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, 2023

CONTENTS

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, 2023;

- "Universal Registration Document" refers to the 2022 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers)* on April 28, 2023.

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 in 2022 its final Phase II clinical trial with an excellent tolerability and safety, or such as Long-COVID where W-ENV has been observed in more than 25% of patients with persistent syndromes after having had COVID.

With the support of a co-funding grant from the Swiss Federal Office for Public Health (FOPH) of 6.7 million Swiss francs (€6.8 million), GeNeuro has launched at the end of 2022 a Phase 2 clinical trial that is evaluating the clinical efficacy of a six-month treatment with temelimab on the improvement of cognitive impairment and/or fatigue in post-COVID patients who exhibit severe neurological and psychiatric ("neuropsychiatric") symptoms and who are positive for the presence of W-ENV protein in their blood. 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 18 patent families that protect its technology.

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

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, 2023

Jesús MARTIN-GARCIA, Chief Executive Officer

2. BUSINESS REPORT AT JUNE 30, 2023

2.1 Significant events in the first half of 2023

On May 3, 2023, the Company announced the publication in the leading open science journal iScience from "Cell Press" of the new results from the collaboration between GeNeuro and the CIRI, Centre International de Recherche en Infectiologie, in Lyon, France, on the link between SARS-CoV-2 and the pathogenic HERV-W proinflammatory envelope protein (W-ENV).

On April 13, 2023, GeNeuro reported on its first quarter financial situation, announcing a net cash position of €9.5 million.

On March 7, 2023, GeNeuro announced the signature of a credit agreement for a total amount of up to EUR 25 million with the European Investment Bank ("EIB"), supported by the InvestEU programme (the “EIB Credit Facility Agreement”). The first tranche of EUR 7 million, which was immediately available and was drawn in March 2023, is intended to support the Phase 2 clinical trial in long-COVID. The other tranches of EUR10 million and EUR8 million are intended for the preparation and launch of Phase 3 respectively.

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 2023”.

Results

2.2.1 Income

The Group recognized no income during the first half of 2023 or during 2022.

2.2.2 Research and development expenses

Research and development expenses of the Group increased 30% compared with the first half of 2022, from K€ 4,651 to K€ 6,035. This is primarily due to the fact that R&D activities were limited in the first half of 2022, due to the completion in March 2022 of the Company’s single -center Phase 2 in MS, whereas R&A activities were much higher during the first half of 2023 due to the launch in the end of 2022 of the Company’s new GNC-501 multi-center Phase 2 clinical trial treating long-COVID patients with severe neurological and psychiatric symptoms with temelimab. As a result, expenses for studies and research in the first half of the year increased from K€ 3,236 in 2022 to K€ 4,497 in 2023. R&D personnel expenses increased slightly from K€ 1,023 to K€ 1,089 while professional fees decreased from K€ 117 to K€ 84. Intellectual property costs increased from K€ 144 to K€ 163, reflecting the Company’s patent filing activities related to HERV-W and HERV-K.

As the bulk of the R&D activities were conducted by the Group’s Swiss parent and were accordingly not eligible for French research tax credits, subsidies decreased from K€ 1,249 in the first half of 2022 to K€ 719 during the first half of 2023. Subsidies for 1H 2023 include a favorable K€ 140 one-time impact from a debt cancellation related to the Bpifrance reimbursable advance received in 2011.

2.2.3 General and administrative expenses

General and administrative expenses increased by 17% from K€ 1,487 to K€ 1,747 in the first half of 2023. This is due to an increase in most cost items and was also partly due to the continued weakening of 4.5% of the EUR vs the Swiss franc (the currency in which approximately three quarters of the general and administrative expenses are incurred). Payroll expense increased from K€ 713 to K€ 858, due primarily to salary increases to offset inflation; travel expenses also increased markedly, from K€ 105 to K€ 153, 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€ 433 to K€ 479. A non-cash charge of K€ 102 for share-based payments was recorded in the first half of 2023, compared to K€ 75 in the first half of 2022.

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€ 4,889 in the first six months of 2022 to K€ 7,063 in the first six months of 2023, or 44%, 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€ 7,398 at June 30, 2023, compared with K€ 5,593 at December 31, 2022. The increase of the cash position reflects the drawdown of the first €7 million tranche from the EIB financing, 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 and the expected collection of the €1.3 million receivable from the French Research Tax Credit with respect to 2022 R&D activities (expected to be collected in the fourth quarter of 2023), as well as the French Research Tax Credit for 2023 R&D activities, which is expected to be received in Q3 2024, and based on plans approved by its Board of Directors, and given its current activities and cash position, the Company now expects to be able to cover its cash outflows until Q2 2024. As a result, in order to give it the time necessary to complete the GNC-501 clinical trial and initiate partnering discussions in the event of positive results, the Company will continue its search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements, in order to ensure its ability to continue operating.

