



Theranexus Announces its Cash Position as of 30 June 2020 and Implementation of a Mandatory Convertible Bond Facility

- Pro forma cash of €13.3 M at 30 June 2020
- Implementation of financing for a maximum total of €4.2 million over 12 months through the issuance of warrants to subscribe mandatory convertible bonds redeemable in new shares (“MCB”)

Lyon, 9 July 2020 – Theranexus, a biopharmaceutical company innovating in the treatment of neurological diseases and pioneer in the development of drug candidates modulating the interaction between neurons and glial cells, today announces pro forma cash of €13.3 M at 30 June 2020 and, with the assistance of Kepler Cheuvreux, the implementation of a mandatory convertible bond (“MCB”) facility with Iris for a maximum amount of €4.2 M to support the company's growth.

Theranexus Chairman and CEO, Franck Mouthon made the following comments: “Pro forma cash of €13.3 M at 30 June 2020 reflects the various initiatives undertaken in the second quarter to boost our non-dilutive funding sources. Today we are supplementing these resources with the implementation of a mandatory convertible bond facility to give us greater financial flexibility. The company thus has excellent financial visibility with regard to its rate of expenditure, at least for the next 18 months. The Company's intention is to terminate this facility following the industrial agreement on THN102 that we wish to be put in place by late 2020.”

Pro forma cash position at 30 June 2020

Total available funds on 30 June 2020 stand at €11.6 M, compared with €7.8 M on 31 March 2020, reflecting effective cost control. Pro forma cash on 30 June includes the loan facility under the French state guarantee scheme (PGE) of €3.4 M, the accelerated full refund of the 2019 Research Tax Credit (CIR) for a sum of €2 M and Bpifrance’s financing for the first part of the Neurolead project funding for an amount of €1 M. The Company is set to receive a further €3 M spread over the next three years in connection with the project.

En K€ (non-audited)	30/06/2020 Available funds	30/06/2020 Proforma*	31/03/2020
Cash available	11 683	11 683	7 807
Sums outstanding for the PGE (out of the total PGE amount of €3.4M)	n/a	1 700	n/a
TOTAL	11 683	13 386	7 807

*cash available plus sums outstanding for the PGE – receipt of these sums is expected within the next few weeks.

The balance as at 30 June also reflects limited operational cash outflow in Q2 given that the company no longer had any clinical trials underway. The COVID-19 crisis and lockdown resulted in a reduction in certain expenditure items, notably on the R&D platform in Q2 2020.

Implementation of a mandatory convertible bond facility for a maximum amount of €4.2 M

THERANEXUS (the “Company”) today announces the implementation, with the assistance of Kepler Cheuvreux, of a financing for a maximum total of €4.2 million through the issuance of warrants (“Warrants”) for the subscription of mandatory convertible bonds redeemable in new shares in the Company (“MCB”) reserved entirely for IRIS (the “Investor”).

Legal basis of issuance

The Company's Board of Directors convened on 8 July 2020, acting by delegation of the extraordinary general shareholders’ meeting convened on 2 June 2020 (the “Shareholders’ meeting”) under the terms of its 19th resolution, decided to issue, free of charge, to the Investor 1,680 Warrants, each allowing the issuance of a MCB with a nominal value of €2,500 on the basis of articles L. 225-129-2, L. 225-129-4, L. 225-135, L-225-138 and L. 228-91 et seq. of the French Commercial Code.

Operation objectives

This funding aims to boost the Company’s cash position to support its growth. It will notably help to finance the next phases of its BBDF-101 program.

Operation arrangements and calendar

The 1,680 Warrants were subscribed in full by the Investor on 8 July 2020.

Provided that the terms of the issuing contract are met, the Investor will subscribe to the MCBs upon exercise of the Warrants in 12 tranches of a nominal value of €350,000 each by 7 July 2021. At its sole initiative and without fees or penalties, the Company may suspend or reactivate the issuance of the MCBs or terminate the contract. The MCB will be issued at nominal value without discount at the Investor’s initiative. The issue price of the new shares upon redemption of the MCBs and the other main terms and conditions of the MCBs feature in the appendix to this press release.

