A French limited liability company (*société anonyme*) with capital of €4,639,0783.80

Registered office: Les Cardoulines, Allée de la Nertière, 06560 Valbonne – Sophia Antipolis

Grasse trade and companies register no. 435 361 209

HALF-YEAR FINANCIAL REPORT 2018

This English version is a free translation of the official annual financial report prepared in French.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original version of the half-year financial report in French takes precedence over this translation

In this half-year financial report (the "Half-Year Financial Report"), the terms "TxCell" or the "Company" mean TxCell, a French limited liability company (*société anonyme*) whose head office is located at Allée de la Nertière, Les Cardoulines, 06560 Valbonne - Sophia Antipolis, France, registered with the Grasse trade and companies register under number B 435 361 209.

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1. STATEMENT OF THE PERSON RESPONSIBLE

1.1 Person responsible for the financial information

Mr. Stéphane Boissel, Chief Executive Officer.

1.2 Statement of the person responsible

I hereby certify that, to the best of my knowledge, the financial statements for the past half-year were prepared in accordance with applicable accounting standards and give an accurate image of the assets, financial situation and results of the company TxCell and that the half-year activity report attached provides a faithful account of the significant events which occurred during the first six months of the fiscal period, of their impact on the financial statements, of the main transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the fiscal period.

French original signed in Valbonne,
on September 18, 2018

Stéphane Boissel
Chief Executive Officer

2. Statutory auditors’ report on the 2018 half-year financial information

Audit Conseil Expertise, SAS
Member of PKF International

ERNST & YOUNG Audit

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

TxCell

Period from January 1 to June 30, 2018

Statutory auditors' review report
on the half-yearly financial information

Audit Conseil Expertise, SAS
Member of PKF International
17, boulevard Augustin Cieussa
13007 Marseille – France

Statutory Auditor
Member of Compagnie
Régionale d'Aix-en-Provence - Bastia

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
A simplified joint-stock company with variable capital

Statutory Auditor
Member of Compagnie
Régionale de Versailles

TxCell

Period from January 1 to June 30, 2018

Statutory auditors' review report

on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the review of the accompanying condensed half-yearly financial statements of TxCell, for the period from January 1 to June 30, 2018,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusions about the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the significant uncertainty related to events or circumstances that could call into question the continuity of operations described in note 2.2 "Going-concern principle" in the appendix to the condensed half-yearly financial statements.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly financial statements.

Marseille and Paris-La Défense, September 18, 2018

The Statutory Auditors
French original signed by

Audit Conseil Expertise *Member of PKF International*	ERNST & YOUNG Audit
Guy Castinel	Cédric Garcia

3. HALF-YEAR ACTIVITY REPORT

3.1 General presentation

TxCell (the “Company”) is a biotechnology company that develops platforms for innovative, personalized T cell immunotherapies for the treatment of severe inflammatory and autoimmune diseases with high unmet medical need. TxCell is targeting transplantation as well as a range of autoimmune diseases (both T-cell and B-cell-mediated), such as multiple sclerosis, rheumatoid arthritis, inflammatory bowel diseases or inflammatory skin diseases.

TxCell’s cellular immunotherapies are based on regulatory T lymphocytes (Tregs). Tregs are a T cell population discovered in the nineties for which anti-inflammatory properties have been demonstrated. Contrary to conventional approaches based on non-specific polyclonal Tregs, TxCell is exclusively developing engineered antigen-specific Tregs, where the antigen specificity is brought by a Chimeric Antigen Receptor (CAR) (CAR-Treg cells).

3.2 Significant events occurring over the 1st half of 2018

On February 2, 2018, the Company received a zero-interest loan from Bpifrance in the gross amount of €1.2 million as part of preclinical development and non-clinical pharmaceutical development of a CAR-Treg targeting HLA-A2 for the prevention of chronic rejection after organ transplantation.

On May 31, 2018, the Company announced the signature of a master service agreement with Lonza Pharma & Biotech (“Lonza”) for the manufacture of TxCell’s HLA-A2 CAR-Treg cellular product (TX200). According to Lonza’s timeline, completion of transfer activities and start of clinical manufacturing is now expected by Q1 2019. Accordingly, TxCell now expects to file its first CTA with TX200 in the first part of 2019.

On June 21, 2018, the Company announced the presentation of the first *in vivo* proof-of-concept data generated by the TxCell and Center of Research in Transplantation and Immunology (CRTI, Nantes, France) collaboration with proprietary CD8+ CAR-Tregs (HLA-A2 CAR-Tregs) in relevant animal models of graft-versus-host disease (GvHD) and skin graft.

During the first half of 2018, 66 Warrants were exercised on the request of the Company which then issued 66 OCA to Yorkville for a total nominal amount of €6.6 million, from which 550,00 BSA were detached. As at June 30, 2018, there are therefore 120 Warrants in circulation. As at June 30, 2018, there are 56 outstanding notes convertible into shares (OCA) that remain to be converted, for a total nominal amount of €5.6 million.

3.3 Recent changes since closing

The following events occurred after the closing date:

- On July 23, 2018, the Company announced the acquisition by Sangamo Therapeutics, Inc. ("Sangamo"), subject to the fulfillment of conditions precedent, of approximately 53% of the Company's capital, and the intention of Sangamo, if applicable, to file a simplified cash tender offer for the remaining outstanding common shares of the Company at the same unit price of €2.58, representing an enterprise value of approximately €72 million on a basis without cash and without debt. For more information, see the press release of July 23, 2018.
- On July 23, 2018, the Company also announced the renegotiation of its OCABSA financing program. Subject to the effective completion of Sangamo's proposed acquisition of a majority stake in the Company, the contract provides for (i) the repurchase by the Company of 50% of the 56 unconverted OCA for a total amount of €3,080,000 (i.e. 110% of their total nominal value of €2,800,000), (ii) Yorkville's conversion of the remaining 28 OCA into 1,866,666 new shares of the Company at a fixed unit price of €1.50, and (iii)) the repurchase by the Company of the 84 Tranche Warrants and the 1,236,350 BSA warrants currently held by Yorkville for the lump sum of one euro, with a view to their cancellation. For more information, see the press release of July 23, 2018.

3.4 Activity report

TxCell's 2018 half-year financial results mainly reflect the acceleration of the experiments necessary to develop the CAR-Treg platform: preclinical research programs and CAR-Treg manufacturing processes.

The results were characterized by a net loss of €6.6 million, with a €1.3 million increase compared with the first half of 20187, and can be summarized as follows:

- A €0.5 million increase in research and development expenses, mainly related to the transfer of the TX200 manufacturing process to the CMOs (*Contract Manufacturing Organization*) and to CAR-Treg research programs conducted internally or under research and development agreements, for the generation of preclinical proof-of-concept data;
- A €0.4 million increase in general expenses, mainly due to the presence in the first half of 2018 of non-recurring expense, notably commitment fees paid to Yorkville in the OCABSA draw in February 2018, and fees related to the implementation of a long-term refinancing.

3.4.1 Income statement analysis

The income statement breaks down as follows:

Statement of net income (in thousands of euros)	06/30/2018	06/30/2017 *
Revenue	0	0
Other income	1,047	1,292
Revenue and other income	**1,047**	**1,292**
Research and development expenses	(4,678)	(4,166)
General and administrative expenses	(1,935)	(1,561)
Expenses related to share-based payments	(152)	(587)
Current operating profit / (loss)	**(5,717)**	**(5,022)**
Other operating expenses	0	0
Other operating income	0	0
Operating profit / (loss)	**(5,717)**	**(5,022)**
Income from cash and cash equivalents	0	0
Cost of gross financial debt	(38)	(44)
Cost of net financial debt	**(38)**	**(44)**
Other financial income	1	2
Other financial expenses	(854)	(222)
Net profit / (loss) before tax	**(6,608)**	**(5,286)**
Income taxes	0	0
Net profit / (loss)	**(6,608)**	**(5,286)**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

3.4.1.1 Revenue and other income

As expected, the Company did not generate revenue during the first half of 2018.

Other income mainly comprises:

- grants in the amount of €42 thousand; and

- a research tax credit estimate for the first half of 2018 of €1,005 thousand, compared to €1,030 thousand for the first half of 2017.

3.4.1.2 Operating profit/(loss)

3.4.1.2.1 Research and development expenses

Research and development expenses were as follows:

R&D (in thousands of euros)	06/30/2018	06/30/2017 *	06/30/2017
Purchase of raw materials	933	572	572
Rent, fees and other expenses	1,974	1,826	1,551
Salaries and social security expenses	1,592	1,676	1,674
Depreciation, amortization and provisions	178	91	91
Retirement benefits	1	1	1
Total research and development expenses	**4,678**	**4,166**	**3,890**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

In the first half of 2018, research and development costs were mainly attributable to:

- manufacturing process development programs, including the transfer of the TX200 process to CMOs;
- CAR-Treg research programs, conducted internally or under research and development agreements for the generation of preclinical proof-of-concept data.

The 63.1% increase in Purchase of raw materials is primarily due to the acceleration of the experiments necessary to develop the CAR-Treg platform: preclinical research programs and CAR-Treg manufacturing processes.

The 8.1% increase in Rent, fees and other expenses was mainly due to the costs related to the transfer of the TX200 manufacturing process to CMOs and to *in vivo* developments of the CAR-Treg programs, partially offset by the decrease of expenses related to collaboration agreements terminated in the second half of 2017.

The 95.2% increase in Depreciation, amortization and provisions is mainly due to the increase in acquisitions of laboratory equipment, mainly in the form of leasing contracts.

3.4.1.2.2 General and administrative expenses

General and administrative expenses are presented as follows:

G&A (in thousands of euros)	06/30/2018	06/30/2017 *	06/30/2017
Rent, fees and other expenses	1,208	900	1,175
Salaries and social security expenses	712	645	647
Depreciation, amortization and provisions	15	15	15
Retirement benefits	0	0	0
Total general and administrative expenses	**1,935**	**1,561**	**1,837**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

The 34.1% increase in Rent, fees and other expenses was primarily attributable to non-recurring legal consultancy fees recognized in the first half of 2018, notably commitment fees paid to Yorkville in the OCABSA draw in February 2018, and fees related to the implementation of a long-term refinancing.

3.4.1.3 Financial and net income

“Other financial expenses” amounted to €847 thousand and corresponded to:

- €6 thousand in accretion of finance flows linked to the zero-interest innovation loan;
- €10 thousand in accretion of the trade payable assets;
- €192 thousand to losses realized under the liquidity contract, terminated in June 2018; and
- €639 thousand from the fair value recognition through profit and loss of the note issues.

Except for financial expenses linked to the liquidity contract, these other financial expenses are due to IFRS adjustments and have no impact on the Company’s cash position.

As of June 30, 2018, the net loss was €6,608 thousand, with a €1,322 thousand increase compared to the loss recognized on June 30, 2017.

3.4.2 Balance sheet analysis

3.4.2.1 Assets

Assets (in thousands of euros)	06/30/2018	12/31/2017
Intangible assets	5,946	5,935
Property, plant and equipment	807	625
Other property, plant and equipment under finance leases	889	416
Financial assets	105	278
Total non-current assets	**7,747**	**7,254**
Trade receivables	-	-
Other current assets	1,856	2,620
Cash and cash equivalents	4,402	4,910
Total current assets	**6,258**	**7,530**
Total assets	**14,005**	**14,784**

Intangible assets mainly consist of Trizell’s rights to Ovasave repurchased on December 2, 2015.

Leases entered into by the Company only include laboratory equipment.

Other current assets include:

- a research tax credit provision for the first half of 2018 of €1,0 million. As of December 31, 2017, the 2017 Research Tax Credit (RTC) receivable was recognized in other receivables for €1,9 million. It was partially pre-financed in the amount of €1.4 million; and
- prepaid expenses in the amount of €0,5 million corresponding to operating expenses, and particularly the spread over time of research and development agreements according to the progress of the projects, as well as the progress of TX200's manufacturing process transfer activities for the first clinical trial in the prevention of chronic rejection after organ transplantation.

Cash and cash equivalents include immediately available cash and short-term available-for-sale securities.

As at June 30, 2018, the cash and cash equivalents amounted to €4.4 million, after pre-financing of the 2018 Research Tax Credit for €0.6 million and drawing of five monthly tranches of the amended financing program of notes convertible into shares with share subscription warrants (OCABSA) for a nominal amount of €6.6 million.

3.4.2.2 Liabilities

Liabilities (in thousands of euros)	06/30/2018	12/31/2017
Share capital	4,639	4,363
Issue premiums	25,673	33,905
Reserves	(23,552)	(22,187)
Net profit / (loss) for the year	(6,608)	(10,911)
Total shareholders' equity	**152**	**5,170**
Financial debt - non current	4,693	1,161
Debts related to finance leases - non-current	681	321
Other non-current liabilities	-	-
Total non-current liabilities	**5,375**	**1,481**
Financial debt - current	4,296	1,788
Trade and other payables	1,085	874
Other current liabilities	2,892	5,374
Debts related to finance leases - current	201	93
Provisions - current	4	4
Other current financial liabilities	-	-
Total current liabilities	**8,478**	**8,133**
Total liabilities	**14,005**	**14,784**

Equity on June 30, 2018, including the loss for the period of €6.6 million, was €0.2 million compared to equity of €5.2 million as of December 31, 2017. This amount includes notably the conversion of 10 notes.

As of June 30, 2018, current and non-current financial debt (excluding finance leases) totaled €8,989 thousand and included:

- the discounted amount of the zero-interest innovation loans for €2,482 thousand;
- the convertible notes (OCAs) not converted as of June 30, 2018 and measured at fair value for €5,948 thousand; and
- the partial pre-financing of the 2018 research tax credit for €559 thousand.

Current and non-current financial debt in connection with leasing totaled €882 thousand. Leases entered into by the Company only include laboratory equipment. These leases are entered into for a period of five years.

Other current liabilities mainly include the remaining €2 million due to Trizell for the Ovasave rights the Company purchased from it. When the termination agreement was signed on December 2, 2015, €2 million of the original debt of €6 million had been repaid, and €2 million were paid in the first quarter of 2018. The balance of €2 million is contractually due upon invoicing on December 2, 2018.

