

TxCell launches its IPO on the regulated market of Euronext in Paris

- **Indicative price range: €5.58 to €6.82 per share**
- **Amount of fund raising: €24m**, may be increased up to a maximum of **€31.7m** (based on the midpoint of the indicative price range and if the extension option and the over-allotment option are fully exercised)
- **Subscription undertakings of existing shareholders and of Bpifrance Participations** c. **50%** of the Offering
- **Closing of the Open Price Offering (Offre à Prix Ouvert): April 10th, 2014**
- **Closing of the Global Placement: April 11th, 2014 (at noon)**

Valbonne (France), March 31, 2014: TxCell, a biotechnology company developing innovative, personalized cell-based immunotherapies using antigen specific regulatory T-cells (Ag-Tregs) for severe chronic inflammatory and autoimmune diseases, today announces the launch of its initial public offering in anticipation of the listing of its shares on the regulated market of Euronext in Paris.

Following the registration of its Document de Base under reference number I.14-008 on March 13th, 2014, the Autorité des marchés financiers (AMF, the French financial markets authority) granted visa number 14-109 dated March 28th, 2014 to the prospectus relative to the initial public offering of TxCell (the "Prospectus").

USE OF PROCEEDS

The funds raised in the context of the IPO are intended to give TxCell additional resources to finance its activity (including working capital requirements) and its development.

The funds raised will be used mainly to:

- **support the Company's organic growth;**
- **finance research and development costs (Ovasave[®] phase IIb trial and Col-Treg phase I/IIa trial) and the obtention of the regulatory authorisations for Ovasave[®]; and**
- **develop its ASTrIA platform in order to expand its product range and enhance its medium- to long-term growth potential.**

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TXCELL: THE NEXT GENERATION OF PERSONALIZED THERAPIES FOR INFLAMMATORY AUTOIMMUNE DISEASES



Educating T regulatory lymphocytes: a breakthrough innovation in auto-immune disease:

With 105 patents already, TxCell has developed a new generation of cellular therapy for the treatment of inflammatory autoimmune diseases by educating *ex-vivo* patients' own T regulatory (Treg) lymphocytes. Tregs have natural anti-inflammatory capabilities, and TxCell has developed a technology that enables them to "learn" specifically to recognise an antigen in the inflamed area and activate themselves effectively. This makes the treatment highly targeted but without the resistance seen with currently available treatments, which become ineffective.

Economically viable cellular therapy

The advantage offered by TxCell's technology lies in the production process, which makes personalised cellular therapy economically viable for the first time. Education of Tregs is undertaken only once based on a single simple sample of blood taken from the patient. Since the quantity of "educated" Tregs is very large, they are then frozen to be used as treatment for the patient over a number of years. As the production cost is covered during the first year of treatment, this process makes TxCell's business model highly original.

Refractory Crohn's disease patients: a first target market worth approximately €3 billion¹

Crohn's disease is a particularly debilitating chronic inflammatory disease of the intestine. It causes patients both great physical pain and social isolation due to the significant restrictions it imposes on daily life. Crohn's disease affects more than one million people, of whom an estimated 80,000 to 100,000 are "refractory" to any treatment². It is primarily for these so-called "refractory" patients that the technology has been developed by TxCell and for whom the first clinical results have been very convincing in terms of both effectiveness and tolerance. The market segment targeted by TxCell's product, OVASAVE[®], represents a potential market worth about €3 billion.

Strategic partnership with a major pharmaceutical company

TxCell already has a strategic partnership with the Swiss company Ferring International Center (Ferring), a major player in the pharmaceutical industry and in treatments for chronic inflammatory bowel disease. This partnership has a potential value of €76 million plus royalties and includes notably, subject to Phase IIb results for OVASAVE[®], the funding of Phase III and the commercialisation of the product by Ferring.

Production capacity already in place

To support the development of its new generation cellular therapy and exploit its business model to best effect, TxCell already has its own cellular therapy production facility in Besançon, France. This has been granted pharmaceutical establishment status by the ANSM (French drug agency), which allows it to produce experimental cellular therapy. TxCell has additionally a patented manufacturing production process.

¹ Source: Company ; based on the estimated number of patients by Pharmetrics Analysis Sept. 2008 and the selling price of current last line biologic treatments.

