

Pharnext and Global Tech Opportunities 13 Agree to Stop Convertible Bond Program from End of May 2022

- Pharnext and Global Tech Opportunities 13 (with Alpha Blue Ocean acting as arranger on behalf of Global Tech Opportunities 13) have reached an agreement, expected to be effective from February 2022, to amend the terms of the existing financing program announced in June 2021 in order to (among other adjustments) reduce the number of OCEANE-BSA tranches to 5 OCEANE-BSA tranches over the 5-month period from January to May 2022 (reducing the total number of OCEANE-BSA tranches from 35 to 12). Accordingly, the last OCEANE-BSA tranche is expected to be issued in May 2022.
- These 5 OCEANE-BSA tranches to be drawn from January to May 2022 will represent a gross total par value of €15 million, subject to customary conditions.
- Certain terms of the amendment are subject to the approval of a specific authorization at an Extraordinary General Meeting of shareholders to be held at the latest by February 11, 2022
- In consideration for entering into this agreement, Pharnext will grant a low single-digit royalty on net sales of the PXT3003 product during the lifetime of the related patent

PARIS, France, 7:30 pm. CET, December 22, 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, announces today that it has reached agreement with its financing partner Global Tech Opportunities 13 (the “**Investor**”) regarding the significant amendment of the terms of its existing convertible bond financing agreement between the Company and the Investor (as amended, the “**Amended Issuance Agreement**”). Among other things, the terms of the Amended Issuance Agreement call for the end of the convertible bond financing by end of May 2022, while providing for a waiver or amendment of certain conditions precedent which would provide the Company with greater certainty of financing up to the end of May 2022. The Investor has also agreed pursuant to the Amended Issuance Agreement to forgo six of its seven “investor calls” for OCEANE-BSA tranches. The maximum aggregate gross amount expected to be raised within the Amended Issuance Agreement is €15 million.

Despite the funding of a gross total amount of € 20.5 million (and a net total fundig of € 16,86 million) from June 2021 up to today and the preservation of the Company’s strong fundamentals with its clinical trial lead product PXT3003, Pharnext’s share price has significantly depreciated since announcement of the original OCEANE-BSA financing agreement entered into with the Investor in June 2021 (the “**Original Agreement**”) due to (among other things) concerns of shareholders that a full draw down of all 35 tranches available under the terms of the Original Agreement would result in significant further dilution for existing shareholders. This new Amended Issuance Agreement is expected to mitigate the concerns of shareholders regarding such dilutive impact of the Original Agreement by limiting the number of tranches and ending the OCEANE-BSA funding program early in May 2022, while maintaining regular monthly funding for the Company during the period from January through May 2022.

Subject to the execution of the royalty agreement as referred in the headline above, the Investor has committed to subscribe to a maximum gross amount of €15 million in OCEANE (for net proceeds to the Company in the amount expected to be €13,2 million). Under the Amended Issuance Agreement, the financing program is now limited to five tranches of 300 bonds convertible into new shares or exchangeable for existing shares with a par value of €10,000 each (the “**OCEANE**”) each with share subscription warrants attached (the “**BSA**” and with the OCEANE, the “**OCEANE-BSA**”).

“We are pleased to announce this amendment to the Original Agreement whose aim is to protect value for our shareholders whilst maintaining our cash runway to continue funding our pivotal Phase III study, the PREMIER trial, within the second quarter of 2022. The PREMIER trial in CMT1A is well under way, with recruitment progressing as planned. The Investor has been a valuable financing partner for Pharnext in its current phase of development, and we are delighted by the flexibility and cooperation demonstrated by the Investor and Alpha Blue Ocean in agreeing to the newly revised terms. This financing program remains structured to enable the Company to manage its cash needs while preserving flexibility in

drawing down the tranches, particularly in view of seeking funding through alternatives for business development activities. We thank Alpha Blue Ocean for its constant support and flexibility in helping put this solution in place,” said Dr. David Horn Solomon, Chief Executive Officer of Pharnext.

“The Investor has agreed to provide more flexibility to Pharnext at a time it needs it most to complete its phase III. The Investor firmly believes in the management’s ability to deliver long term value to its shareholders and will happily continue to support the company at this immensely undervalued level relative to its fundamentals as described in Edison’s latest research report” said Amine Nedjai, Chief Executive Officer at Alpha Blue Ocean (arranger of the Investor).

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

Use of Proceeds of the remaining tranches of OCEANE-BSA

The Company intends to use the net proceeds of the remaining tranches of OCEANE-BSA, 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.

Condition to the issuance of the tranches of OCEANE-BSA

The OCEANE-BSA will be issued upon exercise of warrants issued free of charge for a 5-month duration (the “**Tranche Warrants**”).

The 1,500 Tranche Warrants allowing for the subscription of up to 5 tranches of OCEANE representing a total par value of €15 million would be issued subject to the approval of the Company’s shareholders and therefore Pharnext will submit a specific authorization to its shareholders’ extraordinary general meeting expected to be held before February 11, 2022 (the “**Condition**”).

Impacts of the Amended Issuance Agreement in terms of funding horizon

The five tranches of OCEANE-BSA will extend the Company’s financing horizon up until the first semester of 2022.

Fees and indemnification rights

The Fee and Indemnification rights are unchanged, compared to the description provided in the press release disclosed on 7 June 2021 (<https://pharnext.com/en/press-releases/pharnext-announces-a-new-financing-through-a-convertible-bond-program-for-a-total-amount-up-to-81-million-gross>).

Terms and legal framework of the issuance

Main characteristics of the Tranche Warrants (same as the one previously set out in the press release of June 7, 2021)

The main characteristics of the Tranche Warrants are identical to the ones already outlined described in the press release disclosed on 7 June 2021 (<https://pharnext.com/en/press-releases/pharnext-announces-a-new-financing-through-a-convertible-bond-program-for-a-total-amount-up-to-81-million-gross>).

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 for the drawdown of no more than a single Tranche instead of the previously agreed envelope of up to 7 tranches), 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).

The Company shall have the right (and not the obligation) to request the disbursement of a tranche of OCEANE on the 15 of January and on the 20th of each following month until May 2022.

Main characteristics of the OCEANE

The main characteristics of the OCEANE are identical to the ones already outlined described in the press release disclosed on 7 June 2021. However some of them are reminded below.

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 (same as the one previously set out in the press release of June 7, 2021)

The main characteristics of the OCEANE are identical to the ones already outlined described in the press release disclosed on 7 June 2021. 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.

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).

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 the Investor. An illustration of the dilution which could result from these issuances of new shares is presented below;
- The Investor 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.

For illustration purposes, hypothetical impact of the issuance of the entire 15 OCEANE-BSA would be as follows:

- 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 December 17, 2021, i.e. 71,093,253 shares and of the ongoing lowest daily VWAP)*:

	Shareholder's equity*	
	Non-diluted basis	Diluted basis***
Before issuance for a shareholder as of January 1 st , 2022	1.00%	1.00%
After issuance of only the new shares resulting from the hypothesis of a full conversion of the 5 tranches of OCEANE ^{(*)(**)}	0.18%	0.19%
After issuance of only the new shares resulting from the hypothesis of a full exercise of BSA attached to the 5 tranches of OCEANE ^{(*)(**)}	0,59%	0,60%
TOTAL After issuance of all new shares resulting from the hypothesis of the full conversion of the 5-Tranches OCEANE based on the actual stock price reference and the exercise of BSA ^{(*)(**)}	0,16%	0,17%

*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. €0.05 x 94% = €0.047.

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

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

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).

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.

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

About Alpha Blue Ocean ('ABO')

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) 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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