

GeNeuro SA

Plan-les-Ouates

Review Report to the  
Board of Directors on the

Interim consolidated financial statements  
as of 30 June 2022



# Report on the Review

## of Interim consolidated financial statements to the Board of Directors of GeNeuro SA

### Plan-les-Ouates

#### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements (statement of financial position, income statement, statement of comprehensive income, changes in net equity, cash flow statement, and notes) of GeNeuro SA for the period ended 30 June 2022. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Luc Schulthess

Sarah Ellsworth

Genève, 29 September 2022

Enclosure:

- Interim consolidated financial statements (condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and notes)

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A Swiss joint stock company (société anonyme) with share capital of 1,249,951.40 Swiss francs  
Registered office: 3 chemin du Pré-Fleuri – 1228 Plan-Les-Ouates – Geneva – Switzerland  
CHE-112.754.833 Commercial register (*Registre du commerce*) of Geneva

## **HALF-YEAR FINANCIAL REPORT**

**AT JUNE 30, 2022**

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# GENERAL REMARKS

## Definitions

In this half-year financial report, and unless otherwise indicated:

- The “Company”, or “GeNeuro”, refers to the company GeNeuro SA, whose registered office is located at 3, chemin du Pré-Fleuri - CH-1228 Plan-les-Ouates - Geneva – Switzerland and which is registered in the Commercial register (*Registre du commerce*) of Geneva under number CHE-112.754.833.
- The “Group” refers to GeNeuro SA and its subsidiary GeNeuro Innovation SAS;
- “Financial report” refers to this half-year financial report at June 30, 2022;
- “Universal Registration Document” refers to the 2021 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on April 27, 2022 and to its amendment filed on May 12, 2022 under number D.22-0364-A01.

## GENEURO

GeNeuro’s mission is to develop safe and effective treatments against neurological disorders and autoimmune diseases, such as multiple sclerosis (“MS”), amyotrophic lateral sclerosis (“ALS”) and the severe consequences of COVID-19 (Long-COVID), by neutralizing causal factors encoded by human endogenous retroviruses (“HERV”), which represent 8% of the human DNA. This represents a novel therapeutic approach pioneered by GeNeuro since 2006, based on 15 years of R&D at Institut Mérieux and INSERM.

GeNeuro’s lead therapeutic candidate, temelimab, is a humanized monoclonal antibody that neutralizes a pathogenic HERV protein of the W family called W-ENV that has been identified as a potential key factor in the onset and development of autoimmune diseases such as MS where it has completed during 1H 2022 its final Phase II clinical trial with an excellent tolerability and safety.

In addition, new data published and presented in 2021 have evidenced the ability of SARS-CoV-2 to induce *in vitro* W-ENV expression in human blood cells and the correlation between W-ENV expression levels and the evolution of the severity of acute COVID-19; finally, W-ENV has also been detected in the blood of Long-COVID patients with neuropsychiatric symptoms, leading GeNeuro to develop a clinical trial in this new indication, where it was one of the four projects selected by the Swiss Federal Office for Public Health (FOPH)’s Federal Funding Programme for COVID-19 Medicines, for a grant of 6.7 million Swiss francs (€6.8 million) to co-fund up to 50% of a Phase II clinical trial to treat patients with Long-COVID who exhibit severe neurological and psychiatric (“neuropsychiatric”) symptoms. These recent discoveries open a possible clinical path to provide a therapeutic solution to Long-COVID patients.

Based in Geneva, Switzerland and with an R&D facility in Lyon, France, GeNeuro holds the rights to 17 patent families that protect its technology.

# 1. CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

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## 1.1 Person responsible for the half-year financial report

Jesús MARTIN-GARCIA, Chief Executive Officer

## 1.2 Certification of the person responsible

(Art. 222-3 - 4° of the AMF General Regulations)

“I certify that, to the best of my knowledge, the condensed consolidated interim financial statements have been prepared in accordance with applicable accounting standards and give a fair view of assets, financial position and result of the Company and all companies included in the scope of consolidation, and the half-year business report provides an accurate picture of the significant events during the first six months of the financial year, of their impact on the half-year financial statements, of the major transactions with related parties as well as a description of the main risks and uncertainties for the remaining six months of the financial year”.

Plan-les-Ouates, September 29, 2022

Jesús MARTIN-GARCIA, Chief Executive Officer

## 2. BUSINESS REPORT AT JUNE 30, 2022

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### 2.1 Significant events in the first half of 2022

On June 20, 2022, GeNeuro announced that its R&D subsidiary GeNeuro Innovation SAS would be the industrial R&D partner of the HERVCOV project funded with a €6.8 million grant from the European Union HORIZON-Health program. GeNeuro Innovation will contribute to the program in setting up industrial-scale diagnostic and therapeutic tools to address W-ENV related syndromes identified from a large panel of molecular, biological and clinical parameters from patients. GeNeuro's share of the total program is approximately 10%. Also in June 2022, GeNeuro entered into a €1.0 million loan agreement with a major French bank, for an unsecured, 3-year bank loan with interest rate at 3% p.a., with monthly repayments over 36 months.

On May 12, 2022, GeNeuro announced a successful €7.7 million capital increase through an international private placement to certain qualified and institutional investors only (the "2022 Offering").

On May 11, 2022, the Company announced it had received the authorization by the Swiss Health Authority (Swissmedic) to initiate a Phase II study evaluating temelimab in patients with severe neuropsychiatric post-COVID syndromes. The biomarker-based study will enroll only patients who are also tested positive for the pathogenic protein W-ENV, with the objective to reduce their invalidating conditions.

On April 15, 2022, GeNeuro reported on its first quarter financial situation, announcing a net cash position of €5.9 million, which provides the Company with good visibility until Q2-2023 in terms of financing its current activities. The Company also announced it would close at the end of April 2022 the ProTEct-MS extension study initiated in September 2021 due to the worldwide shortage in the supply of culture media for antibody manufacturing during the COVID-19 pandemic which delays delivery of the new batch of temelimab until the summer of 2022.

On April 13, 2022, GeNeuro announced the first results of its collaboration with FondaMental Foundation for the development of diagnostic and therapeutic options for patients with post-COVID neuropsychiatric syndromes. The study showed a strong correlation between SARS-CoV-2 infection, W-ENV protein and markers of innate immunity, in patients with psychiatric disorders, confirming the interest of treating post-COVID neuropsychiatric syndromes by neutralizing the W-ENV protein with the temelimab antibody.

