



Proposed Acquisition of TxCell by Sangamo Therapeutics, Inc.

Acquisition of a controlling block of shares (53%) followed by a simplified general offer and a proposed mandatory squeeze-out in view of delisting

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Conference Call – July 23, 2018

FR0010127662 – TXCL

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Acquisition Project

- **TxCell** (the "Company") is a cellular immunotherapy company, specialized in regulatory T cell biology (Tregs), listed on Euronext since April 2014.
- The Company obtained clinical validation with its initial Treg-based technology (in Crohn's disease) but after a setback in 2015, decided to suspend development of this technology.
- TxCell then refocused research efforts on development of CAR-Tregs, a new platform to engineer CAR technology into Tregs.
- Since 2016, the Company has validated CAR-Tregs technology in animal models, developed a robust, scalable and cost-effective manufacturing process *de novo*, rebuilt its team and strengthened its intellectual property portfolio.
- A clinical trial of the Company's most advanced product candidate (TX200) is now planned for a start in 2019.
- Clinical validation of the CAR-Tregs technology being costly and considering the low market capitalization pursuant to the restructuring, it was impossible for TxCell to pursue its activities without a partner. TxCell initiated a search for such strategic partner in 2018.

- **Sangamo Therapeutics, Inc.** (“Sangamo”) is a genomic therapy company based in San Francisco (USA). Established in 1995, Sangamo is listed on the US-NASDAQ (SGMO).
- Sangamo is a pioneer in the field of gene editing - its proprietary technology (Zinc Finger Nucleases, or ZFNs) is a gene editing technology which has been evaluated over the last decade in clinical trials enrolling more than 100 patients. Sangamo is currently conducting 5 clinical trials, with preliminary results expected in late summer in MPS II and hemophilia A.
- Sangamo has active partnerships with Gilead, Pfizer, Sanofi and Shire.
- Following a partnership signed in early 2018, the ZFN technology will now be used by Gilead (buyer of Kite Pharma, a pioneer in CAR-T technology with Yescarta®, now approved in the US and in EU) for the development of its next generation CAR-T products in oncology.
- Through the acquisition of TxCell, Sangamo intends to position itself in the emerging field of CAR-Tregs in transplantation and autoimmune diseases, in which TxCell is a pioneer and a leader.
- And as with Gilead’s CAR-T in oncology, ZFN technology will be used to develop the next generation of CAR-Tregs products.

- Agreement signed on July 20, 2018 with several TxCell shareholders, with respect to the sale of a number of shares representing a controlling stake of 53% of the capital, at €2.58 per TxCell share for cash (hereinafter the "Transaction").
- After a further renegotiation of its agreement with Yorkville (signed on July 12, 2018), conditioned upon the completion of the Transaction, TxCell's *proforma* capital will be 25.5 million shares on a fully diluted basis.
- The price of €2.58 per share represents:
 - An equity value of 65.8 million euros ;
 - A premium of +175% over TxCell's closing market price on July 20, 2018.
- The acquisition of the controlling block is subject to standard conditions precedent for this type of transactions, including approval by the French Ministry of Economy in accordance with the specific legislation for foreign investment in France.
- Upon completion of the conditions precedent, Sangamo must launch a simplified tender offer on the remaining TxCell shares at a price of €2.58 per share, with the intention to launch a squeeze-out procedure after the completion of the tender offer.

- On July 23, 2018: public announcement of the execution of an agreement regarding the sale of the controlling stake.
- By the end of September 2018: completion of all conditions precedent to the Transaction.
- Beginning to mid-October 2018: launch by Sangamo of a simplified tender offer for all of TxCell' shares not acquired as part of the Transaction.
- Fourth quarter 2018: to the extent possible, squeeze-out procedure for TxCell shares not already acquired either as part of the Transaction or the simplified tender offer.

Exhibits

- Confirmation by the French Ministry of Economy, that the Transaction is not subject to any prior authorization with respect to the foreign investment regulation, or, alternatively the authorization by the French Ministry of Economy.
- Fairness opinion by an independent expert on the financial terms of the simplified tender offer (including within the context of the possible squeeze-out) in accordance with article 261-1 et seq. of the general regulations of the AMF - the firm HAF Audit & Conseil (represented by Mr. Olivier Grivillers) was appointed by the Board of Directors of TxCell on July 20, 2018.
- Favorable board recommendation by the Board of Directors of TxCell based on the final report of the independent expert.
- Waiver of change of control provisions set forth in certain contracts signed by TxCell with various financing parties or partners.
- Absence of any Material Adverse Change until the completion of the other conditions precedent.

- TxCell and Yorkville (through YA II PN, Ltd.) have entered into an agreement for the issuance of and subscription to warrants giving access to notes convertible into share subscription warrants attached (BEOCABSA, or “OCABSA”) on June 17, 2016.
- This contract was first amended on October 25, 2017 to (i) improve the cost of capital for TxCell and (ii) put the use of the facility at the sole option of TxCell; it was then amended a second time on May 16, 2018 to give TxCell the option to redeem at any time up to 50% of unconverted debt in cash.
- To date, the amount of unconverted OCABSA Yorkville debt amounts to 5.6 million euros.
- On July 12, 2018, in preparation for the Transaction, and subject to its closing, TxCell and Yorkville renegotiated their agreement again in order (i) to set the conversion price of the non-reimbursed debt at €1.50 per share (instead of lowest 10-day vWAP) and (ii) for TxCell will buy-back all of Yorkville’s 1,236,350 outstanding warrants for a lump sum of one (1) euro (in view of their cancellation).
- TxCell (i) will reimburse Yorkville €3,080k to repay 50% of the unconverted debt (at 110% of its aggregate par value) and (ii) will issue 1,866,666 new shares to Yorkville (these new shares will be sold as part of the sale of the controlling block).



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