3.4.3 Cash flows

In thousands of euros	06/30/2018	12/31/2017	06/30/2017
Net profit / (loss)	**(6,608)**	**(10,911)**	**(5,286)**
Eliminations of items with no impact on cash and cash equivalents			
Elimination of depreciation, amortization and provisions	193	272	107
Share-based payment	152	1,099	587
Financial expenses arising from bonds	639	262	189
Financial (Gains) / losses on liquidity contract	192	-	-
Other eliminations with no impact on cash and cash equivalents	(5)	4	7
OPERATING CASH FLOW	(5,437)	(9,274)	(4,397)
Change - non-current	**(28)**	**19**	**-**
Other eliminations of non-current items with no impact on cash and cash equivalents	(28)	28	9
Change in other non-current liabilities	-	(9)	(9)
Change - current	**564**	**(497)**	**(708)**
Change in trade receivables	-	4	(3)
Change in other current assets	765	(344)	(313)
Change in trade payables	212	(19)	219
Change in other current liabilities (excluding fixed asset suppliers)	(412)	(138)	(611)
CHANGE IN WORKING CAPITAL REQUIREMENTS	536	(478)	(708)
Net cash from operating activities	**(4,901)**	**(9,752)**	**(5,105)**
Acquisition of intangible assets	(13)	(32)	(25)
Change in intangible assets supplier account	10	38	19
Other eliminations of intangible items with no impact on cash and cash equivalents	(10)	(38)	(19)
Acquisition of property, plant and equipment	(299)	(164)	(26)
Sale of property, plant and equipment	0	39	3
Change in property, plant and equipment supplier account	(2,080)	116	-
Acquisition of non-current financial assets	(118)	(87)	(275)
Sale of non-current financial assets	374	-	-
Finance leases payments	(77)	(55)	(6)
Net cash from investing activities	**(2,212)**	**(183)**	**(329)**
Capital increases or contributions	3	10,084	10,058
Receipts from loans	1,200	-	-
Repayments of loans	(170)	(170)	-
Receipts of convertible notes	6,468	-	-
Increase of financial debt linked to research tax credit prefinancing	1,054	1,450	573
Decrease of financial debt linked to research tax credit prefinancing	(1,945)	-	-
Financial expenses on finance leases	(3)	(2)	(0)
Net cash from financing activities	**6,606**	**11,362**	**10,631**
NET CASH FLOWS	**(507)**	**1,427**	**5,197**
OPENING CASH	**4,910**	**3,483**	**3,483**
CLOSING CASH	**4,402**	**4,910**	**8,680**

3.4.3.1 Cash flows from operating activities

The cash flows from operating activities were –€4,901 thousand as of June 30, 2018, consisting of:

- A – €6,608 thousand net loss in the first half of 2018 primarily due to:
    - CAR-Treg manufacturing process development programs, including the transfer of the TX200 process to CMOs;

  - CAR-Treg research programs conducted internally or under research and development agreements, for the generation of preclinical proof-of-concept data.

- + €1,171 thousand in non-cash items restated in net income, notably:
  - €193 thousand in depreciation, amortization, provisions and reversals;
  - the expense for share-based payments as per IFRS 2 of €152 thousand in the first half of 2018;
  - the fair value recognition through profit and loss of €639 thousand in notes issues during the first half of 2018; and
  - financial losses realized as part of the liquidity contract termination for €192 thousand.
- The + €536 thousand change in WCR, resulting primarily from:
  - The increase in Other current assets for + €765 thousand, mainly resulting from the receipt of the 2017 research tax credit in the first half of 2018;
  - Partially offset by the decrease in Other non-current liabilities for – €412 thousand, mainly related to the bonus accrual for the first half of 2018, compared to a full year accrual at December 31, 2017

3.4.3.2 Cash flows from investing activities

The cash flows related to investing activities were – €2,212 thousand as of June 30, 2018 (compared to – €329 thousand as of June 30, 2017). These primarily correspond to the second payment to Trizell for the purchase of Trizell's rights to Ovasave.

3.4.3.3 Cash flows from financing activities

As of June 30, 2018, cash flows from financing activities were + €6,606 thousand and mainly included:

- + €1.2 million gross for a zero-interest innovation loan;
- + €6.5 million for notes convertible into shares issued in 2018 to Yorkville;
- – €0.9 million for the repayment of the 2017 RTC, less the supplements of RTC pre-financing received in the first half of 2018.

4. HALF-YEAR FINANCIAL INFORMATION

4.1 Statement of financial position

4.1.1 Assets

Assets (in thousands of euros)	Note	06/30/2018	12/31/2017
Intangible assets	3	5,946	5,935
Property, plant and equipment	4	807	625
Other property, plant and equipment under finance leases	4	889	416
Financial assets	5	105	278
Total non-current assets		**7,747**	**7,254**
Trade receivables	6	-	-
Other current assets	7	1,856	2,620
Cash and cash equivalents	9	4,402	4,910
Total current assets		**6,258**	**7,530**
Total assets		**14,005**	**14,784**

4.1.2 Liabilities

Liabilities (in thousands of euros)	Note	06/30/2018	12/31/2017
Share capital	10	4,639	4,363
Issue premiums		25,673	33,905
Reserves		(23,552)	(22,187)
Net profit / (loss) for the year		(6,608)	(10,911)
Total shareholders' equity		**152**	**5,170**
Financial debt - non current	11	4,693	1,161
Debts related to finance leases - non-current	11	681	321
Other non-current liabilities	12	-	-
Total non-current liabilities		**5,375**	**1,481**
Financial debt - current	11	4,296	1,788
Trade and other payables	14	1,085	874
Other current liabilities	14	2,892	5,374
Debts related to finance leases - current	11	201	93
Provisions - current	13	4	4
Other current financial liabilities		-	-
Total current liabilities		**8,478**	**8,133**
Total liabilities		**14,005**	**14,784**

4.2 Statement of net income and comprehensive income

Statement of net income (in thousands of euros)	06/30/2018	06/30/2017 *
Revenue	0	0
Other income	1,047	1,292
Revenue and other income	**1,047**	**1,292**
Research and development expenses	(4,678)	(4,166)
General and administrative expenses	(1,935)	(1,561)
Expenses related to share-based payments	(152)	(587)
Current operating profit / (loss)	**(5,717)**	**(5,022)**
Other operating expenses	0	0
Other operating income	0	0
Operating profit / (loss)	**(5,717)**	**(5,022)**
Income from cash and cash equivalents	0	0
Cost of gross financial debt	(38)	(44)
Cost of net financial debt	**(38)**	**(44)**
Other financial income	1	2
Other financial expenses	(854)	(222)
Net profit / (loss) before tax	**(6,608)**	**(5,286)**
Income taxes	0	0
Net profit / (loss)	**(6,608)**	**(5,286)**
Basic earnings per share (in €)	(0.30)	(0.30)

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

Items of other comprehensive income:

Net profit / (loss) (in thousands of euros)	Note	(6,608)	(5,286)
Non-recyclable elements in income statement:			
Revaluations of net liabilities arising from defined benefit schemes	13	1	1
Items of other comprehensive income		**1**	**1**
Comprehensive income		**(6,607)**	**(5,286)**

4.3 Statement of changes in equity

In thousands of euros	NUMBER OF SHARES	CAPITAL	SHARE PREMIUMS	RESERVES AND RETAINED EARNINGS	OTHER ITEMS OF COMPREHENSIVE INCOME	INCOME	TOTAL
12/31/2016	**13,873,252**	**2,775**	**32,724**	**(20,759)**	**22**	**(13,570)**	**1,192**
Allocation of net profit / (loss) for the previous period			(12,140)	(1,431)		13,570	0
Exercise of listed warrants	4,233	1	10				11
Subscription of BSA 03-17 warrants			32				32
Vesting of free shares	120,372	24	0				24
Capital increase through the issue of new shares with warrants	5,549,300	1,110	9,989				11,099
Conversion of convertible notes	2,266,150	453	2,847				3,300
Allocation of unamortized redemption premiums on the date of conversion			(14)				(14)
Allocation of capital increase costs			(1,057)				(1,057)
Expenses related to share-based payments			1,099				1,099
Liquidity Contract - Treasury shares			(131)				(131)
Actuarial gains and losses					4.82		5
Fair value of convertible notes			546				546
Reserves for allocation of free shares				(24)			(24)
Net profit / (loss) for the period						(10,911)	(10,911)
12/31/2017	**21,813,307**	**4,363**	**33,905**	**(22,214)**	**27**	**(10,911)**	**5,170**
Allocation of net profit / (loss) for the previous period			(9,592)	(1,319)		10,911	0
Exercise of listed warrants	11,008	2	26				29
Vesting of free shares	234,092	47	0				47
Conversion of convertible notes	1,136,987	227	773				1,000
Allocation of unamortized redemption premiums on the date of conversion			(15)				(15)
Allocation of capital increase costs			(25)				(25)
Expenses related to share-based payments			152				152
Liquidity Contract - Treasury shares			276				276
Actuarial gains and losses					1		1
Fair value of convertible notes			174				174
Reserves for allocation of free shares				(47)			(47)
Net profit / (loss) for the period						(6,608)	(6,608)
06/30/2018	**23,195,394**	**4,639**	**25,673**	**(23,579)**	**27**	**(6,608)**	**152**

4.4 Statement of cash flows

In thousands of euros	06/30/2018	06/30/2017
Net profit / (loss)	**(6,608)**	**(5,286)**
Eliminations of items with no impact on cash and cash equivalents		
Elimination of depreciation, amortization and provisions	193	107
Share-based payment	152	587
Financial expenses arising from bonds	639	189
Financial (Gains) / losses on liquidity contract	192	-
Other eliminations with no impact on cash and cash equivalents	(5)	7
OPERATING CASH FLOW	**(5,437)**	**(4,397)**
Change - non-current	**(28)**	**-**
Other eliminations of non-current items with no impact on cash and cash equivalents	(28)	9
Change in other non-current liabilities	-	(9)
Change - current	**564**	**(708)**
Change in trade receivables	-	(3)
Change in other current assets	765	(313)
Change in trade payables	212	219
Change in other current liabilities (excluding fixed asset suppliers)	(412)	(611)
CHANGE IN WORKING CAPITAL REQUIREMENTS	**536**	**(708)**
Net cash from operating activities	**(4,901)**	**(5,105)**
Acquisition of intangible assets	(13)	(25)
Change in intangible assets supplier account	10	19
Other eliminations of intangible items with no impact on cash and cash equivalents	(10)	(19)
Acquisition of property, plant and equipment	(299)	(26)
Sale of property, plant and equipment	0	3
Change in property, plant and equipment supplier account	(2,080)	-
Acquisition of non-current financial assets	(118)	(275)
Sale of non-current financial assets	374	-
Finance leases payments	(77)	(6)
Net cash from investing activities	**(2,212)**	**(329)**
Capital increases or contributions	3	10,058
Receipts from loans	1,200	-
Repayments of loans	(170)	-
Receipts of convertible notes	6,468	-
Increase of financial debt linked to research tax credit prefinancing	1,054	573
Decrease of financial debt linked to research tax credit prefinancing	(1,945)	-
Financial expenses on finance leases	(3)	(0)
Net cash from financing activities	**6,606**	**10,631**
NET CASH FLOWS	**(507)**	**5,197**
OPENING CASH	**4,910**	**3,483**
CLOSING CASH	**4,402**	**8,680**

4.5 Notes to the financial statements

Note 1 : The Company

TxCell (the "Company") is a biotechnology company that develops platforms for innovative, personalized T cell immunotherapies for the treatment of severe inflammatory and autoimmune diseases with high unmet medical need. TxCell is targeting transplantation as well as a range of autoimmune diseases (both T-cell and B-cell-mediated), such as multiple sclerosis, rheumatoid arthritis, inflammatory bowel diseases or inflammatory skin diseases.

Highlights of the period

On February 2, 2018, the Company received a zero-interest loan from Bpifrance in the gross amount of €1.2 million as part of preclinical development and non-clinical pharmaceutical development of a CAR-Treg targeting HLA-A2 for the prevention of chronic rejection after organ transplantation.

On May 31, 2018, the Company announced the signature of a master service agreement with Lonza Pharma & Biotech ("Lonza") for the manufacture of TxCell's HLA-A2 CAR-Treg cellular product (TX200). According to Lonza's timeline, completion of transfer activities and start of clinical manufacturing is now expected by Q1 2019. Accordingly, TxCell now expects to file its first CTA with TX200 in the first part of 2019.

On June 21, 2018, the Company announced the presentation of the first in vivo proof-of-concept data generated by the TxCell and Center of Research in Transplantation and Immunology (CRTI, Nantes, France) collaboration with proprietary CD8+ CAR-Tregs (HLA-A2 CAR-Tregs) in relevant animal models of graft-versus-host disease (GvHD) and skin graft.

During the first half of 2018, 66 Warrants were exercised on the request of the Company which then issued 66 OCA to Yorkville for a total nominal amount of €6.6 million, from which 550,000 BSA were detached. As at June 30, 2018, there are therefore 120 Warrants in circulation. As at June 30, 2018, there are 56 outstanding notes convertible into shares (OCA) that remain to be converted, for a total nominal amount of €5.6 million.

Note 2 : Accounting principles and methods

The financial statements are presented in thousands of euros.

Figures have been rounded up or down when calculating certain financial items and other information contained in the financial statements. Consequently, the totals given in certain tables may not be the exact sum of the figures that precede them.

Note 2.1 : Basis of preparation of the financial statements

The condensed interim financial statements of the Company as at June 30, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

They do not include all the information necessary for a complete set of financial statements in accordance with IFRS and must be read in addition to the Company's annual IFRS financial statements for the year ended December 31, 2017.

They include, however, a selection of notes explaining significant events and transactions with a view to understanding the changes in the Company's financial position and performance since the last annual IFRS financial statements for the year ended December 31, 2017.

The accounting principles used to prepare the 2017 half-year financial statements comply with the IFRS standards and interpretations as adopted by the European Union on June 30, 2018 and are available on the website: https://ec.europa.eu/commission/index_en.

The accounting principles used are identical to those used to prepare the IFRS financial statements for the financial year ended December 31, 2017, with the exception of the application of the following new standards, amendments to standards and interpretations below and compulsory for fiscal periods after January 1, 2018:

- Annual improvements of the IFRS (2014-2016 cycle), amendments to IFRS 1, IFRS 12 and IAS 28;
- Amendments to IFRS 2: "Clarifications and classification and measurement of share-based payment transacations".

The application of these amendments and standards had no significant impact on the financial statements.

Furthermore, the Company decided not to proceed with the early application of new standards, amendments, revisions and interpretations if their application was compulsory after June 30, 2018, irrespective of whether they have been adopted by the European Union. Management is currently assessing the impacts of the first application of these new texts.

Principle of preparation of the financial statements

The financial statements have been prepared on a historical-cost basis, with the exception of financial assets and liabilities, which are measured at fair value, in accordance with the IFRS provisions. The categories concerned are mentioned in the following notes.

