Transgene launches a Rights Issue for an amount of up to €50 million

- Subscription ratio: 1 new share for 3 existing shares
- Subscription price: €2.34 per new share
- Rights trading period: from June 18, 2019 to June 25, 2019 (inclusive)
- Subscription period: from June 20, 2019 to June 27, 2019 (inclusive)
- Institut Mérieux (through TSGH) has undertaken to subscribe up to 75% of the new shares
- Dassault Belgique Aviation has undertaken to subscribe at least up to its current participation of 4.7%

Strasbourg, France, June 14, 2019- 7:30 am CET - Transgene (Euronext Paris: TNG) ("**Transgene**" or the "**Company**"), **a biotech company that designs and develops virus-based immunotherapies for the treatment of solid tumors**, announces today the launch and terms of a share capital increase with shareholders' preferential subscription rights for an amount of up to €50 million (issue premium included) (the "**Rights Issue**").

Purpose of the Rights Issue

The funds raised in the Rights Issue will be used to reinforce Transgene's financial structure until 2022 in order to carry out its clinical development plan, in particular on its new myvac™ and Invir.IO™ product platforms, with the launch of new clinical studies and to allow the Company to negotiate partnership and co-development agreements based on the results obtained from late 2019.

The funds will be used for the following purposes and in the following amounts (in decreasing order of strategic priority):

- approximately €15 million to finance external services related to the completion of ongoing clinical studies with TG4010, TG4001, Pexa-Vec and TG6002;
- approximately €20 million to finance external services related to the launch of new clinical studies, in particular with new products from the myvac™ and Invir.IO™ platforms;
- approximately €10 million for the repayment of the principal of the European Investment Bank loan and up to €4.05 million to pay interest (which could be reduced to €2.25 million in case of early repayment, which it is permitted to do without any penalty from July 2019); and
- the remainder to finance, together with the Company's operating revenues, the R&D current costs and recurring cash consumption of the Company.

If the Rights Issue is realised only up to 75%, the Company estimates that the proceeds of the transaction would enable it to maintain its cash horizon through the end of 2021.

The funds will be used for the following purposes and in the following amounts (in decreasing order of strategic priority):

- approximately €13 million to finance external services related to the completion of ongoing clinical studies with TG4010, TG4001, Pexa-Vec and TG6002;

- approximately €10 million to finance external services related to the launch of new clinical studies, in particular with new products from the myvac™ and Invir.IO™ platforms;

- approximately €10 million for the repayment of the principal of the European Investment Bank loan and up to €4.05 million to pay interest (which could be reduced to €2.25 million in case of early repayment, which it is permitted to do without any penalty from July 2019); and

- the remainder to finance, together with the Company's operating revenues, the R&D current costs and recurring cash consumption of the Company.

Main terms of the Rights Issue

The Rights Issue is expected to result in the issuance of 20,816,366 new shares at a price of €2.34 per share, comprising a nominal value of €1.00 and an issue premium of €1.34, representing a maximum gross proceeds of €48,710,296.44.

Each shareholder of the Company will receive, on June 18, 2019, one (1) preferential subscription right for every share registered in its securities account following the business day of June 17, 2019[1]. Three (3) preferential subscription rights allow their holders to subscribe for one (1) new share on a non-reducible basis (*à titre irréductible)*.

Subscription for new shares may also be made on a reducible basis (*à titre réductible*) but remain subject to a reduction in the event of over-subscription. Any new shares that are not subscribed to on a non-reducible basis shall be distributed and allocated to the holders having subscribed on a reducible basis, subject to reduction.

Based on Transgene's closing share price on the regulated market of Euronext in Paris ("**Euronext Paris**") on June 13, 2019, *i.e.* €2.93, the theoretical value of one (1) preferential subscription right amounts to €0.15 and the theoretical value of the share ex-rights ("**TERP**") amounts to €2.78.

The subscription price represents a discount of 20.14% compared to Transgene's closing share price on June 13, 2019 and a discount of 15.83% to TERP compared to Transgene's closing share price on June 13, 2019.

These values do not prejudge the value of the preferential subscription rights during the rights trading period, the value of Transgene ex-right shares or the discount that will be observed on the market.

The Rights Issue consists of a public offering in France only and a private placement to international investors outside of France.

Bryan Garnier & Co. Limited and Kempen & Co. act as Joint Bookrunners in connection with the Rights Issue.