On March 21, 2022, GeNeuro presented the top-line results from its ProTEct-MS clinical trial, which showed that the primary endpoint of the study was met, with results confirming the excellent safety profile and tolerability of higher doses of temelimab administered concomitantly with a high-efficacy anti-inflammatory drug. In addition, efficacy data, obtained in patients already effectively treated against inflammation, showed that temelimab had a favorable impact on key MRI parameters measuring neurodegeneration.

### 2.2 Activities and result of the Group

#### Research and development

Key aspects of the Company's R&D activities are summarized above under "Significant events in the first half of 2022".

On August 30, 2022, GeNeuro also announced the joint publications in the leading scientific journal "Annals of Neurology" of the results of the collaboration between GeNeuro and the National Institute of Neurological Disorders and Stroke (NINDS), which is part of the National Institutes of Health (NIH) of the United States. The two publications describe the novel pathogenic mechanism of HERV-K in sporadic ALS and confirm the rationale for the therapeutic relevance of GeNeuro's antibody to neutralize this neurotoxic protein.

## **Results**

### **2.2.1 Income**

The Group recognized no income during the first half of 2022 or of 2021.

### **2.2.2 Research and development expenses**

Research and development expenses of the Group increased 75% compared with the first half of 2021, from K€ 2,664 to K€ 4,651. This increase was due primarily to the launch of a new production of temelimab, the Company's lead drug candidate, in order to meet the needs of the new GNC-501 Phase 2 clinical trial treating long-COVID patients with severe neurological and psychiatric symptoms with temelimab, which represents the bulk of the increase in costs for clinical studies and services. The reduction in costs due to the completion in Q1 2022 of the ProTEct-MS trial of temelimab in MS at the Karolinska Institutet in Stockholm, Sweden (with results announced on March 21, 2022), was offset by the costs incurred for the preparation of the GNC-501 trial. R&D personnel expenses increased from K€ 783 to K€ 1,023 and professional fees increased from K€ 66 to K€ 117, reflecting the expansion of GeNeuro's clinical operations team to accommodate the GNC-501 workload, and intellectual property costs also increased from K€ 96 to K€ 144, reflecting the Company's patent filing activities related to HERV-W and HERV-K; other costs, including share-based payments, were stable.

As a result of the expanded R&D activities, subsidies increased from K€ 584 in the first half of 2021 to K€ 1,249 during the first half of 2022.

### **2.2.3 General and administrative expenses**

After a decrease of 17% in the first half of 2021, general and administrative expenses increased by 4% to K€ 1,487 in the first half of 2022 (compared to K€ 1,426 in the prior year period). This was achieved despite a weakening of 5.7% of the EUR vs the Swiss franc, the currency in which approximately three quarters of the general and administrative expenses are incurred, and mostly thanks a further decrease in payroll expense, down 12% to K€ 713 vs K€ 810 in the prior year period, due primarily to lower variable compensation; travel expenses increased markedly from K€ 16 to K€ 105, as travel activity picked up following the lifting of COVID-19 travel restrictions, but with an overall level still significantly below that of pre-COVID-19; and professional fees increased from K€ 369 to K€ 433, or 17%. A non-cash charge of K€ 75 for share-based payments was recorded in the first half of 2022, compared to K€ 54 in the first half of 2021.

### **2.2.4 Operating loss**

With the higher R&D expenses not being offset by a corresponding increase in subsidies, the Company's operating loss increased from K€ 3,505 in the first six months of 2021 to K€ 4,889 in the first six months of 2022, or 39%, reflecting the higher activity in connection with the GNC-501 study.

### **2.2.5 Cash and cash equivalents**

Cash and cash equivalents amounted to K€ 10,999 at June 30, 2022, compared with K€ 5,480 at December 31, 2021. The increase of the cash position reflects the €7.7 million capital increase completed in May 2022, through an international private placement only to certain qualified and institutional investors (the "2022 Offering"), and the first payment of € 3.0 million received in January 2022 from the FOPH in connection with the GNC-501 clinical trial in long-COVID, offset by the operating cash outflows incurred in connection with the Company's activities.



## **2.3 Progress and outlook**

Taking into account the current cash position following the collection of the €2.3 million second instalment from the FOPH and of the €1 million amount receivable from the French Research Tax Credit with respect to 2021 R&D activities (both collected in September 2022), as well as the French Research Tax Credit for 2022 R&D activities, which is expected to be received in Q3 2023, and based on plans approved by its Board of Directors, which include the continued search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements, as well as already identified possible cost savings, including reductions in its personnel, if required to ensure its ability to continue operating, and given its current activities and cash position, the Company expects to be able to cover its cash outflows until and including Q3 2023, giving it the time necessary to complete the GNC-501 clinical trial whilst continuing its partnering discussions on multiple sclerosis.

## **2.4 Significant events since the end of the half-year**

On September 20, 2022, the Company received the second instalment of €2.3 million from the FOPH in connection with the GNC-501 trial and the €1 million amount receivable from the French Research Tax Credit with respect to 2021 R&D activities.

## **2.5 Risk factors and transactions with related parties**

### **2.5.1 Risk factors**

The risk factors are consistent with those set out in chapter 3, “Risk factors”, of the Universal Registration Document of the Company and have not changed significantly.

### **2.5.2 Transactions with related parties**

The transactions with related parties are consistent with those set out in Chapter 17 « Transactions with related parties » of the Universal Registration Document of the Company.

### 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

#### Condensed Consolidated Statement of Financial Position

GENEURO		06/30/2022	12/31/2021
Consolidated Statement of Financial Position (in thousands of EUR)			
	Notes		
<b>ASSETS</b>			
Intangible assets		1'140.3	1'142.2
Property, plant and equipment	3	1'096.8	1'218.4
Non-current financial assets	4	281.5	308.9
Non-current receivables	5	968.4	-
<b>Total non-current assets</b>		<b>3'487.0</b>	<b>2'669.5</b>
Other current assets	5	1'618.0	4'390.6
Cash and cash equivalents		10'998.5	5'479.5
<b>Total current assets</b>		<b>12'616.5</b>	<b>9'870.1</b>
<b>Total Assets</b>		<b>16'103.5</b>	<b>12'539.6</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share Capital	6	1'100.2	972.0
Additional paid-in capital		27'155.8	20'243.7
Other reserves from capital		42'750.0	42'750.0
Net loss attributable to owners of the parent		(5'675.4)	(6'817.7)
Accumulated deficit attributable to owners of the parent		(57'514.9)	(51'386.6)
Treasury shares		(760.6)	(726.5)
Cumulative translation adjustments		202.2	202.2
Accumulated other comprehensive loss		414.5	(392.0)
<b>Equity attributable to owners of the parent</b>		<b>7'671.8</b>	<b>4'845.1</b>
<b>Total equity</b>		<b>7'671.8</b>	<b>4'845.1</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	8	361.3	1'077.0
Non-current financial liabilities	9	4'406.7	3'537.3
Other non-current liabilities		17.2	11.1
<b>Non-current liabilities</b>		<b>4'785.2</b>	<b>4'625.4</b>
<b>Current liabilities</b>			
Current financial liabilities	9	590.4	363.0
Trade payables	10.1	1'578.6	581.4
Other current liabilities	10.2	1'477.5	2'124.7
<b>Current liabilities</b>		<b>3'646.4</b>	<b>3'069.1</b>
<b>Total Liabilities and Equity</b>		<b>16'103.5</b>	<b>12'539.6</b>