² In the seven major pharmaceutical markets (USA, UK, France, Germany, Spain, Italy and Japan)

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TERMS OF THE OFFERING

Structure of the offering

The offering of the new shares will take the form of a global offering (the “Offering”) consisting of the following:

- A public offering in France in the form of an open price offering (Offre à Prix Ouvert) aimed primarily at retail investors (the “OPO”); and
- A global placement aimed primarily at institutional investors in France and in certain countries, excluding notably the United States of America (the “Global Placement”).

Indicative price range

€5.58 to €6.82 per share³

Initial size of the Offering

3,870,967 new shares to be issued through a share capital increase, i.e approximately €24m (based on the midpoint of the indicative price range).

Extension option

580,645 new shares to be issued through a share capital increase, i.e approximately €3.6m (based on the midpoint of the indicative price range).

Overallotment option

667,741 new shares to be issued, i.e approximately €4.1m (based on the midpoint of the indicative price range and if the extension option is fully exercised). The overallotment option may be exercised at any time, in whole or in part, until May 9th, 2014.

Subscription undertakings of existing shareholders and of Bpifrance Participations

Auriga Partners and **Seventure Partners**, through their managed funds, and **Bpifrance Investissement** through InnoBio, have committed to subscribe for a total amount of c. €4 million.

Moreover, **Bpifrance Participations** has committed to subscribe for the lesser of the following amounts: (i) the price of the Offered Shares multiplied by 33% of the total New Shares issued in the context of the Offering excluding the issued shares resulting from exercise of the extension clause and of the over-allotment option or (ii) 8,713,000 euro, it being noted that Bpifrance Participations subscription is subject to an Offering Price set in within the price range.

The amount of subscription undertakings represent c. 50% of the Offering (excluding the issued shares resulting from the exercise of extension clause and the over-allotment option, based on the midpoint of the indicative offering price range).

³ The offering price could also be set outside of this indicative price range. In the event that the upper limit of the above-mentioned indicative price range is increased or the offering price is set above the indicative price range (either the initial price range or a revised range), the end of the subscription period in the OPO will be set, such that there will be at least 2 trading days between the date of the announcement of the new price range and the new closing date of the subscription period (inclusive). Orders given in the context of the OPO prior to the publication of any press release announcing a new price range will be maintained, unless and until the purchasers expressly revoke their orders prior to the last day of the new OPO subscription period. The offering price may freely be fixed below the indicative price range and the indicative price range may be freely modified downward (barring material impacts on other aspects of the Global Offering)

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Company abstention commitment and retention commitments from shareholders, principle executives and managers and Bpifrance Participations

Company abstention commitment: 180 days

Principle shareholders retention commitment: 180 days

Principle executives and managers retention commitment: 360 days

Additional retention commitment by Innobio, managed by Bpifrance Investissement, and the funds managed by Auriga Partners and Seventure Partners under the shareholders' agreement dated 27 March 2014: 180 days, reducing every 6 months for a period of 18 months.

Retention commitment from Bpifrance Participations under the shareholders' agreement dated 27 March 2014: 2 years.

Retention commitment from François Meyer, Damian Marron, Miguel Forte, Arnaud Foussat, Raphaël Flipo and Eric Pottier under the shareholders agreement dated 27 March 2014: 2 years then reducing over 2 years.

Indicative timetable of the offering

March 28th, 2014	<ul style="list-style-type: none">• AMF visa granted on the Prospectus
March 31st, 2014	<ul style="list-style-type: none">• Publication of the press release announcing the Offering• Opening of the OPO and Global Placement
April 10th, 2014	<ul style="list-style-type: none">• Closing of the OPO at 5 pm (CET) for subscriptions placed in person and at 8 pm (CET) for online subscriptions
April 11th, 2014	<ul style="list-style-type: none">• Closing of the Global Placement at noon (CET)• Determination of the Offering Price and possible exercise of the extension Option• Signing of the Underwriting Agreement• Publication of the press release announcing the results of the Offering• Beginning of the stabilization period, if any
April 14th, 2014	<ul style="list-style-type: none">• Beginning of trading of the Company's shares on the regulated market of Euronext in Paris in the form of undertakings to deliver shares (<i>promesses d'actions</i>) (until April 16, 2014 inclusive)
April 16th, 2014	<ul style="list-style-type: none">• Settlement-delivery of the OPO and the Global Placement
April 17th, 2014	<ul style="list-style-type: none">• Beginning of trading of the Company's shares on the regulated market of Euronext in Paris
May 9th, 2014	<ul style="list-style-type: none">• Expiry date for the exercise of the overallotment Option• End of the stabilization period, if any