Use of judgments and estimates

Preparing the financial statements in accordance with IFRS requires the formulation of estimates and assumptions that affect the amounts and disclosures contained therein. Actual results may turn out to be significantly different from these estimates, depending on the different conditions and assumptions used, and where such differences are material, sensitivity analysis may be carried out as applicable. The main judgments and estimates are described below:

- Valuation of stock option subscription plans, warrants, free shares and notes convertible into shares (see notes 2.9 and 10.3);
- Recognition of deferred taxes on loss carryforwards (see Notes 2.15 and 21);
- Valuation of provisions for risks and charges (see Notes 2.11.1 and 13);
- Valuation of rights locked in under the license acquired (see Note 3).

Note 2.2 : Going-concern principle

The June 30, 2018 financial statements were prepared in accordance with the going concern principle. Base on its development plan, the Company has taken into account the following factors:

- The Company's historical loss-making position is the result of the innovative nature of its products, which require several years of research and development;
- As at June 30, 2018, the cash and cash equivalents amounted to €4.4 million, after pre-financing of the 2018 Research Tax Credit for €0.6 million and drawing of five monthly tranches of the amended financing program of notes convertible into shares with share subscription warrants (OCABSA) for a nominal amount of €6.6 million;
- On July 23, 2018, the Company announced the acquisition by Sangamo Therapeutics, Inc. ("Sangamo"), subject to the fulfillment of conditions precedent, of a controlling bloc of the Company's capital. Sangamo Therapeutics, Inc. has already confirmed, subject to the final acquisition of this controlling bloc, its intention to provide the necessary financial support to enable its subsidiary TxCell to continue its normal business over the next 12 months in compliance with the going-concern principle.

However, no guarantee can be given as to whether the definitive acquisition will occur.

Continuity of operation is underpinned by the completion of the Acquisition, resulting in uncertainty about the Company's ability to continue operations over the next 12 months as the Company may not be able to able to discharge its debts and realize its assets in the normal course of its business over the next 12 months. The going concern principle used in the financial statements as at June 30, 2018 may then be inappropriate.

In the event that this acquisition does not occur, the Company does not currently have sufficient liquidity to cover the next 12 months. It should be remembered, however, that in such a situation:

- the Company has its OCABSA financing program with Yorkville concluded in June 2016 and amended in October 2017, May 2018 and July 2018, guaranteeing it, subject to satisfaction of certain contractual conditions fulfilled at the balance sheet date, 7 monthly drawings of a maximum of €1.2 million, for a total amount of €8.4 million.
- In addition, the Company is in advanced discussion with Sangamo Therapeutics, Inc. to obtain a €4.5 million loan repayable after 6 months.
- Finally, the Company plans to find additional funding sources to cover its cash requirements over the next twelve months, particularly through new capital increases or the signing of strategic partnerships, to carry out its development plan. Failing that, it could also defer expenses on certain programs.

Note 2.3 : Intangible assets

In accordance with IAS 38, acquired intangible assets are recognized at acquisition cost on the statement of financial position. Impairment tests are performed on intangible, non-amortizable assets and intangible assets in progress at the end of each financial year. The method currently used for this valuation is the discounted cash flow (DCF) method.

Note 2.3.1 : Research and development expenses

Research costs are systematically recognized as an expense.
In accordance with IAS 38, development costs are recognized in intangible assets only if the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure during its development.

Pursuant to this standard, the Company recognizes all its research and development costs as expenses. The Company considers that the technical feasibility of its development projects is not demonstrated until the required marketing authorizations are issued, which also corresponds to the time at which virtually all of the development costs have been incurred.

Note 2.3.2 : Patents

Costs associated with filing currently valid patents, and incurred by the Company before those patents are secured, are recognized in expenses, consistent with the approach used for research and development costs.

Note 2.3.3 : Software

The costs of acquiring software licenses are recorded in assets, based on the costs incurred to acquire and use the software concerned.

Software is amortized on a straight-line basis over its estimated useful life. The following useful lives are applicable:

Nature of intangible asset	Duration
Software	3 years

The software amortization charge is recognized under results in the "Research and development expenses" or "General and administrative expenses" category depending on the nature of the assets held.

Note 2.3.4 : Other intangible assets

The acquisition costs of other intangible assets are recorded in assets when they can be measured reliably.

Other intangible assets are recognized as in progress up until the date when they satisfy the conditions to be commissioned.

Note 2.4 : Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost. Costs arising from major renovation and improvement work are capitalized. Costs arising from repairs, maintenance and other renovation work are recognized as they are incurred.

Assets not yet put into service are recognized as assets in progress and are not depreciated. Once they have been put into service, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The following useful lives are applicable:

Nature of property, plant and equipment	Duration
Fixtures and fittings on third-party land	10 years
Component : Major construction work	20 years
Component : Miscellaneous fixtures and fittings	5 to 8 years
Component : Plumbing	8 to 10 years
Component : Air conditioning	8 to 10 years
Component : Electricity	15 years
Laboratory fittings	4 to 5 years
Laboratory equipment	5 to 6 years
IT equipment	3 to 5 years
Office furniture	3 to 10 years

The property, plant and equipment amortization charge is recognized under results in the "Research and development expenses" or "General and administrative expenses" category depending on the nature of the assets held.

Note 2.4.1 : Leasing

Leased property is capitalized at the purchase value as at the date of the lease. Each rent is broken down between the payable and the financial cost so as to determine a constant interest rate on the capital remaining due. The corresponding rental obligations, net of financial expenses, are reported as leasing liabilities. The part of the financial expense corresponding to the interest is reported under expense over the duration of the lease. Property, plant and equipment acquired under a finance lease is amortized over the duration of use. Royalties due in more than one year's time are reported as Debts related to finance leases - non-current; those due in under one year are reported as Debts related to finance leases - current.

Note 2.5 : Financial assets

Financial assets include security deposits, a construction loan, other capitalized receivables and liquidities held under a liquidities contract.

Financial assets and liabilities are measured and recognized in accordance with IAS 39 “Financial Instruments: Recognition and Measurement.”

Loans and receivables:

This category includes loans as well as deposits and guarantees recognized under non-current financial assets.

These are recognized initially at fair value and subsequently at amortized cost, calculated using the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount except where the application of an implied interest rate has a material effect. The effective interest rate matches the expected future cash inflows to the current net book value of the asset in order to determine its amortized cost.

Loans and receivables are monitored for objective indications of impairment. A financial asset is impaired when an impairment test establishes that its carrying amount is higher than its estimated recoverable amount. The resulting impairment loss is recognized in the income statement.

In accordance with IAS 32 "Financial instruments", treasury shares held under a liquidity contract are deducted from equity and the losses and profits realized on the sale of a part of the shares are neutralized in the income statement.

Note 2.6 : Recoverable value of non-current assets

Impairment testing takes place on tangible and intangible assets with a finite useful life if doubt is cast on the recoverability of their book value by an internal or external index.

Impairment tests are carried out at the close of the financial year on non-amortized assets (irrespective of whether there is an indication of an impairment loss). An impairment test involves comparing the asset's net carrying amount tested at its recoverable value. The test was carried out at cash-generating unit ("CGU") level, which is the smallest asset group and includes assets whose continued use generates cash inflows largely independent of those generated by other assets or asset groups. The concept of a CGU is assessed at the level of the Company taken as a whole.

Impairment is recognized up to the excess of the book value over the asset's recoverable value. The asset's recoverable value is the higher of the fair value less costs to sell and the value in use.

The fair value less exit costs is the amount which can be obtained from the sale of an asset via a transaction conducted under normal competitive conditions between well-informed, consenting parties, less exit costs.

The value in use is determined each year in accordance with IAS 36: it is the discounted value of the estimated future cash flows expected from the continued use of an asset and of its exit at the end of its useful life. The value in use is determined using cash flows estimated on the basis of five-year plans or budgets, with flows being further extrapolated by applying a constant or declining growth rate, and updated using the long-term market rates after tax which reflect market estimates of the time value of money and the risks specific to the assets. The residual value is determined using discounting to infinity from the last cash flows of the test (see Note 3).

Note 2.7 : Cash, cash equivalents and other financial assets

Cash and cash equivalents consist of immediately available cash and short-term available-for-sale securities. Cash equivalents are held for the purpose of covering short-term liquidity requirements rather than for investment or other purposes. They can be readily converted to known amounts of cash and are not exposed to any material risk of impairment.

They are measured at fair value, and any changes in value are recorded in financial income and expense.

For the purposes of the statement of cash flows, net cash includes cash and cash equivalents as defined above.

Note 2.8 : Capital

Classification under shareholder's equity depends on the specific analysis of the features of each instrument issued. On the basis of this analysis, it was possible to classify shares as equity instruments.

Additional costs directly attributable to share issues or options are recognized in equity as deductions against the proceeds of those issues. Moreover, in the absence of clarification on IAS 32, the Company has chosen to recognize these costs by deducting them from shareholder's equity prior to the operation if a year-end takes place between the date the services were rendered and the transaction when the planned transaction is considered highly likely. If the transaction does not subsequently take place, these costs would be recorded under charges for the following financial year.

Note 2.9 : Share-based payments

The Company has implemented several equity-instrument payment plans in the form of share subscription options, share warrants (BSA) or free share awards to its employees, executive officers, members of the board of directors, members of the scientific advisory board (SAB) or consultants.

In accordance with IFRS 2, the cost of equity-settled transactions is expensed against an increase in equity over the vesting period of the equity instruments in question.

The fair value of share warrants granted to employees is determined using Monte-Carlo or Black & Scholes simulation techniques, as described in Note 18.

These models require the Company to use certain calculation assumptions which can differ for each plan, such as the expected volatility of the share, the price of the share used, the risk-free rate, the turnover rate, the non-transferability discount and the acquisition assumption for these plans if applicable.

Note 2.10 : Measurement and recognition of financial liabilities

Note 2.10.1 :Financial liabilities at amortized cost

Borrowings and other financial liabilities are measured initially at fair value and subsequently at amortized cost, calculated using the effective interest method.

Transaction costs directly attributable to the acquisition or issue of a financial liability are deducted from the value of said liability. These costs are then amortized on an actuarial basis over the life of the liability, using the effective interest method. The effective interest rate matches the expected future cash payments to the current net book value of the liability in order to determine its amortized cost.

Note 2.10.2 :Liabilities at fair value through the income statement

Liabilities at fair value through profit and loss are measured at fair value.

Note 2.10.3 :Fair value

The fair value of financial instruments traded on an active market, such as available-for-sale securities, is based on their market price at the reporting date. The market prices used for financial assets held by the Company are the market bid prices at the valuation date.

In line with the amendments to IFRS 7 "Financial instruments: disclosures", the financial instruments are presented according to three categories based on a hierarchization of the methods used to determine the fair value:

- Level 1: fair value determined based on the prices quoted on the asset markets for identical assets or liabilities;
- Level 2: fair value determined based on the observable data for the asset or liability concerned, either directly or indirectly;
- Level 3: fair value determined using measurement techniques based wholly or partially on non-observable data; an unobservable parameter is one whose value is derived from assumptions or correlations based neither on transaction prices observable on the markets for the same instrument on the valuation date, nor on observable market data available on the same date.

The nominal amount of current receivables and payables, less any impairment losses, is presumed to be close to the fair value of those items.

Note 2.11 : Provisions

Note 2.11.1 :Provisions for risks and charges

Provisions for risks and charges correspond to financial commitments arising from various risks and legal proceedings, of an uncertain maturity and amount, which the Company may face in the course of its business.

A provision is recognized where the Company has a legal or constructive obligation to a third party resulting from a past event where it is probable or certain that payment to said third party will arise from the obligation (with no equal or greater payment expected to be received from said third party), and where future payments can be reliably estimated.

The amount recognized as a provision is management's best estimate of the amount of the expense needed to settle the liability, discounted at the reporting date as applicable.

Note 2.11.2 :Retirement benefits

The Company's employees are entitled to statutory French retirement benefits:

- a lump sum paid by the Company upon their retirement (defined benefit scheme);
- a pension paid by the social security authorities and funded by employer and employee contributions (national defined contribution scheme).

The cost of retirement benefits in a defined benefit scheme is estimated using the projected unit credit method pursuant to revised IAS 19.

Under this method, the cost is recorded in the income statement in such a way as to spread it evenly over the employee's career at the Company. Past-service costs, however, are recognized immediately in expenses (increase in benefits allocated) or in income (decrease in benefits allocated) as soon as a new scheme is implemented or an existing one is modified. Actuarial gains or losses are recognized immediately and in full under equity in items of other comprehensive income.

Retirement obligations are measured at the present value of estimated future payments, using the market rate based on long-term investment grade corporate bonds with a duration equal to the estimated length of the scheme.

The Company's payments under defined contribution schemes are recorded as expenses in the income statement for the period to which they relate.

More details on retirement obligations can be found in Note 13.

Note 2.12 : Revenue and other income

Note 2.12.1 :Revenues

The revenue the Company is likely to generate can result from the signature of strategic partnerships and include various financial components, such as amounts payable upon entering into the agreement, amounts payable upon reaching certain predefined development, sales and production targets, as well as one-off payments to fund research and development costs and royalties on future product sales.

The non-reimbursable amounts billable on the signature of contracts are spread over the estimated duration of the Company's involvement in the future development of the contract purpose.

The amounts which are payable upon reaching certain predefined development, sales and production targets, are the amounts received by partners when certain scientific, regulatory or sales milestones are reached. The Company recognizes this revenue when the milestone has passed and there is no risk of repaying these amounts.

License revenues are gradually recorded over the whole period of the agreement.

Note 2.12.2 :Other income

Other income is recognized in accordance with IAS 20:

Grants:

Since its creation, and on account of its innovative nature, the Company has received grants and aid from French national and local government aimed at funding its operations or specific recruitment drives.

Grants are recognized where there is a reasonable assurance that:

- the Company will meet the conditions of the grant; and
- the conditions of their receipt have been met.

Grants are recognized under other income (see Note 15) as the associated expenses are committed and independently of the receipts, in line with the principle of linking expenses to income.

Grants receivable either as compensation for expense or losses already incurred, or as immediate financial aid with no related future costs, are recognized in income in the year in which they become receivable.

Research tax credit:

The French government awards research tax credits to companies to encourage them to conduct technical and scientific research. Companies that can demonstrate expenditure meeting the required criteria are eligible for a tax credit that can be offset against corporate income tax in respect of the year in which the expenditure is incurred and the following three years, or refunded where applicable (i.e. where it exceeds the amount of corporate income tax payable). Since the Company has not paid any corporate income tax since its formation, every year it receives payment of the research tax credit relating to the previous year from the French Treasury.