## Condensed Consolidated Income Statement

GENEURO Consolidated Income Statement (in thousands of EUR)	Notes	06/30/2022 6 months	06/30/2021 6 months
Income		-	-
Research and development expenses			
Research and development expenses	11	(4'651.1)	(2,664.1)
Subsidies	11	1'249.1	584.4
General and administrative expenses	11	(1'486.6)	(1,425.8)
<b>Operating loss</b>		<b>(4'888.6)</b>	<b>(3,505.5)</b>
Financial income		0.5	0.9
Financial expenses		(702.4)	(11.0)
Foreign exchange gains (losses)		(84.8)	112.8
<b>Financial income (expenses), net</b>	12	<b>(786.8)</b>	<b>102.7</b>
<b>Pre-tax loss</b>		<b>(5'675.4)</b>	<b>(3,402.8)</b>
<b>Net loss for the period</b>		<b>(5'675.4)</b>	<b>(3,402.8)</b>
<b>Basic loss per share (EUR/share)</b>	13	<b>(0.25)</b>	<b>(0.17)</b>
<b>Diluted loss per share (EUR/share)</b>	13	<b>(0.25)</b>	<b>(0.17)</b>

## Condensed Consolidated Statement of Comprehensive Income

GENEURO Consolidated Statement of Comprehensive income (in thousands of EUR)	06/30/2022 6 months	06/30/2021 6 months
<b>Net loss for the period</b>	<b>(5'675.4)</b>	<b>(3,402.8)</b>
Actuarial gains (losses) - employee benefits	806.5	148.8
<b>Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods</b>	<b>806.5</b>	<b>148.8</b>
Currency translation differences	-	(63.6)
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>(63.6)</b>
<b>Total other comprehensive income (loss)</b>	<b>806.5</b>	<b>85.2</b>
<b>Comprehensive loss</b>	<b>(4'868.9)</b>	<b>(3,317.6)</b>
<i>Attributable to owners of the parent company</i>	<i>(4'868.9)</i>	<i>(3,317.6)</i>

## Condensed Consolidated Changes in Net Equity

GENEURO		Notes	Capital Number of shares	Share Capital Ordinary shares at nominal value	Additional paid-in capital	Other reserves from capital	Accumulated deficit and net loss attributable to owners of the parent	Treasury Shares	Cumulative translation adjustments	Other compre- hensive income (loss)	Share- holders' equity
Consolidated Changes in Net Equity											
<b>At December 31, 2020</b>			20,590,319	892.3	14,702.3	42,750.0	(52,001.0)	(770.9)	265.8	(324.0)	5,514.5
Net loss 06/2021				-	-	-	(3,402.8)	-	-	-	(3,402.8)
Other comprehensive income				-	-	-	-	-	(63.6)	148.8	85.2
<b>Comprehensive income (loss)</b>				-	-	-	<b>(3,402.8)</b>	-	<b>(63.6)</b>	<b>148.8</b>	<b>(3,317.6)</b>
Share-based payments		7		-	-	-	76.9	-	-	-	76.6
Treasury shares				-	-	-	-	69.7	-	-	69.9
<b>At June 30, 2021</b>			20,590,319	892.3	14,702.3	42,750.0	(55,326.9)	(701.2)	202.2	(175.2)	2,343.5
<b>At December 31, 2021</b>			22,320,777	972.0	20,243.7	42,750.0	(58,204.3)	(726.5)	202.2	(392.0)	4,845.1
Net loss 06/2022				-	-	-	(5,675.4)	-	-	-	(5,675.4)
Other comprehensive income				-	-	-	-	-	-	806.5	806.5
<b>Comprehensive income (loss)</b>				-	-	-	<b>(5,675.4)</b>	-	-	<b>806.5</b>	<b>(4,868.9)</b>
Shares issued		6	2,678,251	128.2	7,531.6	-	-	-	-	-	7,659.8
Share capital increase costs				-	(619.5)	-	-	-	-	-	(619.5)
Share-based payments		7		-	-	-	689.4	-	-	-	689.4
Treasury shares				-	-	-	-	(34.1)	-	-	(34.1)
<b>At June 30, 2022</b>			24,999,028	1,100.2	27,155.8	42,750.0	(63,190.3)	(760.6)	202.2	414.5	7,671.8

## Condensed Consolidated Cash Flow Statement

GENEURO Consolidated Cash Flow Statement (in thousands of EUR)	Notes	06/30/2022 6 months	06/30/2021 6 months
<b>Cash flow from operating activities</b>			
<b>Net loss for the period</b>		<b>(5,675.4)</b>	<b>(3,402.8)</b>
Adjusted by the reversal of:			
Amortization of intangible assets		1.9	4.6
Depreciation of property, plant and equipment	3	142.1	146.2
Change in provision for defined benefit obligation		90.8	134.5
Share-based payment expense	7	689.5	76.7
Financial expense, net	12	96.7	(104.2)
Unwinding of advances		100.9	1.5
Decrease in Deposits		-	5.6
Increase in Other non-current receivables	5	(968.4)	-
(Increase) / Decrease in Other current assets	5	2,625.7	(852.8)
Increase in Trade payables and related accounts	10.1	1,019.6	366.3
Increase in Other non-current liabilities		6.0	3.5
Decrease in Other current liabilities	10.2	(648.3)	(82.3)
		-	
<b>Cash outflow from operating activities</b>		<b>(2,518.9)</b>	<b>(3,703.2)</b>
<b>Cash flow from investing activities</b>			
Acquisitions of intangible assets		-	(3.3)
Acquisitions of property, plant and equipment	3	(17.4)	(38.2)
Interest received on short term deposits		0.4	-
<b>Cash outflow from investing activities</b>		<b>(17.0)</b>	<b>(41.5)</b>
<b>Cash flow from financing activities</b>			
Capital increase	6	7,660.0	-
Proceeds from borrowings		1,000.0	
Interest paid		(7.3)	(7.2)
Share capital increase costs paid	6	(619.5)	-
Repayment of lease liabilities	9	(92.7)	(121.8)
Repayment of advances		(12.5)	(15.0)
<b>Cash flow from financing activities</b>		<b>7,928.0</b>	<b>(144.0)</b>
<b>Increase / (Decrease) in cash</b>		<b>5,392.1</b>	<b>(3,888.7)</b>
Cash & cash equivalents - beginning of period		5,479.5	6,842.9
Impact of exchange rate fluctuations		126.9	6.6
<b>Cash &amp; cash equivalents - end of period</b>		<b>10,998.5</b>	<b>2,960.8</b>

## Notes to the Condensed Consolidated Interim Financial Statements

*(Unless indicated otherwise, the amounts mentioned in these notes are in thousands of Euros)*

### Note 1: Activity

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The following information constitutes the notes to the condensed consolidated interim financial statements and forms an integral part of the financial statements presented for the six months periods ended June 30, 2021 and 2022.

