CERENIS THERAPEUTICS HOLDING

Limited liability company (*société anonyme*) with a Board of Directors and capital of EUR 915,413.15
Registered office: 265, rue de la Découverte, 31670 Labège, France
Toulouse Trade and Companies Register no. 481 637 718

Semi-Annual Financial Report
Half-year ended June 30, 2017

(L. 451-1-2 III of the French Monetary and Financial Code
Article 222-4 *et seq.* of the AMF's GR)

This semi-annual financial report concerns the half-year ended June 30, 2017 and was prepared in accordance with the provisions of Articles L. 451-1-2 III of the French Monetary and Financial Code and Articles 222-4 *et seq.* of the French Financial Markets Authority's (AMF) General Regulation.

It has been published in accordance with the provisions of Article 221-3 of the AMF's general regulation. It is available, in particular, on our company's website, at www.cerenis.com.

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A. DECLARATION BY THE PERSON RESPONSIBLE

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended have been prepared in accordance with the applicable accounting standards and present a true and fair view of the financial position and earnings of the company and of all the companies included in the consolidation, and that the semi-annual business report on page 5 presents a true and fair reflection of the most significant events that occurred during the first six months of the year, their impact on the financial statements, the main related-party transactions as well as an overview of the principal risks and uncertainties for the remaining six months of the financial year.

September 11, 2017

Jean-Louis Dasseux

CEO

B. SEMI-ANNUAL ACTIVITY REPORT

Overview of the salient points of the activity

a. Significant events

The main factors affecting the period from January 1 to June 30, 2017 were as follows:

"CARAT" clinical trial

A phase II CARAT clinical trial designed to evaluate the efficacy of CER-001 in the regression of atherosclerotic plaque in post-acute coronary syndrome (ACS) patients including 301 patients in 4 countries: Australia, Hungary, the Netherlands and the United States.

The results of the study showed no statistical difference between CER-001 and the placebo group as regards the main clinical parameter of the study, the variation in the percentage of atherosclerotic volume (PAV) compared to the placebo, measured by intravascular ultrasound of the coronary arteries (IVUS).

However, the phase II CARAT trial again confirmed the safety profile of CER-001, although the primary endpoint, namely the regression of atherosclerotic plaques, was not achieved in patients who suffered an ACS.

The impacts on the interim consolidated financial statements as at June 30, 2017 are set out in the following notes to the financial statements (section C):
- Note III.L Government grants
- Note III.N Share-based payments
- Group restructuring (see below).

"TANGO" Clinical trial

A phase III (TANGO) trial for the FHPA orphan disease indication intended to assess the effect of six months of chronic treatment with CER-001 in 30 patients suffering from HDL deficiency is in progress.

Active recruitment of patients for the TANGO phase III trial is under way and findings should be available in early 2018.

The Company is working with 18 sites around the world to find more patients with Primary Familial HypoAlphalipoproteinemia (FPHA), a rare but important disease, both from a clinical and an orphan pathology standpoint.

CER-209 trial

The aim of the single-dose tolerance study in the United States was to evaluate the safety, tolerance and pharmacokinetic profile of CER-209 when taken orally in a single dose.

The positive results of the single-dose tolerance study mean that it is possible to move to the next stage in the clinical development of CER-209, i.e. safety and tolerance studies when taking multiple doses.

Outcome of the claim brought against the Montreal Heart Institute, Canada ("ICM")

In June 2014, Cerenis filed a claim for damages against the Montreal Heart Institute (*Institut de Cardiologie de Montréal* - ICM) before the Superior Court of Quebec, to seek compensation for the damages suffered due to the ICM's negligence in the performance of the service agreement between the Company and the ICM in connection with the CHI SQUARE trial conducted.

An agreement was reached between the parties. To this end, Cerenis recorded a profit of €2 million, broken down as follows:

- Cancellation of supplier invoices hitherto recorded in previous financial years for an amount of €1.6 million. These amounts were recorded as a reduction in R&D expenses in the income statement for the period.
- A reversal of provisions for expenses in the amount of €0.4 million corresponding to unused procedural costs.

Group restructuring

Cerenis announced the results of the phase II CARAT study in a press release on March 1, 2017.

It was decided that a restructuring plan would be implemented following the "CARAT" results. This plan resulted in the elimination of four positions in France and two in the US subsidiary, in addition to a reduction in overheads.

b. Overview

i) Overview

Cerenis is a biotechnology company whose core business is R&D in innovative therapies based on lipid metabolism, to treat cardiovascular and metabolic diseases.
To date, the Company has been in a research and development phase and has therefore not generated any revenue.
The Company operates out of Toulouse (France) and Lakeland, Michigan (United States). The Company's registered office is in Toulouse.
Since it was founded in 2005, the Company has been financed by:

- Capital increases
- Repayments received under the Research Tax Credit (CIR) program
- Repayable advances granted by Bpifrance (formerly Oséo)
- Income from investments in futures accounts.

This financial data originates from the Group's condensed consolidated financial statements which include Cerenis Therapeutics Holding SA (parent company in France) and Cerenis Therapeutics Inc. (wholly owned subsidiary in the United States).

ii) Revenue and operating income

In the last two years reported, the Company was in a research and development phase, and did not therefore generate any revenue.

iii) Research and Development – Sub-contracting

R&D expenses amounted to EUR 2,133 thousand as of June 30, 2017.

R&D expenses mainly include:
- personnel expenses including direct and indirect costs for Group employees responsible for R&D;
- sub-contracting and consultancy costs. These costs include costs relating to the preparation of reports, the filing and maintenance of patents and fees paid to experts, less supplier invoices hitherto recorded in previous financial years following settlement of the claim brought against the Montreal Heart Institute (ICM);
- amortizations on fixed assets used in research activities;
- research tax credit (CIR), which is reported as a deduction from research costs.

iv) Overheads and administrative expenses

Overheads and administrative expenses totaled EUR 756 thousand as of June 30, 2017.

Overheads and administrative expenses mainly include:
- administrative personnel costs including the charge for share-based payments which is recognized in accordance with international accounting standards;
- legal, audit and consultancy fees;
- travel expenses;
- office leasing costs relating to the Company's headquarters and the US subsidiary.

v) Financial expenses and income

Financial income amounted to a profit of EUR 2,185 thousand as of June 30, 2017.

Financial income mainly comprises:
- financial income related to cash invested in futures accounts;
- foreign currency gains and losses resulting from changes in currency rates in transactions made in foreign currencies with foreign service providers;
- financial expenses and income related to BPI-OSEO repayable advances recognized in accordance with IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance" and IAS 39, "Financial Instruments: Recognition and Measurement."

vi) Key factors impacting the Company's business

The main factors that impacted the half-year are presented below, in the "Significant events" section.

c. Comparison between the financial statements for the last two years

i. Operating income and net income

1. Sales and operating income

In the last two years reported, the Company was in a research and development phase, and did not therefore generate any revenue.

