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Transgene launches a capital increase by way of an accelerated book-build offering

Strasbourg, France, November 9, 2017- 5:45 pm CET - Transgene (Euronext Paris: TNG) ("**Transgene**" or the "**Company**"), a biotech company that designs and develops viral-based immunotherapies, today announced the launch of a capital increase without preferential subscription rights through the issuance of up to 5,643,199 ordinary shares of the Company, representing approximately 10% of the existing issued share capital of the Company, by way of a private placement, directed at certain qualified and institutional investors located in France and internationally.

The funds raised will be used to pursue the clinical and preclinical development of Transgene's innovative immunotherapies in combination with immune checkpoint inhibitors, to deliver improved treatment outcomes, as well as for working capital and for general corporate purposes.

The Company's pipeline comprises five clinical-stage products, with the following significant milestones:

TG4010, a therapeutic vaccine targeting 1st and 2nd line advanced non-small cell lung cancer – NSCLC:

- 2nd line - First Phase 2 data expected in 1Q 2018 - TG4010 + nivolumab (Opdivo®):
  - ✓ Nivolumab is provided by Bristol-Myers Squibb, within a collaborative agreement with UC Davis Medical Center (USA)
- 1st line - First Phase 2 data expected in 2H 2018 - TG4010 + nivolumab (Opdivo®) + chemotherapy:
  - ✓ Clinical collaboration agreement with Bristol-Myers Squibb for supply of nivolumab
  - ✓ First patient expected to be enrolled at the end of 2017

TG4001, a therapeutic vaccine targeting 2nd line HPV-positive head and neck cancer

- 2nd line - First Phase 1b/2 data expected in 2H 2018 - TG4001 + avelumab (Bavencio®):
  - ✓ Clinical collaboration agreement with Merck KGaA and Pfizer for supply of avelumab

TG1050, a therapeutic vaccine targeting chronic hepatitis B:

- Phase 1/1b data on all 48 patients expected in 1H 2018 - TG1050 + standard-of-care antiviral therapy:
  - ✓ Confirmed mechanism of action and first promising immunology data in patients

Pexa-Vec, an oncolytic virus targeting advanced liver cancer / hepatocellular carcinoma - HCC:

- 1st line - First Phase 3 data (efficacy vs. sorafenib) expected in 2019 (PHOCUS) - Pexa-Vec + sorafenib:
  - ✓ Clinical trial being conducted by SillaJen, Inc., Transgene's licensor
- 1st line – First Phase 1/2 data expected in 2H 2018 - Pexa-Vec + nivolumab (Opdivo®)

TG6002, oncolytic virus targeting recurring glioblastoma:

- First Phase 1/2a data expected in 2H 2018

Transgene recently launched Invir.IO™, its new technology platform that will be used to create the next generation of oncolytic viruses. Transgene's goal is to utilize Invir.IO™ to efficiently design, produce and develop a portfolio of novel multifunctional product candidates aimed at modulating the tumor micro-environment. A first collaboration has been announced, which aims to develop novel oncolytic viruses that could both kill cancer cells directly and express Randox' Single-domain Antibodies (SdAb).

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Details of the Transaction

The Company has announced consolidated cash reserves of € 40.0 million as of September 30, 2017.

This capital increase would correspond to approximately 5,643,199 shares, representing approximately 10 % of the existing issued share capital of the Company.

The capital increase will be carried out without preferential subscription rights for the Company's existing shareholders, pursuant to the delegation of authority granted to the Board of Directors under the 17th and the 18th resolutions of the extraordinary shareholders general meeting of the Company dated June 8, 2017 and in accordance with articles L. 225-136 of the French Commercial code (*code de commerce*) and L. 411-2(II) of the French monetary and financial code (*code monétaire et financier*). The price will be at least equal to the volume weighted average (in the central order book and excluding off-market blocs) of the closing prices of the Company's share on Euronext Paris for the three trading sessions preceding the setting of the issue price. If necessary, this average can be adjusted to take into account differences in the date of dividend entitlements and potentially be decreased by a maximum discount of up to 20%.

Institut Mérieux (TSGH), the majority shareholder of Transgene, has indicated an intention to subscribe for 25 % of the new shares, with a minimum subscription amount of € 4 million, and Dassault Belgique Aviation (DBA) has indicated an intention to subscribe for approximately 2.5% of the new shares, and their subscriptions will be fully allocated. Assuming percentages indicated above are subscribed by TSGH and DBA, after completion of the capital raise, they will respectively hold approximately 57 % and 4.7 % of the share capital of the Company (and 67 % and 3.5 % of the voting rights).

The capital increase will be conducted by way of an accelerated book-build process, which will begin immediately and which is expected to end before markets open tomorrow, and which may close early or be extended. The Company will announce the results of the capital increase as soon as possible after completion of the book-building process in a subsequent press release. Settlement and delivery of the new shares and the new shares' admission to trading are expected to occur on November 14, 2017 on the regulated market of Euronext in Paris.

The capital increase via the accelerated book-building is open to qualified and institutional investors in France, in any Member State of the European Economic Area in accordance with the exemptions of Article 3(2) of the European Directive 2003/71/EC of the European Parliament and European Council (as amended) to the extent they have been transposed by the relevant Member State or, otherwise, in cases not requiring the publication of a prospectus under aforementioned Article 3(2) and/or the applicable regulations in such Member State, and elsewhere outside the United States of America in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Simultaneously, the Company is undertaking a private placement in the United States to institutional "accredited investors" as defined in Rule 501(a) under the Securities Act.

The transaction is not subject to a prospectus to be approved by the French financial markets authority (*Autorité des marchés financiers*).

Attention is drawn to the risk factors related to the Company and its activities presented in section 1.4 of the 2016 reference document filed with the *Autorité des marchés financiers* on April 13, 2017, under number D.17-0385, which is available on the *Autorité des marchés financiers* website (www.amf-france.org) or on the Company's website (www.transgene.fr).

Simultaneously with the determination of the final terms and conditions of the capital increase, the Company, Institut Mérieux (TSGH) and Dassault Belgique Aviation will enter into a lock-up agreement ending 90 calendar days after the date of closing of the offering, subject to certain customary exceptions. Executives and/or directors of the Company have also signed lock-up agreements with regard to the Company's shares that they hold, for the same period.

Guggenheim Securities, LLC and Oddo BHF SCA are acting as Joint Bookrunners.

This announcement does not constitute a prospectus within the meaning of the Prospectus Directive or an offer to the public.

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Notes to editors

About Transgene

Transgene S.A. (Euronext: TNG), part of Institut Mérieux, is a publicly traded French biotechnology company focused on designing and developing targeted immunotherapies for the treatment of cancer and infectious diseases. Transgene's programs utilize viral vector technology with the goal of indirectly or directly killing infected or cancerous cells. The Company's lead clinical-stage programs are: TG4010, a therapeutic vaccine against non-small cell lung cancer, Pexa-Vec, an oncolytic virus against liver cancer, and TG4001, a therapeutic vaccine against HPV-positive head and neck cancers. The Company has several other programs in clinical development, including TG1050 (chronic hepatitis B) and TG6002 (solid tumors). Transgene is based in Strasbourg, France, and has additional operations in Lyon, as well as a joint venture in China. Additional information about Transgene is available at www.transgene.fr.

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