Incorporated on January 31, 2006, GeNeuro SA (“GeNeuro”) is a clinical-stage biopharmaceutical Swiss limited company (société anonyme) which develops therapies and companion-diagnostic tools. 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 human endogenous retroviruses (“HERV”), which represent 8% of the human DNA. This represents a novel therapeutic approach pioneered by GeNeuro since 2006, based on 15 years of R&D at Institut Mérieux and INSERM. GeNeuro’s lead therapeutic candidate, temelimab, is a humanized monoclonal antibody that neutralizes a pathogenic HERV protein of the W family called HERV-W ENV that has been identified as a potential key factor in the onset and development of autoimmune diseases such as MS, where it has already completed Phase II clinical trials with an excellent tolerability and safety, or of Post-Acute Sequelae of COVID-19 (PASC, long-COVID or post-COVID), where the Company is launching a Phase II clinical trial. The Company has been listed on Euronext in Paris since April 18, 2016.

The Company’s registered office is located at 3, chemin du Pré-Fleuri - CH-1228 Plan-les-Ouates - Geneva – Switzerland. The Company has one subsidiary: GeNeuro Innovation SAS, which was established in France in 2009.

GNEH SAS (a subsidiary of Institut Mérieux) and Eclosion2 & Cie SCPC were the main shareholders of the Company as at June 30, 2022 with a direct and indirect shareholding of 39.1%, and 25.5% respectively (changed from December 31, 2021 following the capital increase completed on May 12, 2022, to which GNEH SAS participated).

GeNeuro is hereinafter referred to as “GeNeuro”, the “Company” or the “Group”.

### Note 2: Accounting principles, rules and methods

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#### 2.1 Principles used in preparing the financial statements

##### Basis of preparation

GeNeuro has prepared its condensed consolidated interim financial statements, approved by the Board of Directors on September 29, 2022, in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as at the preparation date of the financial statements, for all the periods presented.

The condensed consolidated interim financial statements of GeNeuro have been prepared in accordance with the international accounting standard IAS 34 “Interim financial reporting”.

The primary financial statements are presented in a format consistent with the consolidated financial statements presented in the 2021 annual financial report under IAS 1 Presentation of Financial Statements, but this interim financial report contains condensed financial statements, in that it does not include all of the notes that would be required in a complete set of financial statements. Thus this interim financial report must be read in conjunction

with the consolidated financial statements for the year ended December 31, 2021 available in the Universal Registration Document.

### **New standards, updates and interpretations adopted by the Group**

There were no new standards adopted by the Group during the six months ended June 30, 2022.

### **Historical cost convention**

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention, except with respect to the financial instruments which are measured at fair value and the plan assets included in the calculation of the defined benefit pension plan liability, which are also measured at fair value.

### **Going concern**

GeNeuro SA is a biopharmaceutical company at the clinical stage developing innovative therapeutics. The Company is exposed to risks and uncertainties inherent in establishing and developing a business that are common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to secure additional financing to fund operations. Product candidates currently under development will require significant additional research and development efforts, including preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company's success may also depend on its ability to:

- establish and maintain strong patent position and protection;
- enter into collaborations with partners in the pharmaceutical industry;
- acquire and retain key personnel;
- acquire additional funding to support its operations.

The Company's financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business. Since its incorporation, the Company has primarily funded its growth through issuances of shares, including the capital increases conducted at the time of its initial public offering in 2016 and the subsequent capital increases completed in January 2020, July 2021 and May 2022; additional funds have been provided by research collaborations, research grants and research tax credits in France. In addition, the Company was one of the four projects selected by the Swiss Federal Office for Public Health (FOPH)'s Federal Funding Programme for COVID-19 Medicines, pursuant to which it is entitled to receive a grant of 6.7 million Swiss francs (€6.4 million) to co-fund 50% of a Phase II clinical trial to treat patients with long-standing COVID who exhibit severe neurological and psychiatric ("neuropsychiatric") symptoms. In January 2022, the Company received the first instalment of €3.0 million from the FOPH grant for its post-COVID program, and it received the second instalment of €2.3 million in September 2022.

The Company expects that its operating losses and negative cash flows will continue for the foreseeable future. Considering its current cash position and also the French Research Tax Credit for 2022 R&D activities, which is expected to be received in Q3 2023 and based on plans approved by its Board of Directors, which include the continued search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements, as well as already identified possible cost savings, including reductions in its personnel, if required to ensure its ability to continue operating, the Company expects to be able

to cover its cash outflows at least until September 30, 2023. Hence, the financial statements have been prepared on a going concern basis.

The future viability of the Company beyond that date is dependent on its ability to raise additional capital to finance its operations. Whilst the Company will continue to seek additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements, it may not be able to obtain financing on acceptable terms, or at all, and it may not be able to enter into collaborations or other arrangements. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be required to delay, reduce or eliminate research and development programs, product portfolio expansion, or future commercialization efforts, which could adversely affect its business prospects.

Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

Liquidity risk management is assessed in Note 15.

### **Accounting policies**

The accounting policies applied are consistent with those applied for the preparation of the annual financial statements as at December 31, 2021. There are no new standards, amendments, or interpretations mandatory from the beginning of the 2022 financial year that could have a significant impact on the financial statements of the Group.

### **2.2 Scope of consolidation**

As of the date of the publication of these condensed consolidated interim financial statements, the Company has one subsidiary:

- GeNeuro Innovation SAS, 100 % of the voting rights and interests held throughout the period.

### **2.3 Foreign currency translation**

#### **Group companies**

Financial statements of Group companies whose functional currency is not the Euro were translated as follows:

- Statement of financial position items (excluding shareholders' equity) were translated at the closing rate of the end of the period;
- Income statement items were translated at the average rate for the period;
- Equity items were translated at the historical rate.

