



Press release

TxCell announces the issue of a second tranche of convertible notes of €2 million as planned as part of the OCABSA financing

Valbonne, France, November 3, 2016 – TxCell SA (the “Company” – FR0010127662 – TXCL), a biotechnology company developing innovative, personalized cellular immunotherapies using regulatory T cells (Treg) to treat severe chronic inflammatory and autoimmune diseases, today announces the issue of a second tranche of notes convertible into shares (the “**Notes**”) for an amount of €2 million in nominal value, as part of the financing through the issuance of warrants (the “**Tranche Warrants**”) giving access to Notes with share subscription warrants attached (the “**Warrants**”) (the Notes together with the Warrants, the “**Notes With Warrants**”) announced in TxCell’s press release dated June 17, 2016. The Tranche Warrants, issued by the Company on August 3, 2016, have been fully subscribed by YA II CD, LTD (the “**Investor**”), an investment fund managed by Yorkville Advisors Global LP.

Upon TxCell’s request on November 3, 2016, in accordance with the terms and conditions of the Tranche Warrants issuance agreement signed in June 2016, the Investor exercised 20 additional Tranche Warrants and therefore subscribed to 20 Notes With Warrants with a nominal value of €100,000 each, representing a second tranche of Notes of €2 million in nominal value. 336,700 Warrants¹ with a strike price of €2.97, which may generate, if fully exercised, an additional equity contribution of €1 million for TxCell, are immediately detached from these Notes.

The main characteristics of the Notes with Warrants and their theoretical dilutive impact are detailed in TxCell’s press release dated June 17, 2016 and in the prospectus filed with the French *Autorité des marchés financiers* (AMF) on July 27, 2016 under number 16-356. They are also available on the Company’s website www.txcell.com. In addition, the Company provides on its website an updated summary of the outstanding Tranche Warrants, Notes, Warrants and number of the Company’s shares.

For illustration purposes, the theoretical impact of the issuance of this second tranche of Notes With Warrants would be as follows:

¹ On an indicative basis, based on the closing price of TxCell’s shares on November 2, 2016 (i.e., €2.59), the theoretical value of a Warrant works out between €0.46 and €0.91, depending on the volatility adopted (i.e., between 25% and 45%). The theoretical value of a Warrant is obtained by using the Black & Scholes method based on the following assumptions :

- Maturity: 5 years
- Risk free interest: 0.498%
- Dividend payment rate: 0%.

- Impact of the issuance on the shareholders' equity per share (on the basis of the shareholders' equity as of June 30, 2016, established in accordance with International Financial Reporting Standards (IFRS) and of the number of shares composing the Company's share capital as of November 3, 2016, (i.e. 13,213,032 shares) and based on the lowest daily volume weighted average price for the TxCell share over the 10 consecutive trading days immediately preceding November 3, 2016, i.e. €2.58):

| | Shareholders' equity per share as of June 30, 2016 (in euros) | |
|---|---|------------------------------|
| | Non-diluted basis | Diluted basis ⁽¹⁾ |
| Before issuance | 0.39 | 1.22 |
| After issuance of 874,999 new shares resulting from the conversion of the Notes and from the commitment fees | 0.52 | 1.27 |
| After issuance of 336,700 new shares resulting from the exercise of the sole Warrants | 0.45 | 1.25 |
| After issuance of 1,211,699 new shares resulting from the conversion of the Notes, from the exercise of the Warrants and from the commitment fees | 0.57 | 1.30 |

(1) supposing the exercise of all 590,000 Warrants and 927,076 Notes issued and allocated by the Company, whether exercisable or not, giving the right to subscribe to 590,000 and 927,076 shares respectively, the free allocation of 587,150 new shares and the exercise of the 1,150,000 warrants related to the PACEO equity line (on which no drawdown has been made) giving the right to subscribe to 1,150,000 new shares (and based on a strike price equal to 95% of the weighted average price for the TxCell share over the 3 trading days immediately preceding November 3, 2016, i.e. €2.47).

- Impact of the issuance on the stake of a shareholder currently owning 1% of the share capital of the Company and not subscribing to such issuance (on the basis of the number of shares composing the Company's share capital as of November 3, 2016, (i.e. 13,213,032 shares) and based on the lowest daily volume weighted average price for the TxCell share over the 10 consecutive trading days immediately preceding November 3, 2016, i.e. €2.58):

| | Shareholder's stake (in %) | |
|---|----------------------------|------------------------------|
| | Non-diluted basis | Diluted basis ⁽¹⁾ |
| Before issuance | 1.00 | 0.69 |
| After issuance of 874,999 new shares resulting from the conversion of the Notes and from the commitment fees | 0.94 | 0.66 |
| After issuance of 336,700 new shares resulting from the exercise of the sole Warrants | 0.98 | 0.68 |
| After issuance of 1,211,699 new shares resulting from the conversion of the Notes, from the exercise of the Warrants and from the commitment fees | 0.92 | 0.65 |

(1) supposing the exercise of all 590,000 Warrants and 927,076 Notes issued and allocated by the Company, whether exercisable or not, giving the right to subscribe to 590,000 and 927,076 shares respectively, the free allocation of 587,150 new shares and the exercise of the 1,150,000 warrants related to the PACEO equity line (on which no drawdown has been made) giving the right to subscribe to 1,150,000 new shares.

Next financial milestone

- November 8, 2016 (after market close): third quarter 2016 revenue and cash position

About TxCell – www.txcell.com

TxCell is a biotechnology company that develops platforms for innovative, personalized T cell immunotherapies for the treatment of severe chronic inflammatory and autoimmune diseases with high unmet medical need. TxCell is targeting a range of autoimmune diseases (both T-cell and B-cell-mediated) including Crohn's disease, lupus nephritis, bullous pemphigoid and multiple sclerosis, as well as transplantation-related inflammatory disorders.

TxCell is the only clinical-stage cellular therapy company fully dedicated to the science of regulatory T lymphocytes (Tregs). Tregs are a recently discovered T cell population for which anti-inflammatory properties have been demonstrated. Contrary to conventional approaches based on non-specific polyclonal Tregs, TxCell is exclusively developing antigen-specific Tregs. This antigen specificity may either come from pre-existing Treg T-Cell Receptor (TCR) or from genetic modifications with a Chimeric Antigen Receptor (CAR). TxCell is developing two proprietary technology platforms, ASTrIA, which is composed of non-modified naturally antigen-specific Tregs, and ENTrIA, which is composed of genetically-engineered Tregs.

Based in Sophia-Antipolis, France, TxCell is listed on Euronext Paris and currently has 49 employees.

Next events

Financial and business conferences

| | | |
|-----------------|--|---------------------|
| Nov 7-9, 2016 | BIO Europe | Cologne (Germany) |
| Nov 16-17, 2016 | Jefferies London Healthcare Conference | London (UK) |
| Nov 18-19, 2016 | Actionaria | Paris (France) |
| Nov 21-23, 2016 | German Equity Forum | Frankfurt (Germany) |

Scientific conferences

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|-----------------|--|----------------|
| Nov 29-30, 2016 | Cell Therapy Manufacturing & Gene Therapy Congress | Amsterdam (NL) |
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