

GeNeuro Reports 2017 Half-Year Results and Provides Corporate Update

- Robust cash position of €23.1 million as of June 30, 2017
- €12 million upcoming milestone payment from Servier by the end of 2017
- Delivering on product development milestones:
 - GNbAC1 CHANGE-MS Phase 2b: topline results at 6-month reported in Q32017
 - Full 12-month results expected in Q12018
 - New GNbAC1 Phase 2a clinical trial launched in Type 1 diabetes
- CHANGE-MS 6-month results presentation at MSParis2017, the 7th Joint ECTRIMS-ACTRIMS meeting, on 28 October 2017, in Paris, France

Geneva, Switzerland, 28 September 2017 at 06:00pm CEST – GeNeuro (Euronext Paris: CH0308403085 – GNRO), a biopharmaceutical company developing new treatments for neurological and autoimmune diseases, today reported its half-year financial results for the period ending June 30, 2017 and provided a corporate update.

Key Financials

On September 28, 2017, the Board of Directors of GeNeuro reviewed and approved the financial statements for the six-month period ended June 30, 2017. The Statutory Auditors have conducted a review of the interim consolidated financial statements. The half-year financial report in French and English is available in the Investors section on www.geneuro.com.

“The financial results for the first half of 2017 are in line with our expectations. Mainly driven by the expansion of our R&D program, best illustrated by the launch of our new GNbAC1 Type 1 diabetes Phase 2a clinical trial, our total operating expenses have increased to €12.0 million vs €9.6 million in the same period of last year,” said Miguel Payró, Chief Financial Officer at GeNeuro. “Our general and administrative expenses have declined by €0.7 million compared to last year, which included €1.8 million of IPO costs; the net actual increase is due to the strengthening of the company’s management team and to its new status of listed company. Research and development expenses have increased from €6.4 million to €9.4 million, primarily due to the expansion of our research and clinical trial programs, notably in Type 1 diabetes, which resulted in additional costs of €1.6 million over last year. Costs for CHANGE-MS, our Phase 2b clinical trial in MS, have actually declined slightly, by €0.2 million, from the same period last year, reflecting the maturing stage of the trial. The ANGEL-MS study, which offers two years of additional treatment to patients having completed CHANGE-MS, is fully financed by and fully recharged to Servier, and as a result does not burden our income statement or cash position.”

GENEURO Consolidated Income Statement (in thousands of EUR)	06/30/2017 6 months <i>subject to a</i> <i>limited review</i>	06/30/2016 6 months <i>restated, subject to</i> <i>a limited review</i>
Income	3,278.6	3,434.4
Research and development expenses		
Research and development expenses	(9,444.3)	(6,391.2)
Subsidies	671.8	299.4
General and administrative expenses	(2,508.1)	(3,216.8)
Other income	38.2	-
Operating income (loss)	(7,963.8)	(5,874.2)
Net (loss) for the period	(7,981.9)	(5,907.7)
	06/30/2017	06/30/2016
		<i>restated</i>
Basic earnings (losses) per share (EUR/share)	(0.55)	(0.45)
Diluted earnings (losses) per share (EUR/share)	(0.55)	(0.45)

Note: as disclosed in the annual consolidated audited accounts at December 31, 2016, the accounts previously published for the first half of 2016 have been restated pursuant to IAS 8. The changes concern the accounting treatment for the milestone payment of K€ 907 made by the Company during the first semester of 2016 in conjunction with the bioMérieux licence, which, owing to the misinterpretation of its nature, had initially been reported as research and development expenses instead of being accounted for as intangible assets pursuant to IAS 38. Accordingly, the restated research and development expenses amount to K€ 6,391, instead of K€ 7,298 as initially presented. The restated net loss for the period is K€ 5,908 compared to K€ 6,815 in the condensed consolidated accounts at June 30, 2016, that were initially presented, and the restated per share result is -€0.45 vs. -€0.52.

Income amounted to €3.3 million during 1H2017, vs €3.4 million for the same period of last year. This corresponds to €3.0 million for revenue recognized by GeNeuro with respect to milestone payments already received from Servier as part of the ongoing CHANGE-MS clinical trial for GNbAC1, down €395 thousand vs the comparable period of the prior year. This decrease reflects the rapid recruitment of this Phase 2b clinical trial. The balance of income derives primarily from €240 thousand of management fees received from Servier to sponsor the ANGEL-MS clinical trial (for more explanations, please refer to note 8 of the notes to the Company's consolidated half-yearly accounts).

