transgene

IMMUNOTHERAPIES TO TREAT CANCER

Universal Registration Document 2022
Including the Annual Financial Report

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

2022

Transgene is a biotechnology Company focused on designing and developing therapeutic vaccines and oncolytic viruses for the treatment of cancer. Our immunotherapies stimulate immune responses and specifically target cancer cells. To achieve this, we integrate a therapeutic arsenal in viral vectors, each component of which plays a role in the fight against tumors.

Transgene has several products in clinical development (Phase I and II trials): TG4050, an individualized therapeutic vaccine from the *myvac*® platform, TG4001, a therapeutic vaccine against HPV-positive cancers, and oncolytic viruses, TG6002, which enables a chemotherapy to be produced directly in the tumor, BT-001, the first candidate from the Invir.IO® platform, armed with an anti-CTLA-4 antibody, and TG6050 armed with IL-12 and administered intravenously.

Transgene has two next-generation platforms that are based on its viral vector expertise.

- The *myvac*® approach allows the generation of an individualized virus-based immunotherapy that encodes patient-specific mutations (neoantigens).
- With its Invir.IO® platform, Transgene is building on its viral vector engineering expertise to design a new generation of multifunctional oncolytic viruses.

Transgene also relies on strategy collaborations with recognized players, such as AstraZeneca and Merck KGaA/Pfizer, the leader in Information Technology (IT) NEC, and BioInvent.

The Company is based in Strasbourg, France. Transgene is listed on the regulated stock market in Paris (Euronext compartment B).

www.transgene.fr

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

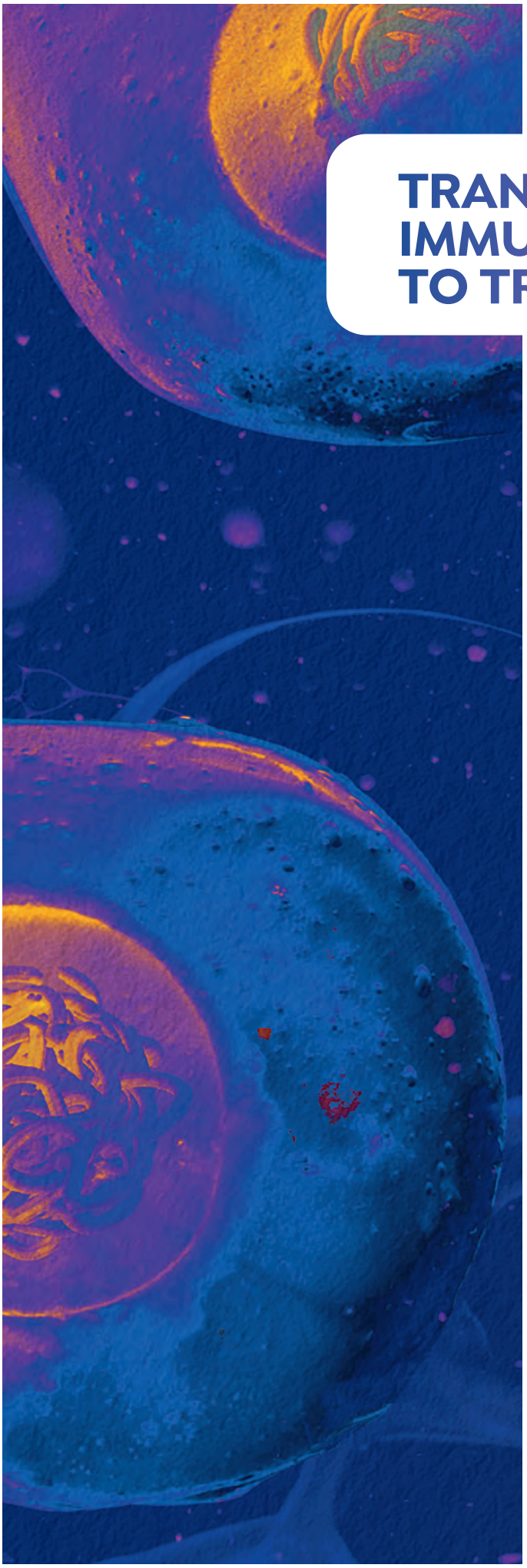
This Universal Registration Document was filed on April 5, 2023, with the AMF (The French Financial Markets Authority), as competent authority under regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a security note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with regulation (EU) 2017/1129.

This is a translation into English of the 2022 Universal Registration Document of the Company issued in French, which is available on the website of the Issuer.

LIST OF ABBREVIATIONS

Abbreviation	Meaning
AACR	American Association for Cancer Research
DNA	Deoxyribonucleic acid
CtDNA	Circulating tumor DNA
ANSM	*Agence nationale de sécurité du médicament et des produits de santé* (French medicines agency)
GMP	Good manufacturing practices
CAR-T	Chimeric Antigen Receptor T, chimeric antigen receptor (T cell)
CTLA-4	Cytotoxic T-lymphocyte-associated protein 4
RTC	Research tax credit
CRO	Contract Research Organization
EMA	European Medicines Agency
ESMO	European Society for Medical Oncology
FDA	Food and Drug Administration
GM-CSF	Granulocyte-macrophage colony-stimulating factor
HCC	Hepatocellular carcinoma
HPV	Human papillomavirus
ICI	Immune checkpoint inhibitor
IL-2	Interleukin-2
IL-12	Interleukin-12
IT	Intratumoral
IV	Intravenous
MHRA	Medicines and Healthcare Products Regulatory Agency
MVA	Modified *vaccinia* ankara
NSCLC	Non-small cell lung cancer
EPO	European Patent Office
PD-L1 or PD-1	Programmed death-ligand 1, Programmed cell death 1
SC	Subcutaneous
SCCHN	Squamous cell carcinoma of the head and neck
SdAb	Single-domain antibody
SITC	Society for Immunotherapy of Cancer
SPA	Special protocol assessment
TAA	Tumor-associated antigen
TK	Thymidine kinase
RR	Ribonucleotide reductase
VV	*Vaccinia* virus



TRANSGENE, IMMUNOTHERAPIES TO TREAT CANCER

The scientific expertise and commitment of some 160 Transgene employees enable the Company to develop highly innovative cancer treatments.

The principle: stimulate and educate the immune system to enable it to recognize and destroy cancer cells.

To achieve this, Transgene has developed two highly competitive technological approaches: therapeutic vaccines and oncolytic viruses.

We design drug candidates by integrating a comprehensive therapeutic arsenal within the genome of optimized viruses (also known as viral vectors).

Our 2022 clinical results are particularly promising and offer real hope to cancer patients.

We are at an inflection point for the future of cancer immunotherapy treatments

Dr Alessandro Riva
Chairman

I joined Transgene's Board of Directors as Chairman almost a year ago and I can already see the progress the Company has made.

We are at an inflection point for the future of cancer immunotherapy treatments, and there are many signs that therapeutic vaccines and oncolytic viruses will radically transform current treatment regimens and offer new hope to patients. The very good results of the year, as well as those presented by other internationally renowned laboratories, create a fabulous emulation that will undoubtedly be beneficial for Transgene's further development.

The future of the company is being written today and the modularity of its two platforms (*myvac*® and Invir.IO®) is a key factor of success, which marks its difference and strength. In this current context, Transgene will be able to accelerate its strategy and increase its international influence to confirm its position as one of the world leaders in viral vectors.

The company can count on the renewed support of its partners, investors and Board of Directors to achieve these objectives with confidence, without ever losing sight of the benefits for patients.

All of our clinical-stage products generated promising new data over the year

Hedi Ben Brahim
Chief Executive Officer

The year 2022 was marked by many positive announcements for Transgene thanks to the commitment of all our employees and partners who work every day to achieve success.

Notably, all of our clinical-stage products generated promising new data over the year. The Company presented preliminary Phase I results for TG4050 demonstrating the full potential of this highly innovative neoantigen vaccine in patients with ovarian cancer and head and neck cancer. For its most advanced product, the positive result of the interim analysis of the Phase II trial evaluating TG4001 + Avelumab vs. Avelumab alone in HPV-positive anogenital cancers allowed to reduce the total number of patients to be randomized in the ongoing study. In addition, the Phase I/IIa trial evaluating BT-001 demonstrated initial antitumor activity while presenting a good safety profile. Finally, we presented new positive data from the Phase I trial evaluating our oncolytic virus TG6002 administered intravenously, showing in all patients its ability to reach the tumor, multiply and express its payload.

Building on these successes, we will continue to develop our two platforms this year by making the necessary investments to launch a Phase II trial of TG4050, our personalized vaccine. With major new announcements planned in 2023, we are confident in our ability to confirm our leading position in clinical research in therapeutic vaccines and oncolytic viruses.

A DIVERSIFIED DRUG-CANDIDATE PORTFOLIO

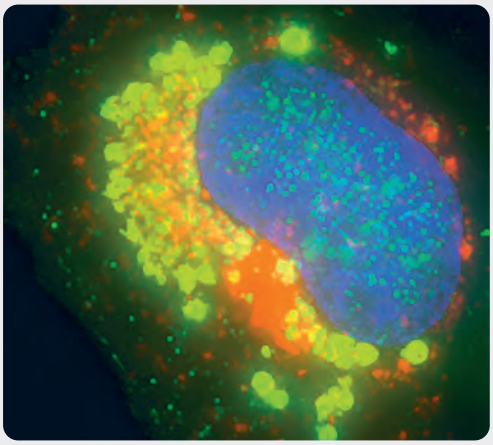
Product	Target/transgene	Indication	Collaboration	Preclinical	Phase I	Phase II	Phase III
THERAPEUTIC VACCINES							
myvac TG4050	30 neoantigens	Ovarian cancer	Orchestrating a brighter world NEC				
		Head and neck cancers					
TG4001	HPV16 E6 – E7	Anogenital HPV+ cancers	MERCK Pfizer				
ONCOLYTIC VIRUSES (OVs)							
TG6002	5-FU chemotherapy	Gastro-intestinal cancers (IV*)					
		Colorectal cancer (IHA*)					
invir.io BT-001	Anti-CTLA4 + GM-CSF	Solid tumors	BioInvent MSD				
TG6050	IL-12 + Anti-CTLA4	Non-small cell lung cancer (IV*)					
5 OVs	Undisclosed (1 option exercised)	Solid tumors	AstraZeneca				
OV	Undisclosed (CAR-T combination)	Solid tumors	博生吉 PersonGen				

* IV: intravenous administration, IHA: intrahepatic artery administration

THERAPEUTIC VACCINES

INDUCE IMMUNE RESPONSES AGAINST TUMORS

Therapeutic vaccines aim at inducing a cascade of immune reactions that lead to the production of cytotoxic T cells (effective T cells) that will be able to recognize and destroy cancer cells.



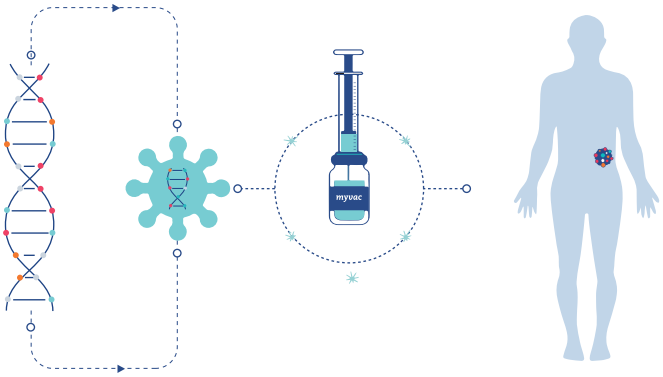
By integrating cancer cell-specific gene sequences into the genome of a viral vector, we direct the immune response against the tumor cells that carry these same sequences.

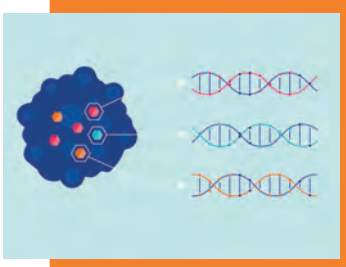
Transgene developed *myvac*®, an immunotherapy platform, which leverages cutting-edge Artificial Intelligence (AI) capabilities to customize the treatment for each patient.

Transgene's highly innovative technology platform, *myvac*®, enables the generation of a virus-based immunotherapy, which encodes patient-specific cancer cell mutations (neoantigens) identified and selected by NEC's Neoantigen Prediction System, an advanced AI technology approach. Transgene has also set up a unique in-house Good Manufacturing Practices (GMP) unit.

myvac

ONE PATIENT, ONE CANCER, ONE VACCINE

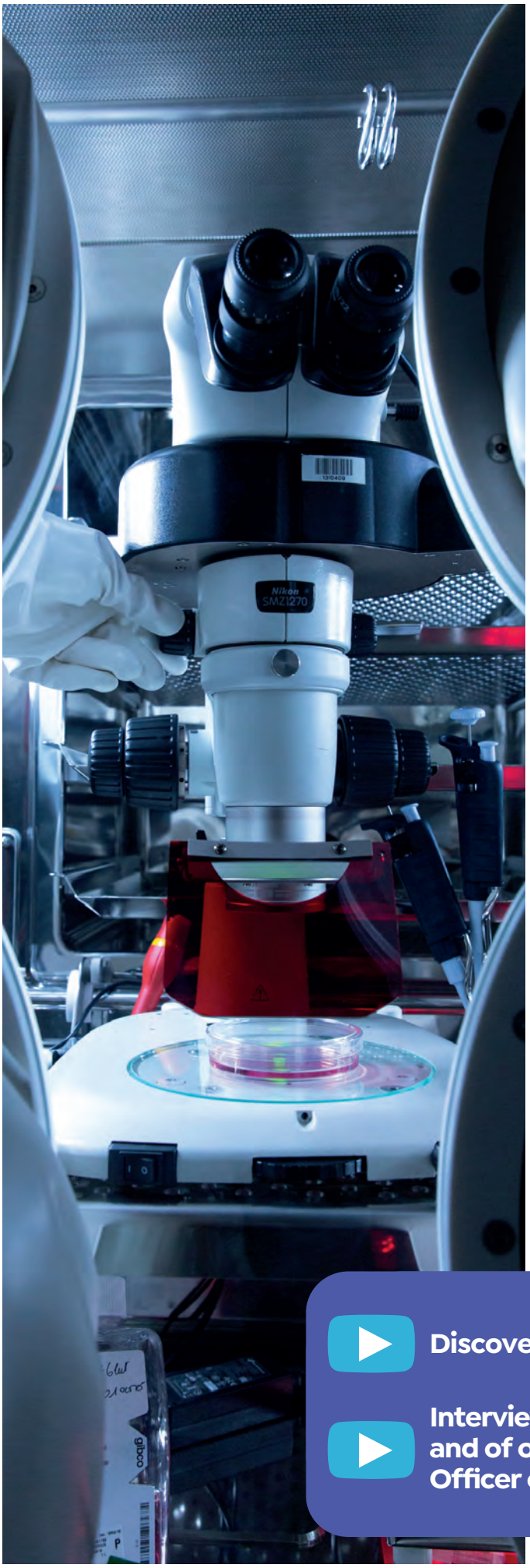




Discover how the *myvac*® treatment is designed for each patient.

TG4050 is the first drug candidate based on the *myvac*® technology

Initial data from the two ongoing Phase I trials confirm the strong potential of this personalized therapeutic vaccine. Based on the data that will be presented in H1 2023, a Phase II trial will be launched, with the ambition of redefining the treatments available to patients in this indication.



TG4001 targets cancers induced by the human papillomavirus (HPV).

This therapeutic vaccine provided particularly promising results in a Phase Ib/II clinical trial in 2020.

The pooled analysis of this Phase Ib/II revealed a pronounced clinical antitumor activity of the combination of TG4001 and avelumab.

At the end of 2022, the **positive results of the interim analysis** made it possible to optimize the number of patients in the trial. The last patient should be included in H1 2024 with final results communicated thereafter.

Transgene is continuing the clinical development of TG4001 in a **randomized, controlled Phase II trial,** with the support of Merck KGaA

Discover our video on TG4001

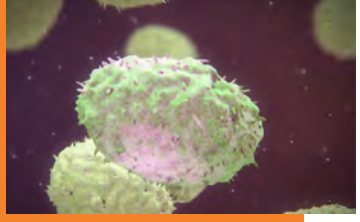
Interview of Prof. Le Tourneau and of our Chief Medical Officer on the Phase Ib/II data

ONCOLYTIC VIRUSES

SELECTIVELY TARGET AND DESTROY CANCER CELLS

Oncolytic viruses are designed to selectively multiply in cancer cells and induce their breakdown (a process called cell lysis). This process is also involved in activating the patient's immune system. Oncolytic viruses also have the ability to carry therapeutic payloads in their genome, which are expressed during replication in the tumor, and allow to attack the tumor on several fronts.

Discover the mechanism of action of oncolytic viruses



TG6002

Proof of concept of the intravenous administration of an Invir.IO® virus.

Two Phase I trials have shown that the treatment is well tolerated.

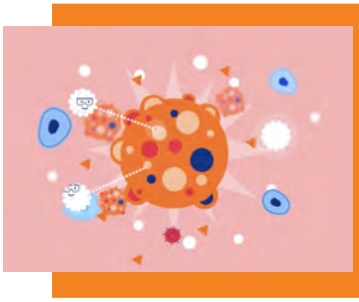
The virus was able to reach the tumor, replicate selectively within the tumor and induce a long-lasting expression of its payload. It also induced the activation of the immune system.

Transgene has therefore demonstrated the feasibility of intravenous administration of Invir.IO® oncolytic viruses. The use of this route of administration considerably expands the target market for oncolytic viruses.

BT-001 is administered directly into the tumor.

BT-001 is armed with an anti-CTLA4 antibody from our partner BioInvent. In monotherapy, BT-001 has shown to be well tolerated. Early signs of antitumor activity were observed in a hard-to-treat population.

Transgene and BioInvent received an award for a scientific article on the preclinical data of BT-001 at SITC 2022.



Discover the mechanism of action of TG6002

Discover how BT-001 attacks tumor cells

AstraZeneca

Transgene and AstraZeneca have entered into a collaboration agreement under which Transgene designs five innovative oncolytic viruses based on its Invir.IO® platform.

AstraZeneca has exercised a first license option for an oncolytic virus in December 2021.

The research collaboration is ongoing.

TG6050

Virus expressing IL-12.

TG6050 is armed with interleukin 12 and an anti-CTLA4 antibody: two therapies known to trigger a powerful antitumor immune response. Transgene is investigating TG6050 in a Phase I trial in advanced lung cancer. TG6050 will be administered intravenously.

Transgene's proprietary platform, Invir.IO®, is dedicated to the design and development of a new generation of oncolytic viruses.

invir.io

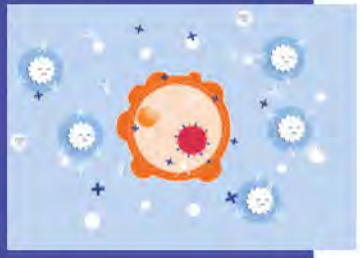
Invir.IO®-based oncolytic viruses are optimized to act as a Trojan horse; they are called 'armed' or multifunctional viruses.

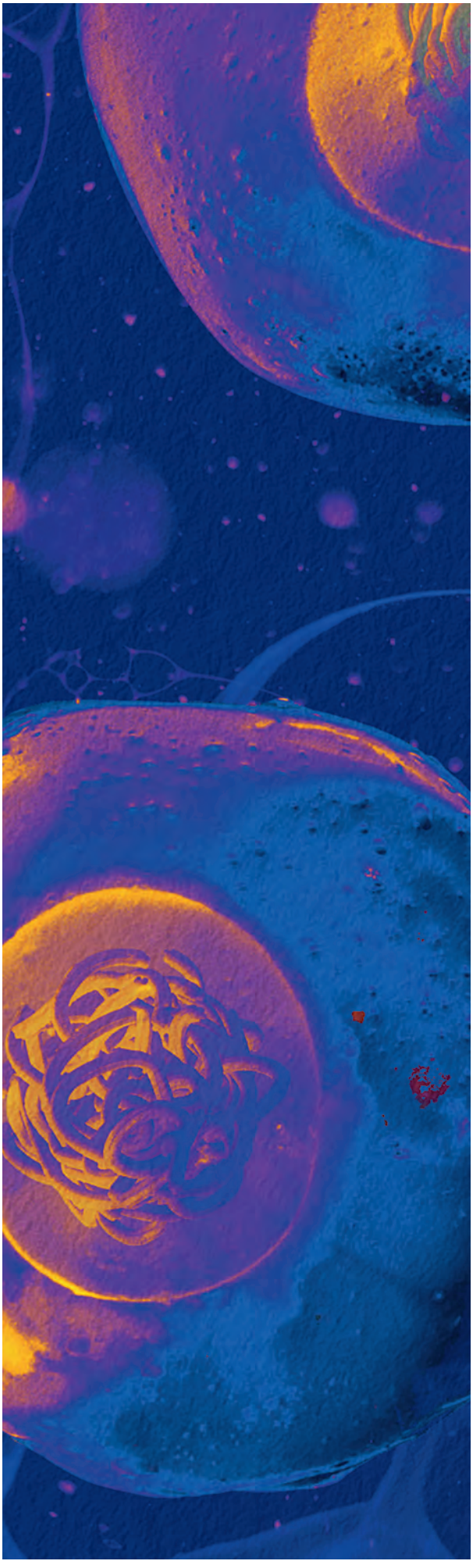
To design these therapies, Transgene integrates within the genome of a patented virus the genetic sequences encoding the therapies that will be produced during viral replication, directly in the tumor.

The objective is to improve the therapeutic efficacy while limiting the side effects for the patient.

Discover TG6050's MoA

More information about Invir.IO®





Environmental and social responsibility (ESG)

Developing innovative cancer treatments that address high unmet medical needs.

rse

Our mission carries the values of ESG in itself. Transgene has always paid particular attention to ESG promoting the values of humanism, citizenship and respect for the environment.

An ESG report is presented in chapter four of this document.

1

PRESENTATION OF TRANSGENE AND ITS BUSINESS

1.1 SELECTED FINANCIAL DATA

(in € thousands, except for shares and per share data) *(Consolidated financial statements, IFRS)*	Dec. 31, 2022 IFRS	Dec. 31, 2021 IFRS	Dec. 31, 2020 IFRS
INCOME STATEMENT DATA			
Operating income	**10,344**	**17,413**	**9,915**
Research and development expenses	(32,168)	(32,883)	(27,346)
General and administrative expenses	(7,912)	(7,369)	(6,547)
Other expenses	(168)	(686)	(15)
Operating expenses	**(40,248)**	**(40,938)**	**(33,908)**
Operating income/(loss)	**(29,904)**	**(23,525)**	**(23,993)**
Financial income/(loss)	(2,900)	3,989	6,762
Income from equity affiliates	-	-	-
Income/(loss) before tax	**(32,804)**	**(19,536)**	**(17,231)**
Income tax expense	-	-	-
Net income/(loss)	**(32,804)**	**(19,536)**	**(17,231)**
Basic earnings per share	(0.33)	(0.21)	(0.21)
Diluted earnings per share	(0.33)	(0.21)	(0.21)
Number of shares outstanding	100,204,071	97,771,334	83,841,334
Cash, cash equivalents and other current financial assets	26,826	49,569	26,354
Total assets	66,436	101,838	85,453
Equity	37,841	67,209	50,716
Net cash flow generated by/(used in) operational activities	(20,303)	(25,909)	(22,123)

1.2 PRESENTATION OF THE COMPANY AND ITS BUSINESS

1.2.1 General business overview

Transgene is a biotechnology Company that designs and develops immunotherapy products against cancer. These therapies stimulate the immune defenses of patients in order to specifically target cancer cells.

To achieve this goal, Transgene integrates a comprehensive therapeutic arsenal within optimized viruses (also called viral vectors). Each part of these constructs plays a role in eliminating the tumor. This arsenal consists of genetic sequences called transgenes.

The Company has **two technology platforms** utilizing viral vector engineering: **therapeutic vaccines** and **oncolytic viruses**.

Transgene has a portfolio of products in clinical development:

- **TG4050**, an individualized therapeutic vaccine from the *myvac*® platform;
- **TG4001**, a therapeutic vaccine against human papillomavirus (HPV)-positive cancers;
- **TG6002**, an oncolytic virus enabling a chemotherapy to be produced directly in the tumor;
- **BT-001**, an oncolytic virus from the Invir.IO® platform, expressing an anti-CTLA-4 antibody;
- **TG6050**, an oncolytic virus derived from Invir.IO® designed to express IL-12 and administered intravenously.

With ***myvac***®, Transgene has developed an innovative platform to create individualized immunotherapies based on **neoantigens**, which are specific mutations that are found in the tumors of each patient. To select these neoantigens and personalize **TG4050**, Transgene relies on the artificial intelligence (AI) capabilities of its partner **NEC**, a world leader in information technologies. The first clinical data are promising. This candidate aims to prevent recurrence and prolong the period of remission after surgery and adjuvant treatment.

TG4001 is Transgene's most advanced drug candidate, currently in a randomized Phase II trial. It targets a major medical need.

With its proprietary **Invir.IO**® platform, Transgene builds on its viral vector engineering expertise to design a new generation of multi-functional oncolytic viruses.

Transgene and **AstraZeneca** have been working together since 2019 to co-develop five multi-armed oncolytic viruses from this platform. This research agreement includes a license option, which may be exercised by the pharmaceutical Company for each of these drug candidates. In December 2021, AstraZeneca exercised an option to license a first oncolytic virus.

In collaboration with BioInvent, Transgene is developing **BT-001**, an oncolytic virus armed with an anti-CTLA-4 antibody and the cytokine GM-CSF. Given intratumorally, it will be combined with pembrolizumab in 2023. With **TG6050**, Transgene capitalizes on its Invir.IO® platform to express interleukin-12 (IL-12) and an anti-CTLA-4 antibody. This candidate will be administered intravenously.

Transgene also conducts other research programs based on its viral vector technology and aimed at supporting the development of its candidates.

The Company is based in Strasbourg and is listed on the regulated market of Euronext in Paris (compartment B).

1.2.1.1 Business model and strategy

Transgene seeks to obtain proof of concept for its drug candidates in order to find partners capable of continuing their development to market

As a biotechnology Company, Transgene designs and develops immunotherapy products (drug candidates or product candidates) against cancer. The Company has several drug candidates and two technological platforms (*myvac*® and Invir.IO®) deriving from its know-how in bioengineering.

Its business model consists of obtaining the proof of concept for the clinical efficacy or for the potential of its products, primarily in order to license or sell the rights to pharmaceutical partners able to add value to them and handle their clinical development up to and through the marketing phase.

This search for a partner can be done on the basis of clinical results (Phase I/II), or on a preclinical proof of concept, as part of global or regional agreements. In exceptional cases, Transgene may be required to conduct Phase III clinical trials or carry out the clinical development of a drug candidate up to the application for marketing authorization.

We develop new technologies that will be integrated into tomorrow's therapeutic arsenal

Cancer treatment has improved with the approval of immunotherapies. One of the approaches has been to improve the targeting of these tumors by taking into account their specific characteristics, such as type of tissue affected, genetic and immunological profiles, stage of growth, etc.

The *myvac*® and Invir.IO® platforms meet this challenge with novel approaches, respectively by attacking the tumor on several fronts and by training patients' immune system to recognize their own tumor. The personalized immunotherapies *of myvac*® and the multi-armed oncolytic viruses of Invir.IO® were designed to be part of the therapeutic arsenal of tomorrow.

1.2.1.2 Main characteristics of the business

All of the Company's activities relate to the research and development of innovative therapies.

Transgene owns an extensive intellectual property portfolio, that protects research and development activities (see Section 1.5).

Technological platform: Our viral vectors technology enables us to design drug candidates (investigational drugs)

Transgene utilizes viral vectors in which tailored gene sequences (transgenes) have been inserted. The virus acts as a vector to bring these sequences into the tissues where the immune response is triggered and where the desired therapeutic modalities will be expressed. Transgene uses highly attenuated viral strains, optimized to target tumor cells and whose safety profile is recognized.

Transgene's viral vector technology and know-how are the result of several decades of research. Today, we have an in-depth and extensive understanding of them. They are key proprietary competitive advantages for Transgene through the Invir.IO® and *myvac*® technology platforms. This R&D process notably allows the design of new drug candidates that have the potential to enter preclinical and clinical development.

Vectors and gene transfer

Genes are sequences of DNA and can be found in every cell. They supply the information necessary to produce proteins. The production of proteins starts in the cell's nucleus when the gene is copied. This process, called gene expression, results in the cells producing the protein.

To be effective, a vector must be able to:

- transport the transgene of interest;
- transfer the gene to a sufficient number of target cells; and
- allow gene expression to produce the therapeutic protein over a sufficiently long period to ensure the success of the treatment or stimulation of the immune system.

The selected type of vector must also be safe.

Transgene's research in molecular biology techniques for gene transfer has led to the development of various vector technologies. Transgene's research programs on vector technology aim to provide vectors with features that will optimize their performance and safety through:

- the ability to insert the transgene into the genome site of the most appropriate vector;
- the generation of viral vectors able to, when necessary, multiply selectively in the tumors, thereby locally increasing the therapeutic protein level delivered by the transgene, and the ability to be repeatedly administered by a systemic route (intravenous perfusion) and not only intra-tumorally or sub-cutaneously;
- the ability to alter the tumor microenvironment in order to maximize the efficacy of the immune response; and
- the search for potential interactions by combining different vectors, for more effective vaccination protocols.

The poxvirus family of viruses includes the *vaccinia* virus, a non-human virus, which has been attenuated and used in "preventive" smallpox vaccination. They meet the aforementioned criteria in a very satisfactory manner.

The large capacity of the genome of the *vaccinia* virus makes it an especially interesting platform, since it is possible to insert many transgenes into it while ensuring the stability of its genome.

Transgene's lead drug candidates depend on various strains of poxviruses, including MVA (Modified *Vaccinia* Ankara) for the therapeutic vaccines and the *vaccinia* viruses, in particular the Copenhagen strain, for the oncolytic viruses.

Vaccine-based immunotherapy

In 2022, therapeutic vaccines have emerged as one of the most promising immunotherapy methods.

For its therapeutic vaccines, Transgene has developed vectors based on the MVA strain, which does not spread in human cells. This strain is thus particularly safe, as demonstrated by its intensive use as a human smallpox vaccine. The MVA vector was tested in Phase II clinical trials of anticancer vaccines. It showed high tolerability and an ability to induce a strong and broad immune response (see Section 1.2.2.1).

Transgene launched *myvac*® in 2018 and treated the first patient in 2020 with the individualized product TG4050. With this platform, the Company enters the field of individualized immunotherapy. Our approach is based on the clinically validated MVA viral vector. The *myvac*® products are designed to stimulate and educate the immune system against a patient's cancer by using the genetic mutations specific to his or her tumor (neoantigens). Once they have been identified through sequencing and selected using AI technology, several neoantigens are then incorporated into the genome of the viral vector. Two Phase I clinical trials of TG4050, the first candidate product derived from *myvac*® are under way. Interim data from these trials confirms their major potential.

Transgene is also developing TG4001, a therapeutic vaccine targeting cancers caused by the HPV. It is undergoing a Phase II clinical trial.

The Company developed a *vaccinia* virus that carries a gene of the rabies virus capable of vaccinating wild animals, against rabies by scattering vaccine-impregnated bait. This product is marketed today by Boehringer Ingelheim under the name Raboral V-RG®.

Oncolytic immunotherapy

Oncolytic immunotherapy is a new class of anticancer treatments. Transgene was one of the pioneers in the development of these approaches.

Oncolytic viruses replicate in cancer cells, leading to the destruction of these cells. They do not replicate in healthy cells. This mechanism differs from conventional treatments such as chemotherapy, antibodies and radiation therapy. Oncolytic products can therefore be used in combination with these treatments or in monotherapy.

Transgene's oncolytic virus program focuses on new generations of *vaccinia* viruses, some of whose genes have been suppressed to increase tolerance while maintaining efficacy and their capacity to stimulate the immune system. In addition, these viruses can be armed with multiple payloads to modify the immune response in the tumor microenvironment.

Launched in 2017, the Invir.IO® platform (see Section 1.2.2.2) is part of this research. This technology platform makes it possible to develop a new generation of multifunctional oncolytic viruses targeting the tumor microenvironment. This platform relies on a patented strain of *vaccinia* virus ($VV_{COP}TK^{-}RR^{-}$) into which a wide variety of transgenes (such as enzymes, antibodies and cytokines) can be integrated.

A number of projects are based on the Invir.IO® platform, including:

- BT-001 and TG6050. These product candidates are currently undergoing clinical development;
- five oncolytic viruses developed by Transgene for AstraZeneca under the collaboration agreement with licensing options;
- several proprietary oncolytic viruses designed by Transgene on its own behalf or as part of partnerships, which are undergoing preclinical evaluation.

Integrated skills from preclinical to clinical development

Transgene's portfolio consists of several products in preclinical and clinical development. They are being evaluated for the treatment of cancers in various stages of the disease for which there is an important medical need.

Transgene has all the capabilities needed to conduct the different steps of preclinical and clinical development of its drug candidates and respects regulation.

Preclinical tests aim at evaluating, *in vitro* and *in vivo,* the safety and the efficacy potential of the products. They are undertaken by Transgene or in collaboration with partners or subcontractors. The purpose of clinical trials is to assess the safety and efficacy of the product in patients (so-called Phase I, Phase II and Phase III trials).

The different clinical trials (or studies)

In oncology, clinical trials are conducted on patients. They are always volunteers, duly informed, who can leave the trial if they wish. For several years in oncology, the boundaries between the different phases of clinical trials have become increasingly fuzzy. Trials may thus combine several phases, for example Phase I/II trials. The descriptions below cover the general scope of clinical trials and do not strictly apply to all Transgene clinical trials.

Phase I: first stage of testing a drug in humans. The Phase I study tests treatment on a small number of patients mainly in order to evaluate safety and the recommended dose to use in Phase II.

Phase II: Phase II clinical trials include a larger number of patients than Phase I and are designed to assess the safety, dose effect and sometimes the efficacy of new treatments. Some immuno-oncology treatments have been authorized after extremely positive Phase II results in an indication of high medical need, subject to launching a Phase III trial.

Phase III: Phase III clinical trials can involve hundreds or thousands of patients, depending on the disease, and are designed to evaluate the safety and efficacy of a drug in a controlled setting. The success of a Phase III trial generally leads to the filing of a marketing authorization required to bring the drug to market.

Our immunotherapies can be used as single agents or in combination with other approved or investigational treatments such as Immune checkpoint inhibitors (ICIs) or chemotherapy.

Production capacity

Transgene has a production unit called PilotClin. This pilot facility can manufacture small clinical batches that comply with GMP standards, in particular for Phase I or II clinical trials. It was also designed to meet the tailored or specific production needs of *myvac*® or Invir.IO® projects.

Open innovation and collaboration

Transgene participates in collaborative programs with public and private partners, in France and internationally. The aim of these collaborations between our staff and the scientific and medical community is to develop our R&D expertise and our portfolio of products and processes, while increasing their visibility and, if possible, to generate income or to share costs. These collaboration agreements also serve as ways to validate our approaches and as such are crucial to increasing the attractiveness of the products to potential commercial partners.

Several collaborations are moving forward, including in particular:

- **with NEC**. This collaboration allows NEC to share its AI technology. It calls for selecting and ranking the most worthwhile tumor mutations so as to stimulate an immune reaction against the tumors. NEC is also funding 50% of the cost of the two Phase I clinical trials of TG4050;
- **with AstraZeneca**. The goal of this collaborative research agreement is to co-develop five multi-armed oncolytic viruses from the Invir.IO® platform. Transgene received $10 million at signature (2019), and $8 million following the exercise of a first option on an oncolytic virus (2021), to which payments could be added upon completion of preclinical stages and the exercise of options for each other candidate selected by AstraZeneca, as well as milestone payments related to development and marketing, and royalties;
- **with BioInvent**. A first oncolytic virus coding for an anti-CTLA-4 antibody from BioInvent and the GM-CSF cytokine is currently being evaluated in a Phase I/IIa clinical trial in Europe and in the United States. Transgene and BioInvent each contribute 50% of the costs entailed in this collaboration;
- **with PersonGen**. This collaboration, launched in 2022, aims to evaluate the feasibility and efficacy of combination regimen associating an oncolytic virus, derived from the Invir.IO® platform, administered intravenously, with the injection of PersonGen's TAA06 CAR-T cells. This combination will be evaluated in preclinical models on solid cancers, in particular pancreatic cancer and glioma;
- within the French **NEOVIVA** consortium. In March 2019, the NEOVIVA project, which supports development of the *myvac*® platform, was selected by Bpifrance for its Investments for the Future program. The project benefits from Bpifrance financing and supplements the collaboration between Transgene and NEC;
- as part of the cancer research consortium **PERSIST-SEQ**. This consortium, which was launched in September 2021, aims to build a reproducible single-cell sequencing workflow to better understand the mechanisms of treatment persistence in tumors;
- within the framework of the European consortium **ImSavar**. This consortium brings together manufacturers and academic institutions to develop new preclinical models that are better suited and more predictive than the current animal models.

Transgene's activity is highly regulated

Both preclinical and clinical pharmaceutical development as well as pharmaceutical manufacturing, including plant and equipment, and marketing, are all subject to complex and demanding regulations developed by many governmental authorities at the national and at the European level, and in the United States. The European Medicines Agency (EMA), the *Agence nationale de sécurité du médicament et des produits de santé* (ANSM) (French medicines agency), the U.S. Food and Drug Administration (FDA) and other regulators require compliance with strict conditions for the manufacturing, development and marketing of products such as those developed by Transgene, especially at the preclinical and clinical stages.

The information required for authorizations of clinical trials or for marketing must meet ethical, quality, safety and efficacy requirements for human use.

Requests for clinical trials are carried out at national level following an evaluation by at least one health authority and one ethics committee. Within the European Union, this assessment can be partly coordinated. Requests for authorization of clinical trials are carried out at the national level and can require several approvals from clinical centers.

In the European Union, there is a "centralized" procedure for obtaining marketing authorization for biotechnology products, thereby avoiding a separate submission to each Member State. In the United States and the European Union, the average time required to obtain this authorization is approximately one year from the date the request is submitted.

1.2.2 Overview of platforms and main products

Transgene's product portfolio includes therapeutic vaccines and oncolytic viruses. The following table summarizes the progress of Transgene's portfolio as of the date of this Registration Document:

Product	Target/transgene	Indication	Collaboration	Preclinical	Phase I	Phase II	Phase III
THERAPEUTIC VACCINES							
myvac TG4050	30 neoantigens	Ovarian cancer	Orchestrating a brighter world NEC				
		Head and neck cancers	Orchestrating a brighter world NEC				
TG4001	HPV16 E6 – E7	Anogenital HPV+ cancers	MERCK Pfizer				
ONCOLYTIC VIRUSES (OVs)							
TG6002	5-FU chemotherapy	Gastro-intestinal cancers (IV*)					
		Colorectal cancer (IHA*)					
invir.io BT-001	Anti-CTLA4 + GM-CSF	Solid tumors	BioInvent MSD				
TG6050	IL-12 + Anti-CTLA4	Non-small cell lung cancer (IV*)					
5 OVs	Undisclosed (1 option exercised)	Solid tumors	AstraZeneca				
OV	Undisclosed (CAR-T combination)	Solid tumors	博生吉 PersonGen				

* IV: intravenous administration, IHA: intrahepatic artery administration

1.2.2.1 Therapeutic vaccines

The primary target markets of these candidate products are detailed in Section 1.2.6 of this document.

Inducing a targeted, robust and durable immune response

The purpose of therapeutic vaccines is to trigger a cascade of immune responses that result in the production of immune cells, including T cells able to recognize and destroy cancer cells.

By integrating genetic sequences specific to cancer cells into the genome of a viral vector, we use the strong sensitivity of the immune system to viruses to induce a response against specific antigens of tumor cells. Transgene uses the viral vector MVA (Modified *Vaccinia* Ankara), a viral strain recognized for its good safety profile and its immunogenicity.

The main therapeutic vaccines currently in clinical development are TG4050, an individualized immunotherapy based on the *myvac*® platform and TG4001, which targets HPV-positive cancers.

myvac®: an innovative individualized immunotherapy that uses Artificial Intelligence technology to personalize each patient's treatment

With the *myvac*® platform, Transgene is entering the field of individualized immunotherapy and precision medicine. Our approach is based on the MVA viral vector. The *myvac*® products format designed to stimulate and educate the immune system against a patient's cancer by targeting the genetic mutations specific to his or her tumor (neoantigens). This approach has the advantage of an optimized process allowing a production time compatible with the clinical care of patients. With *myvac*®, Transgene overcame several scientific and technical challenges. The Company set up an innovative workflow that combines bioengineering, digital transformation, established vectorization know-how and unique manufacturing capabilities.

The aim of this platform is to generate several drug candidates that can be administered alone or in combination with other approaches.

TG4050 is the first drug candidate from the *myvac*® platform; interim data from the two ongoing Phase I trials confirm the strong potential of this personalized therapeutic vaccine. On the basis of the data obtained, a Phase II trial is being prepared with the aim of redefining the treatments available to patients targeted.

An individualized, MVA-based vaccine

The *myvac*® platform is based on an MVA vector whose safety, biological activity and ability to induce an immune response against tumor antigens are established and recognized. The MVA can also induce a broadening of the anti-tumor immune repertoire, known as epitope spreading.

The data generated by the ongoing trials confirm the safety and strong immunogenicity of this approach.

Artificial intelligence to select the most pertinent mutations.

The design of the TG4050 vaccine is based on the integration, into a viral vector, of neoantigens identified among hundreds of mutations present in the genome of the patient's tumor cells. Once identified by sequencing, the mutations of vaccine interest are selected using the power of NEC's AI technologies. Up to 30 mutations are integrated into the genome of the viral vector.

The neoantigen prediction system is based on AI expertise that goes back more than 20 years, already used in oncology.

The initial training of the system was made possible by the availability of a large public and private database that allows it to prioritize and select with precision the most immunogenic sequences. The system is then constantly improved on the basis of the observations made in the patients treated.

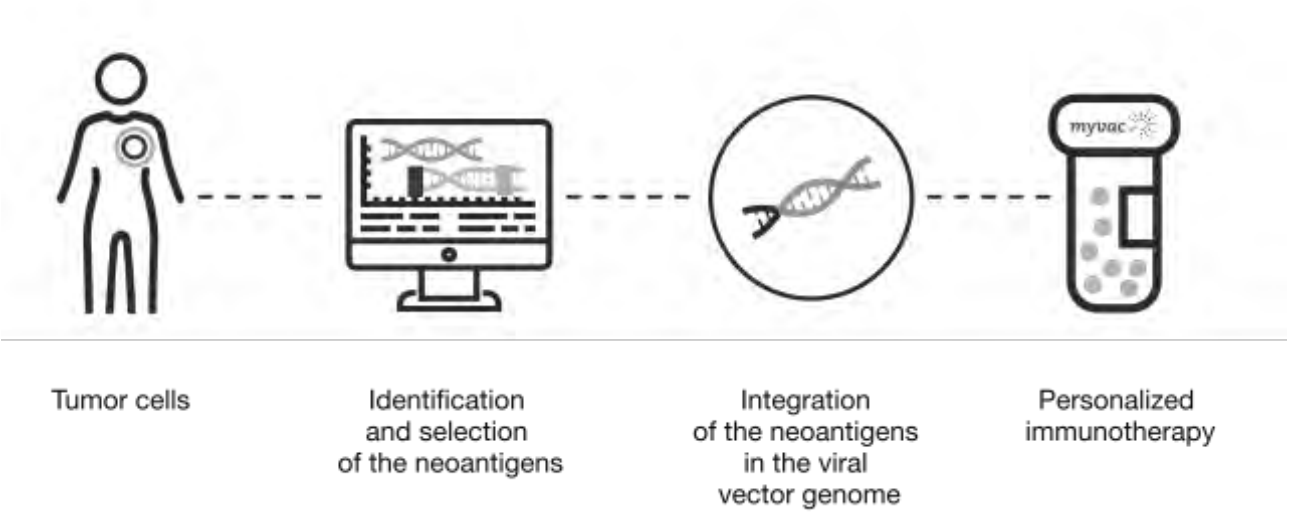
Thus, when *myvac*® is administered to the patient, it triggers a cascade of immune responses against these different targets present in the cancer cells.

Transgene and NEC presented data demonstrating that the prediction algorithm used to personalize TG4050 for each patient is able to accurately identify immunogenic tumoral mutations, even among a large number of tumoral mutations identified in the patient.[(1)] These results demonstrate the superiority of our approach in terms of specificity compared to reference tools. Transgene believes that this advantage could result in increased activity in patients.

A pilot manufacturing site to GMP standards

A production unit, PilotClin, dedicated in particular to individualized clinical batches of TG4050, was created on the Strasbourg (Illkirch) site. It complies with the pharmaceutical manufacturing standards and supplied the doses necessary to its clinical development.

The different stages in the production of myvac®



Consortium agreement

The implementation of new-generation vaccines requires the existence of a technological ecosystem to allow clinicians to best select the patients most able to benefit from this type of approach and to implement the process enabling the characterization of the patient and the availability of the product. To prepare such an environment, Transgene has formed a collaborative network enabling the establishment of a technological ecosystem.

An innovative project, NEOVIVA, received certification from BioValley France, the Grand Est Region Healthcare Competitiveness Cluster, and Eurobiomed. Transgene holds the intellectual property for the *myvac*® viral platform and works actively on the translational development of this innovative technology, particularly as part of the project with French partners, including the Institut Curie.

(1) B. Mallone et al., "Performance of neoantigen prediction for the design of TG4050, a patient specific neoantigen cancer vaccine," AACR 2020, June 22-24, 2020, Poster presentation.

The NEOVIVA project will receive a €5.2 million grant from the PIA (*Programme d'Investissements d'Avenir*) run by Bpifrance, of which Transgene will receive €2.6 million. The payments are staggered over the five-year duration of the program.

TG4050: the new generation of individualized vaccine – Phase I

TG4050 is an individualized immunotherapy designed to stimulate the immune system of patients in order to induce a response that is able to recognize and destroy tumor cells in a specific manner. This individualized immunotherapy is designed and manufactured for each patient, on the basis of the mutations specific to his or her tumor. These mutations are identified by sequencing the tumor tissue and are prioritized using the NEC Antigen Prediction System, then integrated into the myvac® technology platform (see above). This individualized immunotherapy is produced for each patient in a timeframe compatible with the clinical trial requirements.

Partnership with NEC

The development of TG4050 is based on a strategic partnership between NEC and Transgene. By providing its AI and machine learning capabilities, its databases and its expertise in prioritizing neoantigens, NEC is supplying Transgene with an essential component for TG4050. The quality and robustness of NEC's AI give Transgene a strong competitive advantage.

In addition, NEC is also funding 50% of the cost of the two Phase I clinical trials of TG4050.

Innovative and patented genetic engineering technologies

The *myvac*® viral vector is based on an MVA, optimized to increase the expression of antigens and their presentation to the immune system. Transgene has also developed VacDesignR™, a tool for optimized insertion of neoantigen sequences into the vector genome.

Description and mechanism of action

TG4050 is a therapeutic vaccine "customized" for each patient, depending on the mutations identified in his or her tumor. These mutations may lead to the expression of tumor neoantigens that are especially useful targets for the tumor-fighting immune response. These neoantigens are known to stimulate a stronger immune response than the "classic" tumor antigens because their expression is limited to the tumor and therefore do not have immune tolerance.

Once identified by sequencing and selected using AI algorithms, up to 30 neoantigens are integrated into the genome of the *myvac*® viral vector.

Thus, when TG4050 is administered to the patient, it triggers a cascade of immune responses against a range of targets present in cancer cells.

Lead therapeutic indication

The purpose of TG4050 is to prevent relapse and/or prolong the period of remission in an adjuvant situation after surgical resection.

Ongoing clinical trial – HPV-negative head & neck cancers – Phase I

A Phase I trial of TG4050 is being conducted among patients with locally advanced, newly diagnosed HPV-negative cancers of the head and neck after surgical resection and adjuvant treatment. To date, patients suffering from these cancers have no effective treatment to prevent disease recurrence. Patients with the most advanced stages of cancer will see a return of the disease within a year following the initial treatment. In this randomized trial, half of the participants receive the therapeutic vaccine immediately after completing the adjuvant treatment. The other half will receive it when the disease recurs, in addition to the standard treatment. In both cases, TG4050 is administered with the aim of initiating a strong immune response in the patient against the cancer cells.

The trial began in 2020 and the first patient received treatment in early 2021. All patients were enrolled. Transgene plans to include 30 patients in this trial. The start of treatment for the last patient is expected in H1 2023.

This two-arm, randomized, open, multi-center trial includes patients in the United Kingdom, United States and France.

In France, the trial is conducted by Prof. Delord at the IUCT-Oncopole de Toulouse and by Prof. Le Tourneau at the Institut Curie. In the United Kingdom, the trial is coordinated by Prof. Ottensmeier of the Clatterbridge Cancer Center in Liverpool. In the United States, the trial is coordinated by Dr. Zhao at the Mayo Clinic.

This clinical trial is sponsored by Transgene and co-financed with NEC.

Ongoing clinical trial – ovarian cancer – Phase I

This Phase I trial involves the administration of TG4050 to patients with ovarian cancer who have undergone surgery and (neo-) adjuvant chemotherapy. A significant fraction of these patients will experience a relapse of the disease after the initial treatment. TG4050 is administered at the first signs of asymptomatic recurrence in order to initiate a strong immune response in the patient against the cancer cells and potentially prevent progression to a more severe relapse.

The trial began in January 2020, and the first patient was treated that same year. Transgene plans to administer its personalized treatment to 13 patients in this trial. Although the enrollments have been completed, the start of their treatment is greatly delayed by the recent approval of PARP inhibitors, which extend the time to relapse, a necessary condition for receiving treatment. At the date of this document, 5 patients have been treated.

This multi-center, one-arm trial is taking place in the United States and France.

Dr. Matthew Block, an immunologist and medical oncologist at the Mayo Clinic, is conducting the trial in the United States. In France, the trial is being conducted by Dr. Martinez at the Oncopole de Toulouse and by Prof. Le Tourneau at the Institut Curie.

This clinical trial is sponsored by Transgene, and is co-financed with NEC.

Key results

The primary endpoints for these trials are safety and feasibility. Secondary endpoints include the biological activity of the TG4050 vaccine.

New immunological and clinical data from the two clinical trials were presented at the ASCO Congress (June 2022) and in September 2022.

The data generated at the end of August 2022 are in line with previous results. They demonstrate the significant potential of this individualized immunotherapy against head and neck cancer and ovarian cancer.

- In the head and neck cancer trial, 20 out of 30 patients were randomized by the end of August 2022. At this date, the ten evaluable patients who immediately received TG4050 (arm A) remained stable and with a complete response. Of the ten patients in the control arm, who are being monitored and have not received the vaccine (arm B), two have experienced relapse.
- In the ovarian cancer trial (n=5), a patient treated after an elevation of CA-125 experienced normalization of CA-125 without clinical progression for nine months until death due to an unrelated chronic disease. Another patient was treated as soon as the radiological signs of relapse appeared, and remained stable for 11.4 months.
- TG4050 is well tolerated; no serious adverse events were reported in the two studies.

Stimulation of the immune system by the vaccine is associated with the regression of the disease.

- The quantification of circulating immune cells (in particular monocytes, dendritic cells, NK cells, CD8 and CD4 subpopulations, Treg) and the expression of immune checkpoints (ICOS and PD1) suggest that the vaccine is able to induce effectively, providing both innate and adaptive immune responses in patients.
- In a patient with ovarian cancer, clinical resolution and biological responses (measurement of CA-125 and CtDNA) were associated with an immune response against numerous epitopes and the appearance of markers representative of an effective immune response (maturation of circulating CD4 and CD8 cells to an effector phenotype, increase in CD16neg NK cells, peak circulating cytokines).
- All developed a robust T-cell response against several targeted mutations (neoantigens) with a median of 10 positive responses per patient, T-cell responses were observed for class I and class II epitopes, with *de novo* responses and amplifications of pre-existing responses.

Next stages of development

Transgene plans to communicate new data on these trials at the AACR conference in April 2023.

The Company is preparing a Phase II trial in head and neck cancer. The positive data from this future trial could be used for a potential registration of TG4050.

Marketing outlook

The Company has not set a possible date for commercial launch.

TG4001: HPV-16 positive cancers including head and neck cancer – Phase II

TG4001 is a therapeutic vaccine targeting the human papilloma virus (HPV-16), including some cancers of the oropharynx and the majority of anogenital cancers. TG4001 has been administered to more than 300 subjects. It has demonstrated good tolerability, a significant HPV clearance rate and promising efficacy results in several clinical trials. TG4001's mechanism of action and safety profile make it very suitable for use in combination with other therapies.

With TG4001, Transgene aims to provide a new solution to patients with very limited second-line treatment options.

Description and mechanism of action

TG4001 is a therapeutic vaccine designed from a highly attenuated, non-replicative *vaccinia* virus (MVA). It expresses the E6 and E7 antigens of the HPV-16 virus and interleukin-2 (IL-2), which stimulates immune responses. TG4001 was designed to act against cells carrying the E6 and E7 antigens of HPV-16 in a twofold manner: training the immune system to recognize and kill specifically those cells and, due to IL-2, stimulating the immune system. Its good safety profile was observed in all clinical trials conducted to date.

Lead therapeutic indication

HPV-16 positive recurrent/metastatic cancers.

Development is currently being conducted in combination with an ICI, avelumab.

Clinical collaboration agreement

Clinical collaboration with the Merck KGaA/EMD Serono and Pfizer alliance, which supplies avelumab, an ICI of the human anti-PD-L1 monoclonal antibody type, for the Phase Ib/II trial described below (see also Section 1.2.3).

Ongoing clinical trial – HPV-16 positive cancers – Phase Ib/II

In 2017, Transgene began a Phase Ib/II clinical trial to assess the potential of the therapeutic vaccine TG4001 in combination with avelumab in patients with recurrent or metastatic HPV-16 positive tumors.

Transgene is the trial sponsor. The principal investigator is Professor Le Tourneau of the Institut Curie.

Promising results – Part 1: Phase Ib/II

In 2020, Transgene presented at two scientific and medical congresses [(1)] results showing a pronounced clinical antitumor activity of the combination of TG4001 and avelumab. These results are based on a pooled analysis of data from 34 evaluable Phase Ib/II patients with oropharyngeal, anal, cervix or other HPV-16 positive cancers.

The objective of this exploratory study was to evaluate the safety and efficacy of the combination of TG4001 and an ICI in a heterogeneous group of patients treated for their recurrent/metastatic disease with aggressive HPV-16 positive cancers, at an advanced stage.

Main results of the Phase Ib/II trial of TG4001 and avelumab at end-September 2021:

- **the combination of TG4001 and avelumab demonstrated a clinically relevant anti-tumor activity (22% response rate)** in patients with previously treated recurrent and/or metastatic HPV-related cancers;
- **presence of liver metastases has a notable impact on outcome** in terms of objective response rate (ORR) and progression-free survival (PFS). In patients without liver metastases, **an ORR of 32% and a median PFS of 5.6 months were achieved. Median survival was 13.3 months;**
- **treatment induces an immune response of T cells specific to HPV**. It is associated with the increase in lymphocytic infiltrates within the tumor, and the increase in the expression of genes associated with the activation of the immune system.

An overall response rate of 22% was achieved in the 36 evaluable patients. Eight patients responded positively: one complete response and seven partial responses were observed (according to RECIST 1.1 criteria). Responses were obtained for all types of primary tumors, regardless of the number of lines of previous treatments. These results compare favorably with checkpoint inhibitors administered alone.

In patients without liver metastases (n=25), the ORR was 32%, and the median PFS was 5.6 months compared with an ORR of 0% and a PFS of 1.4 months for patients with liver metastases (n=11). The presence of liver metastases was therefore identified, during the analysis of the trial data, as having a significant negative impact on the clinical results. The presence of liver metastases is generally associated with an unfavorable prognosis even when these patients are treated with an anti-PD-1/PD-L1.

The treatment is able to modulate the tumor microenvironment and induce a "warming" of the tumor phenotype. Seven out of the eleven patients that could be evaluated developed a vaccine-induced T cell response against the E6 and/or E7 antigens. This response, noted from the 43rd day, was still present six months after the start of treatment. These results support previous findings on long-term control of the disease. An increase in CD3 and CD8 T-cell infiltrates, as well as in PD-L1 expression, was observed in most patients after 43 days of treatment with TG4001 and avelumab. In the overall patient population, these three parameters were higher after treatment. Moreover, analysis of the gene expression profile within the tumor revealed an increase in the expression of immune genes between the beginning and the 43rd treatment day. These genes are involved in immune system activities such as antigen processing and the effector and cytotoxic functions of T cells.

In line with previous data from Phase Ib, the safety of the combination of TG4001 and avelumab was confirmed. The most common treatment-related adverse reactions (TRAE) were general disorders (fever) and injection site reactions (rash).

Initial promising efficacy data were obtained in the Phase Ib part of the trial. These data have been presented in a poster at the European Society for Medical Oncology (ESMO) 2019 Congress.

All of this data supports the continued clinical development of TG4001.

Extension of the clinical trial – Part 2: Phase II randomized controlled trial

Transgene has amended the protocol of the trial in order to rapidly launch a randomized Phase II trial. This trial, called Phase II part 2, benefits from the support of Merck KGaA and Pfizer, which supply avelumab; Transgene retains all rights to TG4001.

The Phase II part 2 study aims to compare the combination of TG4001 with avelumab *versus* avelumab alone in HPV-16 positives anogenital cancers. This trial focuses on patients without liver metastases, as this population has previously been identified as responding better to treatment.

The first patient was enrolled in June 2021. The trial is recruiting patients in Europe (France and Spain) and was initiated in the United States.

The primary endpoint of the trial is PFS. Secondary endpoints include ORR, disease control rate (DCR), overall survival (OS) and other immunological parameters.

(1) Le Tourneau et al., "TG4001 (Tipapkinogene sovacivec) and avelumab for recurrent/metastatic (R/M) Human Papilloma Virus (HPV) – 16+ cancers: clinical efficacy and immunogenicity". 2020 SITC Annual Meeting, November 9-11, 2020, Poster presentation – Le Tourneau et al. "TG4001 therapeutic vaccination combined with PD-L1 blocker avelumab remodels the tumor microenvironment (TME) and drives antitumor responses in Human Papillomavirus (HPV)+ malignancies". 2020 ESMO IO meeting, December 12, 2020, mini oral presentation.

Positive results of the interim analysis

In November 2022, Transgene announced that, following a prespecified interim analysis, the independent data monitoring committee recommended the continuation of the study.

On the basis of progression-free survival and positive efficacy signals observed in the interim analysis, a total of 120 patients will be randomized in this trial, compared to the initial forecast of 150 patients.

The positive result of the interim analysis highlights the potential of Transgene's therapeutic vaccine platform based on the MVA viral vector.

Results obtained in a previous trial – CIN 2/3 – Phase IIb

Solid proof of concept was obtained in a Phase IIb study among patients with precancerous lesions of the cervix (intra-epithelial neoplasia CIN 2/3).

This randomized trial, which included 192 patients, compared the administration of TG4001 in monotherapy with a placebo. 129 women had received TG4001, and 63 the placebo.

- After a 30-month follow-up period, resolutions (1) were significantly more numerous among the CIN 2/3 patients treated with TG4001 than in the placebo arm (24% *versus* 10%, $p < 0.05$), regardless of the type of papillomavirus identified in the patient.
- Viral clearance (elimination of the virus) was higher in the experimental group than in the placebo group, regardless of the strain of HPV detected at the start of the treatment ($p < 0.01$).
- TG4001 was also well tolerated, with reactions at the injection site being the most frequent side effects.

These results were published in 2019 in *GyneCologic Oncology* by Dr. D.M. Harper of the University of Michigan.

They provided solid proof of concept of the activity of the product in an HPV-positive pathology and, in this respect, are extremely encouraging for TG4001 and the entire MVA platform.

Next stages of development

Transgene plans to randomize the last patient in the Phase II trial in the first half of 2024, with final results communicated in 2024.

Based on the positive outcome of the interim analysis, we are already working on the initial design of a potentially registrational trial to further confirm the benefit of this therapeutic vaccine.

Marketing outlook

The Company has not set a possible date for commercial launch.

1.2.2.2 Oncolytic immunotherapy

Selectively destroying cancer cells

Oncolytic viruses are a particularly innovative therapeutic class that offers promise in the fight against cancer.

They replicate in a targeted manner in the tumor where they destroy the cancer cells by cell lysis (or oncolysis), causing the release of tumor antigens thus inducing a specific activation of the immune system against the tumor cells.

Oncolytic viruses can be armed with a comprehensive therapeutic "arsenal" comprising complementary anticancer "weapons" embedded in their genome: in this case, we refer to multifunction or "armed" viruses.

By attacking the tumor with several mechanisms of action, Transgene develops therapeutic approaches that can lead to an effective therapy against cancer.

Transgene's two oncolytic viruses currently in clinical development are based on a patented strain: $VV_{cop}TK^{-}RR^{-}$, which is also the foundation of the Invir.IO® platform. It is a poxvirus, optimized to be able to replicate selectively in tumor cells. This selectivity for cancer cells was obtained by removing two genes from it: the genes coding for thymidine kinase (TK) and ribonucleotide reductase (RR). TK and RR are present in great quantity in cancer cells and are necessary for viral replication, but are present in small quantity in healthy cells, making viral replication impossible.

TG6002: solid tumors – Phase I/IIa

Multifunctional oncolytic virus, TG6002 has been designed to combine the mechanism of oncolysis with the targeted production of chemotherapy (5-FU), directly in the tumor. These approaches can attack solid tumors on multiple fronts while avoiding the side effects of chemotherapy.

Description and mechanism of action

TG6002 is based on the $VV_{cop}TK^{-}RR^{-}$ strain. It has been optimized to selectively replicate in tumor cells and attract immune defenses into the tumor. TG6002 expresses the gene FCU1, for which expression in the tumor cell leads to the local conversion of the pro-drug 5-FC (flucytosine) in 5-FU (fluouracile), a commonly used chemotherapy. As such, when TG6002 is administered in combination with 5-FC, it allows the production of chemotherapy in the tumor.

TG6002 combines several mechanisms of action to:

- directly and selectively destroy the cancer cells (oncolysis) by causing immunogenic cell death;
- allow the production of a chemotherapy (5-FU), directly in the tumor;
- induce an immune response, following the release of antigens during the oncolysis.

(1) *Resolution: total disappearance of CIN lesions.*

TG6002 is able to strengthen conventional treatments and could be used in combination (with chemotherapy, monoclonal antibodies or radiation and ICIs) or as monotherapy with cancers that resist these treatments.

The accumulated data in humans show that the treatment is well tolerated and confirm the mechanism of action of TG6002 administered intravenously.

Lead therapeutic indication

Solid tumors such as gastrointestinal adenocarcinoma (stomach, pancreas and colon), for which 5-FU is a common treatment.

Ongoing clinical trial – colorectal cancer (CRC) – IV administration – Phase I/II

The objective of this study is to confirm the tolerance of TG6002 administered intravenously in increasing doses and to provide the first translational data relating to this administration route.

The Phase I part of this multi-center trial has been completed. It included patients with advanced gastrointestinal tumors such as colon cancers.

In September 2022, Transgene presented new data showing that after its intravenous administration, TG6002 is able to selectively replicate and persist in tumor cells leading to the local expression of its functional payload.

Ongoing clinical trial – colorectal cancer (CRC) with liver metastases – IHA administration – Phase I/II

Transgene also started a Phase I/IIa clinical trial of TG6002 administered through the intrahepatic artery (IHA) in patients with CRC with inoperable liver metastases.

By administering TG6002 *via* hepatic artery, Transgene offers an additional therapeutic option for these hard-to-treat patients. IHA administration should guide TG6002 into the tumor at a higher concentration, thereby augmenting the efficacy while limiting patients' systemic exposure.

Dr. Adel Samson, MB ChB PhD, a medical oncologist at St. James University Hospital of Leeds, is the principal investigator of the trial, and Transgene is the sponsor.

This one-arm, multicenter, open trial evaluates the safety, pharmacokinetics and efficacy of repeated, increasing doses of TG6002 administered through the intrahepatic artery in combination with 5-FC administered orally. It is ongoing in the United Kingdom and France. Phase I of this trial has been completed.

Key results

Results presented in 2021 and 2022 provide the clinical proof of concept of the intravenous administration of the viral strain $^{VV}_{COP}TK^{-}RR^{-}$ by Transgene. They show that after being administered intravenously, TG6002 reaches the tumor, selectively replicates within tumor cells and induces the local expression of its functional transgene (the *FCU1* gene). The analyses enable Transgene to document the pharmacokinetic properties (PK), the biodistribution of TG6002 and the activity of the *FCU1* gene, as part of this administration. They also confirm its good safety profile.

Main results obtained providing the clinical proof of concept of the feasibility of the IV administration of TG6002:

- it demonstrated good tolerability when administered weekly or on days 1, 3 and 5. No major toxicities limiting the dose escalation process or the intensification of the schedule of administration were observed;
- TG6002 is able to reach the tumor, replicate, and express its payload after intravenous administration. The absence of any sign of the generalized presence of the virus in the patient's body and the association of the activity of the FCU1 gene at a high viral concentration in the tumor suggest that the replication of TG6002 is concentrated in the tumor cells;
- the development of a neutralizing antibody response against the virus is not associated with a decline in biological activity.

These results confirm the mechanism of action in human of oncolytic viruses from the Invir.IO® platform, as well as the relevance of their IV administration.

To date, the only oncolytic virus approved by regulatory agencies is administered directly into the tumor (intratumoral administration), which limits its use to superficial tumors. Intravenous administration would extend the use of oncolytic viruses, derived from Transgene's Invir.IO® platform, to many solid tumors.

Next stages of development

Transgene will present data at the AACR congress (April 2023).

Future clinical trials of this candidate are subject to the signing of new partnership agreements.

Sale of Chinese rights to TG6002 technology (T601) to Tasly BioPharmaceuticals

T601 is an immunotherapy derived from TG6002 technology. It is currently being developed in China by Tasly BioPharmaceuticals Group Co, Ltd., which holds all rights to research, development and commercialization of T601 for Greater China, following an agreement reached in July 2018. A Phase I clinical trial evaluating T601 administered intravenously to patients with gastrointestinal tumors is underway.

Marketing outlook

The Company has not set a possible date for commercial launch.

New generation of oncolytic viruses – Invir.IO®

The Invir.IO® platform is based on a patented strain of the *vaccinia* virus ($VV_{COP}TK^{-}RR^{-}$). This new generation of multifunctional oncolytic viruses aims to modulate the tumor microenvironment and thus to improve anti-tumor activity.

Our oncolytic viruses are designed to directly and selectively destroy the cancer cells by using an oncolysis mechanism, while also inducing an immune response against tumor cells. In addition, during replication, **the virus expresses the payloads integrated in its genome** and therefore allows the expression of immunomodulators and/or therapeutic agents specifically in the tumor. These complex cellular and metabolic mechanisms develop in the tumor microenvironment.

They are able to integrate large quantities of genetic material and thus produce, within the tumor, anti-tumor molecules that amplify the anti-tumor activity specific to the virus.

These viruses are designed to **counter the immunosuppression mechanisms that allow the tumor to escape the immune system**.

The oncolytic viruses generated using the Invir.IO® platform can be administered by different routes, including intravenous, locoregional or intratumoral routes. Their **safety** has been shown in several Phase I clinical trials.

Invir.IO®, a platform to develop a portfolio of immunotherapeutics combining complementary modes of action

Transgene's integrated expertise in design, preclinical characterization and clinical evaluation make Invir.IO® the ideal platform for developing a portfolio of multifunctional oncolytic viruses.

The Invir.IO® platform allows the design of product candidates integrating a wide range of weapons (immune checkpoint inhibitors, cytokines, enzymes, etc.).

These candidates can be designed on behalf of Transgene or in partnership.

Since 2019, Transgene and AstraZeneca have been working together to generate new oncolytic viruses from the Invir.IO® platform. In December 2021, a first licensing option was exercised by AstraZeneca. Collaboration continues for the development of other candidates.

TG6050 and BT-001 are derived from this platform. Transgene is also designing other proprietary oncolytic viruses that are currently at the preclinical stage.

