



Abivax secures up to EUR 150M from two structured debt financing transactions

August 21, 2023

Up to EUR 75M from Kreos Capital and Claret European Growth Capital

Up to EUR 75M from Heights Capital Management

EUR 27M of additional cash resources for Abivax at drawdown of the first tranches

PARIS, France, August 21, 2023, 8:00 a.m. CEST – Abivax SA (Euronext Paris : FR0012333284 – ABVX) (“Abivax” or the “Company”) today announced that it has concurrently signed two structured debt financing transactions for a total amount of up to EUR 150M consisting of (i) up to EUR 75M from Kreos Capital and Claret European Growth Capital (the “Kreos / Claret Financing”) together with the issuance of warrants (*bons de souscription d’actions*) exercisable to receive up to EUR 8M worth of ordinary shares of the Company, par value of EUR 0.01 per share (“Ordinary Shares”), and (ii) up to EUR 75M from a fund advised by Heights Capital Management, Inc. (the “Heights Financing” and together with the Kreos / Claret Financing, the “Transaction”).

Marc de Garidel, Chief Executive Officer of Abivax, said: *“We believe that the strength of the data we have generated in our Phase 2 clinical trials uniquely position obefazimod as a potential leader for treating moderately to severely active ulcerative colitis (“UC”). The entire Abivax team is committed to bringing obefazimod to the market for the benefit of the many UC patients in need of safe and long-term efficient treatment options. We believe this additional capital will allow us to pursue that mission with an even more intense focus.”*

Didier Blondel, Chief Financial Officer of Abivax, added: *“We welcome the support of Kreos, Claret and Heights who are committed to helping us deliver meaningful therapies to as many people as possible suffering from chronic inflammatory diseases. Access to this additional capital strengthens our financial position and further supports our strategic priority to complete our global Phase 3 clinical trials of obefazimod for the treatment of moderately to severely active UC. It provides us with increased flexibility for our future funding strategy, which remains centered on potentially accessing the broader capital markets. Based on our current assumptions and the EUR 27M to be received at drawdown of the first tranches, we expect our cash runway to extend until the end of Q2 2024.”*

Overall Structure of the Transaction

The first tranches of the Kreos / Claret Financing and the Heights Financing, for EUR 25,000,000 and EUR 35,000,000, respectively, are expected to be drawn on or around August 22, 2023, and August 24, 2023, respectively, subject to satisfaction of customary closing conditions. In addition, the Company expects to concurrently grant to Kreos Capital and Claret European Growth Capital, for no additional consideration, warrants exercisable to receive to EUR 4,000,000 worth of Ordinary Shares. The subsequent tranches of the Kreos / Claret Financing and the Heights Financing are subject to certain conditions, as further set forth below.

As part of the Transaction, Abivax is also repaying in full a total outstanding amount of EUR 32,762,852 under (i) the pre-existing debt agreements with Kreos for a total amount of EUR 7,660,993, and (ii) the pre-existing OCEANE bonds for a total amount of EUR 25,101,859 by way of set-off with the Heights Financing, thereby fully repaying such pre-existing indebtedness.

After giving effect to the repayment of EUR 32,762,852 of existing indebtedness, the net proceeds to Abivax from the first tranches of the Kreos / Claret Financing and the Heights Financing (once drawn on) are expected to be EUR 27,237,148 in total, consisting of EUR 17,339,007 from the Kreos / Claret Financing and EUR 9,898,141 from the Heights Financing.

The maximum proceeds from the Transaction (if all the tranches described below were drawn on), net of the refinancing of the existing indebtedness, are expected to be EUR 117,237,148 in total, consisting of EUR 67,339,007 for the Kreos / Claret Financing and EUR 49,898,141 for the Heights Financing.

Overall Structure of the Kreos / Claret Financing

The Kreos / Claret Financing consists of three tranches of EUR 25,000,000 each in aggregate principal amount. The first tranche in aggregate principal amount of EUR 25,000,000 takes the form of senior secured convertible bonds with warrants attached (the “Kreos / Claret OCABSA”) and is expected to be drawn on or around August 22, 2023, subject to satisfaction of customary closing conditions.

