Press release

GeNeuro: financial information and business update for the second quarter 2018

- Q2 2018 operating revenues of €4.34 million (+195% vs. Q2 2017)
- €17.11 million cash at June 30, 2018
- 6-month results for Type 1 Diabetes clinical trial expected end September 2018

Geneva, Switzerland, July 26, 2018 – 6:00pm CEST – GeNeuro (Euronext Paris: CH0308403085 - GNRO), a biopharmaceutical company developing new treatments for neurological and autoimmune diseases, including multiple sclerosis (MS) and type 1 diabetes (T1D), today issued a business update and reported on its cash position and 2018 second-quarter revenues.

2018 Second-quarter financial information

During the second quarter of FY 2018, GeNeuro recorded €4.34 million in operating revenues, compared to €2.90 million in the first quarter of FY 2018 and €1.47 million in the same period in 2017. These operating revenues were recognized in respect of milestone payments already paid by its partner Servier in connection with ongoing clinical trials in the MS indication of GNbAC1[1], its lead drug candidate. The strong revenue increase recorded in the second quarter was due to the completion of the CHANGE-MS main Phase IIb clinical trial the results of which were published March 26, 2018. With this trial now considered to be completed from an accounting standpoint, GeNeuro has thus finished to recognize as revenues the balance of the milestone payments received from Servier in connection with this trial.

Cash used for operating and investing activities amounted to €2.93 million during Q2 2018, compared to €6.06 million in Q1 2018. The reduction of cash outflow during Q2 2018 was anticipated by the Company as it reflects the end of the CHANGE-MS clinical trial and payments received to fund the ANGEL-MS extension trial, which is fully financed by Servier. Compared to the first half of 2018, the Company expects its cash consumption to further decrease during the second half of 2018.

GeNeuro's cash and cash equivalents stood at €17.11 million at June 30, 2018, providing a financial runway till mid-2019, including funding for all planned projects.

Key clinical and regulatory advances during the first half 2018

- In late March 2018, GeNeuro published the results of its Phase IIb clinical trial of GNbAC1 at 12 months in MS. For the first time, a therapy has successfully demonstrated a major impact in a large-scale clinical trial (270 patients) on three key neuroprotection markers known to be linked to disease progression, without affecting the patients' immune system. The results were achieved by neutralizing a pathogenic protein produced by patients, called pHERV-W Env, demonstrating its causal role in neurodegeneration. GeNeuro and Servier are evaluating the next steps to this success in the clinical development of GNbAC1. Multiple possibilities are open to them in the various forms of multiple sclerosis, both as a monotherapy for patients with progressive forms of the disease, and in combination with existing drugs for its remitting forms.

[1] Under IAS 18, milestone payments received are recognized in revenues on the income statement as and when the relevant services are provided in respect of the Phase IIb clinical trial, which was conducted by and under the authority of GeNeuro. They have thus been staggered over the full duration of the clinical trial that is between 2015 and 2018.

- In February 2018, GNbAC1 received Orphan Drug Designation (ODD) from the US Food and Drug Administration (FDA) in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP), a rare autoimmune neurological disorder of the peripheral nervous system. It has been observed previously that the pHERV-W Env protein, which is targeted by GNbAC1, was present in approximately half of CIDP patients. This protein impairs the integrity of Schwann cells, which maintain the myelin sheath around peripheral nerves, through the induction of the IL6 and CXCL10 cytokines that locally recruit inflammatory cells and inhibit remyelination. In the United States, the prevalence rate of CIDP is estimated to be 9 cases per 100,000 people. Current long-term therapy is often limited by side effects, and one-third of patients are refractory to existing treatments.

- During the first half 2018, GeNeuro also continued its developments in Type 1 diabetes (T1D) by presenting new pre-clinical results confirming the involvement of pHERV-W Env in human T1D pathogenesis at the American Diabetes Association's (ADA) 78th Scientific Sessions in June. The preliminary results at 6 months of the Phase IIa trial in T1D are expected by the end of September 2018.

- In amyotrophic lateral sclerosis (ALS), also known as Lou Gehrig's disease, the Cooperative Research and Development Agreement with the US National Institutes of Health has continued, with preclinical results anticipated during the second half of 2018.

Next financial report:

First half 2018 financials: Thursday September 20, 2018 (after market closes)

Forthcoming investor and industry events:

FORUM LPB VALEURS REGIONALES
26 September 2018, Lyon, France

Sachs Annual Biotech in Europe Forum
4-5 October 2018, Basel, Switzerland

Paris Mid Cap Event
8-9 October 2018, Paris, France

Bryan Garnier Healthcare Conference
22-23 November 2018, Paris, France

About GeNeuro

GeNeuro's mission is to develop safe and effective treatments against neurological disorders and autoimmune diseases, such as multiple sclerosis and 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 27 employees and rights to 16 patent families protecting its technology.

For more information, visit: www.geneuro.com

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