Oncolytic viruses optimized to attack the tumor on several fronts and counter immunosuppression mechanisms

Many therapies are very effective locally but can be toxic when administered systemically.

By introducing genetic sequences coding for such therapies into its viruses, Transgene aims to allow the production of these molecules directly in the tumor at therapeutic doses, during the replication of the virus, without exposing the patient to the side effects traditionally associated with the systemic administration of these therapies.

These therapies comprise cytokines, chemokines, enzymes, and/or monoclonal antibodies or mini-antibodies (SdAbs –single-domain antibodies).

This effect is in addition to the oncolysis activity and the induction of immunogenic death of cancer cells. This enables the effective modulation of the tumor microenvironment and an increase in the immunosensitivity of the tumor, while maintaining a favorable safety profile.

Transgene has shown in humans that oncolytic viruses from the Invir.IO® platform multiply selectively in tumors and can express their "weapons" there, while being well tolerated.

Collaboration agreements

In addition to its proprietary development work, Transgene has signed collaborative research agreements (see Section 1.2.3 and 1.2.4.2). For example, they plan to vectorize the sequences of molecules of interest developed by the partners in an oncolytic virus from the Invir.IO® platform:

- collaboration with AstraZeneca (May 2019);
- collaboration with BioInvent (December 2017);
- collaboration with PersonGen (January 2022);
- collaboration with Randox (October 2017).

BT-001: solid tumors – Phase I/II

BT-001 is an innovative oncolytic virus derived from the Invir.IO® platform. It expresses an anti-CTLA-4 antibody and the cytokine GM-CSF. It is co-developed by Transgene and BioInvent.

BT-001 was designed to produce an anti-CTLA-4 antibody within the tumor in order to minimize the systemic adverse effects associated with this class of ICI and ensure significant therapeutic activity.

Collaboration agreement

BT-001 is co-developed by Transgene and BioInvent on a 50/50 basis.

Clinical collaboration with MSD (Merck & Co), which provides keytruda® (pembrolizumab) (see also Section 1.2.3).

Description and mechanism of action

BT-001 is a multifunctional oncolytic virus. It is based on Transgene's Invir.IO® platform and its patented oncolytic virus $VV_{cop}TK^{-}RR^{-}$. BT-001 encodes a complete anti-CTLA-4 antibody derived from BioInvent's n-CoDeR®/F.I.R.S.T™ technology, depleting Tregs and a human cytokine (GM-CSF).

BT-001 combines an action of destroying tumor cells (oncolysis), the activation of anti-tumor immune defenses and the production, in the tumor, of an anti-CTLA-4 antibody and the cytokine GM-CSF, an immunomodulatory cytokine. The anti-CTLA-4 antibody has shown, in preclinical studies, an activity of modulation of the tumor microenvironment, by causing a depletion of T-reg, lymphocytes that can reduce the action of effector T cells in the tumor.

Lead therapeutic indication

Solid tumors.

Ongoing clinical trial – Injectable solid tumors – Phase I/IIa – Intratumoral (IT) administration

An open-label, multi-center Phase I/IIa study is evaluating increasing doses of BT-001 alone and in combination with pembrolizumab.

This trial, ongoing in Europe (France and Belgium), was authorized by the FDA in the United States in May 2021. The first patient was included in February 2021.

Phase I of the trial is organized in two parts.

- Part A includes 18 patients with advanced/metastatic solid tumors who have already received multiple lines of treatment, including other immunotherapies. BT-001 is administered as a monotherapy by IT injections into palpable skin or subcutaneous lesions, or into easily injectable lymph nodes. This part aims to establish the tolerance of BT-001 and to determine the dose and administration schedule for further development.
- Part B explores the tolerance and synergistic activity of the combination of IT injections of BT-001 with the anti-PD1 monoclonal antibody pembrolizumab in 12 patients. Phase IIa is dedicated to the evaluation of this combination regimen in several patient cohorts with different types of solid tumors. The potential of this approach could be extended to cohorts of patients with cancers that are not traditionally treated with this type of treatment.

Key results

BT-001 was evaluated in **several preclinical models**. The results were published in the *Journal for ImmunoTherapy of Cancer* [(1)] (JITC) in 2022 and presented at SITC 2021 and AACR 2022. They demonstrate the potential of the virus to provide therapeutic benefits that exceeds that of anti-PD1/anti-CTLA-4 immune checkpoint inhibitors.

These results also show that BT-001 can be used as monotherapy in many indications and in combination with anti-PD-1/PD-L1 therapies, including in "cold" tumors resistant to Immune checkpoint inhibitors, administered systemically. Finally, they show that the production of anti-CTLA-4 antibodies specifically in the tumor should improve tolerance by reducing the systemic exposure of this class of immune checkpoint inhibitor.

This article was awarded the prize for the best article in 2022 by the JITC in the Oncolytic and local immunotherapy category at the SITC annual conference.

In June 2022, Transgene and BioInvent reported positive data on the progress and safety of Part A of Phase I. The initial data show that BT-001 administered alone is well tolerated, with the first signs of anti-tumor activity observed in a hard-to-treat population. They also confirm the mechanism of action of BT-001 in monotherapy:

- several days after administration, the virus was found in the tumors. This suggests that BT-001 is able to persist and replicate in tumors;
- this result is consistent with the expression of anti-CTLA-4 observed in tumors, without detectable systemic exposure;
- no spread of BT-001 in blood or body fluids was detected, suggesting a high tumor specificity;
- a decrease in the size of the tumor was observed in one patient in the first cohort.

Next stages of development

The next data on the Phase I trial will be communicated in the first half of 2023.

The Phase Ib part of the clinical trial (combination with pembrolizumab) is expected to start in the second half of 2023.

Marketing outlook

The Company has not set a possible date for commercial launch.

(1) *Semmrich et al., "Vectorized Treg-depleting aCTLA-4 elicits antigen cross-presentation and CD8+ T cell immunity to reject" cold "tumors", J Immunother Cancer. 2022 Jan;10(1):e003488. doi: 10.1136/jitc-2021-003488. PMID: 35058324; PMCID: PMC8783833.*

TG6050: Non-Small Cell Lung Cancer – Phase I

TG6050 is an innovative oncolytic virus from the Invir.IO® platform that expresses human interleukin-12 (IL-12) and an anti-CTLA-4 antibody. Transgene holds 100% of the rights.

TG6050 has the potential to induce a potent anti-tumor response by combining the mechanisms of action of an oncolytic virus and IL-12.

TG6050 is intended to overcome the resistance of tumors to treatments by initiating an anti-tumor response *via* a unique combination of actions that includes oncolysis (direct destruction of cancer cells following viral replication), induction of an immune response and the release of high concentrations of IL-12 and anti-CTLA4 antibodies into the tumor. By reducing systemic exposure to a very low level, TG6050 is expected to improve the safety and tolerance profile of IL-12 and the anti-CTLA-4 antibody.

Description and mechanism of action

It is based on Transgene's Invir.IO® platform and its patented oncolytic virus, $VV_{cop}TK^{-}RR^{-}$. TG6050 is armed with human IL-12, a cytokine known to trigger a powerful anti-tumor immune response, and an anti-CTLA-4 antibody. It has also been optimized with the deletion of the viral M2L gene, which targets CD80 and CD86, two CTLA-4 ligands.

In addition, the destruction of tumor cells results in the release of tumor antigens, which elicit an increase in the immune response.

TG6050 is designed to be administered intravenously.

Lead therapeutic indication

Non-small cell lung cancer (NSCLC).

Clinical trial ongoing – Non-Small Cell Lung Cancer – Phase I – Intravenous administration

Delivir, an open-label, multi-center Phase I trial, evaluating ascending doses of TG6050. This trial is active in France.

The Delivir trial will include up to 36 patients with advanced NSCLC who have relapsed after standard treatments, including immune checkpoint inhibitors (ICIs).

The intravenous route is considered the most appropriate for this population of patients presenting a disseminated disease with numerous metastases which are both visible and invisible to medical imaging techniques.

Key results

The Delivir trial was initiated on the basis of promising preclinical data from non-human models. They demonstrate the localized expression of payloads in the tumor microenvironment and the recruitment of immune cells leading to tumor reduction.

Next stages of Development

The inclusion of the first patient is expected in the first half of 2023.

A poster on preclinical data will be presented at the AACR congress (April 2023).

Marketing outlook

The Company has not set a possible date for commercial launch.

1.2.3 Strategic collaboration agreements

Collaboration and licensing agreement with AstraZeneca

In May 2019, the Company announced the signing with AstraZeneca of a collaborative research agreement with exclusive licensing options to co-develop five multi-armed oncolytic viruses derived from Invir.IO®. The agreement calls for the Company to bring its expertise in the area of oncolytic viruses, including viral design and viral engineering, based on its optimized *vaccinia* virus integrating the double TK-RR- deletion. Transgene will undertake the preclinical development *in vitro* of the candidates. Transgene received US$10 million at signature (2019) and US$8 million following the exercise of a first option on an oncolytic virus (2021), to which payments could be added upon completion of preclinical stages and the exercise of options for each other candidate selected by AstraZeneca, as well as milestone payments related to development and marketing, and royalties.

Collaboration agreement with NEC

In March 2019, Transgene and NEC Corporation signed a collaboration agreement for the design of a personalized vaccine that combines Transgene's *myvac*® technology with neoantigen prediction technologies created by NEC. NEC also co-finances up to 50% of the costs of the two Phase I trials of TG4050 with the goal of obtaining a first proof of concept of the *myvac*® technology. The companies are in discussions regarding the extension of their collaboration to support the development, registration and use of this candidate.

Collaboration agreement with Merck KGaA and Pfizer on a Phase I/II study

In October 2016, Transgene, Merck KGaA and Pfizer entered into a collaboration agreement to evaluate the potential of the therapeutic vaccine candidate TG4001 in combination with avelumab for the treatment of HPV-positive cancers, after failure of standard therapy in the framework of a Phase I/II clinical trial. Avelumab is a fully human anti-PD-L1 IgG1 monoclonal antibody that is jointly owned by Merck KGaA and Pfizer. Merck KGaA and Pfizer are providing avelumab and certain technical services to the collaboration, with Transgene contributing TG4001 and playing the role of trial sponsor. On the basis of the Phase Ib/II results presented at SITC 2020, Transgene, Merck KGaA and Pfizer have decided to extend their collaboration to part 2 of Phase II evaluating TG4001 + avelumab *versus* avelumab alone.

Agreements to co-develop oncolytic vectors with BioInvent

In December 2017, Transgene and BioInvent announced a co-development agreement to develop viral vectors from Transgene's Invir.IO® platform, armed with an anti-CTLA-4 monoclonal antibody developed by BioInvent. The immunotherapies resulting from these collaborations will combine the effects of oncolytic viruses with the properties of the vectorized antibodies, which will be expressed directly in the tumor microenvironment, so as to remove immunosuppression in solid tumors. The terms of this agreement provide for development conducted by the two companies with an equal share of the costs and income and royalties that result, with the possibility for each party to opt out of the ensuing steps of the collaboration in exchange for granting a license and an adjustment of the financial terms.

Collaboration agreement with Merck & Co., Inc on a Phase I/II trial

In June 2022, Transgene, Merck & Co., Inc. and Transgene entered into a collaboration agreement to assess the potential of the oncolytic virus BT-001 in combination with keytruda® (pembrolizumab) in the treatment of solid tumors, in a Phase I/II clinical trial. Keytruda® is a fully humanized anti-PD-1 monoclonal antibody owned by Merck & Co., Inc. The partner contributes keytruda® to the collaboration, and Transgene contributes BT-001 and assumes the role of research developer. Transgene and BioInvent signed a parallel agreement to reconcile their co-development agreement with this new collaboration agreement with Merck & Co., Inc.

1.2.4 Other products and collaborations

1.2.4.1 Other products

Pexa-Vec: oncolytic virus against solid tumors

Pexa-Vec (JX594/TG6006 — pexastimogene devacirepvec) is an oncolytic virus designed to selectively target and destroy cancer cells by intracellular replication of the virus cells (oncolysis) and stimulate the anti-tumor immune response. Its mechanism of action and safety profile make it an ideal candidate for combination with other therapies, including ICIs.

Description and mechanism of action

The modified *vaccinia* virus from which Pexa-Vec is derived can selectively replicate in tumor cells. The safety profile and cancer cell selectivity were obtained by the deletion of the thymidine kinase (TK) gene, thus making the virus dependent on the constant high-level expression of the TK gene in cancer cells. Pexa-Vec has also been modified to express the immunostimulatory protein GM-CSF. Pexa-Vec "attacks" tumors *via* three mechanisms of action: cell lysis by the selective replication of the virus in the tumor cells, the blocking of the vascularization of the tumor and the stimulation of the immune response against the tumor (active immunotherapy).

Transgene acquired Pexa-Vec's development and commercial rights for Europe (see Section 1.2.4.2).

Clinical trials

A translational study with administration of Pexa-Vex intravenously before surgical intervention (a neo-adjuvant indication) made it possible to document Pexa-Vec's mechanism of action in the tumor microenvironment. The University of Leeds is the sponsor of this trial. Eight patients were treated. Transgene presented the first positive findings at ASCO in June 2018, showing that Pexa-Vec stimulates anti-tumor immunity after intravenous administration. A complete pathological response was observed at surgical resection in one of the four patients. The complete results were presented at ESMO in September 2019.

Phase I and II clinical trials in different types of tumors showed that Pexa-Vec is well tolerated by patients and has a biological activity when injected directly into tumors or administered by IV infusion. Pexa-Vec has an acceptable tolerability profile with known and tolerable side effects.

Pexa-Vec has also been evaluated in "investigator-sponsored" studies, which Transgene is "coordinating". These Phase I/II studies combined Pexa-Vec with other therapies.

In parallel, SillaJen and Lee's Pharma are conducting Phase I and II clinical trials in their respective geographic regions (North America and Asia/China). These tests principally combine Pexa-Vec with ICIs for the treatment of various solid tumors.

Next stages of development

Transgene does not plan to launch a new clinical trial of Pexa-Vec. The Company retains the European rights for this candidate product.

Marketing outlook

The Company has not set a possible date for commercial launch.

Other programs

Transgene conducts other research programs, capitalizing on its recognized expertise in the engineering of viral vectors, and aimed in the long term at extending the Company's portfolio of preclinical and clinical drug candidates.

1.2.4.2 Other collaborations and contracts

Agreements to co-develop oncolytic vectors with Randox

In October 2017, Transgene and Randox announced a co-development agreement to develop viral vectors from Invir.IO® platform, armed with single-domain monoclonal antibodies (SdAb) generated by Randox. The immunotherapies resulting from these collaborations will combine the effects of oncolytic viruses with the properties of the vectorized antibodies, which will be expressed directly in the tumor microenvironment, so as to remove immunosuppression in solid tumors. The terms of this agreement provide for development conducted by the two companies with an equal share of the costs and income and royalties that result, with the possibility for each party to opt out of the ensuing steps of the collaboration in exchange for granting a license and an adjustment of the financial terms.

Agreements with ABL Europe for the manufacturing of clinical batches

In May 2019, the Company implemented a new framework agreement drawing up the conditions applicable to the production services provided by ABL Europe for the clinical batches of drug candidates. This agreement succeeded the agreement of February 1, 2016, and eliminated the business volume guarantee previously granted by Transgene as consideration for a priority right for its orders.

Agreement with Sanofi

In 2013, Transgene signed a collaboration agreement for the creation of a new advanced platform dedicated to the manufacturing of immunotherapy products, including Transgene therapeutic products. The platform was built on the Genzyme Polyclonals site in Lyon, and remains the exclusive property of Sanofi.

Sanofi and Genzyme will act as a bioproduction services Company (Contract Manufacturing Organization — CMO) for Transgene and will manufacture clinical and commercial batches for Transgene's immunotherapy products based on MVA technology. Transgene will be a preferred customer of the commercial manufacturing platform for 15 years.

Construction of the viral vector production platform at Sanofi Genzyme Lyon was completed in June 2015. Certification by all health authorities of this platform for the production of large batches of "off-the-shelf", MVA-based therapeutic vaccines was first sought in 2016. Approval of the French health authority was obtained in May 2017 and final approval in the United States was obtained in January 2019.

Tasly BioPharmaceuticals shareholders' agreement

Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, the balance of an initial stake of 27.4 million shares subscribed in 2018 through an in-kind contribution of the intellectual property in China necessary for the development and operation of a therapeutic vaccine against hepatitis B (TG1050 equivalent) as well as Transgene's stake in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd controlling the TG6002 equivalent.

At the time of the capital increase in 2018, Tasly BioPharmaceuticals and its parent Company Tasly Holding Group signed a shareholders' agreement with Transgene and other shareholders to define their relationships prior to the initial public offering of Tasly BioPharmaceuticals initially planned for 2018. At the date of this report, the Company expects to sell its remaining shareholding in Tasly BioPharmaceuticals in mid-2023.

Consortium agreement in the NEOVIVA project

Transgene is a partner in and coordinator of a research program with, among others, Veracyte and the Institut Curie. This program aims to develop an industrial ecosystem able to produce and develop personalized vaccines to treat cancer. That program is known as "NEOVIVA" and is supported by Bpifrance. The members of the consortium signed their agreement with Bpifrance in March 2019.

Under the NEOVIVA program, Transgene could receive grants and conditional advances of up to €0.2 million and €2.37 million, respectively, over the duration of the program. If the project is a success, defined in consultation with Bpifrance, Transgene shall be required, under certain conditions, to repay the advances in installments and then, if applicable, make additional repayments until 2040 or up to a cap of €3.35 million. These obligations relate to the candidate in development, TG4050. Transgene is not liable for any potential repayments by other members of the consortium.

Consortium agreement for the Advanced Diagnostics for New Therapeutic Approaches project

Transgene was a partner in a research program coordinated by Institut Mérieux, which brings together, among others, bioMérieux, Transgene, Genosafe and the Genethon association. The program's goal was to develop a new generation of diagnostics and therapies focusing on cancers and infectious and genetic diseases. This program, called ADNA (Advanced Diagnostics for New Therapeutic Approaches), supported by Bpifrance, began in 2007 and ended in 2016.

Under the ADNA program, Transgene received a total of €8.3 million in grants and €15.9 million in conditional advances. If the project is a success, defined as the marketing of a product for which a grant has been awarded and attaining a minimum income level, Transgene must, under certain conditions, repay the advances in installments and then, if applicable, make additional repayments until 2035 or up to a defined minimum. These obligations relate to the drug candidate TG4001.

Licensing agreement with Ascend

In July 2013, Transgene granted Ascend BioPharmaceutical, which became Stamford Pharmaceutical ("Stamford"), a biotechnology company based in the United States and Australia, a license for the immunotherapy product TG1042 to treat a common form of cancer of the skin, nodular basal cell carcinoma (or "BCC" for basal cell carcinoma), as well as two other oncology indications, with Transgene retaining rights to other potential indications. Stamford is currently pursuing a clinical trial of TG1042 in Phase II.

License agreements with Valneva

Transgene and Valneva (formerly Vivalis) have signed two agreements enabling Transgene to use the EB66® cell line in its production processes for certain Transgene products. The first agreement, signed in July 2011, covers the production of Transgene therapeutic MVA vaccines and the second, signed in December 2020, covers the production of Transgene oncolytic products derived from a *vaccinia* virus.

Under these agreements, Transgene may be required to pay milestone payments or annuities depending on the stage of development of the drug candidates as well as royalties associated with the sales of Transgene products made from Valneva's EB66® cell line. Valneva will also receive income from manufacturing under GMP conditions the initial clinical batches of MVA therapeutic vaccine.

Licensing agreement with SillaJen

In August 2010, Transgene and Jennerex Inc. (acquired by the South Korean-based Company SillaJen in 2014) signed an exclusive partnership agreement for the development and commercialization in Europe, the Commonwealth of Independent States (CIS) and the Middle East of the oncolytic virus Pexa-Vec for the treatment of solid tumors. In 2015, SillaJen and Transgene amended the partnership agreement to streamline the conduct of clinical trials reflecting the areas of interest of each partner and to redefine the territories. Transgene returned rights to SillaJen for all Middle Eastern countries, Russia, Ukraine, Belarus and Turkey. SillaJen assumed the responsibility of conducting the Phase III trial in hepatocellular carcinoma. Transgene remains responsible for submitting requests for marketing authorization and retains commercialization rights in its territories. Following the completion of the PHOCUS study in Phase III, SillaJen did not exercise its option to co-promote the product in the five main European countries in Transgene's exclusive territory.

As part of the development activities, Transgene may have to pay SillaJen up to US$116.25 million (including US$15.25 million already paid) in milestone and marketing authorization payments for several indications, as well as royalties from the sale of Pexa-Vec by Transgene and its sub-licensees.

1.2.5 Competitive advantages

Transgene believes that its therapeutic approaches and its technologies differ from current treatments in immuno-oncology and that they have the potential to provide significant improvement to the clinical results of cancer patients.

The Company's main competitive advantages are described below.

The MVA vector technology platform

Transgene's MVA platform is designed to allow a maximum number of gene transfer applications. It makes available delivery techniques for differentiated genes, suited to distinct clinical situations, specifically oncology. It has been put into use for several therapeutic vaccines currently under development including the *myvac*® personalized vaccine program.

This technology platform has the following potential advantages:

- **safety**: MVA is a modified *vaccinia* virus unable to propagate in human cells;
- **ease of administration**: Transgene's technology is mainly focused on the development of ready-to-use products in ampules or vials, for direct administration to the patient; and
- **manufacturing efficacy**: production processes that allow for the application of practical cell culture and purification methods, ready for the production of commercial batches, have been developed.

Invir.IO®, a patented platform to generate a new generation of oncolytic viruses

Transgene has an innovative platform to develop a new generation of multifunctional oncolytic viruses, armed with several "anticancer weapons" (see Section 1.2.2.2). Multifunctional oncolytic viruses are particularly promising therapies, with the potential to significantly improve the treatment of patients. With TG6002, Transgene has demonstrated the feasibility of intravenous administration of the $VV_{cop}TK^{-}RR^{-}$ vector behind the Invir.IO® platform. Transgene believes that this intravenous administration capacity constitutes a competitive advantage over other oncolytic viruses.

This platform leverages Transgene's historical know-how in engineering viral vectors. It is intended to generate, including through collaboration agreements, a portfolio of particularly innovative drug candidates able to modulate the tumor microenvironment.

myvac®, an individualized vaccine based on an MVA

With *myvac*®, Transgene has a state-of-the-art platform for innovation in cancer-fighting immunotherapies. The Company's know-how in virotherapy enables it to incorporate coding sequences for neoantigens into our individualized immunotherapy. By incorporating sequencing and AI into the design of the virus, *myvac*® signals the entry of viral vector-based approaches into the era of digital transformation and precision oncology.

Transgene has created an organization able to design and manufacture this product, which is individualized for each patient, on a competitive basis in terms of turnaround time and cost. This new therapeutic option could represent a major improvement over existing therapies. *myvac*® is also the outcome of a policy of opening up to partners developing technologies that complement our expertise, in order to develop a multidisciplinary approach.

Integrated skills from research to clinical development

Transgene capitalizes on four decades of recognized scientific expertise. The Company has been active in the field of gene transfer therapy and immunotherapy since 1992, and has gained extensive know-how in key fields for its development: virology, the conduct of clinical trials and regulatory matters.

An extensive portfolio of patents

Transgene has applied for patents and will continue to do so to protect its products, technologies and related processes. As of the date of this Registration Document, Transgene holds around 140 patents, grouped into 33 families, granted in several countries and territories (including Europe and the United States). More than 100 patent applications are currently pending.

The main patents are presented below:

- **TG4050**: NEC's proprietary algorithm is protected by an indefinite trade secret. Transgene has patents and patent applications providing protection until 2040 (product structure and fusion protein design process). TG4050 may benefit from additional protection due to the exclusivity of regulatory data, which may apply up to 12 years after the marketing authorization or BLA depending on the country;

- **TG4001**: this candidate no longer benefits from a patent covering the product itself. It is protected by patent applications claiming the combination with an anti-PD1 or an anti-PD-L1 expiring in 2036. Patent applications are also in progress for the combination with avelumab and other anti-PD-L1s, characterized by an administration schedule (exclusive until 2040). TG4001 may benefit from additional protection due to the exclusivity of regulatory data, which may apply up to 12 years after the marketing authorization or BLA depending on the country;

The **Invir.IO®** platform is protected by:

- a family of patents claiming vectors with the double $TK^{-}RR^{--}$ deletion until 2028 (2031 in the USA); and
- a family of patent applications expiring in 2039 claiming the vector with a triple TK^{-}, RR^{-}, $M2L^{-}$ deletion.

Candidates are also protected by one or more patents or patent applications relating to the vectorized weapons and/or structure of the candidate.

Patent protection is ensured for **TG6050** until 2039, for **BT-001** until 2039, and for **TG6002** until 2028 (2031 in the USA). These candidates are also covered by patents or patent applications concerning certain combination regimens or indications.

Each candidate may benefit from additional protection due to the exclusivity of regulatory data, which may apply up to 12 years after the marketing authorization or BLA depending on the country.

1.2.6 Principal markets and competition

Transgene is an oncology (cancer treatment) R&D focused biotechnology Company. It does not market any products.

1.2.6.1 Main markets (oncology)

In 2020, nearly 10.0 million deaths were caused by cancer worldwide. This disease is the leading cause of death in developed countries. It affected 19.3 million new patients in 2020. The IARC (International Agency for Research on Cancer) online database, GLOBOCAN 2020, gives the most recent estimates for 36 types of cancer in 185 countries and provides a thorough overview of the global burden of cancer. By 2040, new cancer cases are expected to reach 29.5 million with cancer deaths increasing to 16.4 million, as a result of population growth and aging (sources: Sung, H *et al.*, CA Cancer J Clin. 2021; National Cancer Institute 2020).

Surgery and radiotherapy are currently considered the best treatments available for many cancers. However, patients' survival rate is reduced when the tumors are invasive and metastases appear. Chemotherapy and hormone therapy are the main treatments for cancers at these advanced stages. Nevertheless, except in the case of certain less common types of cancer, few patients are cured by these treatments, and improving their chances of survival remains challenging.

New anticancer treatments – called targeted therapies, which include ICIs – have emerged in recent years, and several of them are on the market. These therapies use agents that can specifically target and attack cancer cells without seriously harming healthy cells.

Immunotherapy, which also includes ICIs, is another new field in oncology. It uses the patients' immune system by either activating it against the cancer cells or by giving it additional protection, such as proteins produced by bio-molecular engineering. Transgene's cancer treatment programs mainly seek to stimulate and educate the immune system to induce tumor rejection or to directly destroy cancer cells.

The economic impact of cancer is considerable. Its estimated total cost amounted to $97 billion for 2017. The market is expected to reach $274 billion in 2030, assuming an annual average growth rate of 7.5% between 2021 and 2030. The growth of the market is due to the increase in the number of cases as well as access to new therapies (Allied Market Research).

Recurrent HPV-positive cancers

Several types of cancers are linked with HPVs and known as "HPV-positive." These notably include head and neck cancers and anogenital cancers:

- squamous cell carcinoma of the head and neck (SCCHN) bring together different cancers that affect the mouth cavity, pharynx and larynx. The incidence of head and neck cancers linked to HPV-16 has significantly increased over the last years. It is now recognized that infection by the HPV-16 virus is related to several sub-groups of SCCHN, and oropharyngeal cancers for over 85% (Kreimer *et al.*, 2005), or around 10,000 patients in metastatic stage and second line of treatment;
- other HPV16-positive cancers include cancers of the cervix, vagina, vulva, anal canal and penis, for a total of approximately 25,000 patients diagnosed at the metastatic stage and with recurrent disease. Sources: meta-analysis, IARC, Globocan, SEER-EU28, USA.

The current treatment options are surgical resection with either radiotherapy, chemotherapy and/or ICIs. More efficient treatments need to be developed to treat these diseases, especially for advanced metastatic cancers. Combining immunotherapy with ICIs could be a promising therapeutic option to meet this major medical need. In some indications, with the ICIs in monotherapy, the median overall survival period remains less than 11 months, with a median progression-free survival in the order of two to four months. The overall response rates fall between 10% and 15% depending on the indication.

Gastrointestinal and colorectal cancers

Gastrointestinal cancers include several forms of cancer of the digestive system. They include cancers of the esophagus, gallbladder, liver, pancreas, stomach, small intestine, colon, rectum and anus.

Colorectal cancer (CRC) is the third most frequently diagnosed cancer and the second leading cause of cancer death in the world. In 2020, almost 325,000 new cases of CRC were reported in Europe, with 159,000 deaths. Worldwide, this represents 1.15 million new cases and 577,000 deaths (Globocan 2020). Around half of patients develop liver metastasis, of which only a small proportion are eligible for surgical resection. In the last decade, the prognosis for patients with metastatic CRC has improved, with an average median survival of 30 months.

Ovarian cancer

Ovarian cancer is generally aggressive and detected at an advanced stage. In 2020, the number of cases worldwide was 314,000 with 207,000 deaths (Globocan 2020).

Treatment of ovarian cancers is mainly based on surgery, which aims to remove the entire tumor and its extensions outside of the ovaries. Chemotherapy is often prescribed after this operation to eliminate any remaining cancer cells and reduce the risk of recurrence. Whilst over 70% of patients have a positive clinical response to this treatment, half of women will have a recurrence (source: Burger *et al.*, New Engl J Med, 2011). New treatments have been authorized that enable improved progression-free survival. The aggressive and advanced ovarian cancer forms continue to represent a significant medical need.

HPV-negative head and neck cancers

Squamous cell carcinoma of the head and neck bring together different cancers that affect the mouth cavity, pharynx and larynx. When they are not linked to an HPV infection (see above), they are generally due to excessive alcohol or tobacco consumption and have a more unfavorable prognosis. With the exception of cancers such as oropharyngeal cancers, which are mainly due to HPV, most head and neck cancers are HPV-negative. We estimate the number of new HPV-negative cases at 747,000 worldwide per year, with around 367,000 deaths (Globocan 2020).

For patients diagnosed at a locoregional stage, surgical treatment must be combined with a therapy such as adjuvant radiation therapy or chemo-radio therapy. These different adjuvant treatments aim to reduce the risk of recurrence. However, disease recurrence is observed during the first year after treatment in 60% of patients (Bernier and Cooper, Oncologist, 2005).

Lung cancer

Lung cancer has one of the highest incidences in the world, with 2.2 million new cases diagnosed per year, and nearly 1.8 million deaths (Globocan 2020). Non-small cell lung cancers (NSCLC) account for approximately 85% of these cancers. More than 470,000 cases and more than 388,000 deaths were counted in Europe, figures amounting to 252,000 new cases and to 173,000 deaths in 2018 in the United States.

When lung cancer is diagnosed, the majority of patients are at an advanced stage of the disease (locally advanced or metastatic). Many patients with early or locally advanced disease will also see their disease progress to the metastatic stage.

Over the past two decades, progress in the management of metastatic NSCLC has increased the median overall survival rate from less than one year with the use of chemotherapy to more than two years with the integration of immunotherapy, to achieve five-year survival rates of over 30%. In addition, the identification of exploitable mutations has made it possible to apply targeted therapies to subgroups of patients.

At metastatic stage, chemotherapies remain the standard first-line treatment for patients not eligible for targeted therapies and immunotherapies alone. Cytotoxic agents are common in the second-line treatment, although they provide a modest benefit. Since 2015, several immunotherapies targeting the PD-1/PD-L1 interaction (ICIs) have been authorized either as monotherapy, after failure of chemotherapy – nivolumab (Opdivo®), pembrolizumab (Keytruda®) and atezolizumab (Tecentriq®) – or as a first-line treatment in the event of overexpression of this marker by the tumor cells (pembrolizumab).

However, these ICIs are insufficiently effective in monotherapy in many patients, whose tumors do not strongly express PD-L1. They are therefore the subject of intense clinical research. Many treatment combinations (combination of immunotherapy treatments, including vaccines or oncolytic viruses, or with chemotherapy or radiotherapy, for example) are under evaluation.

1.2.6.2 Competition

The Company is operating in a competitive environment in which many of the other companies have more substantial financial and human resources than it does. These competitors could roll out technologies similar to the Company's viral platforms or develop and market therapies for the same indications as the Company.

For example Bavarian Nordic AS, BioNtech, Gritstone, Nykode and Moderna, with respect to therapeutic vaccines (notably personalized), and Amgen, Replimune, Oncorus, with respect to oncolytic viruses, are all trying to develop viral immunotherapies.

Although there is currently no effective treatment to cure all cancers or solid tumors in particular, some treatments able to prolong survival, such as chemotherapy, are recognized. The outlook for patients has improved over recent years with targeted therapy approaches and immunotherapies (including ICIs). These medications are therefore competing or complementary products, depending on their mechanism of action. Transgene's immunotherapies act to stimulate the patient's immune response and can be combined with ICIs or chemotherapies.

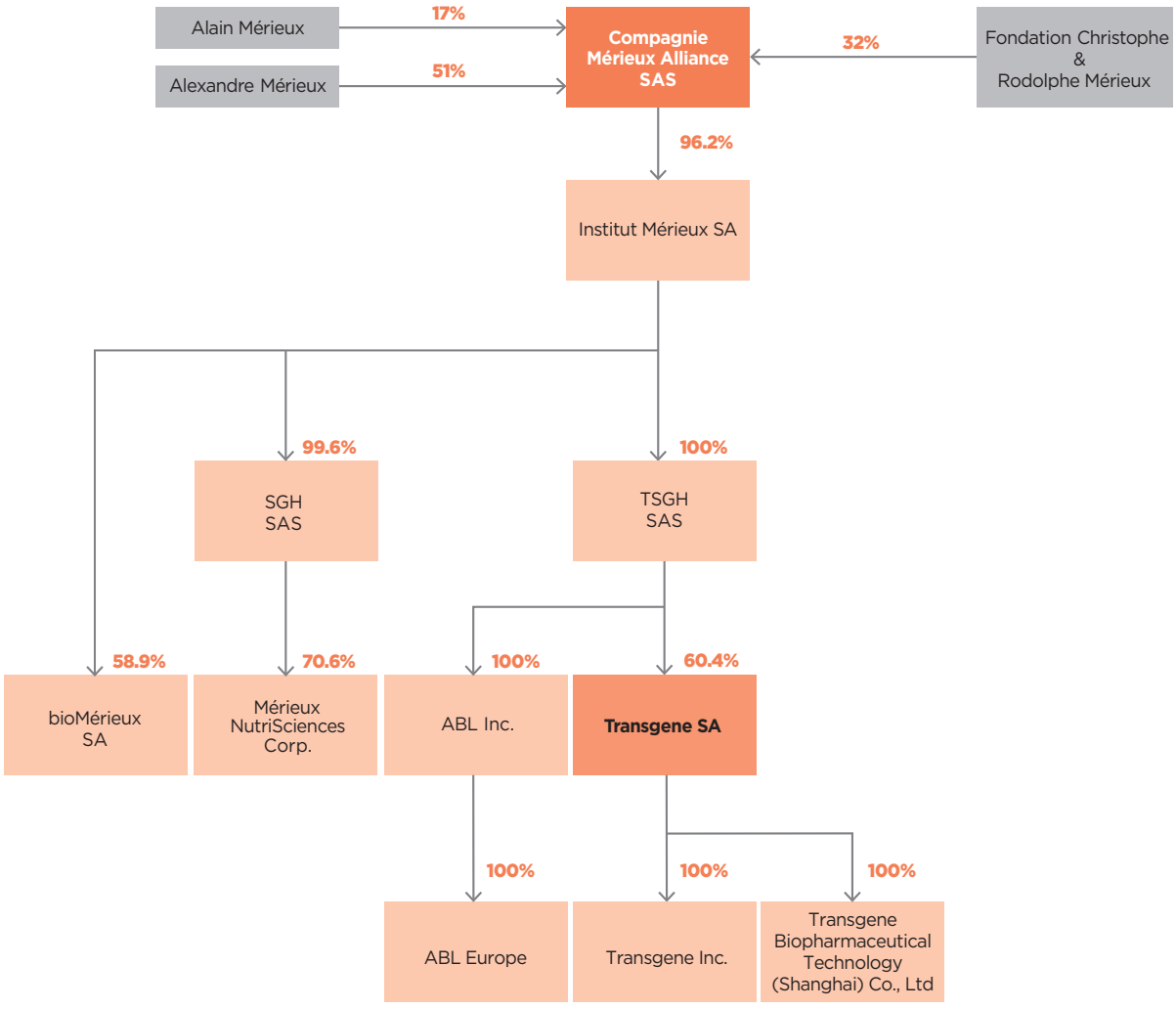
However, despite the advances made in cancer treatments, innovative therapies still need to be developed to extend patients' lives and improve their quality of life.

1.2.7 Organizational chart

1.2.7.1 Membership of the Institut Mérieux group

Transgene is 60.4% owned by TSGH, a financial holding Company, which in turn is 100% owned by Institut Mérieux, itself 96.2% owned by Compagnie Mérieux Alliance, which is 68% owned by the Mérieux family and 32% owned by Fondation Christophe and Rodolphe Mérieux.

Within this group, bioMérieux works on clinical diagnostics, Mérieux NutriSciences provides services in food security and health, and Transgene focuses on immunotherapy research and development.



1.2.7.2 Subsidiaries and equity investments

Transgene, Inc.

The Company has a subsidiary in the United States, Transgene, Inc., based in Waltham (near Boston), Massachusetts, in which it holds 100% of its capital and voting rights. This subsidiary represents Transgene before various organizations, regulatory authorities and study centers for its clinical trials in the United States. In this context, it comes under the operational control of Transgene, charges its costs to Transgene and has no significant assets. Mr. Jean-Philippe Del, Chief Financial Officer, and Mr. Hedi Ben Brahim, Chief Executive Officer of Transgene, are directors of Transgene, Inc.

Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.

Transgene created a new subsidiary in China in February 2020, Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in Shanghai, in which it holds 100% of the capital and voting rights. This Company was established to support Transgene's business with Chinese partners. In this context, it comes under the operational control of Transgene and has no significant assets. Mr. Éric Quéméneur, Ms. Maud Brandely and Mr. John Felitti are directors of this company. Mr. Hedi Ben Brahim, Chief Executive Officer of Transgene, is its supervisor.

1.3 BUSINESS OVERVIEW

1.3.1 Key activities of the fiscal year

2022 was marked by numerous positive data for all of Transgene's products in the clinical phase. Notably, this good news is in line with that presented by other internationally renowned players, which creates a particularly promising scientific environment for immunotherapies against cancer.

The Company presented preliminary Phase I results on TG4050 demonstrating the full potential of this highly innovative neoantigenic vaccine in patients with ovarian cancer and head and neck cancer.

For its most advanced phase product, the positive result of the interim analysis of the Phase II trial evaluating TG4001+ avelumab *vs.* avelumab alone in HPV-positive anogenital cancers made it possible to reduce the total number of randomized patients planned for the rest of the study.

In addition, the Phase I/IIa trial evaluating BT-001 demonstrated an initial anti-tumor activity while presenting a good safety profile.

Lastly, Transgene presented new positive data from the Phase I trial evaluating the oncolytic virus TG6002 administered intravenously, showing in all patients its ability to reach the tumor, multiply and express its weapons. More recently, the Company announced the launch of a new oncolytic virus, TG6050.

The progress made in 2022 puts Transgene in a position to achieve several major milestones in the next 18 months.

1.3.2 Presentation of the financial statements

1.3.2.1 General

The products developed by Transgene are immunotherapies based on viral vectors. Potential sales could exceed a billion euros per year, in cancers such as lung cancer. Immunotherapy, including ICIs, has been an area of significant clinical progress for the past several years. Transgene focuses on severe diseases for which better treatments will increase life expectancy. The viral approaches used by Transgene have a favorable tolerability profile.

Transgene designs and develops drug candidates at preclinical and clinical development stages. The Company intends to obtain proof of concept of the medical efficacy of its immunotherapies in humans, used as a monotherapy and/or in combination, in particular with ICIs. Once proof of concept is established, Transgene would be able to license its products to pharmaceutical industry players.

In order to better valuate its technology platforms based on viral vectors Transgene may also decide to sign collaborative development agreements with pharmaceutical industry and/or biotechnology companies. Transgene does not plan to produce or market its products on a large scale.

1.3.2.2 Main accounting principles (IFRS)

Operating income

At the date of this Registration Document, with no products on the market, Transgene generates operating income from (i) revenue from collaboration and licensing agreements signed with other companies in its sector (see Section 1.2.3 and 1.2.4) and (ii) public funding of research expenses (grants and research tax credits [RTCs]).

Some collaboration and licensing agreements provide for research or manufacturing services by the Company, with obligations to customers. The Company invoices its services at a contractually defined price that is generally based on time spent, and billings are recorded in operating income as and when the services are performed. Some of these contracts provide for manufacturing services with a performance obligation. In these cases, the services are recorded in operating income in the income statement after satisfactory quality control and customer acceptance. Income received but not yet recognized in the balance sheet based on the above principles is recorded as a liability under *Deferred income* until it meets the criteria for recognition as operating income. Income from patent licenses generally consists of fees for access to technology paid and non-refundable on the signing of the agreement, and financing by milestone payments and other payments such as royalties on sales.

The Company may be required to grant an option right for a license. Income associated with the concession is recorded as *Deferred income* on the balance sheet and recognized as income on a straight-line basis until the estimated date of exercise of the option by the beneficiary. The expected date of exercise of the option is reviewed periodically.

In the event that the Company is not committed to performing work for the development of technology after signature, the non-refundable fees for technology usage rights paid when the license is signed are recognized as *Operating income* upon the fulfillment of the contractual obligations. In the event that the Company should continue some development work in the technology after signature, or if it has a higher obligation to deliver the product, these rights are recognized in deferred operating income over the period of development or delivery of the product.

Milestone payments received under collaboration and licensing agreements are recognized as income when the operative event has occurred and there are no longer any conditions precedent to the payment by the third party. Operative events are usually the scientific or clinical results obtained by Transgene, the commencement of studies or external factors such as regulatory approvals.

Royalties on sales received under collaboration and licensing agreements are based on sales by licensees of products or technologies. They are recognized on the basis of the terms of the licensing agreement, when the sales can be reliably measured and recovery of the related receivables is reasonably assured.

Certain research and development expenses in France are entitled to an RTC recognized at the end of the year in which the expense was recorded and the tax credit claimed. If it has not been used by allocation to an income tax expense, the tax credit may be redeemed in accordance with the tax provisions. RTCs are recognized in the income statement under *Public funding for research expenses* in accordance with IAS 20.

Research and development expenses

Research and development expenses are recognized on the income statement in the fiscal year in which they are incurred. Development expenses are capitalized only when IAS 38 requirements are met. At the current development stage of its products, the Company believes that, as of the date of this Registration Document, these conditions were not met, and therefore, it did not capitalize its development expenses.

Share-based payments

The Company distributes stock options and bonus shares to its officers and employees. The charge for these distributions is evaluated and spread over time, according to the principles of IFRS 2.

Lump-sum retirement benefits

In accordance with the prevailing laws and practices in France, Transgene offers certain benefits to ensure eligible employees receive a lump sum payment at the time of retirement (lump-sum retirement benefits). In accordance with the obligations and regulations, these defined benefit plans may be funded by investments in various instruments. The rights acquired by active staff are estimated using actuarial valuations based on the probability of death and continued employment by the Company, as well as expected future salaries. The benefit obligation is measured by the projected unit credit method. The value of the commitments was calculated using the valuation method recommended by the IFRIC in its April 2021 decision on the allocation of service costs associated with a defined benefit plan. This provision does not apply to employees of entities located abroad.

Financial assets

Financial assets consist of deposits and guarantees for leased assets or debt from a financial institution, equity securities, earn-outs due on the sale of equity securities and cash advances made to non-consolidated equity investments.

The valuation of non-consolidated equity securities without significant influence is based on an analysis using the fair value method. This valuation is periodically reviewed at each reporting date.

Earn-outs due are valued at amortized cost and revalued each year based on expected changes in cash flow. Future cash flows are re-estimated and discounted each year-end based on the progress of the programs concerned and estimated success rates for each clinical phase. The impact of this re-estimate is recognized in financial income/loss.

Other financial assets are recorded at cost and depreciated, as needed, if their carrying amount exceeds their recoverable amount as estimated by the Company.

Equity investments in affiliates

As of December 31, 2022, the Company no longer had any investments in affiliates accounted for using the equity method.

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the financing body.

Conditional advances received as part of the ADNA program are recorded according to IRFS 9, based on discounted expected future reimbursements. The reimbursement of advances is subject to the fulfillment of an income threshold on the TG4001 product predetermined for the following five years, and in proportion to the income from these products until a reimbursement ceiling is reached, or up until 2035. Future cash flows are re-estimated and discounted each year-end based on the update on the income prospects of the two products. The impact of this re-estimate is recognized in financial income/loss.

1.3.3 Financial position and appropriation of profit/(loss) for the period

The Company has historically incurred losses and expects to continue to incur more losses over the next few fiscal years, due to costs incurred by its research and development programs and preclinical and clinical trials. In previous years, the main sources of Transgene revenue were the remuneration of service contracts for third parties, research and development collaboration and government subsidies. Future income should be limited to payments related to existing and future strategic partnerships with pharmaceutical companies, third party research contracts, current or future license agreements, financial income from cash investment and public funding.

Comments on operating results (IFRS standards)

Fiscal years ended December 31, 2022 and 2021

INCOME STATEMENT

(in € thousands, except for per-share data)	Dec. 31, 2022	Dec.31, 2021
Revenue from collaborative and licensing agreements	3,126	9,993
Government financing for research expenditure	6,876	7,021
Other income	342	399
Operating income	**10,344**	**17,413**
Research and development expenses	(32,168)	(32,883)
General and administrative expenses	(7,912)	(7,369)
Other expenses	(168)	(686)
Operating expenses	**(40,248)**	**(40,938)**
Operating income/(loss)	**(29,904)**	**(23,525)**
Financial income/(loss)	(2,900)	3,989
Income from equity affiliates	-	-
Income/(loss) before tax	**(32,804)**	**(19,536)**
Income tax expense	-	-
Net income/(loss)	**(32,804)**	**(19,536)**
NET INCOME/(LOSS)	**(32,804)**	**(19,536)**
Basic earnings per share *(in €)*	(0.33)	(0.21)
Diluted earnings per share *(in €)*	(0.33)	(0.21)

Operating income

Income from collaboration and licensing agreements amounted to €3.1 million in 2022 compared to €10.0 million in 2021. This mainly concerns revenues recognized over the period as part of the collaboration with AstraZeneca for €3.1 million (compared to €9.9 million in 2021). In 2021, AstraZeneca exercised a license option for an oncolytic virus from the Invir.IO® platform, generating revenue of €7.1 million recognized in 2021.

Public funding for research expenses accounted for €6.9 million in 2022 *versus* €7.0 million in 2021, relating to the research tax credit of €6.8 million in 2022 (€7.0 million in 2021).

Other income stood at €0.3 million in 2022, compared to €0.4 million in 2021. It corresponds to the €0.2 million in NEOVIVA conditional advances granted at a preferential rate, as in 2021. These advances have been restated in accordance with IAS 20, with the subsidy portion recognized in *Other income.*

Operating expenses

Research and Development "R&D" expenses

R&D expenses amounted to €32.2 million in 2022 *versus* €32.9 million in 2021.

The following table details R&D expenses by type:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Payroll costs	12.2	12.4
Share-based payments	1.4	1.7
Intellectual property expenses and licensing costs	1.1	1.1
External expenses for clinical projects	6.2	6.3
External expenses for other projects	4.3	4.5
Operating expenses	5.4	5.1
Depreciation and provisions	1.6	1.8
RESEARCH AND DEVELOPMENT EXPENSES	**32.2**	**32.9**

R&D payroll costs (salaries, expenses and related costs) amounted to €12.2 million in 2022, *versus* €12.4 million in 2021.

The cost of share-based payments amounted to €1.4 million in 2022, compared to €1.7 million in 2021.

Intellectual property and licensing expenses amounted to €1.1 million in 2022 as in 2021.

External expenses on clinical projects were largely stable at €6.2 million in 2022 *versus* €6.3 million in 2021.

External expenses on other projects (research or industrial) amounted to €4.3 million in 2022 *versus* €4.5 million in 2021.

Operating expenses also increased to €5.4 million in 2022 *versus* €5.1 million in 2021, due to the increase in internal production of clinical batches for the various studies.

General and administrative expenses

General and administrative expenses amounted to €7.9 million in 2022 *versus* €7.4 million in 2021.

The following table details G&A (general and administrative) expenses by type:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Payroll costs	3.3	3.4
Share-based payments	1.3	1.3
Fees and administrative expenses	2.3	1.9
Other general and administrative expenses	0.9	0.7
Depreciation and provisions	0.1	0.1
GENERAL AND ADMINISTRATIVE EXPENSES	**7.9**	**7.4**

Payroll costs were €3.3 million in 2022 compared to €3.4 million in 2021. The cost of share-based payments amounted to €1.3 million in 2022 as in 2021.

Management fees and expenses amounted to €2.3 million in 2022 compared to €1.9 million in 2021.

Other general and administrative expenses amounted to €0.9 million in 2022 *versus* €0.7 million in 2021.

Financial income/(loss)

Financial income/(loss) resulted in a loss of €2.9 million in 2022 *versus* a net income of €4.0 million in 2021.

As of December 31, 2022, the Company reevaluated its shareholding in Tasly BioPharmaceuticals with a value of €14.3 million, reflecting its estimate of the fair value of these shares, based on a third-party's proposal. In 2021, the Company sold some of its shares in Tasly BioPharmaceuticals. The sale of these shares generated a net gain on the disposal of assets of €1.3 million. The shares still held by the Company as of December 31, 2021, were then revalued at €2.4 million. This revaluation corresponded to the difference between the fair value in euros (sale price in September) and the fair value as of December 31, 2020.

As of December 31, 2022, the discounting of the debt on ADNA's conditional advances generated financial income of €2.2 million, compared with a financial income of €0.7 million as of December 31, 2021.

Net income/(loss) before tax

Net income/(loss) before tax was a net loss of €32.8 million in 2022 *versus* a net loss of €19.5 million in 2021.

Net income/(loss)

Net income/(loss) before tax was a loss of €32.8 million in 2022 *versus* a net loss of €19.5 million in 2021.

Net income/(loss) per share was therefore €0.33 in 2022, compared to a net loss of €0.21 in 2021.

Dividend policy

The Company has not distributed a dividend since its formation. In the coming years, it plans to use all available funds to finance the business and future growth.

Events after the reporting period

None.

1.3.4 Cash flow, financing and capital resources

To date, the Company has principally been funded by capital increases. Historically, the Company has mainly been financed by its majority shareholder, due to that shareholder's wish to maintain control and the level of equity interest.

Investments

Investments in tangible and intangible assets amounted to €1.7 million in 2022 (€0.7 million in 2021).

Conditional advances and loans

Since 2019, Transgene has acted as lead Company in a new research program, NEOVIVA, supported by Bpifrance. The Company could receive up to €2.6 million (€0.2 million in subsidies, €2.4 million in conditional advances) over five years. Transgene received €0.6 million of conditional advances under this program in 2022.

The Company has received conditional advances from Bpifrance under the ADNA program until 2016. These, estimated at €9.4 million as of December 31, 2022, will be repayable until 2035 based on future revenues from TG4001.

Liquidity and capital resources

The Company's cash is invested in short-term money-market mutual funds or placed, at market conditions, in a cash pool managed by the majority shareholder of Transgene, Institut Mérieux.

As of December 31, 2022, the Company's available cash, cash equivalents and other current financial assets amounted to €26.8 million *versus* €49.6 million in 2021.

Cash burn

The Company's cash burn amounted to €22.8 million in 2022 *versus* €10.0 million in 2021, excluding capital increase. This cash burn excludes acquisitions/disposals of other financial assets (cash investments in the cash pool of Institut Mérieux).

1.3.5 Investments

The main investments in tangible and intangible assets made by the Company during the past two years are as follows:

2022	In € thousands	Principal investments
Tangible	1, 617	Maintenance and laboratory equipment
Intangible	54	Software
2021	**In € thousands**	**Principal investments**
Tangible	660	Maintenance and laboratory equipment
Intangible	28	Software

None of these investments had a unit value higher than €0.5 million.

The forecast budget for tangible and intangible investments in 2023 amounts to around €3.9 million. This budget includes investments to expand internal capacity for the production of clinical batches and current operating investments for the replacement and improvement of equipment and facilities.

Investments in non-current financial assets (investment securities) over the last three fiscal years evolved as follows:

- in September 2021, the Company sold 49% of its stake in Tasly BioPharmaceuticals for €17.4 million. The Company now holds 8.7 million shares of Tasly BioPharmaceuticals, *i.e.*, 0.8% of this company's share capital. During a first sale, in July 2020, the Company sold 38% of the Tasly BioPharmaceuticals shares it held for US$22 million. At the time, the Company held 1.58% of Tasly BioPharmaceuticals;
- in April 2020, the Company acquired a stake in Vaxxel SAS for €118 thousand, in return for the transfer of rights to the DuckCelt®-T17 cell line. This amount corresponded to 10% of the share capital of Vaxxel SAS at the date of the transaction.

1.3.6 Foreseeable changes, future prospects and significant events subsequent to the end of the fiscal year

1.3.6.1 Information on trends

The Company has a financial visibility until early 2024.

1.3.6.2 Profit forecasts or estimates

None.

1.3.6.3 Significant change in financial or business position

None.

2

RISK FACTORS

The Company conducted a review of the risks that could have a material adverse effect on its activity, financial position, earnings or its ability to achieve its goals. In this section, in application of Article 16 of the Prospectus regulation we present the categories of risk that we consider to be the most relevant to investors as of the date of this Universal Registration Document. Investors should note that the selection of risks presented below is based on the criteria set out under Article 16 of the Prospectus regulation and the recommendations of ESMA, and that an investment in the Company remains subject to additional risks which are either (i) unforeseen as of the date of this Universal Registration Document, (ii) the realization of which is not considered, as of the date of this Universal Registration Document, to be as likely to have a material adverse effect on its activity, financial position, earnings or its ability to achieve its goals, or (iii) which are generic to its industry, to listed companies or to any Company generally, even if such risks are substantial. For example, a category of risks related to commercialized products has not been included because the Company currently has no registered products and does not under our current business model intend to directly commercialize our products, but changes in the product liability regime or the marketing environment can be expected to have some effect on the value of our investigational drugs to partners and therefore on the value of our business.

Investors should carefully consider the following risk factors. They must also take note of the other information provided in this Universal Registration Document, in particular information related to the financial statements and notes thereto.

The table set out below summarizes the principal risk factors identified by the Company as of the date of this Universal Registration Document and indicates for each risk factor the likelihood of occurrence and the possible adverse effect on the Company, in each case taking into account corrective actions and risk management measures that have been put in place. Based on the Company's evaluation, the likelihood of occurrence has been classified as "low," "medium" or "high," and the potential adverse effect has been classified as "low," "moderate" or "critical." For each of the seven risk categories below, the order of the risks takes into account this classification with the risk having the highest likelihood of occurrence and most critical potential adverse effect appearing first in the list.

Ref.	Category	Risk	Probability	Potential impact
2.1.1	Partnership	Our portfolio of candidates may not meet our partners' requirements.	medium	critical
2.1.2		Dependence on partners.	medium	critical
2.1.3		Transgene may not be sufficiently visible to potential partners.	low	moderate
2.2.1	Finance	Available funds might be exhausted.	high	critical
2.2.2		Capital needs might persist and even increase.	high	critical
2.2.3		Uncertain value of equity securities in other companies.	high	critical
2.2.4		Licensing income is volatile.	high	moderate
2.2.5		Income from partnerships may not materialize.	medium	critical
2.2.6		Financing efforts may have an adverse effect on existing shareholders.	medium	moderate
2.2.7		Partnership structures may not immediately increase liquidity.	medium	moderate
2.2.8		High foreign exchange risk.	medium	moderate
2.2.9		French income tax laws could change unfavorably.	low	moderate
2.2.10		Exposure to loans and factoring.	low	low

Ref.	Category	Risk	Probability	Potential impact
2.3.1	Portfolio	Our technological and competitive environment changes rapidly.	high	critical
2.3.2		Poor market acceptance may limit the value of our products.	medium	critical
2.3.3		Combining therapies carries additional risks.	medium	moderate
2.3.4		Transgene could be unable to identify emerging technologies or integrate them successfully.	medium	moderate
2.4.1	Clinical development	One or more of our clinical trials might fail/Our products might not be authorized for sale.	high	critical
2.4.2		Opportunities might be lost due to long and costly regulatory process.	medium	critical
2.4.3		Difficulties in determining the necessary parameters for the success of our drug candidates.	medium	critical
2.4.4		The complex regulatory environment for clinical trials may impose heavy costs.	medium	moderate
2.4.5		We may be involved in trial protocols that turn out to no longer be feasible or suitable for authorization, repayment or partnership opportunities.	low	critical
2.4.6		Impact of the Covid-19 pandemic.	low	moderate
2.4.7		Liability claims regarding products could harm our business.	low	low
2.5.1	Manufacturing issues	Transgene's ability to produce clinical batches and to fulfill its contractual obligations towards AstraZeneca depends on the performance of its internal production tool.	low	critical
2.5.2		Dependence on subcontractors.	low	critical
2.5.3		Reliance on critical suppliers for the procurement of raw materials and consumables.	low	moderate
2.5.4		Environmental risks related to the manufacture and use of our products.	low	low
2.6.1	Intellectual property	The Company may not have the freedom to operate.	medium	moderate
2.6.2		Unpatented intellectual property may be difficult to enforce legally.	medium	moderate
2.6.3		The Company might fail to patent its products.	low	critical
2.6.4		Intellectual property disputes are risky and costly.	low	low

2.1 RISKS RELATED TO PARTNERSHIPS

The Company's business model (see Section 1.2.1.1) entails out-licensing of our drug candidates and technologies to third-party partners for the completion of clinical trials, product registration and, ultimately, commercialization. Multiple risks affect such partnerships.

2.1.1 Our candidate portfolio may not meet the needs of partners

The pharmaceutical companies that make up the largest part of Transgene's partnering opportunities typically in-license product candidates to reinforce their own product pipelines for reasons which may be driven by their own technological capacities, perceived pipeline gaps including those caused by internal program failures, changes to strategy, competitive considerations or other fluctuating criteria and are not possible for Transgene to predict when they will make critical decisions in relation to their portfolio. While the pharmaceutical market overall is highly competitive, there are in reality typically a relatively small number of potential partners for a given candidate. As a result, even a Phase I or II candidate which has the potential ultimately to be developed into a successful commercial product may not necessarily meet partner demand at the time when Transgene would ordinarily seek to license it. In addition to the opportunity cost, failure to out-license a candidate at such a juncture may require Transgene to continue costly development into the subsequent clinical stage, to accept lower value opportunities or even to shelve the candidate.

2.1.2 Dependence on partners

Transgene depends on a limited number of potential partners for the development and marketing of its candidates. Depending on the agreement, Partners may either decide or co-decide the development and commercialization paths for a candidate and may impose choices which Transgene considers sub-optimal for the candidate or for Transgene's overall product platform. In developments which provide for co-decision, there may also be cases in which development is blocked by failure to reach an agreement. In the event of disagreement, it may be difficult for Transgene to successfully assert its rights because of the difficulty inherent to litigation in a foreign court against a well-funded party. Even where there is no fundamental disagreement on the strategy of development or breach of contractual obligations, the results obtained by the partnered product in clinical trials or commercially or changes in a partners' business strategy may cause the partner to terminate our partnership. The failure or termination of a partnership could have a significant negative impact on Transgene's financial prospects or on investor sentiment concerning the Company. In cases where Transgene recovers the rights to the terminated product, there can be no assurance that a new partner can be found even after substantial additional investment by Transgene in the further development of the drug candidate. As of the date of this Universal Registration Document, the Company has signed the following agreements with partners for products it is developing:

- AstraZeneca: research and license option agreement on five oncolytic virus candidates from the Invir.IO® platform (see Section 1.2.3);
- NEC Corporation: collaborative Phase I clinical trials of the personalized vaccine TG4050 incorporating NEC's proprietary neo-epitope ranking algorithm. The further development and marketing for this vaccine will depend on future joint decisions with NEC Corporation (see Section 1.2.3);
- BioInvent: collaborative development and co-ownership of BT-001, an oncolytic virus from Transgene's Invir.IO® platform, including an ICI owned by BioInvent. The development plan, currently in Phase I, and partnership agreement strategy of this candidate will depend on future joint decisions with BioInvent (see Section 1.2.3);
- Merck KGaA and Pfizer: collaborative Phase II trial of the TG4001 vaccine in combination with avelumab. Any amendment to the study protocol will depend on future joint decisions with Merck KGaA and Pfizer (see Section 1.2.3);
- Tasly BioPharmaceuticals: transfer of Chinese rights to T101 and T601 (equivalents of TG1050 and TG6002) for a one-time payment in shares in 2018, with ongoing coordination and information sharing obligations relevant to TG1050 and TG6002 outside of China (see Section 1.2.4.2);
- SillaJen: in-license to Transgene of European manufacturing and marketing rights to the oncolytic virus Pexa-Vec. Transgene and SillaJen share the development of the product, with each currently independently conducting clinical evaluations. A Phase III trial of Pexa-Vec conducted by SillaJen was halted in 2019 for futility (see Section 1.2.4.2), but SillaJen continues with Phase I/IIa trials.

2.1.3 Transgene may not be sufficiently visible to potential partners

Because of Transgene's relatively small size and its location in Strasbourg, France, outside of the principal bio-pharmaceutical centers, the Company competes with other medical research companies with greater resources for generating publications, participating in key industry events and conducting business development.

Consequently, Transgene risks being unable to convince a major partner and establish a partnership in timely fashion. The candidate drug proposed to a potential partner has to fit with the partner's strategic objectives and be more attractive than competing drug candidates.

2.2 FINANCIAL RISKS

The Company's development requires significant capital. Multiple risks affect our ability to continue to fund our activities.

2.2.1 Available funds may be exhausted

Based on current financial resources available to Transgene (cash, cash equivalents, other financial assets and equity securities in Tasly BioPharmaceuticals) and projected operating expenses, Transgene estimates that it has the financial capacity to finance its activities until the start of 2024. The Company is notably planning to sell its shareholding in Tasly BioPharmaceuticals in mid-2023. Transgene's financial position means that, in the medium and long term, additional cash resources will be required. If Transgene is unable to generate additional cash resources during that time frame, the Company may be required to significantly curtail one or more of its research and development programs or to cease operations altogether.

2.2.2 Capital requirements may persist and even increase

While Transgene's long-term business plan aims for stable operational sources of financing—such as royalties from out-licensed products—to reliably cover operating expenses, today Transgene's operations consume more cash than they generate. For example, in 2022, operating expenses for the year amounted to more than €40 million, while income from operations were significantly lower than this figure, at almost €10 million. In addition, our operating revenues are not recurring and may vary significantly from year to year. Potential increases in operating expenditures, whether unexpected expenses or the naturally increasing costs of clinical trials (as development products pass from small early-stage trials to larger later-stage trials), may increase the net cash burn. Increased net cash burn could cause our projected cash resources for a given period to be inadequate, and require non-dilutive or dilutive financing more rapidly than anticipated.

The Company's future capital requirements will depend on many factors, including the following:

- the continued development of research and development programs and the extension of such programs;
- the extent and results of preclinical studies and clinical trials;
- the time and expense required to obtain regulatory authorizations;
- the ability to enter into partnership agreements to continue developing certain products;
- the necessity for large-scale manufacturing and distribution;
- the deadline, collection and amounts of payments under its collaboration agreements;
- the deadline, collection and amounts of sales and royalties for future products;
- the cost of preparing, filing, defending, maintaining and enforcing patent claims and other intellectual property rights; and
- the cost of obtaining and maintaining licensing rights to use patented technologies.

2.2.3 Uncertain value of equity securities in other companies

A significant portion of the Company's assets consists of equity interests in Tasly BioPharmaceuticals and VAXXEL for which there is no public market. These securities represent an important source of future funds. The Company is currently in discussions concerning the sale to a third party of the 8.7 million shares of Tasly BioPharmaceuticals that Transgene continues to hold. Although the Company considers the sale to be highly probable, it can not be certain that these discussions will lead to a sale of the shares, nor the price and timing of such a sale. With respect to the VAXXEL shares, there is currently no prospect of disposal, and the shares are valued at the price of the last fundraising of this Company. The Company cannot be certain of the time required for the sale of VAXXEL shares or the price that it would be able to obtain.

2.2.4 License income is volatile

Over the longer term, even so-called "recurrent" sources of licensing income are subject to significant contingencies, such as development failures or lower than expected product sales. The fact that income in one year is sufficient to cover operational expenditures is not a guarantee that it will continue to be sufficient the following year. This is especially true if, as we expect will be Transgene's case for the foreseeable future, such income derives from a small number of products and does not benefit from the portfolio effect.

2.2.5 Income from partnerships may not materialize

In the medium term, Transgene's strategy is to generate additional cash resources through the out-licensing of product candidates or other partnering structures. Out-licensing and other partnering structures are typically, although not always, remunerated by an up-front cash payment which can be applied to compensate net cash burn, followed by any milestone payments and royalties. There can be no guarantee that Transgene will succeed in partnering its products, or that the cash payments that Transgene is able to generate through its partnering activities will be sufficient to offset its cash burn over the medium term, whether because of the size or the timing of payments received.

2.2.6 Financing efforts may have an adverse effect on existing shareholders

If Transgene is unable to generate sufficient funds through partnering activities, alternative sources of financing, if available, may reduce the value of existing equity investments. Sales of assets of a Company in financial distress may not extract full value. Credit may be available only on financially burdensome terms, and creates the future risk of default. Raising funds through the issuance of new shares is dilutive to existing shareholders and could be complicated by poor capital market conditions. Historically, the financing of the Company was provided, for the most part, by its majority shareholder, due in particular to the shareholder's interest in maintaining its level of investment and control. This interest could be a brake, if the majority shareholder does not have the means to pursue a capital increase and thereby imposes a limit on its amount.

2.2.7 Partnership structures may not immediately increase liquidity

Even successful partnering may take a form which, while value enhancing for shareholders, does not reduce net cash burn or increase liquidity in the short- or even medium-term. For example, an initial upfront payment may be tied to an obligation to conduct a clinical trial the cost of which absorbs some or all of the cash received. Or as in the case of the disposal in 2018 of Transgene's interest in its former joint venture with Tasly BioPharmaceuticals in China, Transgene may receive assets which cannot be immediately converted into cash. Or the partnering structure may back-load at the end of the period, with only small short-term payments.

2.2.8 Exposure to loans and conditional advances

A portion of Transgene's current cash comes from conditional advances from Bpifrance (see Section 5.1.2, Note 9). Transgene must reimburse these amounts either at their maturities or upon the occurrence of contractually defined events. Since 2020, Transgene's exposure to loans has decreased significantly compared to the past with the early repayment of a €10 million loan from the European Investment Bank. In the event that Transgene does not have sufficient financing, the repayment would reduce Transgene's available funds for its future activities and potentially exhaust its financial resources.

2.2.9 The French tax regime could change unfavorably

Transgene benefits materially from two features of the French corporate tax regime: the research tax credit (RTC) and the ability to carry forward cumulated losses. Over the last three fiscal years, the Company has recorded €6,873 thousand (2022), €7,027 thousand (2021) and €6,352 thousand (2020) in respect of the RTC. Given the importance of the RTC in the financing of the Company's activities, if it were to be modified or eliminated due to a change in French tax policy, this would impact the Company's financing capacities. Moreover, as with any tax benefit, the amounts received or claimed by the Company may be contested by the tax authorities, for example, based on an assessment of eligibility of expenditure, sufficient supporting documents or the calculation method.

Accumulated tax loss carry forwards stood at €789 million as of December 31, 2022. Applicable French law provides that tax loss carry forwards can be used to offset up to 50% of net income/(loss), with the first €1.0 million of net income/(loss) capable of being entirely offset. Under current French tax law the unused balance of the tax losses in application of such rule can be carried forward to future fiscal years, under the same conditions and without time restriction. The ability to offset a substantial part of future taxable gains increases the value to shareholders of income that Transgene may generate in the future. Changes to French tax rules limiting or eliminating Transgene's ability to apply the carry forward would therefore negatively impact the value of anticipated future cash flows and therefore the value of our shares.