The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive income.

### **2.4 Use of judgments and estimates**

To prepare the condensed consolidated interim financial statements, the main judgements and estimates made by the Company's management, as well as the main assumptions used, are consistent with those applied in preparing the annual consolidated financial statements as at December 31, 2021.



### Note 3: Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (Amounts in thousands of EUR)	Buildings (right of use)	Machinery and equipment	Fixtures and fittings	Office and computer equipment, furniture	Office and computer equipment (right of use)	Vehicles (right of use)	Total
<b>GROSS VALUE</b>							
Statement of financial position at December 31, 2021	1,873.0	252.0	55.8	212.5	8.2	18.8	2,420.3
Additions	3.1	2.7	-	14.7	-	-	20.5
Statement of financial position at June 30, 2022	1,876.1	254.7	55.8	227.2	8.2	18.8	2,440.8
<b>ACCUMULATED DEPRECIATION</b>							
Statement of financial position at December 31, 2021	756.9	214.4	28.9	201.3	-	0.4	1,201.9
Increase	120.4	7.7	4.4	7.2	0.1	2.3	142.1
Statement of financial position at June 30, 2022	877.3	222.1	33.3	208.5	0.1	2.7	1,344.0
<b>NET BOOK VALUE</b>							
At December 31, 2021	1,116.1	37.6	26.9	11.2	8.2	18.4	1,218.4
At June 30, 2022	998.8	32.6	22.5	18.7	8.1	16.1	1,096.8

### Note 4: Financial assets

FINANCIAL ASSETS (Amounts in thousands of EUR)	06/30/2022	12/31/2021
Liquidity contract	84.5	118.6
Deposits	197.0	190.3
<b>Non-current financial assets</b>	<b>281.5</b>	<b>308.9</b>

Non-current financial assets include the cash reserve related to the liquidity contract implemented following the initial public offering of the Company in April 2016 and a bank security deposit in connection with the leasehold of the Company's premises.

## Note 5: Other current assets

<b>OTHER CURRENT ASSETS (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
Research Tax Credits (1)	1,006.7	1,007.0
Value Added Tax	120.3	66.4
Social and tax receivables (2)	148.6	159.6
Prepaid expenses	23.0	70.0
Advance payments (3)	112.1	96.1
Other (4)	207.3	2,991.5
<b>Total other current assets</b>	<b>1,618.0</b>	<b>4,390.6</b>

- (1) Research tax credits (RTC) are related solely to French research activities. The reimbursement of the RTC for the 2021 activities was received in September 2022. The amount accrued at June 30, 2022 for activities in 2022, of K€ 968, is included at June 30, 2022, within Other non-current receivables as it is expected to be recovered during Q3 2023.
- (2) Social and tax receivables include an amount of K€ 79 of research grant from the French Agence Nationale de la Recherche for a COVID-19 research project.
- (3) The advance payments relate to advances made to suppliers.
- (4) The "Other" current assets item for December 31, 2021 relates to the first instalment payment under the FOPH Subsidy Contract, which was received in January 2022. At June 30, 2022, this item relates to prepaid expenses, including prepaid social charges.

## Note 6: Capital

<b>COMPOSITION OF SHARE CAPITAL (number of shares)</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
Common bearer shares	24,999,028	22,320,777
<b>Total</b>	<b>24,999,028</b>	<b>22,320,777</b>
Nominal value (in CHF)	0.05 CHF	0.05 CHF
Approximate nominal value (in EUR)	0.05 €	0.04 €

These shares exclude stock options that were granted to certain employees, board members and consultants and that have not yet been exercised.

### Share capital

At June 30, 2022, the Company's share capital amounted to CHF 1,249,951.40 (K€ 1,255 at the June 30, 2022 exchange rate and K€ 1,100 at the historical exchange rates applicable to the financial statements) and was divided into 24,999,028 common bearer shares with a nominal value of CHF 0.05. All shares are fully paid up.

### Authorized capital

The authorized capital amounts to 11,160,388 bearer shares each with a nominal value of CHF 0.05.

### Conditional capital

The "part I" conditional capital amounts to 3,348,116 bearer shares with a nominal value of CHF 0.05 to be issued upon exercise of stock options granted to board members, employees and consultants as part of an incentive plan.

The "part II" conditional capital amounts to 7,812,271 bearer shares with a nominal value of CHF 0.05 to be issued upon exercise of option or conversion rights granted to shareholders or strategic partners of the Company, or in connection with the issuance by the Company or by another group company of bonds or any other financial instrument.

## Liquidity contract

Following its initial public offering on the Euronext market in Paris, the Company signed a liquidity contract with the broker Gilbert Dupont in order to limit the intraday volatility of the share price.

For this purpose, the Company entrusted € 750,000 to this institution to enable it to purchase or sell the Company's shares. The part of the contract that is invested in the Company's treasury shares by this service provider is recognized as a deduction from the Company's consolidated shareholders' equity. As a result of this agreement, 92,815 treasury shares acquired by the liquidity contract are recognized as a deduction from shareholders' equity as at June 30, 2022 (compared to 71,236 treasury shares as at June 30, 2021). Gains and losses from transactions on these shares are also recognized in shareholders' equity.

## Dividends

The Company paid no dividends during the first half of either 2022 or 2021.

## Note 7: Stock options and common shares granted as part of an incentive plan

### Plan outstanding during the first half of 2022

The following table summarizes the assumptions adopted in the IFRS 2 valuation of the plans outstanding during the first half of 2022:

Allocation date	Number of options issued / Shares granted with a restriction period	Exercise price	Market price at time of grant	Exercise period	Vesting period	Volatility	Risk-free rate	Fair value at grant date per option / share
Stock-options 04/2010 (2)	123,000	4.00 CHF	N/A	12 years		50.5%	1.11%	1.46
Stock-options 04/2013 (2)	3,000	4.00 CHF	N/A	5 years		50.3%	0.05%	1.40
Shares granted to Board members	45,000	N/A	N/A	N/A		N/A	N/A	27.99
PSOU 06/2016 (3)	606,400	13.00 €	9.28 €	5 years		58.8%	-1.09%	2.29
PSOU 01/2017(3)	35,000	13.00 €	10.19 €	5 years	3 years	53.6%	-0.86%	2.48
PSOU 02/2017 (3)	15,000	13.00 €	9.29 €	5 years	2 years	53.6%	-0.87%	1.74
PSOU 02/2018 (3)	20,000	13.00 €	6.28 €	5 years	2 years	50.0%	-0.77%	0.14
Stock-options 02/2017 - part 1 (2)	42,500	13.00 €	9.67 €	5 years	3 years	53.6%	-0.94%	2.50
Stock-options 02/2017 - part 2 (2)	7,500	13.00 €	9.39 €	5 years	3 years	53.6%	-0.94%	2.35
Stock-options 02/2018	22,500	13.00 €	6.20 €	5 years	3 years	50.0%	-0.75%	0.80
Stock-options 09/2018	158,540	2.73 €	3.66 €	10 years	4 years	50.0%	0.00%	1.74
Stock-options 03/2020 - part 1	75,750	3.34 €	3.07 €	10 years	4 years	49.4%	-0.63%	0.73
Stock-options 03/2020 - part 2	75,750	3.34 €	3.07 €	10 years	4 years	45.8%	-0.52%	1.20
Stock-options 12/2020 - part 1	15,000	2.95 €	2.82 €	10 years	4 years	59.6%	-0.78%	0.86
Stock-options 12/2020 - part 2	15,000	2.95 €	2.82 €	10 years	4 years	53.6%	-0.64%	1.32
Stock-options 02/2021 - part 1	92,400	3.19 €	310 €	10 years	4 years	70.0%	-0.78%	0.81
Stock-options 02/2021 - part 2	92,400	3.19 €	3.10 €	10 years	4 years	63.0%	-0.57%	1.57
Stock options 03/2022 - part 1	91,859	3.48 €	3.74 €	10 years	4 years	67.5%	-0.20%	1.45
Stock options 03/2022 - part 2	91,858	3.48 €	3.74 €	10 years	4 years	62.3%	0.18%	1.83

(1) All options were exercised prior to 2016

(2) All remaining options lapsed during 1H 2022 without being exercised. No options under these plans remain outstanding

(3) PSOU (Performance Share Option Units) were contingent options awarded to executive management and transformed into actual stock purchase options based on vesting and performance; at the end of the vesting, a total of 672,235 share purchase options were awarded.

New stock options were awarded during the first half of 2022: the Company has granted share purchase options under an equity incentive plan, which vest on a staggered basis: one fourth on the first anniversary of their grant date, and then one eighth every six months thereafter. They may then be exercised during the six years following

the end of the vesting period. The Company granted a total of 183,717 stock options in the six months ended June 30, 2022, with an exercise price of €3.48 per share.

Please refer to the annual report for the year ended December 31, 2021, incorporated in the Company's Universal Registration Document, for the detail of the outstanding plans at that date. The Group has no legal or constructive obligation to repurchase or settle its outstanding options in cash.

### **Evolution of the number of outstanding options**

Number of options	Stock options 04/2010	PSOU Plans(1)	Stock options 02/2017	Stock options 02/2018	Stock options 09/2018	Stock options 03/2020	Stock options 12/2020	Stock options 02/2021	Stock options 03/2022	Total
<b>December 31, 2021</b>	<b>45,000</b>	<b>493,694</b>	<b>30,000</b>	<b>14,167</b>	<b>102,679</b>	<b>146,812</b>	<b>20,000</b>	<b>178,000</b>	<b>-</b>	<b>1,030,352</b>
Issued	-	-	-	-	-	-	-	-	183,717	183,717
Exercised	-	-	-	-	-	-	-	-	-	-
Forfeited / cancelled	(45,000)	-	(30,000)	(4,167)	(6,633)	-	-	-	-	(85,800)
<b>June 30, 2022</b>	<b>-</b>	<b>493,694</b>	<b>-</b>	<b>10,000</b>	<b>96,046</b>	<b>146,812</b>	<b>20,000</b>	<b>178,000</b>	<b>183,717</b>	<b>1,128,269</b>
<b>Number of shares to be issued</b>	<b>-</b>	<b>493,694</b>	<b>-</b>	<b>10,000</b>	<b>96,046</b>	<b>146,812</b>	<b>20,000</b>	<b>178,000</b>	<b>183,717</b>	<b>1,128,269</b>
<b>Number of options vested as at June 30, 2022</b>	<b>-</b>	<b>493,694</b>	<b>-</b>	<b>10,000</b>	<b>73,584</b>	<b>74,812</b>	<b>7,500</b>	<b>44,500</b>	<b>-</b>	<b>704,090</b>

(1) Regrouping all options under the PSOU plans as they have the same exercise date and maturity date

### **Breakdown of charges recognized during the periods presented**

(Amounts in thousands of EUR)	06/30/2022		
	Accumulated expense at opening	Expense	Accumulated expense at 06/30/2022
Grant date			
Stock options 2011- extension granted 2020	22.8	-	22.8
Shares granted to board members 11/2015	614.4	-	614.4
PSOUs 06/2016	1,381.6	-	1,381.6
PSOUs 01/2017	89.6	-	89.6
PSOUs 02/2017	27.0	-	27.0
Stock options 02/2017- part 1	96.2	-	96.2
Stock options 02/2017- part 2	16.1	-	16.1
Stock options 02/2018	14.1	-	14.1
PSOUs 02/2018	3.0	-	3.0
Stock options 09/2018	164.6	7.5	172.1
Stock options 03/2020	94.7	13.8	108.5
Stock options 12/2020	10.4	3.0	13.4
Stock options 02/2021	76.7	35.0	111.7
Stock options 03/2022	-	40.9	40.9
<b>Total</b>	<b>2,611.3</b>	<b>100.3</b>	<b>2,711.5</b>

(Amounts in thousands of EUR)	06/30/2021		
	Accumulated expense at opening	Expense	Accumulated expense at 06/30/2021
Grant date			
Stock options 2011 – extension granted 2020	22.8	-	22.8
Shares granted to board members 11/2015	614.4	-	614.4
PSOUs 06/2016	1,381.6	-	1,381.6
PSOUs 01/2017	89.6	-	89.6
PSOUs 02/2017	27.0	-	27.0
Stock options 02/2017- part 1	96.2	-	96.2
Stock options 02/2017- part 2	16.1	-	16.1
Stock options 02/2018	14.1	-	14.1
PSOUs 02/2018	3.0	0.1	3.1
Stock options 09/2018	144.5	13.3	157.8
Stock options 03/2020	54.0	25.4	79.4

Stock options 12/2020	0.8	7.4	8.2
Stock options 02/2021	-	30.5	30.5
<b>Total</b>	<b>2,464.1</b>	<b>76.7</b>	<b>2,540.8</b>

## Note 8: Employee benefit obligations

The Company-wide defined benefit scheme plan covering employees of the Swiss parent company is described in Note 2.19 of the consolidated financial statements for the year ended December 31, 2021. The decrease from K€ 1,077 at December 31, 2021 to K€ 361 at June 30, 2022, is due primarily to the change in financial assumptions for the calculation of the defined benefit obligation, with the discount rate increasing from 0.35% to 2.05% as a result of the general increase in relevant interest rates.