2. Operating expenses by function

Cerenis has chosen to present its income statement by function, which provides better financial data.

Operating expenses include R&D expenses as well as overheads and administrative costs. As the Company has no sales activity, there are no commercial costs.

Total personnel expenses (excluding share-based payments) and retirement benefits, which are broken down between the different functions, totaled EUR 1,256 thousand as of June 30, 2017 and EUR 1,646 thousand for the period from January 1 to June 30, 2016.

Changes in R&D expenses between June 30, 2017 and June 30, 2016 were as follows:

	06/30/2017 (€K)	06/30/2016 (€K)
Personnel expenses	695	798
Share-based payments	(348)	929
Sub-contractors, consultants	1,783	9,740
Professional fees	609	410
Travel expenses	48	75
Charges for depreciation and provisions	0	50
Research Tax Credit (CIR)	(654)	(1,789)
TOTAL	**2,133**	**10,213**

R&D expenses totaled EUR 2,133 thousand at June 30, 2017 compared to EUR 10,213 thousand as of June 30, 2016.

This decrease of EUR 8,080 thousand can be explained by:

- A reduction of EUR 1,277 thousand in share-based payments. The bonus shares granted in respect of the financial year ended as of December 31, 2016 include 160,000 performance-based shares. Vesting was subject to a performance condition, namely the achievement of the primary endpoint of the CARAT trial. This performance condition, which was not a market condition, was taken as consideration by adjusting the number of equity instruments included in the valuation of the transaction amount. As of June 30, 2017, since the performance condition was not met, the share-based payment expense recorded for the financial year 2016 was reversed in the income statement following the announcement of the results of the CARAT study. Accordingly, no bonus shares were awarded.

- A reduction of EUR 7,957 thousand in research expenses. As of June 30, 2016, research and development expenses were primarily linked to the CARAT clinical trial, which was progressing with the inclusion of patients. These costs included clinical trial costs as well as costs related to the production activities of CER-001 candidate drug batches with our partner, Novasep.

Changes in overheads and administrative expenses between June 30, 2017 and June 30, 2016 were as follows:

	06/30/2017 (€K)	06/30/2016 (€K)
Personnel expenses	561	848
Share-based payments	(384)	2,049
Professional fees	390	367
Leases	77	99
Travel expenses	149	177
Charges for depreciation and provisions	(416)	(49)
Other	379	337
TOTAL	**756**	**3,828**

Overheads and administrative expenses amounted to EUR 756 thousand as of June 30, 2017, and to EUR 3,828 thousand over the period from January 1 to June 30, 2016.

The main changes between June 30, 2016 and June 30, 2017 were as follows:
- The reduction of share-based payment expense (see the comments above);
- The increase in reversals of provisions, given the settlement of the dispute with the ICM (see "Significant events" paragraph above).

Operating income changed from a loss of EUR 14,041 thousand as of June 30, 2016 to a loss of EUR 2,889 thousand as of June 30, 2017.

3. Financial income

Financial income was a profit of EUR 2,185 thousand as of June 30, 2017 compared to a loss of EUR 626 thousand as of June 30, 2016.

The breakdown of financial income is as follows:

	06/30/2017 (€K)	06/30/2016 (€K)
Income from deposits	165	234
Foreign exchange gains	88	262
Other	2,440	54
Total financial income	***2,693***	***550***
Foreign exchange losses	233	317
Interest expenses on	83	713
Other	192	146
Total financial expenses	***508***	***1,176***
FINANCIAL REVENUE	**2,185**	**(626)**

The financial income recorded primarily includes:

- Other financial income of EUR 2,440 thousand as of June 30, 2017 includes the impact of the rescheduling of the 2010 BPI advance for EUR 2,113 thousand.
  Initially, Cerenis planned to repay this from 2017 onwards thanks to the strategy of implementing a partnership following the results of the phase II "CARAT" study. The negative results of the CARAT study announced in the press release in Q1 2017 (see paragraph B. "Significant Events", point B.a.), led to the discontinuation of the development of CER-001 in the treatment of acute coronary syndrome and the cessation of discussions to establish a partnership for future developments. Conversely, the Phase III study for the treatment of "FPHA" orphan diseases is ongoing, and the results are expected to be available at the beginning of the 2018 financial year. Given the time required to apply for marketing approval, the marketing of CER-001 for orphan diseases cannot take place until 2019. As a consequence, the repayment schedule has been updated in accordance with the latest management estimates and is expected to start January 31, 2020 and end January 31, 2027.

- Financial income linked to returns on future accounts and income from investments. This financial income amounted to EUR 234 thousand at June 30, 2016, whereas as of June 30, 2017, it amounted to EUR 165 thousand. This reduction can be explained by the fall in average cash outstanding over the period.

- Foreign exchange gains correspond to the impact of changes in currency rates for payments made to service providers in foreign currencies (USD, CAD, pound sterling, Japanese yen, Australian dollar).

Financial expenses mainly include:

- Foreign exchange losses (see the section above on "Foreign currency gains"); and

- The annual interest charge on the BPI 2012 advance.

4. **Corporate income tax**

In view of the losses recognized during the years reported, the Group did not record any corporate income tax.

5. **Basic earnings per share**

The Company reported a net loss of EUR 706 thousand as of June 30, 2017 compared to a loss of EUR 14,662 thousand at June 30, 2016.

Losses per issued share (weighted average number of shares outstanding during the financial year) amounted respectively to:
- EUR 0.82 as of June 30, 2016;
- EUR 0.04 as of June 30, 2017.

ii. Balance sheet analysis

1. **Non-current assets**

Net non-current assets totaled EUR 270 thousand as of June 30, 2017, compared to EUR 343 thousand as of December 31, 2016.

They include intangible assets; property, plant and equipment; and non-current financial assets.

Net intangible assets, which totaled EUR 3 thousand as of June 30, 2017 and EUR 5 thousand as of December 31, 2016, comprise software used by Cerenis.
As the R&D expenses incurred by the Company had not yet met the recognition criteria specified by IAS 38, they were fully booked as liabilities.

The Group owns laboratory equipment, office equipment and IT hardware.

Cerenis does not own any buildings.

Net property, plant and equipment items totaled EUR 100 thousand as of June 30, 2017 compared to EUR 122 thousand on the 2016 balance sheet date.

As of June 30, 2017, property, plant and equipment items were mostly composed of IT and office equipment and fittings, for offices at headquarters.

The other non-current assets item totaling EUR 167 thousand as of June 30, 2017 comprise the liquidity agreement for an amount of EUR 155 thousand, compared to EUR 204 thousand as of December 31, 2016. In this respect, 48,268 treasury shares were allocated to reducing shareholders' equity as of June 30, 2017. The balance in cash was maintained in other non-current assets.

