

Paris and Toulouse, February 28th, 2017

GENTICEL ANNOUNCES ITS 2016 ANNUAL RESULTS

- ▶ **Revenues of €1.3 million associated with a milestone payment from Serum Institute of India Private Ltd.**
- ▶ **Cash position of €12.9 million at December 31, 2016**

Genticel (Euronext Paris & Brussels: FR00011790542 – GTCL presents today its 2016 full year results in accordance with International Financial Reporting Standards (IFRS). Genticel's 2016 Annual Financial Report including the Management Report is available on the company website (www.genticel.com - Investors/Financial information section) in French. An English version will be made available before mid-March.

2016 ANNUAL RESULTS

<i>euros in thousands</i>	2016	2015
Revenues associated with the SILL contract	1,304	178
Research & Development expenses	(7,178)	(10,935)
Research Tax Credit & Subsidies	3,705	2,940
General & Administration expenses	(5,242)	(3,599)
Operating Loss	(7,411)	(11,417)
Net Loss of the period	(7,241)	(11,193)
Loss per share (in euros)	(0.47)	(0.72)
Cash and liquid investments	12,937	32,803

2016 FINANCIAL REVIEW (DETAILED INFORMATION IN THE APPENDIX)

▶ Income statement

In 2016, Genticel again recorded revenues from its agreement with Serum Institute of India Ltd (SERUM INSTITUTE) for a total of €1.3 million, resulting mainly from a milestone payment (US\$ 1.2 million) as Genticel's proprietary, reengineered adenylate cyclase "GTL003" fulfilled its predetermined objectives in preclinical in vivo experiments.

SERUM INSTITUTE is evaluating the use of Vaxiclase in the development of acellular multivalent combination vaccines against a variety of infectious diseases, including whooping cough. The license agreement, limited to the authorized indications in emerging markets, includes development and sales upfront and milestones payments depending on the criteria defined within the agreement for potentially up to \$57 million, as well as single-digit royalties on net sales.

On December 31, 2016, Genticel had an operating loss of €7.4 million compared with a loss of €11.4 million in 2015. This reduction in operating loss is mostly due to:

- a €1.1 million increase in the Company's revenues in 2016 versus 2015;
- the cancellation of €0.7 million of the Company's financial debt, increasing the total indicated under "Research Tax Credit & Subsidies";
- a €3.7 million reduction in R&D investment (€7.2 million, versus €10.9 million in 2015):
 - a €2.5 million reduction in study and service charges associated with the discontinuation of the GTL001 manufacturing process scaling-up project and expenses relating to its GTL002 program.
 - a €0.6 million reduction in research personnel costs associated with a cut in its workforce.

- A €0.8 million reduction in 'General & Administration expenses' (resulting from the operating expense-reduction program put in place by Gentigel in early 2016) following the announcement of the initial results of the phase 2 clinical trial undertaken on the GTL001 product.

These reductions in expenses were partly offset by one-time restructuring costs (€2.2 million) and €0.2 million of expenses incurred in the preparation of the transaction with Genkyotex, i.e. a total of €2.4 million of non-recurrent expenses.

After taking into account 2016 financial revenues, the 2016 net loss of €7.2 million (vs. €11.2 million in 2015) is consistent with the Company's expectations.

▶ Balance sheet and cash at the end of 2016

Gentigel completed 2016 with cash & cash equivalents and liquid investments of €12.9 million consisting of €8.3 million in current financial assets and €4.7 million in cash and cash equivalents.

This cash and liquid investments balance, versus the €21.8 million at the end of 2015, is mostly explained by the cash consumed by the operations in 2016 (€8.2 million). This is fully in line with Gentigel's expectations and the expected impact on the Company's burn rate of the restructuring process initiated after the publication of disappointing results obtained in the clinical phase 2 trial on the GTL001 product.

NEWS POST YEARS' END

▶ Registration of Document E pertaining to the planned strategic combination between Gentigel and Genkyotex

The French financial market authority (*Autorité des Marchés Financiers* - AMF) has registered under reference number E.17-004 on January 31, 2017 the information document (**Document E**) drawn up in relation to the planned strategic combination between Gentigel and Genkyotex's shareholders announced on December 22, 2016.

