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Archamps (France), January 17, 2020 at 7 am CET

GENKYOTEX LAUNCHES A RIGHTS ISSUE FOR A MAXIMUM AMOUNT OF €6.13 MILLION

- *SUBSCRIPTION RATIO: 1 NEW SHARE FOR 3 EXISTING SHARES*
- *SUBSCRIPTION PRICE: €2.02 PER SHARE, I.E. A DISCOUNT OF 7.13%*
- *DETACHMENT OF PREEMPTIVE RIGHTS ON JANUARY 21, 2020 AND SUBSCRIPTION PERIOD FROM JANUARY 23 TO FEBRUARY 3, 2020 INCLUSIVE*
- *TRANSACTION GUARANTEED UP TO 75.36% BY SUBSCRIPTION COMMITMENTS OF €4.62M*

Genkyotex (Euronext Paris & Brussels: FR0013399474 – GKTX), a biopharmaceutical company and the leader in NOX therapies (the "**Company**"), today announces the launch of a rights issue for a gross maximum of €6.13 million at a price of €2.02 per share with a ratio of 1 new share (the "**New Shares**") for every 3 existing shares (the "**Rights Issue**").

The *Autorité des Marchés Financiers* (the "**AMF**", the French financial markets authority) granted visa number 20-012 on January 16, 2020 for the prospectus relating to this operation (the "**Prospectus**").

The primary purpose of the proceeds of this issuance of New Shares will be to provide the Company with additional resources to continue, over the next 12 months, the clinical development of its lead product candidate, setanaxib, in multiple fibrotic indications including primary biliary cholangitis (PBC, an orphan fibrotic disorder), idiopathic pulmonary fibrosis (IPF) and diabetic kidney disease. To this end, the Company is planning to:

- organize a meeting with the FDA (US Food and Drug Administration) in the first quarter of 2020 €(0.4m) on the design of the Phase 3 study in PBC, with an expected agreement on this design during the first half of 2020.
- support the evaluation of setanaxib by supplying this compound for the needs of two Phase 2 studies undertaken on the initiative of the investigators (€1m):
    - in idiopathic pulmonary fibrosis (IPF), financed by the NIH (National Institutes of Health), which should begin in February 2020,
    - in diabetic kidney disease associated with type 1 diabetes (DKD), entirely financed by the JDRF (Juvenile Research Foundation Australia) and the Baker Institute in Australia. An initial 13 patients have already completed the full 48-week treatment and the study has

recently been expanded to another 3 countries: Germany, Denmark and New Zealand. Ethical committees have already approved the study protocol in New Zealand and 3 centers are pending activation. Germany and Denmark will follow.

- initiate a Phase 1 study for setanaxib at high doses in order to define the maximum dose to be used in future clinical trials (€1m),
- finance the Company's Working Capital Requirements and its running and structural costs (€2.1 net of research tax credit).

In the case that the proceeds of the offering exceed the guaranteed minimum of €4.5 million, which is sufficient to meet the Company's net working capital requirements for a 12-month period, the Company intends to dedicate these additional resources mainly to the development of new generation NOX1/4 inhibitor molecules.

Elias Papatheodorou, CEO of Genkyotex, explains: "*We are today launching a rights issue open for all our shareholders in order to finance a number of structuring developments such as the initiation of a Phase 2 study in idiopathic pulmonary fibrosis (IPF) and preparations for a future Phase 3 study with setanaxib in PBC. Indeed, setanaxib is the first representative of a new therapeutic class recognized by the World Health Organization (WHO), NOX inhibitors, for which Genkyotex enjoys a leading position with a number of ongoing clinical trials. This capital increase is supported by our longstanding shareholders who are again showing their trust in us, trust that has been strengthened following the positive results obtained with setanaxib in the Phase 2 study in PBC that demonstrates the ability of our compound to significantly reduce liver stiffness and improve patients' quality of life. I am delighted to be able to associate all of our existing shareholders with these developments by enabling them to participate in this rights issue that will allow us to extend our financial visibility to January 2021, and thus reach a number of value-creating milestones*".