The MCB facility may be renewed by the Company for an additional one-year period. The Company would publish a press release if it decided to renew it.

No application for admission to trading on any market whatsoever will be made for the Warrants and MCBs which will consequently not be listed.

This operation does not give rise to publication of a prospectus subject to the approval by the French regulator, the Autorité des marchés financiers (AMF).

On the basis of the assumptions featured in the section “Potential dilution – maximum share number” in the appendix of this press release, the stake of a shareholder with 1% of the Company’s share capital not participating in the operation would decrease to 0,9 %, i.e. a 10 % dilution. To the Company's knowledge, on the basis of the same assumptions, the distribution of its share capital before and after redemption of all the MCBs in shares will be as follows:

Shareholders	Before the transaction		After the transaction	
	Number of shares	% of capital	Number of shares	% of capital
Founders and employees	639 424	17,65%	639 424	15,88%
Auriga Partners	642 859	17,75%	642 859	15,97%
CEA Invest	495 944	13,69%	495 944	12,32%
Sofimac Partners	305 676	8,44%	305 676	7,59%
Kreaxi	152 838	4,22%	152 838	3,80%
Free float	1 385 672	38,25%	1 788 743	44,44%
Total	3 622 413	100,00%	4 025 484	100,00%

The Company will keep a summary chart of its Warrants, MCBs and the number of shares in circulation up to date on its website.

The public's attention is also drawn to the risk factors relative to the Company and its business, presented in its universal registration document filed with the Autorité des marchés financiers on 30 April 2020, which is available free of charge on the Company website. The occurrence of all or some of these risks is liable to have an unfavorable effect on the Company's business, financial situation, results, development or prospects.

This press release and the information it contains do not, and will not, constitute an offer to subscribe for or sell, nor the solicitation of an offer to subscribe for or buy, any securities in any jurisdiction. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, and no securities have been or will be registered thereunder.

Next financial publication:

Tuesday 29th September 2020: 2020 Half-Year Results

ABOUT THERANEXUS

Theranexus is a clinical-stage biopharmaceutical company that emerged from the French Alternative Energies and Atomic Energy Commission (CEA) in 2013. It develops drug candidates for the treatment of nervous system diseases. Theranexus identified the key role played by non-neuronal cells (also known as "glial cells") in the body's response to psychotropic drugs (which target the neurons). The company is a pioneer in the design and development of drug candidates affecting the interaction between neurons and glial cells. The unique, patented technology used by Theranexus is designed to improve the efficacy of psychotropic drugs already approved and on the market, by combining them with a glial cell modulator. This strategy of combining its innovations with registered drugs means Theranexus can significantly reduce development time and costs and considerably increase the chance of its drugs reaching the market.

The proprietary, adaptable Theranexus platform can generate different proprietary drug candidates offering high added-value for multiple indications.

Theranexus is listed on the Euronext Growth market in Paris (FR0013286259- ALTHX).



More information at: www.theranexus.com

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Main characteristics of the Warrants:

Investor/Subscriber	IRIS, a limited liability company (EURL) with a capital of €400,000, whose head office is located at 5 Villa Houssay, 92200 Neuilly-sur-Seine, registered with the Nanterre business register under number 753.471.853.
Number	A single tranche of 1,680 Warrants, subscribed by the Investor on 8 July 2020.
Subscription price	Subscription free of charge.
Transfer	The Warrants may not be sold or transferred without the Company's prior consent, unless transferred to an affiliate of the Investor.
Ratio	Each Warrant will allow for the subscription of a MCB redeemable in shares at the MCB Subscription Price.