## Note 9: Current and non-current financial liabilities

<b>CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
Reimbursable advance	138.5	43.7
Forgivable loan from FOPH for Post-COVID program	2,732.3	2,534.5
Unsecured bank loan (non-current portion)	676.7	-
Lease liabilities	859.3	959.1
<b>Non-current financial liabilities</b>	<b>4,406.8</b>	<b>3,537.3</b>
Reimbursable advance	-	106.1
Unsecured bank loan (current portion)	323.3	-
Lease liabilities	267.1	256.9
<b>Current financial liabilities</b>	<b>590.4</b>	<b>363.0</b>
<b>Total financial liabilities</b>	<b>4,997.2</b>	<b>3,900.3</b>

<b>Net debt (amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
Cash and cash equivalents	10'998.5	5'479.5
Amount receivable from the FOPH	-	2'990.8
FOPH grant subsidy	-	(467.8)
Unsecured bank loan and reimbursable advance	(1'138.5)	(149.8)
FOPH Covid-19 Contract	(2'732.3)	(2'534.5)
Lease liabilities	(1'126.4)	(1'216.0)
Net (debt) / cash	6'001.3	4'102.2
Cash and cash equivalents	10'998.5	5'479.5
Amount receivable from the FOPH	-	2'990.8
Gross debt - fixed interest rates (1)	(4'997.2)	(4'368.1)
Net debt	6'001.3	4'570.0

(1) Gross debt at December 31, 2021, includes the FOPH COVID-19 forgivable loan at gross amount, excluding the effect of the grant subsidy.

<b>CHANGE IN LOANS AND BORROWINGS (Amounts in thousands of EUR)</b>	<b>Lease Liabilities</b>	<b>Reimbursable Advance</b>	<b>FOPH Forgivable Loan under Covid-19 Contract</b>	<b>Unsecured bank loan</b>	<b>TOTAL LOANS AND BORROWINGS</b>
<b>At December 31, 2021</b>	<b>1,216.0</b>	<b>149.8</b>	<b>2,534.5</b>	<b>-</b>	<b>3,900.3</b>
Additions	3.1	-	-	1,000.0	1,003.1

Cash flows	(92.7)	(12.5)	-	-	(105.2)
Interest expense	-	1.2	99.7	-	100.9
Impact of exchange rate change	-	-	98.1	-	98.1
<b>At June 30, 2022</b>	<b>1,126.4</b>	<b>138.5</b>	<b>2,732.3</b>	<b>1,000.0</b>	<b>4,997.2</b>

Non-current financial liabilities include the long-term portion of the lease liabilities pursuant to IFRS 16. Current financial liabilities include the current portion of the lease liabilities.

The K€ 1,000 bank loan was provided in June 2022 by a major French bank; it is an unsecured, 3-year bank loan with interest rate at 3% p.a., with monthly repayments over 36 months.

## Note 10: Trade payables and other current liabilities

### 10.1 Trade payables

Trade payables are primarily related to expenses incurred by the Group as part of its clinical trials. The increase at June 30, 2022, relates primarily to the preparatory work for the GNC-501 Long-COVID clinical trial.

### 10.2 Other current liabilities

<b>OTHER CURRENT LIABILITIES (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
Personnel and related accounts	381.6	425.0
Social security and other social institutions	177.3	251.4
Other	13.4	29.1
Accrued liabilities	709.5	951.4
Deferred grant	194.1	467.8
Advances received	1.6	-
<b>Total other current liabilities</b>	<b>1,477.5</b>	<b>2,124.7</b>

At June 30, 2022, accrued liabilities related for 60% to accruals of expenses incurred in connection with clinical trials and other research and development activities and for 40% to accruals for general & administrative costs (primarily audit and accounting fees, legal fees and listing-related fees).

## Note 11: Breakdown of expenses and income per function

### 11.1 Research and Development

<b>RESEARCH AND DEVELOPMENT EXPENSES (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>06/30/2021</b>
Studies and research	(3,235.6)	(1,554.7)
Intellectual property	(144.3)	(96.0)
Raw materials and consumables	(11.2)	(28.7)
Rental expenses	(19.0)	(31.6)
Professional fees	(117.2)	(65.6)
Payroll expense	(1,023.0)	(783.4)
Amortization and depreciation	(75.5)	(76.6)
Share-based payment expense	(25.3)	(23.1)
Other	-	(4.4)
<b>Research and Development Expenses</b>	<b>(4,651.1)</b>	<b>(2,664.1)</b>
Research tax credits	968.1	464.5
Other subsidies	281.0	119.9
<b>Subsidies</b>	<b>1,249.1</b>	<b>584.4</b>

The increase in expenses for studies and research is primarily due to the launch of a new production of temelimab, the Company's lead drug candidate, in order to meet the needs of the new GNC-501 Phase 2 clinical trial treating long-COVID patients with severe neurological and psychiatric symptoms with temelimab, which represents the bulk of the increase in costs for clinical studies and services. The reduction in costs due to the completion in Q1 2022 of the ProTECT-MS trial of temelimab in MS at the Karolinska Institutet in Stockholm, Sweden (with results announced on March 21, 2022), was offset by the costs incurred for the preparation of the GNC-501 trial. R&D personnel expenses increased from K€ 783 to K€ 1,023 and professional fees increased from K€ 66 to K€ 117, reflecting the expansion of GeNeuro's clinical operations team to accommodate the GNC-501 workload, and intellectual property costs also increased from K€ 96 to K€ 144, reflecting the Company's patent filing activities related to HERV-W and HERV-K; other costs, including share-based payments, were stable.

As a result of the expanded R&D activities, subsidies increased from K€ 584 in the first half of 2021 to K€ 1,249 (of which K€ 968 of French Research Tax Credits) during the first half of 2022.

