Archamps (France), February 28th, 2018 at 5.45 pm CET

GENKYOTEX ANNOUNCES 2017 ANNUAL FINANCIAL RESULTS

- ***Operating expenses in line with Company's acceleration of drug development activities and corporate growth***
- ***Genkyotex's cash runway extends through Q1 2019***
- ***Two Phase II clinical trials ongoing for Company's lead product candidate, GKT831; interim analysis results in Primary Biliary Cholangitis expected in the first half of 2018***

Genkyotex (Euronext Paris & Brussels: FR00011790542 – GKTX), a biopharmaceutical company and the leader in NOX therapies, announces its consolidated financial results for the year ended December 31st, 2017[1], in accordance with IFRS (International Financial Reporting Standards).

Genkyotex recorded a consolidated net loss of -€25,773 thousand (-€0.39 per share) for the year ended December 31st, 2017, as the Company recorded one-time items related to the reverse takeover and the non-cash share-based payment for a total of €15,379 thousand. Without taking into consideration these items, the adjusted consolidated net loss was -€10,389 thousand. The Company confirms that its current cash at hand is sufficient to fund planned operations through Q1 2019.

- The recurring operating loss includes a share-based payments expense of €3,838 thousand corresponding to the participation warrants granted to Genkyotex Suisse SA employees and converted in ordinary shares. This expense does not impact Genkyotex's cash position.
- The other expenses incurred in 2017 notably correspond to the costs associated with the Phase II clinical trial conducted for GKT831 in Primary Biliary Cholangitis (PBC) and ongoing preclinical work with GKT771. The Phase II clinical trial in Diabetic Kidney Disease, initiated by investigators, is being entirely financed by the Juvenile Diabetes Research Foundation (JDRF Australia) and the Baker Institute, and thus had no impact on the Group's operating loss.
- Other operating expenses, which totaled €11,408 thousand in the year ended December 31st, 2017, were primarily driven by the quotation cost of €10,898 thousand (non-cash item) corresponding to the difference between the contribution in kind of Genticel and the fair market value of the assets and liabilities transferred at the time of the reverse takeover.

[1] Consolidated accounts were approved by the Board on February 28th, 2018. These accounts have been audited and the certification report will be issued after verification of the management report

On December 31st, 2017, Genkyotex had cash, cash equivalents and short-term placements of €14.6 million, versus €15.3 million on September 30th, 2017, in line with the Company's expectations. This figure includes the €2.4 million in 2016 Research Tax Credit received in December 2017. Genkyotex's cash burn in the fourth quarter was primarily a result of investments relating to the ongoing Phase 2 clinical trial in PBC.

Selected 2017 Financial Results

€ thousands	At December 31st, 2017	At December 31st, 2016 (a)
Research & Development expenses (b)	(9,475)	(4,813)
Subsidies and Research Tax Credit	669	526
General & Administrative expenses (b)	(5,299)	(1,641)
Recurring operating loss (b)	**(14,104)**	**(5,928)**
Other operating expenses (c)	(11,408)	-
Operating loss	**(25,512)**	**(5,928)**
Net loss (d)	**(25,773)**	**(5,853)**
Net loss per share (in euros)	(0.39)	(2.64)

(a) The 2016 financial information only includes the activity of Genkyotex and is therefore not comparable to 2017 given the merger with Genticel

(b) The operating loss includes a non-cash share-based payment expense of €1,990 thousand in Research & Development expenses and €1,838 thousand in General & Administrative expenses

(c) The other operating income includes the quotation cost of €10,898 thousand (non-cash item) and restructuring costs for € 510 thousand

(d) The net loss excluding onetime items related to the reverse takeover and the non-cash share-based payment expense would be -€10,389 thousand

2017 Business Update and Outlook for 2018

Genkyotex is developing a new approach for the treatment of a number of fibrotic diseases for which there are currently significant unmet medical needs. Over the last year, Genkyotex executed a drug development strategy that aims to:

- **assess the safety and efficacy of GKT831, its most advanced product candidate, in liver fibrosis with a clinical trial in PBC**. On June 27th, 2017, the Company announced that it had initiated a Phase II clinical trial in PBC with GKT831 in Europe and North America. If successful, this trial would enable a new therapeutic approach to be evaluated in other fibrotic diseases. Patient enrollment in the Phase II clinical trial for GKT831 in PBC is progressing across its global network of investigators. A total of 102 patients will be enrolled in the trial, with interim results expected in the first half of 2018 and full results at the end of 2018.