2.2.10 High foreign-exchange risk

While Transgene's shares are quoted in euro and most of Transgene's expenditures and indebtedness is in euro, contracts in our industry (including our recent contract with AstraZeneca) frequently provide for payment of amounts defined in United States dollars, meaning that variations in the value of the dollar relative to the euro can cause a material change in our net cash burn for a given period or our ability to service debt. In addition, Tasly BioPharmaceuticals, in which Transgene holds 8.7 million shares, operates primarily in Chinese yuan, which means that a change in the value of the yuan against the euro or a restriction on the convertibility of the yuan may have a negative impact on one of Transgene's most important assets and on future sources of liquidity.

2.3 RISKS IN RELATION TO THE PORTFOLIO

Because of the long development times of the portfolio of drug candidates generated by Transgene, decisions regarding the composition of that portfolio, including the focus of exploratory research and regarding substantial expenditures on development, must be made years before a partnering event or other opportunity to extract value from the candidate will occur. Multiple risks are related to our decisions regarding the composition of our drug candidate portfolio.

2.3.1 Our technological and competitive environment is rapidly evolving

One of the key criteria upon which Transgene selects the focus of its portfolio of drug candidates, both in terms of the entities under development and the indications being pursued, is the existence of an unmet medical need and our technological and competitive advantages in satisfying it. Because of the long development times of these drug candidates, in addition to the risks of clinical failure disclosed elsewhere (see Section 2.4), this requires us to make judgments about what developments are likely to be made in the future by other companies and their impact on medical need. Although the Company endeavors to increase its technological capacities to remain competitive, the research and development activities conducted by its competitors could make the Company's products obsolete or not competitive, or they could offer better treatments. Moreover, patients and healthcare providers could prefer other existing therapies or therapies recently developed by the Company's competitors. This risk could also have an impact on our ability to include patients in clinical trials and on the scientific or commercial usefulness of the protocols of the studies under way. If the medical need originally targeted by our drug candidate is met by a competitor, whether through a product similar to ours or through a different therapeutic approach, the ability of our drug candidate to be approved, reimbursed at a satisfactory price and widely prescribed is diminished and its value as an out-licensed product is reduced. Assessing the technological and competitive environment of our drug candidates is reiterated over their entire development. To the extent that such a change to the environment materializes but is not timely recognized by the Company, we may continue to make investment decisions based on erroneous estimations of future returns.

2.3.2 Poor market acceptance may limit the value of our products

The portfolio of immunotherapy products currently under development by the Company consists primarily of therapeutic vaccines and oncolytic viral vectors. These are novel medical technologies for which clinical data on safety and efficacy remain limited and for which direct pricing benchmarks are virtually non-existent. Moreover, notwithstanding demonstrations of safety and efficacy through clinical trials, patients and care providers may be slow to adopt treatments based on genetically modified viruses. The ability of the Company's partners to successfully market its products will depend in part on the setting by public authorities, private health insurers and other organizations in Europe and the United States of reimbursement rates sufficient for its medications as well as the volume of prescriptions filled by patients. Expectations regarding marketing will drive our ability to out-license our products at an acceptable price, and actual future market adoption will drive the amount of income ultimately generated for Transgene through royalty payments.

2.3.3 Combining therapies carries additional risks

The Company's drug candidates are increasingly being administered in combination with other treatments such as chemotherapy or other immunotherapies. The choice of therapeutic classes and specific products that will be associated with our drug candidates is playing an increasing part in our development strategy, because the marketing authorization resulting from such studies will go to the specific combinations tested. The combination with another investigational product carries the risk that the side effects of the other product may be mistakenly attributed to a Transgene candidate or that the clinical trial will fail for reasons beyond the control of the Transgene candidate. Even obtaining a marketing authorization in combination with a marketed product exposes Transgene to the risk that its sales will be limited if the combined product is not as well accepted on the market as competing drugs. If a standard treatment emerges that is not the product chosen by Transgene for combination with its own drug candidate, inclusion in our clinical studies as well as the commercial prospects of its product could be negatively impacted.

2.3.4 Transgene may not identify emerging technologies or fail to successfully integrate them

Transgene's current portfolio has been selected and developed to take advantage of the Company's leading expertise in a number of fields, such as viral genome engineering, translational immunology, biomanufacturing and bioinformatics. Exploitation of Transgene's areas of expertise is largely dependent on key enabling technologies that Transgene must carefully identify and master to maintain its competitive edge. Recent programs have been designed by taking advantage of emerging methods, such as machine learning and artificial intelligence for the *myvac*® platform, or "tumor on a chip" for its Invir.IO® platform. Advanced immune phenotyping technologies have been largely used in our clinical trials for the monitoring of patient responses and for a better understanding of the mechanism of action of our products. Thus, technology survey and assessment are essential activities within the Company, both for the choice of candidates in our portfolio and their successful design and development. Transgene must additionally determine in each case whether the technology is to be fully integrated through recruitments, licensing and/or acquisitions, or managed through service providers or co-development partners. A failure on the part of Transgene to successfully identify its technological needs and integrate adequate capacity may limit its medium- and long-term development capabilities.

2.4 RISKS RELATED TO CLINICAL DEVELOPMENT

There are numerous uncertainties until the clinical development is completed.

2.4.1 One or more of our clinical trials could fail; the marketing of our products may not be approved

The Company's products may only be marketed pursuant to a valid marketing authorization obtained through the conduct of successful clinical trials. In order to obtain a marketing authorization, the Company, or its licensee, must demonstrate to the competent regulatory authorities, in particular the EMA and the FDA, the pharmaceutical quality of the products, their safety and their efficacy for the targeted indications. Each agency has its own marketing authorization requirements, and approval in one geographical zone does not necessarily guarantee it will be obtained for other geographical zones. In particular, without FDA approval, it would be impossible for the Company to access the U.S. market, which is the largest pharmaceutical market in the world in value.

Each stage of the clinical trials carries a significant risk of failure, which could prevent further development of the drug candidate. The latter may be poorly tolerated, not effective enough or may have no therapeutic benefit. For example, in December 2019, the Company announced that it had stopped developing TG4010, because the main assessment criterion of a Phase II study in combination with nivolumab and chemotherapy had not been met. *In vivo* preclinical trials do not necessarily predict the results that will be obtained in humans. Likewise, positive results in early clinical phases obtained on a small number of patients may not be borne out in later phases on more patients. Drug candidates in an early stage of development, such as those from Transgene, face a higher degree of uncertainty than more mature candidates and make it difficult to assess our activities and prospects, which could increase the risk of an investment in Transgene.

2.4.2 Opportunities may be lost due to long and costly regulatory process

If the clinical trial process cannot be managed to obtain results quickly and in a cost-effective way, Transgene may miss approval, partnering or marketing opportunities to faster competitors or be unable to complete the clinical trials, resulting in higher costs and lower probability of success. Multiple factors contribute to this risk:

- clinical protocols, which describe the objectives of the study and the parameters to be used to measure safety and efficacy, must be approved by the regulatory authorities in the country in which the clinical trials are being conducted. The majority of countries have also put in place special committees that study the protocols using recombinant DNA products, like those of the Company, before authorizing them for use (the *Haut Conseil des biotechnologies* in France, the National Institutes of Health's Recombinant DNA advisory committee in the United States and the Gene Therapy advisory committee in the United Kingdom);
- further, each clinical trial must be approved by each study center's independent Ethics Committee. In particular, the Ethics Committee will assess the need for the study, the safety of the people involved in the trial and the potential liability of the medical center. The Ethics Committee is also responsible for monitoring the application of the protocols approved for the clinical trials in progress. The Ethics Committee could demand modifications to a protocol, and there is no guarantee that it will authorize a study to commence or continue. This procedure can be conducted at the same time as the approval procedure by the agencies; however, it could cause delays and considerable extra costs in addition to those relating to the regulatory examination procedure;
- the inclusion of patients in the trials may be faster or slower, or indeed fail. Clinical trials with the Company's products in development are conducted in people with the target diseases. The number of patients who can and want to participate in a clinical trial is limited, and inclusion can be a difficult and slow process due to the competition for those specific patients with other approved or investigational therapies intended for the same population;
- to avoid interrupting a trial because of an inability to recruit the necessary number of patients within an acceptable time frame, the Company may need to increase the number of clinical centers, which adds to the cost of the trial;
- access to appropriate clinical sites may be difficult, preventing the initiation or conduct of the trial within a reasonable time frame;
- the cost per patient of clinical trials is particularly high, especially in immunotherapy and personalized medicine, which makes later clinical testing (Phase III) particularly costly in indications that require a large number of patients to prove a therapeutic benefit, such as anogenital cancers targeted by TG4001. Many of the Company's drug candidates are being tested in combination with other therapies, creating an additional cost for the trial sponsor. These costs could exceed the Company's available cash resources, and the Company would then need to seek financing, for example, through partnerships with the pharmaceutical industry. There is no guarantee that the Company will be able to enter into such partnerships or that such alternative financing can be arranged.

2.4.3 Difficulties in determining the necessary parameters for the success of our drug candidates

The success of a product generally depends on the identification of the regimen and administration route, selection of patients, other products with which it is combined or other factors extrinsic to our drug candidate. In this case, clinical trials of a drug candidate, even if they are positive, may not reach the statistical thresholds required to provide clinical proof of concept for further development and to obtain marketing authorization. If these parameters are not successfully defined, a product which, in a better-targeted context, could have obtained regulatory authorization and commercial success, can therefore be excluded.

To select patients that are most likely to benefit from a treatment, it has become almost indispensable to find biomarkers (particular biological characteristics) in them. It allows principally to predict or demonstrate their response to treatment. It cannot be guaranteed that the Company will succeed in identifying the relevant biomarkers for its products, even where a responsive sub-population of patients exists. Where biomarkers have been successfully identified, they must be incorporated into diagnostic tests, called companion diagnostics, which will then accompany the treatment so that it can be administered to those most likely to benefit. Validation of companion diagnostic tests is an entirely separate clinical development process that happens concurrently with the clinical trials for a treatment and adds a level of complexity and additional costs which may limit market adoption of our product even if it obtains a marketing authorization.

2.4.4 The complex regulatory environment of clinical trials may impose significant costs

In recent years, laws related to the pharmaceutical industry's interactions with healthcare professionals (typically referred to as "sunshine" and "transparency" acts) and handling of sensitive patient data (most notably the European Data Protection regulation and national implementing rules such as those of the French CNIL) have become increasingly stringent. Failure to comply with these rules could expose the Company to reputational damage, penalties and legal costs.

2.4.5 We may be involved in trial protocols that turn out to no longer be feasible or relevant for authorization, reimbursement or partnership opportunities

The rapid changes in medical research and treatments available that have been seen in oncology, and immunotherapy in particular, present a major risk that a clinical trial protocol which once appeared well adapted to providing clinical proof of concept, obtaining marketing authorization, negotiating satisfactory reimbursement and attracting partnering opportunities has become outdated. Once a clinical trial is initiated, changing its parameters is difficult and as a practical matter often impossible. If the standard treatments change during a clinical trial, the level of results hoped for when the study was originally designed may turn out to be inadequate as compared to the therapeutic options that might have become available during the study. Changes in standards of care may also mean that the patient populations and the inclusion criteria are no longer relevant, which can make it unfeasible to include patients in the clinical trial. In 2018, for instance, the sponsor of an independent clinical trial dealing with TG4010 chose to stop its study largely for these reasons. Clinical results from other competing products may also cause the competent regulatory authorities to modify their evaluation criteria. As a result, the protocol may not provide for the collection of data, which are now required by health authorities. Finally, the choice of biomarkers or combination products made on best information at the inception of the clinical trial may tie its results to technologies that are no longer favored several years later.

2.4.6 Impact of the Covid-19 pandemic

The Covid-19 pandemic, which has lasted since March 2020, has had a limited impact on Transgene's activities, although these effects were less severe in 2022 than in prior years.

If containment and global spread were to continue, the impact of the disease and the containment measures adopted by governments and the civil society could cause dysfunction in the supply and shipping chain on which the Company depends, lack of visibility in the scientific community due to the cancelation of international conferences, disorganization of the clinical sites participating in its clinical trials, delay or inability to produce its drug candidates, or even temporary closure of our establishments. As of today, the Company cannot be assured that it would be possible to implement its clinical trial program under the conditions and within the time frame initially planned if one or more of these risks should materialize. The occurrence of these risks would also have a downward impact on the Company's anticipated level of expenses, as well as on expected income from collaborations. This financial impact is difficult to quantify precisely as of the date of this document.

2.4.7 Product liability claims could harm our business

Since Transgene tests its drug candidates on humans, the risk of being sued for product liability is inherent in its activities. Side effects or manufacturing defects in products developed and administered in clinical trials could lead to deterioration of the patient's condition, injury or even death. For example, the Company's liability could be called into question by patients participating in clinical trials in the context of the development of tested candidates and unexpected side effects resulting from their administration. Patients, regulatory bodies, biopharmaceutical companies and any other third party using or marketing Transgene's products could bring criminal or civil proceedings against it. Such allegations, even if they are unfounded, may make it impossible to continue developing the drug candidate and may damage the Company's reputation. These lawsuits could divert management from implementing its business strategy and could be costly to defend. In addition, if the Company is held liable in any of these possible lawsuits, it may incur significant penalties and suffer other damage to its reputation.

2.5 INDUSTRIAL BUSINESS RISKS

The viruses on which Transgene's immunotherapies are based require highly specialized manufacturing, which exposes an investment in the Company's shares to a number of specific risks.

2.5.1 Transgene's ability to produce clinical batches and to fulfill its contractual obligations towards AstraZeneca depends on the performance of its internal production tool

The timelines and size of the batches (and therefore the cost) produced by Transgene's current manufacturing subcontractors are not compatible with the rapid turn-around times required to produce the small patient-specific batches of TG4050, for which we target a delivery of the patient-specific drug so that they can be administered in the time required by the trial protocols. To overcome these production issues, the Company has acquired the means to produce internally and to GMP standards small batches of products based on MVAs and VVs for purposes of research and small-scale clinical trials. This production line can also manufacture small batches of our Invir.IO® products. The contract with AstraZeneca intends to benefit from the competitive advantage provided by this faster, less costly production method for initial testing of the option products. Two production lines have been installed, tested and approved by the ANSM, and Transgene is studying an additional capacity increase for this tool. If production capacity fails to keep pace with the growth of demand by Transgene and its customers, Transgene's clinical trials and relationships with partners could be negatively impacted. If this new production equipment does not maintain its approval by the ANSM or if it proves to be less reliable than expected by the Company, the Company risks finding some of its activities disrupted and delayed, with consequences on the costs and even the feasibility of some of its projects.

2.5.2 Dependence on subcontractors

The Company has also sub-contracted the manufacturing of certain batches required for its clinical trials. The manufacturing unit of the sub-contractor, ABL Europe, does not have sufficient capacity to guarantee the commercial-scale production of these products beyond the initial launch phase. The Company secured its ability to subcontract commercial-scale manufacturing of some of its products by entering into a partnership with Sanofi Genzyme. The Company would need to make substantial additional investment to have its products manufactured on a commercial scale by other third parties or to manufacture the products internally again on a large scale, and the technology transfer and production validation process could be expected to entail a lead time of well over a year before production for use in patients could commence. In the event of such a transfer, the regulatory authorities may also require new clinical trials due to the specificities linked to bioproduction. Therefore, while neither contract is exclusive, the Company's ability to voluntarily switch sub-contractors within a reasonable time frame is limited, meaning that the Company is dependent on the availability of product slots and the pricing practices of its sub-contractors. The Company may not be able to negotiate competitive production costs or delivery times for its products, which would have a material adverse effect on its business, earnings, financial position and development. Should the production capacity of existing sub-contractors no longer be available to Transgene, for example due to a business interruption or a loss of regulatory approvals, transferring production to a back-up site would entail significant delays and costs.

2.5.3 Dependence on critical suppliers for the procurement of raw materials and consumables

The Company uses raw materials from different suppliers in its manufacturing processes of its drug candidates; some of the suppliers are the sole source of the material in question. The Company certifies its suppliers pursuant to pharmaceutical good manufacturing practices. If one of the sole-source suppliers should default, the Company must find and certify another source. However, identifying and certifying such a supplier could take several months, and their products could not be used in the Company's processes until certification is complete. Moreover, the current volumes ordered by the Company do not allow it to negotiate agreements guaranteeing a supply of certain key raw materials from qualified critical suppliers. The Company therefore cannot ensure that it could be supplied by certain critical suppliers, that it could secure a second supplier or that it could do so in a timely manner.

2.5.4 Environmental risks related to the manufacture and use of our products

The Company's manufacturing, research and development activities, preclinical studies and clinical trials require the controlled storage, use and disposal of hazardous materials, both chemical and biological. The Company is subject to laws and regulations relating to the use, manufacture, storage, handling and disposal of materials and waste. Even though it believes that its safety procedures for the handling and disposal of these hazardous materials comply with legal and regulatory standards, the risk of contamination or accidental injury caused by these hazardous materials cannot be completely ruled out. In the event of an accident, it could be held liable for all consequent harm, and its liability could exceed the limits of its insurance policies or not be covered. It might be unable to maintain its insurance coverage on acceptable terms or possibly at all. It might have to bear significant expenditures in order to comply with present or future provisions of environmental law. As of the date of this Universal Registration Document, the Company has made no specific provision for industrial and environmental risks.

2.6 RISKS RELATED TO INTELLECTUAL PROPERTY

The Company's business model (see Section 1.2.1.1) consists in selling licenses of drug candidates and technologies to third parties. The Company relies on its ability to grant rights under its intellectual property which do not conflict with the intellectual property rights of third parties. The Company is exposed to multiple risks related to intellectual property.

2.6.1 The Company may not have the freedom to operate

The conduct of the Company's business or administration of its products may fall under the intellectual property rights of others. The existence of such third-party rights could obligate the Company or its partners to:

- cease to sell or use any of its products that depend on the disputed intellectual property, which could reduce its income; or
- seek to limit or even invalidate one or more claims of such a patent by judicial or administrative means; or
- obtain a license from the holder of the intellectual property rights that could not be obtained under reasonable conditions, if at all.

Its business would be affected if it or its partners were unable to invalidate these rights or obtain a license, or if it could only obtain a license under conditions deemed unacceptable. The same would hold if it were unable to redesign the products or processes so as to avoid being sued for infringement.

The Company seeks to take into account third-party rights when making its product portfolio and clinical development decisions. The identification of such intellectual property rights and the evaluation of whether the Company's activities in fact fall within their scope is subject to interpretation, and frequently litigated. For example, a family of patents from the Company Replimune claims product characteristics that would include the BT-001 drug candidate. Opposition proceedings against the granting of titles are underway in the United States and Europe to challenge the validity of these patents on the grounds, in particular, of insufficient description and lack of inventive step. Transgene believes that the broad claims of this family are ill-founded in law, and is confident in a positive outcome for BT-001. Notwithstanding this confidence, there can be no guarantee regarding the success of these procedures, and even in the event of success, pending the decision of the competent bodies, the freedom to operate risk that weighs on BT-001 could make the candidate drug less attractive to potential partners.

The monitoring implemented by the Company to prevent freedom to operate risk may be insufficient due to (i) delays in publishing patent applications (18 months after the filing or priority date), (ii) failure to publish certain patent applications in the United States, (iii) the changing scope of patent claims between the application and the granted patent and (iv) uncertainty as to whether the patent will ultimately be allowed in any form or if post-patent opposition procedures brought by the Company limit or invalidate some of the patent's claims.

Even when the Company makes its own patent application, it cannot be sure that certain third parties have not been the first to invent products or to file patent applications relating to inventions also covered by their own patent applications or those of their partners.

2.6.2 Intellectual property rights other than patents may be difficult to enforce

Transgene believes that several elements of its program involve technology, processes, know-how, data, including culturing and production processes, as well as purification technology, which cannot be patented. Because it is generally impossible to establish an exclusive right-of-use over most non-patented intellectual property, the Company may also not be able to determine the correct value of these resources from its partners. With regard to technologies, know-how and data that are not patentable or are only potentially patentable, and to processes, other than production processes, for which patents would be difficult to enforce, Transgene has chosen to protect its interests by relying on non-disclosure agreements with its employees, consultants and certain subcontractors. All of its employment contracts include confidentiality clauses. These confidentiality clauses do not provide sufficient protection and may be terminated. In that event, the Company believes that there is no satisfactory remedy possible. Its product design and manufacturing secrets could be revealed and used independently by its competitors.

2.6.3 The Company may fail to patent its products

Transgene's ability to partner out a product or technology, and the value obtained by Transgene, will depend largely on its ability to obtain patents covering its products and processes allowing it to benefit from the exclusive use of inventions for the period prior to patent expiration. Transgene has filed and plans to continue to file numerous patent applications for various aspects of its operations (such as viral vectors and methods for preparing and administering them, genes and gene combinations, monoclonal antibodies, biomarkers, etc.) in the United States, Europe and selected other countries. However, we may not be able to obtain, maintain or enforce our patents and other intellectual property rights, which could affect our ability to compete effectively. For example, we cannot guarantee:

- that we will be able to develop new patentable drug candidates or technologies or obtain patents to protect such new candidates or technologies;
- that we will file all necessary or desirable patent applications or that we will obtain the patents that we have applied for and that are under review;
- that we or our licensing or collaboration partners were the first to make the product candidates or technologies covered by the issued patents or pending patent applications that we license or own;
- that we will be able to obtain sufficient rights to all necessary or desirable patents or other intellectual property rights, whether at all or on reasonable terms;
- that the scope of any issued patents that we own or license will be broad enough to protect our product candidates or effectively prevent others from commercializing competitive technologies and product candidates; or
- that there is no risk of our owned and licensed patents being challenged, invalidated or circumvented by a third party.

2.6.4 Intellectual property disputes are risky and costly

Transgene's success will also depend upon its ability to prevent other parties from using its intellectual property and its ability to defend itself against claims that Transgene products infringe third-party rights. Such disputes involve complex legal and factual questions and are frequently resolved in litigation, which could generate substantial financial costs and result in decisions unfavorable to Transgene's interests. Competitors with greater resources could better withstand the costs of a complex proceeding. Any litigation of this type could seriously affect the Company's ability to continue its business.

3

REPORT ON CORPORATE GOVERNANCE – GOVERNANCE

This section restates in its entirety the report required by Article L. 225-37 of the French Commercial Code, relating to the manner in which the Company's Board of Directors prepares and organizes its work in accordance with Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

This report was adopted by the Board of Directors at its meeting of March 16, 2023. In accordance with Article L. 225-235 of the French Commercial Code, the Board of Directors' Report on Corporate Governance was submitted in full to the Statutory Auditors.

3.1 PRESENTATION OF THE EXECUTIVE COMMITTEE

ROLE OF THE EXECUTIVE COMMITTEE

General management is the responsibility of a team of managers, each with specific roles, around the Chief Executive Officer, who meet within the Executive Committee.

Its mission is the operational and strategic management of the Company.

The Executive Committee meets every two weeks.

Its membership reflects the Company's main skills.

COMPOSITION

8 MEMBERS

25% WOMEN

5 years AVERAGE SENIORITY WITHIN THE EXECUTIVE COMMITTEE

7 years AVERAGE SENIORITY WITHIN TRANSGENE

53 years AVERAGE AGE

1. **Hedi Ben Brahim**
   Chief Executive Officer (CEO)
2. **Éric Quéméneur**
   Executive Vice-President
   Chief Scientific Officer (CSO)
3. **Christophe Ancel**
   Director of Pharmaceutical Operations and Responsible Pharmacist
   Deputy Chief Executive Officer
4. **Maud Brandely**
   Chief Medical Officer (CMO)
5. **Jean-Philippe Del**
   Chief Financial Officer (CFO)
6. **Steven Bloom**
   Chief Business Officer (CBO)
7. **John Felitti**
   General Counsel
   Corporate Secretary
8. **Gaëlle Stadtler**
   Human Resources Director

The following table gives the names of those on the Transgene Executive Committee, their current positions in the Company and the date they assumed those duties.

Name	Age	Current position	Committee member since
Mr. Hedi Ben Brahim	42	Chief Executive Officer (since May 25, 2022)	2021
Mr. Christophe Ancel	59	Director of Pharmaceutical Operations and Chief Pharmacist – Deputy CEO	2014
Mr. Steven Bloom	62	Chief Business Officer (CBO)	2022
Ms. Maud Brandely	69	Chief Medical Officer (CMO)	2016
Mr. Jean-Philippe Del	43	Chief Financial Officer (CFO)	2014
Mr. John Felitti	53	Corporate Secretary – General Counsel	2016
Mr. Éric Quéméneur	59	Executive Vice-President – Chief Scientific Officer (CSO)	2014
Ms. Gaëlle Stadtler	40	Human Resources Director	2021

Mr. Hedi Ben Brahim joined Transgene on January 1, 2021, as Chairman and Chief Executive Officer. On May 25, 2022, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer and reappointed Mr. Hedi Ben Brahim as Chief Executive Officer. He has also been Operational Director of the Immunotherapy division at Institut Mérieux since September 2018, a position he retains. He is also a member of the Board of Directors of ABL, Inc., a contract research and development and bioproduction Company (CRO/CMO). Before joining Institut Mérieux, Mr. Hedi Ben Brahim managed a subsidiary of Vallourec. He began his career in the French public sector at the Ministry of the Economy, Action and Public Accounts, then at the Ministry of Social Affairs and Health. He is a graduate of École Polytechnique and École Nationale Supérieure des Mines de Paris.

Mr. Christophe Ancel joined Transgene in 2008 as Head of Quality Assurance, and then as Director of Operational Quality. He is Responsible Pharmacist and in this respect, he is Deputy CEO since 2014. Previously he worked as a quality consultant to a variety of international pharmaceutical laboratories. From 2001 to 2005 he was Quality Manager, Deputy Pharmacist and acting Responsible Pharmacist at the French production plant of E. Lilly. In 2001 he was Quality Manager and acting Responsible Pharmacist at a Cardinal Health plant. From 1992 to 2000, he worked at Alcon Laboratories in the quality area and was Deputy Pharmacist at their production site. His various professional experiences have led him to work in an international setting of sterile product manufacturing and marketing. Mr. Christophe Ancel has a PhD in pharmacology.

Mr. Steven Bloom joined Transgene in February 2022 as Director of Business Development (CBO). Previously, he held senior management positions in large multinational and biotechnology companies, and during the course of his duties concluded major transactions in the field of oncology. Before joining Transgene, Mr. Steven Bloom also held the following positions: Senior Vice-President at Boston Pharmaceuticals; Sales Director at Vavotar Life Sciences (formerly known as NantiBodyFc), Verastem Oncology and Ziopharm Oncology. Earlier in his career, Mr. Steven Bloom spent eighteen years at Eli Lilly, where he held key positions in sales, marketing and corporate affairs at several locations in the United States. Mr. Steven Bloom holds a Bachelor of Science degree in Pharmacy from Northeastern University in Boston.

Ms. Maud Brandely joined Transgene in 2016 as Chief Medical Officer (CMO). She was the Director of the Clinical Oncology Development at Pierre Fabre until February 2016. She was responsible for all Phase I to Phase III clinical trials. She played a role in the registration of oral Navelbine products for the treatment of both breast and lung cancer and for vinflunine in bladder cancer. Prior to Pierre Fabre, she was Director of Taxotere Clinical Development at Rhône Poulenc (RPR, now Sanofi), where she was responsible for setting up clinical trials with the aim of registration in the United States and Europe. As such, she divided her time between Collegeville and Paris to oversee her US and European teams. Prior to RPR, she worked for Hoechst-Roussel-Uclaf (now Sanofi) and was involved in the development of cytokines (IL-2, IFN) and cytotoxins. She is an MD and has a PhD in immunology.

Mr. Jean-Philippe Del became Transgene's Chief Financial Officer and a member of the Executive Committee in 2014. Before that, he had been Director of Administration and Finance. He joined the Company in 2005 and oversaw the management control system, accounting and purchases. Before joining Transgene, he was a financial auditor at Mazars and began his career in 2001 as a financial controller at Brasseries Kronenbourg. Mr. Jean-Philippe Del holds a DESCF degree and is a finance and accounting graduate of Université de Strasbourg.

Mr. John Felitti joined Transgene in 2016 as General Counsel and Corporate Secretary. Prior to his appointment, he was Associate Vice-President, Corporate law, Finance and Securities law at Sanofi, and previously held other positions in the Sanofi and Aventis legal departments. From 1996 to 2003, he was an associate attorney at the Paris offices of the US law firm Shearman & Sterling. He is admitted to practice in New York and is a former member of the Paris Bar. After majoring in economics at Harvard University (AB 1991) and the College of Europe (MA 1993), Mr. John Felitti studied law at the University of Michigan (JD 1996) and the University of Paris II – Panthéon (LLM 1997). He also holds a business degree from INSEAD (GEMBA 2015).

Mr. Éric Quéméneur joined Transgene in 2014 as Executive Vice-President, in charge of Research and Development. Before joining Transgene, he served as Director of Programs and Reclamation in the Life Sciences Department of the CEA, after a twenty-year career in that organization. His responsibilities included managing the Research and Development programs and transferring them into applications, leading multi-disciplinary teams and developing national and international alliances. He is a biochemical engineer, INSA Lyon (1986), with a PhD in science, a D.U. degree in Industrial Pharmaceuticals from Université Claude Bernard Lyon 1 and a Certificate in Research Management from Université Pierre et Marie Curie – Paris VI. He is the author of some 80 publications in international scientific journals.

Ms. Gaëlle Stadtler was appointed Head of Human Resources and made a member of the Executive Committee on January 4, 2021. She joined Transgene in 2018 as Human Resources and Internal Communication Manager. Between 2011 and 2017, she held the positions of Head of Human Resources at Sensient Flavors and Human Resources Generalist at L&L Products. Ms. Gaëlle Stadtler began her career within Mars Inc. as a Talent and Training Coordinator. She holds a Master's degree in Management from Skema Business School Lille and a Master's degree in HR from EM Strasbourg.

Scientific and medical advisors

The Executive Committee is supported by a network of experts, particularly on scientific and medical matters. Medical issues are discussed with the clinical development committee of the Board of Directors (see 3.4.3). Scientific matters are discussed with a Scientific Advisory Board.

As of the date of this report, Transgene relies on two world-leading scientific advisors.

John C. Bell is an internationally renowned expert in using oncolytic viruses (OVs) to treat cancer. He formed, and continues to lead, the Canadian Oncolytic Virus Consortium, a trans-Canadian, multidisciplinary group developing virus-based cancer therapeutics. He is the Scientific Director of BioCanRx, a network of Centers of Excellence developing and clinically testing novel immunotherapeutics for the treatment of cancer. He is a co-founder of OV biotechs companies Jennerex and Turnstone Biologics. John is a senior scientist at the Ottawa Hospital Research Institute (OHRI), a research institution affiliated with the University of Ottawa. John launched his independent research career in the Department of Biochemistry at McGill University. His research program has been continuously funded by peer-reviewed grants for over 30 years and he has authored over 400 publications.

He completed his post-doctoral studies at the Medical Research Council in London, England and received his PhD in virology and immunology at McMaster University in Ontario, Canada.

Pedro Romero is Professor at the Faculty of Biology and Medicine, University of Lausanne, where he has worked since 2003, focusing on tumor immunology and cancer immunotherapy, particularly on the biology and dynamics of cytolytic CD8 T lymphocyte (CTL) responses. He is also Editor-in-Chief of the Journal for ImmunoTherapy of Cancer.

Previously, Pedro conducted researched at the Department of Medical and Molecular Parasitology at New York University School of Medicine before joining the Ludwig Institute for Cancer Research (LICR), Epalinges, Switzerland, in 1989. In 2001, he became division Head of Clinical Onco-Immunology at the LICR in Lausanne.

Pedro holds a number of patents and has coauthored more than 320 original research articles describing his scientific works in peptide-based immunotherapy and T cell responses, several of them in Science or Nature.

Pedro obtained his MD at the School of Medicine of the National University of Colombia in Bogota.

3.2 GOVERNANCE PRINCIPLES ADOPTED BY THE COMPANY

3.2.1 The MiddleNext Code: the reference code

The Company refers to the Corporate Governance recommendations contained in the MiddleNext Code of Corporate Governance for mid- and small-cap companies of September 2021 ("MiddleNext Code"). The MiddleNext Code can be consulted on the MiddleNext website or on that of the Company. The Board regularly reviews the points of vigilance in the MiddleNext Code, including as part of its self-assessment of Board functioning, and prepares an annual report on its compliance with the 22 recommendations of the MiddleNext Code.

MiddleNext Code recommendations	Adoption
"Supervisory" power	
R1: Board members' ethics	Compliant
R2: Conflicts of interest	Compliant
R3: Composition of the Board of Directors – Presence of independent members	Compliant
R4: Information for Board members	Compliant
R5: Training for Board members	Compliant; see comment
R6: Organization of Board and Committee meetings	Compliant
R7: Implementation of committees	Compliant
R8: Establishment of a specialist committee on Corporate Social/Societal and Environmental Responsibility (ESG)	Adopted with a deviation; see comment
R9: Implementation of internal Board rules	Compliant
R10: Choice of each "Board member"	Compliant
R11: Duration of terms for "Board members"	Compliant
R12: Compensation of a "Board member" in respect of his or her office	Compliant
R13: Implementation of an assessment of the Board's work	Compliant
R14: "Shareholder" relations	Compliant
Executive power	
R15: Diversity and equity policy within the Company	Compliant
R16: Definition and transparency of compensation for executive corporate officers	Compliant
R17: Preparation of Management succession	Compliant
R18: Concurrent holding of an employment contract and corporate office	Compliant; see comment
R19: Departure benefits	Compliant; see comment
R20: Additional pension plan	Compliant
R21: Stock options and free share grants	Adopted with a deviation; see comment
R22: Review of points of vigilance	Compliant

Based on the report, the Board considers that Transgene's Corporate Governance complies with the 22 recommendations of the MiddleNext Code, with the exception of 2 partial deviations with the recommendations R8 and R21.

With regard to recommendation R8, at the meeting of December 15, 2021, the Board updated its Internal Regulations to implement a policy for training directors and to establish an ESG Committee in accordance with the new R5 and R8 recommendations of the MiddleNext Code published in September 2021. The concrete implementation of these new recommendations began in 2022. The members of the ESG Committee were appointed on May 25, 2022, following the renewal of the Board of Directors at the Annual Ordinary General Meeting. The Committee appointed as Chairperson of the ESG Committee Ms. Sandrine Flory, the representative of TSGH, notwithstanding recommendation R8 of the MiddleNext Code, which recommends the appointment of an independent director. Ms. Sandrine Flory was appointed Chairwoman of this committee due to her specific expertise in ESG. She is also responsible for these issues at Institut Mérieux. The directors consider that the chairmanship of TSGH was the best way to ensure that ESG issues and the Committee's recommendations were taken into account within the Board. The other provisions of recommendation R8 are adopted without deviation.

With regard to recommendation R18 of the MiddleNext Code (concurrent holding of an employment contract and corporate office), an employment contract remains in force for the Deputy CEO. Before his appointment as Deputy CEO, Mr. Christophe Ancel was an employee of Transgene. His employment contract has remained in force since his appointment due to the continuation of his previous salaried activity. The Board is of the opinion that maintaining this employment contract is justified in this case given that the Responsible Pharmacist's corporate office is a regulatory requirement.

The Board considers that the concurrent holding of the position of Deputy CEO and an employment contract is consistent with the letter and spirit of the MiddleNext Code's recommendations. There is no employment contract between Transgene and its Chairman and Chief Executive Officer or between Transgene and the other corporate officers targeted by the recommendation. It should be noted that recommendation R18 does not specifically target the corporate office of a Deputy CEO, and even for corporate offices targeted by this recommendation, concurrent holding is managed but not prohibited. For this reason, the Board of Directors considers that there is no deviation from R18.

With regard to recommendation R19 of the MiddleNext Code (departure benefits), the Deputy CEO does not receive any departure benefits other than those provided by the collective bargaining agreement that governs his employment contract. These benefits are granted only in the event of the termination of the employment contract under the conditions provided by the collective bargaining agreement and are not paid for the expiry of the corporate office. The amount and conditions of these benefits are in accordance with recommendation R19 (See Section 3.8.3). The Company has not granted departure benefits in the event of the termination of their functions to the Chairman nor the Chief Executive Officer.

With regard to the recommendation R21 of the MiddleNext Code (stock options and free share grants), the Company regularly grants free shares to all of its employees, without excessively focusing on executive managers. In accordance with recommendation R21 to make all or part of the grants to executive managers subject to conditions, half of each grant to executive managers is subject to performance conditions reflecting the medium- to long-term interest of the Company. Concerning the conditions for the exercise and definitive allocation of all or part of the stock options or free shares, it is recommended by MiddleNext to assess the performance conditions over a period of at least three years. Nevertheless, for certain allocations, the assessment period is limited to one year within Transgene. The Board considers that even if the policy relating to the performance assessment period differs from the period specified by recommendation R21 for certain allocations, it remains appropriate to the context of Transgene. Indeed, although the performance conditions concerned target the actions that need to be carried out in the short term (in the current or coming year), these are actions required to achieve the Company's long-term objectives. The Company has not granted any stock options since 2012, and previous grants have lapsed. The other provisions of recommendation R21 are applied without deviation.

3.2.2 Procedures for exercising General Management: separation of the duties of the Chairman of the Board and the Chief Executive Officer since May 25, 2022

Transgene's mode of Corporate Governance is adapted to its specificities and forms part of a continuous improvement process. The duties of the Chairmanship of the Board and the senior management of the Company are performed by the same individual. After consideration, the functions of Chairman of the Board of Directors and Chief Executive Officer were separated in order to entrust the Chairmanship of the Board to an independent director. Mr. Hedi Ben Brahim would remain Chief Executive Officer and director. The separation of duties would strengthen the control of independent directors and mobilize complementary skills at the top of the Company.

This new governance took effect on May 25, 2022, by decision of the Board of Directors held at the end of the General Meeting of shareholders of Transgene on May 25, 2022.

The Board's functioning is governed by internal rules that are regularly updated and published on the Company's website.

The Board of Directors meets at least four times per year. At least two executive sessions (a meeting without the attendance of the Chief Executive Officer or another member of the Executive Committee) per year are proposed to directors. The Board's work is prepared by five specialist committees responsible for assisting the Board in its discussions and decisions (see Section 3.4.3 below).

3.3 COMPOSITION OF THE BOARD OF DIRECTORS

The Company is governed by a Board of Directors currently consisting of ten members, of whom nine are individuals and the tenth is the majority shareholder, TSGH. Four women sit on the Board: Ms. Sandrine Flory, as permanent representative of TSGH, and Ms. Marie-Yvonne Landel, Ms. Maya Saïd, independent directors, and Ms. Laurence Espinasse, non-independent director.

The term of the directors' mandates is three years. The renewal of terms of office is staggered in order to allow for regular renewal in equal portions, except in exceptional cases, such as a change of control. Under French law, the directors' terms of office can be terminated *ad nutum*; such a rotation does not deprive shareholders representing a majority of the votes of their ability to replace all directors at any time.

The Board assessed the status of independent director in accordance with the criteria of the MiddleNext Corporate Governance Code. The directors' terms expire on the date of the Ordinary General Meeting held in the year indicated to approve the financial statements for the fiscal year ended on December 31 preceding the meeting.

								Committees				
		Age	Female/Male	Independence	Appointment date	Term expires	Audit	Compensation	Strategic thinking	Clinical development	Corporate social responsability (CSR)	Number of securities/ stock options
Chairman	**Mr. Alessandro Riva**	62	M	♦	2022	2025			•	•		0
Chief Executive Officer	**Mr. Hedi Ben Brahim**	42	M		2019	2025			•		•	114,734
Non-independent directors	**Mr. Philippe Archinard**	63	M		2004	2023			•	•		564,661
	Mr. Jean-Luc Bélingard	74	M		2013	2025			C			0
	TSGH (represented by Ms. Sandrine Flory*)	53	F		2002*	2023	•	•			C	60,527,665
	Ms. Laurence Espinasse	44	F		2022	2025						0
Independent directors	**Mr. Jean-Yves Blay**	60	M	♦	2022	2025				C		0
	Mr. Benoît Habert	58	M	♦	2000	2023	•	•				74,403
	Ms. Marie-Yvonne Landel	70	F	♦	2017	2023	C				•	0
	Ms. Maya Saïd	46	F	♦	2017	2023		C	•	•		0

♦ *Independence within the meaning of the MiddleNext Code criteria as assessed by the Board of Directors.*

• *Committee member.*

C *Chairperson of the Committee.*

* *Ms. Sandrine Flory has represented TSGH since 2019.*

3.3.1 The Guiding Principles

3.3.1.1 Balanced composition of the Board of Directors

Transgene is governed by a Board of Directors chaired by an independent Chairperson. The Board of Directors is composed of ten members as of the date of this Registration Document, five of whom qualify as independent directors. The directors' term of office is three years.

The change in the composition of the Board of Directors carried out at the General Meeting of May 25, 2022 involved (i) the departure of three independent directors (Mr. Béret, Mr. Bizzari and Ms. Zitvogel), (ii) the arrival of two new independent directors, the Chairman, Mr. Riva, and Dr. Blay, and (iii) a new, non-independent director, Ms. Espinasse. The number of independent directors has therefore decreased from six to five, but now includes the Chairman of the Board. The independent directors still in place (Mr. Habert, Ms. Landel and Ms. Said) continue to meet the criteria of the MiddleNext Code. The new independent directors also meet these criteria.

Based on current legislation, there are no directors elected by the employees within the Board of Directors. Moreover, as the capital share held by the employees is less than 3%, there are no directors representing employee shareholders within the Board of Directors.

However, two employees represent the Social and Economic Committee and participate in the meetings of the Board of Directors, without voting rights.

The renewal of terms of office is staggered in order to allow for regular renewal in equal portions, except in exceptional cases such as a change of control. Under French law, the directors' terms of office can all be terminated *ad nutum*; such a rotation does not deprive shareholders representing a majority of votes from replacing all directors at any time.

3.3.1.2 Independent directors

In its current composition, the Board of Directors has five independent directors in accordance with recommendation R3 of the MiddleNext Corporate Governance Code as adopted by the Company. The following criteria are used to determine the independence of directors:

- not to have been, during the last five years, and not to be an employee, executive corporate officer (Chief Executive Officer, Deputy Chief Executive Officer or another executive corporate officer);
- must not be a significant customer, supplier, competitor, provider, creditor or banker of the Company or its group or have had a significant business relationship with them within the last two years;
- must not be a reference shareholder of the Company or hold a significant percentage of the voting rights;
- must not be close to or have a close family relationship with a corporate officer or reference shareholder;
- must not have been an auditor of the Company in the course of the previous six years.

	Must not be a salaried employee or corporate officer of the Company or of a Company in its group, and must not have held such a position within the last five years	Have had no significant business relationship in the last two years	Must not be a reference shareholder of the Company or hold significant percentage of the voting rights	Lack of family relationships	Must not have been a Statutory Auditor within the last six years	Status retained
Mr. Alessandro Riva	Yes	Yes	Yes	Yes	Yes	Independent
Mr. Jean-Yves Blay	Yes	Yes	Yes	Yes	Yes	Independent
Mr. Benoît Habert	Yes	Yes	Yes	Yes	Yes	Independent
Ms. Marie-Yvonne Landel	Yes	Yes	Yes	Yes	Yes	Independent
Ms. Maya Saïd	Yes	Yes	Yes	Yes	Yes	Independent

It should be noted that neither the MiddleNext Code nor the Board's rules of procedure include seniority as a director as a criterion for independence or lack of independence. In addition, the MiddleNext Code does not define the percentage that would constitute a "significant percentage of voting rights" for the independence analysis. The Board's rules of procedure set this percentage at 10% in accordance with the AFEP-MEDEF Code and stock market practices. By applying this threshold to the Company's current shareholder structure, the directors related to the Institut Mérieux group cannot be considered to be independent whilst this criterion is not a determining factor for other directors (Mr. Habert) who are related to other shareholders.

No member of the Board of Directors was elected by the employees. Two employees, one of whom represents managers, represent the Works Council and participate in the Board of Directors' meetings. Representatives of the Social and Economic Committee participate in the deliberations of the Board in an advisory capacity.

In addition to the Statutory Auditors, who participate in most Board meetings, the representatives of the Works Council are also in attendance at the meetings, as is the Chief Financial Officer, the Executive Vice-President and the Corporate Secretary, who acts as secretary to the Board. The Directors of the Board with scientific and medical backgrounds will from time to time hold *ad hoc* scientific or medical meetings with the Company's scientists and its medical, clinical and regulatory staff to discuss issues related to the products under development.

3.3.1.3 Experience and skills

The directors of Transgene complement one another due to their different professional experiences and commitments. Their skills and expertise cover the areas listed in the matrix below:

Skills/ Experience	Mr. Alessandro Riva	Mr. Hedi Ben Brahim	Mr. Philippe Archinard	Mr. Jean-Luc Bélingard	TSGH represented by Ms. Sandrine Flory	Ms. Laurence Espinasse	Mr. Jean-Yves Blay	Mr. Benoît Habert	Ms. Marie-Yvonne Landel	Ms. Maya Saïd
Executive Officer	•	•	•	•				•	•	•
Finance/Audit	•	•	•	•	•			•	•	
Pharmaceutical Industry	P, B	B	B	P						P, B
Biology/Medical	•		•				•			•
Risk/Compliance management				•	•	•			•	
Compensation	•	•	•	•				•	•	•
ESG/Sustainable development	G	G	SG	G	ESG	G		SG	SG	SG

P: Pharma. **B**: Biotech.

E: Climate and environment. **S**: Social relations. **G**: Corporate Governance, compliance.

3

3.3.1.4 Information on service contracts between members of administrative bodies

There are no service contracts linking any member of the Board of Directors to the Company or to any of its subsidiaries and providing benefits. One corporate officer, the Deputy CEO, Mr. Christophe Ancel, holds both an employment contract and a corporate mandate.

3.3.1.5 Conflicts of interest in administrative and management bodies

To the best of the Company's knowledge, there is no arrangement or agreement entered into with the major shareholders or with customers, suppliers or others, such as a shareholder agreement or engagement letter, under which any member of the Board of Directors or the Chairman and Chief Executive Officer or the Deputy CEO has been selected.

As of the date of this Registration Document, and to the Company's best knowledge, there is no current or potential conflict between the private interests of the members of the Board of Directors or of the Company's management and the corporate interests of the Company. Agreements involving certain directors or persons related to them are subject to the related-party agreement procedure and are presented in Section 3.5.2.

To the Company's knowledge as of the date of this Registration Document, there is no family connection between the members of the Board of Directors and the Company's senior management.

The main point of vigilance regarding potential conflicts of interest within the Board results from certain directors' connections with the Company's main shareholders. Institut Mérieux holds 100% of the capital and voting rights of TSGH SAS, which itself owns, as of the date of this Registration Document, 60.40% of the capital and 73.39% of the voting rights of the Company. Mr. Hedi Ben Brahim, the Chief Executive Officer, holds other offices within the Insititut Mérieux. Mr. Philippe Archinard and Mr. Jean-Luc Bellingard, directors of the Company, are also directors of bioMérieux SA. Mr. Philippe Archinard is the permanent representative of TSGH on the Board of Directors of ABL, Inc., and Mr. Hedi Ben Brahim was Chairman of the Board of the same Company during 2022.

In order to guard against conflicts of interest or the appearance of a conflict of interest, the Company has put in place a Board composed of ten members, five of whom are considered independent in accordance with the criteria defined by the MiddleNext Code as adopted by Transgene, and has set up assiduous monitoring of related-party agreements to ensure that decision-making is isolated from any private interest. The Board of Directors has also decided to separate the functions of Chairperson of the Board of Directors and Chief Executive Officer and to appoint Mr. Alessandro Riva, who is also an independent director, as Chairman of the Board of Directors.

Moreover, in the event of a capital increase with cancelation of preferential subscription rights, related to the subscription of a significant share of the transaction by TSGH, Transgene organizes a meeting of independent directors who are not party to the transaction, to validate the principle of the transaction and examine its terms and conditions, in particular its price, set with a discount comparable to the average of recent transactions.

3.3.1.6 Lack of conviction or incrimination

Moreover, to the Company's knowledge as of the date of this Registration Document, no member of the Board of Directors has been:

- convicted of fraud within the past five years;
- subject to a bankruptcy, receivership or liquidation as a director or corporate officer within the past five years;
- indicted and/or officially and publicly sanctioned by statutory or regulatory authorities within the last five years.

Finally, to the Company's knowledge as of the date of this Registration Document, no members of the Board of Directors have been disqualified by a court from acting as a member of an administrative, management or Supervisory Board of an issuer or from acting in the management or conduct of the affairs of any issuer within at least the past five years.

3.3.1.7 Stock market ethics

The Board took note of the rules to be applied in terms of preventing insider trading, in particular those stemming from the European Market Abuse regulation No. 596/2014 which came into force on July 3, 2016 and the recommendations of the French Financial Markets Authority (Autorité des Marchés Financiers), in particular concerning the periods during which it is prohibited to carry out transactions on the share. It amended its rules of procedure accordingly. On the basis of laws, regulations and recommendations, Transgene's Stock Market Code of Ethics states that inside information must not be transmitted and used for professional purposes. Inside information is specific, non-public information which, if made public, could have a significant influence on the share price. This inside information can be of three types: strategic, related to the definition and implementation of the Group's development policy; recurring, linked to the annual schedule for the production and publication of annual and interim financial statements, regular communications, or regular meetings devoted to financial information; one-off, linked to a given program, project or financial transaction. The Stock Market Code of Ethics recalls the prohibition for the holder of inside information to carry out or cause to be carried out financial transactions on Transgene shares on the stock market and emphasizes that any misconduct in this area is subject to criminal penalties. The Board's rules of procedure specifically require directors not to carry out transactions on Transgene shares during certain periods and when they have inside information. Finally, the Directors notify the AMF of each transaction carried out by them or by persons closely related to them in Transgene shares. They are periodically reminded of this obligation by the Company.

3.3.2 List of corporate offices and positions held

The table below summarizes the mandates and roles of the members of the Board of Directors.

MR. ALESSANDRO RIVA

Chairman of the Board of Directors
Independent director
Member of the Strategy Committee and Member of the Clinical Development Committee
Age: **61**
First appointment: **2022**
Term expires: **2025**
Number of Company shares held: **0**
Number of Company stock options held: **0**

Principal role outside of the Company:
Chairman and CEO of Intima Bioscience

Management experience and expertise:
Certificate in Onco-Hematology at the University of Milan
Degree in Medicine and Surgery at the University of Milan
30 years of experience in the life sciences industry
Currently Chairman and CEO of Intima Bioscience
Previously Chairman and CEO of Ichnos Sciences
Previously Executive Vice-President, Global Head of Oncology Therapies and Cell and Gene Therapy at Gilead (end of 2019)
Previously Executive Vice-President and Head of Oncology and Medical Business Development at Novartis Pharmaceuticals (USA) (end of 2016)

Other offices held:
Director of BeiGene[(1)]
Director of Century Therapeutics [(1)]

Offices expired during the last five financial years:
Chairman and CEO of Ichnos Sciences (end of 2021)

MR. HEDI BEN BRAHIM

Chief Executive Officer – Director
Member of the Strategy Committee and Member of the ESG Committee
Age: **42**
First appointment: **2019**
Term expires: **2025**
Number of Company shares held: **114,735**
Number of Company stock options held: **0**

Principal role outside of the Company:
Operational Director of the Immunotherapy Division at Institut Mérieux [(2)]

Management experience and expertise:
Graduate of Polytechnique
Graduate of the École Nationale Supérieure des Mines de Paris
Vice-President of Commercial Operations then Chief Executive Officer of Vallourec Drilling Products – Europe Africa
General Manager Production – VAM USA – Vallourec Group
Vice-President Corporate Planning – Vallourec Group
Head of the Health Products Office at the Social Security Directorate of the Ministry of Labor, Social Relations, the Family, Solidarity and the City

Other offices held:
Director: Geneuro

Offices expired during the last five financial years:
Chairman of the Board of ABL, Inc.[(2)] (end: March 2023)
Chairman of the Supervisory Board of Fab'Entech (end: 2021)

(1) Listed Company.
(2) Institut Mérieux group Company.

MR. PHILIPPE ARCHINARD

Director

Member of the Strategy Committee and of the Clinical Development Committee

Age: **63**

First appointment: **2004**

Term expires: **2023**

Number of Company shares held: **564,661**

Number of Company options held: **0**

Principal role outside of the Company:

Deputy CEO of Institut Mérieux – Technological Innovation and Scientific Partnerships(1)

Chairman of the Technological Research Institute BIOASTER(2)

Management experience and expertise:

Graduated from the Management Program at Harvard Business School

Chairman of bioMérieux Inc. (United States)(1)

Executive Vice-President of bioMérieux SA(1) (3)

Chief Executive Officer of Innogenetics BV

Other offices held:

Permanent representative of TSGH on the Board of ABL, Inc.(1)

Director: bioMérieux SA(1)(3); ERYtech Pharma(3); NH TherAguix

Offices expired during the last five fiscal years:

Chief Executive Officer: TSGH(1) (end: 2021); Chairman and Chief Executive Officer of Transgene (end: 2020); Representative of the FPUL on the Board of Directors of CPELyon (end: 2020); Chairman of the LYONBIOPÔLE competitiveness cluster (end: 2017); Representative of LYONBIOPÔLE on the Board of Directors of the Synergie Lyon Cancer Foundation (end: 2017)

MR. JEAN-LUC BÉLINGARD

Director

Chairman of the Strategy Committee

Age: **74**

First appointment: **2013**

Term expires: **2025**

Number of Company shares held: **0**

Number of Company options held: **0**

Principal role outside of the Company:

Vice-President Institut Mérieux(1)

Management experience and expertise:

HEC Paris and MBA Cornell University (United States)

Chairman and Chief Executive Officer of IPSEN (2001-2010)

Chairman and Chief Executive Officer of bioMérieux (2011-2017)

Member of the High Committee for Corporate Governance

Other offices held:

Director of bioMérieux SA(1)(3); LabCorp of America (USA)(3); Lupine (India)(3); Pierre Fabre SA

Offices expired during the last five fiscal years:

Chairman of the Supervisory Board: Biolog ID SAS (end: 2021)

Chairman of bioMérieux (end: 2017)

(1) Institut Mérieux group Company.

(2) Association, foundation or other.

(3) Listed Company.

MR. JEAN-YVES BLAY

Independent director

Member of the Clinical Development Committee

Age: **59**

First appointment: **2022**

Term expires: **2025**

Number of Company shares held: **0**

Number of Company stock options held: **0**

Principal role outside of the Company:

Managing Director of the Léon Bérard Center in Lyon

Chairman of the Sarcome Français Group

Management experience and expertise:

Doctorate at Université Claude Bernard Lyon 1

Oncologist

Managing Director of the Léon Bérard Center in Lyon since 2014

Secretary of the Oncology Commission of the French Academy of Medicine in 2016

Chairman of the EORTC (European Organisation for Research and Treatment of Cancer) from 2009 to 2012

Research activities focused on the role of immune effector cells and cytokines in cancer

Member of several scientific groups of academic experts

Numerous awards and author of more than 200 publications over the last three years

Other offices held:

Director of the European Reference Network for rare cancers in adults (EURACAN)

Offices expired during the last five fiscal years:

Chairman of Unicancer (end: 2022)

MR. BENOÎT HABERT

Independent director

Chairman of the Compensation Committee and Member of the Audit Committee

Age: **58**

First appointment: **2000**

Term expires: **2023**

Number of Company shares held: **74,403**

Number of Company stock options held: **0**

Principal role outside of the Company:

Chief Executive Officer: Habert Dassault Finance (SAS)*

Deputy CEO and permanent representative of Groupe Industriel Marcel Dassault (GIMD) (SAS)

Management experience and expertise:

Holds an MBA from INSEAD and a master's degree in business law from Panthéon-Assas Paris II University

Other offices held:

Directorships within GIMD including the Figaro Group, Dassault Médias, and Figaro classifieds; CCM Benchmark

Other directorships: Mérieux NutriSciences (1) (as permanent representative of GIMD); Colombus Family Holding; Dargaud (SA); Éditions Dupuis (Belgium); Éclosion (Switzerland); ITEN (SA); SITC (SAS); KTO TV (Association) and KTO Foundation

Member of the Governance Board of Odyssey intl (SAS) - HDF

Member of the Supervisory Board of the companies: Marco Vasco (SAS); Les Maisons du Voyage; Futurae (SAS) - HDF; Medoucine (SAS) HDF

Offices expired during the last five fiscal years:

As permanent representative of GIMD: bio Mérieux SA; Silliker; Sport 24 (SA), Intigold

Chairman of Dassault Développement (SAS) (end: 2020)

* *Controlled by GIMD.*

(1) *Institut Mérieux group Company.*

MS. MARIE-YVONNE LANDEL

Independent director

Chairwoman of the Audit Committee, Member of the ESG Committee

Age: **70**

First appointment: **2017**

Term expires: **2023**

Number of Company shares held: **0**

Number of Company stock options held: **0**

Principal role outside of the Company:

Independent director

Management experience and expertise:

Chartered accountant; holds an MBA from the European Business School (Paris, Frankfurt and London)

Consultant supporting the installation of French and European biotechnology companies in the United States; Founder and Chief Executive Officer of Axelia Partners (formerly Marie Landel & Associates)

Other offices held:

Director: Genethon

Offices expired during the last five fiscal years:

Director: Member of the Strategic Advisory Board of Coretec Industry Group SAS (term expired: 2021); Safe Orthopedics (end: 2019); Cellnovo Group SA (end: 2019); TxCell (end: 2018)

MS. MAYA SAÏD

Independent director

Chairwoman of the Compensation Committee, Member of the Strategy Committee and Member of the Clinical Development Committee

Age: **46**

First appointment: **2017**

Term expires: **2023**

Number of Company shares held: **0**

Number of Company stock options held: **0**

Principal role outside of the Company:

Founder and Chief Executive Officer: Outcomes4me, Inc. (USA)

Management experience and expertise:

Senior Vice-President Global Head of Oncology Policy and Market Access at Novartis, and Vice-President, R&D Global, Strategy, External Scientific and Innovation Policy at Sanofi

Certificate in finance and health systems organization from Harvard Business School (USA)

Other offices held:

Chief Executive Officer: Outcomes4me, Inc.(U.S.A)

Director: Pieris Pharmaceuticals (U.S.)[1]

Offices expired during the last five fiscal years:

None

(1) Listed Company.

TSGH

Director

Member of the Audit Committee and Member of the Compensation Committee

First appointment: **2002**

Term expires: **2023**

Number of Company shares held: **60,527,665**

Number of Company stock options held: **0**

Principal role outside of the Company:

None

REPRESENTED BY: MS. SANDRINE FLORY

Permanent representative of TSGH

Age: **53**

Number of Company shares held: **0**

Number of Company stock options held: **0**

Principal role outside of the Company:

Chief Financial Officer of Institut Mérieux(1) (since 2020)

Management experience and expertise:

Chief Financial Officer EMEA of bioMérieux (2014-2020) preceded by several management control positions

PWC 1993-2002 in financial audit

Higher Diploma of Accounting and Finance

Other offices held:

None

Offices expired during the last five fiscal years:

None

MS. LAURENCE ESPINASSE

Member of the Clinical Development Committee

Age: **44**

First appointment: **2022**

Term expires: **2025**

Number of Company shares held: **0**

Number of Company stock options held: **0**

Principal role outside of the Company:

Legal Director of Institut Mérieux

Permanent representative of Institut Mérieux Europe on the Board of Directors of PRECILENS SAS (since January 2023)

Management experience and expertise:

Certificate of Aptitude for the Legal Profession (Business law) at the Centre-Sud law School (Montpellier)

Partner for more than eight years in the law firm MDL

Lawyer at Ernst & Young and Project Manager from 2007 to 2013 (Head of Mission from 2012 to 2013)

Specialized in complex legal transactions, such as Mergers/Acquisitions and Restructuring

Other offices held:

None

Offices expired during the last five fiscal years:

None

(1) Institut Mérieux group Company.

3.3.3 Changes in the terms of office and duties of corporate officers

Change in 2022

On May 25, 2022, the Company's Annual General Meeting was held during which the shareholders approved the renewal of the terms of office of Mr. Hedi Ben Brahim and Mr. Jean-Luc Bélingard for a term of three years, *i.e.* until the Ordinary General Meeting called to approve the financial statements for the fiscal year ended on December 31, 2025.

The shareholders of the Company have also decided to appoint Mr. Alessandro Riva, Mr. Jean-Yves Blay and Ms. Laurence Espinasse as directors, for a term of three years, *i.e.* until the Ordinary General Meeting called to approve the fiscal statements for the fiscal year ended on December 31, 2025, due to the expiry and non-renewal of the terms of office of Messrs. Antoine Béret and Jean-Pierre Bizzari and Ms. Laurence Zitvogel. Messrs. Alessandro Riva and Jean-Yves Blay are qualified as independent directors.

By decisions of May 25, 2022, the Board of Directors also decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer and to appoint Mr. Alessandro Riva as Chairperson of the Board of Directors. Mr. Hedi Ben Brahim remains Chief Executive Officer of the Company.

Change in 2023

Renewal of five directors' terms of office:

- Mr. Philippe Archinard;
- Mr. Benoît Habert;
- Ms. Marie Landel;
- Ms. Maya Saïd;
- TSGH, represented by Ms. Sandrine Flory.

As the terms of office of the aforementioned directors are due to expire, their renewal for a period of three years is submitted to the General Meeting of May 5, 2023.

If the Meeting approves the resolutions concerning the five proposed renewals, the composition of the Board of Directors would remain unchanged. The balance in terms of independence and gender would remain unchanged: with 5 independent directors out of 10, *i.e.* 50%, and 4 women and 6 men out of 10 directors appointed by the Meeting, *i.e.* a parity of 40%.

3.4 ORGANIZATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

3.4.1 General information on the meetings of the Board of Directors and its Committees

The Board of Directors met five times in 2022. At each of these meetings, the Board was informed in detail of the Company's situation in terms of the development of its business, the progress of its research projects, clinical programs and its financial position. In addition to performing its legal duties to approve the annual and interim financial statements and to arrange and convene General Shareholders' Meetings, the Board discussed the Company's strategic issues. The Board regularly speaks with the specialist committees and deliberates on recommendations they make.

Attendance

The preparation and holding of the meetings of the Board of Directors and its Committees require a significant commitment and investment from the directors. In 2022, the attendance rate at Board meetings was on average 98%. The breakdown of the compensation awarded to the independent directors, determined according to the attendance of each of them at the meetings of the Board and the various committees, is detailed in Section 3.8.2 "Compensation for the year 2022 — amount of compensation of corporate officers" of this document.

Executive session

At least two executive sessions (a meeting without the attendance of the Chief Executive Officer or another member of the Executive Committee) per year are proposed to directors.

3

INDIVIDUAL ATTENDANCE BY DIRECTORS IN 2022 AT BOARD MEETINGS

Members	Attendance
Mr. Alessandro Riva *(from May 25, 2022)*	100%
Mr. Hedi Ben Brahim	100%
Mr. Philippe Archinard	100%
Mr. Jean-Luc Bélingard	100%
TSGH represented by Ms. Sandrine Flory*	100%
Ms. Laurence Espinasse	100%
Mr. Jean-Yves Blay	100%
Mr. Benoît Habert*	80%
Ms. Marie-Yvonne Landel	100%
Ms. Maya Saïd	100%
2022 average	**98%**

* *During the exceptional meeting of the Board of Directors on November 2, 2022, dedicated to the review of a strategic transaction, TSGH, represented by Ms. Flory, and Mr. Habert abstained from taking part in certain items on the agenda for the meeting of the Board of Directors, and consequently, to the discussions and votes of certain decisions, relating solely to the transaction.*

Assessment of the Board's functioning and organization

The Company also complies with recommendation R13 of the MiddleNext Code dealing with the yearly assessment by Board members of the Board's operations and preparation of its work.

The assessment was carried out using an electronic questionnaire.

In 2022, the directors were asked to re-examine the main governance issues, in particular: the organization, composition and functioning of the Board, the procedure for assessing current agreements, the analysis of the independence of directors and potential conflicts of interest.

The directors expressed their views more specifically on the quality and relevance of the information provided to them, on the Board's agendas and gave their point of view on the Board's engagement in defining Transgene's strategy.

They made suggestions for improvements and made proposals on strategic topics that they would like to pursue in 2023.

The summary of the responses, prepared by the Secretary of the Board, gave rise to an initial report at the Board of Directors' meeting of March 16, 2023.

3.4.2 Activities of the Board of Directors

The directors control the economic and financial management of the Company and contribute to the definition of its strategy, taking into account social and environmental issues. They examine and approve the main lines of action adopted by the General Management, which implements them. In this context, the Board of Directors is constantly looking for an operating method that, while strictly complying with the law, ensures the conditions for good Corporate Governance.

The Board of Directors is assisted by five committees. Details of the activities of these committees are provided in Section 3.4.3.

3.4.3 Activities of the Committees of the Board of Directors

The Board's discussions and decisions are facilitated by the work of its Review Committees, which report back to it after each of their meetings. The duties of each Committee are detailed in the Board of Directors' rules of procedure. The Committees of the Board of Directors act strictly within the framework of the missions given to them by the Board. They actively prepare its work and make proposals, but have no decision-making power. All Directors who are members of a Committee participate in Committee meetings with complete freedom of judgment and in the interests of all shareholders. In 2022, the Committees were again tasked by the Board with preparing its deliberations. The composition of these Committees, their duties and their work in 2022 are detailed below.

Audit Committee

Composition	Independence	Number of meetings in 2022	Attendance	Date of appointment to the Committee
Ms. Marie-Yvonne Landel (Chairwoman)	•	4	100%	2017
Mr. Benoît Habert	•	4	100%	2000
TSGH represented by Ms. Sandrine Flory		4	100%	2002

In 2022, the director, Mr. Béret, was a member of the Committee until the end of his term as director on May 25, 2022.

The committee members have financial accounting expertise due to their training or experience. In addition, Mr. Benoît Habert, Ms. Marie-Yvonne Landel and Ms. Sandrine Flory are deemed to be financial experts within the meaning of Article L. 823-19 of the French Commercial Code. The expertise of the members of the Audit Committee comes from both their academic background and their professional experience, as reflected in their biographies (see Section 3.3.2 List of corporate offices and positions held).

The work of the Audit Committee is governed by a charter that is reviewed and adapted as necessary to changes in Corporate Governance best practices. In 2022, the committee regularly reported on its work and recommendations to the Board of Directors after each of its meetings.

The Chief Financial Officer is invited to each meeting to present the Company's financial data and answer questions from the committee. The Statutory Auditors attend all committee meetings.

Missions	Main activities in 2022
• The committee is responsible for preparing the work of the Board of Directors on financial and accounting issues and advising it, in particular, regarding financial statements, their audit, internal control and their compliance with accounting standards. • It monitors the independence of the Statutory Auditors and, more generally, ensures that the choices, renewal methods and fees for the Statutory Auditors are monitored, along with the completion of their mission. • It approves the internal audit and monitors its progress. • It monitors the cash investment policy and the terms and conditions for certain investments. • At least once a year, it carries out an overall review of the main risks to which Transgene may be exposed.	• Review of the consolidated and corporate financial statements for fiscal year 2021. • Review of the consolidated financial statements of the first half of 2022. • Review of the 2023 budget. • Determination of the Statutory Auditors' fees. • Initial review of the Statutory Auditors' services other than statutory audits. in 2022, with the exception of a few consultations initially authorized by the Audit Committee (see Note 28, section 5.3.2, of the statutory financial statements), the Company did not assign any tasks to the Statutory Auditors other than the declarations stipulated in the French Commercial Code. • Verification of H3C inspections and their conclusions. • Determination of the method for selecting the Statutory Auditors and recommendation concerning the candidates proposed by the Management. • Initial review of the financial press releases. • Review of the parts of the Corporate Governance report and the 2021 Universal Registration Document containing the accounting or financial developments and the draft resolutions to be presented to shareholders in relation to the financial statements or financing. • Definition of the cash management and performance monitoring policy. • Review of financial risks and hedging policy. • Review of the Company's financing strategy and preparation for the capital increase. • Draft related-party agreements, and annual review of the regulated and current agreement charter. • Review of the Company's risk mapping as well as its personal data protection and business ethics systems. • Self-evaluation of committee effectiveness and review of the committee charter.