UPCOMING EVENTS

▶ Shareholders meeting at 11 am on February 28, 2017

The Gentigel Shareholders' Meeting scheduled for 11 am today is primarily to approve the contribution of all Genkyotex shares to Gentigel and the issue of new shares by Gentigel to Genkyotex's shareholders in remuneration of their contributed shares. Within the framework of the merger, shareholders will notably also be asked to approve certain structural modifications (adoption of a mode of governance with a Board of Directors, change in the Company's name to "Genkyotex"), certain delegations to the Board of Directors and the appointment of new Board members. Today's meeting will not examine Gentigel's annual accounts as reported in this press release – these will be submitted to a subsequent Shareholders' Meeting.

About Gentigel

Gentigel's versatile platform, Vaxiclose, is well suited for the development of various immunotherapies. A partnership on the use of Vaxiclose 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 Gentigel, before royalties on sales. It will enable Serum Institute to develop acellular multivalent combination vaccines against a variety of infectious diseases, including whooping cough. The last preclinical milestone foreseen by the agreement was reached in November 2016, opening the path to formal preclinical testing prior to clinical development and subsequent commercialization.

On 22 December 2016, Gentigel signed a contribution agreement with the shareholders of Genkyotex pursuant to which, subject to the approval of today's Gentigel Shareholders' Meeting, Genkyotex's shareholders will contribute in kind 100% of the Genkyotex share capital (on a fully diluted basis) to Gentigel, which will issue new shares in remuneration for the contribution. Upon completion of the proposed transaction, Genkyotex's shareholders will hold 80% of Gentigel's share capital & voting rights (on a non-diluted basis).

Genkyotex 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, including fibrosis, inflammatory pain, angiogenesis, cancer growth, and neurodegeneration. Genkyotex is currently developing two clinical stage, first-in-class NOX inhibitors and is conducting research on several other pre-clinical molecules.

For more information, visit us at www.gentigel.com



Disclaimer

This press release and the information it contains does not constitute an offer or solicitation to buy, sell or hold GenticeL shares in any country. This press release may contain forward-looking statements by the company with respect to its objectives. These statements are based on the current estimates and forecasts of the company's management and are subject to risks and uncertainties such as the company's ability to implement its chosen strategy, customer market trends, changes in technologies and in the company's competitive environment, changes in regulations, clinical or industrial risks and all risks linked to the company's growth. These factors as well as other risks and uncertainties may prevent the company from achieving the objectives outlined in the press release. No guarantee is given on forward-looking statements which are subject to a number of risks, notably those described in the [registration document](#) filed with the French Markets Authority (the AMF) on 1 April 2015 under number R.15-015, as updated in the Document E filed with the AMF on 31 January 2017 under number E.17-004, and those linked to changes in economic conditions, the financial markets, or the markets on which GenticeL is present. GenticeL products are currently used for clinical trials only and are not otherwise available for distribution or sale.

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APPENDIX: DETAILED FINANCIAL INFORMATION 2016

The following financial statements have been prepared in accordance with IFRS, as adopted by the European Union, and are taken from the financial information contained in GenticeL's 2016 annual financial report, which can be found on the Company's website, www.genticeL.com, in the Investors/Financial information section¹.

IFRS financial statements for the year to December 31, 2016 have been audited by Grant Thornton and Sygnatures.