Furthermore, the item also included deposits of EUR 12 thousand of lease payments for offices on the Labège site.

2. Current assets

Net current assets totaled EUR 21,384 thousand as of June 30, 2017, compared to EUR 28,722 thousand as of December 31, 2016.

They included bank accounts and cash equivalents as well as other current assets.

Available cash includes current accounts at banks as well as short-term deposits, which are broken down as follows:

	06/30/2017 (€K)	12/31/2016 (€K)
Current bank accounts	5,328	5,959
Short-term deposits	15,016	18,716
TOTAL	**20,344**	**24,675**

Other assets are broken down as follows:

	06/30/2017 (€K)	12/31/2016 (€K)
Tax receivables	162	124
Social security receivables	0	0
Research Tax Credit (CIR)	654	3,585
Pre-paid expenses	110	280
Other	114	58
TOTAL	**1,039**	**4,047**

Tax receivables correspond to VAT (Value Added Tax) to be recovered from the tax authorities.

The Research Tax Credit (CIR) is granted to businesses by the French government in order to encourage them to conduct scientific and technical research. CIR is calculated on the basis of a share of the R&D expenses incurred by Cerenis. The 2016 Research Tax Credit was reimbursed in May 2017 for a total of EUR 3,585 thousand.

Pre-paid expenses mainly concern orders for materials related to research activities that were invoiced but not yet delivered as of June 30, 2017.

3. Shareholders' equity

As of June 30, 2017 and December 31, 2016, total shareholders' equity amounted to EUR 13,223 thousand and EUR 14,610 thousand respectively.

Shareholders' equity mainly includes the items below:
- Share capital of EUR 913 thousand as of December 31, 2016 and EUR 915 thousand as of June 30, 2017;
- Issue premiums related to the share capital of EUR 166,753 thousand as of December 31, 2016 and EUR 166,751 thousand as of June 30, 2017;
- Aggregate losses for financial years 2005 to June 2017, i.e., a total of EUR 165,356 thousand as of December 31, 2016 and EUR 166,012 as of June 30, 2017;
- Impact from the application of IFRS 2 "Share-based payments" on shareholders' equity: EUR 11,569 thousand as of June 30, 2017 (EUR 12,300 thousand as of December 31, 2016).

4. Non-current liabilities

As of June 30, 2017 and December 31, 2016, total non-current liabilities amounted to EUR 6,008 thousand and EUR 7,761 thousand respectively.

These liabilities mainly corresponded to:
- Advances granted by BPI (*Banque Publique d'Investissement*, the French public investment bank);
- Provisions for disputes;
- Provisions for retirement benefits.

Non-current liabilities related to repayable advances granted by BPI totaled EUR 5,465 thousand as of June 30, 2017, compared to EUR 6,755 thousand as of December 31, 2016. Cerenis received three repayable advances for its R&D activities.

The "BPI 2010"- Project ISI advance totaling EUR 6,384 thousand was received during financial year 2010. As of June 30, 2017, Cerenis had received EUR 4,602 thousand for the previous financial years. The balance of EUR 1,782 thousand has still not been received.

The BPI 2012 - OSEO Innovation advance of EUR 1,500 thousand was received in 2012. As of June 30, 2017, Cerenis had received EUR 1,250 thousand. The balance will be paid when the program finalization is notified.
This BPI grant is awarded for pre-clinical development of a new candidate drug (CER-209) as HDL therapy as well as for the phase I clinical trial.

Provisions are as follows:

	06/30/2017 (€K)	12/31/2016 (€K)
Retirement benefits	95	120
Other	448	886
TOTAL	**543**	**1,006**

The provision for retirement benefits was accounted for in accordance with IAS 19.

As of June 30, 2017, the Company's management made an estimate of potential risks. The reduction in provisions can be explained by the effects of the outcome of the claim brought against the Montreal Heart Institute, Canada ("ICM").

5. Current liabilities

As of June 30, 2017, and December 31, 2016, total current liabilities came to EUR 2,423 thousand and EUR 6,694 thousand respectively.

This balance sheet item mainly comprises liabilities such as:

- Trade payables: EUR 1,963 thousand as of June 30, 2017 and EUR 5,415 thousand as of December 31, 2016;

- Tax and social security liabilities: EUR 260 thousand as of June 30, 2017 and EUR 979 thousand as of December 31, 2016;

- Current financial liabilities: EUR 200 thousand as of June 30, 2017 and EUR 300 thousand as of December 31, 2016.

C. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED PRESENTED IN CONSOLIDATED FORM

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	Note	June 30, 2017	December 31, 2016
Intangible assets	*III.G*	3	5
Property, plant and equipment	*III.G*	100	122
Other non-current assets	*III.G*	167	216
Deferred tax assets		0	0
Total non-current assets		**270**	**343**
Inventories and work in progress		0	0
Accounts receivable		0	0
Other current assets	*III.H*	1,040	4,047
Cash and cash equivalents	*III.H*	20,344	24,675
Total current assets		**21,384**	**28,722**
TOTAL ASSETS		**21,654**	**29,065**

LIABILITIES

(in thousands of euros)	Note	June 30, 2017	December 31, 2016
Share capital	*III.I*	915	913
Additional paid-in capital		166,751	166,753
Reserves and retained earnings		(153,816)	(128,315)
Loss for the financial year		(706)	(24,871)
Foreign currency translation reserves		79	130
Non-controlling interests		0	0
Total Shareholders' Equity		**13,223**	**14,610**
Long-term liabilities	*III.L*	5,465	6,755
Non-current provisions	*III.J*	543	1,006
Deferred tax liabilities		0	0
Other non-current liabilities		0	0
Total non-current liabilities		**6,008**	**7,761**
Current provisions		0	0
Trade payables		1,963	5,415
Other current liabilities		260	979
Current financial liabilities	*III.I*	200	300
Total current liabilities		**2,423**	**6,694**
TOTAL LIABILITIES		**21,654**	**29,065**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Note	June 30, 2017	June 30, 2016
Revenue	*III.B*	0	0
Manufacturing expenses		0	0
Administrative and commercial expenses	*III.C*	(756)	(3,828)
R&D expenses	*III.D*	(2,133)	(10,213)
Operating income		**(2,889)**	**(14,041)**
Financial income	*III.E*	2,693	550
Financial expenses	*III.E*	(508)	(1,176)
Financial income		**2,185**	**(626)**
Tax on profits		(2)	5
NET INCOME		**(706)**	**(14,662)**
Average number of (undiluted) shares	*III.F*	18,299,374	17,860,939
Loss per share (€)	*III.F*	(0.04)	(0.82)
Average number of diluted shares	*III.F*	19,035,836	19,354,590