MAIN TERMS OF THE RIGHTS ISSUE

Genkyotex launches a rights issue for a maximum amount of €6.13 million with 1 New Share for every 3 existing shares at a par value of €1 per share. Each shareholder will receive one preemptive subscription right per share in the holder's account at close of accounting on January 20, 2020, as per the indicative schedule below.

Subscription period

The subscription period for New Shares will run from January 23 to February 3, 2020 inclusive.

Subscription price for the New Shares

€2.02 per share, including a par value of €1 per share and an issue premium of €1.02 per share, to be fully paid upon subscription, representing a discount of 7.13% on the Genkyotex share price at close of trading on January 15, 2020, i.e. €2.175.

Number of shares offered

3,033,755 shares (the "**Number of New Shares**").

Gross proceeds of the rights issue

The maximum gross proceeds of the capital increase, issue premium included, will be of €6,128,185.10 (€3,033,755 par value and €3,094,430.10 issue premium).

Preemptive subscription rights

Subscriptions to New Shares will be reserved, in priority:

- to holders of existing shares registered in the holder's account at close of accounting on January 20, 2020,
- to transferors of preemptive subscription rights.

Holders of preemptive subscription rights will be able to subscribe:

- on an irreducible basis to 1 New Share for every 3 existing shares they hold. 3 preemptive subscription rights will enable the holder to subscribe to 1 New Share at a price of €2.02 per share;
- and, on a reducible basis, to the number of New Shares they want in addition to the ones they are entitled to through the exercise of their preemptive rights on an irreducible basis.

Theoretical value of a preemptive subscription right

€0.039 (on the basis of the Genkyotex share price at close of trading on January 15, 2020, i.e. €2.175). The subscription price of the New Shares represents a discount of 5.44% on the theoretical ex-right value of a share.

Listing and procedure for the exercise of preemptive subscription rights

Preemptive subscription rights may be acquired or divested on the market during their listing period, i.e. between January 21 and 30, 2020 inclusive, under the ISIN code FR0013477429. Should no subscription be forthcoming by February 3, 2020 or should these preemptive subscription rights not be divested by January 30, 2020, they will become null and void with no value.

To exercise their preemptive subscription rights, holders must send a request to their authorised financial intermediary at any time between January 23 and February 3, 2020 inclusive and pay the corresponding subscription price. Preemptive subscription rights that are not exercised will automatically become null and void at the end of the subscription period, i.e. at close of trading on February 3, 2020.

Subscription commitments

A number of the Company's longstanding shareholders (Andera Partners (Biodiscovery 3 fund), Vesalius, Neomed, N5 Investment AS and Wellington) have committed to participating in this operation for a maximum total amount of approximately €4.62 million, including €2.03 million on an irreducible basis, as well as an additional maximum of €2.59 million should all the subscriptions on an irreducible basis and, if

necessary, on a reducible basis, (i) not absorb at least 75% of the Capital Increase and (ii) not reach a total of at least €4.5 million at the end of the subscription period.

These subscription commitments represent approximately 75,36% of the amount of the offering.

Underwriting

This issuance is not covered by a firm underwriting. However, it should be noted that subscription commitments cover approximately 75.36% of the total amount of the offering.

Abstention and lock-up commitments

- Abstention commitment by the Company: 180 days from the settlement/delivery date, subject to certain standard exceptions as detailed in the Prospectus.
- Lock-up commitments: Andera Partners, Vesalius, Neomed, N5 Investment AS, Eclosion 2 SA and Wellington and certain senior executives have agreed, with the Lead Manager and Bookrunner, a 90-day lock-up period from the settlement/delivery date, unless prior written consent is given by the Lead Manager and Bookrunner and subject to certain standard exceptions.

Impact of this issue on the shareholder structure and a shareholder's situation

The following table presents the capital distribution before and after the Capital Increase using the following assumptions: (i) no Company shareholder, apart from those who have committed to doing so (see Subscription Commitments paragraph above), exercises their preemptive subscription rights, (ii) 100% of the initially-planned Capital Increase is realized.

