Press release

GeNeuro Reports 2020 Half-Year Results and Provides Corporate Update

- Successful €17.5 million private placement
- Cash position of €10.5 million as of June 30, 2020
- All activities funded until mid-2022
- Launch of temelimab new Phase 2 trial in multiple sclerosis (MS) at the Academic Specialist Center (ASC) of the Karolinska Institutet in Stockholm
- Reinforcement of the management team with the appointments of Pr. David Leppert as Chief Medical Officer and Dr. Jean-François Arrighi Chief Development Officer

Geneva, Switzerland, September 29, 2020 at 6:30pm CEST – GeNeuro (Euronext Paris: CH0308403085 – GNRO), a biopharmaceutical company developing new treatments for neurodegenerative and autoimmune diseases, such as multiple sclerosis (MS), today reported its half-year financial results for the period ending June 30, 2020 and provided a corporate update.

Key Financials

On September 28, 2020, the Board of Directors of GeNeuro reviewed and approved the financial statements for the six-month period ended June 30, 2020. The Statutory Auditors have conducted a review of the condensed consolidated interim financial statements. The half-year financial report is available in the Investors section on www.geneuro.com.

"The successful completion of our capital increase in January 2020 has considerably strengthened our position, covering all our activities until mid-2022, in particular our new Phase 2 clinical trial of temelimab in MS at the Karolinska Institutet's Academic Specialist Center (ASC), in Stockholm, Sweden," **said Jesús Martin-Garcia, CEO of GeNeuro**. "GeNeuro was also further reinforced by the appointment on May 1, 2020, of Prof. David Leppert, MD and Professor of Neurology, as Chief Medical Officer of GeNeuro. Dr. Leppert is a recognized expert in the worldwide neurology community, having worked for over 20 years in clinical development and being responsible for taking leading MS drugs to the market. He is a tremendous asset to GeNeuro."

"The financial results for the first half of 2020 are in line with our expectations and prior disclosures. Our R&D expenses were 26% below the same period of last year, partly due to the three-month COVID-19 induced delay to the start of our new Karolinska trial. Meanwhile, thanks to our continued cost containment effort, our general & administrative expenses have decreased by 4%. Overall, we were able as a result to reduce our operating loss by 14%, to €3.7 million in H1 2020 compared to €4.3 million in H1 2019. Both this loss and the cash burn for H1 2020, down 39% from the same period of last year, are in line with our expectations," **said Miguel Payró, Chief Financial Officer at GeNeuro**.

Condensed Consolidated Income Statement (in thousands of EUR)	June 30, 2020 6 months subject to a limited review	June 30, 2019 6 months subject to a limited review
Income	**-**	**-**
Research & Development expenses	**(1,997)**	**(2,535)**
R&D expenses	(2,226)	(3,026)
Subsidies	230	491
General & administrative expenses	**(1,718)**	**(1,796)**
Other income	**-**	**12**
Operating loss	**(3,715)**	**(4,319)**
Net loss for the period	**(3,948)**	**(4,469)**
Basic loss per share (EUR)	**(0.20)**	**(0.31)**
Diluted loss per share (EUR)	**(0.20)**	**(0.31)**
Cash outflow from operations	**(3,795)**	**(6,201)**
Cash at period end	**10,492**	**9,992**

As in the prior year and as expected, **no Income** was recognized during H1 2020.

Research & Development expenses decreased significantly compared to the first half of 2019. Before subsidies (research tax credits), R&D expenses decreased by €0.8 million, or 26%, reflecting the completion during H1 2019 of the Type-1 diabetes trial and Phase 1c trial testing the safety of higher doses of temelimab, whilst costs of the new Karolinska trial were lower than planned during the period due to the 3-months delay in its launch due to COVID-19. Costs of studies dropped by €0.5 million, while all other R&D costs were stable or down, including personnel expenses, which decreased from €1.2 million to €1.0 million as a result of non-replaced departures and lower variable compensation.

General and administrative expenses decreased by 4% to €1.7 million, thanks to continued cost containment efforts, which offset the weakening of the euro against the Swiss Franc, in which the bulk of such expenses are denominated. Administrative personnel expenses in particular were stable, whereas other cost categories were stable except for travel expenses, which dropped by €174,000, or 67%, as a result of the travel restrictions put in place during the COVID-19 pandemic, and except for tax expenses, which increased by €21,000 due to higher Swiss capital taxes as a result of the capital increase of January 2020. Share-based payments expense was €36,000, compared to a credit of €6,000 in H1 2019 as a result of the final determination of the Company's share option plans, resulting in a lower number of options being granted than previously estimated.