OTHER COMPREHENSIVE INCOME

(in thousands of euros)	Note	June 30, 2017	June 30, 2016
Net income		**(706)**	**(14,662)**
Items that will not be recyclable subsequently to profit and loss			
- Actuarial gains and losses on defined benefit plans		0	0
Items that may be recyclable subsequently to profit and loss			
- Currency exchange translation		(51)	(13)
Comprehensive income		**(757)**	**(14,675)**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Number of shares	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translation reserves	Actuarial gains and losses	Other reserves	Total
Balance as of 01/01/2016	***17,794,878***	***890***	***166,032***	***(140,719)***	***110***	***(16)***	***6,902***	***33,198***
Loss for the period				(14,662)				(14,662)
Capital increase	103,385	5	740					745
Treasury stock				20				20
Share-based payment							2,977	2,977
Share subscription warrants				93				93
Foreign currency translation reserves					(13)			(13)
Balance as of 06/30/2016	***17,898,263***	***895***	***166,772***	***(155,268)***	***97***	***(16)***	***9,879***	***22,359***

(in thousands of euros)	Number of shares	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translation reserves	Actuarial gains and losses	Other reserves	Total
Balance as of 01/01/2017	***18,263,263***	***913***	***166,754***	***(165,462)***	***130***	***(25)***	***12,300***	***14,610***
Loss for the period				(706)				(706)
Capital adjustment	45,000	2	(2)					
Treasury stock				101				101
Share-based payment							(731)	(731)
Foreign currency translation reserves					(51)			(51)
Balance as of 06/30/2017	***18,308,263***	***915***	***166,752***	***(166,067)***	***79***	***(25)***	***11,569***	***13,223***

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	June 30, 2017	June 30, 2016
Consolidated net income (loss)		**(706)**	**(14,662)**
Net charge for depreciation		23	27
Net charge for provisions		(752)	(35)
Share-based payments (IFRS 2)		(731)	2,977
Adjustment to fair value of BPI advances	*III.L*	(2,030)	713
Reversal of income of the BPI subsidy	*III.I*	(110)	(223)
Net cash before changes in working capital		***(4,306)***	***(11,202)***
Income taxes		0	0
Net interest expense on borrowings		0	0
Net cash before changes in working capital		***(4,306)***	***(11,202)***
Change in working capital		(926)	184
Taxes paid		0	0
Net cash used in operating activities		**(5,232)**	**(11,018)**
Proceeds from disposals of property, plant and equipment		0	0
Proceeds from intangible assets		0	0
Capital expenditure: property, plant and equipment	*III.G*	0	2
Capital expenditure: intangible assets	*III.G*	0	0
Net cash from (used in) investing activities		**0**	**(2)**
Capital increase	*III.I*	0	745
Share subscription warrants		0	93
Treasury stock – liquidity agreements	*III.G*	151	102
Repayment of long-term debt			
Proceeds from BPI redeemable advances		750	0
Net cash from (used in) financing activities		**901**	**940**
Changes in net cash flows		**(4,331)**	**(10,079)**
Effect of exchange rate fluctuations		0	0
Opening cash position		24,675	42,951
Year-end cash position		**20,344**	**32,872**

CERENIS THERAPEUTICS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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I. GROUP PRESENTATION

A. GROUP PRESENTATION

These consolidated half-year financial statements include Cerenis Therapeutics Holding SA (denominated "Cerenis SA") and its American consolidated subsidiary Cerenis Therapeutics Inc. The term the "Group" refers to Cerenis SA together with its consolidated subsidiary. Cerenis Inc. is wholly owned by Cerenis Therapeutics S.A.

Cerenis Therapeutics is a French limited liability company (*société anonyme*) governed by French law. Its registered office is located at 265 Rue de la Découverte, 31670 Labège, France. The Company is registered with the Toulouse Trade and Companies Register (*Registre de Commerce et des Sociétés*, RCS) under number 481 637 718. The Company is incorporated under the legal regime of a limited liability company with a Board of Directors.

Cerenis is an international biopharmaceutical company focused on the discovery and development of new HDL therapies ("good cholesterol)" for treating cardiovascular and metabolic diseases.

The therapies that are designed to increase HDL represent the next revolution in the treatment of cardiovascular diseases.
It has been clinically demonstrated that HDL therapy may lead to a reduction in atherosclerotic plaque and that an increase in HDL may reduce mortality and morbidity.

Cerenis Therapeutics has operations in Toulouse, France and Ann Arbor (Michigan), United States. The Company's registered office is in Toulouse.

Since its founding in 2005, Cerenis has attracted numerous investors. In July 2005, the Company completed a financing round (Series A) of EUR 25 million.

This was followed in November 2006 by a Series B round of EUR 42 million.

A third capital increase (Series C) was made between July 2010 and December 2011, raising EUR 50 million.

On March 30, 2015, the Group carried out its Initial Public Offering on compartment B of the Euronext regulated market in Paris ("Euronext Paris"), raising EUR 53.4 million through a capital increase.

B. SIGNIFICANT EVENTS

The main factors affecting the period from January 1 to June 30, 2017 were as follows:

"CARAT" clinical trial

A CARAT phase II clinical trial designed to evaluate the efficacy of CER-001 in the regression of atherosclerotic plaque in post-acute coronary syndrome (ACS) patients took place on 301 patients in 4 countries: Australia, Hungary, the Netherlands and the United States.

The results of the study showed no statistical difference between CER-001 and the placebo group as regards the main clinical parameter of the study, the variation in the percentage of atherosclerotic volume (PAV) compared to the placebo, measured by intravascular ultrasound of the coronary arteries (IVUS).

However, the phase II CARAT trial further confirmed the safety profile of CER-001, although the primary endpoint, namely the regression of atherosclerotic plaques, was not achieved in patients who suffered an ACS.

The impacts on the interim consolidated financial statements as at June 30, 2017 are set out in the following notes:
- Note III.L Government grants
- Note III.N Share-based payments
- Group Restructuring (see below).

"TANGO" Clinical trial

A phase III (TANGO) trial for the FHPA orphan disease indication intended to assess the effect of six months of chronic treatment with CER-001 in 30 patients suffering from HDL deficiency is in progress.

Active recruitment of patients for the TANGO phase III trial is under way and findings should be available in early 2018.

The Company is working with 18 sites around the world to find more patients with Primary Familial HypoAlphalipoproteinemia (FPHA), a rare but important disease, both from a clinical and an orphan pathology standpoint.

CER-209 trial

The aim of the single-dose tolerance study in the United States was to evaluate the safety, tolerance and pharmacokinetic profile of CER-209 when taken orally in a single dose.

The positive results of the single-dose tolerance study mean that it is possible to move to the next stage in the clinical development of CER-209, i.e. safety and tolerance studies when taking multiple doses.