	Number of shares before the transaction	**% of capital and theoretical voting rights before the transaction[(1)]**	**Number of shares after the transaction**	**% of capital and theoretical voting rights after the transaction[(1)]**
Andera Partners Funds	1,863,079	20.47%	2,389,266	19.69%
Eclosion2 SA	1,393,285	15.31%	1,393,285	11.48%
Vesalius Biocapital II SA, SICAR	691,529	7.60%	922,038	7.60%
Neomed Innovation V L.P	544,550	5.98%	726,066	5.98%
Wellington	161,185	1.77%	214,913	1.77%
N5 Investment AS	33,970	0.37%	45,293	0.37%
Management & employees	434,730	4.78%	434,730	3.58%
Other investors	3,969,900	43.62%	6,000,392	49.45%
Treasury shares [(2)]	9,037	0.10%	9,037	0.07%
TOTAL	**9,101,265**	**100.00%**	**12,135,020**	**100.00%**

(1) Theoretical voting rights. All shares have the same voting rights, with the exception of Treasury Shares held by the Company.
(2) Shares held on January 15, 2020 within the framework of the liquidity contract with Kepler Cheuvreux.

For informative purposes, the impact of the issue on a shareholder with 1% of the Company's share capital prior to the issue and not subscribing to this issue (calculated on the basis of the number of shares

constituting the Company's share capital on the date the Prospectus was granted a visa) would be as follows:

	Shareholder's stake (%)	
	Non-diluted basis	Diluted basis[1]
Before the issuance of New Shares[2]	1.00%	0.96%
Following the issuance of 3,033,755 New Shares	0.75%	0.73%

(1) In the case of the issuance of a maximum of 345,904 ordinary shares on the exercising of all equity warrants and stock options.
(2) Based on the number of shares in the Company's share capital on the date of the Prospectus, i.e. 9,101,265 shares.

Indicative schedule

January 20, 2020	Business day following which holders of existing shares registered in their securities accounts will be allocated preemptive subscription rights.
January 21, 2020	Detachment of, and start of trading, preemptive subscription rights on Euronext Paris and Euronext Brussels (before market)
January 23, 2020	Opening of the subscription period
January 30, 2020	End of the listing of preemptive subscription rights (at market close)
February 3, 2020	Closing of the subscription period (at market close)
February 6, 2020	Publication of a press release by the Company announcing the result of the subscriptions. Publication by Euronext of the notice of result and admission to trading of the New Shares, indicating the definitive amount of the Capital Increase and the allocation scale for subscriptions on a reducible basis.
February 10, 2020	Issue of New Shares – Settlement/delivery. New Shares admitted for trading on Euronext Paris and Euronext Brussels Resumption of the ability to exercise business share warrants and stock options

Genkyotex share identification codes

Company name: GENKYOTEX
ISIN code: FR0013399474
Ticker: GKTX
ICB Classification: 4573, *Biotechnology*
Listed on: Euronext Paris and Brussels (compartment C)
LEI code: 69500O5EBFI0TMRJM30

Financial intermediary

GILBERT DUPONT

GROUPE SOCIETE GENERALE

Lead Manager and Bookrunner

Availability of the Prospectus

The Prospectus granted a visa by the AMF French financial markets authority on January 16, 2020 under number 20-012, comprises (i) the *Document de Référence* filed with the AMF on April 26, 2019 under number R.19-014 (the "**2018 *Document de Référence***"), (ii) the universal registration document filed with the AMF on January 16, 2020 under number 20-0012 (the "**Universal Registration Document**"), (iii) the *Note d'Opération* dated January 16, 2020 (the "***Note d'Opération***") and (iv) a summary of the Prospectus (including the *Note d'Opération*).

Copies of this Prospectus may be obtained from the Company's head offices (218 avenue Marie Curie - Forum 2 Archamps Technopole, 74166 Saint-Julien-en-Genevois cedex, France). It is also available on the Company's website (www.genkyotex.com) and the AMF's website (www.amf-france.org).

Risk Factors

The Company draws your attention to the risk factors described in section 3.1 of the Universal Registration Document and section 2 of the *Note d'Opération*.