The second tranche in aggregate principal amount of EUR 25,000,000 takes the form of senior secured non-convertible bonds and may be drawn before March 31, 2024, subject to satisfaction of customary closing conditions. The drawdown of the second tranche is subject to a maximum 10% Debt-To-Market Capitalization Ratio at the time of drawdown. The “Debt-To-Market Capitalization Ratio” is calculated, on any relevant date, by dividing (i) the indebtedness of Abivax (including amounts due under

the Kreos / Claret Financing but excluding amounts due under the Heights Financing), by (ii) the market capitalization of Abivax calculated by multiplying the number of outstanding Ordinary Shares by the closing price of the Ordinary Shares on such relevant date ("Market Capitalization").

The third tranche in aggregate principal amount of EUR 25,000,000 takes the form of senior secured non-convertible bonds and may be drawn before July 31, 2024, subject to satisfaction of customary closing conditions. The drawdown of the third tranche is subject to a maximum 10% Debt-To-Market Capitalization Ratio at the time of drawdown (excluding the Heights Financing) and is conditional on Abivax raising a minimum of USD 125,000,000 in gross proceeds through a listing on Nasdaq before June 30, 2024.

The Kreos / Claret Financing provides for certain restrictive covenants (subject to customary exceptions) which include, among other things, restrictions on the incurrence of indebtedness, cross-default, the distribution of dividends and the grant of security interests. As security for the Kreos / Claret Financing, the lenders benefit from the grant of first-ranking collateral on Abivax's principal tangible and intangible assets, including pledges over Abivax's business (*fonds de commerce*) as a going concern and intellectual property rights in Abivax's lead drug candidate, as well as pledges over Abivax's bank accounts and receivables. Such securities apply to all tranches of the Kreos / Claret Financing.

As part of the Kreos / Claret Financing, both Kreos Capital and Claret European Growth Capital may receive, in addition to the Kreos / Claret OCABSA, warrants exercisable to receive Ordinary Shares valued at up to EUR 8,000,000 (in two tranches, the first – representing EUR 4,000,000 worth of Ordinary Shares – to be fully issued upon execution of the legal documentation and exercisable immediately, and the second – representing EUR 4,000,000 worth of Ordinary Shares – may be issued within 14 days of the date on which the conditions to draw the third tranche of non-convertible bonds of the Kreos / Claret Financing have been met, as described below).

The convertible bonds, the non-convertible bonds and the warrants of the Kreos / Claret Financing will not be listed on any market. The agreements relating to the Kreos / Claret Financing are governed by French law.

On the date hereof, funds managed by Claret European Growth Capital do not hold any Ordinary Shares in Abivax and funds managed by Kreos Capital hold 99,583 Ordinary Shares in Abivax (representing approximately 0.23% of the share capital of the Company on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023).

Overall Structure of the Heights Financing

The EUR 75,000,000 Heights Financing consists of two tranches – aggregate principal amount of EUR 35,000,000 amortizing senior convertible notes and aggregate principal amount of EUR 40,000,000 amortizing senior convertible notes (collectively, the "Heights Convertible Notes").

The first tranche in aggregate principal amount of EUR 35,000,000 is expected to be drawn on or around August 24, 2023, subject to satisfaction of customary closing conditions.

The second tranche in aggregate principal amount of up to EUR 40,000,000 may be drawn during the period from the date immediately following the three (3) month anniversary of the issuance of the first tranche to the first-year anniversary of the issuance of the first tranche. It may be drawn in up to two separate closings to provide Abivax with additional flexibility to request a partial drawdown. The amount available for drawdown under the second tranche will be determined based on Abivax's Market Capitalization (based on seven (7) of the ten (10) trading days immediately preceding such drawdown) and the average daily valued traded of Ordinary Shares ("ADVT") over the three (3) month period preceding the drawdown, as further detailed below.

The Heights Financing is a senior, unsecured financing. The convertible bonds of the Heights Financing will not be listed on any market. The agreements relating to the Heights Financing are governed by French law.

On the date hereof, funds managed by Heights Capital Management, Inc. do not hold any Ordinary Shares.