Subscription conditions

Persons wishing to take part in the OPO must submit their orders through an authorized financial intermediary in France, by no later than April 10th, 2014 at 5 pm (CET) for subscriptions placed in person and 8 pm (CET) for online subscriptions. In order to be taken into account, orders issued as part of the Global Placement must be received by one of the Global Coordinators, Joint Lead Managers and Joint Bookrunners by no later than April 11th, 2014 at noon (CET).

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Identification codes for TxCell shares

- **Company name** : TxCell
- **ISIN** : FR0010127662
- **Symbol** : TXCL
- **Compartment** : Compartment C
- **Sector** : 4573 – Biotech Medical Equipment (ICB classification)

Financial intermediaries



Joint Lead Managers and Joint Bookrunners



Availability of the prospectus – Copies of the prospectus, which received a visa from the AMF on March 28th, 2014 under the number 14-109, composed of the *Document de Base* filed with the AMF on March 13th, 2014 under the number I. 14-008 and the *Note d'Opération* (including a summary of the prospectus), may be obtained free of charge and upon request from TxCell - Les Cardoulines, Allée de la Nertière, 06560 Valbonne - Sophia Antipolis - and from the internet websites of TxCell (www.txcell.com) and the AMF (www.amf-france.org).

Risk factors – TxCell draws the public's attention to chapter 4, "Risk factors", of the *Document de Base* registered with the AMF, and to chapter 2 "Risk factors related to the Offering" of the *Note d'Opération*.

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ABOUT TXCELL:

TxCell is developing innovative personalized cell-based immunotherapies for the treatment of severe chronic inflammatory diseases with high medical need using its unique and proprietary ASTrIA technology platform based on the properties of autologous antigen-specific regulatory T lymphocytes (Ag-Tregs). The company has completed a phase I/IIa study of its lead product candidate, Ovasave[®] in refractory Crohn's disease patients and has reported good tolerability and positive signals of efficacy. The company plans to initiate a phase IIb study in the same patient population. TxCell, a spin-off of Inserm (France's National Institute for Health and Medical Research) is located in the Sophia Antipolis technology park, Nice, France.

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In particular:

This press release does not constitute an offer to sell or any solicitation to purchase or subscribe for securities in the United States. The shares, or any other securities of TxCell, may not be offered or sold in the United States unless they are registered under the U.S. Securities Act of 1933, as amended, or exempt from registration. The shares of TxCell have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and TxCell does not intend to make any public offer of its shares in the United States.

This press release is solely an advertisement and does not constitute a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003, as amended, in particular, by Directive 2010/73/EC of the European Parliament and the Council of November 24th, 2010 and as implemented in each member State of the European Economic Area (the "Prospectus Directive"). With respect to the member States of the European Economic Area which have transposed the Prospectus Directive, no action has been undertaken or will be undertaken to make an offer to the public of the securities referred to in this press release requiring a publication by TxCell of a prospectus in any member State, other than France. As a result, the shares of TxCell may not be offered or will not be offered in any member State other than France, except, pursuant to the exemptions described in article 3(2) of the Prospectus Directive, if they have been implemented by the relevant member State or in any other circumstances not requiring TxCell to publish a prospectus as provided under article 3(2) of the Prospectus Directive and/or regulations applicable in such member State.

This press release is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). This press release is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this press release relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The prospectus registered with the Autorité des Marchés Financiers contains forward-looking statements. No guarantee is given as to these forecasts being achieved, which are subject to risks, including those described in the prospectus, and to the development of economic conditions, the financial markets and the markets in which TxCell operates.

Société Générale, acting as stabilising agent, or any institution acting on its behalf may, during a period of 30 days following the date on which the Offering Price is determined, i.e., according to the indicative timetable, from 11 April to 9 May 2014, effect transactions with a view to maintaining the market price of the TxCell shares in a manner consistent with applicable laws and regulations and, in particular, EU Commission regulation number 2273/03 of 22 December 2003. These activities are intended to support the market price of the TxCell shares and may affect the share price.

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