2.4 Significant events since the end of the half-year

On September 11, 2023, the Company, in collaboration with Professor Marion Leboyer from the FondaMental Foundation, and Dr Ryad Tamouza, head immunologist for the immuno-psychiatry team of the Hôpital Mondor in Créteil/Paris, announced the publication in the leading scientific publication Translational Psychiatry of a recent study demonstrating the strong link between SARS-CoV-2 infection and HERV-W activation in hospitalized psychotic patients.

On September 27, 2023, the Company announced the publication in the journal "Proceedings of the National Academy of Sciences of the United States of America" (PNAS) of a study resulting from a collaboration between the Heinrich-Heine University in Düsseldorf, research teams from the Universities of Zürich and Bern with GeNeuro, which confirms that the expression of the HERV-W Env protein (W-Env) causes a neurodegenerative environment, through the fostering of demyelination and the reduction of remyelination, which may explain the long-term neurodegeneration suffered by MS patients.

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, 2023

Condensed Consolidated Statement of Financial Position

GENEURO Consolidated Statement of Financial Position (in thousands of EUR)	Notes	06/30/2023	12/31/2022
ASSETS			
Intangible assets		1,139.8	1,139.8
Property, plant and equipment	3	888.4	992.9
Non-current financial assets	4	260.9	249.5
Non-current receivables	5	269.7	-
Total non-current assets		**2,558.8**	**2,382.2**
Other current assets	5	2,310.9	3,495.0
Cash and cash equivalents		7,398.4	5,593.3
Total current assets		**9,709.3**	**9,088.3**
Total Assets		**12,268.1**	**11,470.5**
LIABILITIES AND EQUITY			
Equity			
Share Capital	6	1,100.2	1,100.2
Additional paid-in capital		33.6	27,157.0
Other reserves from capital		42,750.0	42,750.0
Net income (loss) attributable to owners of the parent		(6,862.1)	(12,199.8)
Accumulated deficit attributable to owners of the parent		(42,321.4)	(57,379.9)
Treasury shares		(784.9)	(794.7)
Cumulative translation adjustments		202.2	202.2
Accumulated other comprehensive loss		350.8	628.7
Equity attributable to owners of the parent		**(5,531.6)**	**1,463.7**
Total equity		**(5,531.6)**	**1,463.7**
Non-current liabilities			
Employee benefit obligations	8	437.0	153.8
Non-current financial liabilities	9	12,126.8	6,517.9
Non-current derivative liabilities	9	535.3	-
Other non-current liabilities		35.1	26.0
Non-current liabilities		**13,134.2**	**6,697.7**
Current liabilities			
Current financial liabilities	9	658.2	601.8
Trade payables	10.1	1,818.1	764.8
Other current liabilities	10.2	2,189.2	1,942.5
Current liabilities		**4,665.5**	**3,309.1**
Total Liabilities and Equity		**12,268.1**	**11,470.5**

Condensed Consolidated Income Statement

GENEURO Consolidated Income Statement (in thousands of EUR)	Notes	06/30/2023 6 months	06/30/2022 6 months
Income		-	-
Research and development expenses			
Research and development expenses	11.1	(6,035.4)	(4,651.1)
Subsidies	11.1	719.3	1,249.1
General and administrative expenses	11.2	(1,747.0)	(1,486.6)
Operating loss		**(7,063.1)**	**(4,888.6)**
Financial income	12	85.0	0.4
Financial expenses	12	(385.9)	(702.4)
Change in fair value of financial derivatives	12	571.0	-
Foreign exchange losses		(66.5)	(84.8)
Financial income (expenses), net		**203.6**	**(786.8)**
Pre-tax loss		**(6,859.5)**	**(5,675.4)**
Income tax (expense)		(2.6)	-
Net loss for the period		**(6,862.1)**	**(5,675.4)**
Basic loss per share (EUR/share)	13	**(0.28)**	**(0.32)**
Diluted loss per share (EUR/share)	13	**(0.28)**	**(0.32)**

Condensed Consolidated Statement of Comprehensive Income

GENEURO Consolidated Statement of Comprehensive income (in thousands of EUR)	06/30/2023 6 months	06/30/2022 6 months
Net loss for the period	**(6,862.1)**	**(5,675.4)**
Actuarial gains (losses) - employee benefits	(277.9)	806.5
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods	**(277.9)**	**806.5**
Currency translation differences	-	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	-	-
Total other comprehensive income (loss)	**(277.9)**	**806.5**
Comprehensive loss	**(7,140.0)**	**(4,868.9)**
Attributable to owners of the parent company	*(7,140.0)*	*(4,868.9)*