Use of Proceeds and Cash Runway

The proceeds of the drawdown of the first tranche of the Kreos / Claret Financing and of the Heights Financing which, net of the refinancing of the existing indebtedness, amount to EUR 27,237,148 in the aggregate, are expected to be allocated mainly to the development of obefazimod for the treatment of adults with moderately to severely active UC and other potential chronic inflammatory indications, as well for working capital and general corporate purposes of the Company.

Following the arrival of its new CEO, Mr. Marc de Garidel, in May 2023, the Company is preparing for a more ambitious strategy, notably in order to further develop obefazimod, which is likely to require additional investment in comparison to the Company's former plans. Based on the Company's current assumptions and the net proceeds expected to be received from the drawdown of the first tranches of the Transaction, the Company expects its cash runway to extend until the end of Q2 2024.

Detailed Characteristics of the Kreos / Claret Financing

Main characteristics of the Kreos / Claret OCABSA (First Tranche)

The first tranche of the Kreos / Claret Financing consists of 25,000,000 convertible bonds with a par value of EUR 1.00 each and

a fixed conversion price of EUR 21.2209. A warrant to subscribe or acquire new Ordinary Shares under certain conditions is attached to each Kreos / Claret convertible bond.

Interest on the Kreos / Claret OCABSA accrues at a 9.00% annual fixed interest rate, payable in quarterly installments. The Kreos / Claret OCBSAs maturity date is March 31, 2027, it being specified that the scheduled date of final repayment is January 1, 2027.

The Kreos / Claret OCABSA are convertible into Ordinary Shares at any time from their issuance at the request of the holders at a fixed conversion price of EUR 21.2209 (corresponding to a 25% premium over the 15-day volume weighted average share price of Abivax (the "15-day VWAP") prior to the date on which their issuance is decided), subject to standard adjustments, including anti-dilution and dividend protections.

The warrants included in the Kreos / Claret OCABSA will only become exercisable in case of prepayment in cash of the Kreos / Claret convertible bonds by Abivax. Upon exercise of the warrants, their holders will be able to subscribe to the same number of Ordinary Shares (and at the same price conditions) as they would have been able to subscribe had they converted the Kreos / Claret OCABSA which have been prepaid in cash. Any warrants not exercised on or prior to January 1, 2027, will become automatically null and void. For the avoidance of doubt, if Abivax does not prepay any Kreos / Claret OCABSA in cash prior to their scheduled repayment dates, none of the warrants will be exercisable.

A shareholder holding 1% of the share capital of the Company before the issuance of the Kreos / Claret OCABSA would hold 0.97% of the share capital in case of conversion of all of the Kreos / Claret OCABSA into Ordinary Shares (on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023 and an assumed conversion price of EUR 21.2209).

Abivax is allowed to pre-pay the amounts due under the Kreos / Claret OCABSA at any time. In such case, Abivax will be required to pay a sum equal to (i) the principal outstanding at the time of the pre-payment (plus accrued interests), plus (ii) an aggregate of all remaining interest payments that would have been paid throughout the remainder of the term of the tranche, discounted to present value by applying a discount rate of 4%, plus (iii) an end-of-loan exit fee equal to 8.0% of the amounts drawn thereunder. In case of prepayment, the holders of the Kreos / Claret OCABSA will have the option to request a conversion of their Kreos / Claret OCABSA instead of a cash repayment, in which case, the end-of-loan exit fee is not payable by Abivax.

Main characteristics of the Kreos / Claret Non-Convertible Bonds (Second and Third Tranches)

The second and third tranches of the Kreos / Claret Financing are composed of a total of 50,000,000 amortized non-convertible bonds with a par value of EUR 1.00 each, divided into two tranches of EUR 25,000,000 each.

The second tranche in aggregate principal amount of EUR 25,000,000 may be drawn before the end of March 2024. The drawdown of the second tranche is subject to a maximum 10% Debt-To-Market Capitalization Ratio at the time of drawdown (excluding the Heights Financing).

