PRESS RELEASE

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Genticel and Genkyotex Announce Intention to Enter into Strategic Combination

Genkyotex is a pioneer in discovery and development of NOX therapeutics

- Transaction would create a European group with a pipeline of first-in-class NOX inhibitors in fibrosis and inflammatory pain
- Execution of a contribution agreement for 100% of Genkyotex's shares and issuance of new Genticel shares in remuneration thereof
- Transaction is subject to Genticel shareholders' approval during a general meeting to be held in Q1 2017
- Genkyotex's shareholders would receive 11.8355[1] new shares of Genticel for each share of Genkyotex contributed and hold 80% of the share capital and voting rights of Genticel
- Phase 2 clinical trial in primary biliary cholangitis (PBC) to begin in H1 2017
- Transaction successfully completes the strategic review process announced by Genticel on several occasions since July 2016

Genticel (Euronext Paris & Brussels: FR00011790542 – GTCL), a biotechnology company developing innovative immunotherapies, and Genkyotex, a Swiss privately-held biopharmaceutical company and the leader in NOX therapies, announced today that Genticel has signed a contribution agreement with the shareholders of Genkyotex pursuant to which, subject to the approval of Genticel's shareholders at a meeting expected to be held in the first quarter of 2017, Genkyotex's shareholders will contribute in kind 100% of the Genkyotex share capital (on a fully diluted basis) to Genticel, which will issue new shares in remuneration for the contribution. Upon completion of the proposed transaction, Genkyotex's shareholders will hold 80% of Genticel's share capital and voting rights (on a non-diluted basis).

[1] *The exchange ratio has been calculated based on a total number of 5,262,133 contributed shares of Genkyotex, including 169,854 new shares, the issuance of which has been decided by the Board of Genkyotex on December 14, 2016, and will be effective prior to completion of the proposed transaction. Should such issuance be not effective, the exchange ratio will be adjusted to 12.2303 new shares of Genticel for each share of Genkyotex contributed.*

Genkyotex, headquartered in Geneva, Switzerland, with a subsidiary located in Archamps, France, is developing a portfolio of NADPH oxidase (NOX) oral small molecule inhibitors, which have therapeutic potential for the treatment of multiple significant clinical indications with substantial unmet need.

Genkyotex's therapeutic approach is based on a selective inhibition of NOX enzymes, which drive a broad range of disease processes, including fibrosis, inflammatory pain, angiogenesis, cancer growth, and neurodegeneration. The seven NOX enzymes form an important new therapeutic target because they modulate multiple signaling pathways implicated in disease by selectively oxidizing key proteins, lipids or DNA.

Genkyotex is currently developing two first-in-class NOX inhibitors and is conducting research on multiple pre-clinical molecules:

- GKT831, a NOX1 and NOX4 inhibitor for fibrotic indications, is expected to enter a Phase II clinical trial in primary biliary cholangitis (PBC), an orphan fibrotic liver disease, during the first half of 2017. Published animal model data highlight the anti-fibrotic and anti-inflammatory mechanism of action of GKT831. The drug candidate has the potential to be developed in fibrotic diseases in the liver, like PBC and non-alcoholic steatohepatitis (NASH), as well as in fibrotic diseases in other organs.
- GKT771, a NOX1 inhibitor targeting multiple pathways in angiogenesis, pain and inflammation, is expected to enter a Phase I clinical study during the second half of 2017.
- Genkyotex also has several ongoing pre-clinical programs evaluating the therapeutic potential of NOX inhibitors in central nervous system (CNS) diseases, hearing loss and oncology indications.

The combined consolidated cash position of Genkyotex and Genticel should enable the new group to complete both its Phase II study in PBC with GKT831 and its first Phase I study with GKT771.

Benedikt Timmerman, Founder, Chairman of the Management Board and CEO of Genticel, commented: "*Genticel has evaluated many companies and drug candidates in Europe and the US with the intention of building the most promising drug pipeline possible for the company. Following the structured process communicated publicly on several occasions since last July, we elected to move forward with Genkyotex due to its leadership in a novel drug class, which we believe has significant therapeutic potential. Genkyotex has generated promising data for its lead compounds and its management team has extensive biotechnology industry expertise and experience. Based on these key factors and the strong consolidated cash position for the combined entity, I am confident that this transaction will create a leading biotechnology company with the potential to create significant long-term shareholder value.*"

Elias Papatheodorou, CEO of Genkyotex, concluded: "*This transaction is an important step forward for Genkyotex as we become part of a publicly listed group, which will enable the acceleration of our clinical development and research programs. We are currently the leader in the field of NOX therapeutic discovery and development, and are preparing to initiate our Phase II clinical trial with our lead product candidate, GKT831, in PBC. The combined strong cash positions of the two companies will enable us to complete this important trial, enter early clinical development with our second product candidate, GKT771, and continue our discovery activities in other therapeutic fields. In addition, Genticel's partnership with the Serum Institute could have a positive impact on the combined company and help support the pursuit of its development strategy.*"

Terms of the Proposed Transaction

Genticel and Genkyotex's shareholders have entered on December 22, 2017 into a contribution agreement determining the terms and conditions of the contribution in kind by the existing shareholders of Genkyotex of 100% of the shares they hold in Genkyotex (on a fully diluted basis) to Genticel, pursuant to article L. 225-147 of the French Code de commerce. Subject to the approval of Genticel's shareholders at a general meeting to be held on February 28, 2017, at the latest, Genkyotex's shareholders will receive 11.8355[1] shares of Genticel for each contributed share of Genkyotex. This exchange ratio has been agreed to between Genticel and the shareholders of Genkyotex, based on the actual value of Genkyotex established at 120,000,000 Euros and of Genticel established at 30,000,000 Euros.