Condensed Consolidated Changes in Net Equity

GENEURO Consolidated Changes in Equity	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
			In thousands of EUR							
At December 31, 2021		*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
Comprehensive income (loss)			**-**	**-**	**-**	**(5,675.4)**	**-**	**-**	**806.5**	**(4,868.9)**
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)
At June 30, 2022		*24,999,028*	**1,100.2**	**27,155.8**	**42,750.0**	**(63,190.3)**	**(760.6)**	**202.2**	**414.5**	**7,671.8**
At December 31, 2022		*24,999,028*	**1,100.2**	**27,157.0**	**42,750.0**	**(69,579.7)**	**(794.7)**	**202.2**	**628.7**	**1,463.7**
Net loss 2023/06			-	-	-	(6,862.1)	-	-	-	(6,862.1)
Other comprehensive income			-	-	-	-	-	-	(277.9)	(277.9)
Comprehensive income (loss)			**-**	**-**	**-**	**(6,862.1)**	**-**	**-**	**(277.9)**	**(7,140.0)**
Reclassification pursuant to shareholders' meeting			-	(30,000.0)	-	30,000.0	-	-	-	-
Reclassification of currency impact from change of functional currency on Jan. 1, 2016	6		-	2,876.6	-	(2,876.6)	-	-	-	-
Share-based payments	7		-	-	-	134.9	-	-	-	134.9
Treasury shares			-	-	-	-	9.8	-	-	9.8
At June 30, 2023		*24,999,028*	**1,100.2**	**33.6**	**42,750.0**	**(49,183.5)**	**(784.9)**	**202.2**	**350.8**	**(5,531.6)**

Condensed Consolidated Cash Flow Statement

GENEURO Consolidated Cash Flow Statement (in thousands of EUR)	Notes	06/30/2023 6 months	06/30/2022 6 months
Cash flow from operating activities			
Net loss for the period		**(6,862.1)**	**(5,675.4)**
Adjusted by the reversal of:			
Amortization of intangible assets		-	1.9
Depreciation of property, plant and equipment	3	147.5	142.1
Change in provision for defined benefit obligation		5.2	90.8
Share-based payment expense	7	134.9	689.5
Subsidies recognized on reimbursable advances		(380.0)	
Financial expense, net	12	(349.7)	96.7
Unwinding of advances		146.1	100.9
Net cash outflow from operating activities		**(7,158.1)**	**(4,553.5)**
Decrease in Deposits		9.6	-
Increase in Other non-current receivables		(269.7)	(968.4)
(Increase) / Decrease in Other current assets	5	1,141.5	2,625.7
Increase / (Decrease) in Trade payables and related accounts	10.1	1,169.0	1,019.6
Increase in Other non-current liabilities		9.1	6.0
Decrease in Other current liabilities	10.2	378.9	(648.3)
Cash outflow from operating activities		**(4,719.7)**	**(2,518.9)**
Cash flow from investing activities			
Acquisitions of property, plant and equipment	3	(12.5)	(17.4)
Interest received on short term deposits		52.5	0.4
Cash outflow from investing activities		**40.0**	**(17.0)**
Cash flow from financing activities			
Capital increase	8	-	7,660.0
Proceeds from borrowings	9	6,925.0	1,000.0
Interest paid		(17.3)	(7.3)
Share capital increase costs paid	8	-	(619.5)
Repayment of lease liabilities	9	(134.1)	(92.7)
Repayment of advances		-	(12.5)
Repayment of borrowings		(162.9)	-
Cash flow from financing activities		**6,610.7**	**7,928.0**
Increase / (Decrease) in cash		**1,931.0**	**5,392.1**
Cash & cash equivalents - beginning of period		5,593.3	5,479.5
Impact of exchange rate fluctuations		(125.9)	126.9
Cash & cash equivalents - end of period		**7,398.4**	**10,998.5**

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

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, 2022 and 2023.

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 has launched at the end of 2022 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, 2023 with a direct and indirect shareholding of 39.1%, and 25.5% respectively.

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

Note 2: Accounting principles, rules and methods

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 26, 2023, 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 2022 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, 2022 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, 2023.

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.