Research & Development expenses increased compared to the first half of 2016, growing from €6.4 million to €9.4 million. Costs of the CHANGE-MS phase 2b clinical trial, launched at the end of 2015, have actually declined slightly, to €4.6 million vs €4.8 million during the first half of 2016, reflecting the advancement of the trial; the net overall increase is due on the one hand to the expansion of the other trials and research program (notably the new Phase 2a study in Type 1 diabetes, launched in 1H2017), whose overall costs increased by €1.6 million, and on the other hand to the increase in R&D personnel expenses, from €1.2 million to €1.9 million, due to the strengthening of GeNeuro's R&D team and to the closure costs of its secondary research site in Archamps, France, following the concentration of its research activities on its main Lyon site.

General and administrative expenses declined from €3.2 million in 1H2016 to €2.5 million in 1H2017, although this is due to €1.8 million of IPO expenses in 1H2016. Administrative personnel expenses increased from €779 thousand to €1.1 million as a result of the strengthening of the Company's management team required for its development and by its new status of listed company. A charge of €237 thousand was also recorded during 1H2017 for share-based payments, vs €273 thousand during the first half of 2016.

The Company recorded a net loss of €8.0 million, vs €5.9 million in 1H2016, in line with management's expectations.

Cash and cash equivalents at 30 June 2017 amounted to €23.1 million vs €34.5 million at 31 December 2016. The decrease is due to cash used in operations of €11.3 million.

Business and Financial Outlook

GeNeuro continues to execute its business strategy. On August 28, 2017, it presented topline 6-month results from its 12-month CHANGE-MS Phase 2b clinical trial in multiple sclerosis; final results from the full 12-month study are expected in Q12018.

Six-month data from the CHANGE-MS Phase 2b study will be presented at [MSParis2017](#), the 7th JointECTRIMS-ECTRIMS meeting held 25-28 October 2017, in Paris, France. The presentation will cover efficacy and safety data and will include post-hoc analyses supporting the hypothesis of a delayed onset of action of GNBAC1 as well as target engagement in the central nervous system.

The Company continues its other clinical trials, namely ANGEL-MS (an extension study offering to all patients having completed CHANGE-MS the possibility of continuing their treatment for an additional two years), and the Phase 2a clinical trial in Type 1 diabetes being presently conducted in Australia.

Given the 6-month results of CHANGE-MS, the Company has deferred the launch of a new multiple sclerosis study in the US, a market for which GeNeuro has kept all rights, until the complete 12-month results, expected during the first quarter of 2018.

GeNeuro projects cash utilization to be roughly €21 million for 2017, of which approximately €10 million in the second half of 2017. The Company also expects to receive its last Phase 2b-related milestone payment from Servier, of €12 million, by the end of 2017. This forecast includes:

- Completion of the CHANGE-MS Phase 2b until last patient last visit at the end of 2017, and final results in Q12018;
- Continuation of the Type 1 diabetes study, with recruitment expected to be finalized at the end of 2017;
- Continuation of the ANGEL-MS two-year extension study 1, which has now reached the midway point of recruitment;
- Continuation of the Company's research and preclinical activities.

About GeNeuro

GeNeuro's mission is to develop safe and effective treatments against neurological disorders and autoimmune diseases, such as multiple sclerosis or Type 1 diabetes, by neutralizing causal factors encoded by HERVs, which represent 8% of human DNA.

GeNeuro is based in Geneva, Switzerland and has R&D facilities in Lyon, France. It has 30 employees and rights to 16 patent families protecting its technology.

For more information, visit: www.geneuro.com.

Contacts

GeNeuro

Jesús Martin-Garcia
Chairman and CEO
+41 22 552 4800
investors@geneuro.com

NewCap (France)

Julien Perez (investors)
+33 1 44 71 98 52
Nicolas Merigeau (media)
+33 1 44 71 94 98
geneuro@newcap.eu

Halsin Partners

Mike Sinclair (media)
+44 20 7318 2955
msinclair@halsin.com

LifeSci Advisors

Chris Maggos (investors)
+1 646 597 6970
+41 79 367 6254
chris@lifesciadvisors.com

Disclaimer

This press release contains certain forward - looking statements and estimates concerning GeNeuro's financial condition, operating results, strategy, projects and future performance and the markets in which it operates. Such forward-looking statements and estimates may be identified by words such as "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "is designed to," "may," "might," "plan," "potential," "predict," "objective," "should," or the negative of these and similar expressions. They incorporate all topics that are not historical facts. Forward looking statements, forecasts and estimates are based on management's current assumptions and assessment of risks, uncertainties and other factors, known and unknown, which were deemed to be reasonable at the time they were made but which may turn out to be incorrect. Events and outcomes are difficult to predict and depend on factors beyond the company's control. Consequently, the actual results, financial condition, performances and/or achievements of GeNeuro or of the industry may turn out to differ materially from the future results, performances or achievements expressed or implied by these statements, forecasts and estimates. Owing to these uncertainties, no representation is made as to the correctness or fairness of these forward-looking statements, forecasts and estimates. Furthermore, forward-looking statements, forecasts and estimates speak only as of the date on which they are made, and GeNeuro undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise, except as required by law.