Outcome of the claim brought against the Montreal Heart Institute, Canada ("ICM")

In June 2014, Cerenis filed a claim for damages against the Montreal Heart Institute (*Institut de Cardiologie de Montréal* (ICM)) before the Superior Court of Quebec to seek compensation for the damages suffered due to the ICM's negligence in the performance of the service agreement between the Company and the ICM in connection with the CHI SQUARE trial conducted.

An agreement was reached between the parties. To this end, Cerenis recorded a profit of €2 million, broken down as follows:

- Cancellation of supplier invoices hitherto recorded in previous financial years for an amount of €1.6 million. These amounts were recorded as a reduction in R&D expenses in the income statement for the period.
- A reversal of provisions for expenses in the amount of €0.4 million corresponding to unused procedural costs.

Group Restructuring

Cerenis announced the results of the phase II CARAT trial in a press release on March 1, 2017.

It was decided that a restructuring plan would be implemented following the "CARAT" results. This plan resulted in the elimination of four positions in France and two in the US subsidiary, in addition to a reduction in overheads.

C. MATERIAL POST-BALANCE SHEET EVENTS

There were no material events occurring after June 30, 2017.

II. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. BASIS OF PREPARATION

i) General information

The Group's interim condensed consolidated financial statements at June 30, 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all the information required by IFRS and should therefore be read in conjunction with the Group's consolidated financial statement for the financial year ended December 31, 2016.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union as of June 30, 2017 and available online at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These accounting policies are consistent with those applied by the Group at December 31, 2016 and described in the Note 1 to the Group consolidated financial statements as at December 31, 2016, except for the points set out in the paragraph on "New IFRS standards and interpretations" below.

International Financial Reporting Standards include:

- IFRS;

- IAS (International Accounting Standards) and SIC (Standing Interpretations Committee) interpretations;

- IFRIC (International Financial Reporting Interpretations Committee).

The financial statements are rounded to the nearest thousand (€000).

The consolidated financial statements have been prepared under the historical cost convention, except for the following: derivative financial instruments measured at fair value, held-for-trading financial instruments measured at fair value, and financial assets and liabilities recognized at fair value through the income statement.

As of June 30, 2017, the Company did not hold any instruments of this type.

Assets and liabilities under twelve months are presented as current. All other assets and liabilities are classified as non-current. Expenses in the income statement are presented by destination.

ii) New standards, amendments and interpretations

As of June 30, 2017, the Group applied the standards, interpretations, accounting principles and methods used in the consolidated financial statements for 2016, with the exception of the mandatory changes set out in the IFRS standards listed below applicable on January 1, 2017.

Main IFRS standards, amendments and interpretations in force in the European Union, which are mandatory or applicable in advance as of January 1, 2017:

- *Amendments to IAS 7: Cash flow statement*

  These amendments assume that an entity must disclose information that enables those reading financial statements to assess changes in liabilities included in its financing activities, whether or not such changes arise from cash flows.

- *Amendments to IAS 12:* ***Recognition of deferred tax assets for unrealized losses***

  These amendments are intended to clarify the principles for the recognition of a deferred tax asset related to the holding of a debt instrument assessed at fair value.

  These amendments, applicable to financial years beginning on or after January 1, 2017, have no impact on the Group's financial statements.

- *IFRS 9:*

  As of July 24, 2014, the IASB issued a new standard on financial instruments to replace most existing IFRS provisions, specifically IAS 39. The new standard, adopted by the European Union as of November 22, 2016, shall apply from January 1, 2018. The Group has not applied IFRS 9 in advance.

- *IFRS 15: Revenue from contracts with customers*

  As of May 28, 2014, the IASB issued a new standard on income recognition to replace most existing IFRS provisions, including IAS 11 and IAS 18. The new standard, adopted by the European Union as of October 29, 2016, shall apply from January 1, 2018. The Group has not applied IFRS 15 in advance.

  Since the Group does not generate revenue, it is not currently affected by this standard.

- *IFRS 16:*

  As of January 13, 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17 and the related IFRIC and SIC interpretations, eliminating the distinction for lessees between "operating leases" and "finance leases". Lessees will have to recognize all leases with a term of more than one year similarly to the terms and conditions currently provided for leases under IAS 17 and thus recognize an asset and a liability for the rights and obligations established by a lease.

  The new standard, not adopted by the European Union, shall apply from January 1, 2019.

  The impact of IFRS 16 is currently being assessed.

- *IFRS 17: Insurance contracts*

  The new standard, not adopted by the European Union, shall apply from January 1, 2021.

The amendments to IFRS 2, IFRS 4 and IAS 40, not adopted by the European Union, shall apply from January 1, 2018.

B. PRINCIPLES OF CONSOLIDATION

The principles of consolidation are the same as those applied by the Group on December 31, 2016. Subsidiaries over which the Group exercises full control are fully consolidated.

The schedule below presents foreign exchange rates for the main currency used within the Group:

US dollar	06/30/2017	12/31/2016	06/30/2016
Average rate	1.0825	1.1066	1.1156
Closing rate	1.1412	1.0541	1.1102

C. SEASONALITY

Since the Group operates in the field of research, there is no seasonal impact on its activities.

D. USE OF ESTIMATES AND JUDGEMENTS

In order to prepare financial statements, the Board of Directors may make estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities and of revenues and expenses, as well as the information disclosed in the notes to the financial statements.

These estimates and the underlying assumptions are based on past experience and other factors deemed relevant in view of the economic circumstances.

These assumptions are used in connection with professional judgment to determine the book value of assets and liabilities when other methods cannot be used.

The use of estimates and assumptions is of particular importance, primarily for the following items:
- The recoverable value of intangible assets and property, plant and equipment and their useful life;
- The valuation of provisions and employee benefits;
- Research tax credit;
- The estimate of future payments relating to the schedule for the repayment of the advances, to the technical progress of the studies conducted by the Group and to the Group's ability to finance these projects to completion;
- Income tax and recording of differed taxes;
- Measurement at fair value of share-based payments.

As of June 30, 2017, the estimates and assumptions used in preparing the financial statements have been made in a context of real difficulties in formulating an understanding of the economic outlook. The estimates and assumptions used by the Group to prepare the consolidated financial statements are based on known information at the reporting date.

III. DETAILED NOTES

A. Operating segments

In accordance with IFRS 8, the Group is currently focused on a single activity, the research and development of innovative medicines.

B. Revenue

As of June 30, 2017, December 31, 2016 and June 30, 2016, Cerenis did not recognize any revenue.

C. General and administrative expenses

The table below shows a breakdown of general and administrative expenses:

Type	06/30/2017	06/30/2016
Salaries and social security contributions	561	848
Share-based payment	(384)	2,049
Travel expenses	149	177
Lawyers	271	231
Consultants	119	136
Charges for depreciation and provisions	(416)	(49)
Other	456	436
TOTAL	**756**	**3,828**

Changes in share-based payments are detailed in Note III-N below.