[1] Holders of exercisable stock options who exercise them prior to the end of the day on June 20, 2019, will be granted a preferential subscription right, as any other shareholder. The exercise of all stock options issued by the Company and all of the rights associated with the shares from such exercised stock options are exercised before the end of the day on June 20, 2019 would result in the issuance of 109 353 additional new shares.

Indicative timetable of the Rights Issue

Listing of and trading in the preferential subscription rights

Application has been made to admit the preferential subscription rights to trading on Euronext Paris. The listing and trading of the preferential subscription rights under ISIN FR0013425105 is expected to start on June 18, 2019 and end on June 25, 2019 (inclusive).

Subscription period

The subscription period during which holders of preferential subscription rights can exercise such rights and subscribe for new shares will begin on June 20, 2019 and will end on June 27, 2019 (inclusive). Preferential subscription rights that are not exercised before the end of the subscription period, *i.e.* before the close of the trading day of June 27, 2019, will lapse automatically.

Results of the Right Issue

The results of the Rights Issue are expected to be published by the Company in a press release and by Euronext Paris in a notice on July 2, 2019.

Settlement, delivery and admission to trading

The settlement and delivery as well as the admission to trading of the new shares are expected to take place on July 4, 2019. The new shares will confer the right, from January 1,2019, to all dividends decided by the Company from this date. The new shares carry the same rights as the existing shares of the Company and will be traded on the same quotation line as the existing shares under ISIN FR0005175080.

Subscription undertaking

Institut Mérieux, which currently holds through TSGH 56.74% of the share capital and 66.84% of the voting rights of the Company, has irrevocably and unconditionally committed to participate to the Rights Issue with a view to maintain its stake in Transgene at its current level and has agreed to ensure the completion of the Rights Issue. To this effect, TSGH will participate to the Rights Issue by exercising on a non-reducible basis all of its preferential subscription rights and to exercise its rights on a reducible basis so that at least 75% of the Rights Issue be completed.

Dassault Belgique Aviation, which currently holds 4.72% of the share capital and 3.56% of the voting rights of the Company, has also irrevocably and unconditionally committed to participate to the Right Issue with the same view of maintaining its stake in Transgene. To this effect, Dassault Belgique Aviation will participate to the Rights Issue by exercising on a non-reducible basis all of its preferential subscription rights and reserves its right to participate on a reducible basis.

No underwriting agreement has been signed in connection with the Rights Issue.

Lock-ups

In connection with the Rights Issue, the Company, TSHG, Dassault Belgique Aviation, the other board members and certain executives of the Company have agreed to enter into lock-up agreements for a period ending 90 days following the settlement and delivery of the Rights Issue (subject to certain customary exemptions).

Theoretical impact of the issue on the situation of a shareholder

On an indicative basis, the theoretical impact of the issue on the equity interest of a shareholder holding 1% of the Company's share capital before the Rights Issue will be the following:

	Participation de l'actionnaire	
	Non-diluted basis	**Diluted basis [1]**
Before the issuance of 20 816 366 new shares [2]	1.00 %	0.99 %
After the issuance of 20 816 366 new shares (at 100 %)	0.75 %[3]	0.74 %[4]
After the issuance of 15 612 275 new shares (at 75 %)	0.80 %[3]	0.79 %[4]

(1) In the event of the exercise of the 328 063 share subscription options (each option giving the right to one new share of the Company) (and that are all out of the money as of the date hereof) and the allocation of all the 622 200 free shares allocated by the Company whose vesting period is in progress (but none of which can be acquired before the settlement and delivery of the Rights Issue), representing 1.52% of the Company's share capital as of the date hereof.

(2) Number of shares comprising the share capital as of 13 June 2019 before the Rights Issue.

(3) Assuming none of the 328 063 share subscription options will be exercised before the end of the day on 20 June 2019 and therefore the size of the Rights Issue will not be increased.

(4) Assuming (i) the exercise of all of the 328 063 outstanding share subscription options but (ii) none of the 328 063 outstanding share subscription options will be exercised before the end of the day on 20 June 2019 and therefore the size of the Rights Issue will not be increased.