Transgene does not entrust any assignments other than statutory audits to its Statutory Auditors with the exception of a few consultations previously approved by the Audit Committee (see Note 28 Section 5.3.2 to the statutory financial statements); the Audit Committee has received the assurance from the Finance Department that the latter has submitted all requests for services other than the certification of financial statements to it.

Compensation Committee

Composition	Independence	Number of meetings in 2022	Attendance	Date of appointment to the Committee
Ms. Maya Saïd (Chairwoman)	•	4	100%	2017
Mr. Benoît Habert	•	4	100%	2001
TSGH represented by Ms. Sandrine Flory		4	100%	2001

In 2022, the director, Mr. Béret, was a member of the Committee until the end of his term as director on May 25, 2022.

The work of the Audit Committee is governed by a charter that is reviewed and adapted as necessary to changes in Corporate Governance best practices. In 2022, the committee regularly reported on its work and recommendations to the Board of Directors after each of its meetings.

Missions

- The Committee reviews the proposed compensation (salary and bonuses, proposed free share allocations) for the Company's senior managers and key people.
- It also reviews the overall compensation policy implemented by the Company with respect to share-based compensation plans for employees and in respect of the structure and amounts of compensations of all kinds allocated to the corporate officers.
- The Committee also reviews the Company's collective objectives and their weighting in setting annual employee bonuses, and monitors their achievement. These elements are then the subject of recommendations to the Board, for approval by the latter.
- It meets and deliberates, by telephone conference if necessary, and met four times in 2022.

Main activities in 2022

- Review of the compensation of the Board of Directors, executives and the Management Committee during the financial years 2021 and 2022.
- Review of the Company's overall compensation policy, including annual bonuses and, in particular, the setting of collective objectives and their weighting, as well as the implementation of a three-year free share program.
- The Compensation Committee also reviewed the equity and gender-equality indices for the financial years 2017 to 2021.
- The Compensation Committee reviewed the sections of the Corporate Governance report and the 2021 Universal Registration Document containing developments on compensation and draft resolutions to be presented to shareholders in connection with compensation at the Annual General Meeting of May 25, 2022.
- The Compensation Committee discussed a succession plan for Company managers in the event of unplanned or early departure and approved the addition of provisions into the Board's internal rules to ensure continuity of the Company's operations in the event of an unplanned or precipitated departure.

Strategic Committee

Composition	Independence	Number of meetings in 2022	Attendance	Date of appointment to the Committee
Mr. Philippe Archinard		4	100%	2018
Mr. Jean-Luc Bélingard (Chairman)		4	100%	2018
Mr. Hedi Ben Brahim		4	100%	2019
Mr. Alessandro Riva	•	3	100%	2022
Ms. Maya Saïd	•	4	100%	2018

Mr. Riva's attendance rate does not take into account meetings prior to his appointment.

Missions	Main activities in 2022
• The Strategy Committee meets from time to time to discuss issues assigned by the Chairman and Chief Executive Officer.	• In 2022, the Committee's work notably concerned external growth opportunities, partnership opportunities and strategic reviews.

The Clinical Development Committee

Composition	Independence	Number of meetings in 2022	Attendance	Date of appointment to the Committee
Mr. Jean-Yves Blay (Chairman)	•	3	100%	2022
Mr. Jean-Luc Bélingard		4	100%	2019
Mr. Philippe Archinard		4	100%	2019
Mr. Alessandro Riva	•	3	100%	2022
Ms. Maya Saïd	•	4	100%	2019

In 2022, the independent directors Mr. Bizzari and Ms. Zitvogel were members of the Committee until the end of their term of office on May 25, 2022. The attendance rate of Mr. Blay and Mr. Riva does not take into account the meetings preceding their appointment.

Set up in September 2019, the Clinical Development Committee meets four times per year, before each regular Board session, to mobilize specialist expertise in order to prepare the debates and formulate recommendations on the clinical development issues submitted to the Board.

Missions	Main activities in 2022
• The Clinical Development Committee meets four times per year, before each recurring Board session, to mobilize specialist expertise in order to prepare the debates and formulate recommendations on the clinical-development issues submitted to the Board.	• Prepare the main regular meetings of the Board of Directors to support the decision-making relating to investments in research and development, in line with the strategy defined by the Board. • Formulate opinions for the Board on the review of the protocol for part 2 of Phase II of study TG4001.12 (TG4001 + avelumab). • Advise the Board on studies under preparation.

The Environmental Social and Governance (ESG) Committee

Composition	Independence	Number of meetings in 2022	Attendance	Date of appointment to the Committee
Ms. Sandrine Flory (TSGH representative)		2	100%	2022
Mr. Hedi Ben Brahim		2	100%	2022
Ms. Marie-Yvonne Landel	•	2	100%	2022

Composed of three directors, one of whom is independent, the Environmental Social and Governance Committee was established by a decision of December 15, 2021 in accordance with recommendation R8 of the MiddleNext Code.

The Committee is assisted by the members of the Transgene ESG working group to monitor the ESG action plan. The working group is responsible for submitting proposals for action plans and ESG indicators, which will be discussed by the Committee.

The ESG Committee met twice in 2022. This Committee is chaired by Ms. Sandrine Flory, the representative of TSGH, who serves as lead director for the Board of Directors.

Since March 16, 2022, the ESG Committee has had a charter approved by the Board of Directors and published on the Company's website.

Missions	Main activities in 2022
• The ESG Committee is responsible for preparing discussions for the Board on issues relating to the Company's social and environmental responsibility and for making recommendations to the Board of Directors in this area.	The ESG Committee met on August 29 and December 5, 2022 to discuss: • its role, missions and organization and discuss the Company's ESG objectives, as well as the future action plan; • The Dashboard of the main ESG performance indicators; • Proposed action plans for 2023 and ESG priorities; • The ESG performance criterion for the collective objectives for 2023; • ESG training for directors; • The ESG Committee's reporting plan to the Board.

3.5 RELATED-PARTY AGREEMENTS

3.5.1 Description of the procedure to identify related-party agreements

In accordance with Articles L. 225-37-4 and L. 22-10-12 of the French Commercial Code, on September 18, 2019, the Board of Directors approved an internal Charter, amended on December 15, 2021, on the identification procedure for related-party and current agreements (the "Charter"). It is stipulated that this Charter formalizes the identification procedure for related-party agreements that applies prior to the signature of an agreement that may be qualified as a related-party agreement, and also to any amendments, renewals or cancelations of agreements, including for agreements considered to be "free" (or "current and signed under normal conditions") at the time of their signature. Pursuant to the Charter, in addition to the declaration by the direct and/or indirect parties provided by the law, the Board entrusts the Company's legal department with ensuring that agreement projects that may be qualified as related-party agreements or free agreements are identified. The Board entrusts disinterested members of the Audit Committee with analyzing the related-party agreement projects submitted to the Board for prior approval and to formulate recommendations. Only disinterested members, both directly and indirectly, to the related-party agreements submitted for prior approval take part in the Board's discussions and vote. The Board also entrusts the Audit Committee with reviewing the agreements qualified as current and signed under normal conditions and the criteria used for their qualification at least once a year. The Charter on related-party agreements and commitments can be found on the Company's website.

3.5.2 Agreements and commitments authorized and signed during the past fiscal year

In 2022, the Company neither authorized nor entered into any new related-party agreements.

3.5.3 Agreements and commitments authorized and signed in prior fiscal years whose implementation continued during the past fiscal year

The following agreements and commitments previously approved by the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code continued during fiscal year 2022:

- mobility agreement for the employees of the signatory companies and settling between them issues relating in particular to seniority and the management of a possible termination of the employment contract concluded between Institut Mérieux, bioMérieux SA, Mérieux NutriSciences Corporation, Transgene, ABL, Inc., Mérieux Développement, SGH SAS and Théra Conseil (entities controlled by Institut Mérieux). This agreement enables Transgene to offer development prospects to its employees beyond its own scope, and to establish fair rules for internal mobility in advance;
- sublease agreement with ABL Europe entered into on February 1, 2016, for part of the quality control laboratory located at the Company's registered office. This agreement enabled Transgene to sell part of its business under attractive conditions;
- employee reclassification agreement entitled Social Agreement signed on September 10, 2015. This agreement enabled Transgene to transfer its industrial activities to ABL;
- agreement on the commercial conditions for services applicable between Transgene and ABL Europe signed on May 23, 2019;
- service agreement between Transgene and Institut Mérieux, as amended in 2020. This agreement allows Transgene to benefit from central services where purchasing them externally would be more expensive or even impractical due to the small scale of the Company.

Further details on the related-party agreements can be found in the Statutory Auditors' special report in Chapter 6 under the heading 6.7.

3.6 COMPENSATION

3.6.1 Compensation of Executive Corporate Officers

The position of the executive corporate officers is subject to specific regulations which are presented below in Sections 3.8.1 (compensation policy applicable in 2023) and 3.8.2 (compensation for 2022).

The Chairman of the Board of Directors does not have an employment contract with the Company. He receives a fixed annual compensation without a variable portion for his corporate office with the Company.

The Chief Executive Officer does not have an employment contract with the Company. He is compensated by the Company for his position as a corporate officer. The Chief Executive Officer receives compensation from Institut Mérieux for his duties within this Company.

The Responsible Pharmacist, appointed Deputy CEO in application of the provisions of the Public Health Code, holds an employment contract as Director of Quality Assurance. The Board considers that the maintaining of this employment contract is justified in this particular case, given that the Responsible Pharmacist's corporate office is a regulatory obligation for a pharmaceutical establishment such as Transgene. The Responsible Pharmacist receives a salary under his employment contract. Any changes are based entirely on the achievement of individual and collective objectives.

The salary and bonuses paid to the members of the Executive Committee, including those of the Deputy CEO, are determined based on a proposal from the Chief Executive Officer and submitted for review to the Compensation Committee, which also approves proposals for deferred compensation in the form of share or subscription-option allocations. The Company has not granted departure benefits in the event of the termination of his functions to the Chief Executive Officer. The Deputy CEO does not receive benefits in the event of the termination of his corporate office. However, under his employment contract, the national pharmaceutical industry collective bargaining agreement provides for an indemnity calculated based on seniority and without performance conditions in certain cases.

Executive corporate officers are also eligible for share-based compensation plans offered periodically by the Company.

3.6.2 Directors' compensation (formerly Directors' Attendance Fees)

Only independent directors receive compensation. These consist of a yearly fixed fee of €4 thousand to which is added an amount related to the director's actual attendance at Board meetings of €3 thousand per meeting, in accordance with recommendation R12 of the MiddleNext Code. Additional compensation of independent members of the special committees is €2 thousand per committee meeting. These variable amounts are doubled for the physical participation of independent directors residing outside Europe. No other form of compensation, including deferred compensation, such as warrants or stock options, was paid by the Company to non-executive corporate officers. The maximum amount that can be allocated to all directors (excluding the Chairman or Chief Executive Officer) in a calendar year is capped at €300 thousand following a decision by the General Shareholders' Meeting in 2022.

The gross amount of directors' fees paid over the last two fiscal years to directors in office, is shown in Section 3.8.3 of the Company's Registration Document. As the scale has not changed since March 2017, the differences are attributable to the number of meetings of the Board and its committees as well as each director's attendance.

3.7 ADDITIONAL INFORMATION

3.7.1 Limits on the powers of the Chief Executive Officer

No special limits have been set on the powers of the Chief Executive Officer, with the exception of the following points that require the CEO to refer the following matters to the Board:

- the strategic plan of the Company and its subsidiaries;
- the annual budget and, on a quarterly basis, its implementation and, if necessary, significant revision.

3.7.2 Participation by shareholders in the General Meeting

The Company has not established any special rules as to shareholder participation in General Meetings; its articles of association in this regard refer to the provisions of law in the French Commercial Code. In accordance with the recommendations of the French Financial Markets Authority (Autorité des Marchés Financiers), the meeting was teletransmitted.

3.7.3 Information relating to the capital structure and elements that may influence a public offering

This information is presented and discussed in the Board's management report and in Chapter 6 of the Company's Universal Registration Document.

3.7.4 Climate change

The Company has not identified any material financial risks related to climate change. The Company's main industrial activities were outsourced in February 2016. The low-carbon strategy for the remaining aspects of its business is focused on reducing energy consumption at its Illkirch site. See precise reference in Chapter 4.8 for more information on the environment and Transgene.

3.8 REPORT ON CORPORATE GOVERNANCE – SAY ON PAY

3.8.1 Compensation for 2023 – Compensation policy – Principles and criteria for determining the compensation of corporate officers

Pursuant to Ruling no. 2019-1234 of November 27, 2019 on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.8.1 constitutes a report to shareholders, presenting the policy on the principles and criteria for setting, distributing and allocating the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind of Transgene's corporate officers. It was prepared by the Board of Directors of March 16, 2023, upon proposal by the Compensation Committee. This policy will be submitted to the General Meeting of May 5, 2023, for all corporate officers.

This report contains the information specified in Article L. 22-10-8 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of the compensation of corporate officers, and is attached to the report mentioned in Articles L. 225-100 and L. 225-102 that presents the income statement and business of Transgene.

3.8.1.1 Compensation policy

Persons concerned by the compensation policy

This report concerns the corporate officers of the Company, *i.e.*, (i) the Chairperson, (ii) the Chief Executive Officer, (iii) the Deputy CEO and (iv) the directors.

Information on corporate offices

The Company's articles of association provide that the term of a directorship may be set at between one and four years at the time of appointment, with three years being the default term. The terms of all of the current directorships are also three years, including those of the Chairman of the Board of Directors and the Chief Executive Officer. The current term of office of the Chief Executive Officer is a renewable three-year period, corresponding to his directorship.

In addition, by a decision of the Board of Directors held at the end of the General Shareholders' Meeting of Transgene of May 25, 2022, the functions of Chairman of the Board of Directors and Chief Executive Officer were separated in order to entrust the Chairmanship of the Board to an independent director. Consequently, Mr. Alessandro RIva was appointed Chairman of the Board of Directors. The Chairperson's current term of office is three years, and is renewable. Mr. Hedi Ben Brahim continues as Chief Executive Officer.

The Deputy CEO's corporate office and his employment contract are for an indefinite period.

All corporate mandates can be terminated *ad nutum* by the Company's shareholders, and by the Board of Directors in the case of the Chairman, the Chief Executive Officer and the Deputy CEO. Mr. Christophe Ancel's employment contract may be terminated by the Chief Executive Officer under the conditions of the pharmaceutical industry collective bargaining agreement, which provides for three months' notice.

General information on the compensation policy

This report contains the specific information required by Article L. 22-10-8 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of corporate officers' compensation.

The implementation of the compensation policy for corporate officers (Chairman, Chief Executive Officer, Deputy CEO and Directors) for 2023 described below is subject to the adoption of a resolution concerning the overall compensation policy at the General Meeting.

Method

To establish the compensation policy for corporate officers, the Compensation Committee analyzes the compensation in its totality, taking all of the components into account. On the recommendation of this committee, based on the general principles described below, the Board of Directors approved the compensation policy for its executive corporate officers, while ensuring for the Chairman, Chief Executive Officer and the Deputy CEO that the rules to determine this compensation are coherent with the annual assessment of the individual performance which it compares to Transgene's performance.

Periodic reviews are made on the same basis, depending on feedback and the observation of practices in other comparable companies. These reviews also take into account the change in compensation conditions for Transgene's employees, and notably, although not a determining factor, the increases granted as part of the mandatory annual negotiations. The Compensation Committee consults the Strategic Review Committee on the Company's annual and medium-to-long-term objectives, before recommending performance conditions for the variable compensation and for the allocation of free shares to executive corporate officers to the Board of Directors. These performance conditions are based partly on collective targets and partly on individual targets. Once approved by the Board and by the General

Shareholders' Meeting, the implementation of the policy is monitored by the Compensation Committee, which reports at least annually to the Board and formulates recommendations on the decisions that the Board makes.

After the assessment period applicable to a performance condition, the Compensation Committee assesses the level of achievement and formulates a recommendation to the Board. The Compensation Committee or the Board may consult the Chairperson or the Chief Executive Officer during the formulation and periodic review of the compensation policy. In order to avoid any conflict of interest, they do not take part in decisions concerning them. The Deputy CEO does not take part in the sessions of the Compensation Committee or the Board of Directors. To assess Transgene's policy compared to practices in other companies, the committee may use market studies or external experts. The Compensation Committee also plays a central role in the Directors' compensation, by recommending allocation rules to the Board, by monitoring their implementation and by recommending, if required, that the Board propose a revised budget to the General Shareholders' Meeting.

General principles

The Chairman does not hold an employment contract. Mr. Alessandro Riva has never been an employee of Transgene or one of its subsidiaries.

The Chief Executive Officer does not hold an employment contract. Mr. Hedi Ben Brahim has never been an employee of Transgene or its subsidiaries. The Chief Executive Officer receives compensation from Institut Mérieux for his duties at Institut Mérieux, it being specified that this compensation does not fall within the scope of Transgene's compensation policy and is not subject to Transgene shareholders.

Before his appointment as Deputy CEO, Mr. Christophe Ancel was an employee of Transgene. His employment contract has remained in force since his appointment. The Board considers that the maintaining of this employment contract is justified in this particular case, given that the Responsible Pharmacist's corporate office is a regulatory obligation in France for a pharmaceutical establishment.

For the Chairperson, the Board of Directors approved the following general principles that form the basis for determining their compensation and benefits:

- compliance with the MiddleNext Code recommendations:
- no termination of function indemnity;
- no non-compete indemnity in the event of departure;
- no supplementary defined benefit pension plan;
- no compensation allocated for the directorship;
- taking into account the level and difficulty of the responsibilities of the executive corporate officer;
- a fixed compensation structure, with no variable portion or benefits in kind;
- any allocation of options or free shares by Transgene.

For the Chief Executive Officer, the Board of Directors approved the following general principles that form the basis for determining their compensation and benefits:

- incentive to pursue the Company's core interests;
- compliance with the MiddleNext Code recommendations;
- no termination of function indemnity;
- no non-compete indemnity in the event of departure;
- no supplementary defined benefit pension plan;
- no compensation allocated for the directorship;
- taking into account the level and difficulty of the responsibilities of the executive corporate officer;
- taking into account his experience and seniority in the Company and the Institut Mérieux group;
- taking into account the practices in companies exercising comparable activities;
- a motivating and balanced compensation structure broken down as follows:
  - fixed compensation,
  - annual variable compensation based on collective and individual, financial and non-financial objectives,
  - taking into account possible allocations of options or free shares by Transgene,
  - taking into account social benefits,
  - no deferred annual variable compensation,
  - no multi-year variable compensation,
  - benefits in kind (Company housing),
  - no additional compensation paid by a Transgene subsidiary.

For the Deputy CEO, an executive corporate officer due to their regulatory status as Responsible Pharmacist of Transgene, the Board of Directors decided to follow the same compensation and benefits structure as that applied to Transgene's Executive Committee. The result is:

- incentive to pursue the Company's core interests;
- compliance with the MiddleNext Code recommendations;
- no compensation for the termination of the corporate office, but maintained rights related to the employment contract (including an indemnity based on the length of service with no performance condition);
- no non-compete indemnity in the event of departure;
- no additional supplementary pension plan;
- taking into account his experience and seniority in the Company and the Institut Mérieux group;
- taking into account the practices in companies exercising comparable activities;
- a motivating and balanced compensation structure broken down as follows:
  - fixed compensation,
  - annual variable compensation based on collective and individual, financial and non-financial objectives,
  - taking into account possible allocations of options or free shares by Transgene,
  - taking into account social benefits,
  - benefit in kind (company car),
  - no deferred annual variable compensation,
  - no multi-year variable compensation,
  - no additional compensation paid by a Transgene subsidiary.

The Board is of the opinion that the procedures for setting the compensation of these two corporate officers comply with the principles defined in recommendations R16 and R21 of the MiddleNext Corporate Governance Code. The proportion of free shares awarded to the two corporate officers in 2022 compared to the full award is 32.9%, a level that the Board does not consider to be an excessive concentration. The Board decided to subject a portion only of the free shares granted to the corporate officers to performance conditions.

An analysis by the Compensation Committee, followed by the Board, concluded that application of the rules to all of the free Company shares granted was not appropriate given that their evolution, in the absence of recurring income generated by business activity, remains subject to a high technological risk whose hazards are already taken into account in the vesting period and the holding period of the shares, the volatility of their value, and in the presence condition. The multi-year vesting and lock-up periods after the award is a medium-term horizon and, in itself, sufficient to provide an incentive for long-term collective performance, and is reinforced for the Chairman and Chief Executive Officer, who has an obligation to retain 10% of the grant until the end of his duties. The performance assessment period varies according to the award from one to three years.

For the directors, the Board of Directors approved the following general principles on which directors' compensation is based:

- compliance with the MiddleNext Code recommendations;
- no overruns of the annual collective budget authorized in the General Meeting;
- no compensation allocated to non-independent directors;
- allocation primarily based on attendance;
- supplement for directors traveling from other continents; and
- possibility of special missions as provided for by law;
- no exceptional compensation or share-based compensation;
- no additional supplementary pension plan.

The Board of Directors considers that the general principles enable the alignment of the compensation policy with the Company's fundamental interests.

Fundamental interest	Chairman	Chief Executive Officer	Deputy CEO	Directors
Respect for corporate interests	Sufficient to attract/retain a qualified candidate Not excessive	Sufficient to attract/retain a qualified candidate Not excessive; performance conditions	Sufficient to attract/retain a qualified candidate Not excessive; performance conditions	Sufficient to attract/retain a qualified candidate Not excessive; no compensation required for non-independents
Contribution to Transgene's strategy	Free share grants partly subject to achievement of results and for which the value, in any case, depends on Transgene's performance	Variable compensation conditional on achievement of results and free share grants partly subject to achievement of results and for which the value, in any case, depends on Transgene's performance	Variable compensation conditional on achievement of results and free share grants partly subject to achievement of results and for which the value, in any case, depends on Transgene's performance	Helps attract relevant skills and coordinate specialist committees
Contribution to Transgene's long-term success	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate

Substantial amendments compared to the previous policy

Since the last *ex ante* compensation policy submitted to shareholders during the General Meeting of May 25, 2022, the substantial amendments are:

- the increase in the compensation allocated to the Board of Directors from €250 thousand per year to €300 thousand per year approved by the General Meeting of May 25, 2022. The compensation of the Chairman and the Chief Executive Officer complies with the rules applicable in the event of separation of the duties of the Chairman and the Chief Executive Officer as defined in the compensation policy adopted in 2022;
- the Board's ability to allocate an exceptional bonus to the Chief Executive Officer has been capped so that their variable compensation may under no circumstances exceed 80% of their fixed compensation. A cap of 40% is already in place for the Deputy Chief Executive Officer, and the Chairperson does not receive any variable cash compensation.

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2022 and 2021 Annual General Meetings, no questions concerning compensation were submitted before or during the discussions. The resolutions concerning compensation were all adopted by a large majority of shareholders, including shareholders not related to the reference shareholder.

In the event of a change in individuals

Once approved by the shareholders, the policy is expected to be applied to the Company's current corporate officers, including in the event that the term of office of these individuals is renewed during the fiscal year. In the event of a change in individuals or the addition of new mandates during the year, the following rules shall be applied:

- new directors: the scale described in this policy shall be applied to the new director(s) without amendments and within the limits of the total annual budget authorized by shareholders;
- new Chairperson or Chief Executive Officer: the current conditions shall be the maximum applied except in the event of the adoption of a new *ex ante* policy by the shareholders. However, the allocation of share-based compensation and a golden hello in cash may be granted to compensate for the individual's abandonment of elements of compensation and benefits attached to his/her previous position to join Transgene. The cumulative value of such share-based compensation and such a golden hello allocated in this case, in addition to the other conditions imposed by law, shall be limited to the equivalent of one year's compensation. 100% of shares definitively vested following a golden hello allocation must be kept until the end of Transgene's corporate office. In the event of internal recruitment, the combination of an employment contract and corporate office may be authorized by the Board of Directors if the value ceilings are complied with;
- in the event of separation of the duties of the Chairperson and the Chief Executive Officer, the current conditions of the Chairperson and Chief Executive Officer would be valid for the position of the separate Chief Executive Officer;
- the compensation of the dissociated Chairperson would be composed of an annual fixed amount not exceeding €100 thousand and a share-based compensation, at least half of which would be subject to performance conditions and the quantity of which would not exceed the number of shares or options allocated to a member of the Executive Committee for the same period;
- new Deputy CEO: if a new Deputy CEO is appointed, notably as the Responsible Pharmacist, and if this person combines an employment contract with the corporate office, the compensation shall be the higher of that provided by the employment contract and that granted to the office's current holder. In the other cases, the current conditions shall be the maximum applied before the

adoption of a new *ex ante* policy by the shareholders. Share-based compensation and a golden hello may also be authorized under the same conditions as those described for the Chief Executive Officer.

Exemptions

The Board of Directors reserves the right to temporarily derogate from this policy in exceptional circumstances, but only after a majority of directors, in which takes part a majority of independent directors, determines that this exemption from the compensation policy is necessary to serve the interests and long-term success of the whole Company or to guarantee its viability. The Board of Directors' exemptions and grounds shall be published on the Company's website without waiting for the publication of the following year's report on Corporate Governance. The exceptional conditions justifying a temporary exemption may include, for example, the impossibility of recruiting a new qualified corporate officer with the resources provided by the current policy, or the need to retain key individuals in the event of a possible takeover or restructuring.

3.8.1.2 Criteria and methods used by the Board of Directors to determine, distribute and allocate the fixed components of the total compensation and benefits of any kind for the Chairman (Mr. Alessandro Riva)

1. Fixed compensation

Fixed compensation, paid in twelve monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee, taking into account in particular the best practices in the Company's industry. The gross fixed compensation proposed for the 2023 fiscal year is €100 thousand, with no increase compared to 2022.

2. Annual variable compensation

It is noted that, in accordance with the Compensation Policy for 2022, the proposed compensation does not include a variable portion in cash or benefits in kind for the 2023 fiscal year.

3. Total annual cash compensation

As a result, cash compensation could total €100 thousand for the 2023 fiscal year, of which 100% fixed and 0% variable, unchanged compared to 2022 on an annual basis.

4. Allocation of shares

Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connection to the share price.

The Chairman may receive compensation in shares, at least half of which would be subject to performance conditions and the amount of which would not exceed the number of shares or options allocated to a member of the Executive Committee for the same period. In the context of the allocation of free shares by the Chairman, these are collective conditions. The share awards granted to the Chairman combined with those allocated to the Chief Executive Officer may not exceed one quarter of the total share awards decided by the Board in the same fiscal year. The minimum vesting and lock-up periods are those provided for by law, and at least 10% of the shares definitively vested must be retained until the end of a corporate mandate at Transgene.

No new allocation is proposed for the 2023 fiscal year.

3.8.1.3 Criteria and methods adopted by the Board of Directors to determine, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits in kind for the Chief Executive Officer (Mr. Hedi Ben Brahim)

1. Fixed compensation

Fixed compensation, paid in twelve monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee, taking into account in particular the best practices in the Company's industry. The gross fixed compensation proposed for the 2023 fiscal year is €240 thousand, unchanged compared to 2022.

2. Annual variable compensation

A target variable portion of 40% of the fixed compensation, with a maximum of 80% in the event of exceptional overperformance. The target variable compensation is determined according to the level of achievement of the collective objectives (weight: 75%) and individual criteria (weight: 25%), as noted by the Board of Directors on the advice of the Compensation Committee. These targets are both quantitative and qualitative, based on the achievement of the Company's strategic objectives.

The Company's collective objectives for 2023: The Board of Directors has set the performance criteria applicable to all employees:

- accelerate Transgene's development by launching the next clinical phase of the two vaccines, TG4050 and TG4001, in 2023/24 (weighting: 40%, of which three-quarters for TG4050);
- deepening the differentiation of Invir.IO® compared to the competition (weighting: 25%);
  - TG6050: Implementation of two dose levels in Phase 1 (10%);
  - BT001: completion of the inclusion of patients in Phase I in combination with pembrolizumab by the end of 2023 (1%);
  - preclinical POC for the efficacy of the Preclinical validations of new IV administration initatives (4%);

- attracting financial resources to support the Company's ambitions (weighting: 40%);
- measuring Transgene's greenhouse gas assessment (Scope 1 to 3: direct and indirect) for the first time (weighting : 5%).

Individual targets for 2023: the Board of Directors set the following individual performance criteria for the Chief Executive Officer:

- developing effective team leadership (weighting 40%);
- increasing exposure to certain collective performance criteria (weighting 60%):
  - attract financial resources (weighting 40%),
  - launch the next clinical phase of TG4050 (weighting 20%).

At the Board's discretion, an outperformance of one criterion could compensate for a partial achievement of another criterion, without the overall assessment exceeding 100%.

It is noted that these objectives are partly financial in nature and partly non-financial in nature, but always aligned with the corporate interest. They are expected to change from year to year according to the Board of Directors' assessment of the priority actions to achieve the Company's medium- and long-term objectives. The Board's practice is to set the same collective targets for all employees in order to align the Company on a shared course.

In the event of exceptional circumstances, the Board of Directors, after consulting the Compensation Committee, reserves the right to propose an exceptional bonus, not exceeding 40% of the fixed portion, paid during the fiscal year following the one for which the performance was recorded.

Pursuant to Article L. 22-10-8 of the French Commercial Code, the payment of the annual or exceptional variable compensation is subject to approval by an Ordinary General Meeting of the items of compensation of the Chief Executive Officer under the conditions stipulated in Article L. 22-10-34 of the French Commercial Code. Once paid, the compensation is not subject to a restitution obligation.

3. Total annual cash compensation

The resulting cash compensation (excluding any exceptional bonus) may reach a total of €336 thousand in respect of the 2023 fiscal year, of which 71.4% fixed and 28.6% variable, unchanged from 2022.

4. Allocation of shares

Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connection to the share price.

The share awards granted to the Chief Executive Officer combined with those allocated to the Chairman may not exceed one quarter of the total share awards decided by the Board in the same fiscal year. The minimum vesting and lock-up periods are those provided for by law, and at least 10% of the shares definitively vested must be retained until the end of a corporate mandate at Transgene.

No new allocation is proposed for the 2023 fiscal year.

3.8.1.4 Criteria and methods selected by the Board of Directors to determine, distribute and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits in kind for the Deputy CEO (Mr. Christophe Ancel)

1. Fixed compensation

Fixed compensation, paid in twelve monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee and the Chief Executive Officer, taking into account in particular the best practices in the Company's industry. In 2022, this fixed compensation amounted to €143,028 gross. It is proposed to authorize fixed compensation between €143,028 and €148,750 gross for the 2023 fiscal year, representing an increase of between 0% and 4% compared to 2022. The precise compensation in this range will be determined by the Chief Executive Officer following the mandatory annual negotiations with the French employees of the Company, and the percentage increase will be aligned with the overall increase of employees on the Executive Committee. In addition, as Responsible Pharmacist, Mr. Christophe Ancel receives a fixed annual service bonus of €1,800 per year.

2. Annual variable compensation

A target variable portion of 30% of fixed compensation rising to a maximum of 40% in the event of exceptional outperformance. The target variable compensation is determined according to the level of achievement of the collective (weighting: 40%) and individual (weighting: 60%) objectives, as noted by the Board of Directors on the advice of the Compensation Committee. These targets are both quantitative and qualitative, based on the achievement of the Company's strategic objectives.

Under his employment contract, Mr. Christophe Ancel may benefit from incentive or profit-sharing plans as well as contributions and other benefits set up by the Company for all French employees.

Collective targets for 2023: see 3.8.2.3

Mr. Christophe Ancel's individual objectives for 2023:

The 60% of the variable portion determined according to the level of achievement of individual objectives depends on the following performance criteria:

- the establishment of an additional GMP production area and preparation of the inspection for approval (30%);
- optimization of production resources (25%); and
- ESG objectives consisting mainly of the implementation of actions to reduce electricity consumption in production and quality control units (5%).

It is noted that these objectives are partly financial in nature and partly non-financial in nature, but always aligned with the corporate interest. They are expected to change from year to year according to the Board of Directors' assessment of the priority actions to achieve the Company's medium- and long-term objectives. The Board's practice is to set the same collective targets for all employees in order to align the Company on a shared course. In the event of extraordinary circumstances, the Board of Directors, on the proposal of the Chief Executive Officer and on the advice of the Compensation Committee, could propose an extraordinary bonus.

Mr. Christophe Ancel's compensation is entirely paid in respect of his employment contract, and no additional compensation is paid or allocated in respect of his corporate office. Once paid, the compensation is not subject to a restitution obligation.

3. Total annual cash compensation

The resulting cash compensation (excluding any exceptional bonus) may reach a total of €208,250 gross in respect of fiscal year 2023, of which 71.4% fixed and 28.6% variable.

4. Payments in kind

A company car is allocated to the Deputy CEO. The value for 2023 is estimated at approximately €5 thousand.

5. Allocation of shares

The Board of Directors allocates free shares subject to a presence condition within the limits of the envelope authorized by the General Shareholders' Meeting. Half of the shares are subject to performance conditions based on the Company performance criteria used for setting annual variable compensation. The minimum vesting and lock-up periods shall be those provided for by law. Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connECtion to the share price. The allocation to the Deputy CEO shall not exceed the allocation to other members of the Executive Committee.

No new allocation is proposed for the 2023 fiscal year.

3.8.1.5 Criteria and methods used by the Board of Directors to determine, distribute and allocate directors' compensation

As compensation for their Board activity, the directors benefit collectively from a fixed annual amount known as "allocated compensation" for which the amount is recorded in operating expenses. The Board breaks down the compensation that is allocated and determined by the General Shareholders' Meeting. The directors' compensation must be distinguished from the amounts allocated for particular activities associated with employment contracts, compensation for the Chairman, Chief Executive Officer and Deputy CEOs, exceptional compensation for specific missions or mandates, refund of expenses.

The independent directors have the right to a fixed portion as consideration for their position as directors and, if applicable, as members, or Chairman, of one or several committees, and to a variable portion according to their effective and regular attendance at Board meetings, and if applicable, at the meetings of the committees in which they are members. The variable portion is the main portion of the compensation. The maximum amount that can be allocated to all directors (excluding the Chairman or Chief Executive Officer) in a calendar year is capped at €250 thousand following a decision by the General Shareholders' Meeting in 2017. A resolution adopted at the Shareholders' Meeting of May 25, 2022, increased this amount to €300 thousand per year.

The Board has adopted the following scale:

- annual flat rate for all independent directors: €4 thousand;
- allocation per Board meeting: €3 thousand;
- allocation per session of a permanent special committee: €2 thousand;
  - allocation doubled for the physical participation of a director based outside of Europe,

- option to allocate up to €2 thousand for the participation of an independent director in a Scientific Advisory Board (group of scientific experts) or to a Medical Advisory Board (group of medical experts) or an *ad hoc* committee at the discretion of the Compensation Committee without the Director concerned taking part in the vote,
- if the budget authorized by the shareholders is exceeded, the Board will adjust the scale retrospectively on the recommendation of the Compensation Committee. The allocated compensation may be paid on a quarterly, half-yearly or annual basis, but never in advance. Once paid, the compensation allocated is not subject to a restitution obligation,
- the non-independent directors do not receive flat rates, directors' fees or allocations,
- due to his specific compensation as Chairman, an independent Chairman will not receive a fixed amount, fee or allocation in respect of his directorship.

3.8.2 Compensation for 2022 – corporate officers' compensation

Pursuant to Ruling no. 2019-1234 of November 27, 2019 on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.8.2 constitutes a report to shareholders on the compensation paid or awarded to corporate officers of the Company during fiscal year 2022 in respect of their office. This report contains the specific information required by Article L. 22-10-9 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of corporate officers' compensation.

Persons concerned

This report concerns the corporate officers of the Company, *i.e.*, (i) the Chairman, (ii) the Chief Executive Officer, (iii) the Deputy CEO and (iv) the directors.

Following a proposal by the Compensation Committee, at its meeting on March 16, 2022, the Board of Directors agreed the compensation package for Mr. Alessandro Riva, Mr. Hedi Ben Brahim and Mr. Christophe Ancel for fiscal year 2022. This package was proposed to the General Shareholders' Meeting on May 25, 2022, as a compensation policy as stipulated under Article L. 22-10-8 of the French Commercial Code in force at that date. Following a proposal by the Compensation Committee, at its meeting on March 16, 2023, the Board of Directors approved the level of achievement of the performance conditions for the variable compensation as well as the free share awards, and consequently, the amount of variable compensation and the number of free shares vested.

With regard to the other corporate officers, *i.e.*, Company directors other than the Chairman and Chief Executive Officer, the shareholders, during the Combined Shareholders' Meeting of June 8, 2017, authorized a maximum annual compensation budget of €250 thousand and delegated the Board of Directors to set up the rules for allocation between the directors in accordance with the law. A resolution adopted at the General Meeting of May 25, 2022 increased this amount to €300 thousand per year. Following the proposal by the Compensation Committee at its meeting of March 17, 2017, the Board of Directors established the rules for allocating this Directors' compensation and this scale was included in the Board of Directors' rules of procedure during its meeting of December 18, 2019 and reconfirmed by the Board on December 16, 2022.

General information on the compensation policy and on equity ratios

ANNUAL CHANGE IN COMPENSATION FOR EXECUTIVE CORPORATE OFFICERS OVER FIVE YEARS

The following table presents the average and median compensation based on a full-time equivalent of Company employees other than corporate officers (the guideline) as well as the so-called "equity" ratios between these guidelines, the minimum annual wage, in France (SMIC), on the one hand, and on the other hand, the compensation paid to each of the executive corporate officers over the last five fiscal years.

Fiscal year	Guidelines			Chairman				Chief Executive Officer				Deputy CEO				Transgene	
	Compensation			Compen-sation Chairman	Equity ratios			Compen-sation CEO	Equity ratios			Compen-sation Deputy CEO	Equity ratios			Financial Performance	
	Average = A	Median = B	Minimum wage = C		*vs.* A	*vs.* B	*vs.* C		*vs.* A	*vs.* B	*vs.* C		*vs.* A	*vs.* B	*vs.* C	Income	Net income/(loss)
2022	57,039	47,007	19,237	100,000	1.7	2.1	5.2	333,249	5.8	7.1	17.3	192,212	3.3	4.0	9.9	10,344	(32,804)
2021	55,935	44,574	18,753	None	NA	NA	NA	224,414	4.2	5.03	11.96	185,614	3.3	4.16	9.89	17,413	(19,536)
2020	56,445	47,188	18,655	None	NA	NA	NA	746,276	13.2	15.8	40.0	152,222	2.7	3.2	8.2	9,915	(17,231)
2019	57,374	18,391	18,255	None	NA	NA	NA	752,351	13.1	15.6	41.2	143,809	2.5	3.0	7.9	13,733	(18,804)
2018	58,839	49,441	17,982	None	NA	NA	NA	743,511	12.6	15.0	41.3	141,601	2.4	2.9	7.9	42,919	8,029

Transgene is a biotechnology company in a research and development phase and, in its business model, financial performance, excluding fund-raising, is not the most relevant indicator.

Shareholder dialogue

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2021 and 2022 Annual General Meetings, no questions concerning compensation were submitted before or during the discussions. The resolutions concerning compensation were all adopted by a large majority of shareholders, including shareholders not related to the reference shareholder.

Differences and exemptions

There are no discrepancies or deviations to report for the fiscal year 2022. The compensation paid or awarded to corporate officers in respect of fiscal year 2022 complies with the conditions of resolution 9 and resolution 10 approved by the Company's shareholders during the Combined General Meeting of May 25, 2022.

The Directors' compensation complies with the conditions of resolution 11 approved by the Company's shareholders during the Combined General Meeting of June 25, 2022.

Chairman and Chief Executive Officer (Period from January 1, 2022 to May 25, 2022), Chief Executive Officer (Period from May 25, 2022 to December 31, 2022), Chairman and Deputy Chief Executive Officer

In accordance with the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 25, 2022, the annual compensation of Mr. Hedi Ben Brahim for 2022 in his capacity as Chairman and Chief Executive Officer for the period from January 1, 2022 to May 25, 2022, before the separation of duties and in his capacity as Chief Executive Officer for the period from May 25, 2022 to December 31, 2022, after the separation of duties, consisted of a gross annual fixed compensation of €240,000, and a variable compensation of between 0% and 40% of his fixed annual compensation and subject to both the achievement of the Company's collective objectives for 2022 as well as certain other individual objectives related to his responsibilities.

For Mr. Hedi Ben Brahim, the level of achievement of Company collective and his individual objectives gives rise to variable compensation of 29% of his fixed annual compensation for 2022.

In accordance with the Chairman's compensation policy approved by the General Shareholders' Meeting of May 25, 2022, the annual compensation of Mr. Alessandro Riva for 2022 consisted of a gross annual fixed compensation of €100 thousand.

For Mr. Alessandro Riva, as separate Chairman, his compensation does not include a variable portion.

The Deputy CEO's annual compensation for 2022 was made up of annual fixed gross compensation of €143,028 and variable compensation of between 0% and 25% of his annual fixed compensation, conditional on both the Company's collective objectives for 2022 and certain other individual objectives related to his duties as Quality Manager being met. In addition, as Responsible Pharmacist, Mr. Christophe Ancel receives a service bonus of €1,800 per year. It should be noted that Mr. Christophe Ancel's compensation results from his employment contract and that no additional compensation is paid in respect of his corporate office.

For Mr. Christophe Ancel, the level of achievement of Company collective objectives and individual performance conditions, increased by the value-sharing bonus of €1,500, results in variable compensation of 28% of his annual fixed compensation in respect of 2022 and authorized for 2022.

It should be recalled that the performance conditions are partly financial and partly non-financial, but always aligned with the corporate interest by combining a significant share of the executive corporate officer's variable compensation with priorities such as research, continued technological advantages, clinical development programs, ESG or the completion of major partnerships or financing operations. The non-financial components consist of priority actions to achieve the Company's medium and long term objectives. For example, the development of the Company's reputation through publications, obtaining clinical results or establishing partnerships with public or university research centers. For 2022, the Board of Directors determined that the collective performance criteria were partially met with a level of achievement of 72.5%, which implies the loss of part of the variable compensation and shares. The criteria chosen by the Board of Directors are demanding. Since 2016, the Company has successfully met the collective performance criteria just once, in 2021. See "Performance Conditions" in Section 3.8.2.

2022 collective performance conditions applicable to the Chairman, Chief Executive Officer and the Deputy CEO

Following a proposal by the Compensation Committee, on March 16, 2023, the Board of Directors reviewed the extent to which the collective criteria from the 2022 objectives had been met. The Company's objectives for 2022 were:

- accelerate Transgene's development by launching the next clinical phase of the two vaccines in 2023 (weighting: 40%);
- deepen the differentiation of Invir.IO™ compared to the competition (weighting: 25%);
- attract financial resources to support the Company's ambitions (weighting: 25%);
- reinforce ESG in the corporate culture (weighting: 10%).

Given the relative weighting of the various performance criteria, on the recommendation of the Compensation Committee, the Board of Directors observed a 72.5% level of achievement of the Company's collective objectives for 2022. This 27.5% reduction is mainly due to the non-achievement (-25.0%) of the target on financial resources while the remainder is due to the partial achievement (-25.0%) of a sub-part, not disclosed due to competitive reasons, of the target relating to therapeutic vaccines.

2022 individual performance conditions applicable to the Chief Executive Officer and the Deputy CEO

See Section 3.8.3.

Share plans granted or acquired in 2022 in which the Chairman, Chief Executive Officer and the Deputy CEO participate

As part of a multi-year free share allocation plan voted at the General Meeting of 2021 and on the proposal of the Compensation Committee, the Board of Directors imposed a requirement for the Executive Committee, and in particular for the Chief Executive Officer, that half of the free shares awarded be vested in proportion to the achievement of the collective objectives for the fiscal year corresponding to each of the three tranches allocated. An equivalent mechanism was adopted as part of the multi-year bonus-share allocation plan specific to the Chairman approved at the General Meeting of 2022 and on the proposal of the Compensation Committee, and consisting of two tranches.

Due to the partial achievement of several criteria of the collective objectives for 2022, the application of the observed level of achievement of 72.5% to the 2022 tranche of these allocations results in a 27.5% reduction of the conditional portion of the allocation to the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer and other members of the Management Committee.

Assuming that the condition of presence is met on the date of delivery of this tranche on May 26, 2023, and taking into account these reductions, the number of free shares definitively acquired by the beneficiary executive corporate officers will be:

- 29,325 shares for the Chairman;
- 98,570 shares for the Chief Executive Officer; and
- 32,858 shares for the Deputy Chief Executive Officer.

The final vesting date will be May 26, 2024, and half will vest in proportion to the achievement of the collective objectives for 2023.

An overview of the compensation packages of executive corporate officers for fiscal year 2022 is presented below.

In addition, as part of the recruitment of the separate Chairman, the Board decided, on the recommendation of the Compensation Committee and in accordance with the compensation policy for 2022 adopted by the General Meeting, to proceed with the allocation of 34,000 free shares (one golden hello) subject to a two-year presence condition.

At least 10% (or 100% in the case of the golden hello) of the vested shares must be held until the end of Transgene's corporate office.

Table 1

SUMMARY OF THE COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH CORPORATE OFFICER

(in € thousands)	FY 2021	FY 2022
Mr. Hedi Ben Brahim, Chairman and Chief Executive Officer until May 25, 2022, then Chief Executive Officer		
Compensation payable for the fiscal year *(detailed in Table 2)*	312	315
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year *(detailed in Table 4)*	None	None
Valuation of options awarded during the fiscal year — 642,652 shares in 2021, no allocation in 2022.	1,896	None
TOTAL	**2,208**	**315**
Mr. Alessandro Riva, Chairman since May 25, 2022		
Compensation payable for the fiscal year (*detailed in Table 2*)	N/A	67
Valuation of multi-year compensation	N/A	None
Valuation of options awarded during the fiscal year *(detailed in Table 4)*	N/A	None
Valuation of options awarded during the fiscal year -no allocation in 2021, 102,000 shares in 2022.	N/A	237
TOTAL	**N/A**	**304**
Mr. Christophe Ancel, Responsible Pharmacist, Deputy CEO		
Compensation payable for the fiscal year *(detailed in Table 2)*	174	176
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year *(detailed in Table 4)*	None	None
Valuation of options awarded during the fiscal year -114,287 shares in 2021, no allocation in 2022.	337	None
TOTAL	**511**	**176**

NB: *the allocations of shares are presented on the date of allocation without taking into account subsequent reductions, for example due to the application of performance conditions. The valuation is at the stock market price on the grant date and the value on the vesting date may vary significantly.*

The shares awarded in May 2021 remain partly subject to performance conditions which will be assessed in March 2024.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

(in € thousands)	FY 2021		FY 2022	
	Amount due	Amount paid	Amount due	Amount paid
Mr. Hedi Ben Brahim, Chairman and Chief Executive Officer until May 25, 2022 thenChief Executive Officer				
Fixed compensation	220	220	240	240
Variable compensation	88 (1)	- (2)	70	88
Exceptional compensation	-	-	-	-
Directors' compensation	-	-	-	-
Payments in kind	4	4	5	5
TOTAL	**312**	**224**	**315**	**333**
Mr. Alessandro Riva, Chairman (since May 25, 2022)				
Fixed compensation	N/A	N/A	-	-
Variable compensation	N/A	N/A	-	-
Directors' compensation (fixed)	-	-	67	67
TOTAL	**N/A**	**N/A**	**67**	**67**
Mr. Christophe Ancel, Responsible Pharmacist, Deputy CEO				
Fixed compensation(A)	125	125	129	129
Variable compensation	35 (1)	29 (2)	40	35
Directors' compensation	-	-	-	-
Service bonus	2	2	2	2
Exceptional compensation	7	11	8	8
Payments in kind	5	5	5	5
TOTAL	**174**	**172**	**176**	**179**
Mr. Philippe Archinard, former Chairman and Chief Executive Officer (for comparison)				
Fixed compensation	N/A	N/A	-	-
Variable compensation	N/A	351	-	-
Directors' compensation	-	-	-	-
TOTAL	**N/A**	**351**	**-**	**-**

(1) For variable compensation in respect of fiscal year N, paid or to be paid during fiscal year N+1.
(2) For the variable compensation for the year N-1, paid during fiscal year N.
(A) The fixed compensation is paid on a pro rata basis of the amount authorized for full-time employment.

Table 7

PERFORMANCE STOCK THAT BECAME AVAILABLE FOR SALE DURING THE FISCAL YEAR FOR EACH CORPORATE OFFICER:

- Deputy CEO: 114,284
- Chairman: -
- Deputy CEO: 86,000

Table 10

See Section 3.9.2.

Table 11

Executive corporate officers	Employment contract		Supplementary pension plan		Compensation due or that may become due as a result of termination or plan change in positions		Compensation related to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Mr. Hedi Ben Brahim, Chairman and Chief Executive Officer until May 25, 2022 then Chief Executive Officer Term of office: 2021-present		X		X		X		X
Mr. Alessandro Riva, Chairman Terms of office: 2022-present		X		X		X		X
Mr. Christophe Ancel, Deputy CEO Terms of office: 2015-present	X			X	X(1)			X

(1) Due in respect of the employment contract and not the maintenance of the corporate office.

As far as the Company is aware:

- none of the directors benefit from an undertaking on the part of the Company or its subsidiaries in terms of elements related to compensation, indemnities or benefits of any kind which are or may be due in light of the employment, termination of employment or change in position, or afterwards;
- none of the directors received compensation from TSGH, which directly controls Transgene, during the fiscal year.

Total amount of pension provisions

As of December 31, 2022, retirement provisions set up by the Company for the corporate officers totaled €9 thousand for Mr. Hedi Ben Brahim and €91 thousand for Mr. Christophe Ancel, and €2 thousand for Mr. Alessandro Riva. The Chairman, the Chief Executive Officer and the Deputy CEO do not benefit from supplementary pension schemes in addition to those provided by law and the pharmaceutical industry collective bargaining agreement.

Directors

The following table presents the total compensation allocated to each director in respect of the 2022 fiscal year compared to the 2021 fiscal year. The maximum aggregate budget and the breakdown rules did not change in 2021 or 2022, and the differences between the two fiscal years are attributable only to the number of meetings of the Board and specialist committees convened and the attendance of each director.

Table 3

TABLE ON DIRECTORS' COMPENSATION (FORMERLY DIRECTORS' FEES) AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Non-executive corporate officers *(in € thousands)*	Amount paid in fiscal year 2021	Amount paid in fiscal year 2022
MR. PHILIPPE ARCHINARD(1)		
Directors' compensation	None	None
Other compensation	None	None
MR. JEAN-YVES BLAY(3)		
Directors' compensation	None	21
Other compensation	None	None
MR. JEAN-PIERRE BIZZARI(2)		
Directors' compensation	48	11
Other compensation	None	None
MR. JEAN-LUC BÉLINGARD(1)		
Directors' compensation	None	None
Other compensation	None	None
MR. ANTOINE BÉRET(2)		
Directors' compensation	41	10
Other compensation	None	None
MR. BENOÎT HABERT		
Directors' compensation	25	34
Other compensation	None	None
MS. MARIE-YVONNE LANDEL		
Directors' compensation	42	53
Other compensation	None	None
TSGH (MS. SANDRINE FLORY)		
Directors' compensation	None	None
Other compensation	None	None
MS. MAYA SAÏD		
Directors' compensation	49	75
Other compensation	None	None
MS. LAURENCE ZITVOGEL(2)		
Directors' compensation	27	6
Other compensation	None	None
MS. LAURENCE ESPINASSE(3)		
Directors' compensation	None	None
Other compensation	None	None
TOTAL	**232**	**210**

(1) Non-independent director.
(2) Director until May 25, 2022.
(3) Director since May 25, 2022.

The directors Mr. Antoine Béret, Mr. Jean-Pierre Bizarri and Ms. Laurence Zitvogel are no longer directors at Transgene since their term as director ended and was not renewed at the Annual General Meeting of May 25, 2022. Nevertheless, they are included in the table above because they received compensation during the first half of 2022.

It should be noted that the rules for allocating compensation are set in the Board of Directors' rules of procedure and are presented in Section 8.3.1.5 of this document under the heading "Criteria and methods selected by the Board of Directors to determine, distribute and allocate directors' compensation".

Directors do not receive any exceptional compensation, nor do they receive share-based compensation or a supplementary pension plan.

As far as the Company is aware:

- none of the directors benefit from an undertaking on the part of the Company or its subsidiaries in terms of elements related to compensation, indemnities or benefits of any kind which are or may be due in light of the employment, termination of employment or change in position, or afterwards;
- none of the directors received compensation from TSGH, which directly controls Transgene, during the fiscal year. It should be noted that in 2021 and 2022, the Company did not pay any compensation to Mr. Archinard, Mr. Bélingard and Mr. Ben Brahim, nor to TSGH and its permanent representative.

3.8.3 Individual compensation for 2022 – Executive corporate officers' compensation

Pursuant to Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and decree no. 2019-1235 of November 27, 2019, transposing Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC for the purpose of promoting the long-term commitment of shareholders, this Section 3.8.3 constitutes a report to shareholders on the compensation paid or awarded to each executive corporate officer of the Company during fiscal year 2022 in respect of their office. This report contains the specific information required by Article L. 22-10-9 of the French Commercial Code as well as the additional information that the Board of Directors considers useful for an overview of executive corporate officers' compensation.

Persons concerned

This report concerns the executive corporate officers of the Company, *i.e.*, (i) the Chairman, (ii) the Chief Executive Officer and (iii) the Deputy CEO. The overall compensation paid or awarded in respect of 2022 is presented individually for the Chairman, the Chief Executive Officer and for the Deputy CEO in Section 3.8.2, above. The variable and exceptional compensation package for the Chief Executive Officer and Deputy CEO are subject to the approval by the Ordinary General Meeting of such a package for the person in question under the conditions set out in Article L. 22-10-34. The Chairman's compensation does not include a variable or exceptional portion. The following sub-sections "A", "B" and "C" present for the Chairman and Chief Executive Officer and the Deputy CEO, respectively, the information requested by law for this approval.

A. The Chairman's compensation (2022: Mr. Alessandro Riva)

In accordance with the 2022 Compensation Policy, the Chairman's compensation does not include a variable portion in cash or benefits in kind.

The Chairman's total compensation paid or awarded in respect of 2022 was €66,672 in cash, and is valued at €304,332 by including the share-based compensation awarded by the Board in 2022.

Due to the absence of variable compensation, the Chairman is not subject to individual performance criteria.

During fiscal year 2022, the Chairman benefited from the annual free allocation in May of 102,000 shares, consisting of a welcome allocation of 34,000 shares and a two-year allocation of 68,000 shares. These shares are entirely subject to an attendance obligation, and half of the two-year allocation is subject to collective performance conditions, which is the level of achievement of the Company's collective annual objectives set by the Board of Directors for the fiscal year preceding the final allocation date of each tranche. 100% of the welcome award and 10% of the three-year award remain subject to a holding obligation until departure from his functions.

The absence of a certain number of elements is recalled:

- the Chairman does not receive any benefits in kind;
- the Chairman does not benefit from any variable portion or the possibility of exceptional cash compensation;
- the Chairman does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute);
- the Chairman is not subject to a paid non-compete clause nor to a restitution clause (clawback).

More generally, no differences or exemptions should be noted with respect to fiscal year 2022. The compensation paid or awarded to the Chairman complies with the conditions of resolution 8 approved by the Company's shareholders during the Combined General Meeting of May 25, 2022.

These components are summarized in the table below with a comparison with the 2021 fiscal year.

(in € thousands or in thousands of shares)	FY 2021	FY 2022
Mr. Alessandro Riva, Chairman		
Compensation payable with respect to the fiscal year	N/A	67
of which fixed compensation paid during the fiscal year	N/A	*None*
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	N/A	*None*
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	N/A	*None*
of which directors' compensation	N/A	67
of which benefits in kind	N/A	*None*
Valuation of multi-year compensation	N/A	*None*
Valuation of options awarded during the fiscal year	N/A	*None*
Valuation of performance shares during the fiscal year – none in 2021, 102,000 shares in 2022	N/A	237
Number of performance shares vested during the fiscal year	N/A	
TOTAL	**N/A**	**304**

B. The fixed, variable and exceptional compensation of the Chief Executive Officer (2022: Mr. Hedi Ben Brahim in his capacity as Chairman and Chief Executive Officer for the period from January 1, 2022 to May 25, 2022, and in his capacity as Chief Executive Officer for the period from May 25, 2022 to December 31, 2022)

The total compensation for the Chief Executive Officer paid or awarded in 2022 amounts to €309,600 in cash, and is valued at €314,849 including the share-based compensation awarded by the Board in 2022 as well as benefits in kind (see Tables 1 and 2). The fixed compensation represents 77.5% of the cash compensation, the variable compensation represents the remaining 22.5%. This proportion complies with the *ex ante* compensation policy adopted in 2022, which provided for target variable compensation of up to 40% of the fixed compensation.

The Chief Executive Officer's 2022 performance criteria consist of the following collective financial and non-financial objectives (these objectives represent the collective performance conditions applicable to all employees for annual variable compensation):

- accelerate Transgene's development by launching the next clinical phase of the two vaccines in 2023 (weighting: 40%);
- deepening the differentiation of Invir.IO™ compared to the competition (weighting: 25%);
- attract financial resources to support the Company's ambitions (weighting: 25%);
- reinforce ESG in the corporate culture (weighting: 10%).

The 2022 performance criteria specific to the Chief Executive Officer also consist of the following individual financial and extra-financial objectives:

- invest in communication in order to improve the Company's visibility, including in the United States (weighting: 50%); and
- develop the Company's human capital by ensuring succession plans for key positions (weighting: 50%).

See Section 3.8.2 for a description of the Board's assessment of the 2022 collective performance conditions, resulting in a level of achievement of 72.5%.

The aggregate level of achievement of the individual objectives is 72,5% which has been determined as follows:

- Regarding the communication initiatives to improve the Company's visibility, including in the United States, the Board considers that this objective has largely been achieved, and on the recommendation of the Compensation Committee, rewards him with a level achievement of 85%.
- Regarding the development of the Company's human capital by ensuring succession plans for key positions, the Board considers that this objective has been partially achieved, with important elements still to be defined, and on the recommendation the Compensation Committee, rewards him with a level of achievement of 60%.

Taking into account the levels of achievement observed for the collective and individual objectives as well as their respective weighting, the overall level of achievement is 72,5%. As a result, the variable compensation for 2022 for Mr. Hedi Ben Brahim amounts to 29% (72,5% of the target of 40%) of his annual fixed compensation, *i.e.* €69,600.

The variable compensation awarded in respect of 2022 is paid in 2023 in order to assess the performance after the end of the fiscal year. In 2022, the Chief Executive Officer was paid variable compensation in respect of the 2021 fiscal year in the sum of €88 thousand.

During the fiscal year 2022, the Chief Executive Officer did not benefit from any new free share allocation.

The absence of a certain number of elements is recalled:

- the Chief Executive Officer does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute);
- the Deputy CEO is not subject to a paid non-compete clause nor to a restitution clause (clawback).

More generally, no differences or exemptions should be noted with respect to fiscal year 2022. The compensation paid or awarded to the Chief Executive Officer in respect of the 2022 fiscal year complies with the conditions of resolution 9 approved by the Company's shareholders during the Combined General Meeting of May 25, 2022.

These components are summarized in the table below with a comparison with the 2021 fiscal year.

(in € thousands or in thousands of shares)	FY 2021	FY 2022
Mr. Hedi Ben Brahim, Chief Executive Officer (since May 25, 2022)		
Compensation payable with respect to the fiscal year	312	315
of which fixed compensation paid during the fiscal year	220	240
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	88	70
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	*None*	*None*
of which directors' compensation	*None*	*None*
of which benefits in kind	4	5
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares during the fiscal year – 642,852 shares in 2021, none in 2022	1,896	-
Number of performance shares vested during the fiscal year	-	114,284
TOTAL	**2,208**	**315**

C. The variable and exceptional compensation for the Deputy CEO (2022)

The total compensation for the Deputy CEO paid or awarded in 2022 amounts to €170,525 in cash and is valued at €175,909, including the share-based compensation and benefit in kind awarded by the Board in 2022 (see Tables 1 and 2). The fixed compensation represents 76.5% of the cash compensation, the variable compensation represents the remaining 23.5%. This proportion complies with the *ex ante* compensation policy adopted in 2022, which provides for variable compensation of up to a target bonus of 30% and a maximum of 40%.

The collective objectives for 2022: see above same as for the Chief Executive Officer:

The 2022 individual performance criteria for the Deputy Chief Executive Officer consisted of the following financial and non-financial objectives:

- ensure the production of batches for clinical trials and the supply of new products (weighting: 1/3);
- contribute to the improvement of production and continuous control while preparing for the future (weighting: 1/3);

- ensure the implementation and improvement of the quality policy (weighting: 1/6); and
- ESG: energy cost reduction plan (weighting: 1/6).

On March 16, 2023, the Board, deliberating on the recommendation of the Compensation Committee, retained an overall level of achievement of 2022 objectives of 89%, including an achievement rate of 72.5% for collective objectives and 100% for the Deputy CEO's individual objectives.

The overall variable portion of €40 thousand, *i.e.* 28% based on a fixed compensation of €143,028 consists of the partial achievement of the target variable portion of 30% (€38,500, *i.e.* 27%) plus a value sharing bonus (PPV) of €1,500. The Deputy Chief Executive Officer is eligible for the PPV under his employment contract, like all French employees, and the Company includes it in the exceptional variable portion for the purposes of this report. The Deputy CEO did not take part in this discussion. It is recalled that the variable compensation for the Deputy CEO is granted in respect of his employment contract.

With the exception of the value-sharing bonus (PPV), the variable compensation awarded in respect of 2022 is paid in 2023 in order to assess the performance after the end of the fiscal year. In 2022, the Deputy CEO was paid his variable compensation in respect of the 2021 fiscal year of €45,300, approved by the General Shareholders' Meeting of May 25, 2022 (resolution 7).

During fiscal year 2022, the Deputy Chief Executive Officer did not benefit from any new allocation of free shares.

In 2022, the Deputy CEO benefited from a company car, valued at approximately €5 thousand. Under his employment contract, he benefits from the legal severance provided by the national pharmaceutical industry collective bargaining agreement that currently opens the rights to nine months' salary if the conditions are met.

The absence of a certain number of elements is recalled:

- the Deputy CEO does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute) in respect of his corporate office;
- the Deputy CEO is not subject to a paid non-compete clause nor to a restitution clause (clawback);
- more generally, no differences or exemptions should be noted with respect to fiscal year 2022. The compensation paid or awarded to the Deputy CEO in respect of the 2022 fiscal year complies with the conditions of resolution 10 approved by the Company's shareholders during the Combined General Meeting of May 25, 2022.

These components are summarized in the table below with a comparison with the 2021 fiscal year.

(in € thousands or in thousands of shares)	FY 2021	FY 2022
Mr. Christophe Ancel, Deputy CEO		
Compensation payable with respect to the fiscal year	174	176
of which fixed compensation paid during the fiscal year	125	129
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	35	39
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	7	1(1)
of which directors' compensation	*None*	*None*
of which benefits in kind	5	5
of which service bonus	2	2
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares during the fiscal year — 114,287 shares in 2021, none in 2022	337	-
Number of performance shares vested during the fiscal year	-	124,096
TOTAL	**511**	**176**

(1) This amount corresponds to the value-sharing bonus (PPV) paid by the Company to all of its French employees in November 2022.

3.9 REPORT ON CORPORATE GOVERNANCE – INFORMATION ON STOCK OPTION AND FREE SHARE PLANS

The free shares and options of Transgene may be allocated exclusively to employees of the Company and its subsidiary Transgene, Inc., including members of the Executive Committee and executive corporate officers at the date of this report: Mr. Alessandro Riva, Chairman of the Board of Directors, Mr. Hedi Ben Brahim, Chief Executive Officer, and Mr. Christophe Ancel, Responsible Pharmacist and Deputy Chief Executive Officer.

3.9.1 Stock options

3.9.1.1 History of stock option plans

No share subscription or purchase option plan is in progress at the date of this Registration Document. A last plan adopted by the Board of Directors in 2012 with the authorization of the General Shareholders' Meeting in 2010 expired on December 14, 2022, and the remaining 41,532 options have lapsed. No stock options have been awarded since 2012. The status of these plans as of December 31, 2022, is summarized in the following table.

Allocation date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2022	Number of options remaining to be exercised as of Dec. 31, 2022
Dec. 13, 2012	Dec. 14, 2017	Dec. 14, 2022	7.859	92,578	0	0
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**0**

Pursuant to Article L. 225-185, paragraph 4 of the French Commercial Code, the Board set at 10% the quantity of shares issued from the exercise of options granted that the Chairperson or the Chief Executive Officer will be obliged to hold as registered shares until he leaves his position. As of the date of this Document, no executive corporate officer is a beneficiary of Transgene options.

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR 2022 TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY IN THE GROUP

Name of executive corporate officer	Plan no. and date	Type of options	Valuation *(in € per option)*	Number of options granted	Exercise price *(in €)*	Exercise period
Mr. Hedi Ben Brahim	-	-	-	None	-	-
Mr. Alessandro Riva	-	-	-	None	-	-
Mr. Christophe Ancel	-	-	-	None	-	-
TOTAL	**N/A**	**N/A**	**N/A**	**NONE**	**N/A**	**N/A**

STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR 2022 BY EACH EXECUTIVE CORPORATE OFFICER

Name of executive corporate officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Mr. Hedi Ben Brahim	-	None	-
Mr. Alessandro Riva	-	None	-
Mr. Christophe Ancel	-	None	-
TOTAL	**N/A**	**NONE**	**N/A**

Summary information on stock options granted to the ten non-corporate officer employees who received the highest number of options and options they exercised during fiscal year 2022: None.

Stock options granted to the ten non-corporate officer employees who received the highest number of options and options they exercised	Total number of options granted or exercised	Weighted average price *(in €)*	Plan number
Options granted during the fiscal year by the issuer and by any Company within the option plan scope to the ten non-corporate officer employees of the issuer and of any Company within this scope who received the highest number of options.	None	-	-
Options held on the issuer and the previously mentioned companies exercised during the fiscal year by the ten employees of the issuer and these companies who subscribed in this way the highest number of options.	None	-	-

Individual information on the options granted by the issuer and by any Company within the option plan scope to the ten non-corporate officer employees of the issuer and of any Company within this scope who received the highest number of options and the number of shares subscribed by the ten people subscribing to the most shares during the fiscal year: there were no option awards in 2022. No options were exercised during the fiscal year.

3.9.2 Free share awards

Five free share awards are in the process of vesting as of December 31, 2022, adopted by the Board of Directors in 2021 and 2022 for the benefit of all employees and executive corporate directors on the basis of a delegation granted by the General Shareholders' Meetings of May 26, 2021 and May 25, 2022.