## **11.2 General and administrative expenses**

<b>GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>06/30/2021</b>
Travel and assignments expenses	(105.2)	(16.4)
Office expenses	(18.8)	(18.8)
Rental expenses	(19.5)	(21.6)
Professional fees	(432.7)	(368.7)
Payroll expense	(713.1)	(810.3)
Tax expense	(20.9)	(8.1)
Insurance expense	(13.3)	(13.9)
Postal and telecom expenses	(11.6)	(40.7)
Amortization and depreciation	(68.5)	(74.3)
Share-based payment expense	(75.0)	(53.6)
Other	(8.0)	0.6
<b>General and administrative expenses</b>	<b>(1,486.6)</b>	<b>(1,425.8)</b>

After a decrease of 17% in the first half of 2021, general and administrative expenses increased by 4% to K€ 1,487 in the first half of 2022 (compared to K€ 1,426 in the prior year period). This was achieved despite a weakening of 5.7% of the EUR vs the Swiss franc, the currency in which approximately three quarters of the general and administrative expenses are incurred, and mostly thanks a further decrease in payroll expense, down 12% to K€ 713 vs K€ 810 in the prior year period, due primarily to lower variable compensation; travel expenses increased markedly from K€ 16 to K€ 105, as travel activity picked up following the lifting of COVID-19 travel restrictions, but with an overall level still significantly below that of pre-COVID-19; and professional fees increased from K€ 369 to K€ 433, or 17%. A non-cash charge of K€ 75 for share-based payments was recorded in the first half of 2022, compared to K€ 54 in the first half of 2021.

## **Note 12: Financial income (expenses), net**

<b>FINANCIAL INCOME (EXPENSES), NET (Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>06/30/2021</b>
Other financial income	0.5	0.9
Foreign exchange gains	179.4	112.8
<b>Financial income</b>	<b>179.9</b>	<b>113.7</b>
Share based expense related to capital increase at discount to market	(589.2)	-
Other financial expenses	(113.2)	(11.0)
Foreign exchange losses	(264.3)	-
<b>Financial expenses</b>	<b>(966.7)</b>	<b>(11.0)</b>
<b>Financial income (expenses), net</b>	<b>(786.8)</b>	<b>102.7</b>

The Company completed a capital increase in May 2022, which was not open to all existing shareholders but was

restricted to certain selected institutional investors; accordingly and pursuant to IFRS 2, the discount between the share price prior to the capital increase and the actual issue price (€2.86 per share vs €3.08 per share) is considered a share based payment, resulting in a charge of K€ 589, accounted within financial expenses, with a corresponding amount added to reserves within shareholders' equity.

### Note 13: Loss per share

<b>BASIC LOSS PER SHARE</b>	<b>06/30/2022</b> 6 months	<b>06/30/2021</b> 6 months
Weighted average number of shares outstanding	22,931,591	20,467,235
Number of potentially dilutive shares from exercise of options <sup>(1)</sup>	-	463,279
Net loss for the period (in thousands of EUR)	(5,675.4)	(3,402.8)
<b>Basic loss per share (EUR/share)</b>	<b>(0.25)</b>	<b>(0.17)</b>
<b>Diluted loss per share (EUR/share)</b>	<b>(0.25)</b>	<b>(0.17)</b>

*Taking into account solely "in the money" stock options*

### Note 14: Related parties

#### 14.1 Compensation to members of the Board and Officers

The CEO of the Company is also a member of the Board of Directors.

Aggregate compensation of the Board of Directors and Officers was as follows (in K€):

<b>COMPENSATION DUE TO MEMBERS OF THE BOARD AND OFFICERS</b> <b>(Amounts in thousands of EUR)</b>	<b>06/30/2022</b>	<b>06/30/2021</b>
Fixed compensation due	553.1	601.4
Variable compensation due	140.3	115.1
Benefits in kind	17.8	17.2
Employer contribution to pension scheme and other social contributions	182.3	203.3
Share-based payments	91.9	79.1
Attendance fees	41.2	38.9
<b>TOTAL</b>	<b>1,026.6</b>	<b>1,055.0</b>

The Company has signed agreements with three members of its Board of Directors, of which two were concluded in 2015 and one in 2016. In accordance with these contracts and as compensation for services rendered, the Company has recorded fees of K€ 39 during the first half of 2021 and of K€ 41 during the first half of 2022, as indicated in the table above; the change results from the evolution of the EUR against the Swiss franc, in which the fees are paid.

No post-employment benefits were granted to members of the Board of Directors and Officers, with the exception of the mandatory defined benefit scheme applicable for Swiss employees under the 2<sup>nd</sup> pillar of the Swiss social security system.

All compensation components have been fully paid, except for the directors' fees, which are paid in the second half of each year, the share-based payments compensation, which is not due to be settled in cash, and the variable compensation, which is settled in the first quarter of the next financial year.

The variable components of compensation were allocated on the basis of pre-determined performance criteria.

#### 14.2 Related party transaction with bioMérieux



The Company signed an exclusive licensing contract with bioMérieux in 2006. BioMérieux is a French listed company, majority-owned by Institut Mérieux, which is the controlling shareholder of GNEH SA, itself a significant shareholder of GeNeuro SA. The key elements of the licensing contract (including the detail of the contingent liabilities resulting from the contract) are disclosed in Note 19.2 of the consolidated financial statements for the year ended December 31, 2021.

### **Note 15: Liquidity risk**

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Since its incorporation, the Company has primarily funded its growth through issuances of shares, including the capital increase conducted at the time of its initial public offering in 2016, the capital increases completed in January 2020, July 2021 and May 2022; additional funds provided by research collaborations, research grants and research tax credits (in France); and the FOPH subsidy accounted for as a forgivable loan. Until 2022, the Company never had recourse to bank loans; in June 2022, the Company entered into a 3-year €1 million unsecured loan facility with a major French bank. As a result, the Company is exposed to a limited extent to liquidity risk through requests for early repayment of loans.

Significant R&D expenses have been incurred from the start of the Company's activities, generating negative cash flows from operating activities. Cash outflows from operating activities amounted to K€ 2,519 and K€ 3,703 for the six months ended June 30, 2022 and June 30, 2021, respectively.

As at June 30, 2022, the Company's cash & cash equivalents and short-term deposits amounted to K€ 10,999.

In addition, the Company has received during September 2022 the amount receivable from the French Research Tax Credit for its 2021 R&D activities and the second instalment from the FOPH Subsidy Contract. Considering the resulting cash position and also the French Research Tax Credit for 2022 R&D activities, which is expected to be received in Q3 2023, and based on plans approved by its Board of Directors, which include the continued search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements, as well as already identified possible cost savings, including reductions in its personnel, if required to ensure its ability to continue operating, the Company considers it has cash to cover its operations until and including Q3 2023, allowing it to complete its GNC-501 clinical trial within the currently estimated timeline; the future viability of the Company beyond that date is dependent on its ability to raise additional capital to finance its operations. The Company will continue to seek additional funding through public financings, debt financings, collaboration agreements, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into collaborations or other arrangements. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be required to delay, reduce or eliminate research and development programs, product portfolio expansion, or future commercialization efforts, which could adversely affect its business prospects.

Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

### **Note 16: Post-balance sheet events**

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During September 2022, GeNeuro received the €2.3 million second instalment from the FOPH and the €1 million amount receivable from the French Research Tax Credit with respect to 2021 R&D activities.