Internal Authorisations

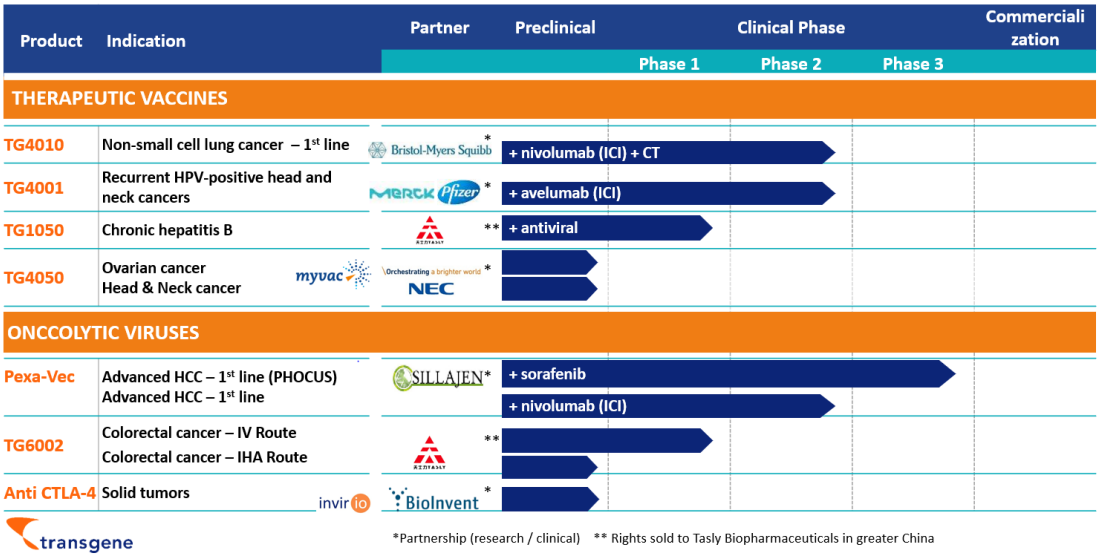
The Rights Issue will be carried pursuant to the eleventh resolution of the Shareholders General Meeting of the Company of May 23, 2018.

On June 12, 2019, the Board of Directors of the Company unanimously authorised the Rights Issue.

Pipeline and recent and expected clinical developments

Transgene has three products in advanced clinical development: TG4010, a therapeutic vaccine for non-small cell lung cancer, Pexa-Vec, an oncolytic virus against liver cancer, and TG4001, a therapeutic vaccine for HPV positive cancers. The Company has several other viral-based immunotherapy programs, at discovery stage and in preclinical and clinical development (including TG1050 and TG6002 now in clinical trials). With its Invir.IO™ platform, the Company capitalizes on its expertise in engineering of viral vectors to design a new generation of multifunctional oncolytic viruses. Furthermore, with *myvac*™, the Company has developed an innovative platform to create individualized immunotherapies based on neoantigens, specific mutations that are found in the tumors of each patient.

The table below shows the status of the Company's clinical portfolio as of the date hereof:



Clinical development stages during 2018 and expected in 2019:

TG4010:

- 2018: Treatment of the first patient in the Phase 2 clinical trial of TG4010 in combination with nivolumab and standard chemotherapy, as the first line of treatment for non-small cell lung cancer (NSCLC), under a collaborative agreement with Bristol-Myers Squibb, with nivolumab made available by Bristol-Myers Squibb.
- 2019: Patient recruitment completed at the end of May and first trial efficacy results (target response rate) on at least 35 evaluable patients expected in the fourth quarter of 2019, creating conditions for a partnership agreement to be reached for further clinical development.

Pexa-Vec:

- 2018: Phase 3 trial, sponsored by SillaJen, in advanced first-line liver cancer, comparing the efficacy of Pexa-Vec + sorafenib compared to sorafenib alone - continued recruitment and first patient treated in China; Phase 1/2 trial, sponsored by the Company, in advanced first-line liver cancer, combining Pexa-Vec and nivolumab - continued patient recruitment.
- 2019 and beyond: For the Phase 3 trial evaluating Pexa-Vec and sorafenib, confirmation of non-utility (i.e., the combined treatment has an effect at least equivalent to sorafenib alone) expected between mid-July at the earliest and the end of the 3rd quarter of 2019; first efficacy results from this trial expected in 2020. For the Phase 1/2 trial evaluating Pexa-Vec and nivolumab, safety of the trial confirmed in February 2019, Phase 2 ongoing, new sites activated during the second quarter in the United States and interim efficacy analysis on 15 patients expected in the 4th quarter of 2019. Pexa-Vec may be the subject of a first commercialization application submission earlier in 2022 if clinical trials proceed as planned.

TG4001:

- 2018: Confirmation of the safety and tolerability of TG4001 in combination with avelumab in Part 1b of the Phase 1b/2 trial in human papillomavirus (HPV) positive cancers, including head and neck, under a clinical collaboration agreement with Merck KGaA and Pfizer, and treatment of the first patients in Phase 2.
- 2019: First efficacy results expected in the 4th quarter of 2019, allowing discussions to be envisaged for a partnership agreement for further clinical development.