D. R&D expenses

R&D expenses are broken down as follows:

Type	06/30/2017	06/30/2016
Salaries and social security contributions	695	798
Share-based payment	(348)	929
R&D costs	1,783	9,740
Other	657	535
Research Tax Credit (CIR)	(654)	(1,789)
TOTAL	**2,133**	**10,213**

Changes in share-based payments are detailed in Note III-N below.

The reduction in R&D costs can be partly explained by the effects of the outcome of the claim brought against the Montreal Heart Institute, Canada ("ICM") (see Note I-B above).

E. Financial revenue

Financial income and expense is broken down as follows:

Type	06/30/2017	06/30/2016
Financial income		
Income from deposits	165	234
Foreign exchange gains	88	262
Other financial income	2,440	54
TOTAL	**2,693**	**550**
Financial expenses		
Foreign exchange losses	233	317
BPI financial expenses	83	713
Other financial expenses	192	146
TOTAL	**508**	**1,176**
FINANCIAL REVENUE	**2,185**	**(626)**

Other financial income of EUR 2,440 thousand as of June 30, 2017 includes the impact of the rescheduling of the 2010 BPI advance for EUR 2,113 thousand.

F. Earnings per share

Earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period.

Earnings per share	06/30/2017	06/30/2016
Net income	(706)	(14,662)
Average number of shares	18,299,374	17,860,939
Earnings per share (€)	(0.04)	(0.82)

As the net result is a loss, the FSWs, SWs, bonus shares and stock options granting access to the capital in a deferred manner are considered to be anti-dilutive. This means that diluted earnings per share are equal to basic earnings per share.

G. Non-current assets

i) Intangible assets

Intangible assets amount to EUR 3 thousand as of June 30, 2017, as compared to EUR 5 thousand in the consolidated financial statements for 2016.

ii) Property, plant and equipment

The Group owns laboratory equipment, office equipment and IT hardware.

Cerenis does not own any buildings.

Net property, plant and equipment items totaled EUR 100 thousand as of June 30, 2017 compared to EUR 122 thousand in the consolidated financial statements for 2016.

As of June 30, 2017, property, plant and equipment items were mostly composed of IT and office equipment and fittings, for offices at headquarters.

Depreciation for the period ended June 30, 2017 amounts to EUR 22 thousand.

iii) Other non-current assets

	06/30/2017	12/31/2016
Deposits	12	12
Liquidity agreement	155	204
TOTAL	**167**	**216**

The "Other non-current assets" item concerns deposits relating to the lease for the offices at Labège and a liquidity agreement.

A total of 48,268 treasury shares have been deducted from shareholders' equity as at June 30, 2017. The outstanding amount has been recorded in "Other non-current assets".

H. Current assets

i) Other current assets

	06/30/2017	12/31/2016
Tax receivables	162	124
Social security receivables	0	0
Research tax credit	654	3,585
Prepaid expenses	110	280
Other debtors	114	58
TOTAL	**1,039**	**4,047**

The tax receivables relate primarily to a VAT credit and to a deductible VAT balance.

The prepaid expenses relate to costs incurred for clinical trials.

The research tax credit is recorded as a reduction in the "R&D expenses" during the year in which the eligible expenses are incurred.

ii) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement and the balance sheet related to:

- Cash at bank;
- Short-term deposits (futures accounts with progressive interest rates, fixed-term deposits, interest-bearing accounts).

	06/30/17	12/31/16
Cash	5,328	5,959
Short-term investments	15,016	18,716
TOTAL	**20,344**	**24,675**

I. Shareholders' equity

The Company's share capital changed as follows between June 30, 2016 and June 30, 2017:

Date	Number of shares	Par value	Capital increase (in €)	Increase in issue premium in €	Total share capital in €	Total issue premium in €
07/01/2016	17,898,263	0.05	5,169	739,500	894,913	166,771,464
Close 12/31/2016	18,263,263	0.05	23,419	721,250	913,163	166,753,214
Half-year 06/30/2017	18,308,263	0.05	2,250	(2,250)	915,413	166,750,964

J. Provisions

Provisions are as follows:

	06/30/2017	12/31/2016
Retirement benefits	95	120
Other	448	886
TOTAL	**543**	**1,006**

i) Other provisions

As of June 30, 2017, the Company's management made an estimate of potential risks. Cerenis set aside a provision for the risk relating to a lawsuit.

The reduction in provisions can be explained by the effects of the outcome of the claim brought against the Montreal Heart Institute, Canada ("ICM") (see Note I-B above).

ii) Retirement benefits

The Group records retirement benefit commitments in accordance with IAS 19. This only concerns French employees.

The provision for retirement benefits is recorded in the balance sheet as a non-current liability under the heading of "Non-current provision", for the total amount of the liability.

As of June 30, 2017, a provision of EUR 95 thousand was recorded. Cerenis recorded a reversal of provision of EUR 25 thousand over the period, taking into account the reduction in staff numbers following the restructuring (see Note I-B above).

The Group did not pay any retirement indemnities for the period.

K. Current financial liabilities

Current financial liabilities amount to EUR 200 thousand and relate to the short-term portion of the BPI redeemable advance (see L.ii).

L. Government grants

i) Research Tax Credit (CIR)

The Research Tax Credit is reimbursed by the French tax authority in the course of the following financial year. It is recorded in the balance sheet under other current assets.

It appears as:

€ thousands	06/30/2017	12/31/2016	06/30/2016
RESEARCH TAX CREDIT	654	3,585	1,788

ii) BPI repayable advances

Cerenis received repayable advances from BPI.

The situation is as follows:

€ thousands	06/30/2016	Financial income	12/31/2016	Financial income	Advance received	06/30/2017
Fair value advance	(8,022)	(628)	(8,650)	2,113		(6,537)
Cash to be received	1,782	(1)	1,781			1,781
BPI 2010 advance	**(6,240)**	**(629)**	**(6,869)**	**2,113**		**(4,756)**
Fair value advance	(1,065)	82	(983)	(82)		(1,065)
Deferred revenue	(277)	74	(203)	110		(93)

Cash to be received	1,000	0	1,000		(750)	250
BPI 2012 advance	**(342)**	**156**	**(186)**	**28**	**(750)**	**(908)**
Total	**(6,582)**	**(473)**	**(7,055)**	**2,141**	**(750)**	**(5,664)**
of which long-term financial liabilities	*(6,082)*	*(673)*	*(6,755)*			*(5,464)*
of which current liabilities	*(500)*	*200*	*(300)*			*(200)*

The deferred income of EUR 93 thousand is the amount of the subsidy calculated in accordance with IAS 20 which has not yet been allocated to the R&D expenses funded by this advance.