The status of these unvested awards as of December 31, 2022 is summarized in the following table:

	2021 plan							2022 plan		
General Meeting date	May 26, 2021							May 25, 2022		
Total number of shares authorized by the Meeting	2,500,000							300,000		
	Grants 2021				**Grants 2022**			**Grants 2022**		
Board of Directors meeting date	May 26, 2021				March 16, 2022			May 26, 2022		
Total number of free shares awarded	1,999,556			300,000	145,274			102,000		
Of which allocations granted during the fiscal year by the issuer and by any Company included in the scope of the allocation to corporate officers	457,139			300,000	-			102,000		
Of which Chairman	-			-	-			*102,000*		
Of which the Deputy CEO	*342,852*			*300,000*	-			-		
Of which the Deputy CEO	*114,287*			-	-			-		
Of which the number of shares awarded to members of the Executive Committee	1,200,000			300,000	114,000			-		
Of which awards granted during the fiscal year by the issuer and by any Company in the scope of the award to the ten non-corporate officer employees of the issuer and of any Company within this scope whose number of free shares awarded is greatest	802,117			-	145,274			-		
Of which the balance not yet vested as of Dec. 31, 2022	1,288,860			300,000	145,274			102,000		
Of which vested as of Dec. 31, 2022	657,601			-	-			-		
Cumulative number of shares canceled or void as of Dec. 31, 2022	53,495				-			-		
By tranche										
Of which the balance not yet vested as of Dec. 31, 2022	-	644,433	644,427	300,000	53,637	53,637	38,000	34,000	34,000	34,000
Vesting date	May 26, 2022	May 26, 2023	May 26, 2024	January 1, 2024	May 26, 2023	May 26, 2024	June 30, 2024	May 26, 2023	May 26, 2024	May 26, 2024
Expiration date of the lock-up period	May 26, 2023	May 26, 2023	May 26, 2024	End of term	May 26, 2024	May 26, 2024	June 30, 2024	May 26, 2024	May 26, 2024	End of term
Share value on the date of allocation (closing price on the date of allocation)	€2.95				€2.23			€2.33		
Share value on the date of allocation (closing price on the date of allocation)	€2.33	-	-	-	-	-	-	-	-	

	2016 plan		2018 plan			2019 plan
General Meeting date	May 24, 2016		May 23, 2018	May 22, 2019		
Total number of shares authorized by the Meeting	600,000		1,200,000	2,000,000		
	2017 Grant	**2018 Grant**	**2019 Grant**	**2019 Grant**	**2019 Catch-up**	**2020 Grant**
Board of Directors meeting date	March 17, 2017	March 21, 2018	March 20, 2019	Sep. 18, 2019	May 27, 2020	Sep. 16, 2020
Total number of free shares awarded	183,000	220,600	414,800	1,399,774	5934	601,682
Of which allocations granted during the fiscal year by the issuer and by any Company included in the scope of the allocation to corporate officers	31,000	34,600	77,500	350,000	0	150,000
Of which the Chairman and Chief Executive Officer	*24,000*	*26,000*	*60,000*	*280,000*	*0*	*120,000*
Of which the Deputy CEO	*7,000*	*8,600*	*17,500*	*70,000*	*0*	*30,000*
Of which the number of shares awarded to members of the Executive Committee	72,000	104,600	192,000	840,000	0	360,000
Of which awards granted during the fiscal year by the issuer and by any Company in the scope of the award to the ten non-corporate officer employees of the issuer and of any Company within this scope, whose number of free shares awarded is greatest	49,400	85,000	628,236		223,620	
Of which the balance not yet vested as of Dec. 31, 2022	-	-	-	-	-	-
Of which vested as of Dec. 31, 2022	173,175	200,750	375,120	1,309,994	5,934	565,704
Cumulative number of shares canceled or void as of Dec. 31, 2022	9,825	19,850	39,680	89,780	0	35,978
Vesting date	March 17, 2019	March 21, 2020	April 20, 2020	March 30, 2022	April 30, 2022	March 30, 2022
Expiration date of the lock-up period	March 17, 2021	March 21, 2022	April 20, 2021	March 30, 2022	May 27, 2022	Sep. 16, 2022
Share value on the date of allocation (closing price on the date of allocation)	€2.63	€3.15	€2.98	€1.78	€1.47	€1.35

Pursuant to Article L. 225-185 paragraph 4 of the French Commercial Code, the Board set at 10% the quantity of shares granted under free share plans that the Chairman and the Chief Executive Officer will be required to hold in registered form until their appointments end. For specific grants, the Board may increase this amount to 100%.

Performance conditions

Two-year allocations of March 16 and May 25, 2022: the two allocations were used to integrate *a posteriori* people recruited since the allocation of May 26, 2021 in the two remaining tranches of the three-year allocation of 2021. Half of the allocation to a new member of the Executive Committee and half of the 68,000 shares allocated to the new Chairperson of the Board of Directors are subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche (*e.g.* fiscal year 2022 for the 2023 tranche), which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2022 or 2023 as the case may be. The Board of Directors noted an overall achievement of 72.5% of the Company's collective objectives for 2022.

Welcome award of March 16 and May 25, 2022: the 38,000 free shares granted to a new member of the Executive Committee on March 16, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on June 30, 2024. The 34,000 free shares granted to the Chairman on May 25, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on May 26, 2024, and to a holding obligation until the end of the Chairman's term of appointment.

The award of May 26, 2021: half of the grant to the members of the Executive Committee, including 171,426 of the

342,852 shares granted to the Chief Executive Officer and 57,143 of the 114,287 shares granted to the Deputy CEO were subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche (*e.g.* fiscal year 2021 for the 2022 tranche), which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be. The Board of Directors noted an overall achievement of 100% of the Company's collective objectives for 2021 and 72.5% for 2022.

Welcome award of May 26, 2021: the 300,000 free shares granted to Chief Executive Officer are not subject to performance conditions. However, they are subject to a presence condition recorded on January 1, 2024, and subject to a holding obligation until the end of the CEO's term of appointment.

The award of September 16, 2020: half of the awards to the members of the Management Committee, including 60,000 of the 120,000 shares awarded to the Chairman and Chief Executive Officer and 15,000 of the 30,000 shares granted to the Deputy CEO, are subject to the following performance conditions: preparing for business development for 2022 by maintaining the clinical plan in 2021 (weighting: 6/10); mobilizing research for value creation (weighting of 2/10); and developing the financial outlook (weighting: 2/10). The specific thresholds for the performance conditions are not communicated for reasons of confidentiality. These performance conditions will be assessed in March 2022. The Board of Directors noted an overall achievement of 100% of the Company's collective objectives for 2021.

The award of September 18, 2019: half of the grant to members of the Executive Committee, including 140,000 of the 280,000 shares allocated to the Chairman and Chief Executive Officer and 35,000 of the 70,000 shares allocated to the Deputy CEO are subject to the following performance conditions: the obtaining of clinical results for TG4050, TG6002 and at least one Invir.IO® product with at least a second Invir.IO® product in clinical trials, the exercise by AstraZenECa of a minimum number of options as part of the collaboration contract signed in 2019, significant partnerships for TG4001 and TG4010, and two years of financial visibility thanks to non-dilutive sources. The conditions may also be validated by the achievement of a minimum level of share price. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality. These performance conditions will be assessed in March 2022. Applying this 60% achievement level to the March 2019 allocation of free shares results in a 40% reduction of the conditional portion of the allocation to the Deputy CEO and other members of the Management Committee.

The award of March 20, 2019: half of the grant to members of the Executive Committee, including 30,000 of the 60,000 shares granted to the Chairman and Chief Executive Officer and 8,750 of the 17,500 shares granted to the Deputy CEO, were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2019, on March 11, 2020, the Board of Directors reduced the Chairman and Chief Executive Officer's award of performance shares by 12,000 shares and the Deputy CEO's award by 3,500 shares of those awarded in March 2019.

The award of March 21, 2018: half of the grant to the members of the Executive Committee, including 13,000 of the 26,000 shares granted to the Chairman and Chief Executive Officer and 4,300 of the 8,600 shares granted to the Deputy CEO, were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2018, on March 20, 2019, the Board of Directors reduced the Chairman and Chief Executive Officer's allocation of performance shares by 3,250 shares and the Deputy CEO's allocation by 1,075 shares allocated in March 2018. These reductions are effective as from January 1, 2020.

The award of March 17, 2017: half of the grant to the members of the Executive Committee, including 12,000 of the 24,000 shares granted to the Chairman and Chief Executive Officer and 3,500 of the 7,000 shares granted to the Deputy CEO were subject to performance conditions. Due to the Company's performance criteria only being partially met for 2017, on March 21, 2018, the Board of Directors reduced the Chairman and Chief Executive Officer's allocation of performance shares by 3,000 shares and the Deputy CEO's allocation by 875 shares allocated in March 2017.

Following the termination of Mr. Philippe Archinard as Chairman and Chief Executive Officer, the Board of Directors of March 10, 2021, on the recommendation of the Remuneration Committee and in view of the relevant plan regulations, determined that Mr. Philippe Archinard's unvested free shares remain subject to the presence condition which could be satisfied by maintaining his current position, or another position, within the Institut Mérieux group and that the performance conditions would not be enforceable against him. The Board of Directors also noted that the obligation to hold shares until the end of the term of office as Chairman and Chief Executive Officer has now lapsed.

At the date of this report, the outstanding free shares not yet vested represent a potential dilution of 1,753,354 shares. As a reminder, no options remain outstanding. The resulting potential dilution related to the share-based compensation amounts to 1,753,354 shares, approximately 1.75% of the Company's share capital.

History of vested grants

- On December 16, 2012, 71,550 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 16, 2008.
- On December 9, 2013, 9,600 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 9, 2009.
- On December 7, 2014, 81,750 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 7, 2010.
- On December 13, 2016, 37,550 newly issued shares, free of any lock-up, were vested to the beneficiaries of the award decided by the Board of Directors on December 13, 2012.
- On May 24, 2018, 200,733 newly issued shares with a two-year lock-up, were vested to the beneficiaries the award decided by the Board of Directors on May 24, 2016.
- On March 17, 2019, 173,175 newly issued shares subject to a two-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 17, 2017.
- On March 21, 2020, 200,750 newly issued shares subject to a two-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 21, 2018.
- On April 20, 2020, 375,120 newly issued shares subject to a one-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 20, 2019.
- On March 30, 2022, 1,206,060 newly issued shares subject to a two-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on September 18, 2019. 5,934 newly issued shares were awarded to the beneficiary of an award decided on May 27, 2020; and 563,142 newly issued shares with a six-month lock-up were vested to the beneficiaries of the award decided by the Board of Directors on September 16, 2020.
- On April 30, 2022, 5,934 newly issued shares with a one-month lock-up were vested to the beneficiary of the award decided by the Board of Directors on May 27, 2020.
- On May 26, 2022, 657,601 newly issued shares with a one-year lock-up were vested to the beneficiaries the award decided by the Board of Directors on May 26, 2021.

In total, 3,582,965 shares in the share capital of Transgene were issued under free share awards.

3.10 AMF POSITION-RECOMMENDATION NO. 2014-14 – TABLES IN APPENDIX 2

In addition to the information required by the "say-on-pay" provisions of the French Commercial Code (Article L. 225-37), the tables required by Appendix 2 of the AMF position-recommendation no. 2014-14 are presented below.

Table 1

SUMMARY OF THE COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH CORPORATE OFFICER

See Section 3.8.2.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

See Section 3.8.2.

Table 3

TABLE OF THE COMPENSATION ALLOCATED UNDER A DIRECTORSHIP AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

See Section 3.8.2.

Tables 4 and 5

STOCK OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY IN THE GROUP

STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

See Section 3.9.1.1.

Table 6

PERFORMANCE SHARES AWARDED TO EACH CORPORATE OFFICER DURING THE FISCAL YEAR

	Initial awards	Vesting/vested
Chairman	102,000	None
Chief Executive Officer	None	114,284
Deputy CEO	None	124,096

Table 7

PERFORMANCE STOCK THAT BECAME AVAILABLE FOR SALE DURING THE PERIOD FOR EACH CORPORATE OFFICER:

Chairperson: none.

Deputy CEO: none.

Deputy CEO: 86,000.

Tables 8 and 9

HISTORY OF STOCK OPTION AWARDS

INFORMATION ON STOCK OPTIONS

See Section 3.9.1.1.

Table 10

HISTORY OF FREE SHARE AWARDS

See Section 3.9.2.

Table 11

See Section 3.8.3.

4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (ESG)

4.1 GENERAL FRAMEWORK

Transgene is committed to a social responsibility policy guided by ethical behavior and values shared by the Institut Mérieux group and by all of the Company's employees.

This report presents an overview of Transgene's commitment regarding Environmental, Social and Governance (ESG) criteria.

Transgene has not been required to publish a statement of non-financial performance (SNFP) – the Company has fewer than 500 employees – but has voluntarily continued its ESG reporting since then.

Transgene's ESG strategy is based on six commitments:

- commitment to patients;
- commitment to our partners;
- commitment to our employees;
- commitment to our shareholders and investors;
- commitment to society and the regions;
- commitment to the planet.

Bringing new therapeutic responses to cancer patients is Transgene's mission. Through scientific and technological innovation, Transgene is working to push back the limits of existing treatments. Beyond the positive contribution of its drug candidates, Transgene wants to ensure the Company's sustainability by creating value, strengthening its social contribution and minimizing its environmental impact.

The importance of the ESG policy is based on the commitment of each employee and manager to this vision, and the need for the Company to attract and retain talent, to meet the expectations of investors.

This is why Transgene decided to adopt an ESG policy in 2020 to strengthen the alignment of its actions with sustainable development objectives.

Transgene, with the contribution of its employees, is guided by the recommendations of the United Nations Global Compact and incorporates its ten principles into its strategy, practices and procedures.

In order to strengthen its ESG approach, reinforce its network at the regional level and share innovative best practices, in 2021, Transgene joined the *Initiatives Durables* (Sustainable Initiatives) association. Led by professionals in the responsible economy, the association forms a reference network in the Eastern part of France, "Grand Est region" (more than 200 member companies) that is committed to economic, societal and environmental responsibility.

4.1.1 Transgene's ESG governance

The Company's ESG governance is designed to ensure that the Company's actions take into account the societal and environmental interests of its stakeholders.

ESG governance is divided between three bodies:

- the Board of Directors, which has had an ESG Committee since 2022;
- the Executive Management acting with its Executive Committee; and
- the ESG working group.

The **Board of Directors** serves as an oversight body and, since 2022, has an **ESG Committee**. It reviews and approves the Company's ESG policy proposed by General Management as well as the underlying risk analysis. It verifies the Company's compliance with its climate commitments and legal obligations. It monitors communication to stakeholders on these issues. The Board acts on the recommendations of the ESG Committee formulated in consultation with the representatives of the Executive Committee and the working group.

The **Executive Committee** defines the Company's ESG policy and priorities. It approves the annual action plan (priority missions, objectives and indicators) proposed by the working group and decides on the strategic guidelines in terms of ESG. More generally, it guarantees the adequacy of the resources allocated to the implementation of this policy and ensures that the ESG initiatives led by the working group make it possible to make ESG a factor of progress.

The **ESG working group** is composed of employee-experts representing the various functions of the company. It is responsible for managing the ESG approach on the basis of the strategic priorities jointly defined with the Management Committee and the ESG Committee. This cross-functional team monitors the progress of projects, notably through monitoring indicators. It reports at least annually to the Executive Committee. It proposes and coordinates the annual ESG action plan and targets, steers the implementation of missions and assesses the level of achievement of indicators. It raises the awareness of the Company's employees and monitors the regulatory and contextual changes that could guide the Company's actions.

In addition to the three governance bodies mentioned above, the Company's shareholders and employees play a specific role in ESG governance.

In current French law, decisions on ESG matters do not fall within reserved remit of the **General Meeting**. Nevertheless, Transgene recognizes that for its shareholders, this policy and its implementation are important factors in their assessment of the functioning of the Board of Directors and Management. Given the importance of the subject, a discussion item will be devoted to the Company's ESG issues at the Company's Combined General Meeting scheduled for May 5, 2023.

In addition, Transgene notes that like the "Say on Pay" resolutions, a growing number of French companies are submitting a resolution known as "**Say on Climate**" to their shareholders to enable them to express their views on the climate transition plan adopted by their Company. Such a resolution at Transgene would be premature today, as the preparation of such a Company's climate transition plan depends on the analysis of the greenhouse gas balance sheet (scopes 1 to 3) undertaken by the Company in 2023. However, in the future, Transgene will be attentive to the expectations of its stakeholders and legislative changes concerning such a resolution.

The **Company's employees** are an essential stakeholder and a major player in ESG governance. Since 2021, the performance review of each employee and the Chief Executive Officer has included either an ESG performance criterion specific to their activity, decided and assessed by their line manager or a collective criterion, applicable to all employees, decided and evaluated by the Board of Directors. Transgene also attaches a high priority to individual initiatives.

4.1.2 Stakeholder dialogue

The Company's actions take into account the social and environmental interests of its stakeholders.

The Company reports to its shareholders and other stakeholders on its ESG ambition and actions, particularly in this Environmental, Social and Governance Responsibility (ESG) report. In addition to the various publications made by the Company for stakeholders, an active dialogue with them is essential to ensure that Transgene's ESG policy is aligned with their expectations.

The working group is the main relay for involving or taking into account the perspective of stakeholders in Transgene's ESG strategy.

Through Investor Relations, the working group ensures the proper communication of non-financial indicators to investors in the Universal Registration Document and other media and dialogue with non-financial rating agencies.

Patients are taken into account particularly for ethical reasons by the strong involvement of the Medical Affairs department.

Partner involvement is managed by the Purchases and Program and Alliance Management Departments.

The working group, in consultation with the Executive Committee, takes into account the commitment to society, the regions and the planet.

The working group also ensures internal and external communication on Transgene's ESG commitment and the results obtained.

The ESG working group ensures employee involvement through regular consultations and dialogue with members of the Social and Economic committee (SEC).

4.1.3 Transgene values

Demand the best

- Act with an ever-renewed ambition, with a sense of humility.
- Be open to different cultures and new ideas.
- Target excellence.
- Explore new territories (geographical, technological, scientific, etc.).
- Demonstrate courage and daring, know how to be resilient and adapt.

Succeed together

- Be a team player in the event of failure as well as success.
- Engage responsibly in activities to advance science and research.
- Train co-workers and coach them in their careers, transmit knowledge and method.
- Perpetuate a heritage based on enduring values: continuity, loyalty, respect for people.

Create value

- Take risks and take responsibility for your actions.
- Innovate in all areas.
- Advance scientific and technological frontiers: promote multidisciplinary approaches and partnerships.
- Give priority to long-term vision.

4.1.4 Alignment with Sustainable Development Goals

Transgene is aligned with the UN's Sustainable Development Goals for 2030, due to its R&D activity in health.

The Company is more particularly aligned with the following objectives:

Sustainable Development Goals target		Indicator used
3.4	By 2030, reduce the rate of premature mortality from non-communicable diseases by one third through prevention and treatment and promote mental health and well-being	**R&D expenses** At 32.2 million, they represent 80% of the operating expenses (See Chapter 5, Note 17)
9.5	Strengthening scientific research, improving the technological capabilities of industrial sectors in all countries, especially developing countries, including by encouraging innovation and significantly increasing the number of people working in the research and development sector for 1 million inhabitants and increasing public and private spending on research and development by 2030	**R&D workforce** 73% of the workforce
7.2	By 2030, significantly increase the share of renewable energy in the global energy mix	The Company obtains 50% of its electricity from renewable energy sources. (See Section 4.8.3)

4.2 RESPECT FOR ETHICAL VALUES

Transgene is part of the Institut Mérieux Group, and in accordance with the principles of the Institut Mérieux, undertakes to act worldwide as part of its public health mission and in accordance with the laws that govern each of its activities. Transgene is committed to maintaining high ethical standards, to protecting patients participating in clinical trials through robust research and development (R&D) processes, and to constantly improving the integrity and transparency of its activities, in order to preserve the trust of patients and the medical community, employees and stakeholders.

Since 2021, a specific section of Transgene's website is dedicated to Ethics & Compliance.

Respect for the values of the Institut Mérieux

The rules established by Transgene are consistent with those of Institut Mérieux and are the foundation that each of its employees must respect.

Transgene's actions are consistent with Institut Mérieux's historical ethical values, which are reflected in specific behaviors. Transgene intends to perpetuate the values of Institut Mérieux with its employees.

Institut Mérieux's values are available on its website: www.institut-merieux.com > Social commitment.

Transgene Code of Conduct

In accordance with the rules described in its Code of Conduct, Transgene undertakes to conduct its activities in compliance with the national laws, rules and regulations of the countries in which it operates.

Transgene is committed to, and expects each employee to respect, the highest standards of integrity. The Code of Conduct applies to all employees of Transgene and its subsidiaries, to all members of the Executive Committee and the Board of Directors.

The code has been available on the Transgene website since 2020. It was reviewed in September 2022 in order to incorporate Transgene's new alert system.

Prevention of corruption and money laundering

Transgene practices zero tolerance for all forms of corruption. The Company has put in place an anti-corruption framework within the Company and its subsidiaries, in particular pursuant to the *Sapin 2* law, the UK Bribery Act, or the U.S. Foreign Corrupt Practices Act (FCPA). In 2017, Transgene adopted an anti-corruption and influence-peddling code based on the Code of Conduct, and a charter governing interactions with healthcare professionals. These codes prohibit any attempt, direct or indirect, at corruption or influence-peddling towards anyone.

Any involvement in money laundering operations is strictly prohibited. Transactions involving financial flows are recorded in accordance with international accounting standards and other local standards. Transgene has financial policies and procedures in accordance with these standards and ensures that each of its entities complies with these rules. The Company's financial statements are also reviewed on an annual basis by certified Statutory Auditors. The terms of the contracts have been adapted, a risk mapping has been conducted and accounting controls are carried out.

The Anti-Corruption Code has been available on the Transgene website since 2020. It was reviewed in September 2022 in order to incorporate Transgene's new alert system.

An employee awareness campaign on the Anti-Corruption Code takes place every year. It serves as a reminder of the rules that our employees must respect in terms of gifts, signs of courtesy, hospitality, entertainment, specific rules applicable to healthcare professionals, etc.

Alert and reporting system

Transgene enables employees and external stakeholders to report, in particular, serious breaches of integrity, Human Rights and Fundamental Freedoms, occupational health and safety, etc., *via* a secure website (ethics hotline), with their hierarchy or with ethics contacts specifically designated for this purpose.

No reports were collected in 2022.

Personal data protection

Transgene is committed to protecting personal data and respecting privacy. We ensure our compliance with the rules on the protection of personal data (in particular the GDPR) and have implemented a compliance program consisting of processes and measures to ensure optimal protection of personal data (privacy by design). Transgene has a Data Protection Officer.

An internal policy containing the Transgene principles relating to the processing of personal data (data privacy) was formalized and distributed internally. Awareness training on compliance with ethical principles and legal and regulatory requirements on this subject must be carried out by all employees.

In addition, the general external policy on the protection of personal data was updated in 2022 and is available on the Transgene website.

The Group's Internal Control is in charge of leading the assessment of the implementation of the entire compliance program relating to the protection of personal data, which was recently subject to an internal audit based on the so-called CNIL maturity model, which quantifies the rigor and formalism with which data protection activities are managed.

Transgene has a high level of compliance, totaling 83.33%, reflecting Transgene's constant efforts in terms of data protection.

Tax matters

The Company follows a responsible tax policy and respects the local and international rules that apply to it.

Transgene policies

In addition to the aforementioned codes, Transgene **has defined Internal rules of procedures and a set of policies** covering the following aspects:

- fight against moral harassment and sexist actions, discrimination and stereotyping of disabilities;
- conflicts of interest;
- purchases;
- personal data protection;
- employees' inventions;
- hygiene, health, safety and environment;
- prevention of insider trading/management of privileged information;
- ESG information technology;
- business travel.

Preventing cybersecurity risks

The daily use of computers, mobile devices and web applications brings a risk of cybercrime. Transgene has assessed these risks and implemented measures to prevent them, as far as possible.

Transgene employees are the first line of defense against cybercrime. Training and awareness-raising actions take place regularly.

The following measures are in place:

- email filtering system to screen out unwanted email;
- regular backup of our data (disaster recovery) and permanent update of the Company's backup platform;
- regular updates and integration of corrective patches to limit the risk of attacks on IT systems;
- several levels of security to protect strategic infrastructures;
- IT infrastructure penetration testing and regular security assessments;
- formalized emergency procedures;
- a Data Protection Officer (DPO) and a GDPR working group with contacts, to ensure the security and processing of personal data in accordance with the regulations in force;
- IT equipment usage charter;
- regular awareness of cybersecurity issues; and
- IT security and information-systems usage charter attached to the rules of procedure (since 2019).

Internal control procedures and risk mapping

Transgene relies on internal resources and on multidisciplinary initiatives developed by Institut Mérieux for all its companies operating in different businesses in order to guarantee compliance with a common vision of ethics and compliance.

Internal control procedures are described in Chapter 7 of this document. They cover in particular legal and regulatory compliance, risk management, the pharmaceutical control environment and financial and accounting information.

The operational risk mapping process was updated and discussed in the Audit Committee in 2022, leading to the implementation of corrective actions plans.

4.3 COMMITMENT TO PATIENTS

Transgene acts to promote patient health and safety

As a public health player, Transgene puts the patient, and more broadly public health, at the heart of its action.

Our commitments focus on the fight against cancer through research and development of innovative therapies. These therapies stimulate the immune defenses of patients in order to specifically target cancer cells.

Transgene is committed to the R&D process to enable the design of new drug candidates with the potential to be integrated into the therapeutic arsenal of tomorrow.

Transgene's drug candidates are developed to provide benefits to patients and to respect their safety and that of those around them (caregivers, families, etc.). The Company has no products on the market.

Transgene ensures that all of its activities comply with national, European and U.S. Regulations and meet strict quality, safety and efficacy requirements.

Transgene is committed to protecting the health of all by taking into account upstream the bioethical implications of its biomedical research activities.

R&D at the heart of our mission

Transgene's drug candidates are based on innovative technologies and target complex areas for which there are significant medical needs. As a result, obtaining very promising preliminary results does not mean that subsequent clinical trials will confirm these encouraging results. The risk of project failure is inherent in the business of Transgene and companies in the sector.

Transgene coordinates and carries out several activities, including several clinical trials. These trials can take several years and require both careful planning and strategic direction. Transgene has teams and committees dedicated to the implementation, monitoring and evaluation of its preclinical and clinical developments.

In 2022, Transgene dedicated €32.2 million in R&D expenses compared to €32.9 million in 2021. 73% of the workforce was dedicated to R&D in 2022, as in 2021.

Clinical trials conducted in the interest of patients and in compliance with regulations and human rights

To effectively meet the therapeutic needs of cancer patients, Transgene conducts clinical trials of its drug candidates in Europe and the United States.

Clinical trials are defined in coordination with Key Opinion Leaders (KOLs): oncologists nationally and internationally recognized for their contribution to improving patient care.

This dialogue allows us to initiate clinical trials as closely as possible to the expectations of clinicians and patients while creating a network of KOLs, who can then be involved in the treatment of patients included in clinical trials and the presentation of clinical trial results.

In addition, the stability of the teams working with the clinical sites is a key factor in the trust established between them and the Company.

The ongoing clinical trials have all received authorizations from national health authorities and have been validated by several entities ensuring compliance with patients' rights according to procedures that vary depending on the country and clinical sites (Patient Protection Committee, Ethics Committee, etc.).

In order to obtain these authorizations, Transgene complies with all regulations in force and with a high level of requirements, both for the design and conduct of clinical trials and for the production of doses of drug candidate intended for patients.

For example, the European Medicines Agency (EMA), the *Agence nationale de sécurité du médicament et des produits de santé* (ANSM) (French medicines agency), the Food and Drug Administration (FDA) in the United States and other regulators enforce compliance with stringent conditions for clinical trials and for the manufacture, development and even transport of products.

The clinical trials being conducted for the Company's drug candidates are conducted in strict compliance with ethics and the informed consent of the persons participating in biological research trials. Patients included in Transgene trials do not receive any compensation for their participation. They are free to leave the clinical trial at any time and without justification.

In addition, Transgene has an internal team dedicated to pharmacovigilance, which processes safety information from clinical trials in compliance with regulations.

For the Company's products to be marketed, they must receive a marketing authorization issued by the health authorities of the various territories in which they will be distributed.

Transgene's products and services aim to offer significant clinical benefits to its customers (particularly pharmaceutical companies) and patients. It is therefore essential to provide them with accurate, transparent and objective information on these products and services. This information is shared in accordance with applicable laws, regulations and industry codes.

Transgene regularly receives questions and requests from patients and their families. Transgene undertakes to ensure that all such requests receive a response from the medical team, in compliance with confidentiality obligations.

The Company provides educational content about its drug candidates on its website.

Clinical batches produced in compliance with pharmaceutical standards

Transgene is committed to providing clinicians and patients in its clinical trials with products that fully comply with pharmaceutical regulations.

At its Illkirch-Graffenstaden site (France), the Company has a pilot manufacturing area dedicated to the production of small clinical batches (for Phase I and II trials) in accordance with Good Manufacturing Practices (GMP). This site is in charge of producing doses for patients included in the clinical trials of TG4050 (*myvac®*). It has also been designed to enable the production of small batches of drug candidates from the Invir.IO® platform for its clinical trials or those that its partners may conduct.

These activities present risks inherent to the quality of the products but also to the impossibility of supplying a sufficient number of doses. These manufacturing risks are mainly prevented through Quality Control and Quality Assurance functions, which monitor and audit the Company's processes.

- Quality Control assesses the efficacy of manufacturing processes to ensure compliance with specifications and limitations, and to assess the compliance of incoming materials, as well as components, containers, sealing and packaging processes, labeling, materials used in the production process and completed batches of drug candidates.
- Quality Assurance involves the systematic and independent review of all documents and activities related to clinical trials. This is done through audits of production sites (in the event that production is outsourced), suppliers or systems and procedures, as well as inspections.

These two functions make it possible to check the quality of manufacturing and controls, avoid any interruption in the supply chain and deliver products on schedule.

Other measures are in place, including:

- **regular and preventive maintenance** measures, regular maintenance and replacement of key equipment;
- a **business continuity plan** including an internal crisis management and business recovery team; and
- **annual** quality and safety **audits**.

The pilot production site received an ANSM inspection in 2020 and was certified as compliant with current standards.

The measures in place create a solid infrastructure that meets the requirements of pharmaceutical companies. **In particular, audits carried out by our partners concluded that our practices complied with their specifications.**

Research of more predictive preclinical models and animal welfare

Due to the practical and ethical issues associated with human experimentation, animal models have been essential in cancer research. However, the average successful transition rate from animal models to clinical trials for cancer is less than 8%. Animal models are limited in their ability to mimic the extremely complex process of carcinogenesis, physiology and cancer progression in humans. Therefore, the safety and efficacy identified in animal studies are generally not translated into human trials.

Animal models can be an important source of information *in vivo*, but other translational approaches have emerged that could eventually replace the link between *in vitro* studies and clinical applications.

In this context, Transgene is developing an *in vitro* platform using biopsies of cancer patients to reconstruct microtumors *in vitro*. This approach to complex model reconstruction *in vitro* combining tumors and the immune system of patients opens up new perspectives in terms of developing new targeted therapeutic approaches.

Transgene participates in various initiatives including the European IMI Imsavar project (Immune avatar which includes the development of complex immunocompetent microphysiological systems) and the IMI Persist-seq project, which aims to better understand resistance mechanisms. Transgene is a member of the EUROoCS (European Organ On Chip Society).

These new organ-on-chip models are also part of the "reduce, refine, replace" approach. The Company has an internal Ethics Committee responsible for evaluating preclinical trials. For its animal models, it selects AAALAC accredited partners (Association for Assessment and Accreditation of Laboratory Animal Care International), who comply with ethics legislation, have an animal welfare structure, an independent Ethics Committee and have social and enrichment programs. These structures may also implement programs for the reclassification of animals when study conditions permit. Transgene regularly conducts on-site audits with the partners concerned.

4.4 COMMITMENT TO OUR PARTNERS

Transgene has customers, suppliers and partners all over the world. The Institut Mérieux group's global network of suppliers and partners is a major asset for Transgene and the Group. Transgene is keen to forge strong and mutually beneficial relationships with responsible suppliers and partners.

The purchases policy ensures compliance with fair practices. It establishes long-term relationships of trust, monitoring and partnership with our suppliers and service providers. The strength of our collaborations also helps encourage our partners to adopt their own ESG approach.

Transgene has implemented processes and controls to prevent corruption risks.

All employees must familiarize themselves with and apply the Transgene Anti-corruption Code and undertake to report any fraudulent practices.

Transgene also has access to an online database to verify whether the third parties with which it works or wishes to engage are considered at risk in terms of corruption.

4.4.1 Subcontracting and suppliers

Consideration of social and environmental issues in the procurement policy

The Company has established a code of ethics that all suppliers must adhere to. This document is available on the Company's website, in the Contacts/Purchases section.

According to these principles, suppliers and partners must, among other things:

- comply with all laws and regulations in their countries of operation;
- refuse to participate in any corrupt activities or money laundering;
- avoid and eliminate anti-competitive practices;
- follow the applicable international trade legislation;
- take responsibility for the health and safety of their employees;
- respect fundamental human rights, including the prohibition of child labor, the prohibition of human trafficking and all other cruel, inhuman or degrading practices;
- comply with labor law and legislation abolishing child labor;
- authorize employees' freedom of engagement and association;
- act in accordance with international standards and laws on environmental protection.

Selection of suppliers and fair treatment of partners

Transgene seeks to collaborate with diversified firms that can present their products, services and expertise. They may be small firms, run by women, minorities, veterans or people with disabilities.

The selection of suppliers is based on price, quality, delivery conditions, diversity criteria and reputation. It must also take into account their respect for responsible business practices in terms of ethics and the environment.

CROS and subcontractors in charge of clinical batch production

The Company makes significant use of the services of companies specializing in the conduct of clinical trials and related services, known as CROs (Contract Research Organizations) for most of its clinical trials. The Department of Medical and Regulatory Affairs oversees that these subcontractors perform the services properly. Control management ensures that subcontractors are within budget and the Quality Assurance Department checks for quality.

These providers operate within a strictly regulated framework that aims to ensure the quality of the clinical trials conducted and are audited by the Company's Quality Assurance group.

The Company also uses subcontracting for the manufacturing of certain of its batches of drug candidates used for clinical trials. ABL Europe, the subcontractor, belongs to the Institut Mérieux. It operates in the Company's old manufacturing premises and has hired former Transgene employees. The Responsible Pharmacist, who is the Director of Quality Assurance, closely oversees the services provided by this subcontractor.

Compliance of subcontractors working for and/or in the Company in relation to their social obligations to personnel involved in the Company is part of their specifications.

Supplier payment terms

As of December 31, 2022, 68% of unpaid invoices are due within 30 days (see Chapter 7).

4.4.2 Interaction with healthcare professionals

Essential to Transgene's success, healthcare professionals play an important role in developing products and services, conducting clinical trials and helping patients use their solutions.

Transgene and its employees and representatives must never offer or provide anything to a healthcare professional (gift, donation, remuneration, hospitality) that would improperly influence their prescriptions, recommendations, purchases or supplies of products or services. All interactions with healthcare professionals must be based on a legitimate professional motive, relate to the practice of the beneficiary's profession and comply with the amounts set by law. What may be accepted as commercial or civic practice in other fields may be inappropriate for a healthcare professional. Where required by law, any transfer of value from Transgene to a healthcare professional must be authorized and/or declared to the government and professional bodies (*e.g.* the Order of Physicians).

All of our links with healthcare professionals are available on the www.transparence.sante.gouv.fr website administered by the French General Health Directorate.

Transgene has a policy governing interactions with professionals, covering several aspects, of which:

- compliance with transparency obligations regarding agreements signed, remuneration paid and benefits granted to healthcare professionals in France (physicians, healthcare institutions, associations);
- compliance with the rules laid down by the French National Council of the Order of Physicians, which, since October 1, 2020, provides for the approval of contracts and amounts paid by pharmaceutical industry players and doctors.

An internal audit is conducted twice a year by the Corporate Secretary, in coordination with the medical affairs departments and the Finance Department, to randomly check that transactions requiring a transparency declaration are accessible on the *Transparence Santé* (Health Transparency) official website.

4.4.3 Fair practices

Transgene has every interest in promoting a business sector with trustworthy practices. Most national and regional economic systems advocate free competition as the most beneficial way for consumers. The fairness of Transgene's relations with its suppliers and competitors fosters the trust of its stakeholders and facilitates their work.

In line with its Code of Conduct and the regulations applicable in Europe and the United States, Transgene condemns anti-competitive practices, including industrial espionage, price agreements and non-compliance with confidentiality obligations. The Corporate Secretary coordinates employee awareness-raising on these issues and, in collaboration with the Institut Mérieux, conducts annual internal audits on these issues.

4.5 COMMITMENT TO OUR EMPLOYEES

Our employees are what drives Transgene. The Company believes that they are its main resource for achieving its objectives.

In addition to complying with legal and regulatory constraints, the Company wants to help improve working conditions and develop the skills of our employees, two important performance drivers. Our commitment is to serve everyone, to maintain a dynamic, open and friendly working environment.

Transgene's ESG approach is a participatory approach in which employees actively propose and carry out various actions. Transgene's ESG approach involves everyone.

Transgene ensures that human rights are respected in all of its activities.

4.5.1 Social issues

Transgene employs 168 employees (106 women and 62 men) based in France as of Dec. 31, 2022.

The Company has one employee in its entity based in the United States, who has not been included in this reporting.

TOTAL NUMBER AND BREAKDOWN OF WORKFORCE BY GENDER AND AGE

Data specific to the Company: employees present as of December 31, 2022 – France

	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Under 25 years old	12	12	11
25 to 39 years old	47	54	57
40 to 49 years old	37	38	39
Over 50 years old	68	63	61
Total	**164**	**167**	**168**
Managers	109	112	112
Non-managers	44	43	40
Other statuses (doctoral students, apprentices)	11	12	16
Total	**164**	**167**	**168**
Permanent contract	139	143	146
Fixed-term contract	14	12	6
Other (doctoral students, apprentices)	11	12	16
Total	**164**	**167**	**168**
Men	58	62	62
Women	106	105	106
Total	**164**	**167**	**168**

All employees located in France are covered by the National Collective Bargaining Agreement for the pharmaceutical industry.

4.5.1.1 Quality of life at work

Well-being at work is part of Transgene's DNA, and each year it leads numerous initiatives intended to create and maintain a pleasant, convivial and appealing working environment.

Promoting collective initiatives

The size and mindset of Transgene's teams enable employees to contribute to the daily life of the Company. This participative commitment is reflected in the implementation of actions that promote both individual initiatives and a collective spirit. For example: employees can choose the tree species planted or decorate living spaces with their creations.

Offering good working conditions

The offices have been designed to combine the fluidity of exchanges within and between the teams.

Ergonomic equipment is available to employees and training/awareness-raising on the prevention of musculoskeletal disorders and working on a screen carried out each year.

The Health, Safety and Environment (HSE) and Human Resources departments and HR are the first contact point for any questions relating to working conditions.

Transgene encourages employees to comment on their working conditions, particularly during departmental, laboratory or team meetings, during the annual information meeting (collection of questions before the meeting), in the context of working groups or cross-functional meetings.

The Sharepoint internal network, the "Transcript" blog or internal surveys can be used to collect information.

Sharing knowledge and bringing the Transgene culture to life

A particularly innovative company, Transgene has many experts among its employees. They are regularly invited to present their occupation, their missions and the progress of their projects to all employees.

Transgene encourages researchers and medical teams to present the results of their research at local, national or international congresses, and to publish scientific articles whenever possible. Transgene also promotes membership in learned societies such as the American Society of Clinical Oncology (ASCO), the Society for ImmunoTherapy of Cancer (SITC), the European Society for Medical Oncology (ESMO), the American Society for Biochemistry and Molecular Biology (ASBMB), the *Société de Biologie de Strasbourg* (SBS) and the European Organ-on-Chip Society (EUROoCS).

Since 2020, Transgene has been taking part in the Women in Science Day alongside Institut Mérieux companies. Each year, a Transgene researcher highlights her career path.

Transgene regularly organizes meetings and convivial activities allowing employees to meet and discuss informally (shared buffet, annual party, internal competitions, theme days – safety, disability, teambuilding).

Sport at work and living spaces

The Illkirch premises are located near the Neuhof forest, which is a prime area for outdoor sports activities such as running and walking.

Transgene has a bicycle shed to encourage employees to use this mode of transport. For several years now, the Company has been taking part in *"Au Boulot à Vélo"* challenge and topped the podium with more than 10,000 km covered in one month by around forty participants. It has participated for several years in the *Strasbourgeoise* and the *Course des Lumières*.

Showers and changing rooms are available for athletes.

The head office has a cafeteria, an ideal space for lunch, and several living and break areas. Transgene has developed green spaces to allow meals to be taken outside, on the outskirts of a grove left in its natural state.

Work-life balance

Since it was founded, the Company has striven to adopt numerous measures that help balance its employees' work and private lives:

- part-time work by choice involved 25 people in 2022, including 1 male manager, 18 female managers and 6 female non-managers (28 people in 2021 — 1 male manager, 19 female managers and 8 female non-managers);
- maternity and paternity leave at full pay;
- the granting of two paid half-hours per day for breast-feeding up to six months after maternity leave;
- the financing of five places at the neighboring daycare (annual cost: €65,726 in 2022);
- a two-hour leave of absence at the start of the school year for each child, from kindergarten to French grade six inclusive.

Remote working

In order to promote work-life balance and following an employee survey (78% employee response rate), Transgene set up a pilot project on remote working in 2019. This project made it possible to set up the necessary tools and infrastructure and to adapt management practices.

On September 1, 2020, an agreement on regular and occasional remote working came into force. Transgene also has a practical guide for remote workers and managers. Training on remote working best practices was offered to employees.

The Company had 60 regular remote workers (a fixed 1-2 days per week) in 2022 (53 in 2021) and 60 occasional remote workers (55 in 2021).

Organization of working time

Agreements on the organization of working time provide for non-managerial working hours of 37 hours and 40 minutes per week and nine days of reduced working hours and, for managers, an annual fixed rate of 215 days with nine days of additional time off.

Several agreements are in force:

- for employees on a fixed day rate:
  - work on Sundays, at night or on a public holiday, if needed,
  - monitoring the organization of work by means of a self-declarative monthly statement of rest periods, completed by employees and validated by the N+1 and HR in the event of anomaly,
  - measures to reduce any anomalies: remote working, recovery days, lighter workloads, etc.,
  - annual working day interview to deal with the question of the use of digital technologies, workload and balance between professional and family responsibilities;
- for employees who work on an hourly basis:
  - working overtime and exceptional hours worked at night, on weekends and on public holidays.

The Company has signed additional agreements covering all employees (excluding senior executives):

- right to disconnect;
- best practices charter for the use of digital tools;
- internal communication actions on work-life balance;
- travel agreement setting the rest compensation for employees traveling (conferences, etc.) outside working hours;
- on-call duty (maintenance, animal care, quality assurance);
- work ordered on weekends and public holidays falling on weekdays.

4

4.5.1.2 Attracting, retaining and developing talent

Recruitment

In order to onboard new arrivals quickly and efficiently, Transgene has various measures in place, including a personalized induction program, complemented by internal training and follow-up meetings during the first months.

HIRES AND DEPARTURES

For the period January 1, 2022, to December 31, 2022
(Including apprenticeship and professional training contracts and doctoral PhD students)

Hires	19 (including 7 temporary and 6 apprentices)
Departures	13 (3 temporary and 1 apprentice)

NB: the following indicators were based on a full-year workforce (135 employees in 2022).

Attractive remuneration

Transgene has a compensation program based on international standards.

Total payroll for 2022 was €15.8 million (€15.1 million in 2021, €14.7 million in 2020).

Employees benefit from collective guarantees that exceed legal and contractual provisions:

- supplementary health insurance to benefit from better coverage of healthcare costs, including alternative medicine;
- "Transgene for me": free medical and psychological teleconsultation, telemedicine and social assistance services;
- supplementary pension, fully covered by the employer for non-managers and half-covered for managers and equivalents. This plan was transformed into a Mandatory Retirement Savings Plan (PERO) in 2021;

- renegotiation of employee benefits contracts;
- free share awards plans covering Transgene employees on permanent and fixed-term contracts (2021-2023 three-year plan approved in May 2021);
- modernization in 2021 and 2022 of existing employee savings plans:
  - implementation of a PERO to accommodate sums allocated to supplementary pensions (previously "Article 83") and untaken rest days,
  - overhaul of the Company Savings Plan (PEE) to offer a more attractive plan, with the implementation of an employer contribution in 2021. This contribution was extended in 2022,
  - amendment to the profit-sharing agreement signed in 1993,
  - agreement on the implementation of a profit-sharing mechanism in 2022.

COMPENSATION AND CHANGES OVER TIME

The following table shows the breakdown of average gross annual compensation (wages/salary and bonuses) for men and women for 2020, 2021 and 2022, in euros (excluding Executive Committee and doctoral students):

Classification according to the National Collective Bargaining Agreement for the pharmaceutical industry

		3	4-5	6 non-managers	6 managers**	7	8	9***
	Men	N/A	34,624	NC*	40,295	52,974	77,973	NC*
2022	Women	NC*	34,090	45,572	43,207	54,898	70,604	NC*
	Men	N/A	34,103	NC*	41,729	51,308	79,015	NC*
2021	Women	NC*	33,772	44,787	41,968	52,583	71,153	NC*
	Men	N/A	33,513	NC*	42,456	51,956	77,729	NC*
2020	Women	N/A	34,211	44,555	41,279	52,844	68,002	N/A

* *NC: data not provided for confidentiality reasons; fewer than 3 employees are covered by this classification.*
** *Excluding doctoral students.*
*** *Excluding Senior Director (2020).*

After an analysis of remuneration, there is no overall significant difference in salary between men and women. The differences observed, particularly in classification 8, can be explained by seniority in a small workforce or by specific occupations.

Absenteeism

The absenteeism rate was 4.22% in 2022 compared to 3.92% in 2021, excluding partial activity related to Covid-19 (lockdown without the ability to work remotely or childcare duties). Excluding these three long-term illnesses, the absenteeism rate stood at 2.81% in 2022 (2.16% in 2021).

Training

Training policies implemented

The level of initial training is high (approximately 60% of employees have a higher education of the type BAC +5 and above). Continually maintaining employees' knowledge and skills at the highest level of technology is a necessity to maintain the Company's competitiveness. To preserve and develop this human capital, the Company devotes considerable effort to continuing training (3.58% of payroll in 2020, 3.72% in 2021 and 4.68% in 2022) and to the development of knowledge and know-how, including through a policy of sending people to leading, internationally recognized conferences and seminars and through numerous collaborations within the scientific community, an extensive and constantly updated document base.

The Company also pays special attention to safeguarding its competencies through the transmission of knowledge, such as through hosting work-study programs, offering internships and offering in-house training.

6 CIFRE theses, 14 work-study students, seven end-of-study interns and 16 second and third-year interns were welcomed in 2022 (five doctoral students, seven work-study students, 11 end-of-study interns and 14 third-year interns in 2021). In the event of a job opening corresponding to their profile, they will be given priority review.

Total number of hours of training

2,850 hours were dedicated to occupational training in 2022 (1,883 in 2020 and 2,268 in 2021). 96% of employees took at least one training course in 2022 (56% in 2020, 85% in 2021).

Internal mobility

Transgene encourages professional mobility within occupations (skills development) and to new businesses (cross-functional development). An individual performance and development interview with the N+1 is held every year for all employees, followed by a professional interview with the manager every three years (or with HR after a long leave). An internal development committee meets every year to review and issue an opinion on individual professional development requests.

Employees moving to another Mérieux Group entity retain their seniority and the free shares from which they benefit.

4.5.1.3 Open social dialogue

Social dialogue takes place in accordance with the French Labor Code. The members of the Social and Economic Committee (CSE) were elected for the first time in February 2018. The renewal of the bodies took place in October 2022.

The CSE has defined in its regulations the creation of five commissions with distinct powers: the Health, Safety and Working Conditions Commission (CSSCT), the Mandatory Annual Negotiations (NAO) Commission, the Gender Equality Commission, the Training Commission and the Supplementary Healthcare & Insurance Commission.

The Economic, Social and Environmental Database (BDESE), includes all the data provided to employee representatives. It is accessible on the Company's intranet and is updated according to the schedule of deadlines defined by the parties.

Collective bargaining agreements

The Company undertook a number of discussions with its social partners, resulting in the signature of eight agreements 2022, six agreements in 2021 and four in 2020:

- amendment to the Company Savings Plan (May 2022);
- amendment to the agreement to extend the terms of office of the SEC (May 2022);
- profit-sharing agreement (June 2022);
- agreement on the scope of implementation of the SEC (September 2022);
- agreement on the use of electronic voting for the SEC elections (September 2022);
- pre-electoral memorandum of understanding for the SEC elections (September 2022);
- agreement on the Value Sharing Premium (PPV) (October 2022);
- update of the rules of procedure and their annexes (November 2022);
- a three-year agreement on Gender Equality and Quality of Life at Work (January 2021);
- an agreement relating to work ordered on a weekday public holiday and on May 1 (March 2021);
- an agreement to transform Article 83 (additional pension) into a Mandatory Retirement Savings Plan (PERO) (June 2021);
- an amendment to the overhaul of the Company Savings Plan (PEE) (June 2021);
- amendment No. 4 to the profit-sharing agreement (June 2021);
- an agreement to extend the terms of office of the SEC (December 2021);
- terms and conditions for setting paid holidays and working hours under the emergency law and the ordinance of March 25, 2020 (April 2020);
- work required on Sundays, nights and public holidays for managers on a day-rate plan (April 2020);
- implementation of an on-call quality assurance regime (April 2020);
- introduction of remote working for an indefinite period (July 2020).

Each year, the Company undertakes mandatory annual negotiations (NAO) leading to the signature of an additional agreement.

4.5.2 Non-discrimination

GENDER BREAKDOWN BY AGE

Employees as of December 31, 2022 – France

	Men	Women	Total
Under 25 years old	4	7	11
25 to 39 years old	22	35	57
40 to 49 years old	15	24	39
Over 50 years old	21	40	61
Total	**62**	**106**	**168**

Transgene's overall score on the Professional Equality Index for 2022 was 92 out of 100 (92/100 in 2021 and 91/100 in 2020).

The average age of the workforce was 43.0 years at the end of December 2022 (43.1 years for women and 42.8 years for men). The average length of service is 12.5 years (13.5 years for women, 10.9 years for men). 36% of the workforce is over 50 years old.

4.5.2.1 Equality between women and men

In light of the analysis of the comparative situation between women and men at the end of 2019, the parties recognized that the situation in terms of professional equality was satisfactory overall and signed a new agreement on March 1, 2021, for a three-year term to make the actions already put in place permanent and implement new actions relating to:

- professional promotion: fostering equal opportunities in terms of integration into internal channels (expertise and managerial);
- effective remuneration: to catch up on salaries where there is a gap noted for the same level of function, responsibility, skills, professional experience and performance;
- work-life balance/exercise of family responsibility: see 4.5.1.1.

Situation noted at Transgene:

- although Transgene's occupations have high female representation, we note that there is no significant overall evidence showing inequality between men and women, except in high classifications. Any differences observed are attributable to seniority in a small workforce or by specific jobs;
- the Company's workforce is more female than male across most employment categories and classifications. However, the opposite is true for the Executive Committee. The Board of Directors has 40% female directors;
- for many years, Transgene has implemented voluntary initiatives aimed at facilitating its employees' work-life balance (see 4.5.1.1).

4.5.2.2 Employment and integration of disabled workers

Transgene has been committed to the issue of integrating and retaining disabled workers in employment for several years now. At end 2021, the Company entered into a partnership with a specialist consultant to provide local support for employees on various topics: occupational health, disability, caregiver situation, etc.

Transgene appointed a Disability Correspondent within the Human Resources Department in 2022 to strengthen local support. Several employees used their services in 2022.

The Company benefits from measures defined in the pharmaceutical companies' collective agreement (Leem) of September 25, 2008, to promote the employment and retention in employment of people with disabilities, as amended by the Protocols of 2009, 2019 and July 2022, and support from the branch organization, HandiEM, for the deployment of its disability policy.

Transgene has five employees declared RQTH in 2022 (seven employees in 2021 and six employees in 2020). The Company also used several social-support-through-work centers for various services.

To encourage the hiring of disabled workers, the Company's application management software displays its non-discrimination policy.

The Company forged ahead with communications efforts to combat stereotypes on disabilities:

- it continued to arrange in-house consultations for all employees on health matters, on how companies accommodate illness and disabilities in the workplace and support for the recognition of disabilities. This ongoing effort, provided by a specialized company, makes it possible for any employee to broach freely and in confidence all questions about health at work. This consultation resulted in the Recognition of the Quality of Disabled Worker (RQTH) for two people in 2020/2021 and the renewal of four RQTH in 2022;
- it organized awareness-raising actions throughout 2022: introduction to disability, various events and conferences on the occasion of Quality of Life at Work Week (SQVT), information meeting "Health at work: adaptation and reorganization of workstations";
- Transgene has also continued its communication efforts by organizing its tenth consecutive annual disability day in November 2022, with participative workshops, to raise awareness and counter prejudice.

4.5.2.3 Fight against discrimination

The Company has implemented HR processes to ensure non-discriminatory and objective practices:

- Recruitment:
  - Transgene ensures equal opportunities by advertising positions both internally and externally,
  - the non-discrimination policy (extracts from the French Labor Code) is displayed in the Company's reception area,
  - service providers with which Transgene works commit to non-discrimination through clauses in their contracts,
  - applications are assessed on the basis of candidates' skills and sent to N+1 according to a pre-determined skills and experience specification,
  - applicants are received for interviews by HR on N+1 if not N+2 and by the team in question,
  - managers are made aware of the principles of non-discrimination through the internal training course entitled "The essentials of employment law for managers".
- Employment/promotions:
  - all the measures of the HR development policy implemented aim to objectify practices: defined criteria, personnel files based on practiced or observed skills, professional development committee and validation by the Management Committee,
  - in accordance with the Gender Equality agreement, the Professional Development Commission is an interdisciplinary structure with gender parity,
  - "Supporting and developing your team" awareness for managers during the professional interviews campaign in 2022.
- Access to professional training:
  - the Training Commission has access to all data about trained personnel (gender, status, classification) and has not identified any discriminatory practices.

4.5.2.4 Promotion and enforcement of the provisions of the fundamental conventions of the International Labor Organization

Respect for freedom of association and the right to collective bargaining

The Company declares that it strictly upholds the freedom of association of employees. The right to collective bargaining is exercised in its institutions within the framework defined by the French Labor Code.

Elimination of forced or compulsory labor

The Company has no operations in countries where such practices occur.

Effective abolition of child labor

The Company has no operations in countries where such practices occur.

4.5.3 Health and Safety

Transgene strives to prevent occupational illnesses and accidents. The purpose of the Company's security policy is to ensure the safety of people working within the Company and the protection of the Company's tangible and intangible assets.

To define, implement and improve this safety culture, the Company has a Health, Safety and Environment (HSE) department. The HSE team ensures that the rules and procedures are followed and organizes additional training. It is responsible for monitoring key indicators and regularly report on near-misses, incidents and accidents.

The 2022 annual prevention program was established at the beginning of the year, presented to the CSSCT and attached to the minutes of the meeting. All regulatory and mandatory actions have been completed along with additional improvement actions initiated by the Company. Partially completed or uncompleted actions have been carried over to the 2023 annual prevention program. An annual prevention report is prepared each year, detailing the key events of the previous year. For many years, Transgene has been investing in actions to raise awareness and prevent risks in the Company, including commuting accidents.

The health and safety training plan for 2022 involved 417 hours of HSE training, which represents 15% of total training hours.

In April 2022, Transgene held its annual Health and Safety Day. The theme was the prevention of musculoskeletal disorders (MSDs) based on the YOGIST® method, which uses yoga to relieve the wrists, eyes and back pain. To extend this initiative, YOGIST® sessions have been scheduled throughout 2022.

4.5.3.1 High equipment and operating standards

The Company has made the mandatory declarations for its facilities. Technical checks and inspections of the facilities are carried out in accordance with the legislation in force.

The laboratories are designed and equipped both to protect the experiments being conducted from any outside contamination and to protect the employees from accidental exposure to potentially hazardous products.

The Company's operations are subject to pharmaceutical standards (Laboratory and Clinical Best Practices) and to the provisions of the French Environmental Code that refer to the confined use of genetically modified organisms. In this regard, it is subject to administrative authority approval, given upon recommendation of the French High Council for Biotechnologies, for its viral vector constructions. Authorization includes the classification of these constructs and the confinement conditions for their handling. The Company's investments in the quality of its products have a safety and protection dimension, but are not necessarily recorded as specific costs related to this issue.

Transgene is also committed to training its staff. Staff have the necessary authorizations and training for the various safety needs related to their workstation.

4.5.3.2 Health, Safety and Working Conditions Commission

The Health, Safety and Working Conditions Committee, now the Health, Safety and Working Conditions Commission, operates within the Company pursuant to the regulations in force.

The CSSCT meets at least four times a year in ordinary session. Minutes are taken of each meeting and circulated to all employees, to the occupational physician and to the labor inspectorate. It makes periodic visits to the sites and facilities, and may choose to hold extraordinary meetings following a serious accident or incident, or in the case of specific relocations, or new organizational measures that impact on employee health and safety. The procedures for serious and imminent danger were not called upon in 2022, 2021 and 2020. An analysis was carried out in 2022 (one in 2021 and two in 2020) following a workplace accident and an incident.

WORKPLACE ACCIDENTS, FREQUENCY AND SEVERITY; OCCUPATIONAL DISEASES

Number of accidents (including on-site aid in the infirmary)	2020	2021	2022
Total Company accidents resulting in an entry in the infirmary logs or a report	22	18	13
Number of accidents reported	8	5	4
▪ of which, commuting accidents (home-workplace)	4	3	1
▪ workplace accidents	4	1	3
▪ travel accidents (away from the workplace)	0	1	0
Number of accidents with work stoppage	3	0	1
Number of travel accidents with work stoppage	1	0	0
Frequency rate[(1)]	12.229	0.00	3.964
Severity rate[(2)]	0.375	0.00	0.020

(1) Number of workplace accidents with stoppage (excluding during travel) multiplied by 1,000,000 and divided by the number of hours worked.
(2) Number of days lost due to temporary disability (excluding during travel) multiplied by 1,000 and divided by the number of hours worked.

No occupational illnesses were recognized in 2022 (as in 2021 and 2020). The employer did not file any reports indicating any processes that could cause occupational illnesses in 2022, as in 2021 and 2020.

4.6 COMMITMENT TO OUR SHAREHOLDERS AND INVESTORS

Through its various communication methods, Transgene provides a widely accessible documentary database that goes beyond regulatory requirements.

Its regular publications, as well as its participation in numerous events, ensure the greatest transparency of its activities and results.

Institutional investors

In 2022, Transgene continued its efforts to raise its profile among French and international institutional investors.

- Transgene took part in around ten conferences for investors in France, the United States and Europe (face-to-face and virtual).
- Roadshows, mostly virtual, were organized for institutional funds based in France, Israel, the United States, Germany, Benelux, the United Kingdom and Switzerland.

Individual shareholding

Particular attention is paid to individual shareholders.

- Individual shareholders can receive press releases directly by e-mail by registering on the Transgene website.
- A dedicated contact answers their questions by e-mail and telephone.
- Educational video materials were produced and are available online, particularly on *myvac*® (TG4050), Invir.IO® (BT-001, TG6002, TG6050) and TG4001.

Analyst coverage

Transgene also ensures that its coverage is as broad and diversified as possible.

The Company is monitored by Cantor Fitzgerald, Oddo BHF, Bryan Garnier, Intron Health, Invest Securities and Kempen Van Lanschoot.

ESG rating

Transgene is monitored by several extra-financial rating organizations: Gaïa Index Ethifinance, Morningstar Sustainanalytics and Vigeo Eiris.

4.7 COMMITMENT TO SOCIETY AND THE REGIONS

The Company has been based in Strasbourg since its creation. It strives to be active and present in its territories, promoting, whenever possible, suppliers and candidates from the Rhine valley (Alsace, Germany, Switzerland). Transgene's policy is to train young people and each year receives apprenticeship, professional training contracts, work-study and regularly doctoral student candidates with the aim of training them.

4.7.1 Local, economic and social impact of the business

In employment and regional development

Since its inception in 1979, the Company's head office and most of its activities are located in Strasbourg and in its suburbs. As the French pioneer in genetic engineering, it has a strong local attraction, and provides professional opportunities for scientists, researchers and technicians in the life sciences.

On local or neighboring populations

The principal office of the Company is located in an area dedicated to scientific and technical activities, the *Parc d'Innovation* in Illkirch-Graffenstaden. There are therefore no immediate neighboring populations that its business could impact.

Neither the business nor the facilities of the Company create noise pollution.

4.7.2 Relationships with persons or organizations who have an interest in the Company's activities

Conditions for dialogue with such persons or organizations

The Company is active locally, albeit on an informal basis and through some of its employees, with various associations, universities, institutions or collective groups, including Biovalley France (an association in favor of the development of activities related to life sciences in the Grand Est region) or *Strasbourg Sud Développement*, which carries out initiatives to promote employment in this sector.

Transgene is a member of professional associations such as France Biotech and Leem. It is also an SME member of Efpia. Transgene believes that it does not engage in lobbying activities.

Employees are encouraged to join learned societies (see 4.5.1.1 Sharing knowledge and bringing the Transgene culture to life).

Partnerships or sponsorships

To date, Transgene has not generated any profit. It therefore concentrates most of its financial resources on its research and development on innovative cancer therapies.

Whenever possible, and within its financial constraints, the Company supports initiatives related to its business and its regions.

Donation of laboratory equipment

Transgene regularly donates functioning laboratory equipment that is no longer in use to associations or educational institutions. In 2022, several equipment items were donated to Biotech-Lab of the Strasbourg School of Biotechnology (ESBS).

Cancer associations

Every year, Transgene takes part in two races whose profits go to the fight against cancer, the Strasbourgeoise and the *Course des lumières* in Lyon.

Likewise, Transgene supports the *Les Petits Princes* association, which enables children suffering from long-term illnesses to make their dreams come true, and *La Ligue contre le cancer*.

Local initiatives

Employees can participate, in a personal capacity, in local initiatives, publicized internally (collections, etc.).

Actions for young people

A link with the academic world

By definition, research and innovation is linked to the academic world. Many employees have personal links with universities from which they are graduates or nearby universities. They are encouraged to participate in higher education, to present what they do or to give courses. As an

example, Mr. Éric Quéméneur, Scientific Director of Transgene, is also Chairman (on a voluntary basis) of the ESBS.

Collective actions are also organized. Each year, Transgene works with the Faculty of Pharmacy in Strasbourg to present its activities to students. In 2020, Transgene was also asked to organize mock interviews at the ESBS to prepare students for their job search.

The Transgene Prize is awarded each year by the *Société de Biologie de Strasbourg* to a young doctor from the University of Strasbourg who has written an outstanding thesis in biology.

Since 2021, Transgene has taken part in a Franco-German-Swiss exchange program, *"Die Brücke"*, co-organized by Alsace Tech allowing students of three nationalities to work on a professional project in order to improve their language and skill levels and develop their project management skills.

A link with youth employment

Transgene has set up a proactive policy to welcome young people into companies (work-study/apprenticeship students, internships – including third-year internships, doctoral theses). Depending on the profile sought, Transgene makes intern and work-study offers to regional universities. Each year, the Company also welcomes about ten students from Alsatian secondary schools for a corporate discovery internship.

Support for the "Our neighborhoods have talent" association: for several years, Transgene has enabled its employees to sponsor a young graduate in the Great Est region having difficulties finding a job.

4.8 COMMITMENT TO THE PLANET

Controlling its environmental impact in response to the climate emergency is a major and growing challenge for civil society.

Transgene believes that its environmental footprint is reduced due to its R&D activity. Currently, Transgene's activities do not include any industrial production or distribution, which means that consumption of raw materials, releases into the environment or the emission of greenhouse gases remain limited. Transgene also operates within an extremely strict regulatory framework with which it complies.

Nevertheless, Transgene aims to further reduce its environmental impact and protect its natural resources. This involves sorting and recycling as much of its waste as possible or using green energy.

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4.8.1 Preventing pollution

The drug candidates designed and developed by Transgene result from biological sciences (specifically, molecular and cellular biology) and use biotechnology processes (cell culture, purification processes, etc.) to enable a transition from laboratory work to the production of quantities of products controlled and approved for human clinical trials.

The processes to realize these products are extremely complex and require materials that present potential risks to individuals and the environment in the case of accidental exposure. These processes occur in controlled and contained zones.

Thus, the research laboratories are designed and equipped both to protect the product during its development from any outside contamination and to protect the employees as they do their work from accidental exposure to potentially hazardous products.

Organization of the Company to take into account environmental issues

The Company believes that its research has very little impact on the environment, since operations relating to this activity take place in a confined environment. Transgene Laboratories are not affected by the regulations on Installations Classified for the Protection of the Environment.

The impact of this activity on the environment is controlled in two ways:

- by strictly applying pharmaceutical quality standards that permit monitoring and tracking at all stages of activity (air testing and treatment, quality of materials used, controlled flow of materials and personnel, etc.); and

- by observing the environmental regulations in force with respect to aspects not directly imposed by those standards (classification of research in terms of the regulations on genetically modified organisms, confinement of operations, effluent and waste handling and treatment, etc.).

Training and information for employees

The Company regularly carries out actions to raise employee awareness of environmental issues, including waste sorting and digital pollution.

Resources devoted to the prevention of environmental risks and pollution

The Company has a Health, Safety and Environmental Officer. In addition, research takes place in a confined environment and related resources and equipment (air treatment filters, microbiological safety cabinets, autoclaves, etc.) help prevent environmental risks.

Provisions and guarantees for environmental risks

The Company has made no provisions or guarantees of this kind.

4.8.2 Waste management

Prevention, reduction and repair measures for air, water and soil discharges that seriously affect the environment

The Company's research and development activity is conducted in a confined environment. This confinement is obtained through several levels of air treatment and controls including microbiological safety cabinets, air depressurization to prevent its exit, absolute filters on ventilation ducts, etc. All of its equipment is regularly maintained and checked.

The airtightness of cooling production facilities (cooling units, heat pumps, cooling rooms) is checked and ensured regularly by service providers.

Refrigerants, potentially hazardous to the environment, were replaced in 2020. In 2021, no refrigerant leaks were recorded.

Prevention, recycling and waste disposal measures

The Company's activity generates various types of waste that require sorting for special treatment. It ensures, as far as possible, that the quantity is reduced.

The Company has entered into agreements with qualified service providers for removal and treatment in accordance with the standards and rules that govern these various categories.

In addition, the Company conducts separate sorting and removal of non-hazardous waste, paper, cardboard, plastic and can, and special waste requiring special precautions.

4.8.3 Sustainable use of resources

The Company launched its onsite production of small clinical batches, which has been ramping up since 2018. This new activity, and the work to commission and test the new production unit as well as the added workforce, has led to an increase in resource consumption since 2018.

Water use and water supply

The Company's activities involve the use of water. This use is directly related to changes in R&D projects and does not trigger relevant indicators.

The growth in water consumption between 2019 and 2020 is due to the ramp-up of the pilot production unit and the production of batches intended for clinical trials of TG4050.

The water used comes from the urban network; there are no specific supply constraints in the Grand Est Region.

Despite the low volumes of water consumed in absolute terms, in the event of a ban on water consumption, Transgene could be forced to suspend its production and research activities.

WATER *(IN M³)*

Year	Volume	Change
2020	4,881	+16.0%
2021	3,838	-21.0%
2022	4,771	+22.9%

Energy consumption, measures to improve energy efficacy and use of renewable energy

The equipment in the research laboratories and the facilities for producing clinical batches run exclusively on electricity. There is a very strict equipment maintenance plan to ensure optimal energy consumption.

The laboratory and office building, delivered in 2008, took into account the challenges of reducing energy costs within the scope of existing technologies at the time. It is equipped with heat pumps for heating and cooling and uses electricity for steam production.

Solar panels supply hot water to staff showers.

The Company decided to source 50% of its electricity from renewable energy sources, purchased from the local supplier, *Énergies de Strasbourg*.

ELECTRICITY *(KWH)*

Year	Total	Change
2020	3,692,957	-1.3%
2021	3,556,466	-9.1%
2022	3,277,837	-2.3%

Consumption of raw materials and measures to improve efficacy of their use

For a more responsible use of natural resources, the site's printers are configured to use recycled paper as a default setting.

4.8.4 Climate change

Transgene monitors climate risk as part of the corporate risk mapping drawn up by management and discussed annually by the Board of Directors. At Transgene this risk is generic, as Transgene's main activity—research and development in biotechnology—has neither a strong impact on the climate nor a specific climate dependency. Therefore, today, this risk is not perceived as sufficient to be listed among the risk factors established pursuant to Article 16 of the Prospectus regulation (the risks that we consider to be the most relevant for investors), as found in Chapter 2 of the 2022 Universal Registration Document.

Greenhouse gas emissions (Scope 1)

Despite its activities, Transgene does not produce any direct greenhouse gas (GHG) emissions.

Greenhouse gas emissions (Scope 2)

Indirect GHG emissions are linked exclusively to electricity consumption and have generated 187 metric tons of CO_2 equivalent in 2022. The conversion of the above energy consumption into CO_2 emission equivalents is done by applying the ADEME conversion factors (2021 Mainland France electricity mix).