Material uncertainty and ability to continue as a going concern

The accompanying unaudited interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. The interim financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a 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 development-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 has sustained operating losses since its formation, except for the 2014 financial year. Such losses, which amounted to €46 million for the last five financial years, reflect both the significance of the expenses incurred in research and development and the absence of revenues. In addition, for the six months ended June 30, 2023, the Company incurred a net loss of €6.9 million (2022: €5.7 million) and negative cash flows from operations of €4.7 million (2022: €2.5 million). 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 up to 50% of a Phase II clinical trial to treat patients with long-standing COVID who exhibit severe neurological and psychiatric ("neuropsychiatric") symptoms. In 2022, the Company received the first two instalments from the FOPH grant for its post-COVID program, of €3.0 million and €2.3 million. In addition, in March 2023, the Company, through its French subsidiary, entered into a credit agreement for a total amount of up to EUR 25 million with the European Investment Bank ("EIB"), supported by the InvestEU programme. The first tranche of EUR 7 million, which was immediately available and was drawn in March 2023, is intended to support the Phase 2 clinical trial in long-COVID. The other tranches of EUR10 million and EUR8 million are intended for the preparation and launch of Phase 3 respectively.

The Company has no revenues and cannot predict when, if at all, one of its drugs under development will reach commercial stage; the Company is currently undertaking a Phase 2 clinical trial with temelimab, its leading drug candidate, in the Long-COVID indication, with results are now expected by the end of the second quarter of 2024. The costs for this clinical trial are such that the Company's operations will continue to require significant amounts of capital. The Company determined that there are currently insufficient financial resources to fund its operations for at least twelve months from when the first half 2023 financial report is approved on 29 September 2023, based on the funds available as of June 30, 2023 in the amount of €7.4 m (cash and cash equivalents) together with the expected negative cashflow for the next twelve months based on the Company's current business plan. As a result, in order to ensure its ability to continue operating, the Company will actively continue its search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements. The potential issuance of equity would result in dilution to shareholders. Other options may include debt financing transactions, subject to securing agreement from the EIB. The potential issuance of debt securities may include rights, preferences, and privileges senior to those of common shareholders, and the terms and conditions of debt securities or borrowings could potentially impose significant restrictions on the Group's operations. While the Company is actively seeking to raise additional funding, there can be no assurance that the necessary financing will be available. Shareholders should note that whilst Management and the Board of Directors consistently continue to apply best efforts to evaluate and execute all available options, there is no guarantee that any transaction can be realized or that such transaction would generate sufficient funds to finance operations for twelve months from when the first half 2023 financial report is approved. If the Company is unable to obtain adequate capital resources to fund the operations, it will need to substantially modify its operations by significantly reducing spending as well as seeking to monetize assets under development through outlicensing transactions. This may impact the ability to complete the current Phase 2 clinical trial. If such measures are not sufficient, and/or additional funding is not obtained in due course, the Company may be forced to discontinue its operations entirely.

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, 2022. There are no new standards, amendments, or interpretations mandatory from the beginning of the 2023 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, 2022.

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
GROSS VALUE							
Statement of financial position at December 31, 2022	**1,876.1**	**254.7**	**55.8**	**267.2**	**8.2**	**18.8**	**2,480.8**
Additions	30.5	10.6	-	1.9	-	-	43.0
Statement of financial position at June 30, 2023	**1,906.6**	**265.3**	**55.8**	**269.1**	**8.2**	**18.8**	**2,523.8**
ACCUMULATED DEPRECIATION							
Statement of financial position at December 31, 2022	**997.3**	**228.3**	**37.4**	**218.5**	**0.5**	**5.9**	**1,487.9**
Increase	125.0	6.2	3.9	10.4	-	2.0	147.5
Statement of financial position at June 30, 2023	**1,122.3**	**234.5**	**41.3**	**228.9**	**0.5**	**7.9**	**1,635.4**
NET BOOK VALUE							
At December 31, 2022	**878.8**	**26.4**	**18.4**	**48.7**	**7.7**	**12.9**	**992.9**
At June 30, 2023	**784.3**	**30.8**	**14.5**	**40.2**	**7.7**	**10.9**	**888.4**

Note 4: Financial assets

FINANCIAL ASSETS (Amounts in thousands of EUR)	06/30/2023	12/31/2022
Liquidity contract	60.2	50.4
Deposits	200.7	199.1
Non-current financial assets	**260.9**	**249.5**

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

OTHER CURRENT ASSETS (Amounts in thousands of EUR)	06/30/2023	12/31/2022
Research Tax Credits (1)	1,316.4	1,316.4
Value Added Tax	102.3	108.8
Social and tax receivables	11.6	56.6
Prepaid expenses	29.9	34.2
Advance payments (2)	393.8	1,362.6
Other (3)	456.9	616.4
Total other current assets	**2,310.9**	**3,495.0**

(1) Research tax credits (RTC) are related solely to French research activities. The reimbursement of the RTC for the 2022 activities is expected to be received in Q4 2023. The amount accrued at June 30, 2023 for activities in 2023, of K€ 270, is included at June 30, 2023, within Non-Current Receivables as it is expected to be recovered during Q3 2024.
(2) The advance payments relate to advances made to suppliers.
(3) This item relates to prepaid expenses, including prepaid social charges.