Income statement position

06/30/2017 € thousands	Financial expenses	Financial income	Impact on financial income
BPI 2010	0	2,113	2,113
BPI 2012	(82)	0	(82)
TOTAL	**(82)**	**2,113**	**2,031**

12/31/2016 € thousands	Financial expenses	Financial income	Impact on financial income
BPI 2010	(1,257)	0	(1,257)
BPI 2012	0	0	0
TOTAL	**(1,257)**	**0**	**(1,257)**

06/30/2016 € thousands	Financial expenses	Financial income	Impact on financial income
BPI 2010	(629)	0	(629)
BPI 2012	(83)	0	(83)
TOTAL	**(712)**	**0**	**(712)**

The financial expenses recognized in connection with OSEO repayable advances result from the effects of the passage of time.

Financial income is detailed below.

"BPI 2010" advance: ISI project

Amount EUR 6,384 thousand (EUR 4,602 thousand cash in as of June 30, 2017)

Interest rate 0%

Repayment From January 2020 to January 2027.

In 2010, the Group obtained a repayable advance of EUR 6,384 thousand. As of June 30, 2017, Cerenis has received an amount of EUR 4,602 thousand. The balance of EUR 1,782 thousand has not yet been received.

This advance concerns:

- A phase IIb clinical development (CER-001) for the treatment of acute coronary syndrome;
- The development (CER-001) of an orphan drug.

The fair value of the BPI liability corresponds to the current value of the advance, less the outstanding amounts receivable.

The fair value of these advances was calculated, when contracts were signed, on the basis of an interest rate of 17%. This rate was chosen because of the volatility and the risks inherent in the projects to which this repayable advance was made.

At the time the advance was arranged, the Company reported a subsidy corresponding to the difference between the amount of the advance and the fair value of that advance at the time of lending to benefit from the advantage that it afforded. This subsidy was offset against R&D expenses for a cumulative amount of EUR 1,322 thousand over financial years 2010 and 2011.

This advance bears interest and a redemption premium is applied in the event that the project proves successful. In this instance, Cerenis would have to pay the BPI up to EUR 20,000 thousand, covering the repayment of the advance, all interest accrued and the redemption premium. This assumption has been used to estimate the fair value of the repayable advance.

The procedure for reimbursement of this repayable advance will occur at two levels:

- The Group will repay the advance for a total amount of EUR 7,400 thousand over 5 years, as soon as cumulative sales of CER-001 exceed EUR 20,000 thousand, according to the schedule below;
- The Group will have to pay a redemption premium for a total amount of EUR 12,600 thousand, which represents 4% of CER-001 sales, as soon as cumulative sales exceed EUR 300,000 thousand.

	Repayment activation	Amount	Total
CER-001 sales	Cumulative sales > €20,000 thousand	Year 1: €300 thousand Year 2: €500 thousand Year 3: €1,000 thousand Year 4: €2,000 thousand Year 5: €3,600 thousand	Total: €7,400 thousand
	Cumulative sales > €300,000 thousand	4% of sales over 4 years	Capped amount: €12,600 thousand

Initially, Cerenis planned to repay this from 2017 onwards thanks to the implementation of a partnership.

The negative results announced in the press release for Q1 2017 of the CARAT study (Note IB), led to the discontinuation of the development of CER-001 in the treatment of acute coronary syndrome and the cessation of discussions to establish a partnership for future developments.

Conversely, the Phase III study for the treatment of “FPHA” orphan diseases is ongoing, and the results should be available at the beginning of the 2018 financial year. Given the time required to apply for marketing approval, the marketing of CER-001 for orphan diseases cannot take place until 2019.

As a consequence, the repayment schedule has been updated in accordance with the latest management estimates and is expected to start January 31, 2020 and end January 31, 2027.

The rescheduling of repayments resulted in the recognition of financial income of EUR 2,113 thousand in the interim consolidated financial statements as of June 30, 2017.

Accounting position

As at June 30, 2017, this advance has been recorded for an amount of EUR 4,756 thousand. This amount has been recorded in full as a non-current liability.

"BPI 2012" advance: OSEO Innovation

Amount	EUR 1,500 thousand (EUR 1,250 thousand cash in as of June 30, 2017)
Interest rate	0%
Repayment	From March 2018 to December 2020

The Group obtained support from BPI for the pre-clinical development of a new candidate drug (CER-209) for HDL therapy, as well as the phase I clinical trial.

As of June 30, 2017, Cerenis has received an amount of EUR 1,250 thousand, of which EUR 750 thousand over the period. The balance will be paid when the program finalization is notified.

This advance should initially be reimbursed between June 2014 and March 2017 according to the following schedule:
Financial year ended December 31, 2014: EUR 300 thousand
Financial year ended December 31, 2015: EUR 475 thousand
Financial year ended December 31, 2016: EUR 575 thousand
Financial year ended December 31, 2017: EUR 150 thousand

In case of project failure, Cerenis will have to repay an amount of EUR 600 thousand in accordance with the following schedule:
Financial year ended December 31, 2014: EUR 300 thousand
Financial year ended December 31, 2015: EUR 300 thousand

In accordance with IAS 20 and IAS 39, these zero-interest repayable advances have been recorded at fair value.

The fair value of these advances was calculated, when contracts were signed, on the basis of an interest rate of 17%. This rate was chosen because of the volatility and the risks inherent in the projects to which this repayable advance was made.
The repayment schedule for the repayable advance was re-estimated and renegotiated during financial year 2014 based on management's best estimate, in order to take into account the expected repayments with effect from 2017.

The repayment schedule was reviewed and extended following this negotiation. It was set out as follows:
Financial year ended December 31, 2017: EUR 400 thousand
Financial year ended December 31, 2018: EUR 500 thousand
Financial year ended December 31, 2019: EUR 600 thousand

The repayment schedule in case of project failure was also renegotiated and set out as follows:
Financial year ended December 31, 2017: EUR 300 thousand
Financial year ended December 31, 2018: EUR 300 thousand

As of December 31, 2016, following the rescheduling agreement signed with BPI on September 9, 2016, the repayment schedule for the BPI 2012 advance was again reviewed to take into account a one-year time lag in the program's implementation.

Accounting position

As of June 30, 2017, this advance has been recorded for a net amount of EUR 908 thousand. This amount has been recorded as a non-current liability for an amount of EUR 708 thousand and as a current liability for an amount of EUR 200 thousand.

This equates to the amount due to be repaid by the Group before June 30, 2018.

The interest expense amounts to EUR 83 thousand for the period from January 1 through June 30, 2017.

M. Related parties

The Board of Directors has voted a termination fee to be paid to the CEO in case of termination or non-renewal of his term of office provided that such termination or non-renewal is not subsequent to a violation of the law or the bylaws or serious misconduct.