In particular, it draws attention to the following risks:

- in order to treat specific pathologies, Genkyotex is identifying and developing selective inhibitors of NADPH Oxidases (NOX), a new class of product candidates whose therapeutic benefit has not yet been demonstrated.
- Genkyotex may encounter difficulties in obtaining, or not obtain at all, regulatory approval to develop and market its drug candidates and in particular its most advanced product candidate, setanaxib.
- the Company will have to strengthen its equity capital or obtain additional financing in order to ensure its development.
- the Company has been posting operating losses since its inception and believes that this situation is expected to continue. It may never become profitable.
- the sale on the market of the new shares resulting from the recent conversion of OCA 2020 warrants could have an adverse impact on the market price of the Company's shares.

About Genkyotex

Genkyotex is the leading biopharmaceutical company in NOX therapies, listed on the Euronext Paris and Euronext Brussels markets. Its unique platform enables the identification of orally available small-molecules which selectively inhibit specific NOX enzymes that amplify multiple disease processes such as fibrosis, inflammation, pain processing, cancer development, and neurodegeneration. Genkyotex is developing a pipeline of first-in-class product candidates targeting one or multiple NOX enzymes. The lead product candidate, setanaxib (GKT831), a NOX1 and NOX4 inhibitor

has shown evidence of anti-fibrotic activity in a Phase II clinical trial in primary biliary cholangitis (PBC, a fibrotic orphan disease). Based on its positive results, a phase 3 trial in PBC is being planned. setanaxib is also being evaluated in an investigator-initiated Phase II clinical trial in Type 1 Diabetes and Kidney Disease (DKD). A grant from the United States National Institutes of Health (NIH) of $8.9 million was awarded to Professor Victor Thannickal at the University of Alabama at Birmingham (UAB) to fund a multi-year research program evaluating the role of NOX enzymes in idiopathic pulmonary fibrosis (IPF), a chronic lung disease that results in fibrosis of the lungs, the core component of the program will be to conduct a Phase 2 trial with the setanaxib in patients with IPF. This product candidate may also be active in other fibrotic indications.

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 Private 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.

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

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Disclaimer

This press release may contain forward-looking statements by the company with respect to its objectives. Such statements are based upon the current beliefs, estimates and expectations of Genkyotex'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 and actual results may differ from those set forth in the forward-looking statements, due to various factors. Without being exhaustive, such factors include uncertainties involved in the development of Genkyotex's products, which may not succeed, or in the delivery of Genkyotex's products marketing authorizations by the relevant regulatory authorities and, in general, any factor that could affects Genkyotex's capacity to commercialize the products it develops. No guarantee is given on forward-looking statements which are subject to a number of risks, notably those described in the universal registration document filed with the AMF on January 16, 2020 under number 20-0012, and those linked to changes in economic conditions, the financial markets, or the markets on which Genkyotex is present. Genkyotex products are currently used for clinical trials only and are not otherwise available for distribution or sale.

Important information

This press release does not, and shall not, be deemed to constitute a public offering or an offer to buy or as designed to solicit the public's interest for purposes of a public offering.

No communication and no information in respect of this Rights Issue or of Genkyotex may be distributed to the public in a country where registration or approval obligations must be fulfilled. No action has been taken (or will be taken) in any country (outside France) in which such steps are required. The purchase of Genkyotex shares or subscription rights may be subject to specific legal or regulatory restrictions in certain jurisdictions. Genkyotex assumes no responsibility for any violation of any such restrictions by any person.

This press release does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 relating to the prospectus to be published in connection with an offer of securities to the public or an application for admission of securities to trading on a regulated market (the "Prospectus Regulation").

In France, an offer of securities to the public may only be made pursuant to a prospectus approved by the AMF. With respect to the member States of the European Economic Area (the "Member States"), other than France, no action has been undertaken or will be undertaken to make an offer to the public of the shares requiring a publication of a prospectus in any relevant Member States. Consequently, the securities may not be offered and will not be offered in any Member State (other than France), except in accordance with the exemptions set out in Article 1(4) of the Prospectus Regulation, or in the other cases that do not require the publication by Genkyotex of a prospectus pursuant to the Prospectus Regulation and/or applicable regulations in the Member States.

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