- **evaluate the safety and efficacy of GKT831 in Diabetic Kidney Disease, a fibrotic disease.** On June 28th, 2017, Genkyotex announced the start of a 48-week Phase II clinical trial for GKT831 in patients with Type 1 diabetes and nephropathy. This investigator-initiated trial is being entirely financed by JDRF Australia and the Baker Institute. Patient randomization is continuing, and a total of 142 patients are targeted to be enrolled in up to 15 centers in Australia. This study is being undertaken following an initial shorter Phase II conducted by Genkyotex in the same indication that showed statistically significant improvements of important secondary efficacy endpoints.

- **generate data that show the therapeutic potential of GKT831 in additional fibrotic indications.** On August 3rd, 2017, the Company announced that GKT831 had demonstrated its ability to efficiently target cancer associated fibroblasts (CAFs) and delay tumor growth, in a study involving multiple preclinical models. The results of this study were published in the *Journal of the National Cancer Institute* (https://doi.org/10.1093/jnci/djx121). Following these data, Cancer Research UK awarded Professor Gareth Thomas, from the University of Southampton, a discovery grant to develop a clinical strategy for GKT831 in oncology.

  On February 20th, 2018, the Company announced that, in a preclinical model of prostate cancer, GKT831 efficiently targeted CAFs and abrogated the pro-tumorigenic influence of the tumor micro-environment. The results of this study, which was conducted by Dr. Natalie Sampson and colleagues at the Medical University of Innsbruck, were published in the *International Journal of Cancer* (https://doi.org/10.1002/ijc.31316).

- **develop GKT771, the Company's second most advanced drug candidate.** Genkyotex is currently conducting preclinical studies in order to define priority clinical indications for this product candidate, targeting a number of pathological processes, including angiogenesis, pain processing and inflammation. The Company intends to submit a Phase I clinical trial application for this drug candidate in 2018.

- **expand the Company's NOX platform by continuing to undertake exploratory preclinical research programs**.

Elias Papatheodorou, CEO of Genkyotex, says: "*2017 was a transformational year for the Company, as we initiated two Phase II clinical trials for our lead product candidate, GKT831; one in Primary Biliary Cholangitis and the other in Diabetic Nephropathy. Importantly, while ramping up our drug development initiatives, we continued to maintain good control of our operating expenses and entered 2018 in a solid financial position. Given the significant progress we have achieved recently and the scientific community's interest in NOX therapies, we are confident in the potential of our drug candidates and look forward to top-line clinical results with GKT831 in PBC*."

Next financial press release:

Q1 2018 business update and cash position: April 25th, 2018 (after market)

About Genkyotex

Genkyotex is the leading biopharmaceutical company in NOX therapies, listed on the Euronext Paris and Euronext Brussels markets. A leader in NOX therapies, its unique therapeutic approach is based on a selective inhibition of NOX enzymes that amplify multiple disease processes such as fibrosis, inflammation, pain processing, cancer development, and neurodegeneration.

Genkyotex's platform enables the identification of orally available small-molecules that selectively inhibit specific NOX enzymes. Genkyotex is developing 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 evaluated in a phase II clinical trial in primary biliary cholangitis (PBC, a fibrotic orphan disease) and in an investigator-initiated Phase II clinical trial in Type 1 Diabetes and Kidney Disease (DKD). 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, currently undergoing preclinical testing.

Genkyotex also has a versatile platform well-suited to the development of various immunotherapies (Vaxiclase). A partnership covering the use of Vaxiclase as an antigen per se (GTL003) has been established with Serum Institute of India Ltd (Serum Institute), the world's largest producer of vaccine doses, for the development by Serum Institute of cellular multivalent

combination vaccines against a variety of infectious diseases. This partnership could generate up to $57 million in future revenues for Genkyotex, before royalties on sales.

For further information, please go to www.genkyotex.com.

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