These amounts are recognized in other income for the year in which the corresponding expenses are incurred.

Note 2.13 : Research and development contracts

Note 2.13.1 :Service provider contracts

Service provider contracts are recognized as they progress according to management's best estimate. Expenses can be estimated according to the period over which a service is provided or according to certain objective criteria, such as the number of patients recruited or the number of visits completed.

Any amounts payable upon the attainment of certain targets representing technical success milestones for the service provider are recognized as expenses when the milestone is reached.

Note 2.13.2 :Research and development agreements

Research agreements are recognized as they progress according to management's best estimates based on the information provided by external partners corroborated by internal analyses.

Development agreements can include various components, such as the amounts payable upon signature and amounts payable when certain growth targets are reached. When the concept of continued service can be determined, development agreements are recognized as they progress according to management's best estimates based on the contractual information provided by external partners corroborated by internal analyses.

Otherwise, the non-refundable amounts payable upon signature of the contracts are recorded immediately under income and the amounts payable upon attainment of certain targets representing scientific or regulatory milestones are recorded under expenses once the milestone has been reached.

Note 2.14 : Lease agreements

Finance leases within the meaning of IAS 17 are recorded under other property, plant and equipment upon signature, in exchange for a financial payable. Each year, amortization is allocated to the income statement, and the royalties paid are allocated to financial expenses at the rate stated in the contract to offset the financial payable on the balance sheet (see Note 2.4.1 for more detail).

Lease agreements where a significant portion of the risks and benefits is retained by the lessor are classed as operating leases. Net of any incentive, payments under an operating lease are recognized in expenses in the income statement on a straight-line basis over the duration of the lease.

Note 2.15 : Income tax

The Company is subject to corporate income tax in France in connection with its activities.

Deferred taxes are recognized using the comprehensive allocation and liability methods, for all timing differences arising from the difference between the tax base and accounting base of assets and liabilities shown in the financial statements. The main timing differences relate to tax loss carryforwards. Deferred taxes are calculated based on the tax rates enshrined in law at the reporting date.

Deferred tax assets mainly corresponding to tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits will be available. The Company must use its judgment to determine the probability that future taxable profits will be available.

Note 2.16 : Segment information

The Company considers that it operates in a single segment: research and development into pharmaceutical products with a view to their future marketing.

The whole of the Company's research and development activity is located in France. All the Company's tangible assets are located in France. The main operational decision-makers measure the Company's performance in terms of the cash burn rate of its activities. This is why the Company's management believes it is not appropriate to break its internal reports down into separate business segments.

Note 2.17 : Items of other comprehensive income

Any components of income and expense for the period that are recognized directly in equity are posted under items of other comprehensive income. This item, for the period presented, includes the impacts of changes in actuarial assumptions for provisions for retirement indemnities.

Note 3 : Intangible assets

Changes to intangible assets break down as follows:

In thousands of euros	01/01/2018	Increases	Decreases	Reclassification	06/30/2018
Acquisition cost					
Software	19	13	-	-	32
Intangible assets in progress	5,927	-	-	-	5,927
Gross intangible assets	**5,946**	**13**	**-**	**-**	**5,959**
Amortization					
Software	11	3	-	-	13
Amortization of intangible assets	**11**	**3**	**-**	**-**	**13**
Net total intangible assets	**5,935**	**11**	**-**	**-**	**5,946**

Intangible assets are recognized as work-in-progress when they do not meet the conditions for bringing into use at the closing date. At June 30, 2018, they mainly correspond to the repurchase by the Company of all rights of Trizell on Ovasave. The acquisition costs for these rights, the amount and maturity of which can be fixed definitely, i.e. €6 million, were recognized as an asset and were discounted in accordance with IAS 38.

As at June 30, 2018, no indication of impairment was identified. The annual impairment test was performed on this asset on December 31, 2017, and found no impairment loss.

Note 4 : Property, plant and equipment

Changes to property, plant and equipment break down as follows:

In thousands of euros	01/01/2018	Increases	Decreases	Reclassification	06/30/2018
Acquisition cost					
Fixtures and fittings	846	120	(10)	80	1,036
Laboratory equipment	1,965	95	(45)	20	2,035
Office and IT equipment	242	23	(16)	-	249
Other property, plant and equipment in progress	107	61	-	(100)	68
Gross property, plant and equipment	**3,160**	**299**	**(71)**		**3,388**
Amortization					
Fixtures and fittings	729	22	(10)	-	740
Laboratory equipment	1,612	77	(41)	-	1,648
Office and IT equipment	195	14	(16)	-	192
Amortization of property, plant and equipment	**2,535**	**113**	**(67)**	**-**	**2,581**
Net total property, plant and equipment	**625**	**186**	**(4)**	**-**	**807**
Acquisition cost					
Other property, plant and equipment under a finance lease	472	546	-	-	1,018
Amortization					
Other property, plant and equipment under a finance lease	56	73	-	-	129
Net total property, plant and equipment under a finance lease	**416**	**473**	**-**	**-**	**889**

The main investments in the first half of 2018 were:

- The purchase of laboratory equipment for (i) CAR-Treg manufacturing process development, and (ii) the manufacturing process transfer of the product candidate TX200 for the first study in the prevention of chronic rejection after organ transplantation; most of these investments were in the form of finance leases (see Note 26.2);
- Reorganization work, with the dual aim of grouping the two existing sites into the head office premises, and the creation of level 2 laboratories for *in vivo* developments of the CAR-Treg platform.

Note 5 : Financial assets

In thousands of euros	01/01/2018	Augmentations	Diminutions	06/30/2018
Loans	5	-	-	5
Deposits and guarantees	90	1	(52)	38
Other long-term receivables	159	117	(214)	62
Liquidity contract	24	83	(108)	0
Total non-current financial assets	**278**	**201**	**(374)**	**105**

Non-current financial assets include the following items:

- A €5 thousand tax free construction loan in 2011;
- Security deposits in the amount of €38 thousand, mainly corresponding to the commercial lease of the head office, after reimbursement of the security deposits relating to the Genbiotech premises whose lease was terminated in the first quarter of 2018;
- Other long-term receivables for €62 thousand corresponding to the guarantee deductions relating to pre-financing of the Company's 2018 Research Tax Credit (see Note 7). In the first half of 2018, the assignment of the 2017 RTC receivable was canceled at the request of the Company, which, after having repaid the Predirec fund, was able to obtain the return of the guarantee deductions and the collection of the totality of its 2017 RTC. The guarantee deductions are made up of the following:
    - an individual portion to cover the individual risk specific to the sum owed to the Company, returnable after the occurrence of one of these events, whichever happens first: (i) after repayment of the research tax credit by the French government (ii) after

the tax inspection on said credit, after any adjustments are allocated, or (iii) at the end of the taxation limitation period for the credit concerned (December 31 of the third year following the date the CIR declaration is filed); and

- a collective portion to cover the collective risk of the receivables recorded in the portfolio of the pre-financing fund, returnable upon closure of the pre-financing fund, after any allocation shared between the sellers from any adjustments in excess of the individual deductions from the companies subject to adjustment.

- During the first half of 2018, the Company terminated its liquidity contract with Kepler Cheuvreux. The treasury shares held under this liquidity contract were sold for the purpose of closing the account. The Company has been reimbursed the balance in cash, i.e. €108 thousand.

Note 6 : Trade receivables and related accounts

Trade receivables are as follows:

In thousands of euros	06/30/2018	12/31/2017
Trade receivables	-	-
Total Trade receivables	**-**	**-**

Note 7 : Other current assets

Other current assets break down as follows:

In thousands of euros	06/30/2018	12/31/2017
Receivables from suppliers, advances and downpaymen	2	8
Staff costs and related accounts	0	(0)
Grants receivable	3	2
Competitiveness and employment tax credit	22	53
VAT	259	168
Other receivables	1,081	1,997
Prepaid expenses	489	392
Total other current assets	**1,856**	**2,620**

- **Other receivables**

Since 2016, the Company has been assigning its Research Tax Credit to Predirec Innovation 2020, a mutual securitization fund. In exchange, the Company benefits, subject to it meeting prior contractual conditions, from pre-financing lines for its RTC.

In the first half of 2018, the assignment of the 2017 RTC receivable was canceled at the request of the Company, which, after having repaid the Predirec fund, was able to obtain the return of the guarantee deductions and the collection of the totality of its 2017 RTC for €1.9 million.

At June 30, 2018, the provision of the 2018 RTC amounts to €1,0 million and was partially pre-financed in the amount of €0.6 million (see Note 11.4).

- **Prepaid expenes**

Prepaid expenses mainly relate to operating expenses. They result mainly from the spread over time of the services rendered in the framework of:

- Research and development agreements with academic partners: the University of British Columbia (UBC) and the Nantes Center for Transplantation and Immunology Research (CRTI); and

- Contracts concluded with CMOs: Lentigen, for the production of the lentivirus to be integrated into TX200 and Lonza, with whom the transfer activities of the TX200 manufacturing process were initiated in February 2018, for the manufacturing of clinical batches for the first clinical trial in the prevention of chronic rejection after organ transplantation.

Note 8 : Financial instruments recorded on the statement of financial position and net profit/(loss) impact

Accounting standards relating to financial instruments have been applied to the following items:

As of 06/30/2018 (in thousands of euros)	Note	Carrying amount	Fair value by result (1)	Loans and receivables	Liabilities at amortized cost
Financial assets	5	105	-	105	-
Trade receivables	6	-	-	-	-
Other current assets	7	1,856	-	1,856	-
Cash and cash equivalents	9	4,402	4,402	-	-
Total financial instrument assets		**6,363**	**4,402**	**1,961**	**-**
Financial debt - non current	11	4,693	2,549	-	2,144
Financial debt - current	11	4,296	3,399	-	897
Trade and other payables	14	1,085	-	-	1,085
Other current liabilities	14	2,892	-	-	2,892
Total financial instrument liabilities		**12,966**	**5,948**	**-**	**7,018**

(1) The fair value level of the instruments is presented in Note 8.1.

At December 31, 2017, the accounting standards applicable to financial instruments were applied as follows:

As of 12/31/2017 (in thousands of euros)	Note	Carrying amount	Fair value by result (1)	Loans and receivables	Liabilities at amortized cost
Financial assets	5	278	-	278	-
Trade receivables	6	-	-	-	-
Other current assets	7	2,620	-	2,620	-
Cash and cash equivalents	9	4,910	4,910	-	-
Total financial instrument assets		**7,807**	**4,910**	**2,898**	**-**
Financial debt - non current	11	1,161	-	-	1,161
Financial debt - current	11	1,788	-	-	1,788
Trade and other payables	14	874	-	-	874
Other current liabilities	14	5,374	-	-	5,374
Total financial instrument liabilities		**9,196**	**-**	**-**	**9,196**

Note 8.1 : Measurement of fair value

Note 8.1.1 : Levels of fair value

As of 06/30/2018 (in thousands of euros)	Fair value by result			Total
	Level 1 (1)	Level 2 (2)	Level 3 (3)	
Cash and cash equivalents	4,402	-	-	4,402
Total financial instrument assets at fair value	**4,402**	**-**	**-**	**4,402**
Financial debt - non current	-	2,549	-	2,549
Financial debt - current	-	3,399	-	3,399
Total financial instrument liabilities at fair value	**-**	**5,948**	**-**	**5,948**

(1) Level 1: the fair value of the items at fair value through the income statement corresponds to the market value of these assets.
(2) Level 2: the fair value of the items at fair value through the income statement corresponds to an average market value of these assets and liabilities.
(3) Level 3: no assets or liabilities were measured at level 3 fair value.

Note 8.1.2 :Transfers between levels of fair value

No assets were transferred to a different level of fair value in the first half of 2018.

Note 9 : Cash and cash equivalents

"Cash and cash equivalents" consist of immediately available cash and short-term available-for-sale securities.

These deposits satisfy the cash and cash equivalents classification criteria described in Note 2.7.

Cash and cash equivalents break down as follows:

In thousands of euros	06/30/2018	12/31/2017
Cash	1,333	305
Cash equivalents	3,070	4,604
Total cash and cash equivalents	**4,402**	**4,910**

Note 10 : Capital

Note 10.1 : Issued capital

As at June 30, 2018, the share capital was €4,639,078.80. It is divided into 23,195,394 shares, subscribed and fully paid up, with a par value of €0.20.

This number does not include instruments convertible to Company equity which have not yet been exercised or acquired, as applicable.

The change in share capital over the period breaks down as follows:

Changes over the period (in thousands of euros)	Number of shares	Capital (in thousands of euros)	Par value (in euros)	Issue premium per share (in euros)
12/31/2017	**21,813,307**	**4,363**		
31/01/2018 - Exercise of listed warrants	210	0	0.20	2.40
23/02/2018 - Exercise of listed warrants	816	0	0.20	2.40
26/02/2018 - Exercise of listed warrants	9,982	2	0.20	2.40
08/03/2018 - Acquisition of free shares	117,098	23	0.20	0.00
02/05/2018 - Acquisition of free shares	116,994	23	0.20	0.00
03/05/2018 - Conversion of convertible notes	200,000	40	0.20	0.80
24/05/2018 - Conversion of convertible notes	95,238	19	0.20	0.85
05/06/2018 - Conversion of convertible notes	101,010	20	0.20	0.79
12/06/2018 - Conversion of convertible notes	123,456	25	0.20	0.61
19/06/2018 - Conversion of convertible notes	246,913	49	0.20	0.61
22/06/2018 - Conversion of convertible notes	370,370	74	0.20	0.61
06/30/2018	**23,195,394**	**4,639**		

In the first half of 2018, 14,678 share warrants (BSAs) issued under the capital increase with preferential subscription rights of February 2017 were exercised and resulted in the issue of a total number of 11,008 shares for a total nominal amount of €2,201.60.

In the first half of 2018, the board of directors has noted the vesting of 228,097 free shares granted to employees of the Company in 2016 and 2017, which resulted in the issuance of 234,092 new shares, i.e. a capital increase of €46,818.40 euros in nominal value, factoring in the arithmetic correction set by the board at its meeting of February 21, 2017 to take account of the capital increase with preferential subscription rights carried out in February 2017.

In the first half of 2018, 10 notes (OCA) of the optional equity financing line have been converted, which resulted in the issuance of 1,136,987 new shares for a total nominal value of €227,397.40.

Note 10.2 : Treasury shares

During the first half of 2018, the Company terminated its liquidity contract with Kepler Cheuvreux. The treasury shares held under this liquidity contract were sold for the purpose of closing the account. As a result, no treasury shares remained at June 30, 2018, compared to 99,318 treasury shares as at December 31, 2017. As at December 31, 2017, these treasury shares were recognized as a reduction in shareholders' equity in the financial statements established pursuant to IFRS standards, for a total amount of €276 thousand.