Greenhouse gas emissions in the value chain (Scope 3)

The Company estimates that the direct or indirect generation of greenhouse gases from its activity is limited. Emissions mainly come from: business travel, commuting to and from work, sending our research or clinical samples, and delivery of research materials and consumables. Transgene does not have a quantitative estimate of the equivalent metric tons of CO_2 issued in its value chain in 2022.

A project is underway to calculate this indicator in 2023.

Adaptation to the impacts of climate change

The Company has no activity requiring special measures to adapt to climate change impacts.

Promotion of low-carbon mobility

Transgene encourages its employees to use public transport and alternative transport modes.

Transgene also encourages the use of bicycles with the provision of a bicycle storage shed, showers, changing rooms and an incentive bonus.

Car pooling: to promote this practice, Transgene has introduced an incentive bonus.

The "Goodwatt" operation was launched in 2022 to promote the practice of electrically-assisted bicycles. Twenty employees benefited from this scheme with free bicycles for one month.

Four electric charging stations are available to employees using an electric vehicle.

Business travel

Whenever possible, Transgene recommends using environmentally-friendly modes of transport, particularly for national trips, in Germany and in Switzerland.

CO_2 EQUIVALENT OF BUSINESS TRAVEL BY MODE OF TRANSPORT

CO_2 equivalent in metric tons – *By calendar year, reservations made with the Egencia travel agency*

	Plane	Train
2020	82.0	0.5
2021	61.0	0.9
2022	158.0	0.7

4.8.5 Measures taken to preserve or develop biodiversity

The Illkirch site is not located in an environmentally sensitive area. Transgene has a grove there. It has been left in its natural state. Newly planted trees in the landscaped areas favor local species, fruit and honey, which do not require watering at maturity. For many years, no phytosanitary treatment has been used on the site.

The environment around Transgene is rich in meadows and flowering trees that offer a real potential for the development of an urban beekeeping. Aware of this situation and wanting to help protect bees, Transgene offered the ASAPISTRA beekeeping association a site on its land. This location hosts a training beehive to transmit the beekeeper occupation to the members of this association, for training purposes and for educational purposes.

Neither the Company's activities nor its facilities have any impact on biodiversity. Transgene has not identified any risk in its activities inherent to a loss of biodiversity.

4.9 EUROPEAN GREEN TAXONOMY

4.9.1 About the taxonomy regulation

The European green taxonomy, provided for by EU Taxonomy regulation 2020/852 of June 18, 2020, is a system for classifying economic activities considered as environmentally sustainable by the European Commission based on scientific criteria. This regulation is the result of the sustainable finance action plan launched in 2018 by the European Commission to direct capital flows towards the activities it has identified as priorities based on their ability to contribute to one of the following six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use of water and marine resources;
- preventing pollution;
- circular economy; and
- protection and restoration of ecosystems.

An activity is considered "eligible" when it is described in the corresponding delegated regulations (concerning the two climate objectives, in Annexes I and II of the EU delegated regulation 2021/2139 of June 4, 2021, published on December 9, 2021).

In order to be considered sustainable within the meaning of the taxonomy, an "eligible" activity must be "aligned." An aligned activity meets the three criteria of Article 3 of the Taxonomy regulation:

- it contributes substantially to one of the six environmental objectives, *i.e.*, meets the technical criteria specified in the delegated regulations;
- it does not hinder the other five objectives (principle of Do No Significant Harm); and
- it respects minimum social standards.

In accordance with the Taxonomy regulation and delegated regulations, in this report Transgene presents for fiscal year 2022, the share of eligibility of its activities for the first two environmental objectives relating to climate change: **mitigation** and **adaptation**. The other four objectives are not addressed, as the related delegated regulations have not yet entered into force.

In accordance with the Taxonomy regulation, the indicators to be published relate to (i) revenue, (ii) capital expenditure (CapEx), and (iii) operating expenses (OpEx) calculated on the basis of consolidated financial data.

4.9.2 Taxonomic indicators

The first assessment of Transgene's eligible activities was carried out on the basis of a detailed analysis of its various consolidated activities with regard to the activities described in the taxonomy.

Revenue

The Company has not identified any eligible revenue. Indeed, within the context of the first two objectives of mitigation and adaptation to climate change applicable at the date of this report, the European Commission has prioritized the business sectors that significantly contribute to greenhouse gas emissions at European Union level.

Transgene's main activity is research and development in biotechnology, for which the NAF code is 7211Z, corresponding to NACE code 72.1 (Research-development in biotechnology). This NACE code is not mentioned among the codes of the various eligible activities of the taxonomy.

These activities are not considered in the taxonomic sense as having a substantial contribution with regard to these primary climate objectives and therefore are not a priority sector for the taxonomy.

Due to the lack of eligible revenue, investments and operating expenses related to activities contributing to revenue could not be classified as eligible. The analysis of eligibility for investments and operating expenses is therefore limited to "individual measures," which explains the low eligible amounts.

If necessary, Transgene will revise its valuation methodology and the resulting figures according to changes in regulations and their interpretation.

No revenue-generating activity of Transgene has been identified as eligible for the European green taxonomy, resulting in a ratio of revenue eligible for the European green taxonomy of 0%.

Data as of Dec. 31, 2022	Published revenue *(in € thousands)*	Eligible revenue	Revenue eligibility ratio
Total	3,126	0	0%

Capital expenditure (CapEx)

Definition of the indicator

The eligible CapEx ratio referred to in the Taxonomy regulation is calculated by taking into account:

- **in the denominator**: capital expenditure including increases in property, plant and equipment and intangible assets and right-of-use assets for the year (before revaluation, depreciation and amortization and excluding changes in fair value) as well as increases related to business combinations.

  These are capital expenditures and increases in rights of use covered by the following IFRS standards: IAS 16 "Property, plant and equipment," IAS 38 "Intangible assets," IFRS 16 "Leases";

- **in the numerator**: capital expenditure:

  - in connection with an eligible activity, *i.e.*, CapEx linked to assets or processes associated with a commercial economic activity eligible for the taxonomy,

  - in connection with assets or processes covered by a plan to develop the economic activities aligned with the taxonomy or to enable eligible economic activities to become aligned (hereinafter referred to as the "CapEx plan"), and

  - "individual" capital expenditures that enable target activities to become low-carbon or lead to greenhouse gas reductions, including economic activities listed in delegated regulations provided that these measures are implemented and operational within 18 months.

Income (loss)

Due to the non-eligibility of its activities, Transgene's eligible CapEx (i) do not include CapEx directly related to its activities and (ii) only concern CapEx implemented under "individually sustainable measures," as defined by the Taxonomy regulation, aimed at reducing greenhouse gas emissions.

With regard to capital expenditure relating to individual measures, the review of Transgene's activities, and in particular of ongoing projects, identified several activities giving rise to capital expenditure. **The share of investment expenditure eligible for the European green taxonomy is 5%** for fiscal year 2022 out of a total of €1,033 thousand (this amount corresponds to the increases in fixed assets in the Company's consolidated financial statements. This concerns individual measures relating to the activities listed in the table below.

Data as of Dec. 31, 2022	CapEx *(in € thousands)*	Eligible CapEx	CapEx eligibility ratio
Total	1,033	50	5%

Detail of individual measures giving rise to eligible CapEx

- activity 7.3 Installation, maintenance and repair of energy-efficiency equipment:

  - in particular, in terms of lighting for buildings and the replacement of filament bulbs with energy-efficient LEDs.

Operating expenses (OpEx)

Definition of the indicator

The eligible "OpEx" ratio referred to in the Taxonomy regulation is calculated using:

- **at the denominator**: non-capitalizable direct costs covering R&D, short-term leases, upkeep, maintenance and repair of assets, building renovation measures as well as any other expenses related to the daily maintenance of assets;

- **in the numerator**: operating expenses:
  - in connection with an aligned activity, *i.e.*, OpEx linked to assets or processes associated with an economic activity eligible for the taxonomy,
  - in connection with activities in the process of being aligned, and
  - in connection with "individual" measures enabling the target activities to become low-carbon or lead to reductions in greenhouse gases.

Income (loss)

Due to the non-eligibility of its activities, Transgene's eligible OpEx (i) do not include OpEx directly related to its activities and (ii) only concern OpEx implemented under "individually sustainable measures," as defined by the Taxonomy regulation. Transgene has examined the definition of the denominator relating to operating expenses presented in point 1.1.3.2 of Appendix I of delegated regulation 2021/2139 as well as the FAQs published by the European Commission on February 11, 2022 (question 11), specifying the eligible operating expenses. The taxonomy OpEx are negligible.

In accordance with the Taxonomy regulation, as taxonomy OpEx is not material, the Group has not calculated the share of eligibility for this indicator.

The portion of operational expenditure eligible for the European green taxonomy is considered non-material.

Data as of Dec. 31, 2022	OpEx Taxonomy *(in € thousands)*	Eligible taxonomy OpEx	OpEx eligibility ratio
Total	Not significant	Not significant	Exemption

4.9.3 Key performance indicators

TABLE 1: SHARE OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMIC ACTIVITIES – INFORMATION FOR YEAR N

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Share of revenue (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(in € millions)	%	%	%	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY									
A.1 Environmentally sustainable activities (aligned with taxonomy)									
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)		-	-	%	%	%	%	%	%
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)									
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)		-	-						
Total (A.1 + A.2)		**-**	**%**						
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY									
Revenue from activities not eligible for taxonomy (B)	7211Z	3,126	100%						
TOTAL (A + B)		**3,126**	**100%**						

Economic activities (1)	Does Not Significantly Harm (DNSH) criteria						Minimum guarantees (17)	Share of revenue aligned with taxonomy, year N (18)	Share of revenue aligned with taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (transitional activity) (21)
	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	M	T
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY											
A.1 Environmentally sustainable activities (aligned with taxonomy)											
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)								%			
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)											
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)											
Total (A.1 + A.2)								%			
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY											
Revenue from activities not eligible for taxonomy (B)											
TOTAL (A + B)											

4

TABLE 2: SHARE OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – INFORMATION FOR YEAR N

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	CapEx (3)	Share of CapEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(in € millions)	%	%	%	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY									
A.1 Environmentally sustainable activities (aligned with taxonomy)									
CapEx from environmentally sustainable activities (aligned with taxonomy) (A.1)		-	- %	%	%	%	%	%	%
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)									
CapEx from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)		-	-%						
Total (A.1 + A.2)		**-**	**-%**						
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY									
CapEx from activities not eligible for taxonomy (B)	7211Z	50	5%						
TOTAL (A + B)		**50**	**5%**						

Economic activities (1)	Does Not Significantly Harm (DNSH) criteria						Minimum guarantees (17)	Share of CapEx aligned with taxonomy, year N (18)	Share of revenue aligned with taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (transitional activity) (21)
	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	M	T
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY											
A.1 Environmentally sustainable activities (aligned with taxonomy)											
CapEx from environmentally sustainable activities (aligned with taxonomy) (A.1)								%			
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)											
CapEx from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)											
Total (A.1 + A.2)								%			
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY											
CapEx from activities not eligible for taxonomy (B)											
TOTAL (A + B)											

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TABLE 3: SHARE OF OPEX CONCERNING PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – INFORMATION FOR YEAR N

				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Share of OpEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(in € thousands)	%	%	%	%	%	%	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY									
A.1 Environmentally sustainable activities (aligned with taxonomy)									
OpEx from environmentally sustainable activities (aligned with taxonomy) (A.1)			%	%	%	%	%	%	%
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)									
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)			%						
Total (A.1 + A.2)			**%**						
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY									
Revenue from activities not eligible for taxonomy (B)	7211Z	Non-significant	-%						
TOTAL (A + B)		**NON-SIGNIFICANT**	**-%**						

Economic activities (1)	Does Not Significantly Harm (DNSH) criteria							Share of OpEx aligned with taxonomy, year N (18)	Share of CapEx aligned with taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (transitional activity) (21)
	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guarantees (17)				
	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	M	T
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY											
A.1 Environmentally sustainable activities (aligned with taxonomy)											
OpEx from environmentally sustainable activities (aligned with taxonomy) (A.1)								%			
A.2 Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy)											
OpEx from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)											
Total (A.1 + A.2)								%			
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY											
OpEx from activities not eligible for taxonomy (B)											
TOTAL (A + B)											

4

4.10 METHODOLOGICAL NOTE

Transgene has not been required to publish a statement of non-financial performance as the Company has fewer than 500 employees—but it voluntarily publishes its ESG reporting.

From 2027, Transgene will be required to prepare a sustainability report under the Corporate Sustainability Reporting Directive. In the meantime, Transgene is gradually and on a voluntary basis setting up reporting under the green taxonomy (see 4.9*, supra*).

Methodologies for reporting social, safety and environmental indicators are likely to have certain limitations inherent in the practicalities of collecting and consolidating such information.

Unless otherwise indicated, the items in the following report concern the Company (Transgene), located in France. Its wholly-owned American and Chinese subsidiaries operate as representative offices (Transgene, Inc., based in the United States, and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in China, which respectively employed one and zero employees as of December 31, 2022) and no sales activity. They are therefore not included in this report's indicators.

Figures are provided for the fiscal years 2020, 2021 and 2022 only when such figures are relevant.

Social indicators

For the social indicators, the calculations were made using the workforce as of December 31, 2022, namely 168 employees of Transgene, in France. The Group has one employee in its entity based in the United States, who is not included in this reporting.

Total workforce

Employees on a permanent, temporary or work-study employment contract with Transgene as of December 31, 2022, are counted in the total workforce. Trainees and temporary staff are excluded.

Hires and departures

Temporary contracts are included in the reporting of this indicator. The following are excluded from the reporting for both hires and departures: the conversion of temporary employment contracts to permanent ones when the end of the prior contract coincides with the start of the new contract.

Rate of absenteeism

It refers to the ratio of the number of working hours missed (illness, workplace accidents and commuting accidents) to the number of hours worked.

Number of hours worked

This indicator the activities located in France for the period from January 1 to December 31, 2022.

The number of hours worked is taken from the payroll summary and is used to calculate the rate of absenteeism.

The hours used to calculate the frequency and severity rates are taken from the annual declaration of social data (abbreviated to DSN), in the specific workplace accidents section.

Professional equality index

The Commission on Professional Equality was involved in choosing the approach to categorizing the eligible workforce for calculating the first Professional Equality Index (by classification rather than socio-professional grouping).

Safety indicators

Frequency rate and severity of accidents with work stoppage

The frequency rate of accidents with work stoppage equals the number of accidents with work stoppage of greater than or equal to one day occurring during a twelve-month period per million hours worked. The severity rate of workplace accidents is equal to the number of days lost due to temporary disability, excluding commuting accidents, occurring during a period of twelve months per thousand hours worked. Commuting accidents from the home to the workplace are excluded from the calculation of these indicators.

Environmental indicators

Unless otherwise indicated, the items in the following report concern the Company (Transgene), located in France, where its business is primarily conducted in two facilities located in Illkirch-Graffenstaden and Lyon. Its wholly-owned American and Chinese subsidiaries operate as representative offices (Transgene, Inc., based in the United States which has no employee as of December 31, 2021, and Transgene BioPharmaceutical Technology [Shanghai] Co. Ltd., based in China, which has no employee as of December 31, 2021) and no sales activity. They are therefore not included in this report's indicators. Figures are provided for the fiscal years 2019, 2021 and 2021 only when such figures are relevant.

The indicators on water consumption only cover the activities in the building housing the registered office, the administrative and regulatory activities and the R&D labs at the facility in Illkirch-Graffenstaden (France).

CO_2 equivalent of business travel by mode of transport

The data comes from the Egencia Analytics Studio dashboard, provided by the travel agency Egencia. The CO_2 Emissions Workspace uses a proprietary algorithm from Egencia based on industry standards to track CO_2 emissions. These standards were developed by the UK Department for the Environment, Food and Rural Affairs (DEFRA), and are considered by regulators as reference standards for estimating CO_2 emissions.

5

ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

5.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

5.1.1 Consolidated financial statements

Consolidated balance sheet, IFRS

ASSETS

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
CURRENT ASSETS			
Cash and cash equivalents	*3*	4,403	5,911
Other current financial assets	*3*	22,423	43,658
Cash, cash equivalents and other current financial assets	***3***	**26,826**	**49,569**
Trade receivables	*4*	2,789	10,133
Other current assets	*5*	2,546	2,543
Assets available for sale	*6*	14,345	-
Total current assets		**46,506**	**62,245**
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	11,177	11,295
Intangible assets	*8*	77	92
Non-current financial assets	*9*	1,673	20,772
Other non-current assets	*10*	7,003	7,434
Total non-current assets		**19,930**	**39,593**
TOTAL ASSETS		**66,436**	**101,838**

LIABILITIES AND EQUITY

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
CURRENT LIABILITIES			
Trade payables		6,965	7,692
Current financial liabilities	*11*	1,192	1,395
Provisions for risks and expenses	*12*	23	48
Other current liabilities	*13*	4,602	5,454
Total current liabilities		**12,782**	**14,589**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	*11*	12,327	15,241
Employee benefits	*14*	3,282	3,958
Other non-current liabilities	*13*	204	841
Total non-current liabilities		**15,813**	**20,040**
Total liabilities		**28,595**	**34,629**
EQUITY			
Share capital	*15*	50,102	48,886
Shares premiums and reserves		71,621	70,374
Retained earnings		(50,628)	(31,092)
Profit/(loss) for the period		(32,804)	(19,536)
Other comprehensive income/(loss)		(450)	(1,423)
Total equity attributable to the Company's shareholders		**37,841**	**67,209**
TOTAL LIABILITIES AND EQUITY		**66,436**	**101,838**

CONSOLIDATED INCOME STATEMENT, IFRS

(in € thousands, except for per-share data)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
Revenue from collaborative and licensing agreements	*16*	3,126	9,993
Government financing for research expenditure	*16*	6,876	7,021
Other income	*16*	342	399
Operating income		**10,344**	**17,413**
Research and development expenses	*17*	(32,168)	(32,883)
General and administrative expenses	*17*	(7,912)	(7,369)
Other expenses	*17*	(168)	(686)
Operating expenses		**(40,248)**	**(40,938)**
Operating income/(loss)		**(29,904)**	**(23,525)**
Financial income/(loss)	*18*	(2,900)	3,989
Income/(loss) before tax		**(32,804)**	**(19,536)**
Income tax expense	*19*	-	-
NET INCOME/(LOSS)		**(32,804)**	**(19,536)**
Basic earnings per share *(in €)*	*15*	(0.33)	(0.21)
Diluted earnings per share *(in €)*	*15*	(0.33)	(0.21)

OTHER COMPONENTS OF COMPREHENSIVE INCOME, IFRS

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Net income/(loss)	**(32,804)**	**(19,536)**
Foreign exchange gains/(losses)	-	12
Revaluation of hedging instruments	48	61
Other elements of comprehensive income/(loss) subsequently restated as income	**48**	**73**
Actuarial gains/(losses) on employee benefit provision	925	(445)
Other elements of comprehensive income/(loss) subsequently non-recyclable as income, net of taxes	**925**	**(445)**
Other comprehensive income/(loss)	**973**	**(372)**
NET COMPREHENSIVE INCOME/(LOSS)	**(31,831)**	**(19,908)**
Of which, attributable to parent company	(31,831)	(19,908)
Of which, non-controlling interests	-	-

CASH FLOW STATEMENT, IFRS

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021*
CASH FLOW FROM OPERATING ACTIVITIES			
Net income/(loss)		(32,804)	(19,536)
Cancellation of financial income/(loss)		2,900	(3,989)
Elimination of non-cash items			
Provisions		191	(1,031)
Depreciation	*7, 8*	1,686	2,521
Share-based payments	*17*	2,675	3,002
Others		(41)	(112)
Net cash generated from/(used in) operating activities before change in working capital and other operating cash flow		**(25,393)**	**(19,145)**
CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS			
Current receivables and prepaid expenses	*24*	7,301	(7,745)
Research tax credit (RTC)	*16*	(198)	(993)
Other current assets	*5*	226	(242)
Trade payables	*24*	(750)	2,657
Prepaid income	*13*	(804)	(1,124)
Other current liabilities	*13*	(685)	683
Net cash used in operating activities		**(20,303)**	**(25,909)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisitions)/disposals of property, plant and equipment	*7*	(1,497)	(671)
(Acquisitions)/disposals of intangible assets	*8*	(38)	(15)
(Acquisitions)/disposals of non-consolidated equity securities	*9*	-	17,193
(Acquisitions) of other financial assets	*3*	-	(40,000)
Disposals of other financial assets	*3*	21,500	17,418
Other (acquisitions)/disposals	*9*	307	286
Net cash used in investing activities		**20,272**	**(5,789)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net financial income/(loss) proceeds	*18*	(646)	(167)
Gross proceeds from the issuance of shares	*15*	-	34,129
Share issue costs		-	(787)
Conditional subsidies	*16*	455	603
Net amounts received for financing of tax credits	*11*	(5)	16
Bank borrowing	*11*	-	(197)
Financial leases and change in lease obligations	*11*	(1,281)	(1,277)
Net cash generated from/(used in) financing activities		**(1,477)**	**32,320**
Exchange rate differences on cash and cash equivalents		-	12
Net increase/(decrease) in cash and cash equivalents		**(1,508)**	**634**
Cash and cash equivalents at beginning of period		5,911	5,277
Cash and cash equivalents at end of period		**4,403**	**5,911**
Investments in other current financial assets		22,423	43,658
CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS		**26,826**	**49,569**

* *Comparative information has been restated (Note 2).*

STATEMENT OF CHANGES IN EQUITY, IFRS

(in € thousands)	Common shares		Share premiums	Reserves	Retained earnings	Other comprehensive income/ (loss)	Net income/ (loss)	Total attributable to the Company's shareholders
	Number of shares	Share capital						
As of December 31, 2020	**83,841,334**	**41,921**	**39,212**	**1,726**	**(13,861)**	**(1,051)**	**(17,231)**	**50,716**
Increase of share capital	13,930,000	6,965	26,377	-	-	-	-	33,342
Free share awards	-	-	(1,150)	1,150	-	-	-	-
Share-based payments	-	-	3,002	-	-	-	-	3,002
Liquidity contract	-	-	-	57	-	-	-	57
Income/(loss) for the previous period	-	-	-	-	(17,231)	-	17,231	-
Income/(loss) for the period	-	-	-	-	-	-	(19,536)	(19,536)
Foreign exchange gains/(losses)	-	-	-	-	-	12	-	12
Actuarial gains/(losses) on employee benefit provision	-	-	-	-	-	(445)	-	(445)
Interest rate swap	-	-	-	-	-	61	-	61
Net comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**(372)**	**(19,536)**	**(19,908)**
As of December 31, 2021	**97,771,334**	**48,886**	**67,441**	**2,933**	**(31,092)**	**(1,423)**	**(19,536)**	**67,209**
Increase of share capital	-	-	-	-	-	-	-	-
Free share awards	2,432,737	1,216	697	(1,913)	-	-	-	-
Share-based payments	-	-	2,675	-	-	-	-	2,675
Liquidity contract	-	-	-	(212)	-	-	-	(212)
Income/(loss) for the previous period	-	-	-	-	(19,536)	-	19,536	-
Income/(loss) for the period	-	-	-	-	-	-	(32,804)	(32,804)
Foreign exchange gains/(losses)	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on employee benefit provision	-	-	-	-	-	925	-	925
Interest rate swap	-	-	-	-	-	48	-	48
Net comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**973**	**(32,804)**	**(31,831)**
AS OF DECEMBER 31, 2022	**100,204,071**	**50,102**	**70,813**	**808**	**(50,628)**	**(450)**	**(32,804)**	**37,841**

5.1.2 Notes to the consolidated financial statements

(in € thousands, unless otherwise indicated)

Foreword

The consolidated financial statements of Transgene (the "Company") as of December 31, 2022, were prepared in accordance with the principles and methods defined by IFRS (International Financial reporting Standard) as adopted by the European Union. They were approved by the Board of Directors on March 16, 2023 and will be subject to the approval of the General Assembly.

Transgene is a biotechnology company that designs and develops targeted immunotherapy products against cancers.

Transgene is consolidated in Compagnie Mérieux Alliance (17 rue Bourgelat, 69002 Lyon, France).

The consolidated financial statements include:

- the balance sheet and statement of comprehensive income (including the income statement);
- the cash flow statement;
- the statement of changes in equity; and
- the notes to the financial statements.

NOTE 1 ACCOUNTING PRINCIPLES

Accounting standards

The accounting principles used to prepare the consolidated financial statements are in accordance with IFRS standards and interpretations as adopted by the European Union as of December 31, 2022.

NEW STANDARDS/AMENDMENTS APPLICABLE FOR FISCAL YEARS STARTING ON OR AFTER JANUARY 1, 2022, IN EUROPE

Standard/Interpretation	Date of application per IASB (fiscal years beginning on or after)	Date of expected European Union application (at the latest for the fiscal years beginning on or after)
Amendment to IAS 16: Property, plant and equipment – Revenue prior to intended use.	Jan. 1, 2022	Jan. 1, 2022
Amendment to IAS 37: Onerous contracts – Cost of fulfilling a contract.	Jan. 1, 2022	Jan. 1, 2022
Amendment to IFRS 3: Reference to the Conceptual Framework.	Jan. 1, 2022	Jan. 1, 2022
Improvements to the following 2018-2020 standards: IAS 41 - Taxation in Fair Value Measurements; IFRS 1 - Subsidiary becoming a first-time adopter; IFRS 9 - Derecognition of a financial liability: fees and commissions to be included in the 10% test; IFRS 16 - Lease incentives	Jan. 1, 2022	Jan. 1, 2022

These amendments and decisions had no impact on the Company's financial statements as of December 31, 2022.

Transgene has chosen not to apply in advance the standards, amendments and interpretations adopted or in the process of being adopted by the European Union, but whose early application would have been possible as an interpretation of existing texts, and which will come into force after December 31, 2022, in particular:

OTHER STANDARDS/AMENDMENTS PUBLISHED AS OF DECEMBER 31, 2022

Standard/Interpretation	Date of application per IASB (fiscal years beginning on or after)	EU application date (at the latest for fiscal years beginning on or after)
Amendments to IAS 1: Disclosures on Accounting Principles and Methods; and update of the guide to practical application of materiality "IFRS Practice Statement 2: Making Materiality Judgments"	Jan. 1, 2023	Jan. 1, 2023
Amendment to IAS 8: Definition of an accounting estimate	Jan. 1, 2023	Jan. 1, 2023
Amendment to IAS 12: Deferred taxes related to assets and liabilities arising from a single transaction	Jan. 1, 2023	Jan. 1, 2023

The Company does not expect the application of these standards to have a significant impact. There are no standards, amendments and interpretations published by the IASB whose application is mandatory for fiscal years beginning on or after January 1, 2022, that have not yet been approved at the European level (and whose early application is not possible at the European level) that would have a significant impact on the consolidated financial statements.

Basis of preparation of financial statements

The consolidated financial statements were prepared in accordance with the general IFRS principles: fair presentation, going concern, accrual basis of accounting, consistency of presentation and materiality.

The going concern principle was adopted, as the Company estimates that it will be able to meet its cash requirements over a period of at least 12 months after the closing date on the basis of:

- its cash, cash equivalents and other current financial assets available at December 31, 2022;
- the finalization of the sale and receipt of the proceeds from the sale of assets held and held for sale (Tasly BioPharmaceuticals shares);
- its net cash consumption forecasts for fiscal year 2023.

The Company has a financial visibility until early 2024.

Transgene's management made estimates and assumptions in preparing the financial statements in accordance with IFRS, which may have an impact on the assets and liabilities, and the reported amounts of income and expenses for the financial period. Actual results may be significantly different from these estimates and assumptions.

The principal assumptions and estimates that could impact the Company's financial statements are:

- the valuation of the shares of Tasly BioPharmaceuticals (Note 6);
- conditional advances for the ADNA program (Note 11).

In view of the Group's business, management considers that the fixed assets form part of a single cash-generating unit. At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. In the presence of such a presumption, or when annual impairment testing is required for an asset, the Company makes an estimate of the recoverable amount of the asset. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined on an individual basis unless the asset generates cash inflows that are largely dependent on other assets or groups of assets. An impairment is recognized when the asset's carrying amount is higher than its recoverable amount. Its carrying amount is then written down to its recoverable amount. The value in use corresponds to the estimated future cash flows, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Basis of consolidation

The consolidated financial statements include the financial statements of Transgene, Transgene, Inc. and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. ("Transgene Shanghai"), wholly owned subsidiaries whose registered offices are located in Waltham, Massachusetts (United States) and Shanghai (China) respectively. These companies are consolidated. Intragroup balances and transactions are eliminated in consolidation, together with intragroup profits included in the carrying amount of assets.

Presentation of the consolidated income statement

The consolidated income statement is presented by function: research and development expenses and general and administrative expenses (Notes 16 to 18).

Account conversions of foreign subsidiaries

The currency used by the Company for the preparation of the consolidated financial statements is the euro.

The financial statements of Transgene, Inc. are prepared in US dollars.

The financial statements of Transgene Shanghai are prepared in yuan.

The balance sheets of Transgene, Inc. and Transgene Shanghai have been converted into euros using the exchange rate at the reporting date and in the income statement using the exchange rate of the month of accounting. Differences arising from conversion are recognized in other comprehensive income.

Foreign currency transactions

In accordance with IAS 21 "Effects of changes in foreign exchange rates," transactions carried out in a foreign currency are translated at the exchange rate on the transaction date. Exchange rate differences resulting from differences between the transaction recording date and the payment date are recognized under the corresponding headings in the income statement (sales and purchases in the case of commercial transactions). Debts and receivables denominated in foreign currencies are translated at the closing rate of December 31, 2022, with the resulting translation differences recognized in profit or loss at the end of the fiscal year.

At the reporting date, foreign currency cash and cash equivalents, receivables and payables are converted into euros at the exchange rate on the reporting date. The resulting translation differences are recognized in the income statement.

Transgene did not use any currency hedging instruments in 2021 and 2022.

Current assets

Cash and cash equivalents

Transgene's cash reserves are invested mainly in low volatility and highly liquid, highly rated mutual funds (net asset value known daily). They are classified as cash equivalents and valued at their fair value under equity because these investments correspond to bank accounts and time deposit accounts.

Receivables
Trade receivables are recognized at amortized cost, which corresponds to their transaction value. All trade receivables are impaired when they are recorded, in the amount of losses expected at maturity.

Other current financial assets
These are cash investments with the Institut Mérieux, the principal shareholder of Transgene, under a "Group" cash pooling agreement. Contractually, investments made by the Company as part of the centralized cash management are liquid within a maximum period of four business days and bear interest based on a rate equal to Euribor +0.25% when Institut Mérieux is in a net borrowing position at the Group level and to Euribor when Institut Mérieux is in a net surplus at the Group level.

Other current assets
Prepaid expenses are measured at their nominal value, and the other current assets are initially recognized at cost and are subsequently measured at the lower of cost and net realizable value.

Assets available for sale
IFRS 5 establishes the accounting treatment applicable to assets held for sale. A fixed asset, or a group of directly related assets and liabilities, is considered to be held for sale when its carrying amount will be recovered primarily through a sale. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. These assets or groups held for sale are valued at the lower of their carrying amount and fair value net of selling costs.

Non-current assets

Property, plant and equipment
Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with the benchmark treatment under IAS 16.

Straight-line amortization is recognized based on the useful life of the asset by the Company, using the following periods:

Type of asset	Period of depreciation
Buildings	20 years
Fixtures and fittings	10-20 years
Machinery and equipment (machinery and laboratory equipment)	5-15 years
Office equipment and furniture	5-10 years
IT equipment	3-5 years

Fixed asset elements and their residual value are accounted for in the depreciation if the value thereof is deemed significant.

Property, plant and equipment is tested for impairment whenever there is an indication that their recoverable amount may be less than their carrying amount.

Intangible assets
Straight-line amortization is recognized based on the useful life of the asset by the Company, using the following periods:

Type of intangible asset	Period of depreciation
Computer software and licenses	1-5 years
Patents acquired	5 years

Purchased intangible assets
Intangible assets consist of the acquisition costs of software and intellectual property licenses that are capitalized and amortized over their useful lives. The elements of intellectual property acquired are recognized as assets in accordance with IAS 38.

Internally developed intangible assets
Research expenses are expensed in the income statement in the fiscal year in which they are incurred.

Development costs incurred for the development of pharmaceutical products are capitalized when the requirements of IAS 38 are met. Given the nature of its products, the Company believes that the six criteria set out in IAS 38 "Intangible assets" are deemed to be met only at the time of the filing of an application for marketing authorization. The development expenses capitalized will be appropriately

amortized over their useful life. No Company product received a marketing authorization in 2022.

Patents and licenses acquired in connection with internal R&D projects are also recognized according to an identical principle. They are recognized as an expense during the research phase and are capitalized during the development phase when IAS 38 criteria are met.

Financial assets

Financial assets consist of:

- deposits and guarantees for leased assets;
- guarantee deposits related to the sales of receivables from the R&D tax credit to, or financing of receivables by, a financial institution;
- earn-outs due on the sale of equity securities;
- non-consolidated equity securities without significant influence.

The value of non-consolidated equity securities without significant influence is measured at fair value through profit or loss. This valuation is periodically reviewed at each reporting date. Any impact resulting from this periodic valuation is recognized in the income statement.

Earn-outs due are valued at amortized cost and revalued each year based on expected changes in cash flow. Future cash flows are re-estimated and discounted each year-end based on the progress of the programs concerned and estimated success rates for each clinical phase. The impact of this re-estimate is recognized in financial income/loss.

Other financial assets are recorded at amortized cost.

Deferred taxes

Transgene uses the balance sheet method for recognizing deferred taxes. Using this method, deferred taxes are calculated on the basis of the temporary differences between the tax values and the carrying amount of assets and liabilities presented in the balance sheet.

Deferred taxes are evaluated using the liability method, on the basis of the tax provisions and tax rates applied when these differences invert.

Deferred tax assets are recognized for all deductible temporary differences, as well as for unused tax loss carry-forwards, carryback credits and other tax credits when it is probable that sufficient taxable profit shall be available against which the unused tax losses or unused tax credits can be used. Their posting is limited to the amount of deferred tax liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be used. To assess the likelihood that taxable income will be available, consideration was given to the history of the results of previous fiscal years, forecasts of future results, non-recurring items not likely to recur in the future and the entity's fiscal policy. As a result, assessing the probability that unused tax losses or tax credits can be used involves a degree of judgment on the part of management.

Deferred taxes on items recognized directly in equity or in other comprehensive income are also recorded in equity and in other comprehensive income without affecting the income statement.

Current liabilities

Provisions for risks and expenses

Provisions are recorded to cover contingencies and expenses arising in the course of our business.

Non-current liabilities

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the financing body. They are recognized under long-term financial debt in accordance with IFRS 9.

Conditional advances received as part of the ADNA program are recorded according to IRFS 9, based on discounted expected future reimbursements. Repayment of these advances is conditional on reaching a certain income threshold with TG4001 and will be made in a fixed and predetermined amount during the following five years, then in proportion to the income of this product until a repayment ceiling is reached or in 2035.

The Company evaluates at each closing date the direct and indirect income linked to the product to estimate future cash flows from the reimbursement of advances. These incomes are evaluated based on an updated business plan for this product and by a applying a comparable rate for this type of debt. The impact of this regular re-estimate is recorded in Net financial expenses at the end of the fiscal year.

The main assumptions reviewed in the product business plan are as follows:

- schedule for the development and marketing of the product;
- probability of success of the clinical phases;
- targeted market and market penetration rate, treatment price;

- schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- effective interest rate of future cash flows.

Conditional advances received as part of the NEOVIVA program are recognized according to IRFS 9, based on discounted expected future reimbursements.

Employee benefits

In accordance with the prevailing laws and practices in France, Transgene offers certain benefits to ensure eligible employees receive a lump sum payment at the time of retirement (lump-sum retirement benefits). The Group's obligation under these defined benefit plans may be funded by plan assets consisting of various instruments, in line with the relevant government regulations.

The rights acquired by active staff are estimated using actuarial valuations based on the probability of death and continued employment by the Company, as well as expected future salaries. Commitments are valued using the projected credit unit method. The value of the commitments was calculated using the valuation method recommended by the IFRIC in its April 2021 decision on the allocation of service costs associated with a defined benefit plan.

Equity

Capital increase costs

Capital increase expenses net of deferred tax where applicable are charged directly against the issuance premium, once the increase is completed.

Liquidity contract

The Company has access to a liquidity contract with a bank partner, making €500 thousand available. At closing date, treasury shares are restated as a deduction from equity. The profit/(loss) from the purchase and sale of treasury shares are taken directly to equity, net of tax.

Operating income

Revenue from collaborative and licensing agreements

Revenue is recognized in accordance with IFRS 15. Under IFRS 15, revenue is recognized when the Company fulfills a performance obligation by supplying distinct goods or services (or a series of goods or services) to a client, *i.e.*, when the client obtains control of these goods or these services. An asset is transferred when the client obtains control of this asset (or service).

Given the wide range of research and development opportunities in the therapeutic field, in addition to the fields in which the Company carries out research and development activities with its own scientific and financial resources, the Company concludes license and partnership agreements with third parties in certain specific fields that generate revenue. Therefore, each contract is analyzed, on a case-by-case basis, in order to determine whether it contains performance obligations towards the other party and, if so, to identify their nature in order to determine the appropriate recognition of the amounts that the Company has received or is entitled to receive from the other party, according to the principles of IFRS 15:

- development services rendered by the Company to create or improve the intellectual property controlled by the client, for which revenue would be recognized gradually, when the services are provided;
- transfer of control of the Company's intellectual property as it exists at the moment of sale, for which revenue is recognized at the time control is transferred;
- a license:
  - if it is considered to be a right to access the Company's intellectual property over the term of the agreement, the revenue is recognized over this period, or
  - if it is a right-of-use of the intellectual property of the Company as it exists at the time the right is transferred (in terms of form and functionality), revenue is recognized when the other party is able to use and benefit from the license.

Potential revenue from attainment of project milestones or royalties on sales is not recognized prior to reaching the milestone or the completion of the sale.

Government financing for research expenditure

Research tax credit

Certain research and development expenses in France are entitled to a research tax credit recognized at the end of the year in which the expense was recorded and the tax credit claimed. If it has not been used by allocation to an income tax expense, the tax credit may be redeemed in accordance with the tax provisions.

Research tax credits are recognized in the income statement under public funding for research expenses in accordance with IAS 20.

Research and development grants

Transgene receives government subsidies from local, national or regional bodies that cover all or part of the research and development on specific projects or topics. This assistance can take the form of subsidies or conditional advances.

Regarding subsidies, the Company recognizes on the income statement at the line public funding for research expenses the portion of subsidies due under the agreements based on the percentage of expenses incurred as of the reporting date.

Research and development expenses

Research expenses are expensed in the income statement in the fiscal year in which they are incurred.

Development costs will be capitalized only when the requirements of IAS 38 are met.

The Company co-develops certain products with partners, including BioInvent and NEC. As such, the companies re-invoice their respective contributions to the project concerned, according to contractual terms. The Company recognizes these re-invoiced revenues/expenses as a reduction/increase in its research and development expenses, in accordance with IFRS 11.

Share-based payments

The Company has share-based compensation plans giving rise to equity instruments (stock options or free share grants). The fair value of services provided by directors and employees in exchange for the grant of these instruments is recognized in expenses with an offsetting entry in equity. The total recognized in expenses for the vesting period is determined relative to the fair value of the stock options or the bonus shares on the allocation date. The amount of the expense is measured based on the estimated number of employees that will meet the vesting conditions under the terms of the plan.

Earnings per share

Basic earnings per share are obtained by dividing the net income attributable to Company shareholders by the average weighted number of shares outstanding during the corresponding period (less shares intended to be awarded to employees as part of free share plans and treasury shares destined for stock market adjustment purposes).

Diluted earnings per share are obtained from the number of shares defined in basic earnings plus the weighted average number of potential shares to be issued and which would have a dilutive effect on earnings.

NOTE 2 ADJUSTMENT OF THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

In the statement of cash flows for the fiscal year ended December 31, 2021, the Company made the following corrections, in accordance with IAS 7:

- cash flows from investments in Institut Mérieux's cash pool (acquisitions of €40,000 thousand and disposals of €17,418 thousand) historically presented for their net amount of €22,582 thousand in financial flows are now presented in investment flows for their gross amount;
- the cash flows related to the disposal of RTC receivables (€6,034 thousand) historically presented under item "Net amount received on financing of tax credits" are now classified as operating flows under item "Research Tax Credit (RTC)" totaling €(993) thousand.

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NOTE 3 CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Cash	4,395	5,903
Cash equivalents	8	8
Cash and cash equivalents	**4,403**	**5,911**
Other current financial assets	**22,423**	**43,658**
TOTAL CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**26,826**	**49,569**
Impact of applying the fair value recognized in financial income to the income statement	-	-

Cash equivalents consist of a time deposit account.

Other current financial assets consist of investments made through a cash pool set up by the Institut Mérieux group.

NOTE 4 TRADE RECEIVABLES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Total gross	2,789	10,133
Provisions for impairment	-	-
NET TOTAL TRADE RECEIVABLES	**2,789**	**10,133**

Trade receivables also include receivables from our co-development partners NEC for €2,196 thousand and BioInvent for €422 thousand as of December 31, 2022.

NOTE 5 OTHER CURRENT ASSETS

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research tax credits, current portion	-	109
State-recoverable VAT and tax receivables	711	758
Accrued credit notes	70	48
Employee benefit expense	29	33
Grant receivable	17	24
Prepaid expenses, current portion	1,660	1,380
Other current receivables	59	191
TOTAL OTHER CURRENT ASSETS	**2,546**	**2,543**

Prepaid expenses are primarily related to manufacturing contracts with ABL Europe. Contracts are signed several months prior to manufacturing in order to guarantee the production date. The batches produced are then released by the Responsible Pharmacist some months after their production following quality control. Transfer of property takes place when the batch is released.

NOTE 6 ASSETS AVAILABLE FOR SALE

Assets available for sale valued at €14,345 thousand as of December 31, 2022 correspond to Transgene's investment in Tasly BioPharmaceuticals. The value recognized for these assets corresponds to the fair value estimate made by the Company, with the Company planning to sell its stake in Tasly BioPharmaceuticals by mid-2023. These securities were presented in non-current financial assets as of December 31, 2021 (see Note 9).

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Dec. 31, 2021	Increase	Decrease	Dec. 31, 2022
GROSS CARRYING AMOUNT				
Land	584	-	-	584
Buildings and fixtures	2,511	168	(2)	2,677
Rights-of-use:	18,083	-	(205)	17,878
▪ Land	1,187	-	-	1,187
▪ Buildings and fixtures	14,961	-	-	14,961
▪ Equipment	1,730	-	-	1,730
▪ Other	205	-	(205)	-
Laboratory equipment	10,396	748	(365)	10,779
Office and computer equipment	1,674	91	(43)	1,722
Assets in progress	102	1,112	(599)	615
Total gross carrying amount of property, plant and equipment	**33,350**	**2,119**	**(1,214)**	**34,255**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Buildings and fixtures	(887)	(167)	-	(1,054)
Rights-of-use:	(11,712)	(988)	205	(12,495)
▪ Buildings and fixtures	(10,463)	(665)	-	(11,128)
▪ Equipment	(1,057)	(310)	-	(1,367)
▪ Other	(192)	(13)	205	-
Laboratory equipment	(7,967)	(470)	433	(8,004)
Office and computer equipment	(1,489)	(79)	43	(1,525)
Total depreciation, amortization and impairment	**(22,055)**	**(1,704)**	**681**	**(23,078)**
NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT	**11,295**	**415**	**(533)**	**11,177**

The depreciation expense for property, plant and equipment reported in Transgene's income statement breaks down as follows:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research and development expenses	1,585	1,726
General and administrative expenses	48	50
Other expenses	-	682
TOTAL DEPRECIATION EXPENSES FOR PROPERTY, PLANT AND EQUIPMENT	**1,633**	**2,458**

In 2021, and taking into account its future use, the Company fully depreciated the equipment acquired in 2015 and stored on the Genzyme Polyclonals site for €682 thousand.

NOTE 8 INTANGIBLE ASSETS

(in € thousands)	Dec. 31, 2021	Increase	Decrease	Dec. 31, 2022
GROSS CARRYING AMOUNT				
Intangible assets	3,117	26	(5)	3,138
Intangible assets in progress	-	13	-	13
Total gross carrying amount of intangible assets	**3,117**	**39**	**(5)**	**3,151**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(3,025)	(56)	7	(3,074)
Total depreciation, amortization and impairment	**(3,025)**	**(56)**	**7**	**(3,074)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**92**	**(17)**	**2**	**77**

(in € thousands)	Dec. 31, 2020	Increase	Decrease	Dec. 31, 2021
GROSS CARRYING AMOUNT				
Intangible assets	3,096	24	(3)	3,117
Intangible assets in progress	9	1	(10)	-
Total gross carrying amount of intangible assets	**3,105**	**25**	**(13)**	**3,117**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(2,964)	(66)	5	(3,025)
Total depreciation, amortization and impairment of intangible assets	**(2,964)**	**(66)**	**5**	**(3,025)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**141**	**(41)**	**(8)**	**92**

The depreciation expense for the intangible assets reported in Transgene's income statement breaks down as follows:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research and development expenses	14	12
General and administrative expenses	26	39
TOTAL DEPRECIATION EXPENSES FOR INTANGIBLE ASSETS	**40**	**51**

NOTE 9 NON-CURRENT FINANCIAL ASSETS

NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2021	Increase	Change in fair value through the income statement	Decrease	Dec. 31, 2022
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**19,145**	**-**	**(4,590)**	**(14,345)**	**210**
▪ Tasly BioPharmaceuticals	18,935	-	(4,590)	(14,345)	-
▪ Vaxxel SAS	210	-	-	-	210
Other financial assets	**1,627**	**358**	**-**	**(522)**	**1,463**
FAIR VALUE	**20,772**	**358**	**(4,590)**	**(14,867)**	**1,673**

(in € thousands)	Dec. 31, 2020	Increase	Change in fair value through the income statement	Decrease	Dec. 31, 2021
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**32,507**	**-**	**3,897**	**(17,259)**	**19,145**
▪ Tasly BioPharmaceuticals	32,339	-	3,855	(17,259)	18,935
▪ Vaxxel SAS	168	-	42	-	210
Other financial assets	**1,535**	**380**	**-**	**(288)**	**1,627**
FAIR VALUE	**34,042**	**380**	**3,897**	**(17,547)**	**20,772**

NON-CONSOLIDATED EQUITY SECURITIES WITHOUT SIGNIFICANT INFLUENCE

Tasly BioPharmaceuticals

The Company holds 8.7 million shares of Tasly BioPharmaceuticals, *i.e.*, 0.8% of *the* share capital of this Company, which were recognized as of December 31, 2021, in non consolidated investments without significant influence, for €18,935 thousand.

These shares were reclassified as of 31 December, 2022 as Assets held for sale (Note 6), as a result of the Company's plans to sell the shares in 2023.

Vaxxel SAS

In 2020, in exchange for the rights to the DuckCelt®-T17 cell line, the Company acquired 10% of the share capital of Vaxxel SAS at the time of the transaction.

As of December 31, 2022, the value of the shares was the same as of December 31, 2021, *i.e.*, €210 thousand, and the Company held a 7% stake in Vaxxel SAS, as in 2021.

The Company could also receive earn-outs of up to €4 million. At the end of 2022, Vaxxel SAS abandoned the patents on the DuckCelt®-T17 cell line, releasing it from any additional payment obligation. The Company did not recognize any earn-out.

Other financial assets

The increase in other financial assets in 2022 was primarily due to the holdback with respect to the use of the 2021 research tax credit in the amount of €351 thousand.

The decrease in other financial assets relates mainly to repayment of the holdback to guarantee the bank financing of the 2018 research tax credit in the amount of €289 thousand.

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NOTE 10 OTHER NON-CURRENT ASSETS

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research tax credit, non-current portion	6,873	7,027
Prepaid expenses, non-current portion	38	276
Other non-current assets	92	131
TOTAL OTHER NON-CURRENT ASSETS	**7,003**	**7,434**

Research tax credit

As of December 31, 2022, the Company has a receivable of €6,873 thousand for the 2022 RTC.

These receivables can be used to offset income tax payments. Given the absence of taxable income, these receivables are reimbursed after a period of three years by the French tax authorities.

The Company has signed a research tax credit sale agreement with a credit institution for each of its 2019, 2020 and 2021 RTC and no longer has any receivables from the French State. The Company therefore received, respectively, €6,288 thousand, €6,034 thousand and €6,675 thousand for the 2019, 2020 and 2021 RTC (representing 95% financing).

As this type of contract is deconsolidating, no liability is recognized in respect of this financing received. However, the Company remains responsible for the amounts declared in the event of a tax audit, but the analysis carried out on this aspect with regard to IFRS 9 did not call into question the deconsolidating aspect of the sales of receivables carried out.

NOTE 11 FINANCIAL LIABILITIES

The following table breaks down financial liabilities by maturity:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Financial liabilities, current portion	1,192	1,395
Financial liabilities, non-current portion	12,327	15,241
FINANCIAL LIABILITIES	**13,519**	**16,636**

As of December 31, 2022, the main financial liabilities concern property leasing (registered office and main research and development laboratories) and conditional advances received from Bpifrance under the ADNA and NEOVIVA subsidized programs.

FINANCIAL LIABILITIES, CURRENT PORTION

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Property leasing liabilities	1,004	947
Equipment leasing liabilities	188	314
Lease obligation	-	20
Financing of CICE	-	114
FINANCIAL LIABILITIES, CURRENT PORTION	**1,192**	**1,395**

FINANCIAL LIABILITIES, NON-CURRENT PORTION

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Property leasing liabilities	1,094	2,098
Equipment leasing liabilities	163	351
Interest rate swap	3	51
Conditional advances	11,067	12,741
FINANCIAL LIABILITIES, NON-CURRENT PORTION	**12,327**	**15,241**

Property leasing

In December 2008, Transgene invested in a building housing labs and offices on the Illkirch-Graffenstaden site, in the suburbs of Strasbourg. Land and construction costs for the 6,900 m^2 building totaled €15.6 million. This investment was financed by a 15-year finance lease, signed with a banking consortium in October 2007, with a residual value of €1.1 million. The first rent payment was made on January 1, 2009.

The balance of the principal amount as of December 31, 2022, was €2,098 thousand, compared to €3,045 thousand as of December 31, 2021. The following table shows the breakdown of this debt, based on the maturity, financial expenses and present value of individual payments:

	Dec. 31, 2022		Dec. 31, 2021	
	Minimum payments	Present value of the payments	Minimum payments	Present value of the payments
Due within one year	1,022	979	978	967
Due in one to five years	1,094	1,003	2,116	2,072
More than five years	-	-	-	-
Total future minimum lease payments	2,116	1,982	3,094	3,039
Finance expenses included in the total	18	17	48	48
Outstanding principal:	2,098	1,964	3,045	2,992
of which current	1,004	961	947	937
of which non-current	1,094	1,003	2,098	2,054

Equipment financial lease

Transgene has acquired various pieces of laboratory equipment under finance leases. As of December 31, 2022, the Company owned two pieces of equipment under a financial lease. The outstanding financial obligation under this financial lease totaled €351 thousand as of December 31, 2022.

Conditional advances

ADNA

As of December 31, 2022, conditional advances referred to conditional advances received under the ADNA program, which receives public financing from Bpifrance to develop the TG4010 and TG4001 products. This program ended on December 31, 2016. Transgene received a total of €15,942 thousand of conditional advances under this program.

As of December 31, 2022, the liability consisting of conditional advances in the Company's balance sheet amounts to €9,479 thousand. At each closing, the Company re-values its conditional advances received under the ADNA program based on the discounted expected future reimbursements as described in Note 1 to the Annual financial statements. As of December 31, 2022, the effective interest rate used was 7.5%.

Repayment of these advances is conditional on reaching a certain income threshold with TG4001 and will be made in a fixed and predetermined amount during the following five years, then in proportion to the income of this product until a repayment ceiling is reached or in 2035. The expected future reimbursement flows are therefore estimated on the basis of an evaluation of the future direct and indirect income associated with TG4001 during its development. Other assumptions taken into account by Management in the valuation of the conditional advances liability include:

- the schedule for the development and marketing of the product;
- the probability of success of the clinical phases;
- the target market, the penetration rate and the treatment price;
- the schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- the effective interest rate of future cash flows.

A sensitivity analysis on:

- the signature schedule linked to a potential partnership shows that a delay of one year in the trigger threshold for the fixed repayment provided for in the contract would have a downward impact of €4.1 million on the value of the ADNA payable. Conversely, a one-year advance in this schedule would have an upward impact on this payable of €1.5 million;
- the financial terms associated with a potential partnership show that a 10% increase in the partnership budget would have an upward impact of €1.5 million on the liability. A 10% decrease in this envelope would have no impact on the value of the liability;
- a 1% decrease in the effective interest rate would increase the payable by €1.1 million and a 1% increase in the effective interest rate would decrease the payable by €1.0 million.

NEOVIVA

Under the NEOVIVA program, signed in March 2019, Transgene could receive conditional advances of €2.4 million.

As of December 31, 2022, the Company had received €2,015 thousand conditional advances. The fair value of that liability as of December 31, 2022, was calculated as €1,588 thousand and the effective interest rate used was 7.5%.

NOTE 12 PROVISIONS FOR RISKS AND EXPENSES

(in € thousands)	Dec. 31, 2021	Provisions	Retained earnings	Reversals (not applicable)	Use of the provision	Dec. 31, 2022
Provisions for risks	6	-	-	-	-	6
Provisions for expenses	42	-	-	-	(25)	17
PROVISIONS FOR RISKS AND EXPENSES	**48**	**-**	**-**	**-**	**(25)**	**23**

The provision for expenses corresponds to the costs remaining to be incurred for the ongoing clinical trial with TG4010, which was halted at the end of 2019. This provision was used in the amount of €25 thousand during fiscal year 2022.

NOTE 13 OTHER LIABILITIES

OTHER CURRENT LIABILITIES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Tax and social liabilities	3,608	4,472
Prepaid income, of which:	986	972
Income from collaboration and licensing	854	942
Research and development grants	-	-
Other	132	30
Other short-term liabilities	8	10
TOTAL OTHER CURRENT LIABILITIES	**4,602**	**5,454**

OTHER NON-CURRENT LIABILITIES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Tax and social liabilities	181	-
Prepaid income, of which:	23	841
Income from collaboration and licensing	23	836
Research and development grants	-	-
Other	-	5
TOTAL OTHER NON-CURRENT LIABILITIES	**204**	**841**

Prepaid income refers mainly to the staggered payments of US$10 million from the collaboration agreement with AstraZeneca signed in 2019. As of December 31, 2022, €877 thousand remained in deferred revenue, which will be recognized in 2023 and 2024 (€807 thousand related to the upfront payment and €70 thousand related to services provided by the Company).

NOTE 14 EMPLOYEE BENEFITS

In accordance with French law, Transgene participates in the financing of pensions for employees in France through the payment of contributions calculated on the basis of wages to bodies that manage retirement programs. For certain of its employees in France, Transgene also makes contributions, again based on wages, to private supplementary pension entities. There are no other obligations related to these contributions.

Provisions for retirement benefit obligations

Transgene is also liable for statutory lump-sum retirement benefit payable to employees in France upon retirement. The compensation benefits are due only to employees on the Company's payroll at the time of retirement. The assumptions used to calculate these provisions for retirement are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	3.60%	0.90%
Expected long-term inflation rate	1.90%	1.90%
Rate of future salary increases	3.50%	3.00%
Retirement age:		
▪ managers	65 years	65 years
▪ non-managers	63 years	63 years

The duration of these commitments is 8.4 years.

The following table summarizes the conditions and amounts of actuarial pension obligations as of December 31, 2022 and 2021, according to IAS 19 revised:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at beginning of year	3,958	4,060
Cost of services rendered for the year	316	293
Cost of discounting	32	22
Services paid	(60)	(863)
Change in assumptions	(1,001)	434
Reductions/terminations	-	-
Actuarial (gain)/loss	37	12
Total projected benefit obligation for retirement	**3,282**	**3,958**
DEFINED BENEFIT COST FOR THE YEAR		
Cost of services rendered for the year	316	293
Cost of discounting	32	23
Reductions/terminations	-	-
Total cost of services and discounting	**348**	**316**
REVALUATIONS OF NET LIABILITIES/(ASSETS)		
Actuarial losses (gains) related to changes in demographic assumptions	(90)	4
Actuarial losses (gains) related to changes in financial assumptions	(872)	429
Actuarial losses (gains) related to experience	37	12
Total revaluations of net liabilities/(assets)	**(925)**	**445**
CHANGES IN NET LIABILITIES/(ASSETS)		
Liability/(asset) at beginning of year	3,958	4,060
Changes in scope	-	-
Amount recognized in the income statement	309	316
Disbursements	(60)	(863)
Amount recognized in other comprehensive income/(loss)	(925)	445
Total liability/(asset) at end of year	**3,282**	**3,958**
ACCUMULATED AMOUNTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME/(LOSS)		
Accumulated amounts recognized at beginning of fiscal year	**946**	**529**
Revaluations of net liabilities/(assets) for the year	(925)	417
Accumulated amounts recognized atend of year	**21**	**946**
Deferred taxes	-	-
Net cumulative amounts recognized as income/(loss) at end of year	**21**	**946**

A sensitivity test of the discount rate quantified the impact on the value of the obligation and the cost of services over a year:

- a discount rate of 3.35% would cause an increase in the obligation of 2.1% and in the cost of services of 3.0%;
- a discount rate of 3.85% would cause a decrease in the obligation of 2.0% and in the cost of services of 2.9%.

A sensitivity test of the salary growth rate quantified the impact on the value of the obligation and the cost of services:

- a salary growth rate of 3.25% would cause a decrease in the obligation of 2% and in the cost of services of 3.1%;
- a salary growth rate of 3.75% would cause an increase in the obligation of 2.1% and in the cost of services of 3.2%.

NOTE 15 EQUITY

Share capital

As of December 31, 2022, 100,204,071 shares of Transgene were outstanding, representing a share capital of €50,102,035.50.

During the year 2022, three definitive allocations of free shares were made, including two in March for respectively 1,211,994 and 563,142 new shares, and one in May for 657,601 new shares. In 2022, the Board of Directors authorized new allocations of 145,274 free shares in March and 102,000 shares in May.

Earnings per share

The following table reconciles basic and diluted earnings per share. The number of shares is calculated on a *prorata temporis* basis.

	Dec. 31, 2022	Dec. 31, 2021
BASIC EARNINGS PER SHARE		
Available net profit *(in € thousands)*	(32,804)	(19,536)
Average number of shares outstanding	99,501,960	91,111,649
Basic earnings per share *(in €)*	(0.33)	(0.21)
Diluted earnings per share *(in €)*	(0.33)	(0.21)

As of December 31, 2022, there was a potential dilution of a total of 1,880,579 outstanding free shares.

Stock option plans

As of December 31, 2022, there were no longer any stock option plans. The last options expired on December 14, 2022. No stock options have been awarded since 2012. The situation as of December 31, 2022, is presented in the following table.

Allocation date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2022	Number of options remaining to be exercised as of Dec. 31, 2022*
Dec. 13, 2012	Dec. 14, 2017	Dec. 14, 2022	7.859	92,578	-	-
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**-**

* *This amount includes adjustments, in terms of the number of options and the exercise price, in accordance with regulations, following the capital increases maintaining preferential subscription rights of shareholders completed in March 2014, November 2016 and in 2019.*

Expenses calculated on stock option plans

The cost of services rendered is recognized as an expense over the vesting period. There is no expense in 2022, as in 2021.

Free share plans

The status of free share award plans in the process of vesting as of December 31, 2022, is summarized in the following table:

	2021 plan							2022 plan		
General Meeting date	May 26, 2021							May 25, 2022		
Total number of shares authorized by the Meeting	2,500,000							300,000		
	2021 Grants				**2022 Grant**			**2022 Grant**		
Board of Directors meeting date	May 26, 2021				March 16, 2022			May 26, 2022		
Total number of free shares awarded	1,999,956			300,000	145,274			102,000		
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	457,139			300,000	-			102,000		
Of which the number of shares awarded to members of the Executive Committee	1,200,000			300,000	114,000			-		
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	802,117			-	145,274			-	-	-
Of which the balance not yet vested as of Dec. 31, 2022	1,288,860			300,000	145,274			102,000		
Vesting date	May 26, 2022	May 26, 2023	May 26, 2024	Jan. 1, 2024	May 26, 2023	May 26, 2024	June 30, 2023	May 26, 2023	May 26, 2024	May 26, 2024
Expiration date of the lock-up period	May 26, 2023	May 26, 2023	May 26, 2024	End of term	May 26, 2024	May 26, 2024	June 30, 2024	May 26, 2023	May 26, 2024	End of term
Value of the share on the initial award date	€2.95				€2.23			€2.33		

	2019 plan		
General Meeting date	May 22, 2019		
Total number of shares authorized by the Meeting	2,000,000		
	2019 Grant	**2019 Catch-up**	**2020 Grant**
Board of Directors meeting date	Sept. 18, 2019	May 27, 2020	Sept. 16, 2020
Total number of free shares awarded	1,399,774	5,934	601,682
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	350,000	-	150,000
Of which the number of shares awarded to members of the Executive Committee	840,000	-	360,000
Of which awards granted, during the year by the issuer and by any company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any company within this scope, whose number of free shares awarded is greatest	628,236		223,620
Of which the balance not yet vested as of Dec. 31, 2022	-	-	-
Of which vested as of Dec. 31, 2022	1,309,994	5,934	565,704
Vesting date	March 30, 2022	April 30, 2022	March 30, 2022
Expiration date of the lock-up period	March 30, 2022	May 27, 2022	Sept. 16, 2022
Value of the share on the award date	€1.78	€1.47	€1.35

Grant conditions:

- biennial awards of March 16 and May 25, 2022: the two awards were used to integrate *a posteriori* people recruited since the award of May 26, 2021, in the two remaining tranches of the three-year award of 2021. Half of the award to a new member of the Executive Committee and half of the 68,000 shares allocated to the new Chairman of the Board of Directors are subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for fiscal year 2022 or 2023 as the case may be;
- welcome grants of March 16 and May 25, 2022: the 38,000 free shares granted to a new member of the Executive Committee on March 16, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on June 30, 2024. The 34,000 free shares granted to the Chairman on May 25, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on May 26, 2024, and subject to a holding obligation until the end of the Chairman's term of appointment;
- three-year grant of May 26, 2021: half of the awards to members of the Executive Committee is subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be;
- welcome grant of May 26, 2021: this allocation of free shares to the Chairman and Chief Executive Officer is subject to a presence condition recorded on January 1, 2024, and to an obligation to hold them until the end of the contract;
- May 2020 grant: the shares are vested 22 months after their award to employees who are still with the Company;
- September 2020 grant: the shares are vested 18 months after their award to employees who are still with the Company. The Executive Committee received 360,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions were assessed in March 2022;

- September 2019 grant**:** the shares are definitively granted 30 months after their allocation to employees who are still with the Company. The Executive Committee received 840,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions were assessed in March 2022.

Expense calculated for share-based payments

The cost of services rendered is recognized as an expense over the vesting period. The expense amounted to €2,675 thousand in 2022 and €3,002 thousand in 2021.

The provision covering URSSAF contributions related to free shares amounted to €382 thousand as of December 31, 2022, and was valued on the basis of the Transgene share price as of December 31, 2022.

NOTE 16 OPERATING INCOME

REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Revenue from research and development collaboration	3,126	2,929
License fees and royalties	-	7,064
TOTAL REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS	**3,126**	**9,993**

In 2019, the Company entered into a collaboration agreement with AstraZeneca with exclusive licensing options to co-develop oncolytic immunotherapies derived from the Invir.IO® platform. In this regard, Transgene thus received €8.9 million (US$10 million) in fees for access to its platform in the first half of 2019. Pursuant to IFRS 15.41 and inasmuch as Transgene has not transferred control of a pre-existing intellectual property and as AstraZeneca receives the benefits of the licensed rights as and when the research plan is carried out, this initial payment is recognized in income against the progress of the associated activities and measured against the costs incurred by Transgene to carry out its contractual obligations. This agreement provides for additional income as and when preclinical milestones are met. Transgene is eligible to receive an option exercise payment on each candidate in the event AstraZeneca exercises one or several license options, as well as development and commercial milestones and royalties.

The assumptions used by Management in the measurement of income related to the initial payment primarily concern:

- the number of candidates to be developed;
- the candidate development schedule;
- the estimated costs of the salaries and consumables related to the development of the candidates.

As of December 31, 2022, Transgene re-estimated the overall budget and its progress. The income related to the initial payment recognized as of December 31, 2022, was assessed on the basis of this revised budget and program progress. The Company may receive up to US$1 million for the delivery of these candidates.

As of December 31, 2022, the revenue recognized under this collaboration agreement was €3,061 thousand, compared to €9,921 thousand as of December 31, 2022. This amount corresponds for €7,063 thousand to the exercise of a first licensing option by AstraZeneca in December 2021 for an oncolytic virus developed by Transgene.

Over the period, €981 thousand were recognized as part of the recognition of the initial payment for the activity carried out, compared to €1,937 thousand over the previous period. The balance of €807 thousand, not recognized at that date is recognized in deferred income as of December 31, 2022 (Note 12). The Company also received €2,080 thousand for R&D services, compared to €920 thousand as of December 31, 2021.

GOVERNMENT FINANCING FOR RESEARCH EXPENDITURE

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research subsidies	43	34
Research tax credit, net	6,833	6,987
TOTAL PUBLIC FUNDING FOR RESEARCH EXPENSES	**6,876**	**7,021**

The net amount of the research tax credit was €6,833 thousand in 2022 compared to €6,987 thousand in 2021.

OTHER INCOME

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Other income	342	399
TOTAL OTHER INCOME	**342**	**399**

As of December 31, 2022, other income amounted to €342 thousand, compared to €399 thousand as of December 31, 2021. It corresponds in particular to €113 thousand for the conditional NEOVIVA program advances granted at a preferential rate. These advances have been restated in accordance with IAS 20, with the subsidy portion received from this program recognized in Other income. As of December 31, 2021, the portion of conditional advances restated as subsidies during the year amounted to €174 thousand.

NOTE 17 OPERATING EXPENSES

RESEARCH AND DEVELOPMENT EXPENSES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Payroll costs (1)	12,179	12,388
Share-based payments (2)	1,357	1,656
Intellectual property expenses and licensing costs (3)	1,085	1,124
External expenses for clinical projects (4)	6,185	6,256
External expenses for other projects (5)	4,323	4,546
Operating expenses (6)	5,428	5,148
Depreciation and provisions (7)	1,611	1,765
TOTAL RESEARCH AND DEVELOPMENT EXPENSES	**32,168**	**32,883**

(1) Represents wages and social security expenses, taxes, retirement expenses and other such costs.
(2) Represents expense for share-based payments offered to employees.
(3) Represents expenses for filing and maintaining patents as well as the costs of licenses acquired or granted.
(4) Represents expenses for services, subcontractors and consulting on clinical development projects.
(5) Represents expenses for services, subcontractors and consulting on other research or manufacturing projects.
(6) Represents operating expenses of research and production laboratories (energy, consumables and raw materials, maintenance, technical services, overheads, etc.).
(7) Represents the depreciation on the real estate and property allocated to R&D and to operating provisions.

GENERAL AND ADMINISTRATIVE EXPENSES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Payroll costs (1)	3,311	3,368
Share-based payments (2)	1,318	1,346
Fees and administrative expenses (3)	2,325	1,867
Other general and administrative expenses (4)	896	727
Depreciation and provisions (5)	62	61
GENERAL AND ADMINISTRATIVE EXPENSES	**7,912**	**7,369**

(1) Represents wages and social security expenses, taxes, retirement expenses and other such costs.
(2) Represents expense for share-based payments offered to employees.
(3) Represents expenses for services, subcontracting and consulting for general and administrative departments.
(4) Represents operating expenses of general and administrative departments.
(5) Represents depreciation and operating provisions allocated to general and administrative activities.

OTHER EXPENSES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Net of disposals of fixed assets	6	4
Other expenses	162	682
TOTAL OTHER EXPENSES	**168**	**686**

As of December 31, 2022, other expenses were €168 thousand, compared to €686 thousand as of December 31, 2021. In 2021, they are mainly related to the depreciation of equipment stored at a third party for an amount of €682 thousand (Note 7).