Note 6: Capital

COMPOSITION OF SHARE CAPITAL (number of shares)	06/30/2023	12/31/2022
Common bearer shares	24,999,028	24,999,028
Total	**24,999,028**	24,999,028
Nominal value (in CHF)	0.05 CHF	0.05 CHF
Approximate nominal value (in EUR)	0.05 €	0.05 €

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, 2023, the Company's share capital amounted to CHF 1,249,951.40 (K€ 1,277 at the June 30, 2023 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.

Capital Band

Under the new Swiss Company Law, in force since 1 January 2023, the former "authorized capital" no longer exists. At the June 14, 2023, annual shareholders' meeting, a new capital band was approved, with an upper limit of 12,499,514 additional bearer shares each with a nominal value of CHF 0.05. A capital reduction is excluded.

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, 109,605 treasury shares acquired by the liquidity contract are recognized as a deduction from shareholders' equity as at June 30, 2023 (compared to 92,815 treasury shares as at June 30, 2022). 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 2023.

Reclassification of currency impact from change of functional currency on Jan. 1, 2016

On January 1, 2016, the Company decided to adopt the euro (EUR) as functional currency, instead of the Swiss franc (CHF) which had heretofore been its functional currency. All items were converted into the new functional currency by using the exchange rate at the time of the change (rate as of December 31, 2015 : 1,0835 CHF for 1 EUR), except for shareholders' equity which was converted at the applicable historical rates. This resulted in a negative currency impact of K€ 61.6 to share capital and K€ 2,876.6 to additional paid-in capital, which was offset by a positive impact of K€2,736.0 to accumulated deficit and of K€ 202.2 to cumulative translation adjustments. This led to a difference in additional paid-in capital as reported in the consolidated financial statements compared to additional paid-in capital as reported in the Company's statutory financial statements. Given the decision approved at the June 14, 2023's shareholders' meeting, to allocate EUR 30 million from additional paid-in capital to the accumulated deficit, the Company has decided to reclassify the K€ 2,876.6 currency impact booked in 2016 from additional paid-in capital to accumulated deficit, in order to present a positive value for the additional paid-in capital.

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

Plan outstanding during the first half of 2023

The following table summarizes the assumptions adopted in the IFRS 2 valuation of the plans outstanding during the first half of 2023:

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
PSOU 06/2016 (1)	606,400	13.00 €	9.28 €	5 years		58.8%	-1.09%	2.29
PSOU 01/2017(1)	35,000	13.00 €	10.19 €	5 years	3 years	53.6%	-0.86%	2.48
PSOU 02/2017 (1)	15,000	13.00 €	9.29 €	5 years	2 years	53.6%	-0.87%	1.74
PSOU 02/2018 (1)	20,000	13.00 €	6.28 €	5 years	2 years	50.0%	-0.77%	0.14
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
Stock options 03/2023 - part 1	118,847	2.86 €	2.32 €	10 years	4 years	66.9%	1.06%	0.59
Stock options 03/2023 - part 2	118,847	2.86 €	2.32 €	10 years	4 years	65.8%	0.96%	1.03

(1) 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 awarded during the first half of 2023: 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 237,694 stock options in the six months ended June 30, 2023, with an exercise price of €2.86 per share.

Please refer to the annual report for the year ended December 31, 2022, 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	PSOU Plans(1)	Stock options 02/2018	Stock options 09/2018	Stock options 03/2020	Stock options 12/2020	Stock options 02/2021	Stock options 03/2022	Stock options 03/2023	Total
December 31, 2022	493,694	10,000	90,880	144,000	20,000	178,000	183,627	-	1,120,201
Issued	-	-	-	-	-	-	-	237,694	237,694
Exercised	-	-	-	-	-	-		-	-
Forfeited / cancelled	-	(10,000)	(1,027)	-	-	-	-	-	(11,027)
June 30, 2023	493,694	-	89,853	144,000	20,000	178,000	183,717	237,694	1,346,868
Number of shares to be issued	493,694	-	89,853	144,000	20,000	178,000	183,717	237,694	1,346,868
Number of options vested as at June 30, 2023	493,694	-	89,853	108,000	12,500	89,000	45,907	-	838,954

(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)	06/30/2023		
Grant date	Accumulated expense at opening	Expense	Accumulated expense at 06/30/2023
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	177.5	4.4	181.9
Stock options 03/2020	120.5	9.0	129.5
Stock options 12/2020	15.8	2.1	17.9
Stock options 02/2021	154.6	38.4	193.0
Stock options 03/2022	113.2	56.5	169.7
Stock options 03/2023	-	24.5	24.5
Total	**2,846.4**	**134.9**	**2,981.3**

(Amounts in thousands of EUR)	06/30/2022		
Grant date	Accumulated expense at opening	Expense	Accumulated expense at 06/30/2022
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
Total	**2,611.3**	**100.3**	**2,711.5**

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, 2022. The increase from K€ 154 at December 31, 2022 to K€ 437 at June 30, 2023, is due primarily to the change in financial assumptions for the calculation of the Swiss employees defined benefit obligation, with the discount rate decreasing from 2.30% to 1.80% as a result of the general increase in relevant interest rates.