STATEMENT OF FINANCIAL POSITION

GenticeL Statement of Financial Position	Notes	31/12/2016 - €	31/12/2015 - €
ASSETS			
Intangible assets	3.1	41 664	54 017
Property, plant and equipment	3.2	41 766	155 874
Other non-current financial assets	4	140 268	5 290 657
Total non-current assets		223 698	5 500 549
Inventories	5	-	52 560
Trade receivables and related accounts	6.1	53 342	-
Other receivables	6.2	3 512 354	3 653 694
Current financial assets	4	8 274 109	5 021 938
Cash and cash equivalents	7	4 663 013	11 659 829
Total current assets		16 502 817	20 388 021
Total Assets		16 726 515	25 888 570
LIABILITIES			
Shareholders' equity			
Capital	8	1 557 006	1 554 109
Additional paid-in capital		48 348 830	48 420 039
Other comprehensive income		43 413	4 948
Reserves - Group share		(29 409 020)	(18 451 210)
Result - Group share		(7 240 271)	(11 193 323)
Shareholders' equity, Group share		13 299 958	20 334 563
Non-controlling interests		-	-
Total shareholders' equity		13 299 958	20 334 563
Non-current liabilities			
Employee benefit obligations	11	111 767	322 060
Non-current financial debt	10	335 638	1 900 781
Non-current liabilities		447 405	2 222 842
Current liabilities			
Current financial debt	10	597 933	621 347
Provisions	12	720 061	-
Trade payables and related accounts		571 262	1 886 424
Tax and social security liabilities	13.1	1 081 497	821 340
Other creditors and miscellaneous liabilities	13.2	8 398	2 055
Current liabilities		2 979 151	3 331 166
Total Liabilities		16 726 515	25 888 570

¹ Subject to the decisions taken by the GenticeL Shareholders' Meeting of February 28, 2017 called to approve (a) the contribution of Genkyotex shares to GenticeL and the subsequent issuance of new GenticeL shares in payment for the latter, and (b) the change in the Company's name to "Genkyotex". This document can also be found in the Investors/Financial information section of the Company's new website: www.genkyotex.com.

INCOME STATEMENT

Gentcel Income Statement	Notes	31/12/2016 12 months €	31/12/2015 12 months €
Sales	15	-	-
Cost of sales		-	-
Gross margin		-	-
Other income	15	1 304 060	177 742
Net R&D expenses			
R&D expenses	16.1	(7 177 808)	(10 935 343)
Subsidies	16.1	3 705 131	2 940 037
General and administrative expenses	16.2	(5 242 354)	(3 599 155)
Operating profit (loss)		(7 410 971)	(11 416 719)
Financial expenses	17	(47 874)	(64 535)
Financial income	17	218 574	287 931
Pre-tax profit (loss)		(7 240 271)	(11 193 323)
Tax expense		-	-
Net income		(7 240 271)	(11 193 323)
<i>Group share</i>		<i>(7 240 271)</i>	<i>(11 193 323)</i>
<i>Non-controlling interests</i>		<i>-</i>	<i>-</i>

Earnings per share	Notes	31/12/2016	31/12/2015
Weighted average number of outstanding shares		15 561 352	15 463 263
Basic earnings per share (€/share)	20	(0.47)	(0.72)
Diluted earnings per share (€/share)	20	(0.47)	(0.72)

STATEMENT OF COMPREHENSIVE INCOME

GenticeL Statement of Comprehensive Income	Notes	31/12/2016 12 months €	31/12/2015 12 months €
Profit (loss) for the year		(7 240 271)	(11 193 323)
Actuarial gains (losses)	11	38 465	122 504
Items not recyclable in income		38 465	122 504
Items recyclable in income		-	-
Other items of comprehensive income (net of tax)		38 465	122 504
Comprehensive income		(7 201 806)	(11 070 819)
<i>Group share</i>		<i>(7 201 806)</i>	<i>(11 070 819)</i>
<i>Non-controlling interests</i>		<i>-</i>	<i>-</i>

CHANGE IN SHAREHOLDERS' EQUITY

GenticeL Change in Shareholders' Equity	Notes	Capital Number of shares	Capital €	Premiums linked to capital €	Reserves and profit €	Actuarial gains (losses) €	Shareholders' equity, Group share €	Non- controlling interests €	Shareholders' equity €
At 31 December 2014		15 440 235	1 544 024	48 112 032	(19 321 595)	(117 555)	30 216 905	-	30 216 905
Net income 2015					(11 193 323)		(11 193 323)	-	(11 193 323)
Other comprehensive income						122 504	122 504	-	122 504
Comprehensive income			-	-	(11 193 323)	122 504	(11 070 819)	-	(11 070 819)
BSPCE exercised		100 851	10 085	308 007			318 092	-	318 092
Liquidity contract					29 689		29 689	-	29 689
Share-based payments					840 695		840 695	-	840 695
At 31 December 2015		15 541 086	1 554 109	48 420 039	(29 644 533)	4 948	20 334 563	-	20 334 563
Net income 2016					(7 240 271)		(7 240 271)	-	(7 240 271)
Other comprehensive income					-	38 465	38 465	-	38 465
Comprehensive income			-	-	(7 240 271)	38 465	(7 201 806)	-	(7 201 806)
BSPCE exercised	8	28 969	2 897	87 399			90 296	-	90 296
Liquidity contract					3 704		3 704	-	3 704
Share-based payments	9				231 810		231 810	-	231 810
Capital increase transaction expenses (1)				(158 608)			(158 608)	-	(158 608)
At 31 December 2016		15 570 055	1 557 005	48 348 830	(36 649 291)	43 413	13 299 958	-	13 299 958