NOTE 18 FINANCIAL INCOME/(LOSS)

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Investment income	309	82
Cost of debt	(804)	(464)
COST OF DEBT NET OF INVESTMENT INCOME	**(495)**	**(382)**
Other financial income/(expenses)	(2,519)	4,198
Foreign exchange gains/(losses)	114	173
TOTAL OTHER FINANCIAL INCOME (EXPENSES)	**(2,405)**	**4,371**
TOTAL FINANCIAL INCOME/(LOSS)	**(2,900)**	**3,989**

Financial income (expenses)

The Company revalued its stake in Tasly BioPharmaceuticals for a value of €14,345 thousand, reflecting its estimate of the fair value of these shares, based on the proposal of a third party.

In 2021, the Company sold part of the equity securities held in Tasly BioPharmaceuticals. The sale of the shares generated a net gain on the disposal of assets of €1,347 thousand. The shares still held by the Company as of December 31, 2021, were revalued at €2,442 thousand. This revaluation of the shares corresponds to the difference between the fair value in euros (sale price in September) and the fair value as of December 31, 2020 (Note 9).

As of December 31, 2022, the discounting of the ADNA conditional advances generated financial income of €2,166 thousand, compared with a financial income of €716 thousand as of December 31, 2021.

NOTE 19 INCOME TAX EXPENSES

Current taxes

Since the Company is in a tax loss position, its current income tax expense is zero. The United States and Chinese subsidiaries did not recognize any current tax income or expense in 2021 and 2022.

	Basis
IFRS earnings before taxes	**(32,804)**
Income tax rate	25%
Theoretical income tax expense	**8,201**
Tax-exempt RTC	1,718
Uncapitalized tax losses	(8,686)
Other impacts	(1,233)
INCOME TAX RECOGNIZED	**-**

Deferred taxes

As of December 31, 2022, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €789,371 thousand. Transgene has no tax loss carryforwards from its United States and Chinese subsidiaries.

NOTE 20 PERSONNEL

Workforce

The Company had 168 employees as of December 31, 2022. The Company had 167 employees as of December 31, 2021.

As of December 31, 2022	Men	Women	Total as of Dec. 31, 2022*
Managers	48	70	119
Non-managers	14	36	50
TOTAL	**63**	**106**	**168**

* *Including 145 open-ended contracts as of Dec. 31, 2022.*

Payroll costs

Payroll costs included in the Company's income statement (payroll, taxes, pension costs, ancillary costs) were distributed as follows:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research and development expenses	12,179	12,388
General and administrative expenses	3,311	3,368
TOTAL PAYROLL COSTS	**15,490**	**15,756**

Expenses relating to share-based payments (excluding social security contributions) amounted to:

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research and development expenses	1,357	1,656
General and administrative expenses	1,240	1,346
TOTAL SHARE-BASED PAYMENTS	**2,597**	**3,002**

NOTE 21 AFFILIATED COMPANIES

Transgene is 60.4% owned by TSGH, a financial holding company, which is itself wholly owned by Institut Mérieux, which is 96.2% owned by Compagnie Mérieux Alliance.

Transgene signed a cash pooling agreement with Institut Mérieux. The cash and cash equivalents placed in the Institut Mérieux cash pool amounted to a receivable of €22.4 million as of December 31, 2022; the resulting interest income was €247 thousand as of December 31, 2022.

The table below does not include these cash items.

		Dec. 31, 2022	
(in € thousands)	Type of related party	Receivables	Payables
ABL Europe SAS	Company in the Mérieux Group	24	803
BioMérieux SA	Company in the Mérieux Group	-	1
BioMérieux, Inc.	Company in the Mérieux Group	-	42
Institut Mérieux	Company in the Mérieux Group	-	83
Mérieux Université	Company in the Mérieux Group	-	12
Thera Conseil	Company in the Mérieux Group	-	-
TOTAL AFFILIATED COMPANIES		**24**	**941**

		Dec. 31, 2022	
(in € thousands)	Type of related party	Revenue	Expenses
ABL Europe SAS [(1)]	Company in the Mérieux Group	230	2,464
BioMérieux SA	Company in the Mérieux Group	-	2
BioMérieux, Inc. [(2)]	Company in the Mérieux Group	-	519
Institut Mérieux [(3)]	Company in the Mérieux Group	2	256
Mérieux Université	Company in the Mérieux Group	-	10
Thera Conseil	Company in the Mérieux Group	-	5
TOTAL AFFILIATED COMPANIES		**232**	**3,256**

(1) The revenue corresponding to the rent re-invoicing contract for hosting test labs. Expenses relate to the agreements for production services and audits provided by ABL Europe.
(2) Expenses related to the agreement for services and re-invoicing of staff, signed between Transgene, Inc. and bioMérieux, Inc.
(3) Expenses related to the agreements for services provided by Institut Mérieux.

NOTE 22 OFF-BALANCE SHEET COMMITMENTS

Transgene owns 8.7 million shares of Tasly BioPharmaceuticals, the balance of an initial stake of 27.4 million shares subscribed in 2018 through an in-kind contribution of the intellectual property in China necessary for the development of the Company and the operation of a therapeutic vaccine against hepatitis B (the equivalent of TG1050) as well as the participation of Transgene in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co., Ltd. controlling the equivalent of TG6002.

At the time of the subscription in 2018, Tasly BioPharmaceuticals and its parent company Tasly Holding Group signed a shareholders' agreement to define their relationships prior to the initial public offering of Tasly BioPharmaceuticals initially planned for 2018. As of the date of this report, Transgene expects to sell its residual shareholding in Tasly BioPharmaceuticals by mid-2023.

The Company has signed a research tax credit sale agreement with a credit institution for each of its 2019, 2020 and 2021 RTC and no longer has any receivables from the French State. The Company therefore received, respectively, €6,288 thousand, €6,034 thousand and €6,675 thousand for the 2019, 2020 and 2021 RTC (representing 95% financing). As this type of contract is deconsolidating, no liability is recognized in respect of this financing received. However, the Company remains responsible for the amounts declared in the event of a tax audit.

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2022, the Company estimated the current value of its financial commitments under these agreements to be approximately €15 million. These commitments equal in amount the cash still to be spent on contracts signed to date.

Under licensing or option agreements, third parties have promised to make milestone payments or pay royalties to the Company that are dependent upon future events whose probability remains uncertain as of the reporting date. The Company has promised, with respect to a number of third parties, to pay royalties or milestone payments under collaboration or licensing agreements that are dependent upon future events whose realization remains uncertain as of the reporting date.

NOTE 23 SEGMENT INFORMATION

The Company conducts its business exclusively in the clinical research and development of therapeutic vaccines and immunotherapeutic products, none of which are currently on the market. The majority of its operations is located in France. The Company has therefore retained a single segment for the preparation and presentation of its financial statements given that the performance and allocation of resources is monitored by the main operational decision-maker (Chief Executive Officer) at the level of the Company as a whole.

NOTE 24 BREAKDOWN OF ASSETS AND LIABILITIES BY MATURITY

DECEMBER 31, 2022

Assets *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Financial assets	1,463	389	1,074
Trade receivables	2,789	2,789	-
Research tax credit	6,873	-	6,873
Government, VAT and other local authorities	711	711	-
Personnel and related accounts	29	29	-
Prepaid expenses	1,698	1,660	38
Grant receivable	17	17	-
Other receivables	221	129	92
Assets available for sale	14,345	14,345	-
TOTAL ASSETS BY MATURITY	**28,146**	**20,069**	**8,077**

Liabilities *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year and less than or equal to five years**	**More than five years**
Trade payables	6,828	6,828	-	-
Property leasing	2,098	1,004	1,094	-
Equipment leasing	351	188	163	-
Conditional advances	11,067	-	1,588	9,479
Provisions for risks and expenses	23	23	-	-
Provisions for retirement	3,282	601	949	1,732
Accrued employee benefits and tax expense	3,789	3,608	181	-
Prepaid income	1,009	986	23	-
Other liabilities	11	8	3	-
TOTAL LIABILITIES BY MATURITY	**28,458**	**13,246**	**4,001**	**11,211**

NOTE 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Hedging operations

The Company is not engaged in any foreign exchange hedging transactions.

In 2009, the Company partially hedged the interest rate risk related to the financial leasing of its administrative and research building in Illkirch (Note 10), according to the following terms:

- nominal value: €5.9 million (depreciable);
- hedging instrument: interest rate swap contract;
- residual maturity as of Dec. 31, 2022: 1 year;
- underlying rate: 3-month Euribor;
- fixed rate: 3.46%.

As the hedge is perfect, the variations in market value for the instrument are recognized in other comprehensive income. As of December 31, 2022, the market value of this hedging instrument was €3 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge as of December 31, 2022.

Exchange rate risk

The Company publishes its consolidated financial statements in euros. However, a portion of its revenue and expenses is recognized in US dollars. An increase or decrease in the euro exchange rate relative to the US dollar could impact operating results.

The Company has US dollar bank accounts. Net inflows in US dollars amounted to US$8,928 thousand in 2022.

The following table shows the sensitivity of the Company's expenses to a 10% change in the US dollar rate during the years ended December 31, 2022 and 2021 (before tax and any hedging):

	Dec. 31, 2022	Dec. 31, 2021
Flows denominated in US$	8,928	19,828
Equivalent in € on the basis of an exchange rate of €1 = US$1.0666	8,371	17,507
Equivalent in € in the event of an increase of 10% US$ *vs.* €	7,610	15,915
Equivalent in € in the event of a decrease of 10% US$ *vs.* €	9,301	19,452

The disposal of Tasly BioPharmaceuticals shares was completed in US dollars, which explains the net cash inflow as of December 31, 2021.

The Company's foreign exchange position in U.S. dollars as of December 31, 2022 is as follows:

(in thousands)	US$
Assets	18,361
Liabilities	227
Net position	**18,084**
Adjusted	18,084
Off-balance sheet position	-

Risks related to cash needs

The Group controls the risks related to cash management through centralized tracking and approval procedures. Cash assets are invested in highly rated marketable securities.

Cash invested as of December 31, 2022, in mutual funds, directly or through the centralized management of the Institut Mérieux group, amounted to €22.4 million. The Company has and will have significant capital requirements to finance its research and development, particularly preclinical and clinical trials of its products under development.

Capital management

The Company has limited access to debt due to its losses and the high-risk nature of the business sector (pharmaceutical research and development) under which it operates. The Company plans to finance operations mainly by issuing new shares or through debt instruments when circumstances allow it.

Financial instruments

December 31, 2022 *(in € thousands)*	Assets and liabilities at fair value through income or loss	Assets avaliable for sale	Receivables, payables, borrowings, at amortized cost	Derivative instruments	Carrying amount	Fair value	Level
FINANCIAL ASSETS							
Cash and cash equivalents	4,403	-	-	-	4,403	4,403	1
Other current financial assets	-	-	22,423	-	22,423	22,423	2
Trade receivables	-	-	2,789	-	2,789	2,789	-
Financial assets	210	14,345	1,463	-	16,018	16,018	2-3
Other non-current assets	-	-	92	-	92	92	2
TOTAL FINANCIAL ASSETS	**4,613**	**14,345**	**26,767**	**-**	**45,725**	**45,725**	
FINANCIAL LIABILITIES							
Lease commitment, long-term portion	-	-	1,257	-	1,257	1,257	2
Lease liability, long-term portion	-	-	-	-	-	-	2
Conditional advances	-	-	11,067	-	11,067	11,067	3
Other non-current financial liabilities	-	-	-	3	3	3	2
Non-current financial liabilities	**-**	**-**	**12,324**	**3**	**12,327**	**12,327**	
Lease liabilities, current portion	-	-	1,192	-	1,192	1,192	2
Lease liability, short-term portion	-	-	-	-	-	-	2
Current financial liabilities	**-**	**-**	**1,192**	**-**	**1,192**	**1,192**	
Trade payables	**-**	**-**	**6,965**	**-**	**6,965**	**6,965**	
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**20,481**	**3**	**20,484**	**20,484**	

In accordance with IFRS 13, financial instruments are categorized in three levels according to a hierarchy of methods that determine the fair value:

- level 1: fair value calculated with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: fair value calculated with reference to observable market data for the asset or liability, either directly or indirectly (*i.e.* derived from prices);
- level 3: fair value calculated with reference to unobservable market data for the asset or liability.

NOTE 26 COMPENSATION PAID TO MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

The total expenses recorded for fiscal year 2022 in respect of compensation paid to members of the Board of Directors and the Executive Committee was €4,116 thousand.

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Base salaries	1,717	1,372
Variable compensation	414	325
Payments in kind	40	44
Free shares	1,668	1,552
Directors' compensation	277	232
Departure benefits	-	596
TOTAL	**4,116**	**4,121**

NOTE 27 STATUTORY AUDITORS' FEES

	Audit and related services						
	Statutory Auditors, certification, examination of statutory and consolidated financial statements		Services required by law		Sub-total	Other services provided	Total
(in € thousands)		of which issuer		of which issuer			
KPMG							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	-	-	-	-	-	-	-
%	-	-	-	-	-	-	-
GRANT THORNTON							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	63	63	-	-	**63**	-	**63**
%	100%	100%	-	-	100%	-	100%
ERNST & YOUNG ET AUTRES							
2022	**-**	**-**	**18**	**18**	**18**	**-**	**18**
%	-	-	100%	100%	100%	-	100%
2021	83	83	12	12	**95**	-	**95**
%	87%	87%	13%	13%	100%	-	100%

NOTE 28 EVENTS AFTER THE REPORTING PERIOD

None.

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5.1.3 Date of latest financial information

December 31, 2021, and June 30, 2022.

5.2 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Group issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of TRANSGENE S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Transgene S.A. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code and the French Code of Ethics for statutory auditors for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the shares held inTasly Biopharmaceuticals

(Notes n°1, 6, 9 and n°22)

Key identified	Our audit response
Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, coming from an initial stake of 27.4 million shares obtained in 2018 through a contribution of intellectual property in China necessary for the development and the use of a therapeutic vaccine against hepatitis B (the equivalent of TG1050) as well as Transgene's shares in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co.Ltd. controlling the equivalent of TG6002. As of 31 December 2022, the fair value of the 8,7 millions shares still held was reduced to EUR 14.3 million in the Group's consolidated financial statements. This fair value was determined in the context of the ongoing negotiations to sell this entire stake. As indicated in notes 1, 6 and 9 to the consolidated financial statements, all shares held as of December 31, 2022 have been booked as "Assets held for sale" since the sale is expected to be completed in 2023. We considered the fair value measurement of Tasly Biopharmaceuticals shares to be a key audit matter: • given the significant amount of the fair value of these shares in proportion to the company's total balance sheet; • with regard to the judgement to be exercised to assess the fair value with regard to the information available in connection with the progress of the negotiations concerning their sale.	Our work consisted in particular of: • reviewing the methods used by the group to determine the fair value of the shares and the documentation available in the context of the progress of the ongoing negotiations; • analyzing the accounting classification of these shares as assets held for sale with regard to the criteria set out in IFRS 5; • examining the appropriateness of the information provided in the notes to the consolidated financial statements.

Valuation of ADNA repayable advances

(Notes n°1, 11, 18)

Risk identified	Our audit response
As at 31 December 2022, the repayable advances shown on your company's balance sheet amounted to EUR 9.48 M. At the end of the reporting period, your company revalued its repayable advances under the ADNA program, based on the expected repayments discounted at the effective interest rate determined at the time the contract was put in place, as described in notes 1, 11 and 18 to the consolidated financial statements. The reimbursement of these advances is conditional upon reaching a certain revenue threshold with the TG 4001 product. During the 5 years after reaching this threshold, the reimbursement will be made by fixed and predetermined amount, then beyond that, in proportion to the revenue of the TG 4001 product up to a reimbursement ceiling or at the latest in 2035. The expected future cash flows are therefore estimated by management based on an assessment of the future direct and indirect revenues associated solely with the TG 4001 product under development. The assumptions taken into account by management in the valuation of the ADNA repayable advance debt concern in particular: • the probabilities of success of clinical phases; • the timetable and terms of a development and marketing collaborative agreement for product; • the assumptions (selling price, discount rate) underpinning the estimate of revenue from TG 4001 products based on the envisaged development and marketing plans. The measurement of the repayable advance therefore requires management to exercise judgement in its selection of asssumptions to be considered, in particular with regard to projected financial information. An error in the assessment of assumptions would affect the estimate of the repayable advance. We considered the valuation of ADNA repayable advances to be a key audit matter due to the significant use of management judgment involved in its determination.	Our work consisted in examining the methods for valuing the ADNA repayable advance. In particular, we: • assessed the overall consistency of the assumptions made with the budgets and forecasts drawn up by management and presented to the Board of Directors; • assessed the consistency of the assumptions underlying the estimated revenue from the TG 4001 product based on available market data and interviews with management; • assessed the appropriateness of the information provided in the notes to the consolidated financial statements and in particular the sensitivity analyses.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared unde the responsibility of Chief Executive Officier, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 Decembre 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in macro-marking the consolidated financial statements in accordance with the unique European electronic information format, it is possible that the content of certain tags in the notes may not be identical to the consolidated financial statements attached to this report.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of TRANSGENE S.A. the Annual General meeting held on May 25, 2022 for KPMG S.A. and on May 26, 2016 for GRANT THORTHON.

As at December 31, 2022, KPMG S.A. and GRANT THORTHON were in the first year and seventh year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors,

Strasbourg on March 31, 2023

KPMG S.A.

Stephane Devin
Partner

Lyon on March 31, 2023

GRANT THORTHON
Membre français de Grant Thornton International

Jean Morier
Partner

5.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

5.3.1 Annual financial statements

BALANCE SHEET – ASSETS

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
Intangible assets, at cost		3,288	3,267
Intangible assets in progress		13	-
(accumulated depreciation, amortization and provisions)		(3,224)	(3,175)
Intangible assets – net	*10*	**77**	**92**
Property, plant and equipment:			
Land		584	584
Fixtures and fittings		2,677	2,511
Laboratory equipment		10,780	10,397
Office and computer equipment		1,722	1,674
Assets in progress		614	102
Property, plant and equipment, at cost		16,377	15,268
(accumulated depreciation, amortization and provisions)		(10,585)	(10,346)
Property, plant and equipment – net	*9*	**5,792**	**4,922**
Financial assets – net	*11*	**15,394**	**15,529**
Total non-current assets		**21,263**	**20,543**
Trade receivables	*6*	2,789	10,133
Research tax credit and Tax Credit for Competitiveness and Employment due	*20*	6,873	7,135
Recoverable VAT and income tax receivables and other tax receivables	*7*	711	758
Other receivables, including centralized treasury	*7*	22,714	44,127
Available cash, cash equivalents	*5*	4,312	5,854
Total current assets		**37,399**	**68,007**
Prepaid expenses	*19*	1,694	1,652
Currency translation difference		-	-
TOTAL ASSETS		**60,356**	**90,202**

BALANCE SHEET – LIABILITIES

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
Subscribed capital	*12*	50,102	48,886
Share premiums	*12*	56,996	56,299
Reserves	*12,26*	1,188	3,101
Retained earnings		(53,706)	(36,700)
Profit/(loss) for the period		(27,301)	(17,006)
Statutory provisions		-	-
Equity	***12***	**27,279**	**54,580**
Conditional advances	*13*	17,957	17,437
Financial liabilities	*14*	-	115
Provisions for pensions	*15*	3,282	3,958
Other provisions for risks and expenses	*15*	23	48
Provisions for risks and expenses	***15***	**3,305**	**4,006**
Trade payables	*19*	7,011	7,775
Accrued employee benefits and tax expense	*19*	3,786	4,466
Other liabilities	*19*	9	10
Payables	***19***	**10,806**	**12,251**
Prepaid income	*19*	1,009	1,813
Currency translation difference		-	-
Liabilities		**33,077**	**35,622**
TOTAL EQUITY AND LIABILITIES		**60,356**	**90,202**

INCOME STATEMENT

(in € thousands)	*Notes*	Dec. 31, 2022	Dec. 31, 2021
OPERATING INCOME			
Income from collaborative and licensing agreements	*2*	6,803	13,555
Research and development grants		43	35
Reversals of depreciation and provisions, transfers of expenses		1,099	865
Total operating income		**7,945**	**14,455**
OPERATING EXPENSE			
Purchases of raw materials and other purchases		(2,416)	(2,445)
Other purchases and external expenses		(21,740)	(21,330)
Income tax, duties and other levies		(487)	(474)
Salaries and wages		(10,343)	(10,521)
Social security expenses		(5,144)	(5,857)
Depreciation and provisions		(1,120)	(2,240)
Other expenses		(432)	(718)
Total operating expenses		**(41,682)**	**(43,585)**
Operating profit (loss)		**(33,737)**	**(29,130)**
Net financial income/(loss)	*3*	(431)	(426)
Current income/(loss) before tax		**(34,168)**	**(29,556)**
Net extraordinary income/(loss)	*4*	(39)	5,493
Research tax credit (RTC)	*20*	6,873	7,027
Income tax	*20*	33	30
PROFIT/(LOSS) FOR THE PERIOD		**(27,301)**	**(17,006)**

5.3.2 Notes to the annual financial statements

The notes and tables presented below are an integral part of the annual financial statements. The annual financial statements as of December 31, 2022, show a balance sheet total of €60,356 thousand and net loss of €27,301 thousand.

NOTE 1 NATURE OF THE BUSINESS ACTIVITY AND SUMMARY OF ACCOUNTING PRINCIPLES

Nature of the business activity

Transgene ("the Company") is a French limited liability company (*société anonyme*) governed by the provisions of French law. It was created in 1979 to apply emerging techniques in genetic engineering in the context of contract research for industrial groups in the fields of molecular and cellular biology, virology, immunology and protein chemistry. The Company designs and develops immunotherapy products for treating cancer.

Significant accounting policies and changes to methods

The annual financial statements for fiscal year 2022 are presented in accordance with the legal and regulatory requirements in effect in France as described in the national general chart of accounts (French GAAP), and in accordance with generally accepted principles which are the principles of prudence, continuity of operations, consistency in accounting methods and independence of fiscal years.

The going concern principle was adopted, as the Company estimates that it will be able to meet its cash requirements over a period of at least 12 months after the closing date on the basis of:

- its cash, cash equivalents and other current financial assets available at December 31, 2022;
- finalization of the sale and receipt of the proceeds from the sale of assets held for sale (Tasly BioPharmaceuticals shares);
- its net cash consumption forecast for fiscal year 2023.

The Company has a financial visibility until early 2024.

Recognition of revenue

Transgene's revenue is comprised of income from patent licenses and collaborations in research (including the reimbursement of costs incurred by Transgene), development and production.

Patent licenses
Revenue from patent licenses generally consists of rights to access technology, paid on signing of the agreement and which is not reimbursable, financing by milestone payments and other payments, such as royalties.

Non-refundable fees for technology usage rights paid when the license is signed
When Transgene is not committed to continuing to develop a technology after a license is signed, the fees are recognized as revenue when the Company's contractual obligations have been fulfilled.

When Transgene is committed to continuing to develop a technology after a license is signed or has a future obligation to deliver products, the fees are recognized as revenue over the development period or the product delivery period.

Milestone payments
Milestone payments under collaboration agreements are recognized as revenue upon achievement of the incentive milestone events and when Transgene has no future performance obligations related to the payment. Milestone Payments are triggered either by the results of Transgene's research efforts or by events external to Transgene, such as regulatory approvals, the commencement of clinical trials or selection of candidates for drug development.

Royalties
Royalties are based on the licensee's sales of products or technologies. They are recognized on the basis of the terms of the licensing agreement, when the sales can be reliably measured and recovery of the related receivables is reasonably assured. Provisional estimates of royalties receivable are based on sales statistics and trends.

Service and manufacturing contracts
Transgene has entered into certain contracts for the provision of research or manufacturing services on a best-effort basis.

Transgene bills its services at a pre-agreed rate, generally on a time-spent basis, and billings are recorded as revenue as and when the work is done. Revenue from these contracts is recognized when the services are performed.

Some of these contracts provide for manufacturing services with a performance obligation. In these cases, the services are recorded in operating income in the income statement after satisfactory quality control and customer acceptance.

Revenue received but not yet recognized in the income statement based on the above principles is recorded as a liability under "Deferred revenue" and is reclassified to the balance sheet when the revenue recognition criteria are met.

Research tax credit for research and development expenses

Research and development expenses entitled the Company to a research tax credit, which is recognized at the end of the fiscal year in which the costs are recognized and the credit is claimed. When it cannot be used against an income tax expense, unused research tax credits are refundable from the fourth year.

The research tax credits for 2019 to 2021 that will be repaid by the tax authorities from 2023 to 2025 have been sold under receivables assignment contracts and the Company no longer has any receivables from the State. These contracts are qualified as deconsolidating. The 2022 research Tax Credit will be reimbursed by the tax authorities in 2026.

Cash and cash equivalents

The Company considers as cash and cash equivalents and marketable securities its liquid investments, which can be bought or sold at any time based on prices that are determined on a daily basis, and which have no material interest or risk. Marketable securities are comprised of shares of mutual funds mostly invested in underlying monetary assets, bonds and long-term government bonds. Marketable securities are valued at a cost, which is the lower of the first in/first out method or market value.

Property, plant and equipment

Property, plant and equipment is measured at cost. Depreciation is recognized in the income statement according to the probable useful lives, as follows:

Type of asset	Depreciation method	Period
Buildings	Straight-line	20 years
Fixtures and fittings	Straight-line	10-20 years
Machinery and equipment (machinery and laboratory equipment)	Straight-line	5-15 years
Office equipment and furniture	Straight-line	5-10 years
IT equipment	Straight-line	3-5 years

Share issue costs

Share issue costs are charged to share premiums.

Research and development costs

Expenses for applied research and development include the direct and indirect costs incurred on the projects, excluding any allocation of general and administrative expenses. The direct and indirect costs refer primarily to the salaries of researchers and research technicians, the depreciation expense on assets used and on the cost of materials and other services used.

Research costs are recognized as an expense on the income statement for the fiscal year in which they are incurred. Development costs are capitalized when the required conditions are met.

The Company believes that the costs incurred in developing its pharmaceutical products are equivalent to research costs until a marketing authorization request is filed with regulatory authorities. After that, they are considered to be development costs. No Company product received a marketing authorization in 2022.

Other intangible assets

Intangible assets mainly comprise licenses, acquired patents and computer software.

Type of intangible asset	Depreciation method	Period of depreciation
Computer software and licenses	Straight-line	1-5 years
Patents acquired	Straight-line	5 years

Equity securities

Equity securities in non-consolidated companies are recorded at cost and depreciated, as needed, if their carrying amount exceeds their recoverable amount as estimated by the Company. At each closing date, the Company performs an impairment test.

Investments in non-consolidated companies

Equity securities are recorded at cost and depreciated, as needed, if their carrying amount exceeds their recoverable amount as estimated by the Company. At each closing date, the Company performs an impairment test.

Other financial assets

Other financial assets are comprised of deposits and guarantees regarding property rentals and the holdback related to the assignment of debt under the research tax credit and the competitiveness and job creation tax credit. Deposits and guarantees are measured at cost and depreciated as needed to reflect their net realizable value. The Company uses a liquidity contract with a banking partner, Natixis Oddo BHF SCA, which makes €500 thousand available.

Prepaid expenses and other current assets

Prepaid expenses and the other current assets are measured at cost and may be impaired to reflect their net realizable value.

Provisions for contingencies and expenses and provisions for pensions and other post-employment benefits

Provisions are recorded to cover contingencies and expenses arising in the course of our business. With regard to provisions for pensions and other post-employment benefits, in particular, the rights acquired by serving employees are estimated according to actuarial evaluations, taking into account mortality rates, future salary levels and the probability of employees remaining with the Company until retirement.

Conditional advances

Conditional advances are only reimbursed if the research and development projects that they finance are successful, according to criteria set out in advance with the financing body. These advances are recognized in *Financial liabilities*.

The reimbursement of advances is subject to the fulfillment of an income threshold on the product TG4001 predetermined for the following five years, and in proportion to the income from this product until a reimbursement ceiling is reached, or up until 2035.

The Company measures at each closing date its liability for conditional advances under the ADNA program based on the discounted cash flows of expected repayments and the effective interest rate determined. The Company regularly evaluates direct and indirect income linked to the product to estimate future cash flows from the reimbursement of advances. This income is evaluated based on business plan that has been discounted for this product and by applying a comparable rate for this type of debt.

The main assumptions reviewed in the product business plan are as follows:

- schedule for the development and marketing of the product;
- probability of success of the clinical phases;
- targeted market and market penetration rate, treatment price;
- schedule and financial terms of a development and marketing partnership (payment on signature, payment based on milestones, royalties); and
- discounted cash flow rate.

If the valuation of the payable is less than the amounts actually collected, the recorded payable is equal to the amounts collected, as long as the Company has not obtained the agreement of the organization to forgive all or part of this payable.

Foreign exchange

Cash liquidity in foreign currencies is converted into euros at the exchange rate on the reporting date. The resulting conversion differences are recognized in profit (loss) for the period.

Receivables and payables in foreign currencies are converted into euros at the exchange rate on the reporting date. The resulting conversion differences are recognized under "exchange rate gains/losses" on the balance sheet (under assets for unrealized losses, under liabilities for unrealized gains).

Unrealized losses are booked in a provision for risks under expenses for the year in provisions for risks and financial expenses.

The Company does not have a foreign currency hedging instrument.

Income tax expense

Income tax expenses correspond to taxes due calculated at the standard rate in use at year-end, taking into account the research tax credit.

The underlying tax position is calculated on the basis of the differences between the tax values and carrying amount of assets and liabilities presented in the balance sheet. These differences are determined according to the tax provisions and discounted tax rates when these differences are inverted.

NOTE 2 OPERATING INCOME

REVENUE

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Research and development services	3,126	2,929
Licenses	-	7,064
Other income from ancillary activities	3,677	3,562
TOTAL	**6,803**	**13,555**

In April 2019, the Company entered into a collaboration agreement with AstraZeneca with exclusive licensing options to co-develop oncolytic immunotherapies derived from the Invir.IO® platform. In the first half of 2019, Transgene thus received €8.9 million (US$10 million) in fees for access to its platform. Pursuant to French accounting principles and inasmuch as Transgene has not transferred control of a pre-existing intellectual property and as AstraZeneca receives the benefits of the licensed rights as and when the Research Plan is carried out, this initial payment is recognized in income against the progress of the associated activities and measured against the costs incurred by Transgene to carry out its contractual obligations. This agreement provides for additional income as and when preclinical milestones are met. Transgene is eligible to receive an option exercise payment on each candidate in the event AstraZeneca exercises one or several license options, as well as development and commercial milestones and royalties.

The assumptions used by Management in the measurement of income related to the initial payment primarily concern:

- the number of candidates to be developed;
- the candidate development schedule;
- the estimated costs of the salaries and consumables related to the development of the candidates.

As of December 31, 2022, Transgene re-estimated the overall budget and its progress. The income related to the initial payment recognized as of December 31, 2022, was assessed on the basis of this revised budget and program progress. The Company may receive up to US$1 million for the delivery of these candidates.

As of December 31, 2022, the revenue recognized under this collaboration agreement was €3,061 thousand, compared to €9,921 thousand as of December 31, 2021. The difference arises from the exercise of a first license option by AstraZeneca in December 2021 in the amount of €7,063 thousand for an oncolytic virus developed by Transgene.

Over the period, €981 thousand were recognized as part of the recognition of the initial payment for the activity carried out, compared to €1,937 thousand over the previous period. The €1,778 thousand balance not recognized at this time was recorded in Prepaid income as of December 31, 2022 (Note 19). The Company also received €2,080 thousand for the production of batches and R&D services as of December 31, 2022, compared to €920 thousand as of December 31, 2021.

Other income from ancillary activities corresponds to development costs re-invoiced to BioInvent and NEC under the co-development agreements signed between Transgene and these partner companies.

NOTE 3 FINANCIAL INCOME/(LOSS)

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
FINANCIAL INCOME		
Income from other securities and non-current asset receivables	11	4
Interest and related income	300	81
Reversals of provisions and transfers of expenses	2	7
Positive exchange rate differences	128	334
Total financial income	**441**	**426**
FINANCIAL EXPENSE		
Financial depreciation and provisions	(137)	(3)
Interest and related expenses	(721)	(390)
Negative exchange rate differences	(14)	(459)
Total financial expenses	**(872)**	**(852)**
FINANCIAL INCOME/(LOSS)	**(431)**	**(426)**

Interest and similar expenses mainly relate to the bank interest on the financing of the 2021 RTC (€686 thousand).

The positive and negative exchange rate differences are mainly related to the payment received on the disposal of Tasly BioPharmaceuticals shares in September 2021 upon the sale of 49% of these shares. The Company used a currency hedging instrument that hedged the impact of the change in the U.S. dollar exchange rate.

As of December 31, 2022, ADNA payable has not changed, as expected repayments remain lower than the amounts received.

NOTE 4 EXTRAORDINARY PROFIT (LOSS)

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
EXTRAORDINARY INCOME		
Extraordinary income on management operations	52	34
Extraordinary income on equity transactions	-	17,695
Reversals of provisions and transfers of expenses	25	464
Total extraordinary income	**77**	**18,193**
EXTRAORDINARY EXPENSES		
Extraordinary expenses on management operations	63	-
Extraordinary expenses on equity transactions	53	(12,700)
Provisions and transfers of expenses	-	-
Total extraordinary expenses	**116**	**(12,700)**
EXTRAORDINARY PROFIT (LOSS)	**(39)**	**5,493**

In September 2021, the Company sold 49% of its shares in Tasly BioPharmaceuticals for €17,485 thousand. This disposal generated exceptional proceeds of €4,788 thousand.

NOTE 5 CASH AND MARKETABLE SECURITIES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Cash	4,304	5,846
Marketable securities	8	8
TOTAL	**4,312**	**5,854**
Unrecognized unrealized gains or losses	-	-

In 2022, marketable securities were composed of short-term money market fund units.

NOTE 6 TRADE RECEIVABLES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Invoices issued, gross	1,352	7,988
Invoices to be issued, gross	1,437	2,145
Provisions for impairment	-	-
NET TOTAL CUSTOMERS	**2,789**	**10,133**

In 2022, trade receivables also include receivables from our co-development partners NEC for €2,196 thousand and BioInvent for €422 thousand.

As of December 31, 2021, trade receivables mainly concern AstraZeneca receivables for an amount of €8,091 thousand, of which €7,063 thousand related to the exercise of the license option in December 2021 for an oncolytic virus developed by Transgene.

NOTE 7 OTHER RECEIVABLES

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Institut Mérieux centralized cash (cash pool)	22,423	43,658
Accrued credit notes (trade credit)	70	48
Employee benefit expense	29	33
Other receivables, non-current portion	192	388
VAT credit and tax credit	440	571
VAT on accrued invoices	271	187
TOTAL OTHER RECEIVABLES	**23,425**	**44,885**

Contractually, investments made by the Company as part of the centralized cash management at Institut Mérieux are liquid within a maximum period of four business days and bear interest based on a rate equal to Euribor +0.25% when Institut Mérieux is in a net borrowing position at the Group level and to Euribor when Institut Mérieux is in a net surplus at the Group level.

NOTE 8 ACCRUED INCOME

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Accrued income – customers	1,437	2,145
VAT credit and tax credit	440	571
VAT on accrued invoices	276	224
Social organizations – income receivable	-	5
Other accrued income	18	14
TOTAL ACCRUED INCOME	**2,171**	**2,959**

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Dec. 31, 2021	Increase	Decrease	Dec. 31, 2022
ACQUISITION COSTS				
Land	584	-	-	584
Buildings and fixtures	2,511	168	(2)	2,677
Laboratory equipment	10,397	748	(366)	10,779
Office and computer equipment	1,674	91	(43)	1,722
Assets in progress	102	1,112	(599)	615
Total	**15,268**	**2,119**	**(1,010)**	**16,377**
DEPRECIATION AND PROVISIONS				
Buildings and fixtures	(887)	(167)	-	(1,054)
Laboratory equipment	(7,969)	(470)	434	(8,005)
Office and computer equipment	(1,490)	(79)	43	(1,526)
Assets in progress	-	-	-	-
Total	**(10,346)**	**(716)**	**477**	**(10,585)**
NET TOTAL PROPERTY, PLANT AND EQUIPMENT	**4,922**	**1,403**	**(533)**	**5,792**

As of December 31, 2021, and taking into account its future use, the Company fully depreciated the equipment acquired in 2015 and stored on the Genzyme Polyclonals site for €682 thousand.

NOTE 10 INTANGIBLE ASSETS

(in € thousands)	Dec. 31, 2021	Increase	Decrease	Dec. 31, 2022
ACQUISITION COSTS				
Licenses and acquired patents	1,788	-	-	1,788
Other intangible assets	1,479	26	(5)	1,500
Assets in progress	-	13	-	13
Total	**3,267**	**39**	**(5)**	**3,301**
DEPRECIATION AND PROVISIONS				
Licenses and acquired patents	(1,767)	(17)	2	(1,782)
Other intangible assets	(1,408)	(39)	5	(1,442)
Total	**(3,175)**	**(56)**	**7**	**(3,224)**
NET TOTAL INTANGIBLE ASSETS	**92**	**(17)**	**2**	**77**

NOTE 11 FINANCIAL ASSETS

(in € thousands)	Dec. 31, 2021	Increase	Decrease	Dec. 31, 2022
Equity securities				
▪ Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.	100	-	-	100
▪ Transgene Inc.	23	-	-	23
▪ Access Investment, Inc.	29	-	-	29
Total gross equity securities	**152**	**-**	**-**	**152**
Impairments on equity securities	(29)	-	-	(29)
Total net equity securities	**123**	**-**	**-**	**123**
Deposits and guarantees	2073	358	(358)	2073
Vaxxel SAS shares	118	-	-	118
Tasly BioPharmaceuticals securities	13,215	-	-	13,215
Impairment of financial assets	-	-	(135)	(135)
TOTAL FINANCIAL ASSETS	**15,529**	**358**	**(493)**	**15,394**

Equity securities

Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.

In February 2020, the subsidiary Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd was created with an investment of €100 thousand.

Transgene Inc.

The Company has an investment in Transgene, Inc. in the amount of €23 thousand.

Access Investment, Inc.

The Company has an investment in Access Investment, Inc. in the amount of €29 thousand. This investment is fully depreciated.

Deposits and guarantees

Deposits and guarantees consist largely of holdbacks related to the financing of the RTC and the CICE. The increase of €358 thousand in 2022 mainly corresponds to the guarantee for the transfer of the 2021 RTC receivable (€351 thousand). The decrease of €358 thousand in 2022 mainly corresponds to the repayment of the guarantee for the assignment of the 2018 RTC receivable (€289 thousand), as well as the repayment of the guarantee linked to the 2018 CICE funding in the amount of €17 thousand.

Investments in non-consolidated companies

Tasly BioPharmaceuticals

The €13,215 thousand of non-consolidated equity securities without significant influence refer to the shares in Tasly BioPharmaceuticals obtained in July 2018 in exchange for the rights held in the Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. joint venture and the rights to the products TG1050 and TG6002 for Greater China.

As of December 31, 2022, the recoverable amount of the Tasly BioPharmaceuticals shares is higher than their net book value. The recoverable amount was determined on the basis of the estimated disposal value of the shares, based on a proposal from a third party, as the Company expects to dispose of its shares in mid-2023.

Vaxxel SAS

In 2020, in exchange for the rights to the DuckCelt®-T17 cell line, the Company acquired an equity investment in Vaxxel SAS for €118 thousand. At the end of 2022, Vaxxel SAS abandoned the patents on the DuckCelt®-T17 cell line, but the Company still owns 7% of the Company. Recent discussions with senior executives confirm that no impairment has occurred.

NOTE 12 EQUITY

General information

As of December 31, 2022, the number of outstanding shares of Transgene was 100,204,071, representing a share capital of €50,102,035.50.

During 2022, the Boards of Directors authorized the allocation of 247,274 free shares.

Stock options

As of December 31, 2022, there were no longer any stock option plans. The last options expired on December 14, 2022. No stock options have been awarded since 2012. The position as of December 31, 2022, is presented in the table below:

Allocation date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2022	Number of options remaining to be exercised as of Dec. 31, 2022*
Dec. 13, 2012	Dec. 14, 2017	Dec 14, 2022	7,859	92,578	-	-
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**-**

* *This amount includes adjustments, in terms of the number of options and the exercise price, in accordance with regulations, following the capital increases maintaining preferential subscription rights of shareholders conducted in 2016 and 2019.*

Free share plans

The status of these unvested awards as of December 31, 2022, is summarized in the following table:

	2021 plan						2022 plan		
General Meeting date	May 26, 2021						May 25, 2022		
Total number of shares authorized by the Meeting	2,500,000						300,000		
	2021 Grants			**2022 Grant**			**2022 Grant**		
Board of Directors meeting date	May 26, 2021			March 16, 2022			May 26, 2022		
Total number of free shares awarded	1,999,956		300,000	145,274			102,000		
Of which allocations granted, during the fiscal year, by the issuer and by any Company included in the scope of the allocation to corporate officers	457,139		300,000	-			102,000		
Of which the number of shares awarded to members of the Executive Committee	1,200,000		300,000	114,000			-		
Of which awards granted, during the fiscal year by the issuer and by any Company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any Company within this scope, whose number of free shares awarded is greatest	802,117		-	145,274			-		
Of which the balance not yet vested as of Dec. 31, 2021	644,433	644,427	300,000	53,637	53,637	38,000	34,000	34,000	34,000
Vesting date	May 26, 2022	May 26, 2023	May 26, 2024	Jan. 1, 2024	May 26, 2023	May 26, 2024	June 30, 2024	May 26, 2023	May 26, 2024	May 26, 2024
Expiration date of the lock-up period	May 26, 2023	May 26, 2023	May 26, 2024	End of term	May 26, 2024	May 26, 2024	June 30, 2024	May 26, 2024	May 26, 2024	End of term
Value of the share on the award date	€2.95			€2.23			€2.33		

	2019 plan		
General Meeting date	May 22, 2019		
Total number of shares authorized by the Meeting	2,000,000		
	2019 Grant	**2019 Catch-up**	**2020 Grant**
Board of Directors meeting date	September 18, 2019	May 27, 2020	September 16, 2020
Total number of free shares awarded	1,399,774	5,934	601,682
Of which allocations granted, during the fiscal year, by the issuer and by any Company included in the scope of the allocation to corporate officers	350,000	-	150,000
Of which the number of shares awarded to members of the Executive Committee	840,000	-	360,000
Of which awards granted, during the fiscal year by the issuer and by any Company in the scope of the award, to the ten non-corporate officer employees of the issuer and of any Company within this scope, whose number of free shares awarded is greatest	628,236		223,620
Of which the balance not yet vested as of Dec. 31, 2022	-	-	-
Of which vested as of Dec. 31, 2022	1,309,994	5,934	565,704
Vesting date	March 30, 2022	April 30, 2022	March 30, 2022
Expiration date of the lock-up period	March 30, 2022	May 27, 2022	September 16, 2022
Value of the share on the award date	€1.78	€1.47	€1.35

Grant conditions:

- biennial awards of March 16 and May 25, 2022: the two awards were used to integrate a posteriori people recruited since the award of May 26, 2021, in the two remaining tranches of the three-year award of 2021. Half of the award to a new member of the Executive Committee and half of the 68,000 shares allocated to the new Chairman of the Board of Directors are subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for fiscal year 2022 or 2023 as the case may be;
- welcome grants of March 16 and May 25, 2022: the 38,000 free shares granted to a new member of the Executive Committee on March 16, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on June 30, 2024. The 34,000 free shares granted to the Chairman on May 25, 2022, are not subject to performance conditions. However, they are subject to a presence condition recorded on May 26, 2024, and subject to a holding obligation until the end of the Chairman's term of appointment;
- three-year grant of May 26, 2021: half of the awards to members of the Executive Committee is subject to performance conditions. A quarter of the awards to employees is subject to the same performance conditions. The performance criterion will be the level of achievement of the Company's collective annual objectives for the fiscal year ending prior to the vesting date of each tranche, which will be assessed by the Board approving the closing of the annual financial statements for the fiscal year 2021, 2022 or 2023 as the case may be;
- welcome grant of May 26, 2021: this allocation of free shares to the Chief Executive Officer is subject to a presence condition recorded on January 1, 2024, and a holding obligation until the end of the contract;
- September 2020 grant: the shares are vested 18 months after their award to employees who are still with the Company. The Executive Committee received 360,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions will be assessed in March 2022;
- May 2020 grant: the shares are vested 22 months after their award to employees who are still with the Company;
- September 2019 grant: the shares are definitively granted 30 months after their allocation to employees who are still with the Company. The Executive Committee received 840,000 free shares during this grant. Performance conditions have been defined for half of these shares. These conditions were assessed in March 2022.

The provision covering URSSAF contributions related to free shares amounted to €382 thousand as of December 31, 2022, and was valued on the basis of the Transgene share price as of December 31, 2022.

Changes in equity

(in € thousands)	Share capital	Premiums	Reserves	Retained earnings	Income (loss)	Statutory provisions	Equity
As of Dec. 31, 2021	**48,886**	**56,299**	**3,101**	**(36,700)**	**(17,006)**	**-**	**54,580**
Increase of share capital	-	-	-	-	-	-	-
Free share awards	1,216	697	(1,913)	-	-	-	-
Share capital reduction	-	-	-	-	-	-	-
Income/(loss) for the previous period	-	-	-	(17,006)	17,006	-	-
Income/(loss) for the period	-	-	-	-	(27,301)	-	(27,301)
As of Dec. 31, 2022	**50,102**	**56,996**	**1,188**	**(53,706)**	**(27,301)**	**-**	**27,278**

NOTE 13 CONDITIONAL ADVANCES

ADNA

As of December 31, 2022, conditional advances referred to conditional advances received under the ADNA ("Advanced Diagnostics for New Therapeutic Approaches") program, which receives public financing from Bpifrance to develop the TG4001. This program ended on December 31, 2016. Transgene received a total of €15,942 thousand of conditional advances under this program.

As of December 31, 2022, the liability consisting of conditional advances in the Company's balance sheet amounts to €15,942 thousand. At closing, the Company re-values its conditional advances received under the ADNA program based on the discounted expected future reimbursements as described in Note 1 to the Annual financial statements. As of December 31, 2022, ADNA payable has not changed as expected repayments remain lower than the amounts received.

NEOVIVA

Under the NEOVIVA program, signed in March 2019, Transgene could receive conditional advances of €2.4 million.

As of December 31, 2022, the Company had received €2,015 thousand conditional advances.

NOTE 14 FINANCIAL LIABILITIES

Financing of tax credits

For the past three years, the Company has signed research tax credit assignment contracts for the 2019, 2020 and 2021 RTC with a credit institution and no longer has any receivables from the State. As this type of contract is deconsolidating, no liability is recognized for this financing received (up to 95%).

The Company had a debt to a credit institution for the financing of the 2018 CICE, representing a debt of €114 thousand as of December 31, 2021, but the latter CICE was repaid during the year.

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Financing of CICE	-	114
Other	-	1
TOTAL FINANCIAL LIABILITIES	**-**	**115**

NOTE 15 PROVISIONS FOR RISKS AND EXPENSES

(in € thousands)	Dec. 31, 2021	Provisions	Reversals not applicable	Use of the provision	Dec. 31, 2022
Exchange rate differences	-	-	-	-	-
Provision for expenses	48	-	-	(25)	23
Pension obligations	3,958	348	(964)	(60)	3,282
PROVISIONS FOR RISKS AND EXPENSES	**4,006**	**348**	**(964)**	**(85)**	**3,305**

As of December 31, 2021, the provision for expenses corresponded to the costs remaining to be incurred for the ongoing clinical trial with TG4010, which was halted at the end of 2019. Of this provision, €25 thousand was used in fiscal year 2022.

The above provisions for retirement benefit obligations correspond to the estimated current value of the share capital equivalent to accrued future payments, depending on length of service and level of compensation when an employee retires, on the basis of the following actuarial calculation assumptions as of December 31, 2022:

	Dec. 31, 2022	Dec. 31, 2021
Discount rate	3.60%	0.90%
Rate of future salary increases	3.50%	3.00%
Retirement age:		
▪ managers	65 years	65 years
▪ non-managers	63 years	63 years

The provision entered on the balance sheet concerns only retirement payments for serving workforce.

The following table summarizes the conditions and amounts of actuarial pension obligations as of December 31, 2022:

	Dec. 31, 2022	Dec. 31, 2021
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at beginning of year	**3,958**	**4,448**
Impact of change in valuation method on provision for retirement benefits	-	(388)
Cost of services rendered for the fiscal year	316	294
Cost of discounting	32	22
Change in assumptions	(1,001)	433
Reductions/terminations	-	-
Actuarial (gain)/loss	37	12
Benefits paid during the year	(60)	(863)
Projected benefit obligation for retirement	**3,282**	**3,958**
Unrecognized actuarial losses	-	-
Unrecognized past service cost	-	-
Total unrecognized items	-	-
PROVISIONS FOR PENSIONS	**3,282**	**3,958**

NOTE 16 EXPENSES PAYABLE

(in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Trade payable – accrued invoices	5,181	5,307
Personnel and related accounts	847	779
Social security and other organizations	882	814
VAT collected and on invoices to be issued	13	16
TOTAL EXPENSES PAYABLE	**6,923**	**6,916**

NOTE 17 ACCRUED CHARGES AND DEFERRED INCOME

Deferred revenue and expenses relate exclusively to items recognized under operations.

NOTE 18 AFFILIATED COMPANIES

Transgene signed a cash pooling agreement with Institut Mérieux. The cash and cash equivalents placed in the Institut Mérieux cash pool amounted to a receivable of €22.4 million as of December 31, 2022; the resulting interest income was €247 thousand as of December 31, 2022.

The table below does not include these cash items:

	2022	
(in € thousands)	Receivables	Payables
ABL Europe SAS	24	803
BioMérieux SA	-	1
Institut Mérieux	-	83
Mérieux Université	-	12
Thera Conseil	-	-
Transgene Inc.	-	43
Transgene Shanghai	-	45
TOTAL	**24**	**987**

	2022	
(in € thousands)	Revenue	Expenses
ABL Europe SAS [(1)]	230	2,464
BioMérieux SA	-	2
Institut Mérieux [(2)]	2	256
Mérieux Université	-	10
Thera Conseil	-	5
Transgene Inc [(3)]	-	528
Transgene Shanghai [(4)]	-	179
TOTAL	**232**	**3,444**

(1) The revenue corresponding to the rent re-invoicing contract for hosting test labs. Expenses related to the agreements for production services provided by ABL Europe and to leases of premises in Lyon.
(2) Expenses related to the agreements for services provided by Institut Mérieux.
(3) Expenses related to the re-invoicing of Transgene, Inc. services and staff.
(4) Expenses correspond to the re-invoicing of services of Transgene, Shanghai.

NOTE 19 MATURITIES OF RECEIVABLES AND PAYABLES

Receivables *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Other financial assets	2,073	389	1,684
Trade receivables	2,789	2,789	-
RTC	6,873	-	6,873
Government, VAT and other local authorities	711	711	-
Personnel and related accounts	29	29	-
Prepaid expenses	1,694	1,656	38
Research and development grants	17	17	-
Other receivables	245	130	115
TOTAL RECEIVABLES	**14,431**	**5721**	**8,710**

Payables *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year and less than or equal to five years**	**More than five years**
Conditional advances	17,957	-	2,015	15,942
Trade payables	7,011	7,011	-	-
Pension obligations	3,282	610	964	1,708
Accrued employee benefits and tax expense	3,786	3,605	181	-
Prepaid income	1,009	986	23	
Other liabilities	9	9	-	-
TOTAL LIABILITIES	**33,054**	**12,221**	**3,183**	**17,650**

NOTE 20 INCOME TAX

Current taxes

Research tax credit

In 2022 the RTC was €6,873 thousand (*versus* €7,027 thousand in 2021). This tax credit will be reimbursed by the tax authorities in 2026.

In June 2022, the Company signed an agreement to sell a research tax credit to a banking institution. The Company thereby received €6,675 thousand for the 2021 RTC (representing 95% financing) and no longer has a credit with the French government. This financing contract is classified as deconsolidating, and no debt is recognized for the financing received.

Deferred taxes

As of December 31, 2022, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €789,371 thousand.

NOTE 21 EXECUTIVE COMPENSATION AND OBLIGATIONS

Directors' compensations amounted to €277 thousand.

In 2022, the Company paid no compensation to TSGH and its permanent representative.

Hedi Ben Brahim, Chief Executive Officer of Transgene, has been mainly employed by the Company. As of December 31, 2022, he was also an employee of Institut Mérieux.

In 2022, the Company paid its Chief Executive Officer, Hedi Ben Brahim, gross compensation of €328 thousand of which €88 thousand was variable remuneration.

Hedi Ben Brahim received gross compensation from Institut Mérieux of €117 thousand in 2022, of which €60 thousand was variable compensation and €3 thousand in benefits in kind – vehicle.

In 2022 the Company paid to the Responsible Pharmacist acting as Deputy CEO, Christophe Ancel, total compensation amounting to €174 thousand (*versus* €172 thousand in 2021), including €45 thousand in variable compensation (*versus* €42 thousand in 2021) and €5 thousand in benefits in kind – vehicle, as in 2021.

The Company paid a gross amount of €1,672 thousand in compensation to its Executive Committee in 2022.

No advances or credits were allocated to executives.

NOTE 22 OFF-BALANCE SHEET COMMITMENTS

In 2008, Transgene invested in a building housing labs and offices on the Illkirch site, in the suburbs of Strasbourg. Land and construction costs for the 6,900 m^2 building totaled €15.6 million. This investment was financed by a 15-year finance lease, signed with a banking consortium in October 2007, with a residual value of €1.1 million. The first rent payment was made on January 1, 2009.

The table below summarizes the main residual obligations of the Company under this contract:

(in € thousands)	2022	2021
Property leasing:		
▪ outstanding charges	1,032	1,995
▪ residual purchase price	1,094	1,094

Under the terms of the real estate finance lease for the acquisition of its administrative and research building in Illkirch, Transgene has a pledge granted by Banque Populaire to Alsabail, one of the lessors, for an amount of €1.6 million. In the first six months of 2009, the Company proceeded with partial coverage of the interest rate risk related to this financing, according to the following terms:

- nominal value: €5.9 million (depreciable);
- hedging instrument: interest rate swap contract;
- residual maturity: 1 year;
- underlying rate: 3-month Euribor;
- fixed rate: 3.46%.

As the hedge is perfect, the variations in market value for the instrument are recognized at net value. As of December 31, 2022, the market value of this hedging instrument was €3 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge as of December 31, 2022.

Transgene has also been leasing premises from ABL Europe for its Lyon teams since 2019. The Company paid rent of €233 thousand to ABL Europe for the new premises.

The table below summarizes key financial commitments made by the Company:

		Payments due by period		
(in € thousands)	Gross amount	One year or less	From one to five years	More than five years
Finance lease obligation (real estate)	2,098	1,004	1,094	-
Finance lease obligation (non-real estate)	352	188	163	-
TOTAL	**2,450**	**1,192**	**1,257**	**-**

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2022, the Company estimated the current value of its financial commitments under these agreements to be approximately €15 million.

Under licensing or option agreements, third parties have promised to make milestone payments or pay royalties to the Company that are dependent upon future events whose probability remains uncertain as of the reporting date. The Company has promised, with respect to a number of third parties, to pay royalties or milestone payments under collaboration or licensing agreements that are dependent upon future events whose realization remains uncertain as of the reporting date.

Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, the balance of an initial investment of 27.4 million shares subscribed in 2018 through a contribution in kind of the intellectual property in China necessary for development and the exploitation of a therapeutic vaccine against hepatitis B (the equivalent of TG1050) as well as Transgene's stake in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co., Ltd. controlling the TG6002 equivalent. At the time of the subscription in 2018, Tasly BioPharmaceuticals and its parent company Tasly Holding Group signed a shareholders' agreement to define their relationships prior to the initial public offering of Tasly BioPharmaceuticals initially planned for 2018. As of the date of this report, Transgene expects to sell its residual shareholding in Tasly BioPharmaceuticals by mid-2023.

As at the date of this document, the Company has not made any material commitment (guarantees, collateral, etc.).

NOTE 23 WORKFORCE

The Company had 167 employees as of December 31, 2022, unchanged from December 31, 2021.

	Men	Women	TOTAL*
Managers	47	70	117
Non-managers	14	36	50
TOTAL	**61**	**106**	**167**

* *Including 144 open-ended contracts as of Dec. 31, 2022.*

NOTE 24 IDENTITY OF THE CONSOLIDATING ENTITY

The Company's financial statements were fully consolidated by Compagnie Mérieux Alliance, 17, rue Bourgelat, 69002 Lyon.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 26 PREMIUMS AND RESERVES

The distribution options offered by the accumulated premiums and reserves were as follows:

(in € thousands)	Total	Reimbursable or available for distribution	Not available for distribution
Premiums	56,996	56,996	-
Legal reserve	248	-	248
Unavailable reserve	940	-	940
TOTAL	**58,184**	**56,996**	**1,188**

NOTE 27 SUBSIDIARIES AND EQUITY INVESTMENTS

Financial information *(in local currency)*		Transgene Inc. 303 Wyman Street Suite 3000 WALTHAM, MA 02451, U.S	Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. No. 4633, Pu San Road, Pudong District, Shanghai PR CHINA
Share capital		US$30 thousand	¥768,630
Share capital other than capital		-	-
Proportion of capital held *(in %)*		100%	100%
Carrying value of securities held *(in €)*	Gross	23,114	100 thousand
	Net	23,114	100 thousand
Loans and advances granted by the Company not yet reimbursed		None	None
Amount of guarantee and undertakings given by the Company		None	None
Revenues excl. tax of the previous fiscal year		US$556,108	¥1,538,006
Income (profit or loss from the previous financial period)		-	-
Dividends received during the fiscal year		None	None
Comments		-	-

NOTE 28 STATUTORY AUDITORS' FEES

	Audit and related services						
	Statutory Auditors, certification, examination of statutory and consolidated financial statements		Services required by law		Sub-total	Other services provided	Total
(in € thousands)		of which issuer		of which issuer			
KPMG							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	-	-	-	-	-	-	-
%	-	-	-	-	-	-	-
GRANT THORNTON							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	63	63	-	-	**63**	-	**63**
%	100%	100%	-	-	100%	-	100%
ERNST & YOUNG ET AUTRES							
2022	**-**	**-**	**18**	**18**	**18**	**-**	**18**
%	-	-	100%	100%	100%	-	100%
2021	83	83	12	12	**95**	-	**95**
%	87%	87%	13%	13%	100%	-	100%

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5.4 STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

> *This is a free translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*
>
> *This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*
>
> *This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the annual general meeting of Transgene S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of TRANSGENE S.A. for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code and the French Code of Ethics for statutory auditors for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of the shares held in Tasly Biopharmaceuticals

(Notes 1, 11 et 22)

Risk identified	Our audit response
Transgene holds 8.7 million shares of Tasly BioPharmaceuticals, coming from an initial stake of 27.4 million shares obtained in 2018 through a contribution of intellectual property in China necessary for the development and the use of a therapeutic vaccine against hepatitis B (the equivalent of TG1050) as well as Transgene's shares in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co.Ltd. controlling the equivalent of TG6002. As of December 31, 2022, the net book value of the remaining 8.7 million shares held amounts to €.13.2 million, in the Company's statutory financial statements. The recoverable value was determined in the context of the plan to sell this entire stake. We considered the recoverable value measurement of Tasly Biopharmaceuticals shares to be a key audit matter: • given the significant nature of the carrying value of these securities in proportion to the company's total balance sheet; • with regard to the judgement to be exercised to assess the recoverable value taking into account the information available in connection with the progress of the negotiations concerning their sale.	Our work consisted mainly in: • reviewing the methods used by the group to determine the recoverable value of the shares and the documentation available in the context of the progress of the ongoing negotiations; • reviewing the appropriateness of the information provided in the notes to the Company's statutory financial statements. .

Valuation of ADNA repayable advances

(Notes 1, 3 et 13)

Risk identified	Our response
As at 31 December 2022, the repayable advances shown in your company's balance sheet amounted to EUR 15.9 M. At the end of the reporting period, your company revalued its repayable advances under the ADNA program, based on the expected repayments discounted at the effective interest rate determined at the time the contract was put in place, as described in notes 1, 3 and 13 to the statutory financial statements. The reimbursement of these advances is conditional on reaching certain revenue threshold with the TG 4001 product. During the 5 years after reaching this threshold, the reimbursement will be made by fixed and predetermined amount, then beyond that, in proportion to the revenue of the TG 4001 product up to a reimbursement ceiling or at the latest in 2035. The expected future cash flows are therefore estimated by management based on an assessment of the future direct and indirect revenues associated solely with the TG 4001 product under development. The assumptions taken into account by management in the valuation of the ADNA repayable advance concern in particular: • the probabilities of success of clinical phases; • the timetable and terms of a development and marketing collaboration agreement for this product; • the assumptions (selling price, discount rate) underpinning the estimate of revenue from TG 4001 products based on the envisaged development and marketing plans. The measurement of the repayable advance therefore requires management to exercise judgement in its selection of assumptions to be considered, in particular with regard to projected financial information. An error in the assessment of assumptions would affect the estimate of the repayable advances. We considered the valuation of ADNA repayable advances to be a key audit matter due to the significant use of management judgment involved in its determination.	Our work consisted in examining the methods for valuing the ADNA repayable advance. In particular, we: • assessed the overall consistency of the assumptions made with the budgets and forecasts drawn up by management and presented to the Board of Directors; • assessed the consistency of the assumptions underlying the estimated revenue from the TG 4001 product based on available market data and inquiries of management; • assessed the appropriateness of the information provided in the notes to the Company's statutory financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given [in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance or Information relating to corporate governance

We attest that the Board of Directors 'report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights, and the cross-shareholdings has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code, prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of TRANSGENE S.A. the Annual General meeting held on May 25, 2022 for KPMG S.A. and on May 24, 2016 for GRANT THORTHON.

As at 31 December 2022 KPMG S.A. and GRANT THORTHON were in the first year and seventh year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors,

Strasbourg on March 31, 2023

KPMG S.A.

Stephane Devin
Partner

Lyon on March 31, 2023

GRANT THORTHON
Membre français de Grant Thornton International

Jean Morier
Partner

5.5 *PRO FORMA* FINANCIAL INFORMATION

None.

6

INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1 SHARE CAPITAL

6.1.1 Amount of subscribed capital

€50,102,035.50 fully paid up as of December 31, 2022, and €50,102,035.50 recognized as of the date of this Registration Document.

6.1.1.1 Number of shares issued

100,204,071 shares as of December 31, 2022, and 100,204,071 as of the date of this Registration Document, all of the same class and all fully paid up. No unpaid shares have been issued. The nominal value per share is €0.50.

6.1.2 Shares not representing capital

None.

The Company has no knowledge of pledges or other security interests related to its existing shares at March 31, 2023.

6.1.3 Shares held either by the Company itself, on its behalf or by its subsidiaries

In the framework of the liquidity contract, as of December 31, 2022, 286,436 shares were held on behalf of the Company (see Section 6.6).

6.1.4 Convertible securities, exchangeable securities or securities with warrants

None.

6.1.5 Conditions governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid up, or any undertaking to increase the share capital

Capital authorized and not issued

As of March 31, 2023, the number of shares that could be issued as a result of free share allocations not yet vested amounted to 1,753,354, *i.e.*, approxi*mate*ly 1.75% of the Company's share capital on a fully diluted basis (*i.e.* 101,957,425 shares).

The following table shows the powers delegated to the Board of Directors by the Extraordinary General Meeting of May 25, 2022, and the use the Board made of them as of the date of this Registration Document:

Nature of the delegation granted	Maximum amount of delegation and effective date	Amount used by the Board
Capital increase with preferential subscription rights for shareholders	100 million shares in one or more tranches (global ceiling) Expiration: July 25, 2024	None
Capital increase without preferential subscription rights for shareholders	100 million shares in one or more tranches (included in the ceiling of 100 million shares) Expiration: July 25, 2024	None
Capital increase reserved for qualified investors or a restricted group of investors without preferential subscription rights in their favor	20 million shares in one or more tranches and 20% of the share capital per year (included in the limit of 100 million shares) Expiration: July 25, 2024	None
Determination of the issue price of shares in the event of cancelation of preferential subscription rights	10% of the share capital per year Expiration: July 25, 2024	None
Capital increase with cancelation of pre-emptive subscription rights of shareholders for the benefit of categories of persons (1)	100 million shares in one or more tranches (included in the ceiling of 100 million shares) Expiration: November 25, 2023	None
Authorization granted to increase the number of shares, stock or securities to be issued in the event of a capital increase with or without shareholders' preferential subscription rights	15% of the initial issue Expiration: July 25, 2024	None
Capital increase with cancelation of shareholders' preferential subscription rights to compensate share tenders, in the case of a public exchange offer	100 million shares in one or more tranches (included in the ceiling of 100 million shares) Expiration: July 25, 2024	None
Capital increase with cancelation of shareholders' preferential subscription rights to remunerate contributions in kind relating to equity securities or securities giving access to the capital of companies	10% of the share capital (included in the limit of 100 million shares) Expiration: July 25, 2024	None
Award of free shares in the Company to Company and Group employees without preferential subscription rights	300,000 shares existing or to be issued Expiration: July 25, 2025	102,000

(1) These categories of persons include: (1) in the context of an industrial or strategic agreement with the Company, (i) industrial or commercial companies in the pharmaceutical/biotechnology sector, or (ii) investment companies or fund management companies, or (iii) collective investment funds, whether under French or foreign law, or (iv) any other legal entity (including a trust) or individual, investing in the pharmaceutical/biotechnology sector, or (2) in the context of an offer referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code for French investors and by the equivalent provisions for foreign investors, (i) industrial or commercial companies in the pharmaceutical/biotechnology sector, or (ii) investment companies or fund management companies, or funds managing collective savings schemes, under French or foreign law, investing in the pharmaceutical/biotechnology sector, or (iii) any other legal entity (including a trust) or individual investing in the pharmaceutical/biotechnology sector, meeting, in each of the cases referred to above, the criteria for participating in such an offer, or (iv) French or foreign investment services providers capable of guaranteeing such a transaction.

6.1.6 Information on the stock of any member of the Group subject to an option or a conditional or unconditional agreement to place it under option

None.

6.1.7 Changes to share capital

CHANGE IN EQUITY OVER THE PAST THREE YEARS

Fiscal year	Type of transaction	Number of securities	Capital increase *(in €)*	Share issuance premium *(in €)*	Total issuance premiums *(in €)*	Amount of subscribed capital *(in €)*
2020	Increase of share capital (2)	575,870	575,870	-	-	83,841,334
2020	Capital reduction (3)	83,841,334	(41,920,667)	-	-	41,920,667
2021	Increase of share capital (1)	13,930,000	6,965,000	1.95	27,163,500	48,885,667
2022	Increase of share capital (2)	2,432,737	1,216,368.50	-	-	50,102,035.50

(1) Capital increase by issuing new shares.
(2) Capital increase by vesting free shares to Company employees.
(3) Capital reduction by €0.50 per share reduction in the nominal value of the shares.

Change in shareholder structure over the past three years (see Section 6.2.1 "Name of any person not a member of an administrative or management body directly or indirectly holding more than 5% (legal reporting threshold) of the Company's capital or voting rights").

6.2 PRINCIPAL SHAREHOLDERS

6.2.1 Name of any person not a member of an administrative or management body directly or indirectly holding more than 5% (legal reporting threshold) of the Company's capital or voting rights

The following table shows the breakdown of capital and voting rights of the Company as of December 31, 2022, based on an analysis of bearer share ownership conducted at the Company's request in January 2023 and the distribution as of the end of 2021 and 2020. There is no shareholder apart from the majority shareholder TSGH that owns more than 5% of share capital.