Note 9: Current and non-current financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in thousands of EUR)	06/30/2023	12/31/2022
Reimbursable advance (Note 9.1)	-	139.1
Forgivable loan from FOPH for Post-COVID program	5,166.4	5,136.3
Unsecured bank loan (non-current portion)	343.5	511.4
Unsecured EIB Loan	6,000.5	-
Lease liabilities	616.4	731.1
Non-current financial liabilities	**12,126.8**	**6,517.9**
Non-current derivative liabilities	**535.3**	**-**
Unsecured bank loan (current portion)	333.2	328.2
Unsecured EIB Loan	40.3	
Lease liabilities	284.7	273.6
Current financial liabilities	**658.2**	**601.8**
Total financial liabilities	**13,320.3**	**7,119.7**

Net debt (amounts in thousands of EUR)	**06/30/2023**	**12/31/2022**
Cash and cash equivalents	**7,398.4**	**5,593.3**
Unsecured bank loan and reimbursable advance	**(676.7)**	**(978.7)**
Unsecured EIB Loan	**(6,040.8)**	**-**
FOPH Covid-19 Contract	**(5,166.4)**	**(5,136.3)**
Lease liabilities	**(901.1)**	**(1,004.7)**
Net (debt)	**(5,921.9)**	**(1,526.4)**
Cash and cash equivalents	**7,398.4**	**5,593.3**
Gross debt - fixed interest rates (1)	**(13,320.3)**	**(7,119.7)**
Net debt	**(5,921.9)**	**(1,526.4)**

(1) Gross debt at June 30, 2023, includes the Unsecured EIB Loan less the value of the related share purchase warrants.

CHANGE IN LOANS AND BORROWINGS

(Amounts in thousands of EUR)	**Lease Liabilities**	**Reimbur-sable Advance**	**FOPH Forgivable Loan under Covid-19 Contract**	**Unse-cured bank loan**	**Unse-cured EIB Loan**	**Derivative Liabilities**	**TOTAL LOANS AND BORROWINGS**
At December 31, 2022	**1,004.7**	**139.1**	**5,136.3**	**839.6**	**-**	**-**	**3,900.3**
Additions	30.5	-	-	-	7,000.0	-	**7,030.5**
Derivative instruments	-	-	-	-	(1,106.3)	1,106.3	**-**
Transaction costs	-	-	-	-	(75.0)	-	**(75.0)**
Cash flows	(134.1)	-	-	(162.9)	-	-	**(297.0)**
Interest expense	-	0.9	145.2	-	222.1	-	**368.2**
Subsidies	-	(140.0)	(146.2)	-	-	-	**(286.0)**
Other	-	-	30.9	-	-	(571.0)	**(540.1)**
At June 30, 2023	**901.1**	**-**	**5,166.4**	**676.7**	**6,040.8**	**535.3**	**13,320.3**

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 unsecured 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.

The unsecured EIB Loan is the first tranche of € 7 million from the EIB credit agreement; the derivative instruments relate to the IFRS valuation of the 642,031 share purchase warrants issued to the EIB, at an exercise price of €2.58 per share, which were valued under the Black & Scholes model at €1.72 per warrant, for a total initial value of K€ 1,106.3. As mentioned in Note 14, due to the decrease at June 30, 2023 of the Company's share price compared to the exercise price, these warrants were valued at June 30, 2023 at K€ 535, leading to the above K€571 change in fair value of the derivatives.

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, 2023, relates to the outstanding expenses for the GNC-501 Long-COVID clinical trial.