Note 10.3 : Securities giving access to the share capital

As of June 30, 2018, the securities giving access to the Company's capital broke down as follows:

Note 10.3.1 :Stock option subscription plans

Description of the plan	2014 T1 Options	2014 T2 Options	SB 2015 Options	2015 Options	TOTAL
Date of meeting	03/07/2014	03/07/2014	03/07/2014	03/07/2014	-
Date of the board of directors' decision	03/07/2014	03/07/2014	04/27/2015	04/27/2015	-
Total number of stock options authorized	2,400,000	2,400,000	2,400,000	2,400,000	-
Total number of stock options attributed	203,211	720,000	300,000	137,968	**1,361,179**
including number of stock options for corporate officers	-	*455,000*	*300,000*	*10,000*	***765,000***
Corporate officers in exercice concerned:					
Stéphane Boissel	-	-	300,000	-	**300,000**
Number of non-corporate-officer beneficiaries	20	30	-	64	-
Option exercise start date	(1)	(2)	(3)	(2)	-
Option expiry date	03/07/2024	03/07/2024	04/27/2025	04/27/2025	-
Subscription price	5.58 €	5.58 €	5.56 €	5.56 €	-
Exercise methods (4)	(1)	(2)	(3)	(2)	-
Total number of options subscribed	203,211	716,400	300,000	137,968	**1,357,579**
Stock options outstanding at December 31, 2017	**87,782**	**225,268**	**300,000**	**28,999**	**642,049**
Number of canceled or voided stock options during the period	3,375	8,000	-	3,999	**15,374**
Number of shares subscribed during the period	-	-	-	-	-
Stock options outstanding at June 30, 2018	**84,407**	**217,268**	**300,000**	**25,000**	**626,675**
Total number of shares that can be subscribed by exercising the stock options outstanding at June 30, 2018 (5)	88,966	229,001	316,200	26,350	**660,517**

(1) All 2014 T1 Options are exercisable for a period of 10 years, starting from their allocation by the board of directors. Should the option holder leave the Company he or she has, from the time he or she ceases to be an eligible recipient, six months to exercise the options that would be exercisable at the time of leaving, after which the options are void.

(2) The 2014 T2 and the 2015 Options are exercisable by a third at the end of each one-year period from their grant date by the board of directors, provided that the recipient is still an employee and/or corporate officer of the Company or an associated company. Should the option holder leave the Company he or she has, from the time he or she ceases to be an eligible recipient, six months to exercise the options that would be exercisable at the time of leaving, after which the options are void.

(3) The SB 2015 Options can be exercised by a third at the end of each year from their allocation by the board of directors. They are subject to performance conditions, the fulfillment of which will be established by the board of directors, provided that Stéphane Boissel remains a corporate officer of the Company or one of its affiliates. Should he leave the Company, Stéphane Boissel has, from the time he ceases to be an eligible beneficiary, six months to exercise the SB 2015 Options that would be exercisable at the date of leaving, after which the Options are void.

(4) Notwithstanding the above, in case of a change of control of the Company, all Options will immediately become exercisable by the beneficiary before the completion of such change of control, and the board of directors will have the choice of deciding that any Option not exercised before the completion of such change of control will automatically be void.

(5) The number of Options factors in, if applicable, the conversion rate set by the board of directors at its meeting of February 21, 2017 as part of the capital increase of February 2017, in order to protect the interests of holders of share warrant, stock option and free shares.

Note 10.3.2 :Warrant (BSA) plans

As of June 30, 2018, the warrants plans allocated to the Company's employees and corporate officers and members of its Scientific Advisory Board (SAB) break down as follows:

Description of the plan	BSA 05-14	BSA 03-15	BSA 05-16	BSA 09-16	BSA 03-17	BSA 07-17	TOTAL
Date of meeting	03/07/2014	03/07/2014	04/21/2016	04/21/2016	04/21/2016	04/27/2017	-
Date of the board of directors' decision	05/22/2014	03/30/2015	05/02/2016	09/21/2016	03/08/2017	07/20/2017	-
Number of warrants authorized	2,400,000	2,400,000	500,000	500,000	500,000	500,000	-
Number of warrants issued	20,000	70,000	40,000	210,000	50,000	274,040	**924,040**
Number of warrants subscribed	20,000	70,000	30,000	210,000	50,000	274,040	**914,040**
including those which can be subscribed by corporate officers	*20,000*	*70,000*	-	*200,000*	*40,000*	*274,040*	**864,040**
Corporate officers in exercice concerned:							
François Meyer	-	50,000	-	200,000	-	274,040	**784,040**
Marie-Yvonne Landel Meunier	20,000	-	-	-	20,000	-	**40,000**
David Horn Solomon	-	20,000	-	-	20,000	-	**40,000**
Number of non-corporate-officer beneficiaries	-	-	-	1	1	1	-
Warrant exercise start date	(3)	(4) (5)	(6)	(7) (8)	(9)	(10)	-
Warrant expiry date	05/22/2024	03/30/2025	05/02/2026	09/21/2026	03/08/2027	07/20/2027	-
Warrant issue price	0.30 €	0.30 €	0.28 €	0.18 €	0.09 €	0.10 €	-
Warrant strike price	5.94 €	5.97 €	5.57 €	3.59 €	1.84 €	1.96 €	-
Exercise methods (1)	(3)	(4) (5)	(6)	(7) (8)	(9)	(10)	-
Number of warrants outstanding at December 31, 2017	**20,000**	**70,000**	**30,000**	**210,000**	**50,000**	**274,040**	**654,040**
Number of shares subscribed during the period	-	-	-	-	-	-	-
Number of warrants voided or canceled during the period	-	-	-	-	-	-	-
Number of warrants outstanding at June 30, 2018	**20,000**	**70,000**	**30,000**	**210,000**	**-**	**274,040**	**604,040**
Total number of shares that can be subscribed by exercising the warrants outstanding at June 30, 2018 (2)	21,080	73,780	31,620	221,340	50,000	274,040	**671,860**

(1) Should there be a change of control of the Company, all warrants granted to a recipient will immediately be exercisable by the recipient before that event transpires, and the board of directors will have the choice of deciding that any warrant not exercised before that event will automatically be void.

(2) The number of Options factors in, if applicable, the conversion rate set by the board of directors at its meeting of February 21, 2017 as part of the capital increase of February 2017, in order to protect the interests of holders of share warrant, stock option and free shares.

(3) The BSA 05-14 allocated to Marie-Yvonne Landel-Meunier can be exercised by a third at the end of each year from their allocation by the board of directors, subject to the beneficiary's continuous presence on the Board of directors over the vesting period.

(4) The BSA 03-15 allocated to David Horn Solomon can be exercised by a third at the end of each year from their allocation by the board of directors, subject to the beneficiary's continuous presence on the board of directors over the vesting period.

(5) The BSA 03-15 granted to François Meyer can be exercised by a third at the end of a one-year period from their grant date by the board of directors, provided he is Chairman of the board of directors on the exercise date.

(6) The BSA 05-16 have been allocated to the Scientific Advisory Board (SAB) members. The 05-16 BSAs are all exercisable, provided that, at the exercise date, the beneficiary: (i) is a member or observer of the board of directors of the Company or one of its affiliates, or (ii) has entered into a service provider or consultant contract with the Company or one of its affiliates, or (iii) is a member of any committee set up by the board of directors.

(7) 10,000 BSA 09-16 have been allocated to a member of the Company's Scientific Advisory Board (SAB). The BSA 09-16 are fully exercisable, provided that, on the date of exercise, the beneficiary is either: (i) is a member or observer of the board of directors of the Company or one of its affiliates, or (ii) has entered into a service provider or consultant contract with the Company or one of its affiliates, or (iii) is a member of any committee set up by the board of directors.

(8) 200,000 BSA 09-16 have been allocated to François Meyer and are exercisable according to the following schedule: two tranches of 100,000 BSAs as of the first anniversary of their issue date, 50,000 BSAs as of the second anniversary of their issue date, and 50,000 BSAs as of the third anniversary of their issue date. The exercising of these BSAs is fully dependent upon performance conditions being met, as decided by the board of directors, and provided that, on the date of exercise, the beneficiary is either: (i) is a member

or observer of the board of directors of the Company or one of its affiliates, or (ii) has entered into a service provider or consultant contract with the Company or one of its affiliates, or (iii) is a member of any committee set up by the board of directors.

(9) 10,000 BSA 03-17 have been allocated to a clinical advisor of the Company, 20,000 to Marie-Yvonne Landel-Meunier and 20,000 to David Horn Solomon. The BSA 03-17 can be exercised by a third at the end of each one-year period from their grant date by the board of directors, provided that on the exercise date, the beneficiary (i) is a member or observer of the board of directors of the Company or one of its affiliates, or (ii) has entered into a service provider or consultant contract with the Company or one of its affiliates, or (iii) is a member of any committee set up by the board of directors.

(10) The BSA 07-17 have been allocated to François Meyer, on the condition precedent that he waives all rights and shares under BSA 03-14 warrants granted to him. Having noted that the condition precedent had been met, the BSA 07-17 warrants were fully subscribed by François Meyer. The BSA 07-17 warrants may be exercised according to the following schedule: 137,020 BSA warrants immediately, and 137,020 as of January 1, 2019. All of the BSA warrants may be exercised provided that, on the exercise date, the beneficiary meets one of the following criteria: (i) is a member or observer of the board of directors of the Company or of one of its subsidiaries, or (ii) is bound by a services or consultancy contract to the Company or to one of its subsidiaries, or (iii) is a member of one of the Board's committees. The exercise of the second half of the BSA warrants is dependent on performance conditions being met, as decided by the board of directors.

Note 10.3.3 :Free share plans (AGA)

As of June 30, 2018, the free share plans allocated to the Company's employees and corporate officers break down as follows:

Description of the plan	2016 AGA employees (without performance conditions)	2016 AGA employees (with performance conditions)	2016 AGA management (with performance conditions)	2017 AGA	2018 AGA	TOTAL
Date of meeting	04/21/2016	04/21/2016	04/21/2016	04/21/2016	04/21/2016	-
Date of the board of directors' decision	05/02/2016	05/02/2016	05/02/2016	03/08/2017	03/12/2018	-
Number of free shares authorized	750,000	750,000	750,000	750,000	750,000	-
Number of free shares allocated	130,000	320,000	150,000	137,000	26,750	**763,750**
including those allocated to corporate officers	-	-	*150,000*	*80,000*	-	***230,000***
Corporate officers in exercice concerned:						
Stéphane Boissel	-	-	150,000	80,000	-	**230,000**
Date of share acquisition (5)	(1)	(1)	(2)	(4)	(5)	-
End date of retention period	(3)	(3)	(3)	(4)	(5)	-
Free shares outstanding at December 31, 2017	**56,341**	**66,667**	**100,000**	**134,300**	**-**	**357,308**
Number of shares vested over the period	27,666	33,333	50,000	117,098	-	**228,097**
Number of voided or canceled free shares during the period	7,000	-	-	12,200	1,500	**20,700**
Free shares outstanding at June 30, 2018	**21,675**	**33,334**	**50,000**	**5,002**	**25,250**	**135,261**
Total number of shares that can be issued upon vesting of free shares (6)	22,846	35,134	52,700	5,002	25,250	**140,932**

(1) The 2016 AGA employees are acquired by a third at the end of each year from their allocation by the board of directors, provided that the acquisition is subject to a condition of presence, and, for some employees, to performance conditions, linked to the realization of annual objectives by the beneficiary, as determined by the board of directors.

(2) The 2016 AGA management are acquired by a third at the end of each year from their allocation by the board of directors, provided that the acquisition is subject to a condition of presence, and to performance conditions, linked to the realization of annual objectives by the beneficiary (i.e. financing, progress on research and development programs, signature of strategic partnerships), as determined by the board of directors.

(3) The first third of the allocated free shares is subject to a one-year holding period from the date of acquisition, i.e. until May 2, 2018. No holding period was set for the two other thirds, subject to the provisions applicable in case of a change of control as described in (6) below.

(4) 80,000 2017 AGA free shares have been granted to Stéphane Boissel, which will vest after a one year-period starting from their grant date by the board of directors, subject to continued employment in the Company. On March 8, 2018, all AGA 2017 granted to Stéphane Boissel have been vested.

57,000 2017 AGA free shares have been granted to employees, of which 30,000 will vest after a one year-period starting from their grant date, and 27,000 will vest by a third at the end of each one-year period from their grant date, it being specified that the vesting of the shares is subject to continued employment.

(5) The 2018 AGA will vest by a third at the end of each one-year period from their grant date, it being specified that the vesting of the shares is subject to continued employment.

(6) In case of a change of control at the Company, all AGA allocated to a beneficiary will immediately become vested on the later of the two following dates: (i) the first anniversary of the allocation date (the condition of presence is then lifted and the vesting period is completed with a holding period expiring on the second anniversary of the allocation date, or (ii) the date of completion of the change of control (said date marking the end of the vesting period), if necessary extended by a holding period up to the second anniversary of the allocation date.

(7) The number of Options factors in the conversion rate set by the board of directors at its meeting of February 21, 2017 as part of the capital increase of February 24, 2017 of holders of share warrant, stock option and free shares.

Note 10.3.4 :Other dilutive instruments

Note 10.3.4.1 OCA issue credit line with attached share warrants

The Company set up a reserved issue of 200 convertible notes with warrants (OCABSA) to an investment fund managed by the US management company Yorkville Advisors Global LP (“Yorkville”), which fully subscribed them. These notes, exercisable until August 3, 2019, require their bearer at the Company's request and provided that certain conditions are met, to subscribe for up to 200 OCA, each with a par value of €100,000, for an overall nominal value of €20 million, to which up to €10 million may be added in the event that all of the attached BSA share warrants are exercised. A prospectus regarding this operation was made available to the public and was approved by the AMF on July 27, 2016 (approval number 16-356).

In 2016, 50 Warrants were exercised on the request of the Company which then issued 50 OCA to Yorkville for a total nominal amount of €5 million, from which 686,350 BSA warrants were detached, which, if fully exercised, would generate an additional equity contribution of €2.5 million for the Company.