	As of Dec. 31, 2020			As of Dec. 31, 2021			As of Dec. 31, 2022		
Shareholder	Number of shares	% of capital	% of voting rights[1]	Number of shares	% of capital	% of voting rights[1]	Number of shares	% of capital	% of voting rights[1]
TSGH [1]	50,323,665	60.02	71.7	60,527,665	61.91	71.67	60,527,665	60.4	73.39
SITAM Belgium*	4,144,856	4.94	3.5	4,824,856	4.93	3.60	4,824,856	4.13	3.19
Other shareholders [2]	29,372,813	35.04	24.8	32,418,813	33.16	24.72	34,851,550	34.78	23.07
Total	**83,841,334**	**100**	**100**	**97,771,334**	**100**	**100**	**100,204,071**	**100**	**100**
Dilutive impact stock options + free shares awarded [3]	2,048,922	2.27	1.6	4,198,430	4.29	3.13	1,836,134	1.83	1.21
TOTAL DILUTED	**85,890,256**			**101,969,606**			**102,040,205**		

(1) Article 8 of the articles of association grants double voting rights to all fully paid registered shares, registered in the name of the same shareholder for at least three years. In accordance with the provisions of Article L. 233-8 of the French Commercial Code, Transgene publishes monthly (if the information has changed since the last monthly publication) the total number of shares and voting rights on the AMF website and on its own site www.transgene.fr. As of December 31, 2020, the total number of shares was 83,841,334; the total theoretical number of voting rights was 119,778,384, of which the number of exercisable voting rights was 119,593,384.
As of December 31, 2021, the total number of shares was 97,771,334; the total theoretical number of voting rights was 133,880,688, of which the number of exercisable voting rights was 133,704,188. As of December 31, 2022, the total number of shares was 100,204,071; the total theoretical number of voting rights was 151,326,997, of which the number of exercisable voting rights was 151,040,561. No limitation has been placed on voting rights. The double voting rights attached to a share disappear the day the security is assigned or converted to the bearer.

(2) To the Company's knowledge, no other shareholders directly or indirectly own, alone or in concert, over 5% of the equity or voting rights. As of December 31, 2022, the Company held 286,436 of its own shares through a liquidity program. The total percentage of employee ownership is less than 2%. Since it is insignificant, the Company does not monitor employee shareholdings. There are not, to the knowledge of the Company, any concert parties or agreements between shareholders.

(3) Taking into account the 1,836,134 free shares outstanding at December 31, 2022, allocated exclusively to employees of the Company and its subsidiary Transgene, Inc., including members of the Executive Committee and the executive corporate officers (Alessandro Riva, Chairman of the Board of Directors, Mr. Hedi Ben Brahim, Chief Executive Officer and Mr. Christophe Ancel, Responsible Pharmacist and Deputy Chief Executive Officer). The potential dilution represents 1.83% of the issued capital of the Company.

* *Formerly "Dassault Belgique aviation".*

6.2.2 Special voting rights of principal shareholders

There are no different voting rights for major shareholders. Pursuant to Article 8 of the articles of association, double voting rights are granted to all fully paid registered shares registered in the name of the same shareholder for at least three years, regardless of the number of shares held by the holder.

6.2.3 Controlling shareholder

The Company's capital is 60.40% (73.39% of the voting rights) owned by TSGH SAS, which is in turn 100% owned by Institut Mérieux, which is owned by the Mérieux family. No specific measure limits the powers of the principal shareholder. The Company refers to the Code of Corporate Governance for small- and mid-cap companies. The Board of Directors includes 10 members, five of whom qualify as independent using the criteria defined in the Middle Next Corporate Governance Code, as applied by the Company. One independent director, Mr. Habert, is connected with the Dassault Group, which holds 4.13% of the Company's stock (3.19% of the voting rights) through a family relationship and in his capacity as Chairman and member of the Dassault Development Strategy Committee. Moreover, a majority of the Audit Committee and Compensation Committee consists of independent directors (two out of three members).

6.2.4 Agreement that may result in a subsequent change of control of the Company

To the Company's knowledge, at the date of this Document there is no agreement that could at a later date, if enforced, bring about a change in the controlling interest of the Company, nor pact outside the articles of association, or any anti-takeover measure, or specific powers of representation or appointment to executive bodies.

6.3 ARTICLES OF INCORPORATION AND ARTICLES OF ASSOCIATION

6.3.1 Corporate purpose (Article 2 of the Articles of Association)

The purpose of the Company, both in France and abroad, on its own behalf and on behalf of third parties:

- consists in all research, development, studies for the refinement of production processes and marketing, preclinical and clinical development, production and marketing of all products and processes in the areas of bioindustry, biotechnology and, more specifically, genetic engineering, principally for the purpose of experimenting, developing and exploiting medications for human and veterinary medicine, and generally the application of all sciences and techniques that might add to the development of said products and processes;
- the creation, acquisition, by any means, and the operation in any form of any Company connected directly or indirectly with these activities, as well as investment by any means in such companies;
- group financing activities;
- the supply of all types of support to companies that belong to the Group of companies to which the Company belongs;
- and more broadly, all commercial, industrial, securities, property and financial transactions involving any kind of asset that might relate directly or indirectly to the foregoing purpose or that might lead to its achievement, expansion or development.

6.3.2 Administration of the Company

Board of Directors (excerpts and summaries from the relevant sections of the Articles of Association and regulations)

The Company is administered by a Board composed of at least three and at most 15 members, subject to applicable regulatory and legal exceptions.

The directors are appointed for a period of three years. The renewal of the terms of office is carried out on a staggered basis, to ensure that the number of terms of Board members expiring is as regular as possible each year. Exceptionally, for the purpose of staggering, the Ordinary General Meeting may appoint a director for a duration of one, two or four years. Their directorship ends at the end of the Ordinary General Meeting approving the financial statements for the prior fiscal year, which is held during the year in which their term expires. The terms of office of current directors will be extended accordingly to correspond to the new term in force.

The directors may be re-elected and may be recalled by the General Meeting at any time. In the event of a vacancy of one or more seats, the Board may, in the manner prescribed by law, make provisional appointments. The directors so appointed do not serve longer than the remainder of their predecessor's term, and their appointment must be ratified by the following Ordinary General Meeting.

The Board of Directors elects from among its members who are individuals a Chairman and, possibly, one or more Vice-Chairmen, and sets their term of office that not exceed their directorship, nor the time remaining from their appointment to the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year in which the Chairman reaches 67 years of age.

However, the Board may under exceptional circumstances extend the period, fiscal year by fiscal year, as long as this extension does not exceed two fiscal years.

In the event of the absence or incapacity of the Chairman, the Board shall appoint a Chairman *pro tempore* from among the Vice-Chairs or, failing that, the directors.

The Board may also appoint a Secretary, who may or may not be a shareholder.

The Board of Directors proceeds with the controls and verifications it deems appropriate. The Chairman or the Chief Executive Officer of the Company is required to provide each Director with all the documents and information necessary for the performance of their duties.

The Chairman of the Board of Directors shall represent the Board of Directors. He organizes and directs its work and reports back to the General Meeting. He ensures the proper operations of the Company's bodies, and, specifically, that the directors are capable of fulfilling their duties.

Subject to the terms of the paragraphs above, the Board of Directors may delegate to one or more of its members or third parties, whether or not they are shareholders, any type of specific mandate for one or more specific objects, under conditions it defines, with or without potential substitution, to proceed with all studies and inquiries. When this occurs, the Board defines compensation, both fixed and proportional.

If a director is given a paid term of office, then the provisions of Articles L. 225-38 et seq. of the French Commercial Code shall apply.

If the Board of Directors decides to separate the positions of Chairman and Chief Executive Officer, subject to the powers that the law confers expressly on shareholders' Meetings as well as the powers that are specially reserved to the Board of Directors and within the limitations of the corporate purpose, the Chief Executive is invested with the broadest powers to act in the Company's name under all circumstances and represent it in relations with third parties.

On a recommendation from the Chief Executive Officer, the Board of Directors may appoint one or more persons to assist the Chief Executive Officer with the title of Deputy CEO.

The number of Chief Operating Officers may not exceed five.

If they are directors of the Company, the Chief Executive Officer and Chief Operating Officers may not be appointed for longer than their term as directors.

The term of office of Chief Executive Officer or Deputy Chief Executive Officer may only be conferred on a person, whether a director or not, providing that they have not reached the age of sixty-five (65) on the date of the decision to appoint or renew their term of office.

The Board of Directors sets the compensation of the Chairman of the Board, the Chief Executive Officer and, as applicable, the Deputy Chief Executive Officers. This compensation may be fixed or a combination of fixed and variable.

The directors are invited to the meetings of the Board of Directors by any means, including verbally. Pursuant to the legal and regulatory provisions, the rules of procedure of the Board of Directors may state that the directors who participate in the Board meeting by videoconference or telecommunication enabling their identification and ensuring their effective participation are deemed to be present for the purposes of calculating the quorum and majority.

In accordance with Article L. 225-37 of the French Commercial Code, decisions falling within the powers of the Board of Directors provided for in Article L. 225-24, in the last paragraph of Article L. 225-35, in the second paragraph of Article L. 225-36 and in I of Article L. 225-103 as well as decisions to transfer the registered office in the same department may be taken by written consultation of the directors.

Deliberations take place in quorum and majority conditions set out by law. In the event of a tie vote, the vote of the session's Chairman shall prevail.

A director may give his or her proxy to another director to represent him or her at a Board of Directors meeting.

Minutes are prepared and copies and excerpts of deliberations are issued and certified as defined by law. The Meeting Secretary is authorized to certify the copies and excerpts of General Meeting minutes.

The Responsible Pharmacist, who shall be licensed to practice in France (Table B of the Order) and shall file his license on behalf of the Company, will be responsible for the Company's compliance with the rules imposed by law and regulation governing the profession of pharmacist.

To this end, the Responsible Pharmacist has all the powers necessary to carry out, in the context of the Company's activities, all the missions provided for in Article R. 5124-36 of the Public Health Code.

In the event of a conflict between the Chairman and the Responsible Pharmacist, the Board of Directors will arbitrate without ever imposing a decision that runs counter to the law or regulations that might incur the liability of the responsible Pharmacist.

6.3.3 Share classes

Only one class of shares exists. Each share entitles the holder to one share proportional to the fraction of capital that it represents, in the Company's assets and earnings and in any liquidation surplus.

6.3.4 Shareholder rights

Shareholders' rights may only be changed, and in the manner prescribed by law, by an Extraordinary General Meeting that meets the conditions of quorum and majority set by the French Commercial Code. There is no more restrictive term in the articles of association. The Company capital may be changed pursuant to the terms of the law.

6.3.5 General Meetings (Article 21 of the articles of association)

General Meetings are called and deliberate pursuant to the terms of the law. Meetings take place either at the registered office or at another place specified in the meeting notice.

The right to take part in General Meetings is defined and justified in accordance with the provisions of Article R. 22-10-28 of the French Commercial Code.

For the calculation of the quorum and majority, are deemed present, if applicable, shareholders taking part in the meeting by videoconference or by means of telecommunications under the applicable legal and regulatory conditions, and as stipulated below.

Each shareholder may vote by mail or give a letter of proxy subject to the conditions stipulated by current regulations, and notably using a form prepared and received by the Company under the conditions set by law and the regulations.

If the Board of Directors so decides at the time of the meeting Notice, shareholders may also take part and vote in General Meetings by videoconference or by all means of telecommunications allowing his/her identification under the conditions and according to the modalities set by the current legal and regulatory provisions. The Board of Directors' decision to use telecommunications or videoconferencing technology will be published in the Notice to attend or the meeting notice.

The electronic form may be completed and signed directly on a site solely dedicated to this purpose using a code provided prior to the meeting. The letter of proxy or vote expressed before the General Meeting by electronic means, as well as the acknowledgment given, will be considered as irrevocable written instructions enforceable on all parties, it being stated that if a transfer of ownership of the shares takes place before the deadline set in compliance with applicable regulations for the registration, the Company shall invalidate or amend, as the case may be, proxies or votes expressed before such date and time.

General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman or by a director appointed for that purpose by the Board of Directors. Failing this, the assembly itself will elect a Chairman.

Minutes of General Meetings are prepared, and copies certified and delivered pursuant to the terms of the law. The Meeting Secretary is authorized to certify the copies and excerpts of General Meeting minutes.

A double voting right attached to registered shares recorded in the name of the same person for at least three years was established by the Extraordinary General Meeting of June 9, 2004, and incorporated into the articles of association (Article 8).

6.3.6 Provisions having the effect of delaying, deferring or preventing a change of control

None.

6.3.7 Threshold crossings

None. The obligations prescribed by current laws and regulations apply.

6.3.8 Conditions imposed by the articles of incorporation and articles of association, a charter or regulation that govern changes in capital when said conditions are stricter than legal provisions

None: no such terms exist for the Company.

6.4 HISTORY AND INFORMATION ABOUT THE COMPANY DURING THE FISCAL YEAR

6.4.1 Company name and commercial name

Transgene

6.4.2 Place and registration number of the issuer

The Company is registered in the Strasbourg Trade and Company Registry under identification No. RCS B 317 540 581. Its economic activity code (APE) is 7211Z (Biotechnology research and development).

The legal entity identifier (LEI) is 969500PDJW8N0FSGGK69.

6.4.3 Date of incorporation and duration

The Company was founded in December 1979 in France for a period of 99 years that expires on December 31, 2078.

6.4.4 Registered office, legal form and applicable law

A French limited Company (*société anonyme*) with a Board of Directors, governed by the French Commercial Code.

Transgene 400, boulevard Gonthier d'Andernach – Parc d'Innovation
67400 Illkirch-Graffenstaden
France
Tel.: +33 3 88 27 91 00.

6.5 INFORMATION ON EQUITY INVESTMENTS

The table of subsidiaries and equity investments is presented in Note 27 to the Company's annual financial statements (Section 5.3.2).

6.6 SHARE BUYBACK PROGRAM

6.6.1 Current position 2022

The share buyback program authorization was renewed by the Meeting of May 25, 2022.

In accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, the General Shareholders' Meeting of May 25, 2022, authorized the Board of Directors to trade Transgene stock for a period of 18 months, except during a public offering period for the Company's shares, for the purposes and in the manner prescribed by the share buyback program. The purchases must be made at a unit price no higher than €25 per share, with an overall purchase price of €20 million (or the foreign currency equivalent of these amounts on the same date) and in an amount no greater than 10% of the share capital at any one time.

In 2020, the Company made use of the authorizations to buy the Company's shares on the stock market in order to execute a liquidity contract with Natixis ODDO BHF SCA. The Company did not use any derivatives.

In 2022, under the liquidity contract, Natixis ODDO BHF:

- bought 681,407 shares for a total of €1,503,842, representing a weighted average value of €2.5077 per share;
- and sold 571,471 shares for a total of €1,292,214, representing a weighted average value of €2.5185 per share.

As of December 31, 2022, the Company directly held 286,436 shares for the purposes of creating liquidity under the liquidity contract (which represented around 0.28% of the capital), whose measured value at its price on December 31, 2022 (€1,65), was €474,910. At that same date, none of the treasury shares were allocated to covering stock-option plans or held for cancelation.

6.6.2 Description of the share buyback program pursuant to Articles 241-1 et seq. of the General regulation of the Autorité des marchés financiers (AMF)

Pursuant to Article 241-2 of the General regulation of the AMF, this paragraph constitutes the description of the buyback program that will be submitted to the General Meeting of May 25, 2022.

6.6.2.1 Number of shares and share of capital held by Transgene

As of December 31, 2022, the total number of shares held by Transgene was 286,436, representing 0.28% of Transgene's share capital. All of these shares were allocated with a view to liquidity under the liquidity contract.

6.6.2.2 Breakdown by objective of equity securities held as of December 31, 2022

As of December 31, 2022, Transgene's treasury shares were allocated as follows:

- 286,436 shares allocated for liquidity purposes.

The liquidity contract with Natixis ODDO BHF started on January 2, 2020. The Company did not cancel or re-allocate any treasury shares. The Company did not use any derivatives and does not have any open positions.

6.6.2.3 Objectives of the buyback program

Transgene intends to use its authorization to trade in its own shares under the share buyback program for the following purposes:

- to stimulate the market through an investment service provider acting independently under a liquidity contract in compliance with a Code of Conduct recognized by the AMF;
- to hold its shares in order to allocate them at a later date in payment or exchange as part of external growth operations undertaken by the Company;
- to allocate its shares upon the exercise of rights attached to securities entitling their owner to the Company's stock through conversion, exercise of options, redemption, or exchange, within the framework of stock exchange regulations;
- to cancel securities, notably in order to increase the return on equity and earnings per share and/or to offset the dilutive impact for the shareholders of capital increase transactions;

- to allocate shares to the employees or to the corporate officers of the Company and its subsidiaries according to the conditions and in the manner prescribed by law, notably in relation to the free allocation of shares, profit-sharing, stock option plans or Company savings plans.

This program is also intended to allow any market practice accepted by the AMF subsequently to this General Meeting and, more broadly, any transaction compliant with the regulations in force. In such a scenario, the Company will inform its shareholders by written communication.

6.6.2.4 Maximum share of capital, maximum number and characteristics of shares that Transgene proposes to acquire and maximum purchase price

The securities Transgene proposes to acquire are only shares.

Extract from the twenty-first resolution submitted to the General Meeting of May 5, 2023:

The General Meeting, acting under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors, votes to adopt the share buyback program described hereinafter and to that end, in accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, authorizes the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, to purchase the Company's shares:

- *resolves that the number of Company shares that may be repurchased shall be such that:*
  - *the maximum number of shares that can be purchased under this authorization may not exceed 10% of the total number of shares in the Company's share capital and, with regard to purchases made for subsequent use in payment or exchange in a merger, spin off or asset contribution, 5% of the total number of shares in the Company's share capital, it being noted that (i) these limits apply to the Company's share capital which shall, where necessary, be adjusted to reflect any transactions subsequent to this Meeting that may affect the share capital and that, (ii) if the shares are repurchased to increase the stock's liquidity as permitted by the AMF General regulation, the number of shares counted in the aforementioned 10% calculation shall be equal to the number of shares bought less the number resold during the period of this authorization, and*
  - *the acquisitions made by the Company may in no case lead it to hold, at any time, directly or indirectly, more than 10% of its share capital; [...]*
- *sets the maximum purchase price at €25 per share, and resolves that the maximum amount of funds set aside for this share buyback program may not exceed twenty million euros (€20,000,000);*

- *delegates to the Board of Directors, which may subdelegate under the conditions foreseen in Article L. 22-10-62 of the French Commercial Code, in the event of any change in the par value of the share, of a capital increase through the incorporation of reserves, of the allocation of free shares, of a share split or a reverse share split, of a distribution of reserves or any other assets, of the amortization of capital or any other transaction involving equity, the power to adjust the aforementioned purchase price so as to reflect the impact of said transactions on the value of the share;*

- *resolves that the purchase, sale, exchange or transfer of these shares may occur resolves that the purchase, sale, exchange or transfer of these shares may occur at any time, except during the period of a public offering for the Company's shares, on one or several occasions, and by any means, i.e., on a regulated market, on a multilateral trading facility, through systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares, by using financial instruments, notably derivatives traded on a regulated market or multilateral trading facility, by any means, i.e., on a regulated market, on a multilateral trading facility, through systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares, by using financial instruments, notably derivatives traded on a regulated market or multilateral trading facility, through systematic internalizers or over the counter, or by using warrants in the manner authorized by the laws and regulations in force at the time of the transactions in question and at such times as the Company's Board of Directors or a person acting on behalf of the Board shall choose; the maximum fraction of the share capital acquired or transferred in blocks may be the entire program [...].*

Taking into account:

- the 286,436 shares (or 0.28% of the share capital) already directly held by Transgene as of December 31, 2022;

- the 100,204,071 shares in the share capital as of December 31, 2022;

- that the buyback at this time could only involve 9,920,203 shares (9.90% of the share capital), based on a maximum share price of €25 per share for a maximum total amount of €20,000,000.

6.6.2.5 Terms of the buyback program

The purchase, sale, exchange or transfer of shares may occur by any means, *i.e.*, on a regulated market, on a multilateral trading facility, through systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares, by using financial instruments, notably derivatives traded on a regulated market or multilateral trading facility, through systematic internalizers or over the counter, or by using warrants in the manner authorized by the laws and regulations in force at the time of the transactions in question and at such times as the Company's Board of Directors or a person acting on behalf of the Board shall choose; the maximum fraction of the share capital acquired or transferred in blocks may be the entire program.

6.6.2.6 Duration of the buyback program

Pursuant to Article L. 22-10-62 of the French Commercial Code and to the resolution that shall be submitted to the General Meeting of May 5, 2023, this buyback program may be carried out during an 18-month period starting on the date of the General Meeting of May 5, 2023, *i.e.*, no later than November 6, 2024.

Pursuant to Article L. 22-10-62 of the French Commercial Code, the Company may not cancel shares thus repurchased beyond the limit of 10% (adjusted for any transactions affecting it subsequent to the closing of the Combined General Meeting of May 5, 2023) of the amount of the share capital in periods of twenty-four (24) months.

6.7 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

Annual General Meeting held to approve the financial statements for the fiscal year ended December 31, 2022

To the shareholders of Transgene S.A.,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the fiscal year ended December 31, 2021, of the agreements previously approved by the General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des *commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the General Meeting

We hereby inform you that we have not been notified of any agreements authorized and concluded during the fiscal year ended December 31, 2022, to be submitted to the General Meeting for approval in accordance with Article R. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the General Meeting

Agreements approved in prior fiscal years

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements, which were approved by the General Meeting in prior fiscal years, continued during the year ended December 31, 2022.

- **With Institut Mérieux (majority shareholder of TSGH S.A.S., in turn a majority shareholder of your Company)**

Persons concerned

Messrs. Hedi Ben Brahim, Jean-Luc Bélingard, Philippe Archinard and Ms. Sandrine Flory.

Nature and purpose

Service agreement between Transgene and Institut Mérieux as modified in 2020 by an amendment.

Conditions

The service contract provides for an allocation key for the cost of services rendered to all Institut Mérieux group companies based on three criteria: the payroll, revenue and non-current assets of each Company. This allocation key remains applicable except for internal audit services, which will be invoiced as follows, pursuant to the amendment:

- costs corresponding to specific missions of an exceptional nature for one of the companies of the Institut Mérieux group, as soon as they exceed a certain materiality threshold, will be invoiced directly to the relevant Company, without breakdown; and

- all other costs corresponding to other duties carried out by Institut Mérieux for the benefit of its subsidiaries will be allocated to each Institut Mérieux Company on the basis of two criteria: the number of employees and the number of countries in which the Company generates more than €2 million in revenue.

As of December 31, 2022, your Company has recorded an expense of €280,304 under this agreement.

An adjustment in respect of the 2021 fiscal year was recorded for the 2022 financial year, and your Company thus received a credit note in the amount of €34,740.

- **With the wholly owned subsidiary of ABL Europe S.A.S. (in turn wholly owned by TSGH S.A.S., in turn majority-owned by Institut Mérieux)**

Persons concerned

Messrs. Alain Mérieux, Jean-Luc Bélingard, Philippe Archinard and Ms. Sandrine Flory.

a) Nature and purpose

Within the scope of the sale of your Company's bioproduction asset to ABL Europe S.A.S., your Company signed a sublease agreement concerning a part of the quality control laboratory located at your Company's head office.

Conditions

The sublease agreement stipulates the terms of use by ABL Europe S.A.S. of a part of your Company's quality control laboratory.

As of December 31, 2022, your Company recorded an income amounting to €229,644 in respect of the sublease agreement concerning a part of the quality control laboratory located at your Company's registered office.

b) Nature and purpose

Within the context of the sale of your Company's bioproduction asset to ABL Europe S.A.S., your Company signed a Social Agreement concerning the redeployment of employees.

Conditions

This agreement sets forth the terms for the partial takeover of the employees assigned to bioproduction.

As of December 31, 2022, your Company recorded an expense amounting to €97,710 in respect of a mutually agreed termination covered by this agreement.

c) Nature and purpose

This agreement, entered into on May 23, 2019, to replace the previous Exclusive Services Agreement, sets forth the terms for the sale of bioproduction services by ABL Europe S.A.S. to your Company. The new agreement no longer contains any condition of exclusivity or business volume guarantee.

Conditions

As of December 31, 2022, your Company recorded an expense amounting to €2,094,362 in respect of this agreement.

In addition, we have been notified that the following agreements, which were approved by the General Meeting in prior years, were not implemented during the fiscal year ended December 31, 2022.

- **With Institut Mérieux, bioMérieux S.A., Mérieux NutriSciences Corporation, ABL Inc., Théra Conseil, Mérieux Développement, SGH S.A.S. and Fondation Mérieux**

Persons concerned

Messrs. Alain Mérieux, Jean-Luc Bélingard, Philippe Archinard and Ms. Sandrine Flory.

Nature and purpose

Agreement relating to the management of employee mobility within the Institut Mérieux group or Fondation Mérieux.

Conditions

For employees who have worked in the Institut Mérieux group's companies and whose length of service in these companies has been taken into account without financial compensation, the costs relating to the termination of those employees' employment contracts and/or retirement will be allocated to the companies concerned according to an equitable economic allocation key. These costs will henceforth be allocated in proportion to the remuneration paid by each Institut Mérieux group Company that has benefited from the employees' services, excluding remuneration having served as a base for the payment of a previous termination indemnity.

As of December 31, 2022, your Company was not billed under this agreement.

- **With the companies ElsaLys Biotech S.A.S. and TSGH S.A.S. (majority shareholder in your Company)**

Persons concerned

Messrs. Hedi Ben Brahim, Jean-Luc Bélingard, Philippe Archinard, and Ms. Sandrine Flory.

Nature and purpose

At the time of the execution of this agreement on April 9, 2020, your Company held an 8.25% stake in ElsaLys S.A.S., and TSGH S.A.S. held a 9% stake in ElsaLys S.A.S. These equity investments were transferred on April 9, 2020, to the Mediolanum group. In the context of this transfer, an agreement was signed concerning the claim of €1 million excluding tax held by your Company over ElsaLys S.A.S.

Conditions

This receivable of €1 million excluding tax, fully depreciated as of December 31, 2019, was recovered in the amount of €957,494 following the agreements signed at the time of the sale of ElsaLys S.A.S. including:

- €500 thousand excluding tax will be paid by the Mediolanum group according to a contractual schedule.
- €457,494 excluding taxes which will be paid by the former shareholders of ElsaLys S.A.S., including TSGH S.A.S; 75% of this sum was paid at the time of the transaction, the remaining 25% will be paid by the end of 2025 at the latest.

As of December 31, 2022, the outstanding balance of TSGH amounts to €33,807, as no payments were received during the fiscal year 2022.

Lyon and Strasbourg, March 31, 2023

The Statutory Auditors

GRANT THORNTON
French Member of Grant Thornton International
Jean Morier
Partner

KPMG S.A

Stéphane Devin
Partner

6.8 EMPLOYEES

6.8.1 Workforce

See the workforce table in Section 4.5.1.

6.8.2 Profit-sharing agreement

A profit-sharing agreement has existed since 1993, pursuant to the regulations in force. In light of the Company's loss-making position, no profit has been shared with employees under this agreement as of the date of this Registration Document.

6.8.3 Incentive agreement

The Company set up a profit-sharing agreement in 2022. The conditions allowing the payment of profit-sharing to employees were not met in fiscal year 2022.

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ADDITIONAL INFORMATION

7.1 PERSON RESPONSIBLE

7.1.1 Person responsible for the information

Mr. Hedi Ben Brahim,
Chief Executive Officer

7.1.2 Declaration by the person responsible

I, the undersigned, hereby certify that the information contained in this Universal Registration Document gives, to the best of my knowledge, a true and fair view of facts and is free from material misstatements.

I hereby certify that, to my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and profits and losses of the Company and of all the companies within the scope of consolidation, and that the management report on pages 251 to 259 presents a true and fair view of the business, profits and financial position of the Company and of all the companies within the scope of consolidation and a description of the principal risks and uncertainties they face.

Illkirch-Graffenstaden, April 4, 2023

Hedi Ben Brahim,
Chief Executive Officer

7.2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.2.1 Statutory Auditors

STATUTORY AUDITORS

KPMG S.A. Tour EQHO 2 avenue Gambetta CS 60055 92066 Paris- La Défense Cedex represented by Stéphane Devin	**Grant Thornton** 44, quai Charles de Gaulle 69006 Lyon represented by Jean Morier
KPMG SA is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre*.	Grant Thornton is a member of the *Compagnie régionale des commissaires aux comptes de Versailles et du Centre* and of the Grant Thornton International Ltd. network.
DATES OF APPOINTMENT AND EXPIRATION OF TERM	
Appointed May 25, 2022, until the General Meeting called to approve the 2027 financial statements.	Appointed May 24, 2016, and renewed May 25, 2022 until the General Meeting called to approve the 2027 financial statements.

7.2.2 Statutory Auditors' fees

	Audit and related services						
	Statutory Auditors, certification, examination of statutory and consolidated financial statements		Services required by law		Sub-total	Other services provided	Total
(in € thousands)		of which issuer		of which issuer			
KPMG							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	-	-	-	-	-	-	-
%	-	-	-	-	-	-	-
GRANT THORNTON							
2022	**66**	**66**	**30**	**30**	**96**	**-**	**96**
%	69%	69%	31%	31%	100%	-	100%
2021	63	63	-	-	**63**	-	**63**
%	100%	100%	-	-	100%	-	100%
ERNST & YOUNG ET AUTRES							
2022	-	-	**18**	**18**	**18**	-	**18**
%	-	-	100%	100%	100%	-	100%
2021	83	83	12	12	**95**	-	**95**
%	87%	87%	13%	13%	100%	-	100%

7.3 INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

None.

7.4 DOCUMENTS AVAILABLE TO THE PUBLIC

In application of Article 19 of 2017/1129 European Regulation of the European Parliament and of the Council of June 14, 2017, the following information are incorporated by reference in this document:

- For fiscal year 2021:
  - consolidated financial statements and the corresponding Statutory Auditors' report contained in Sections 5.1 (pages 128 to 163) and 5.2 (pages 164 to 169),
  - annual financial statements and the corresponding Statutory Auditors' report contained in Sections 5.3 (pages 170 to 193) and 5.4 (pages 194 to 199),
  - review of financial position and the income (loss) contained in Section 1.3.3 (pages 42 to 44),
  - the investments contained in Section 1.3.5 (page 45);

of the 2021 Universal Registration Document filed with the AMF dated April 6, 2022, under the No. D.22-0250. (1)

- For fiscal year 2020:
  - consolidated financial statements and the corresponding Statutory Auditors' report contained in Sections 5.1 (pages 126 to 162) and 5.2 (pages 163 to 168);
  - annual financial statements and the corresponding Statutory Auditors' report contained in Sections 5.3 (pages 169 to 191) and 5.4 (pages 192 to 197),
  - review of financial position and the income (loss) contained in Section 1.3.3 (pages 42 to 44),
  - the investments contained in Section 1.3.5 (page 45).

of the 2020 Universal Registration Document filed with the AMF dated April 1, 2021, under the no. D.21-0248. (2)

Throughout the validity period of this Registration Document, the following documents may be consulted:

- the corporate articles of association;
- all the reports, correspondence and other documents, background financial information, evaluations and declarations prepared by experts at the Company's request, a portion of which is included or referred to in the Registration Document;
- the Company's historical financial information and that of its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document;
- the Board's rules of procedure.

These documents can be consulted on the website: www.transgene.fr or requested from Jean-Philippe Del, Chief Financial Officer.

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(1) https://www.transgene.fr/wp-content/uploads/URD-Transgene-2021-EN.pdf

(2) https://www.transgene.fr/wp-content/uploads/TRANSGENE_URD_2020-EN.pdf

7.5 CROSS-REFERENCE TABLES

In order to facilitate the reading of the Universal Registration Document, the following table identifies the main information required by Annex 1 of European Regulation No. 2019/980.

		Section of the Universal Registration Document
1.	**Persons responsible**	**7**
1.1	Name and position	7.1.1
1.2	Declaration by the person responsible	7.1.2
1.3	Expert declaration and declaration of interests	N/A
1.4	Third-party information	7.3
1.5	Statement by the competent authority	N/A
2.	**Statutory Auditors**	**7**
2.1	Statutory Auditors	7.2.1
2.2	Statutory Auditors who resigned, having been relieved of their engagement or not having been re-engaged during the period covered	N/A
3.	**Risk factors**	**2**
4.	**Information about the issuer**	**6**
4.1	Legal and trade name of the Company	6.4.1
4.2	Place, registration number and LEI of the Company	6.4.2
4.3	Date of incorporation and term of the Company	6.4.3
4.4	Company registered office, legal form, governing law and website	6.4.4
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5.2	Principal markets	1.2.6
5.3	Major events	1.3.1 and 7.7
5.4	Strategy and objectives	1.2.1.1
5.5	Dependence of the issuer on patents, licenses, contracts and manufacturing processes	2.6
5.6	Issuer's competitive position	1.2.6
5.7	**Investments**	**1, 5**
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5.7.2	Major investments in progress or for which firm commitments have been made	1.3.5
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5.7.4	Environmental issue that might influence the issuer's use of its property, plant and equipment	N/A
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6.2	List of major subsidiaries	1.2.7.2
7.	**Review of financial position and income (loss)**	**1, 5, 7**
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7.1.2	Probable change in issuer's business activities and R&D activities	7.7
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7.2.1	Important factors, unusual or infrequent events or new developments	1.3.3, 5.1, 5.3
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		Section of the Universal Registration Document
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8.1	Information on the issuer's equity	1.3.4
8.2	Issuer's cash flow	1.3.4
8.3	Issuer's financing needs and financing structure	1.3.6
8.4	Restrictions on the use of the issuer's equity	N/A
8.5	Financing sources of expected cash flows	1.3.4
9.	**Regulatory environment**	**2.4.5**
10.	**Information about trends**	**1.3.6.1**
10.1	Main trends affecting production, sales and inventories, costs and selling prices and significant changes in the Group's financial performance since the end of the last fiscal year up to the date of registration of the Universal Registration Document	1.3.6.1
10.2	Known trend, uncertainty or demand or commitment or event reasonably likely to materially affect the outlook, at least for the current fiscal year	1.3.6.1
11.	**Forecasts or estimates of profit (loss) for the period**	**1.3.6.2**
12.	**Administrative, management, oversight and general management bodies**	**3**
12.1	Composition of the administrative, management, oversight and general management bodies	3.1
12.2	Conflicts of interest affecting the administrative, management, oversight and general management bodies	3.3.1.5
13.	**Compensation and benefits**	**3**
13.1	Compensation, benefits in kind, options and stock awards granted to the corporate officers	3.8
13.2	Total amount provisioned for the payment of pensions, retirement, and other benefits	3.8.2
14.	**Functioning of administrative and management bodies**	**3**
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14.2	Service contract linked to the Company's administrative, management or supervisory bodies	3.3.1.4
14.3	Audit Committee and Compensation Committee	3.4.3
14.4	Statement on Corporate Governance	3.2.1
14.5	Impact of future changes in the composition of Boards and committees	3.4.2
15.	**Employees**	**3.9, 4.5, 6.8**
15.1	Human resources	4.5.1
15.2	Equity investments and stock options	3.9.1
15.3	Employee share ownership agreement	6.8.2
16.	**Principal shareholders**	**6.2**
16.1	Shareholders owning more than 5% of the share capital or voting rights	6.2.1
16.2	Existence of different voting rights	6.2.2
16.3	Control of the Company by the principal shareholders	6.2.3
16.4	Shareholder agreements	6.2.4
17.	**Related-party transactions**	**6.5, 6.7, 5.3 Notes 19 and 28**

		Section of the Universal Registration Document
18.	**Financial information concerning the assets, financial position, and results of the Company**	**1, 2, 5, 7.4**
18.1	Background financial information	1.3, 5.1, 5.3
18.1.1	Audited historical financial information for the last three fiscal years and the auditors' report prepared for each of those three periods	5.1, 5.3, 7.4
18.1.2	Change in accounting baseline date	N/A
18.1.3	Accounting standards	5.1.2 Note 1
18.1.4	Change in accounting standards	N/A
18.1.5	Financial statements (French GAAP)	5.3
18.1.6	Consolidated financial information	5.1
18.1.7	Date of latest financial information	5.1.3
18.2	Interim and other financial information	5.1.3
18.3	Audit of historical annual financial information	5.2, 5.4, 7.4
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18.5	Dividend policy	1.3.3
18.6	Legal and arbitration proceedings	2.6.2
18.7	Significant change in the issuer's financial position	1.3.6.3
19.	**Additional information**	**6**
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19.1.2	Number and main features of shares not representing capital	6.1.2
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19.1.4	Convertible securities, exchangeable securities or securities with warrants	6.1.4
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21.	**Documents available**	**7.4**

Cross-reference table between the Universal Registration Document and the Annual Financial Report

The cross-reference table below enables the main information stipulated in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General regulation of the French Financial Markets Authority (Autorité des Marchés Financiers) to be identified.

Headings	Sections
Transgene annual financial statements	5.3, 7.4
Transgene consolidated financial statements	5.1, 7.4
Management report *(including at a minimum the information indicated in Articles L. 225-100, L. 22-10-35, and L. 225-211 paragraph 2 of the French Commercial Code)*	7.7
Information contained in Articles L. 225-100 and L. 225-100-1 and L. 22-10-35 of the French Commercial Code	
▪ Analysis and change in business, results and debt situation	1.3
▪ Key financial and extra-financial performance indicators	1.1
▪ Use of financial instruments by the Company	5.1 Note 25
▪ Main risks and uncertainties	2
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Cross-reference table between the Universal Registration Document and the management report

This Registration Document includes all of the items of the management report required by legal and regulatory provisions. The table below identifies the pages of this Registration Document that comprise the main items of the management report.

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Recent events	1.3.1
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7.6 GLOSSARY

Antibody: antibodies are proteins used by the immune system to identify and neutralize foreign bodies such as bacteria and viruses. The antibody binds itself to a specific location on its target, called the antigen. This binding activates several functions of the immune system, since antibodies have different modes of action depending on their type: some neutralize or disarm the antigens directly while others prepare them for destruction by white blood cells.

Cytokine: a large category of small proteins involved in the immune defense system. Some cytokines boost or inhibit the immune system, as needed.

Cytolysis – cytolytic: tending to dissolve (destroy) cells. The cytolysis may be caused by the T lymphocytes (a specific immune response) or by an oncolytic virus.

Gene: the functional and physical unit of heredity, transmitted from parent to child. Genes are components of DNA and most of them contain the information necessary to manufacture a specific protein.

GM-CSF (granulocyte-macrophage colony stimulating factor): a cytokine that acts as a growth factor on white corpuscles, especially granulocytes, macrophages and cells that become platelets. BT-001 contains a sequence that codes for GM-CSF.

ICI, Immune checkpoint inhibitor or blocker: new immunotherapy treatment based on monoclonal antibodies. Since 2015 several ICIs have been authorized. Their mechanism of action primarily involves interactions between PD-1 and PD-L1 or CTLA4.

Interleukin 2 (IL-2): a cytokine that stimulates the growth of certain cells in the immune system involved in the defense of the organism.

Lymphocytes: immune cells (white corpuscles) produced by bone marrow and found in blood and lymph. The two principal types of lymphocytes are B cells and T cells. B lymphocytes produce antibodies, and T cells help destroy tumor cells and control the immune response.

Metastasis: the spread of cancer cells from one part of the body to another.

MVA (Modified *Vaccinia* Ankara): a highly attenuated strain of the vaccine developed towards the end of the campaigns to eradicate smallpox. MVA is an attenuated virus often used to develop vaccines for antigen expression. MVA is a strain of choice for clinical trials due to its excellent safety profile and its ability to induce specific immune responses against vectorized antigens. TG4001 and TG4050 resulted from MVA.

Neoantigen: an antigen normally not expressed in the organism and induced by tumors. These are specific to the tumor. Several published papers attest to their strong immunogenic power. They are the cornerstone to the *myvac*® approach.

Objective tumor response: an objective tumor response is measurable. It is most often evaluated with medical imaging and is one of the major indicators in evaluating a cancer therapy.

Oncolytic virus: a virus that selectively infects cancer cells and destroys them. When the infected cancer cells are destroyed by lysis, they liberate new infectious viral particles that in turn help destroy the surrounding tumor cells. Besides directly destroying tumor cells, oncolytic viruses stimulate tumor-fighting immune responses in the patient. TG6002 and BT-001 are oncolytic viruses. A first oncolytic virus, Imlygic®, has been authorized for patients with metastatic melanomas.

PD-1, PD-L1: the PD-1 molecule, found on the surface of t-cells, binds to the PD-L1 molecule on the surface of certain cancer cells. This interaction prevents the T-lymphocyte from acting on the abnormal cell and allows the tumor to grow. By inhibiting PD-1 or PD-L1, the ICIs help the immune system to once again be able to eliminate cancer cells. These markers, however, are expressed in patients to varying degrees. When patients have a high level of PD-L1s, ICIs have shown genuine efficacy with certain diagnoses. When the PD-L1 level is low or undetectable ("negative PD-L1" patients), ICIs have not, to date, shown sufficient efficacy.

Phase I (clinical study): first trial stage of a medication in humans. The Phase I study tests treatment on a small number of people in order to evaluate safety and the maximum dose tolerated.

Phase II (clinical study): Phase II clinical studies include a greater number of patients than Phase I and are designed to evaluate the safety, dosage and sometimes the effectiveness of the new drug or treatment.

Phase III (clinical study): Phase III clinical studies can involve hundreds or thousands of patients depending on the disease, and are designed to evaluate the safety and effectiveness of a drug in a controlled setting.

Proof of concept: first demonstration of the mechanism of action or first sign of efficacy. It is obtained following preliminary and physical experiments, in preclinical and clinical trials (Phase I or II). This important stage is necessary to continue the development of a candidate medication. The proof of concept must be validated by larger studies such as Phase II or III clinical trials.

Protein: a molecule made up of chains of units called amino acids. There are 21 of these amino acids. These molecules play a number of roles: structural, as sensors, for repair, etc.

Protocol: the detailed plan of a scientific or medical experiment, a treatment or procedure. The protocol of a clinical trial describes what is done, how and why.

Poxvirus: a large family of DNA viruses, the best known of which are the vaccine viruses that enabled the global eradication of smallpox in the late 1970s. Because it is so effective, this virus family is now used for other infectious diseases (HIV, tuberculosis, RSV) or in oncology (therapeutic vaccines, oncolytic virus).

Randomized: in a randomized clinical trial, the patients are assigned by chance to separate groups to compare different treatments.

Refractory: a disease is said to be refractory or resistant if it does not respond to a treatment.

Solid tumor: an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors can be benign (non-cancerous) or malignant (cancerous).

Stage: the level of growth of a cancer. Stage is generally determined by the volume of the tumor, whether or not the lymph nodes have been affected and by the extent to which the cancer has spread from the original site to other areas of the body. Stages run from 0 to IV, with IV being the most advanced stage.

T cells or T lymphocytes: type of white blood cells belonging to the immune system and developing from stem cells in bone marrow. They help protect the body from infections and can help fight cancer. Transgene immunotherapies are designed to increase the immune response primarily by activating these T cells.

Targeted therapy: a treatment that uses drugs to specifically identify, block or destroy cancer cells, with less damage to normal cells.

Therapeutic vaccines: their purpose is to induce innate and adaptive immune responses by triggering a cascade of immune reactions that result in the production of T lymphocytes that specifically destroy the tumor/infected cells.

Tumor antigen: an antigen is a substance that causes the body to build an immune defense against it. Antigens can be produced by the organism itself (self-antigens) or from the environment (non-self). These include toxins, chemicals, bacteria, viruses, parasites or other substances external to the body. Antigens characteristic of tumor or infected cells can be vectorized and integrated into our immunotherapies. Thus, the hepatitis B virus surface antigen has been integrated into TG1050; HPV-16 E6 and E7 antigens were integrated into TG4001 to increase the immune response against the cells expressing them. Some tumor antigens are specific to each tumor or patient, called neoantigens.

Viral vaccine vector: an attenuated form of a virus transporting one or several antigens. The vector is used to produce one or more antigens in the organism and stimulate the immune system, forcing it to mount an immune response against the targeted antigen(s).

Some definitions were adapted from the online dictionary of the National Cancer Institute at www.cancer.gov.

7.7 APPENDIX: MANAGEMENT REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Ladies and Gentlemen,

We have called this Ordinary General Meeting to approve the financial statements for the fiscal year ended December 31, 2022, and to vote on several other resolutions.

This management report, in addition to the topics it is legally obliged to cover, discusses the business and operations of our Company during the fiscal year ended, points out the key events, analyzes the financial statements and provides an outlook for 2023.

Positive data on key clinical candidates delivered in 2022 – Promising outlook for 2023 as industry interest in therapeutic cancer vaccines and oncolytic viruses gains significant momentum

Key achievements in 2022 and expected near-term news flow

Therapeutic Cancer Vaccines

TG4001: Positive result from interim analysis of randomized Phase II trial in HPV-positive anogenital cancers

With TG4001, Transgene aims to bring a new solution to patients with HPV-positive anogenital cancers who currently have very limited second-line treatment options.

In November 2022, Transgene announced that following a prespecified interim analysis of its randomized, Phase II clinical study comparing TG4001 in combination with avelumab vs avelumab alone in patients with HPV16-positive anogenital tumors, the Independent Data Monitoring Committee (IDMC) has recommended the study continue.

Based on progression-free survival (PFS) and positive efficacy signals observed in the interim analysis, the trial is now expected to enroll a total of 120 patients compared to the initial forecast of 150 patients.

Transgene anticipates the last patient to be randomized in the trial in the first half of 2024, and final results to be communicated in 2024. Based on the positive outcome of the interim analysis, we are already working on the initial design of a potentially registrational trial to further confirm the benefit of this therapeutic vaccine.

TG4050: Strong clinical and commercial potential confirmed by initial data from the two ongoing Phase I trials – Transgene is preparing a Phase II trial in head and neck cancers

The personalized therapeutic vaccine TG4050 is intended to extend the remission of patients at high risk of relapse.

In the randomized Phase I trial in head and neck patients, following surgery and radio-chemotherapy, the latest data reported was as of the end of August 2022, when 20 of the 30 planned patients had been randomized.

All 10 evaluable patients who were vaccinated with TG4050 remained stable and in complete response at the cutoff date. This contrasts with the control group where 2 out of the 10 patients, who did not receive the vaccine, have relapsed. Transgene expects treatment start of the last patient in this Phase I trial in the first half of 2023.

In the current Phase I ovarian cancer trial (n=5), one patient treated after an elevation of CA-125 experienced a normalization of CA-125 without clinical progression for nine months until death from an unrelated chronic illness. Another patient was treated upon onset of radiological evidence of relapse and remained stable for 11.4 months. Although enrollment in this trial has been completed, treatment of patients is significantly delayed by the recent registration of PARP inhibitors, extending the time to relapse, which is required before they can receive treatment with TG4050.

Transgene has also produced data on circulating tumor DNA (ctDNA); signals of this increasingly validated surrogate marker of efficacy are particularly encouraging. Combined with the first signs of clinical activity, these results suggest that the individualized TG4050 vaccine has the potential to extend the period of remission, potentially offering a new treatment option for cancer patients.

In the two clinical studies, enrollment has been completed. To date, TG4050 vaccine has been well tolerated and no related Serious Adverse Events have been reported. Patient enrolment has been completed.

The Company is preparing a Phase II trial in head and neck cancers. Positive data from this upcoming trial could be used for a potential registration of TG4050.

Further information on TG4050 will be communicated following the presentation of a poster at the American Association for Cancer Research (AACR) Annual Meeting (April 2023).

Oncolytic Viruses

TG6002: New data support the potential of intravenous administration of Invir.IO®-based oncolytic viruses – Key competitive advantage

Clinical data generated with TG6002, has enabled Transgene to confirm the mechanism of action, competitive advantages and safety of Invir.IO® based oncolytic viruses.

Data generated on 37 patients treated in the Phase I study assessing its intravenous administration (IV) have been presented at the European Society for Medical Oncology (ESMO) Annual Congress (September 2022).

These findings support the potential of IV administration of Invir.IO®-based oncolytic viruses, extending the use of these therapies to a much broader range of solid tumors. At present the use of oncolytic viruses is limited by their intratumoral administration.

Additional data from the Phase I program will be presented at AACR (April 2023).

BT-001: Positive initial clinical data in monotherapy

In June 2022, Transgene and BioInvent released positive progress and safety data in the ongoing Phase I/IIa trial evaluating BT-001 in patients with solid tumors. The initial data generated in the Part A of the Phase I trial demonstrated that BT-001 alone is well tolerated, with first signs of anti-tumor activity in a hard-to-treat population and confirmed the mechanism of action of BT-001 as a single agent.

A clinical collaboration and supply agreement for keytruda® (pembrolizumab) was signed with MSD (Merck & Co) at the end of June 2022. The Part B of the Phase I trial (in combination with pembrolizumab) is expected to start in the second half of 2023.

TG6050: Novel Invir.IO® candidate designed to express IL-12 and be administered IV to enter the clinic

In early 2023, Transgene announced the regulatory approval to initiate a clinical trial of TG6050, a novel oncolytic virus from its Invir.IO® platform. This innovative candidate has been designed to express human IL-12, a cytokine known to trigger a potent anti-tumor immune response, and a full-length anti-CTLA4 antibody.

The Delivir trial will evaluate TG6050 in patients with advanced non-small cell lung cancer who have failed treatment with an anti-PD1 agent. The first patient will be enrolled in the first half of 2023. With TG6050, Transgene seeks to capitalize on the attractiveness of IL-12, while limiting exposure to its systemic toxicity through the selectivity of Invir.IO® oncolytic viruses.

Summary of key ongoing clinical trials

TG4001	**Targets: HPV16 E6 and E7 oncoproteins**
+ avelumab *vs.* avelumab alone Phase II	*Recurrent/metastatic anogenital HPV16-positive — 1st (patients ineligible for chemotherapy) and 2nd lines (NCT03260023)*
	• Randomized Phase II trial comparing the combination of TG4001 with avelumab *versus* avelumab alone • Ongoing patient enrollment in Europe (France and Spain) and in the USA • Positive result of interim analysis, allowing trial to continue. Total number of patients to be randomized reduced from 150 to 120 ▶ Last patient expected to be randomized in H1 2024 ▶ Final results to be communicated in 2024 ▶ Registration targeting trial being prepared

myvac® TG4050	**Targets: tumor neoantigens**
	• Codeveloped with NEC • Positive initial data demonstrating the immunogenicity of the vaccine as well as first signs of clinical activity ▶ Additional data expected in H1 2023 (AACR)
Phase I	*HPV-negative head and neck cancers — after surgery and adjuvant therapy (NCT04183166)*
	• Trial ongoing in the UK and in France • Patient enrollment completed • Treatment start of last patient expected in H1 2023 ▶ Preparation of registration targeting Phase II trial
Phase I	*Ovarian cancer — after surgery and first-line chemotherapy (NCT03839524)*
	• Trial ongoing in the USA and in France • Patient enrollment completed
TG6002	**Payload: FCU1 for the local production of a 5-FU chemotherapy**
	▶ Additional data to be presented at AACR (April 2023)
Phase I/IIa	*Advanced gastro-intestinal cancer — Intravenous (IV) administration (NCT03724071)*
	• Multicenter trial – France, Belgium and Spain • Data confirming the potential of the IV administration presented at ESMO 2022 (Sept. 2022) • Patient enrollment completed in Phase I part
Phase I/IIa	*Colorectal cancer with liver metastasis — Intrahepatic artery (IHA) administration (NCT04194034)*
	• Multicenter trial – UK and France • Patient enrollment completed in Phase I part
Invir.IO® BT-001	**Payload: anti-CTLA4 antibody and GM-CSF cytokine**
Phase I/IIa	*Solid tumors (NCT04725331)*
	• Co-development with BioInvent • Collaboration agreement with MSD, supplying pembrolizumab for the trial • Trial ongoing in France, Belgium and approved in the USA • Initial data showing safety and first signs of clinical activity ▶ Part A data to be communicated in H1 2023 ▶ Start of part B of the Phase I trial in H2 2023
Invir.IO® TG6050	**Payload: interleukin-12 (IL-12) and anti-CTLA-4 antibody**
Phase I (Delivir)	*Non-Small Cell Lung Cancer (NSCLC) – Intravenous (IV) administration*
	• Promising preclinical results to be presented at AACR (April 2023) • Multicenter trial ▶ First patient to be enrolled in H1 2023

Collaboration with AstraZeneca

The research collaboration with AstraZeneca on viruses derived from the Invir.IO® platform continues to move forward.

Change in financial position

At December 31, 2022, Transgene's available cash and available-for-sale financial assets totaled €26.8 million.

The Company has a financial visibility until early 2024.

The 2022 separate financial statements, which will be submitted at the Ordinary General Meeting for approval, show a loss of €27 million and equity of €27 million.

Significant events after the balance sheet date

None.

Other items

Transactions by senior executives and corporate officers in the Company's securities

None.

Employee interests in the Company's share capital

Employee interests in the Company's share capital are not significant. As of December 31, 2022, the number of shares resulting from the plans and held in registered form by employees is estimated at 2% of the share capital. A Company Savings Plan (PEE) also exists for employees.

Factors that could have an impact in the event of a public offering

Capital structure: the majority shareholder is TSGH. which holds 60.4% of Transgene. The Company is controlled *in fine* by Messrs. Alain and Alexandre Mérieux *via* Compagnie Mérieux Alliance, which holds 96.2% of Institut Mérieux, which holds 100% of TSGH.

Under the share buyback program initially authorized by the General Meeting on June 8, 2017, and renewed by successive meetings, the Company has a liquidity contract. As of December 31, 2022, Transgene held 286,436 of its own shares under this contract.

Furthermore, the Company has not set up any measures, statutory or conventional, that may impact a public offering and has no knowledge of any agreements between shareholders likely to affect them.

Information on supplier and client payment terms

Article L. 441-6 paragraph 9 of the French Commercial Code provides that the time agreed upon between the parties for the payment of sums due may not exceed 45 days from the last day of the month or 60 days from the invoice date. Absent an agreement, the maximum period is 30 days from the date of receipt of the merchandise or performance of service.

With regard to Transgene's trade payables invoices that were not paid at the end of the fiscal year, the breakdown by settlement date is as follows:

	At Dec.31, 2022		At Dec.31, 2021	
Maturity	Euros	% of total	Euros	% of total
Past due	533,320	31 %	493,025	21 %
Between 1 and 30 days	1,195,080	68 %	1,833,749	78 %
Between 31 and 45 days	17,173	1 %	22,467	1 %
Between 46 and 60 days	1,415	-	5,955	-
Between 61 and 75 days	-	-	-	-
Between 76 and 90 days	-	-	-	-
Between 91 and 105 days	-	-	-	-
Between 106 and 120 days	-	-	-	-
More than 120 days	-	-	-	-
TOTAL	**1,746,987**	**100 %**	**2,355,195**	**100 %**

SUMMARY OF UNPAID INVOICES RECEIVED AND ISSUED AT THE CLOSING DATE OF THE FINANCIAL YEAR WHICH ARE DUE:

	SUPPLIERS: Unpaid invoices received at the closing date of the financial year which are due					CLIENTS: Unpaid invoices issued at the closing date of the fiscal year which are due				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT TRANCHES										
Number of invoices	50	4	-	5	59	6	1	-	-	7
Total amount of invoices with tax	441,866	81,572	-	9,882	533,320	587,063	14,400	-	-	601,463
Percentage of the total amount of purchases for the financial year with tax	1,49 %	0,27 %	-	0,03 %	1,79 %	-	-	-	-	-
Percentage of financial year revenue specify with tax	-	-	-	-	-	8,43 %	0,21 %	-	-	8,64 %
(B) INVOICES EXCLUDING (A) INVOLVING DISPUTED OR NON-RECOGNIZED LIABILITIES AND RECEIVABLES										
Number of invoices	-	-	-	-	-	-	-	-	-	-
(C) REFERENCE PAYMENT PERIODS USED (CONTRACTUAL OR LEGAL PERIODS-ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)										
Payment terms used to calculate the late payment	Legal terms/sometimes contractual terms					Contractual terms				

Internal control procedures

The Company has implemented operating procedures, in particular related to the control of the commitment of financial and human resources, thereby creating a control environment. As it has evolved, the Company has adjusted its control objectives and methods, in particular to control its cash assets, which are its main financial resource, its key performance risks associated with the management of its projects and strategic partnerships, and, more generally, its compliance with regulatory duties applicable to biotechnology companies and to listed companies.

Internal control objective and definition

Internal control is a Company system, defined and implemented on its own responsibility, which aims to ensure:

- compliance with applicable regulations and laws ;
- the application of instructions and guidelines fixed by senior management ;
- the proper functioning of the Company's internal processes, particularly those designed to protect its assets ;
- the reliability of financial information.

Generally speaking, the Company's internal controls contribute to controlling its activities, the effectiveness of its operations and the efficient use of resources. By contributing to the prevention and control of risks of not achieving the Company's objectives, the internal control system plays a key role in the conduct and management of the Company's various activities. Accordingly, the Company introduced an enhanced control system on the key items of its main risks: liquidity risk and cash conservation, the risk of executing its clinical development plan through tight project management and quality risk through a quality assurance system. However, internal controls cannot provide an absolute guarantee that the Company's objectives will be achieved.

Transgene has adopted the internal control reference framework provided by the AMF for mid- and small-cap companies.

Control environment

Internal control bodies and contributors at Transgene

Board of Directors and its committees

The first part of the report describes the conditions under which the Board of Directors contributes to the optimization of the Company's activities. The Audit Committee reviews the internal control process, specifically with respect to validation of the internal control action plan and the Company's financial communications. In that connection, it familiarizes itself before every interim and annual reporting with the Group's financial statements and the accompanying notes. The independent directors who are physicians or researchers take part in special meetings to monitor the Company's clinical development policy. They act as advisers to the Company's Medical and Regulatory Affairs Department.

Executive Committee

The Executive Committee, chaired by the Chief Executive Officer, meets at least every two weeks by teleconference and every month in person. It comprises eight members representing each of the company's functional and operational departments. Other than tasks related to project management, it considers the Company's operations, monitors all aspects of management in terms of the operating plan and objectives assigned by the Board of Directors, and deliberates on all organizational and operational strategy items placed on the agenda by its members. It conducts quality management reviews twice a year and annually reviews the compliance systems (Sapin II, GDPR, Transparency) implemented by the Company and the mapping of operational and corruption risks

"Project" organization

Transgene's organization is based on functional departments, the coordination of which is ensured *via* a strong "project" strategy. Research programs, products under development and subcontracting are managed by project, headed by a project leader, and are the subject of reports. The project leader is responsible for coordinating, leading, and optimizing the various cross-functional tasks required to ensure the project's success. The project leader prepares a development plan and schedule and provides monthly reports on the milestones achieved and unforeseen difficulties. A specialized project management committee meets at least monthly to track project management. The committee comprises Executive Committee members and project managers. It provides an opportunity to track all the research and development projects, ensure correct allocation of resources and define priorities where necessary.

The Company uses collaborative project management software, which is shared by all departments and whose main functions are:

- consolidated management of the project portfolio ;
- detailed project and resource planning ;
- tracking the progress of tasks and time spent.

Finance Department

The Finance Department's role is to provide administrative and budgetary support to the line departments, to prepare management analyses for senior management, to enable effective financial decisions and the optimization of resources, and to ensure compliance with financial and accounting regulations, particularly for a publicly traded company. Within this department, the Head of Administration and Finance is charged with implementing and improving accounting and financial procedures, along with overseeing the action plan established after the annual audit.

Corporate Secretary

The Corporate Secretary monitors the legality of the Company's and subsidiaries' activities and ensures compliance with the laws and regulations in effect and also supervises internal controls and risk management. He is the compliance and ethics officer of the organization and serves as the data protection officer.

Control environment in the pharmaceutical industry

Research and development, preclinical tests, clinical trials, facilities and equipment and the manufacture and marketing of therapeutic products are subject to very thorough regulations devised by numerous governmental authorities in France, Europe, the United States, and other countries. The European Medicines Agency (EMA), the French Agence nationale de sécurité du médicament et des produits de santé (ANSM), the Food and Drug Administration (FDA) in the United States and others, require compliance with stringent conditions for the manufacturing, development, and commercialization of products such as those developed by Transgene. Pharmaceutical companies are subject to regular visits by these bodies to identify deficiencies and appropriate remedies.

Such an environment of rigorous controls calls for an internal control system capable of ensuring compliance with standards. This is why the Company has set up, under the authority of the Responsible Pharmacist:

- a Quality Assurance Department, whose purpose is to meet regulatory requirements in terms of the quality and the safety of pharmaceutical products for human use. Thus, the Quality Assurance Department comprises:
  - System Quality, which rolls out, manages, and improves all Quality Assurance processes, handles the quality documentation system, in-house and third-party quality audits, clinical audits of suppliers' Quality Assurance, quality training, as well as checking IT systems and the Company's ongoing compliance with pharmaceutical standards. This entity is also in charge of managing regulatory inspections and partner audits and their follow-up,
  - a group overseeing the quality of clinical operations which audits documents and checks that the procedures have been properly applied in clinical studies. Transgene complies with the rules described in the Good Clinical Practices of the International Conference on Harmonization or national regulations, if the latter are stricter ;
- a Quality Research team that integrates the "Quality" system upstream of the product development process, as well as technological experts who liaise with subcontractors for technology transfers.

Control environment within the Institut Mérieux group

Member companies of the Institut Mérieux group have been participating in a comprehensive internal control program coordinated by the Institut Mérieux. Each group company analyzes its risks and approves its own audit program. The audit itself is performed by a cross-functional team of internal auditors from group companies who are specially trained in internal audit techniques. The Company was audited in 2019 and action plans have been monitored since. A Sapin II audit was undertaken in 2022.

Internal control and risk management procedures

Procedures have been developed and implemented within the Company to ensure that the principal risks are managed internally in compliance with the policies and objectives set by management.

Determination of priority risks and processes

Risk management procedure

In 2022, the Company conducted an overall risk analysis to determine a new risk mapping. This mission involved all Company directors, and the final mapping was submitted to the Audit Committee and the Board of Directors. Action plans were implemented to optimize the hedging of the identified risks.

This approach led to the identification of the main risk factors that might significantly affect its operations and outlook, as described in Section 2 of its Registration Document. It has established a formal review that surveys the risks and the procedures to be put in place to manage them.

This risk analysis is updated annually and presented to the Audit Committee.

Transgene believes that certain operational and financial risks are significant either due to the probability of their occurrence or by their impact on the Company. They are subject to the following procedures:

Protection of the integrity of strategic scientific, medical, and computerized data; protection of strategic biological materials and equipment

Backup of the Company's strategic data takes place primarily through archiving, duplication, and separate storage procedures. The data is stored with a specialized operator offering a high level of data protection. However, the Company maintained equipment for local backups of the most critical data.

Protection of cash and cash equivalents

Cash and cash equivalents are the Transgene's main financial assets. The controls in place are intended to ensure the proper use and safety of the funds invested, in particular:

- preparation of a detailed budget by section and quarterly budgetary control ;
- a cash balance statement ;
- determination and monitoring of the investment policy by the Audit Committee.

The Transgene's cash is currently invested in investment funds, either directly or in the Institut Mérieux group cash pool. This cash pool is placed under the supervision of a committee of Group liquidity managers (representing Transgene: the CFO), which meets once a month to study the cash position of the participants (both lenders and borrowers), the yields and the cash pool management decisions. The Audit Committee provides an update on the cash position at each of its meetings.

Reliability of financial and accounting information

To ensure the quality and reliability of the financial and accounting information it prepares, the Company uses a framework of accounting principles and standards as well as a management reporting system that analyzes accounting data along the following lines: by cost center, type of income and expense, and project.

Insurance policy

In order to outsource a portion of the financial expense of operational risks, the Company implements a policy of covering the main insurable risks, for itself and its subsidiaries, with coverage amounts that it believes are compatible with its cash usage requirements.

Managing relations with strategic partners

The Company has entered into licensing and development partnerships for the final development stages of its products, their manufacturing, and their commercialization. In order to maintain the highest level of collaboration with its partners and thus ensure optimum development of the product, a dedicated project leader ensures that the program is run properly, under the supervision of a monitoring committee that meets monthly. In addition, strategic partnerships are under special governance, usually in the form of a joint steering committee that meets regularly, or on an *ad hoc* basis to make key decisions (new strategic directions, new commitments, management of differences, etc.) throughout the life of the agreement.

Internal controls related to the preparation of accounting and financial information

The Company prepares the annual consolidated financial statements under IAS/IFRS, as well as the parent company financial statements for Transgene. The Company prepares interim consolidated financial statements under IAS/IFRS that are given a limited review by the Statutory Auditors. The consolidation process is not especially complex as the 2022 scope of consolidation included Transgene, its wholly owned subsidiaries, Transgene, Inc., whose purpose is representing Transgene before the U.S. health authorities, and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. (no employee in 2022).

The Registration documents filed every year with the French Financial Markets Authority (AMF) are prepared jointly by the Finance Department and the Corporate Secretary. They are reviewed by the Group's legal counsel and auditors, under the responsibility of the Chief Executive Officer.

The closing of the accounts is performed with the financial IT system ("ERP"). ERP manages procurement and supplies, warehouses, general and analytical accounting, as well as budgetary reporting. It allows for dividing up tasks by means of individual user profiles, while ensuring the integrity of the information. Computerized hierarchical approval procedures for purchases, travel authorizations and expense reports are in place.

ERP provides for the integration and traceability of restatement entries under IAS/IFRS standards, which limits the risk of error.

A list of tasks and controls to be effected by the Accounting Department for each closing ensures the appropriate rollout of closing procedures.

Quarterly reporting is prepared by the Finance Department and presented to the Executive Committee. This report is composed of the various Company and subsidiary activity financial and operational monitoring reports and notably analyzes actual and projected quantitative and qualitative accounting data.

The budgeting process is designed and coordinated during the fourth quarter by the Finance Department in close cooperation with the project managers and operating managers. A managing controller is fully dedicated to the collection and monitoring of financial information relating to projects.

The budget process is based on the validation of project priorities based on the annual portfolio review and on the project management software that ensures financial and human resources are adequate to meet project requirements and schedules. The budget is presented for validation by the Management Committee, which then submits it to the Board of Directors, after it has been reviewed by the Audit Committee. The budget is adjusted every half year and a re-estimate is presented to the Board of Directors during the third quarter.

CROSS-REFERENCE TABLE, MANAGEMENT REPORT/UNIVERSAL REGISTRATION DOCUMENT

Other parts of the management report incorporated in this Registration Document		Please refer to the Registration Document
Annual financial statements	Corporate financial statements 2022	Section 5.3
	2022 consolidated financial statements	Section 5.1
Corporate officers	List of corporate offices	Section 3.3.2
	Compensation	Section 3.8
Subsidiaries and investments		Section 5.3.2 Note 27
Other information	Risk factors	Chapter 2
	Table of authorizations for the Board to increase the capital	Section 6.1.5
	Shareholders structure	Section 6.2
	Corporate Social Responsibility	Chapter 4
Special reports	Stock options report	Section 3.9.1
	Report on free shares awards	Section 3.9.2

TABLE OF TRANSGENE FINANCIAL RESULTS OVER THE LAST FIVE FISCAL YEARS

(Articles R. 225-81, R. 225-83 and R. 225-102 of the French Commercial Code)
(in thousands of euros except number of shares and earnings per share)

Category	2018	2019	2020	2021	2022
1. FINANCIAL POSITION AT YEAR-END					
a) Share capital	62,276	83,265	41,921	48,886	50,102
b) Number of shares issued	62,275,923	83,265,464	83,841,334	97,771,334	100,204,071
2. COMPREHENSIVE OPERATING NET INCOME/(LOSS)					
a) Revenue excl. VAT	1,335	6,652	2,899	9,993	3,126
b) Earnings before taxes, depreciation, and provisions	(2,647)	(27,762)	(27,868)	(23,155)	(34,076)
c) Income tax	5,824	6,633	6,387	7,057	6,906
d) Profit after taxes, depreciation, and provisions	1,043	(22,008)	(20,116)	(17,006)	(27,301)
e) Amount of profits distributed	-	-	-	-	-
3. OPERATING INCOME REDUCED TO A SINGLE SHARE					
a) Profit after tax but before amortization, depreciation, and provisions	0.05	(0.25)	(0.26)	(0.16)	(0.27)
b) Profit after taxes, depreciation, and provisions	0.02	(0.26)	(0.24)	(0.17)	(0.27)
c) Dividend paid per share	-	-	-	-	-
4. STAFF					
a) Number of employees	146	159	164	167	167
b) Total payroll	9,459	9,391	9,989	10,521	10,343
c) Amount paid in social benefits (social security, welfare plans, etc.)	4,607	4,857	4,788	5,857	5,144

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