10.2 Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in thousands of EUR)	06/30/2023	12/31/2022
Personnel and related accounts	457.4	393.4
Social security and other social institutions	147.0	248.4
Other	9.3	28.8
Accrued liabilities	1,485.4	1,018.2
Deferred grant	21.4	115.4
Total other current liabilities	**2,189.2**	**1,942.5**

At June 30, 2023, accrued liabilities related for 87% to accruals of expenses incurred in connection with clinical trials and other research and development activities and for 13% 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

RESEARCH AND DEVELOPMENT EXPENSES (Amounts in thousands of EUR)	06/30/2023	06/30/2022
Studies and research	(4,496.9)	(3,235.6)
Intellectual property	(162.9)	(144.3)
Travel and assignments expense	(31.6)	-
Raw materials and consumables	(18.5)	(11.2)
Rental expenses	(21.2)	(19.0)
Professional fees	(83.8)	(117.2)
Payroll expense	(1,088.9)	(1,023.0)
Amortization and depreciation	(93.7)	(75.5)
Share-based payment expense	(32.9)	(25.3)
Other	(5.0)	-
Research and Development Expenses	**(6,035.4)**	(4,651.1)
Research tax credits	269.7	968.1
Other subsidies	449.6	281.0
Subsidies	**719.3**	1,249.1

The increase in expenses for studies and research is due to the launch at the end of 2022 of the new GNC-501 Phase 2 multi-center clinical trial treating long-COVID patients with severe neuro-cognitive symptoms with temelimab, which represents the bulk of the costs for clinical studies and services and which exceed the costs incurred in 1H 2022 for the single-center ProTEct-MS trial of temelimab in MS at the Karolinska Institutet in Stockholm, Sweden, which was completed in the first quarter of 2022. R&D personnel expenses increased from K€ 1,023 to K€ 1,089 compared to the prior year period, while professional fees decreased from K€ 117 to K€ 84; intellectual property costs increased from K€ 144 to K€ 163, reflecting the Company's patent filing activities related to HERV-W and HERV-K.

As the bulk of the Company's GNC-501 Phase 2 clinical trial activities are conducted out of the Swiss parent and are therefore not eligible for French Research Tax Credit, research tax credits decreased from K€ 968 in the first half of 2022 to K€ 270, whereas other subsidies increased from K€ 281 to K€ 450; these other subsidies include K€ 140 of debt cancellation from Bpifrance in connection with the K€ 200 reimbursable advance that had been granted to GeNeuro Innovation SAS in 2011, K€ 70 from the European Union HERVCOV grant and K€ 240 of subsidies accounted for in connection with the Swiss FOPH grant.

11.2 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in thousands of EUR)	06/30/2023	06/30/2022
Travel and assignments expenses	(152.7)	(105.2)
Office expenses	(19.1)	(18.8)
Rental expenses	(16.7)	(19.5)
Professional fees	(478.6)	(432.7)
Payroll expense	(858.3)	(713.1)
Tax expense	(0.7)	(20.9)
Insurance expense	(41.2)	(13.3)
Postal and telecom expenses	(13.5)	(11.6)
Amortization and depreciation	(53.7)	(68.5)
Share-based payment expense	(102.0)	(75.0)
Other	(10.5)	(8.0)
General and administrative expenses	**(1,747.0)**	(1,486.6)

General and administrative expenses increased by 17% from K€ 1,487 to K€ 1,747 in the first half of 2023. This is due to increase in most cost items and was partly due to the continued weakening of 4.5% of the EUR vs the Swiss franc (the currency in which approximately three quarters of the general and administrative expenses are incurred). Payroll expense increased from K€ 713 to K€ 858, due primarily to salary increases to offset inflation; travel expenses also increased markedly, from K€ 105 to K€ 153, 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€ 433 to K€ 479. A non-cash charge of K€ 102 for share-based payments was recorded in the first half of 2023, compared to K€ 75 in the first half of 2022.

Note 12: Financial income (expenses), net

FINANCIAL INCOME (EXPENSES), NET (Amounts in thousands of EUR)	06/30/2023	06/30/2022
Change in fair value of derivatives	571.0	-
Other financial income	57.9	0.5
Foreign exchange gains	27.1	179.4
Financial income	656.0	179.9
Share based expense related to capital increase at discount to market	-	(589.2)
Other financial expenses	(385.9)	(113.2)
Foreign exchange losses	(66.5)	(264.3)
Financial expenses	**(452.4)**	(966.7)
Financial income (expenses), net	**203.6**	(786.8)

In connection with drawdown of the first €7 million tranche from the EIB Credit Facility, the Company issued to the EIB a total of 642,031 share purchase warrants at an exercise price of €2.58 per share and an initial aggregate valuation of K€ 1,106. Due to the decrease at June 30, 2023 of the Company's share price compared to the exercise price, these warrants were valued at June 30, 2023 at K€ 535, leading to the above K€ 571 change in fair value of the derivatives.

Other financial expenses increased due to the drawdown of the first €7 million tranche from the EIB Credit Facility, which carries interest of 9% p.a. (of which 2% p.a. payable in cash and 7% p.a. to be capitalized until maturity).