On October 25, 2017, the Company also signed an amendment to the initial contract of June 17, 2016, modifying some conditions attached to the 150 Warrants not yet exercised, with a view to reducing any cost to the Company as well as the dilutive impact on its shareholders. This amendment mainly consisted of:

- decrease the applicable discount on the OCA conversion price: now 5% compared to the baseline, compared with 7% before,
- decrease the number of shares issued upon exercise of BSA attached to each tranche of OCA: now 25% of the nominal amount of the OCA tranche concerned, compared with 50% before,
- increase the applicable issue premium on the exercise price of BSA: now 30% compared to the reference price with a floor exercise cost equal to 3 euros, compared with 15% previously without a floor exercise price, and
- decrease the commitment commission payable to the investor: now 2% in cash of the guaranteed financing balance, compared with 5% in shares before.

On May 17, 2018, the Company signed an amendment to the original agreement of June 17, 2016, amended on October 25, 2017, whereby the Company has the option, at any time and in its sole discretion, to redeem in cash up to 50% of notes not yet converted into shares upon the exercise of this call option, for a price equal to 110% of the nominal value of the said notes.

During the first half of 2018, 66 Warrants were exercised on the request of the Company, which then issued 66 OCA to Yorkville for a total nominal amount of €6.6 million, of which 550,000 BSA warrants were detached.

As at June 30, 2018, 10 OCA have been converted and no share warrant has been exercised by Yorkville. It is specified that the Company has no draw obligation.

As at June 30, 2018, there remain 84 Tranche Warrants outstanding and 56 unconverted OCA.

The details of the OCA and the BSA in circulation are presented below:

a. Notes convertible into shares (OCA)

At June 30, 2018, the features of the OCA issued by the Company are as follows:

Description of the plan	OCA 02-18	OCA 03-18	OCA 04-18	OCA 05-18	OCA 06-18	TOTAL
Date of meeting	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016	-
Date of the board of directors' decision	02/26/2018	03/26/2018	04/26/2018	05/25/2018	06/25/2018	-
Number of convertible notes authorized	200	200	200	200	200	-
Number of convertible notes issued	18	12	12	12	12	66
Number of convertible notes subscribed	18	12	12	12	12	66
Total number of shares that can be subscribed:	(1)	(1)	(1)	(1)	(1)	-
including those which can be subscribed by corporate officers	-	-	-	-	-	-
Number of non-corporate-officer beneficiaries	1	1	1	1	1	-
Nominal value of one convertible bond	100,000	100,000	100,000	100,000	100,000	-
Interest rate of convertible notes	(2)	(2)	(2)	(2)	(2)	-
Maturity date of convertible notes	04/26/2019	05/26/2019	06/26/2019	07/25/2019	08/25/2019	-
Conversion methods	(1)	(1)	(1)	(1)	(1)	-
Number of warrants outstanding at December 31, 2017	-	-	-	-	-	-
Number of shares subscribed during the period	10	-	-	-	-	-
Number of warrants voided or canceled during the period	-	-	-	-	-	-
Number of warrants outstanding at June 30, 2018	**8**	**12**	**12**	**12**	**12**	**56**
Total number of shares that can be subscribed by exercising the warrants outstanding at June 30, 2018	909,090 (3)	1,363,636 (3)	1,363,636 (3)	1,363,636 (3)	1,363,636 (3)	6,363,634

(1) The OCAs may be converted into new ordinary Company shares at the request of the bearer, at any time from their issue and for a period of 14 months as of this date (inclusive) or if the notes convertible into shares are not exercised on their maturity date, according to the conversion rate determined using the formula below:

N = Vn / P, where:

a. “N” is the number of ordinary new TxCell shares to be issued upon conversion of an OCA;

b. “Vn” is the note which the OCA represents (par value of an OCA);

c. “P” is 95% of the lowest volume-weighted average daily price of TxCell shares (as published by Bloomberg) over the ten (10) trading days immediately prior to the date a notice of conversion for the OCA concerned is sent. Trading days on which the holder of the note convertible into shares sold TxCell shares shall not be included. However, P cannot be less than the par value of a TxCell share, i.e. €0.20 on the date of the discount.

(2) Notes convertible into shares (OCA) do not carry interest. However, in the event of default, each OCA in force will carry interest equal to 15% per annum (redeemed in cash as of the occurrence of any default until the date (i) the default is remedied or (ii) the OCA concerned is redeemed or converted).

(3) On an indicative basis, theoretical number of shares issued upon conversion of all OCA issued and non converted, based on 95% of the lowest volume-weighted average price over the ten trading days prior to June 30, 2018, i.e. €0.88. As a reminder, the Company has the option, at any time and in its sole discretion, to redeem in cash up to 50% of the notes not yet converted into shares at the time of the exercise of this repurchase option, for a price equal to 110% of the nominal value of the said notes.

b. Share warrants (BSA)

At June 30, 2018, the features of the BSA detached from the OCA issued are as follows:

Description of the plan	BSA OCA 08-16	BSA OCA 11-16	BSA OCA 02-18	BSA OCA 03-18	BSA OCA 04-18	BSA OCA 05-18	BSA OCA 06-18	TOTAL
Date of meeting	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016	08/01/2016	-
Date de décision du conseil d'administration	08/03/2016	11/03/2016	02/26/2018	03/26/2018	04/26/2018	05/25/2018	06/25/2018	-
Number of warrants authorized	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	-
Number of warrants issued	349,650	336,700	150,000	100,000	100,000	100,000	100,000	1,236,350
Number of warrants subscribed	349,650	336,700	150,000	100,000	100,000	100,000	100,000	1,236,350
Total number of shares that can be subscribed:	349,650	336,700	150,000	100,000	100,000	100,000	100,000	1,236,350
including those which can be subscribed by corporate officers	-	-	-	-	-	-	-	-
Number of non-corporate-officer beneficiaries	1	1	1	1	1	1	1	-
Warrant exercise start date	08/03/2016	11/03/2016	02/26/2018	03/26/2018	04/26/2018	05/25/2018	06/25/2018	-
Warrant expiry date	08/03/2021	11/03/2021	02/26/2023	03/26/2023	04/26/2023	05/25/2023	06/25/2023 -	
Warrant issue price	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	-
Warrant strike price	4.29 €	2.97 €	3.00 €	3.00 €	3.00 €	3.00 €	3.00 €	-
Exercise methods	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
Number of warrants outstanding at December 31, 2017	**349,650**	**336,700**	**-**	**-**	**-**	**-**	**-**	**686,350**
Number of shares subscribed during the period	-	-	-	-	-	-	-	-
Number of warrants voided or canceled during the period	-	-	-	-	-	-	-	-
Number of warrants outstanding at June 30, 2018	**349,650**	**336,700**	**150,000**	**100,000**	**100,000**	**100,000**	**100,000**	**1,236,350**
Total number of shares that can be subscribed by exercising the warrants outstanding at June 30, 2018	352,097	339,056	150,000	100,000	100,000	100,000	100,000	1,241,153

(1) BSA detached from the OCA are fully exercisable.

(2) The number of Options factors in the conversion rate set by the board of directors at its meeting of February 21, 2017 as part of the capital increase of February 2017, in order to protect the interests of share warrant, stock option and free shareholders.

Note 10.3.4.2 Other share warrants

Following the capital increase carried out in February 2017 by public offer through the issue of new shares with share subscription warrants attached (ABSA), 5,549,300 warrants (listed warrants), with a maturity of one year, i.e. until 26 February 2018, were detached from the ABSA subscribed.

In the first half of 2018, 14,678 BSA warrants have been exercised, resulting in the issue of 11,008 shares, representing a subscription for a total of €28,620.08 including the issue premium.

On February 26, 2018, the 5,528,978 unexercised listed warrants have been void.

The impact of share-based payments on overall profit is described in Note 18.

Note 11 : Loans and financial payables

In thousands of euros	06/30/2018	12/31/2017
Financial debt - non current	4,693	1,161
Debts related to finance leases - non-current	681	321
Total non current financial payables	**5,375**	**1,481**
Financial debt - current	4,296	1,788
Debts related to finance leases - current	201	93
Other current financial liabilities	-	-
Total current financial payables	**4,497**	**1,881**
Total financial payables	**9,871**	**3,362**

The table below shows the breakdown of financial payables by type and by maturity:

In thousands of euros	Gross amount	one year at most	Over one year and 5 year at most	Over 5 years
Zero Interest Innovation Loan	2,482	338	1,693	452
Convertible notes	5,948	3,399	2,549	-
RTC pre-financing	559	559	-	-
Total loans and financial payables	**8,989**	**4,296**	**4,242**	**452**
Finance leases	882	201	681	-
Debts related to finance leases	**882**	**201**	**681**	**-**
Total financial payables	**9,871**	**4,497**	**4,923**	**452**

Changes in loans and financial payables broke down as follows:

In thousands of euros	12/31/2017	Cash from financing activities		Cash from investing activities		Changes with no impact on cash				06/30/2018
		Increases	Decreases	Increases	Decreases	Acquisition	Exchange rate fluctuation	Change in fair value	Other changes with no impact on cash	
Zero Interest Innovation Loan	1,499	1,200	(170)	-	-	-	-	(46)	-	2,482
Convertible notes	-	6,468	-	-	-	-	-	348	(868)	5,948
RTC pre-financing	1,450	1,054	(1,945)	-	-	-	-	-	-	559
Sub-total loans and financial payables	**2,948**	**8,722**	**(2,115)**	**-**	**-**	**-**	**-**	**302**	**(868)**	**8,989**
Finance leases	414	-	(3)	-	(77)	546	-	-	3	882
Sub-total debts related to finance leases	**414**	**-**	**(3)**	**-**	**(77)**	**546**	**-**	**-**	**3**	**882**
Total financial payables	**3,362**	**8,722**	**(2,118)**	**-**	**(77)**	**546**	**-**	**302**	**(865)**	**9,871**

Note 11.1 : Leasing

Leases entered into by the Company only include laboratory equipment. These leases are entered into for a period of five years.

Note 11.2 : Zero-interest innovation loan

In 2014, the Company obtained a zero-interest innovation loan (*Prêt à Taux Zéro innovation* - PTZI) from Bpifrance Financement in the gross amount of €1.7 million. This sum was paid within the scope of the Phase IIb clinical trial for Ovasave, which started in December 2014. The zero-interest innovation loan is repayable over a period of eight years, with a deferred repayment of three years. The contract provides for several scenarios of early repayment, mainly relating to 'curtailment or suspension of the financed project without prior information from Bpifrance Financement or the occurrence of a major legal or financial event which has a significant impact on the Company's operations. The Company notified the end of Phase IIb of the Ovasave clinical trial to Bpifrance Financement; at the time of writing, the Company was not aware of any early repayment request. The Company thus repays this PTZI in accordance with the contractual repayment schedule.

In accordance with Note 2.10, the repayment flows for the zero-interest innovation loan are discounted on the closing date. The 10-year French Government bond rate at December 31, 2014 of 0.837% was used to discount these flows. The discounting proceeds are processed as a grant within the meaning of IAS 20 and linearized over the duration of the project to which the loan is attached. The impact of the accretion expense of the debt is recognized as a financial expense.

On February 1, 2018, the Company obtained a zero-interest innovation loan from Bpifrance Financement in the gross amount of €1.2 million. This sum was paid within the scope of preclinical development and non-clinical pharmaceutical development of a CAR-Treg targeting HLA-A2 for the prevention of chronic rejection after organ transplantation. This loan is repayable over seven and a half years, with a repayment deferral of two and a half years. The contract provides for several scenarios of early repayment, mainly relating to 'curtailment or suspension of the financed project without prior information from Bpifrance Financement or the occurrence of a major legal or financial event which has a significant impact on the Company's operations.

In accordance with Note 2.10, the repayment flows for the zero-interest innovation loan are discounted on the closing date. The 10-year French Government bond rate at February 1, 2018 of 0.997% was used to discount these flows. The discounting proceeds are processed as a grant within the meaning of IAS 20 and linearized over the duration of the project to which the loan is attached. The impact of the accretion expense of the debt is recognized as a financial expense.

Note 11.3 : Note issue

In the first half of 2018, the Company issued 66 notes convertible into shares (OCA) to Yorkville for an overall nominal value of €6.6 million (see Note 10.3.4.2.1). 10 OCA have been converted, i.e.56 OCA remain to be converted as at June 30, 2018.

Notes convertible into shares (OCA) do not carry interest and shall be redeemed at par value. However, in the event of default, each OCA in force will carry interest equal to 15% per annum (redeemed in cash as of the occurrence of any default until the date (i) the default is remedied or (ii) the OCA concerned is redeemed or converted).

In addition, the Company has the option, at any time and in its sole discretion, to redeem in cash up to 50% of the notes not yet converted into shares upon the exercise of this call option, for a price equal to 110% of the nominal value of the said notes.

In accordance with IAS 32, notes convertible into shares (OCA) are financial instruments measured at fair value through the income statement.

At the time of issue, notes convertible into shares (OCA) are recognized at nominal (par) value. They are subscribed at 98% of par. The remaining 2% is recognized under other financial expenses.

At each conversion, the difference between the carrying amount of the notes convertible into shares (OCA) and their fair value, calculated using the average volume-weighted TxCell share price for the last ten trading days prior to the conversion, is recognized under other financial expenses.

Notes convertible into shares (OCA) not converted at closing are revalued at fair value through the income statement under other financial expenses, using the average volume-weighted TxCell share price for the last ten trading days prior to year-end. This is a level 2 measurement (see Note 8.1). For the OCA redeemable at the request of the Company, i.e. 50% of unconverted OCA at closing, the fair value is capped at the amount at which it could be repaid, i.e. 110% of their nominal value. During the first half of 2018, the financial expenses recorded for OCA amounted to €639 thousand. These financial expenses result from IFRS accounting treatments that have no impact on the Company's cash position.

Share warrants (BSA) are recognized as zero, as the fair value of these instruments cannot be reliably measured given the very many criteria to be taken into account and their uncertainty.

Note 11.4 : Research tax credit pre-financing

In the first half of 2018, the Company obtained an additional pre-financing for its 2017 Research Tax Credit for €0.5 million. The assignment of the 2017 RTC receivable was canceled at the request of the Company, which, after having repaid the Predirec fund, was able to obtain the return of the guarantee deductions and the collection of the totality of its 2017 RTC for €1.9 million.

During the first half of 2018, the Company also obtained partial pre-financing of its 2018 RTC for €0.6 million.

Note 12 : Other non-current liabilities

None.