The Company recorded a net loss of €3.9 million vs. €4.5 million in H1 2019, in line with management's expectations.

Cash and cash equivalents at June 30, 2020 amounted to €10.5 million compared to €5.9 million at December 31, 2019, the increase being due to the €17.5 million capital increase completed in January 2020 to which its shareholder GNEH SAS participated for €7.5 million, paying for its new shares by way of set-off with the €7.5 million loan it had granted to the Company in 2019; this loan was accordingly fully repaid. The cash burn for H1 2020 was €3.8 million, down 39% from the same period of last year, in line with expectations. For H2 2020, the cash burn is expected to be lower than in H1 2020 as the figure for H1 2020 included the payment of outstanding payables at December 31, 2019.

Business and Financial Outlook

Temelimab new Phase 2 trial in MS with Karolinska Institutet: following the successful 96-week results of its extension Phase 2b clinical trial, ANGEL-MS, which confirmed the neuroprotective effect of temelimab in MS and demonstrated its potential against progression of the disease, the Company announced in November 2019 a collaboration for a new clinical trial of temelimab in MS with clinical researchers of the Karolinska Institutet and the Academic Specialist Center (ASC), Stockholm, Sweden. The one-year trial will enroll initially 40 patients whose disability progresses without relapses and will document the safety and tolerability of temelimab following higher doses, as well as efficacy based on the latest biomarkers associated with disease progression. The study started enrolling patients in Q2 2020 and results remain expected for the end of 2021.

GeNeuro preclinical program: GeNeuro is also advancing its preclinical program in amyotrophic lateral sclerosis (ALS), in partnership with the NINDS (National Institute of Neurological Disorders and Stroke, part of the U.S. National Institutes of Health). The Company has initiated a preclinical development program for its pHERV-K Env antibody in this indication, with a view to reach an IND (Investigational New Drug) in 2021.

Financial visibility to mid-2022: Thanks to the capital increase completed early 2020, the Company's cash provides financial visibility until mid-2022 covering all planned activities, which include the Karolinska Phase 2 trial until completion and the ALS preclinical program.

Other highlights and post-closing events

As noted above, the Company on May 1, 2020, appointed Prof. David Leppert, MD and Professor of Neurology, as Chief Medical Officer of GeNeuro.

In July 2020, the Company announced the publication in Science Advances of data establishing clear link between human endogenous retroviral proteins and psychotic disorders. The study's conclusions confirm the relevance of GeNeuro's approach, based on the link between human endogenous retroviruses and neurological disorders. These results open a new path for treating inflammatory psychosis by developing a drug candidate that neutralizes causal factors arising from human endogenous retroviruses.

In addition, on September 1, 2020, GeNeuro appointed Dr. Jean-François Arrighi, PhD, as Chief Development Officer, who replaced Dr. Thomas Rückle. Dr. Arrighi has been working in the field of immune-mediated inflammatory diseases for more than 25 years. Over the past 15 years, his career has been centered around preclinical and early clinical development, and biosimilars development, leading several projects from lead to proof of concept to registration (including the 2019 launch of Idacio®, a Humira® biosimilar, whilst at Fresenius Kabi SwissBioSim GmbH).

On September 11, 2020, GeNeuro and the CSA of Karolinska Institutet presented the ProTEct-MS study with temelimab at the MSVirtual2020 virtual congress (8th joint ACTRIMS-ECTRIMS meeting). As previously mentioned, the first patients were recruited in Q2 2020.

Finally, on September 25, 2020, Marc Bonneville, Vice President for scientific and medical affairs of Institut Mérieux, who was a member of the Board of Directors since April 2016, announced his resignation from the Board to focus on other professional activities. GNEH SAS, which is an Institut Mérieux subsidiary, has informed the Company that it intended to propose Dr. Philippe Archinard, currently CEO of Transgene, as a candidate for the Board of Directors at the next shareholders' meeting.

About GeNeuro

GeNeuro's mission is to develop safe and effective treatments against neurological disorders and autoimmune diseases, such as multiple sclerosis, 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 rights to 17 patent families protecting its technology.

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

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