Note 13: Loss per share

BASIC LOSS PER SHARE	06/30/2023 6 months	06/30/2022 6 months
Weighted average number of shares outstanding	24,851,577	22,931,591
Number of potentially dilutive shares from exercise of options (1)	-	-
Net loss for the period (in thousands of EUR)	(6,862.1)	(5,675.4)
Basic loss per share (EUR/share)	**(0.28)**	(0.25)
Diluted loss per share (EUR/share)	**(0.28)**	(0.25)

(1) *: 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€):

COMPENSATION DUE TO MEMBERS OF THE BOARD AND OFFICERS (Amounts in thousands of EUR)	06/30/2023	06/30/2022
Fixed compensation due	588.8	553.1
Variable compensation due	175.9	140.3
Benefits in kind	18.8	17.8
Employer contribution to pension scheme and other social contributions	175.2	182.3
Share-based payments	136.5	91.9
Attendance fees	43.2	41.2
TOTAL	**1,138.4**	1,026.6

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€ 41 during the first half of 2022 and of K€ 43 during the first half of 2023, 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 2nd 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 an 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, 2022.

Note 15: Liquidity risk

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 up to 50% of a Phase II clinical trial to treat patients with long-standing COVID who exhibit severe neurological and psychiatric ("neuropsychiatric") symptoms. In 2022, the Company received the first two instalments from the FOPH grant for its post-COVID program, of €3.0 million and €2.3 million. In addition, in March 2023, the Company, through its French subsidiary, entered into a credit agreement for a total amount of up to EUR 25 million with the European Investment Bank ("EIB"), supported by the InvestEU programme. The first tranche of EUR 7 million, which was immediately available and was drawn in March 2023, is intended to support the Phase 2 clinical trial in long-COVID. The other tranches of EUR10 million and EUR8 million are intended for the preparation and launch of Phase 3 respectively. In 2022, the Company also entered into its first bank loan agreement, a 3-year €1 million unsecured loan facility with a major French bank. As a result, the Company is exposed to liquidity risk through requests for early repayment of any of these 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€ 4,720 for the six months ended June 30, 2022 and June 30, 2023, respectively.

As at June 30, 2023, the Company's cash & cash equivalents and short-term deposits amounted to K€ 7,398.

In addition, the Company expects to receive during Q4 2023 the amount receivable from the French Research Tax Credit for its 2022 R&D activities, representing K€ 1,316.

The Company determined that there are currently insufficient financial resources to fund its operations for at least twelve months from when the first half 2023 financial report is approved on 29 September 2023, based on the funds available as of June 30, 2023 in the amount of €7.4 m (cash and cash equivalents) together with the expected negative cashflow for the next twelve months based on the Company's current business plan. As a result, in order to ensure its ability to continue operating, the Company will actively continue its search for additional funding through public financings, debt financings, collaboration agreements, strategic alliances and/or licensing arrangements. The potential issuance of equity would result in dilution to shareholders. Other options may include debt financing transactions, subject to securing agreement from the EIB. The potential issuance of debt securities may include rights, preferences, and privileges senior to those of common shareholders, and the terms and conditions of debt securities or borrowings could potentially impose significant restrictions on the Group's operations. While the Company is actively seeking to raise additional funding, there can be no assurance that the necessary financing will be available. Shareholders should note that whilst Management and Board of Directors consistently continue to apply best efforts to evaluate and execute all available options, there is no guarantee that any transaction can be realized or that such transaction would generate sufficient funds to finance operations for twelve months from when the first-half interim 2023 financial report is approved. If the Company is unable to obtain adequate capital resources to fund the operations, it will need to substantially modify its operations by significantly reducing spending as well as seeking to monetize assets under development through outlicensing transactions. This may impact the ability to complete the current Phase 2 clinical trial. If such measures are not sufficient, and/or additional funding is not obtained in due course, the Company may be forced to discontinue its operations entirely.

Note 16: Post-balance sheet events

On September 11, 2023, the Company, in collaboration with Professor Marion Leboyer from the FondaMental Foundation, and Dr Ryad Tamouza, head immunologist for the immuno-psychiatry team of the Hôpital Mondor in Créteil/Paris, announced the publication in the leading scientific publication Translational Psychiatry of a recent study demonstrating the strong link between SARS-CoV-2 infection and HERV-W activation in hospitalized psychotic patients.

On September 27, 2023, the Company announced the publication in the journal "Proceedings of the National Academy of Sciences of the United States of America" (PNAS) of a study resulting from a collaboration between the Heinrich-Heine University in Düsseldorf, research teams from the Universities of Zürich and Bern with GeNeuro, which confirms that the expression of the HERV-W Env protein (W-Env) causes a neurodegenerative environment, through the fostering of demyelination and the reduction of remyelination, which may explain the long-term neurodegeneration suffered by MS patients.