The third tranche in aggregate principal amount of EUR 25,000,000 may be drawn before the end of July 2024. The drawdown of the third tranche is subject to a maximum 10% Debt-To-Market Capitalization Ratio at the time of drawdown (excluding the Heights Financing) and is conditional on Abivax raising a minimum of USD 125,000,000 in gross proceeds through a listing on Nasdaq before June 30, 2024.

A variable interest rate of 7.5% + European Central Bank Base Rate (MRO) (with a floor at 2.5% and a cap at 4%) applies to each tranche. These two tranches will be repaid monthly through March 31, 2027, after a deferred repayment of the principal (i) until October 1, 2024, for the second tranche, or February 1, 2025, if the conditions to draw the third tranche are met, and (ii) until February 1, 2025, for the third tranche.

Abivax is allowed to pre-pay the amounts due under the second and third tranches of the Kreos / Claret Financing any time. In such case, Abivax will be required to pay a sum equal to (i) the principal outstanding at the time of the pre-payment (plus accrued interests), plus (ii) an aggregate of all remaining interest payments that would have been paid throughout the remainder of the term of the applicable tranche, discounted to present value by applying a discount rate of 4%, plus (iii) an end-of-loan exit fee equal to 6.0% of the amounts drawn under the applicable tranche.

Main characteristics of the Kreos / Claret Warrants

As part of the Kreos / Claret Financing, Abivax has issued warrants to both Kreos Capital and Claret European Growth Capital for a global subscription price of EUR 1.00, giving them the right to subscribe to up to 214,198 new Ordinary Shares at an exercise price of EUR 18.6744 (corresponding to a 10% premium over the 15-day VWAP prior to the date on which their issuance is decided).

If the conditions for the drawdown of the third tranche of the Kreos / Claret Financing are met, Abivax will issue additional warrants to Kreos Capital and Claret European Growth Capital for a global subscription price of EUR 1.00 unless the third tranche is expressly declined by Abivax within 14 days. The exercise price of the additional warrants to be issued will be equal to 110% of the 15-day VWAP prior to the date on which their issuance is decided. The number of warrants to be issued will be calculated by dividing EUR 4,000,000 by the aforementioned exercise price. Of these additional warrants, 50% will be exercisable upon issuance and the remaining 50% shall only be exercisable if the third tranche of the Kreos / Claret Financing is drawn by Abivax.

The Kreos / Claret warrants can be exercised over a period of 7 years from their issuance date or up until the date of the successful closing of a tender offer for the Ordinary Shares, whichever is earlier. At the time of exercise of the Kreos / Claret warrants, the holders of the warrants are eligible to sell part of their warrants to Abivax in accordance with a put option agreement to allow for a cashless exercise.

A shareholder holding 1% of the share capital of Abivax before the issuance of the Kreos / Claret warrants would hold 0.995% of the share capital after exercise of the warrants (on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023, and an assumed exercise price of EUR 18.6744 for all warrants).

Detailed Characteristics of the Heights Financing

Main characteristics of the Heights Convertible Notes (First Tranche)

The first tranche of the Heights Financing is composed of 350 amortizing senior convertible notes with a nominal value of EUR 100,000 each and a fixed conversion price of EUR 23.7674 (corresponding to a 40% premium over the 15-day VWAP prior to the date on which their issuance is decided).

The Heights Convertible Notes are convertible into Ordinary Shares at any time from their issuance at the request of the holder at a fixed conversion price set at EUR 23.7674, subject to standard adjustments, including anti-dilution and dividend protections.

Interest on the Heights Convertible Notes accrues at a 6.00% annual fixed interest rate payable in quarterly installments in cash or, at the option of Abivax, in Ordinary Shares.

The Heights Convertible Notes will be repaid through sixteen quarterly installment payments, beginning three months after their issuance date (corresponding, for the first tranche, to a final repayment date on August 24, 2027). Installments are payable in cash or, at the option of Abivax, in Ordinary Shares.

