

PharNext Reports Financial Results for Year-End 2020

PARIS, France, April 27, 2021, 7:00 p.m. CET – 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 announces its financial results for the fiscal year ended December 31, 2020.

2020 KEY EVENTS

In 2020, PharNext raised gross amount of €16.3 million broken down as follow: (a) €7.7 million in capital from longstanding shareholder CBLUX and an affiliate from LOHAS group, from new US qualified investors and management and (b) €8.6 million from the exercise of 2,355,000 share purchase warrants over the total of 3,000,000 share purchase warrants subscribed by Kepler-Cheuvreux.

In addition to the nomination of a new CEO, David Horn Solomon in April 2020, PharNext’s shareholders also resolved to transform the Board of Directors with a slate of six new board members, in order to align the composition of the Board to be more consistent with the Company’s plans to develop, file for approval and, provided a marketing authorization is granted, to commercialize, whether directly or through licensing-out, PXT3003 in the US and Europe for Charcot-Marie-Tooth Type 1A disease (CMT1A).

In September 2020, PharNext executed a research agreement with the Charcot–Marie–Tooth Association (CMTA), a United States patient advocacy group, to investigate novel biomarkers associated with CMT1A. A primary objective of this collaboration is to identify and validate potential treatment-responsive CMT1A biomarkers that could be explored in future clinical studies, including the ongoing international pivotal Phase III study of PXT3003 (‘PREMIER trial’), PharNext’s lead drug candidate.

Throughout 2020, PharNext continued to make significant progress in its discussions with the US FDA concerning the approval pathway for PXT3003 in CMT1A, which include the design of the PREMIER trial, as well as the pivotal factorial study in a well-validated preclinical disease model.

SYNTHETIC FINANCIAL INFORMATION

The key financial items for the fiscal year 2020 are set out in the table below. These data were taken from the financial statements drawn up under IFRS, which were approved by the Board of Directors at its meeting on April 27, 2021. The financial statements were duly audited and the auditors’ report on the certification of the financial statements is in the process of being issued. The full financial statements, in both French Gaap and IFRS version, are available on the PharNext website: <https://pharnext.com/en/investors>

Income Statement items (in €k) under IFRS at Dec. 31	2020	2019
Income from ordinary operations	39,8	253
Other income	2,771	3,345
Administrative costs	-8,176	-8,445
Research and development costs	-13,548	-15,178
Operating income (expense)	-18,914	-20,025
Financial income (expense)	-2,651	-3,284
Net income (expense)	-21,564	-23,309
Net cash flows generated by operating activities	-16,082	-21,568
Net cash flows generated by investing activities	-61	194
Net cash flows generated by financing activities	10,975	14,860
Net change in cash and cash equivalents	-5,168	-6,515
Cash and cash equivalents	11,078	16,247

Other income mainly consist of the Research Tax Credit (€2.6 million for 2020) and subsidies.

Decreased Research & Development costs are mainly explained by less clinical costs due to the timing of the clinical testing phases associated with PXT3003 for CMT1A.

Financial charges amounted to €1.8 million before IFRS retreatment, mainly due to the interest amounts relating the bonds subscribed by IPF and interest costs from OSEO DIPPAL.

As a result, Pharnext posted a net loss of €21.5 million in 2020.

Balance Sheet items (in €k) under IFRS at Dec. 31	2020	2019
Cash	11,078	16,247
Borrowings and financial debt	20,947	23,403

In terms of balance sheet structure, the net change in cash within 2020 year ended amounted to -€5.2 million and financial debt decreased by €2.5 million mainly due to the principal repayment within 2020 of the debt issued by IPF. Cash and cash equivalents amounted to €11.1 million at December 31, 2020 versus €16.2 million at year-end 2019.

RECENT ACTIVITIES

Financial transactions

On February 4, 2021, acting under authority delegated under the Shareholders meeting resolution held on July 17, 2020, Pharnext raised €11 million in equity by issuing 1,754,386 common shares with share purchase warrants at €3.42 per share, representing gross proceeds of €6 million, and by issuing convertible bonds representing gross proceeds of €5 million. This additional cash will give Pharnext additional resources to focus on the additional Phase III clinical study of PXT3003.

During the first quarter of 2021, Pharnext also raised an additional gross amount of €759.6K from the equity line executed by Kepler Cheuvreux, bringing the total gross proceeds from the equity line executed by Kepler Cheuvreux to €9.4 million.

These transactions raised Pharnext's cash position to €11 million at the date of this press release, providing funding until end of September 2021, without taking into account the €8 million minimum cash covenant from our existing IPF loan facility, which we expect to reach in early June in the absence of additional funding. The Company intends to implement additional measures, such as a private placement, to extend the cash runway beyond to this period and continue to fund the execution of our Phase III PREMIER study.

Clinical development

The first subject has been enrolled in the pivotal Phase III clinical study ('PREMIER trial') of PXT3003 in the U.S. The trial will enroll approximately 350 subjects with mild-to-moderate CMT1A in 50 centers in the U.S., Canada, Europe and Israel.

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).

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.

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