The amount of compensation granted to the three members of the Executive Committee is set out below:

	06/30/2017	06/30/2016
Fixed remuneration	346	361
Variable remuneration	78	222
Benefits in kind	6	6
Social contributions	182	226
TOTAL	**612**	**815**

N. Share-based payment

Since its creation, the Company has granted several stock-option plans, BSA ("Bons de Souscriptions d'Actions") (Stock warrants, SWs) and BSPCE ("Bons de Souscriptions Pour la Création d'Entreprise") (Founders' stock warrants, FSWs) as well as bonus shares (AGA).

Main features of the plans

SWs – FSWs – Stock options

The principal information relating to these plans is as follows:

- Beneficiaries: Company employees and executive officers, members of the Board of Directors and members of the Scientific Advisory Committee.
- Period of exercise of the warrants: 10 years maximum;
- The exercise price is at least equal to the fair value on the grant date;
- The right to exercise the warrants is acquired on a progressive basis over a period of four years, with a vesting cut-off of one year.

Bonus shares

- Beneficiaries: Company employees and executive officers;
- The vesting period, at the end of which shares will be permanently awarded on the express condition that the beneficiary is still an employee or director at the date of vesting, is set at one year.

From the date of vesting, the holding period, at the end of which shares may be freely sold, is set at one year.

Shares issued at the end of the vesting period will be new common shares, to be issued by means of a capital increase through the capitalization of reserves. Holders will be entitled to the associated rights and benefits as of the date of issue.

The CEO must hold 10% of such shares as registered shares until such time as he or she leaves office.

Stock options, FSWs and SWs granted in 2016 and 2017

	Number of options 06/30/2017	Average exercise price 06/30/17	Number of options 12/31/2016	Average exercise price 12/31/2016
Balance at start of period	1,059,161	9.02	1,263,044	9.49
Options granted	0	0.00	472,417	9.54
Options exercised	45,000	9.65	468,385	11.07
Options expired	286,588	0	207,915	0
Balance at end of period	**727,573**	**8.91**	**1,059,161**	**9.02**

iii) Details of the agreed plans

The following table lists the unit evaluations of the options granted and reiterates the assumptions:

Type of plan	Grant date	Number of instruments granted	Number of instruments forfeited	Number of instruments exercised	Number of instruments vested	Exercise price (€)
FSWs	2006	76,500	33,250	43,250	0	5.45
Options	2006	222,500	142,412	80,088	0	4.22 / 7.32
SWs	2006	15,000	15,000	0	0	7.32
FSWs	2007	64,376	64,376	0	0	7.32
Options	2007	250,626	250,626	0	0	7.32
SWs	2007	48,250	48,250	0	0	7.32
FSWs	2008	236,475	214,650	0	21,825	7.69
Options	2008	68,950	62,300	0	6,650	7.69
SWs	2008	10,000	10,000	0	0	7.69
FSWs	2009	163,800	144,575	1,025	18,200	7.66
Options	2009	131,300	118,500	1,000	11,800	7.66
SWs	2009	10,000	10,000	0	0	7.66
Options	2010	85,500	74,000	0	11,500	7.77 / 8.74
SWs	2010	43,250	43,250	0	0	7.77 / 8.74
FSWs	2010	83,000	41,800	0	41,200	7.77
FSWs	2011	303,000	114,665	56,135	132,200	8.74 / 9.31
Options	2011	112,500	91,500	0	21,000	8.74 / 9.31
SWs	2011	0	0	0	0	8.74
FSWs	2012	191,381	42,300	0	149,081	9.31
SWs	2012	77,667	44,417	0	33,250	9.31
Options	2012	41,100	41,100	0	0	9.31
FSWs	2013	443,714	409,014	0	34,700	9.49
Options	2013	166,286	166,286	0	0	9.49
SWs	2013	74,000	62,000	0	12,000	9.49
AGA	2015	365,000	0	365,000	0	12.16
AGA	2016	200,000	160,000	40,000	0	11.70
AGA	2016	5,000	0	5,000	0	8.40
SWs	2016	133,000	33,250	0	0	9.36
Options	2016	134,417	0	0	134,417	9.36
TOTAL		**3,756,592**	**2,437,521**	**591,498**	**627,823**	

iv) Situation as of June 30, 2017

Options exercised

For the period from January 1 through June 30, 2017, 45,000 bonus shares were exercised.

Options granted

No options were granted during the period.

Impact on profit or loss

The Group recorded the following income over the period:

	06/30/2017	06/30/2016
Share-based payments - Income for the period	751	0
Share-based payments - Expenses for the period	20	2,977

The bonus shares granted in respect of the financial year ended as of December 31, 2016 include 160,000 performance-based shares. Vesting was subject to a performance condition, namely the achievement of the primary endpoint of the CARAT trial. This performance condition, which was not a market condition, was taken as consideration by adjusting the number of equity instruments included in the valuation of the transaction amount.

As of June 30, 2017, since the performance condition was not met (see Note I-B above), the share-based payment expense recorded for the financial year 2016 was reversed in the income statement following the announcement of the results of the CARAT trial.

O. List of companies included in the consolidated financial statements

The list of consolidated companies is set out below:

Name of the Company	Registered office	Consolidation method			% Share capital			% Equity interest		
		06-2016	12-2016	06-2017	06-2016	12-2016	06-2017	06-2016	12-2016	06-2017
Cerenis Therapeutics S.A.	265 rue de la Découverte Bâtiment A 31670 LABEGE - France –	Parent company	Parent company	Parent company	Parent company	Parent company	Parent company	Parent company	Parent company	Parent company
Cerenis Inc	PO BOX 861 Lakeland, MI 48143 - USA –	Fully consolidated	Fully consolidated	Fully consolidated	100%	100%	100%	100%	100%	100%

D. STATUTORY AUDITORS' REPORT

Deloitte & Associés
12, rue de Vidailhan
31130 Balma
Membre de la Compagnie régionale de Versailles

HLP Audit
3, chemin du Pressoir Chenaie
44100 Nantes
Membre de la Compagnie régionale de Rennes

CERENIS THERAPEUTICS HOLDING

Société anonyme

265, rue de la Découverte
31670 Labège

AUDITOR'S REPORT

ON THE INTERIM FINANCIAL REPORT

(Period from January 1st to june 30, 2017)

This is a free translation into English of the auditors' report on the interim financial report issued in the French language and is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in application of article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- The review of the accompanying condensed consolidated financial statements of Cerenis Therapeutics Holding, for the six months ended June 30, 2017;
- The verification of the information contained in the interim management report.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. 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 professional standards applicable in France 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.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

II- Specific verification

We have also verified the information given in the interim management report on the condensed consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed consolidated financial statements.

Balma and Nantes, September 5th, 2017

The Statutory auditors

HLP Audit	**Deloitte & Associés**
Estelle LE BIHAN	Etienne ALIBERT
Partner	Partner