(1) As part of the strategic merger with Genkyotex, the Company incurred costs amounting to €383K as at 31 December 2016, including €159K premiums in accordance with IAS 32 (see Note 2.3).

CASH FLOW STATEMENT

GenticeL	Notes	31/12/2016 12 months €	31/12/2015 12 months €
Cash Flow Statement			
Cash flow from operating activities			
Net income		(7 240 271)	(11 193 323)
(-) Elimination of depreciation of intangible assets	3.1	(18 072)	(4 240)
(-) Elimination of depreciation of property, plant and equipment	3.2	(54 496)	(51 716)
(-) Provision additions	11, 12	(548 233)	(64 847)
(-) Expenses linked to share-based payments	9	(231 810)	(840 695)
(-) Gain (loss) on assets sold		(44 077)	-
(+) interest from investments		142 725	280 090
(-) MAgenTA debt waiver	10.1	768 816	-
(-) Discounting / unwinding of advances	10.1	(64 651)	(33 730)
Self-financing capacity before cost of net financial debt and taxes		(7 190 474)	(10 478 184)
(-) Change in working capital requirements (net of impairment of trade receivables and inventories)		998 336	1 265 996
Cash flow from operating activities		(8 188 810)	(11 744 180)
Cash flow from investing activities			
Acquisitions of intangible assets	3.1	(7 613)	(39 126)
Acquisitions of property, plant and equipment	3.2	(5 771)	(112 727)
Asset disposals		23 200	-
Dismantling of time deposits recorded in other financial assets		5 000 000	12 500 000
Dismantling of capitalization contract recorded in other financial assets		2 000 000	-
Subscription of time deposits recorded in other financial assets		(5 000 000)	-
Interest from investments		44 035	236 956
Cash flow from investing activities		2 053 852	12 585 103
Cash flow from financing activities			
Capital increase transaction expenses	9	(68 376)	-
BSPCE exercised		90 296	318 092
Encashment of conditional advances and subsidies	10.1	-	853 099
Repayment of conditional borrowings and advances	10.1	(883 774)	(495 600)
Bond repayments		-	(26 798)
Cash flow from financing activities		(861 854)	648 793
Increase (decrease) in cash & equivalents		(6 996 812)	1 489 716
Cash & cash equivalents at period-start (including bank overdrafts)	8	11 659 656	10 169 940
Cash & cash equivalents at period-end (including bank overdrafts)	8	4 662 844	11 659 656
Increase (decrease) in cash & equivalents		(6 996 812)	1 489 716
Cash and cash equivalents at period-end			
Cash and cash equivalents	8	4 663 013	11 659 829
Bank overdrafts	10	(169)	(174)
Cash & cash equivalents at period-end (including bank overdrafts)		4 662 844	11 659 656

BREAKDOWN OF CHANGE IN WORKING CAPITAL REQUIREMENTS (WCR)

Breakdown of change in WCR	31/12/2016	31/12/2015
Other non-current financial assets	-	(6 763)
Inventories (net of inventory impairment)	(52 560)	21 091
Trade receivables and related accounts (net of impairment of trade receivables)	53 342	-
Other receivables	(141 341)	513 628
Trade payables and related accounts	1 405 395	776 353
Tax and social security liabilities	(260 157)	(36 982)
Other creditors and miscellaneous liabilities	(6 344)	(1 332)
Total change	998 336	1 265 996