Any interest or installment payments in shares will be made on the basis of a share price equal to 90% of the Market Price of the Ordinary Shares at the time of payment, where "Market Price" refers to the arithmetic average of the daily volume weighted average price ("VWAP") for the Ordinary Shares on the two (2) days with the lowest daily VWAPs out of the five (5) trading days immediately preceding the applicable date, but in no event greater than the VWAP of the Ordinary Shares on the applicable date. The Market Price may not be higher than the applicable conversion price. Issuances of Ordinary Shares may not be made at a price lower than a 15% discount to the 15-day VWAP at the time of the decision to issue the Heights Convertible Notes (i.e., EUR 14.4303 per Ordinary Share, the "Price Limit").

Upon the occurrence of certain events (including a change of control of the Company, a free float event or a delisting of the Ordinary Shares on Euronext Paris), any noteholder will have the option to require Abivax to redeem all, but not in part, of its Heights Convertible Notes at par plus accrued but unpaid interests. In the event that the Ordinary Shares are targeted by a public offer (in cash or in securities, in cash and securities, etc.) which may result in a change of control or filed following a change of control, upon conversion of the Heights Convertible Notes, Abivax shall (i) deliver new Ordinary Shares at the conversion price and (ii) pay a cash amount equal to the sum of the remaining coupons scheduled until the maturity date, and any accrued interest.

The terms and conditions of the Heights Convertible Notes include a standard negative pledge providing that any security granted in favor of other borrowed debt or debt instruments should also be granted in favor of the Heights Convertible Notes on an equal basis (with the exception of the securities issued pursuant to the Kreos / Claret Financing, as detailed herein).

A shareholder holding 1% of the share capital of Abivax before the issuance of the first tranche of Heights Convertible Notes would hold 0.96% of the share capital after conversion of such Heights Convertible Notes at the request of the holders (on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023 and an assumed conversion price of EUR 23.7674).

To the extent Abivax exercises its option for the repayment in shares of all or part of the principal or interests due under the Heights Convertible Notes, up to 2,830,201 new Ordinary Shares could be issued, representing 6.65% of Abivax's current share capital (on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023 and an assumed conversion price equal to the Price Limit of EUR 14.4303 per Ordinary Share).

Main characteristics of the Heights Convertible Notes (Second Tranche)

The second tranche of the Heights Financing is composed of up to 400 amortizing senior convertible notes with a nominal value of EUR 100,000 each, to be fully drawn after the three (3) month anniversary of the issuance of the first tranche and before the first-year anniversary of the issuance of the first tranche, i.e., by August 24, 2024 at the latest, in up to two separate closings to provide Abivax with additional flexibility to request a partial drawdown.

The amount available for drawdown under the second tranche will be determined based on Abivax's Market Capitalization (based on seven (7) of the ten (10) trading days immediately preceding such drawdown) ("Average Market Capitalization") and the ADVT of Ordinary Shares over the three (3) month period preceding the drawdown, as follows:

If the Average Market Capitalization is...	... and the ADVT is...	... then the Maximum Cumulated Amount Outstanding under both First and Second Tranches of the Heights Financing is equal to:
At least €700,000,000	At least €900,000	€45,000,000
At least €850,000,000	At least €1,250,000	€55,000,000
At least €1,000,000,000	At least €1,500,000	€65,000,000

The conversion price of the second tranche of the Heights Convertible Notes (if any) will be equal to 130% of the 15-day VWAP immediately preceding the date on which their issuance will be decided.

Except as set forth above, the second tranche of the Heights Convertible Notes will have similar characteristics to the first tranche of the Heights Convertible Notes.

Legal Framework of the Issuance

The Transaction has been approved by the Abivax Board of Directors, which met on August 16, 2023 and delegated its powers to the CEO to set the definitive terms of the Transaction and decide the issuance of the securities described above, in accordance with (i) the delegation of competence conferred by the 16th resolution of the combined annual and extraordinary shareholders' meeting of June 5, 2023, relating to a share capital increase or a securities issue with cancellation of preferred subscription rights to a certain category of beneficiaries pursuant to Article L. 225-138 of the French Commercial Code, and (ii) the provisions of Articles L. 22-10-49 and L. 228-40 of the French Commercial code. The CEO, using such delegation, set the definitive terms of the Transaction and decided the issuance of the securities being issued under the first tranches (i.e., the Kreos / Claret OCABSA, the first tranche of Kreos / Claret warrants and the first tranche of Heights Convertible Notes) on August 20, 2023.