Note 13 : Provisions

In thousands of euros	01/01/2018	Expenses	Reversals used	Reversals not used	30/06/2018
Provisions for risks	-	-	-	-	-
Provisions for expenses	4	0	-	-	4
Total current provisions	**4**	**0**	**-**	**-**	**4**

As at June 30, 2018, provisions for expenses correspond exclusively to a retirement benefits provision of €4 thousand, recorded in application of the IAS 19 standard. The actuarial differences relating to the variation in the discount rate and other assumptions are recognized as other items of comprehensive income (see Note 2.12.2), constituting income of €1 thousand as of June 30, 2018. The assumptions used to calculate retirement indemnities for the Company's employees, defined in the collective bargaining agreement for the pharmaceutical industry, are as follows:

Valuation date	06/30/2018	12/31/2017
Retirement method	*For all employees:* voluntary departure at 67 years	*For all employees:* voluntary departure at 67 years
Rate of social security charges	49.00%	49.00%
Discount rate	1.720% Indice Bloomberg : F667Y* IND Euros Composite Zéro coupon yield AA)	1.017% Indice Bloomberg : F66710Y IND Euros Composite Zéro coupon yield AA)
Life table	TGH05 - TGF05	TGH05 - TGF05
Rate of increase in salaries (inflation included)	1.5%	1.5%
Turnover rate	16.5%	14.0%

** rate corresponding to a duration of 18.1, obtained by linear interpolation between the rates F66715Y and F66720Y at June 30, 2018.*

Note 14 : Trade payables and other current liabilities

Note 14.1 : Trade payables and related accounts

In thousands of euros	06/30/2018	12/31/2017
Trade payables	1,085	874
Total	**1,085**	**874**

No discounting has been applied to this item, since none of the amounts in question were more than a year old at the end of each reporting period.

Note 14.2 : Other current liabilities

In thousands of euros	06/30/2018	12/31/2017
Social security payables	764	1,168
Tax payables	37	24
Deferred income	28	13
Other payables	35	70
Fixed asset suppliers	2,028	4,098
Total other current liabilities	**2,892**	**5,374**

Social security payables mainly include social security, retirement and pension expenses, as well as provisions for paid leave and bonuses.

Deferred income corresponds to the advance measurement of grants for collaborative research projects.

Fixed assets suppliers mainly correspond to the acquisition of Trizell's rights on Ovasave whose initial cost of €6 million had been the subject of a first payment of €2 million upon the signing of the termination agreement on December 2, 2015. A second payment was made during the first quarter of 2018. The balance of €2 million is contractually payable upon invoicing on December 2, 2018.

Note 15 : Revenue and other income

In thousands of euros	06/30/2018	06/30/2017
Business revenue	-	-
Revenue	**-**	**-**
Grants	42	159
Research tax credit	1,005	1,030
Other income	0	103
Other income	**1,047**	**1,292**
Revenue and other income	**1,047**	**1,292**

As expected, the Company did not generate any revenues in 2018.

Other income primarily comprises:

- grants in the amount of €42 thousand;
- a research tax credit estimate for the first half of 2018 of €1,005 thousand, compared to €1,030 thousand for the first half of 2017.

Note 16 : Staff costs

In thousands of euros	06/30/2018	06/30/2017
Salaries	1,592	1,598
Social security expenses	712	723
Expenses related to share-based payments	152	587
Retirement benefits	1	1
Total staff costs	**2,457**	**2,910**

Changes to Salaries and social security expenses are explained in Note 17 below.

Changes in the average headcount were as follows:

Category	06/30/2018	06/30/2017
VP	5	6
Directors	5	6
Managers and Scientists	14	14
Technicians and workers	21	19
Average headcount	**46**	**45**

The expenses relating to share-based payments are described in Note 18.

Note 17 : Breakdown of expenses by function

Note 17.1 : Research and development

In the first half of 2018, research and development costs were mainly attributable to:

- manufacturing process development programs, notably the transfer of the TX200 process to CMOs: Lentigen, for the production of the lentivirus to be integrated into TX200 and Lonza, for the actual clinical batches manufacturing of TX200;
- CAR-Treg research programs, conducted internally or under research and development agreements for the generation of preclinical proof-of-concept data.

Research and development costs break down as follows:

R&D (in thousands of euros)	06/30/2018	06/30/2017 *	06/30/2017
Purchase of raw materials	933	572	572
Rent, fees and other expenses	1,974	1,826	1,551
Salaries and social security expenses	1,592	1,676	1,674
Depreciation, amortization and provisions	178	91	91
Retirement benefits	1	1	1
Total research and development expenses	**4,678**	**4,166**	**3,890**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

The increase in Purchase of raw materials is primarily due to the acceleration of the experiments necessary to develop the CAR-Treg platform: preclinical research programs and CAR-Treg manufacturing processes.

The Rent, fees and other expenses item breaks down as follows:

In thousands of euros	06/30/2018	06/30/2017 *	06/30/2017
Cost of acquiring patents	233	267	267
Property leases	101	172	-
Fees and studies	1,139	1,035	1,035
Other	500	353	250
Total rent, fees and other expenses	**1,974**	**1,826**	**1,551**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

The decrease in Property leases item is mainly due to the end of the lease contracted with Genbiotech SAS, which ended on January 31, 2018. All activities and teams have since been consolidated at the Company's head office.

The increase in Fees and studies is mainly due to the costs related to the transfer of the TX200 manufacturing process to the CMOs, partially offset by the decrease of expenses related to the collaboration agreement with OSR terminated in the second half of 2017.

The increase in other R&D expenses is mainly due to *in vivo* developments of the CAR-Treg programs and to the transfer of the manufacturing process.

The increase in Depreciation, amortization and provisions is mainly due to the increase in acquisitions of laboratory equipment, mainly in the form of leasing contracts (see Note 26.2).

Note 17.2 : General and administrative expenses

General and administrative expenses are presented as follows:

G&A (in thousands of euros)	06/30/2018	06/30/2017 *	06/30/2017
Rent, fees and other expenses	1,208	900	1,175
Salaries and social security expenses	712	645	647
Depreciation, amortization and provisions	15	15	15
Retirement benefits	0	0	0
Total general and administrative expenses	**1,935**	**1,561**	**1,837**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

The Rent, fees and other expenses item breaks down as follows:

In thousands of euros	06/30/2018	06/30/2017 *	06/30/2017
Property leases	10	19	191
Fees	646	341	341
Other	552	541	643
Total rent, fees and other expenses	**1,208**	**900**	**1,175**

** During the second semester of 2017, the Company fine-tuned the allocation of expenses by destination. The statement of net income at June 2017 is presented using the same analytical distribution method as the June 30, 2018 financial statements to enable comparisons between periods.*

The increase in Fees was primarily attributable to non-recurring legal consultancy fees recognized in the first half of 2018, notably commitment fees paid to Yorkville in the OCABSA draw in February 2018, and fees related to the implementation of a long-term refinancing.

Note 18 : Share-based payments

The Company allocated share warrants (BSA), share subscription options (Options) and free shares (AGA) to employees, executive officers, members of the board of directors, members of the Scientific Advisory Board (SAB) or consultants.

Note 18.1 : Conditions of allotment and exercise

The following table shows the number of free shares and options acquired and exercisable, whilst the details of the plans can be found in Note 10.3:

No. of rights acquired and exercisable on	06/30/2018	12/31/2018	06/30/2019	12/31/2019	06/30/2020	12/31/2020	06/30/2021
Sub-total BSA	396,105	448,805	602,492	655,192	671,860	671,860	671,860
BSA 03-15	73,780	73,780	73,780	73,780	73,780	73,780	73,780
BSA 05-14	21,080	21,080	21,080	21,080	21,080	21,080	21,080
BSA 05-16	31,620	31,620	31,620	31,620	31,620	31,620	31,620
BSA 09-16 (1)	115,940	168,640	168,640	221,340	221,340	221,340	221,340
BSA 03-17	16,665	16,665	33,332	33,332	50,000	50,000	50,000
BSA 07-17	137,020	137,020	274,040	274,040	274,040	274,040	274,040
Sub-total Options	660,517	660,517	660,517	660,517	660,517	660,517	660,517
2014 T1 Options	88,966	88,966	88,966	88,966	88,966	88,966	88,966
2014 T2 Options	229,001	229,001	229,001	229,001	229,001	229,001	229,001
2015 Options	26,350	26,350	26,350	26,350	26,350	26,350	26,350
SB 2015 Options (1)	316,200	316,200	316,200	316,200	316,200	316,200	316,200
Sub-total AGA	-	-	121,596	121,596	132,515	132,515	140,932
2016 AGA employees (1)	-	-	57,980	57,980	57,980	57,980	57,980
2016 AGA management (1)	-	-	52,700	52,700	52,700	52,700	52,700
2017 AGA	-	-	2,501	2,501	5,002	5,002	5,002
2018 AGA	-	-	8,415	8,415	16,833	16,833	25,250
Total	**1,056,622**	**1,109,322**	**1,384,605**	**1,437,305**	**1,464,892**	**1,464,892**	**1,473,309**

(1) Some of these instruments are subject to performance conditions (see Note 10.3)

Note 18.2 : Fair value measurement of allotted equity instruments

The measurement methods used to determine the fair value of plans for instruments convertible to Company equity since 2014 are as follows:

- the share price on the allocation date is equal to the strike price;
- the risk free rate is determined from the average lifespan of the instruments, based on the borrowing rates of the GRFN index;
- volatility was determined on the basis of a sample of listed companies in the biotechnology sector, both at the date on which the instruments are subscribed and over a period equivalent to the life of the options; and
- the price discount linked to the non-transferability of the share subscription options compared to equivalent options without transfer restrictions has been calculated using the forward price model at the estimated borrowing rate; and
- the Black & Scholes model was used to measure the fair value of the plans for instruments convertible to Company equity.

The parameters used to estimate and value the new free share plan are outlined below:

Description of the plan (in thousand of euros)	**2018 AGA**
Date of award	03/12/2018
Price on the allocation date (in €)	1.288
Vesting period	1 to 3 years
Free share value	1.288
Free share value after discount	(1)
Vesting hypothesis	100.00%
Number of valued instruments	26,750
Probabilized value of the plan before discount	**23**
Non-transferability discount	-
Probabilized value of the plan	**23**

(1) No non-transferability discount was applied to the AGAs; the value of the free share after discount is thus identical to the value of the free share.

The annual charges recognized are shown below:

Description	06/30/2018	06/30/2017
2014 T2 Options	-	(11)
BSA 03-14	-	12
BSA 05-14	-	5
BSA 03-15	6	23
BSA 09-16	8	18
BSA 03-17	9	1
BSA 07-17	0	-
2015 Options	1	2
SB 2105 Options	23	77
2016 AGA employees	48	195
2016 AGA management	13	203
2017 AGA	40	62
2018 AGA	5	-
TOTAL	**152**	**587**

Pursuant to IFRS 2, the expenses recognized take into account the adjustment of expenses on options which were not vested on the beneficiaries' departure date.

Note 19 : Other operating income and expenses

None.

Note 20 : Financial income and expenses

Financial income and expense (in thousands of euros)	06/30/2018	06/30/2017
Foreign exchange gains	1	2
Sub-total other financial income	**1**	**2**
Gains on cash and cash equivalents	0	0
Interest on cash and cash equivalents	-	-
Sub-total income from cash and cash equivalents	**0**	**0**
Total financial income	**1**	**2**
Financial interests on leases	(3)	(1)
Financial interests	(34)	(43)
Sub-total cost of gross financial debt	**(38)**	**(44)**
Foreign exchange losses	(7)	(5)
Other financial expense	(847)	(218)
Sub-total other financial expense	**(854)**	**(222)**
Total financial expense	**(892)**	**(266)**
Total financial income and expense	**(891)**	**(265)**

Income from cash and cash equivalents corresponds to accrued interest and short-term gains on investment securities.

Financial interest corresponds to interest on credit lines to pre-finance research tax credits.

Other financial expenses amounted to €847 thousand and mainly corresponded to:

- €6 thousand in accretion of finance flows linked to the zero-interest innovation loan (see Note 11);
- €10 thousand in accretion of the trade payable assets (see Note 14.2);
- €192 thousand to losses realized under the liquidity contract, terminated in June 2018; and
- €639 thousand from the fair value recognition through profit and loss of the note issues (see Note 11.3).

Except for financial expenses relating to the liquidity contract, these financial expenses are due to IFRS adjustments and have no impact on the Company’s cash position.

Note 21 : Tax charge

Based on current legislation, as of December 31, 2017, the Company has tax losses amounting to €95.3 million which can be carried forward indefinitely.

In France, losses can be carried forward against future profits with no time limit, but the amount that can be offset against profit in the fiscal year is capped at €1 million plus 50% of the taxable income exceeding €1 million in that fiscal year.

Net deferred tax assets from timing differences have not been recognized on the grounds of prudence, in accordance with the principles described in Note 2.15.

Note 22 : Commitments

Note 22.1 : Obligations arising from operating leases

On December 22, 2015, the Company signed a rider to renew the commercial lease expiring on June 30, 2016, for an annual rent of €147 thousand excluding tax (the initial index-linked rent, which is now indexed annually to the quarterly service businesses index). This commercial lease is granted for a term of nine consecutive years, with the possibility of giving notice to quit every three years as well as, exceptionally, at the end of each of the first two years of the renewed lease.

Future rent and charges as of June 30, 2018 break down as follows:

- one year at most: €151 thousand
- due between one and five years: €0

The Company contracted a short-term lease with SAS Genbiotech under the commercial lease regime effective February 1, 2016. The lease was agreed for a period of two years (from February 1, 2016 to January 31, 2018) for an annual rent of €209 thousand excluding tax the first year and €198 thousand excluding tax the second year. This lease was not renewed at the end and ended on January 31, 2018.

The amount of rent recognized in expenses during the period ended on June 30, 2018 totaled €91 thousand for the two rental contracts.

Note 22.2 : Obligations under the termination agreement with Trizell

On December 2, 2015, the Company and Trizell entered into an agreement terminating their cooperation, development, option and license agreement on Ovasave, signed on December 12, 2013 and modified by a rider dated March 30, 2015. Under this agreement, the Company recovers all of Trizell's rights over Ovasave in return for paying amounts which could reach €15 million including:

- a fixed €6 million, of which the Company has already paid €4 million. The balance of €2 million is contractually payable upon invoicing on December 2, 2018;
- a conditional €9 million on the future revenue, if applicable, generated by Ovasave, which will be recognized if the contractual conditions are met.

Note 22.3 : Obligations pursuant to intellectual property contracts

The quantified obligations relating to the following paragraphs are not disclosed for commercial reasons.

Note 22.3.1 :Obligations pursuant to contracts for the purchase of rights over licenses

Generally, contracts for the purchase of rights over licenses make the Company responsible for patent filing, examination and extension costs, as well as costs relating to their protection; they also make the Company accountable vis-a-vis the owner of the rights to lump sums and royalties as certain milestones are reached.