Genticel is expected to issue a maximum total number of 62,279,975[2] new shares to Genkyotex's shareholders who, upon completion of the proposed transaction, will hold 80% of Genticel's share capital and voting rights (this percentage does not take into account any new shares which may be issued upon exercise of any outstanding warrants and employee warrants issued by Genticel).

The completion of the transaction is subject to certain standard conditions, notably, the registration of an information document (Document E) with the French financial market authority (*Autorité des marchés financier – "AMF"*) in accordance with article 212-34 of the AMF's general regulation and its communication in due time to Genticel's shareholders together with the reports of the contribution appraisers on the value of the contribution and of the fairness of the exchange ratio, the approval of the proposed contribution by Genticel's shareholders, and the issuance of the new Genticel shares to the Genkyotex shareholders in remuneration of their contributed shares.

The principal shareholders of Genticel, representing, together with certain employees or corporate officers, a total of 51% of the share capital and voting rights of Genticel, have also undertaken, subject to the contribution appraisers confirmation of the above mentioned valuation, to vote in favor of the proposed contribution transaction at the shareholders' meeting scheduled to take place as detailed below.

Upon and subject to the approval and completion of the transaction, no shareholder of Genkyotex or Genticel is expected alone or in concert to control or to hold more than 30% of the shares or voting rights of Genticel.

Upon and subject to the approval of the transaction by Genticel's shareholders, Elias Papatheodorou will become the CEO of the group, while Benedikt Timmerman will resign from his mandate as Chairman of the Management Board and will focus on business development for the combined entity.

Additional information on the contribution is available in the contribution agreement and in the presentation of the transaction, documents made available to the public on Genticel's website (www.genticel.com).

[2] *In case the exchange ratio is adjusted to 12.2303 new shares of Genticel for each share of Genkyotex contributed (see note #1 above), the total maximum number of new shares to be issued by Genticel will be equal to 62,280,099.*

Estimated Timetable

- **December 22, 2016**: Execution of the contribution agreement by Genticel and the shareholders of Genkyotex;
- **At the latest on February 8, 2017**: Filing of (i) the report of the court appointed appraisers on the value of the contribution with the clerk of the commercial court of Toulouse in compliance with applicable laws and (ii) registration of an information document (Document E) with the AMF in accordance with article 212-34 of the AMF general regulation; and
- **At the latest on February 28, 2017**: General Genticel shareholders' meeting to approve the proposed contribution and decide the issuance of Genticel's new shares to Genkyotex's shareholders in remuneration of their contributed shares.

An investor presentation available via dial-in conference call and webcast will take place today, Thursday, December 22, 2016, at 3pm Central European Time.

To access this conference call please dial: +33 1 70 77 09 27

To follow simultaneously the webcast please connect to:

http://www.anywhereconference.com?UserAudioMode=DATA&Name=&Conference=135305773&PIN=20320082

About Genkyotex

Founded in 2006, Genkyotex is a Swiss and French-based private biopharmaceutical company and the leader in NOX therapies. The company's unique therapeutic approach is based on a selective inhibition of NOX enzymes which amplify multiple disease processes such as fibrosis, inflammation, pain processing, cancer development, and neurodegeneration. Genkyotex's platform allows to identify orally available small-molecules which selectively inhibit specific NOX enzymes. Genkyotex develops a pipeline of first-in-class product candidates targeting one or multiple NOX enzymes. The lead product candidate, GKT831, a NOX1 and NOX4 inhibitor is expected to enter a phase II clinical trial in primary biliary cholangitis (PBC, an orphan fibrotic disease) during H1 of 2017. This product candidate may also be active in other fibrotic indications. Its second product candidate, GKT771, is a NOX1 inhibitor targeting multiple pathways in angiogenesis, pain processing, and inflammation which should start a phase I clinical study during H2 2017. The main investors in Genkyotex include Eclosion, EdRIP, Vesalius, Neomed, Biomedinvest & VI Partners.

About Genticel

Genticel's versatile platform, Vaxiclase, is well suited for the development of various immunotherapies. A partnership on the use of Vaxiclase as an antigen per se (GTL003) has been established with Serum Institute of India Pvt. Ltd. (Serum Institute), the largest producer of vaccine dose worldwide. This agreement covers territories in emerging markets only, and could generate up to $57 million in revenues for Genticel, before royalties on sales. It will enable Serum Institute to develop acellular multivalent combination vaccines against a variety of infectious diseases, including whooping cough. In November 2016, the last preclinical milestone was reached, opening the path to formal preclinical testing prior to clinical development and subsequent commercialization.

More information at www.genticel.com

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Forward-looking statements related to Genticel

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