TG6002:

- 2018: Recruitment of the first patient in the Phase 1/2 clinical trial of TG6002 in advanced gastrointestinal tumors by intravenous administration.
- 2019: First results of the trial in advanced gastrointestinal tumors expected in the second half of 2019; request for a Phase 1/2 trial in liver metastasized colon cancer with intra-arterial hepatic administration submitted to the United Kingdom (Investigational New Drug (or "IND") authorization expected in June or July 2019 for France) and recruitment of the first patient in this study expected in the 4th quarter of 2019. Beginning of a Phase 1 in a possible new indication in the first half of 2020.

TG1050:

- 2018: Submission to the American Association for the Study of Liver Disease (AASLD) of the complete results of the Phase 1 clinical trial that confirmed the good safety profile of the product by simple or repeated injection and the induction of a specific immune response to antigens encoded by the virus. Presentation of encouraging preclinical data at the same AASLD meeting to consider the development of the product in combination with antivirals or immunomodulators. Continuation of the T101 clinical trial in China (product integrating TG1050 sequences).
- 2019: Search for partners for further product development.

TG4050:

- 2019: Recruitment of the first patient in a Phase 1 study in patients with ovarian cancer (IND already obtained in the USA and expected in June or July 2019 for France) and the first patient in a Phase 1 study in patients with head and neck cancer HPV negative (regulatory approval expected in June or July 2019 in France and the United Kingdom) expected in the fourth quarter 2019.

Oncolytic virus encoding an Anti-CTLA-4, from the Invir.IO™ platform in collaboration with BioInvent:

- 2020: First patient treated in a Phase 1 study as part of the collaboration with BioInvent.

Information available to the public

A prospectus in the French language consisting of (i) a registration document filed with the French *Autorité des marchés financiers* ("**AMF**") on April 3, 2019 under no. D.19-0262 (the "**Registration Document**"), and (ii) a *Note d'Opération* (the *"***Securities Note***")* including the summary of the prospectus has been prepared and has received visa no. 19-260 dated June 13, 2019 from the AMF (the "**Prospectus**"). This Prospectus is available on the AMF website (www.amf-france.org) and on the Company's website (www.transgene.com) and may be obtained free of charge at the Company's registered office, 400 boulevard Gonthier d'Andernach - Parc d'Innovation, 67400 Illkirch-Graffenstaden – France.

The Company draws the public' attention to the risk factors described in Chapter 1.4 of the Registration Document and in Section 2 of the Securities Note.

-End-

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Notes to editors

About Transgene

Transgene (Euronext: TNG) 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 (a therapeutic vaccine for the treatment of chronic hepatitis B) and TG6002 (an oncolytic virus for the treatment of solid tumors).

With its proprietary Invir.IO™, Transgene builds on its expertise in viral vectors engineering to design a new generation of multifunctional oncolytic viruses.

myvac™, an individualized MVA-based immunotherapy platform designed to integrate neoantigens, completes this innovative research portfolio. TG4050, the first candidate selected from the *myvac*™ platform, will enter the clinic for the treatment of ovarian cancer and head and neck cancer.

Additional information about Transgene is available at www.transgene.fr.

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*According to the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, the target market assessment in respect of the offered Transgene shares (the "**Offered Shares**") has led to the conclusion that : (i) the target market of the Offered Shares is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Offered Shares are appropriate (the "Target Market Assessment"). Any person subsequently offering, selling or recommending the Offered Shares (a "**distributor**") should take into consideration the manufacturer's Target Market Assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Offered shares (by either adopting or refining the manufacturer's Target Market Assessment) and determining appropriate distribution channels.*

The Target Market Assessment is conducted solely for the purposes of the manufacturer's product approval process and neither constitutes an assessment for any particular client of suitability or appropriateness for the purposes of MiFID II nor a recommendation to invest in, or purchase, or take any other action whatsoever with respect to the Offered Shares.

Notwithstanding the Target Market Assessment, the attention of distributors is drawn to the fact that: the price of the Offered Shares may decline and investors could lose all or part of their investment; the Offered Shares offer no guaranteed income and no capital protection; and that an investment in the Offered Shares is compatible only with investors who do not need a guaranteed income or capital protection, who are capable (either alone or in conjunction with an appropriate financial or other adviser) of evaluating the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result therefrom.