The conversion or exercise of all the dilutive instruments which are being issued under the first tranches (i.e., the Kreos / Claret OCABSA, the first tranche of Kreos / Claret warrants and the first tranche of Heights Convertible Notes) would result in the issuance of up to 3,110,630 new Ordinary Shares, i.e., 7.31% of the current share capital of Abivax (on the basis of 42,547,568 Ordinary Shares composing the share capital of the Company on July 31, 2023, and excluding voluntary repayment by Abivax of installments and/or interests in Ordinary Shares under the Heights Financing).

It is being specified that the pre-existing OCEANE, which could be converted into up to 935,453 new Ordinary Shares, will be repaid in full by way of set-off against the subscription price of the Heights Convertible Notes.

Admission to trading of the any new Ordinary Shares issued will be made on the regulated market of Euronext Paris under the existing ISIN securities, identification code for Ordinary Shares (FR0012333284). Such new Ordinary Shares will be fully fungible with the existing Ordinary Shares.

For the Kreos / Claret Financing, calculations of the 15-day VWAP and Market Capitalization are based on the quotation of Abivax Ordinary Shares on Euronext Paris. For the Heights Financing, calculations of the 15-day VWAP, VWAP, the Market Capitalization, Market Price, the Average Market Capitalization, and the ADVT are derived from Bloomberg page ABVX FP Equity HP (or any successor page).

Settlement of the Transaction

Settlement of the Transaction and delivery of the Kreos / Claret OCABSA, the first tranche of Kreos / Claret warrants and the first tranche of Heights Convertible Notes is expected to occur on or around August 22, 2023 for the Kreos / Claret OCABSA, the first tranche of Kreos / Claret warrants and on or around August 24, 2023 for the first tranche of Heights Convertible Notes, subject to satisfaction of customary closing conditions.

No prospectus is required to be submitted for approval by the AMF in connection with the Transaction.

Advisors

Bryan Garnier & Co. acted as Sole Financial Advisor and Dechert (Paris) LLP acted as legal advisor to Abivax in connection with the Transaction.

Information Available to the Public and Risk Factors

Detailed information regarding the Company, including its business, financial information, results, prospects and related risk factors

are contained in the Company's 2023 Universal Registration Document filed with the French *Autorité des marchés financiers* (the "AMF") on May 5, 2023, under number D.23-0394. This document, as well as other regulated information and all of the Company's press releases, are available on the website of the Company (www.abivax.com).

Your attention is drawn to the risk factors related to the Company and its activities presented in chapter 3 of its 2023 Universal Registration Document. The 2023 Universal Registration Document is available on the websites of the Company (www.abivax.com) and the AMF (www.amf-france.org).

This press release does not constitute a prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129 of June 14, 2017) or an offer of securities to the public.

Forward-Looking Statements

This press release contains certain forward-looking statements, including those relating to the proposed Transaction and the anticipated cash runway from the Transaction. Words such as "can," "could," "expect," "extend," "further," "may," "will," "would" and variations of such words and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by Abivax at the time these statements were made. No assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Abivax. Furthermore, these forward-looking statements, forecasts and estimates are only as of the date of this press release. Readers are cautioned not to place undue reliance on these forward-looking statements. Abivax disclaims any obligation to update these forward-looking statements, forecasts or estimates to reflect any subsequent changes that Abivax becomes aware of, except as required by law. This press release is for information purposes only, and the information contained herein does not constitute an offer to sell or the solicitation of an offer to purchase or subscribe for securities of Abivax in any jurisdiction. Similarly, it does not give and should not be treated as giving investment advice. It has no connection with the investment objectives, financial situation or specific needs of any recipient. It should not be regarded by recipients as a substitute for exercise of their own judgement. The distribution of this press release may be restricted by law in certain jurisdictions. Persons into whose possession this press release comes are required to inform themselves about and to observe any such restrictions.

Contact

**Abivax
Communications**
Regina Jehle
regina.jehle@abivax.com
+33 6 24 50 69 63