Main characteristics of the MCB:

Tranches	Twelve (12) tranches of three hundred and fifty thousand euros (€350,000), each represented by one hundred and forty (140) MCB with a nominal value of €2,500, i.e. a total of four million two hundred thousand euros (€4,200,000) maximum, which will be issued to the Investor through the exercise of the Warrants, following an interim period of 22 trading days between each Warrant exercise, subject to certain conditions provided for in the issuing contract (no event of default, no material adverse change or change to the Company's control, Company share listing, minimum trade volume of 1 million euros for Theranexus' shares during the last 20 trading days, etc.).
Suspension and reactivation	The Company will be entitled to suspend and reactivate the release of the tranches without penalty, by serving the Investor notice ten (10) trading days before the suspension or reactivation comes into force. The 12-month holding period will be extended to cover any suspensions and reactivations requested by the Company.
MCB Subscription Price	100% of the nominal value of the MCBs, i.e. €2,500 per MCB.
Length	Eighteen (18) months starting from their issue date.
Service charge	A service charge will be due by the Company each time a tranche is drawn. The Company may also pay at that time a discretionary commission. In case all tranches are drawn, the maximum amount paid by the Company under these two commissions would total €105,000. No commission was paid for setting up this facility.
Interest rate	0%
Transfer	The MCBs may not be transferred to a third party without the Company's prior consent, unless transferred to a person affiliated with the Investor.
Redemption at due date	If the MCBs have not been redeemed for shares or repurchased by their term, the MCB bearer must request redemption in shares.
Event of default	Default notably includes failure to meet commitments on the part of the Company under the terms of the MCB issue agreement, payment default on another of the Company's significant debts, Company share delisting, or a change of control, etc. On the other hand, there are no financial covenants.

MCB Redemption Price	<p>The MCB redemption price for new Company shares is equal to 95% of the lowest average price weighted by the volumes of one day's trading over a period of twenty-five (25) days of trading immediately preceding the MCB redemption date. Notwithstanding the above, the parties may agree on a MCB redemption price in the event of the block sale of shares resulting from redemption of said MCBs by the Investor.</p> <p>It is moreover stipulated that the MCB redemption price may under no circumstances be lower than the minimum price set by the Company's Board of Directors on 7 July 2020 as delegated by the extraordinary general shareholders' meeting on 2 June 2020, namely the average of the average prices weighted by the volumes of the last three (3) trading days immediately preceding the MCB redemption date minus a discount of 5%.</p> <p>This discount allows the Investor – which acts as a financial intermediary and is not intended to remain a shareholder of the Company – to guarantee subscription of shares despite the possible volatility of the financial markets.</p>
New shares	<p>New shares in the Company issued on redemption of the MCBs will bear current dividend rights. They will have the same rights as those attached to existing ordinary shares and be admitted for trading on the Euronext Growth market on Euronext Paris. The Company will keep a chart for monitoring Warrants, MCBs and the number of shares in circulation up to date on its website.</p>
Potential dilution – Maximum share number	<p>Pursuant to the decision of the Company's board on 8 July 2020, the maximum number of shares for issue on redemption of MCBs has been set at 800,000 shares.</p> <p>By way of illustration, assuming issuance of all the MCBs and average prices weighted by volumes during the last 25 trading days preceding redemption in shares identical to those of the last 25 trading days preceding the Board of Directors' meeting (8 July 2020), the number of new Company shares for subscription by the Investor on redemption of the MCBs in new shares would be 403 071 shares, representing approximately 11.13 % of the share capital* (on a non-diluted basis), based on a market price equal to the Company's closing share price on 7 July 2020, i.e. €11.40.</p> <p><i>* On the date of this press release, the Company has a share capital of €905,603.25 divided into 3,622,413 ordinary shares.</i></p>
Disposal of shares in the Company	<p>A securities loan agreement was entered into between the Investor and Auriga Partners under which the latter delivered to the Investor 50,000 company shares to cover a possible default or delay in delivery of the shares in connection with the implementation of the MCB issue agreement.</p>