

GeNeuro seals a €7.5 million financing agreement with its shareholder GNEH, a subsidiary of Institut Mérieux

- Support reaffirmed by Institut Mérieux, GeNeuro's shareholder from the start of the company, facilitating the finalization of the financing strategy in 2019
- Continued discussions with pharmaceutical groups on partnerships for development of GNBAC1 in multiple sclerosis

Geneva, Switzerland, December 20, 2018 – 5:45pm CET – 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), announces today the signing of a financing agreement with GNEH SAS, a subsidiary of Institut Mérieux, to establish a €7.5 million credit line.

Jesús Martin-Garcia, Chairman and Chief Executive Officer of GeNeuro, commented: *“This credit line, which complements our existing financial resources, gives GeNeuro additional flexibility to pursue its partnership and development strategy for GNBAC1 in multiple sclerosis and, depending on the outcome of the discussions, to finalize its longer-term financing strategy. It represents a renewed demonstration of support from Institut Mérieux, which has stood alongside GeNeuro since its launch in 2006.”*

The financing agreement with GNEH SAS, an Institut Mérieux company that holds a 33.88% shareholding in GeNeuro, will provide GeNeuro with a €7.5 million credit line. GeNeuro can draw on this credit line up to the end of May 2019, according to its liquidity requirements. It is repayable by June 30, 2020 at the latest. Should the credit line be drawn down, the financing agreement provides for certain early repayment scenarios, including if the Company secures financing under partnerships with third parties or in the event of a change in control. The agreement also gives GNEH the option of using any existing drawn down loan in part or in full as a subscription for new shares, or for securities conferring rights to the share capital in the event that GeNeuro issues such securities. Depending on the outcome of the ongoing partnership discussions, the Company could potentially carry out such a capital increase before the end of the first half 2019.

In case of draw-down, borrowings will bear interest at a rate increasing progressively up to 12% p.a. until June 2020.

The credit line bolsters GeNeuro's existing cash and increases the visibility on its finances beyond the horizon previously indicated by the Company, now covering all its ongoing programs and its operating overhead through until at least mid-2020 in the absence of partnership. Furthermore, it provides an additional source of flexibility enabling GeNeuro to continue its discussions concerning partnership options for the development of its flagship product in MS and to finalize its long-term financing strategy.

GeNeuro plans to finalize its partnership strategy in MS during 2019. To recap, GeNeuro and Servier published promising 12-month data in March 2018 as part of the Phase IIb CHANGE-MS clinical trial. The data supported the development of GNBAC1, a monoclonal antibody designed to neutralize pHERV-W Env protein in order to curb progression of the disease. Based on internal strategic priorities, Servier decided in September 2018 against exercising its licensing option and continuing to finance the MS program. That decision gave GeNeuro the entirety of the worldwide rights and extended the scope of its partnership discussions and development options to global level.

GeNeuro also continues to pursue the clinical development of GNBAC1 in type I diabetes. The final 12-month results of the Phase IIa RAINBOW study are anticipated early in the second quarter of 2019. GeNeuro announced in September 2018 that it had achieved the principal safety assessment objective in this new indication.

Lastly, the Company will proceed with its pre-clinical development plan for antibodies targeting pHERV-K as part of the treatment of amyotrophic lateral sclerosis (AMS) or Lou Gehrig's disease in 2019. The goal is to commence clinical trials by mid-2020. This project follows on from the positive results achieved in AMS in collaboration with the National Institute of Neurological Disorders and Stroke (NINDS).

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 28 employees and rights to 17 patent families protecting its technology.

For more information, visit: www.geneuro.com

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