Note 22.3.2 :Obligations pursuant to contracts for options over licenses

Generally, contracts for options over licenses make the Company responsible for patent filing, examination and extension costs, as well as costs relating to their protection and may require payment of a lump sum in exchange for the option, will make the Company accountable vis-a-vis the owner of the rights to lump sums and royalties as certain milestones are reached.

Note 22.3.3 :Obligations resulting from joint ownership of intellectual property rights

Joint ownership agreements, which define the joint ownership rules and sub-licensing rules of certain intellectual property rights, generally make the Company responsible for patent filing, examination and extension costs, as well as costs relating to their protection and the payment of lump sums and royalties as certain milestones are reached as payment for the license granted by the co-owner on the rights which belong to it.

Note 23 : Related party transactions

Note 23.1 : Compensation and director's attendance fees for executive corporate officers and members of the board of directors

The compensation presented below was granted to executive corporate officers and members of the board of directors during the periods shown:

In thousands of euros	06/30/2018	12/31/2017	06/30/2017
Salaries and other short-term benefits	346	738	310
Probabilized cost of instruments giving acces to the capital of the Company allocated during the financial year	391	223	161
Directors' attendance fees	35	70	35
Total	**772**	**1,032**	**505**

Salaries and other short-term benefits break down as follows:

In thousands of euros	06/30/2018		12/31/2017		06/30/2017	
Name	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)
François Meyer – Chairman of the board of directors						
Fixed compensation (3)	130	130	260	260	130	130
Variable compensation (4)	30	54	54	10	11	10
Exceptional compensation (5)	-	27	27	-	-	-
Total	**160**	**211**	**341**	**270**	**141**	**140**
Stéphane Boissel – Chief Executive Officer						
Fixed compensation (6)	150	150	301	301	150	150
Variable compensation (7)	28	81	81	93	12	93
Benefits in kind (8)	9	9	15	15	7	7
Total	**186**	**240**	**397**	**409**	**168**	**250**
Total	**346**	**451**	**738**	**679**	**310**	**390**

(1) For the fiscal year. Variable compensation owed for one fiscal year is paid in the next fiscal year.

(2) During the fiscal year.

(3) The board of directors meeting held on February 10, 2015 made a distinction between the compensation received by François Meyer as Chairman of the board of directors (€60 thousand gross per year) and the compensation for his specific assistance mission to General Management (€24 thousand gross per year) effective February 1, 2015. At its meeting of September 21, 2016, the Board of directors reviewed the specific assistance mission to General Management for Mr. François Meyer, and decided to entrust to him the specific role of Head of Research which involves managing the Company's entire research division and its programs. At its meeting on March 8, 2017, the board of directors, acting on the recommendation of the Nomination and Compensation Committee raised the fixed annual compensation paid to Mr. François Meyer to €200 thousand as from January 1, 2017, it being specified that the additional 30% in variable compensation is based on the Company targets for 70% and on François Meyer's personal targets for 30%, as set by the Board of directors on an annual basis. The board of directors at its meeting of March 12, 2018, on the recommendation of the Nomination and Compensation committee, fixed, effective January 1, 2018, the variable gross remuneration of François Meyer at a maximum lump sum of 90,000 euros, based on above mentioned percentage of achievements. This new base was approved by the ordinary and extraordinary shareholders' meeting of April 26, 2018.

(4) At its meeting of March 12, 2018, the board of directors, on the recommendation of the Nomination and Compensation Committee, decided to set the variable compensation paid to Mr. François Meyer at €54 thousand for the 2017 fiscal year in consideration of the attainment of corporate and individual targets. This remuneration was approved by the Combined General Meeting of April 26, 2018. As of June 30, 2018, François Meyer's variable compensation was estimated at €30 thousand, based on assumptions formulated by management.

(5) On March 12, 2018, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, decided to grant François Meyer an exceptional bonus of €27 thousand gross, in light of the scientific progress made. by the Company under its leadership in 2017. This remuneration was approved by the ordinary and extraordinary shareholders' meeting of April 26, 2018.

(6) The Company entered into a management agreement with Stéphane Boissel following his appointment as the Company's Chief Executive Officer by the board of directors of April 27, 2015, with a view to determining the main terms and conditions of his work as the CEO. The signature of said management contract was authorized by the Board at its meeting of April 27, 2015. In his position, Mr. Stéphane Boissel will receive (i) fixed annual compensation of €275 thousand, (ii) variable compensation of up to 30% of the said fixed compensation, based on the attainment of targets set annually by the Company's board of directors and (iii) benefits in kind consisting of the payment of his business expenses, unemployment insurance and health and welfare protection, and a supplementary pension. Following the achievement of his performance conditions set out in his management agreement, at its meeting of March 8, 2017, the board of directors raised Stéphane Boissel's gross fixed annual compensation to €300 thousand as from January 1, 2017.

(7) At its meeting of March 12, 2018, the board of directors, on the recommendation of the Nomination and Compensation Committee, set €81 thousand the variable compensation to be paid to Stéphane Boissel for 2017. This remuneration was approved by the ordinary and extraordinary shareholders' meeting of April 26, 2018. As of June 30, 2018, Stéphane Boissel's variable compensation was estimated at €28 thousand, based on assumptions formulated by management.

(8) Stéphane Boissel's benefits in kind are, pursuant to the management agreement concluded with the Company on April 27, 2015, the provision of a vehicle and unemployment insurance.

The probabilized costs of the financial instruments plans giving deferred access to capital allocated during the fiscal year to corporate officers break down as follows:

In thousands of euros	06/30/2018		12/31/2017		06/30/2017	
Name	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)
François Meyer – Chairman of the board of directors						
Probabilized cost of instruments giving acces to the capital of the Company allocated during the financial year (3)	86	N/A	63	N/A	0	N/A
Total	**86**	**N/A**	**63**	**N/A**	**0**	**N/A**
Stéphane Boissel – Chief Executive Officer						
Probabilized cost of instruments giving acces to the capital of the Company allocated during the financial year (3)	43	N/A	136	N/A	136	N/A
Total	**43**	**N/A**	**136**	**N/A**	**136**	**N/A**
Marie Yvonne Landel Meunier – Independent member						
Probabilized cost of instruments giving acces to the capital of the Company allocated during the financial year (3)	131	N/A	13	N/A	13	N/A
Total	**131**	**N/A**	**13**	**N/A**	**13**	**N/A**
David Horn Solomon – Independent member						
Probabilized cost of instruments giving acces to the capital of the Company allocated during the financial year (3)	131	N/A	11	N/A	11	N/A
Total	**131**	**N/A**	**11**	**N/A**	**11**	**N/A**
Total	**391**	**N/A**	**223**	**N/A**	**161**	**N/A**

(1) For the fiscal year. Compensation owed for one fiscal year is paid in the next fiscal year.

(2) During the fiscal year.

(3) Share-based payments correspond to the probabilized cost of the financial instrument plans giving access to the capital of the Company attributed to corporate officers during the fiscal year after deducting non-transferability discounts under the Shareholders' Agreement in force on the date of the allocation.

Directors' fees break down as follows:

In thousands of euros	06/30/2018		12/31/2017		06/30/2017	
Name	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)	Amount owed(1)	Amount due(2)
Marie-Yvonne Landel Meunier – Independent member						
Director's attendance fees	18	35	35	35	18	35
Total	**18**	**35**	**35**	**35**	**18**	**35**
David Horn Solomon – Independent member						
Director's attendance fees	18	35	35	35	18	35
Total	**18**	**35**	**35**	**35**	**18**	**35**
Total	**35**	**70**	**70**	**70**	**35**	**70**

(1) For the fiscal year. Compensation owed for one fiscal year is paid in the next fiscal year.
(2) During the fiscal year.

Note 23.2 : Miscellaneous

As of December 31, 2017, to the Company's knowledge, there was no management and/or financial link between its main suppliers and the members of its board of directors.

Note 24 : Earnings per share

The basic earnings per share are calculated by dividing the net profit (loss) attributable to the Company's shareholders by the weighted average number of shares outstanding during the year.

Net earnings par share	06/30/2018	12/31/2017	06/30/2017
Net profit / (loss) (in thousands of euros)	(6,608)	(10,911)	(5,286)
Weighted average number of shares in circulation	22,073,942	20,860,507	17,898,002
Basic earnings par share (in euros)	**(0.30)**	**(0.52)**	**(0.30)**

Diluted earnings per share are calculated by dividing the net profit (loss) attributable to the Company's shareholders by the following:

- the weighted average number of shares outstanding during the fiscal year;
- plus the number of shares that may result from the conversion of instruments giving deferred access to the share capital, as soon as such instruments have been issued.

The instruments giving deferred access to the share capital (share warrants, stock options and free share grants) are considered to be anti-dilutive as they result in higher earnings per share. As a result, diluted and basic earnings per share are identical.

Diluted earnings per share	06/30/2018	12/31/2017	06/30/2017
Net profit / (loss) (in thousands of euros)	(6,608)	(10,911)	(5,286)
Weighted average number of potential shares *	25,911,414	27,545,464	23,495,966

* This weighted average number of potential shares includes the shares which could result from the exercise of share warrants and stock options, as well as free share grants, as soon as such instruments are issued.

Note 25 : Financial risk management

The main risks to which the Company is exposed are liquidity risk, currency risk, interest rate risk and credit risk.

Cash and cash equivalents constitute the principal financial instruments of the Company. These instruments are used to finance the Company's activities. It is the Company's policy not to use financial instruments for speculative purposes. The Company does not use derivative financial instruments.

Note 25.1 : Liquidity risk

Cash flow forecasts are produced by the finance department. Management uses these forecasts, which are regularly updated, to monitor the Company's cash requirements and ensure that there is sufficient liquidity available to cover its operating needs.

These forecasts take into account the Company's funding plans. Any surplus cash held by the Company is invested in short-term investment securities that are sufficiently liquid to meet the flexibility requirements set forth in the above-mentioned forecasts (see Note 2.7).

Since its creation, the Company has financed its growth by strengthening its equity through successive capital increases, and by obtaining public grants for innovation and research tax credit payments.

The Company has never resorted to bank loans, but has received two zero-interest innovation loans from Bpifrance Financement and has subscribed to several finance lease agreements with Natiocredimurs (BNP Paribas group). The Company has also set up a reserved issue of convertible notes with warrants (OCABSA) to Yorkville (see Note 10.3.4.1). The notes convertible into shares (OCA) have a maturity of 14 months as of their issue. Once matured, non-converted notes must be redeemed by the Company. They must also be redeemed at the request of the note bearer in the event that the note terms are not adhered to, or in the event of default.

As at June 30, 2018, the cash and cash equivalents amounted to €4.4 million, after pre-financing of the 2018 Research Tax Credit for €0.6 million and drawing of five monthly tranches of OCABSA for a nominal amount of €6.6 million on the financing program, whose available balance now amounts to €8.4 million.

On July 23, 2018, the Company announced the acquisition by Sangamo Therapeutics, Inc., subject to the fulfillment of conditions precedent, of a controlling block of TxCell.

Sangamo Therapeutics, Inc. has already confirmed, subject to the final acquisition of this controlling bloc, its intention to provide the necessary financial support to enable its subsidiary TxCell to continue its normal business over the next 12 months in compliance with the going-concern principle;

In the event that the definitive acquisition is not completed, the Company has its OCABSA financing program with Yorkville concluded in June 2016 and amended in October 2017, May 2018 and July 2018, guaranteeing it, subject to satisfaction of certain contractual conditions fulfilled at the balance sheet date, 7 monthly drawings of a maximum of €1.2 million, for a total amount of €8.4 million.

In addition, the Company is in advanced discussion with Sangamo Therapeutics, Inc. to obtain a €4.5 million loan repayable after 6 months.

Finally, the Company plans to find additional funding sources to cover its cash requirements over the next twelve months, particularly through new capital increases or the signing of strategic partnerships, to carry out its development plan. Failing that, it could also defer expenses on certain programs.

Note 25.2 : Foreign exchange rate risk

As of June 30, 2018, the Company does not consider itself exposed to a foreign exchange rate risk as only a small part of its supplies is obtained outside the Eurozone and invoiced in foreign currency, mainly in American dollars, Canadian dollars, pounds sterling, and Swiss francs.

In view of the insignificant amounts in currency positions, at this stage of the development of its business, the Company has not made any hedging arrangements to protect its business against fluctuations in exchange rates.

However, the Company cannot rule out the possibility that a significant increase in its business could leave it more exposed to currency risk. Should this occur, the Company would put in place an appropriate policy to hedge this risk. For the period ended on June 30, 2018, the Company considers that a 10% variation in exchange rates in either direction would not have a material impact.

Note 25.3 : Credit risk

The Company manages its cash and cash equivalents in a conservative manner. Cash and cash equivalents are cash and current financial instruments held by the Company (exclusively short-term investment securities which can be moved immediately).

In addition, credit risk relating to cash, cash equivalents and short-term financial instruments is not significant in view of the quality of the co-contracting financial institutions.

Note 25.4 : Interest rate risk

The only interest rate risk exposure concerns investments of cash and cash equivalents. Given the current low rate of return on this type of investment, the Company believes that any 1% increase or decrease would have no material effect on its net income in light of the losses generated by its operating activities.

The Company has not used bank loans to finance its growth and has no floating-rate liabilities. Loans and borrowings contracted by the Company are described In Note 11.

Therefore, the Company does not believe that it is exposed to a major interest rate change risk.

Note 26 : Events subsequent to the reporting period

The following events occurred after the closing date:

- On July 23, 2018, the Company announced the acquisition by Sangamo Therapeutics, Inc. ("Sangamo"), subject to the fulfillment of conditions precedent, of approximately 53% of the Company's capital, and the intention of Sangamo, if applicable, to file a simplified cash tender offer for the remaining outstanding common shares of the Company at the same unit price of €2.58, representing an enterprise value of approximately €72 million on a basis without cash and without debt. For more information, see the press release of July 23, 2018.
- On July 23, 2018, the Company also announced the renegotiation of its OCABSA financing program. Subject to the effective completion of Sangamo's proposed acquisition of a majority stake in the Company, the contract provides for (i) the repurchase by the Company of 50% of the 56 unconverted OCA for a total amount of €3,080,000 (i.e. 110% of their total nominal value of €2,800,000), (ii) Yorkville's conversion of the remaining 28 OCA into 1,866,666 new shares of the Company at a fixed unit price of €1.50, and (iii)) the repurchase by the Company of the 84 Tranche Warrants and the 1,236,350 BSA warrants currently held by Yorkville for the lump sum of one euro, with a view to their cancellation. For more information, see the press release of July 23, 2018.