impact of the issuance on the investment of a shareholder currently holding 1% of the Company's share capital (on the basis of the number of shares making up the Company's share capital as at May 31, 2021, i.e. 22,349,489 shares):

	Shareholder's equity*	
	Non-diluted basis	Diluted basis**
Before issuance	1.00%	1.00%
After issuance of only the 2,131,535 new shares resulting from the conversion of the first tranche of OCEANE	0.91%	0.92%
After issuance of only the 29,260,163 new shares resulting from the conversion of the 34 additional tranches of OCEANE ***)	0.42%	0.45%
After issuance of only the 4,918,032 new shares resulting from the exercise of BSA attached to the 35 tranches of OCEANE***	0.82%	0.84%
TOTAL After issuance of 36,309,730 new shares resulting from the conversion of OCEANE and the exercise of BSA***	0.38%	0.42%

\*Theoretical calculations on the basis of a conversion price equal to 94% of the lowest daily VWAP (as published by Bloomberg) during the fifteen (15) trading days preceding the date hereof i.e.  $€2.745 \times 94\% = 2.58$ .

\*\*After exercise of all existing dilutive instruments that could result in the creation of an indicative maximum of 3,759,058 new shares.

\*\*\*The issuance of these additional OCEANE and BSA remains subject to the satisfaction of the Condition.

### Risk Factors relating to Pharnext

The Company draws the public's attention to the risk factors related to the Company and its activities presented in section 3 of the universal registration document approved by the AMF under number R. 20. 029 on November 9, 2020 as well as in its annual periodic management reports and press releases, copies of which are available free of charge on the website of the Company ([www.pharnext.com](http://www.pharnext.com)).

In addition, investors are invited to consider the following risks: (i) the market price for the Company's shares may fluctuate and fall below the subscription price of the shares issued pursuant to the financing program detailed above, (ii) the volatility and liquidity of the Company's shares may fluctuate significantly, (iii) sales of Company's shares may occur on the market and have a negative impact on the market price of the shares, and (iv) the Company's shareholders could undergo a potentially material dilution resulting from any future capital increases that are needed to finance the Company.

### **About Pharnext**

Pharnext is an advanced clinical-stage biopharmaceutical company developing novel therapeutics for orphan and common neurodegenerative diseases that currently lack curative and/or disease-modifying treatments. Pharnext has two lead products in clinical development. PXT3003 completed an international Phase III trial with positive topline results for the treatment of Charcot-Marie-Tooth disease type 1A ('CMT1A') and benefits from orphan drug status in Europe and the United States. An international pivotal Phase III study of PXT3003 in CMT1A, the PREMIER trial, is currently ongoing. PXT864 has generated encouraging Phase II results in Alzheimer's disease and will be advanced through partnerships. Pharnext has developed a new drug discovery paradigm based on big genomics data and artificial intelligence: PLEOTHERAPY™. Pharnext identifies and develops synergic combinations of drugs called PLEODRUG™. More information can be found at [www.pharnext.com](http://www.pharnext.com).

Pharnext is listed on the Euronext Growth Stock Exchange in Paris (ISIN code: FR0011191287).

### **About Alpha Blue Ocean ('ABO')**

Created in 2017 by Pierre Vannineuse, Hugo Pingray and Amaury Mamou-Mani, Alpha Blue Ocean is a young and dynamic family office with the mission of revolutionizing the financial industry by offering innovative and tailored risk-adjusted investments.

Alpha Blue Ocean operates through a direct, rational, and efficient approach in providing alternative financing solutions through PIPE (Private Investments in Public Equities) deals. ABO has made notable investments in companies such as AB Science (AB:FP), Erytech (ERYP:US), Wisekey (WKEY:US), Intrasure (ALINS:FP), and DBT Group (ALDBT:FP), among others.

### **Disclaimer**

*This press release contains certain forward-looking statements concerning Pharnext and its business, including in respect of timing of and prospects for clinical trials and regulatory submissions of the Company's product candidates as well as a potential financing transaction, the use of proceeds therefrom and cash runway. Such forward-looking statements are based on assumptions that Pharnext considers to be reasonable. However, there can be no assurance that the estimates contained in such forward-looking statements will be verified, which estimates are subject to numerous risks including the risks set forth in Pharnext's URD approved by the AMF on November 9, 2020 under number N° R. 20-029 as well as in its annual periodic management reports and press releases (copies of which are available on [www.pharnext.com](http://www.pharnext.com)) and to the development of economic conditions, financial markets and the markets in which Pharnext operates. The forward-looking statements contained in this press release are also subject to risks not yet known to Pharnext or not currently considered material by Pharnext. The occurrence of all or part of such risks could cause actual results, financial conditions, performance or achievements of Pharnext to be materially different from such forward-looking statements. Pharnext disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.]*

*This press release and the information that it contains do not constitute an offer to sell or subscribe for, or a solicitation of an offer to purchase or subscribe for, Pharnext shares in any country, including the United States. The Company's securities may not be offered or sold in the United States absent registration or an exemption from registration; any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer that will contain detailed information about the Company and management, as well as financial statements.*

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