Third Quarter Marked by Progress in Clinical Development and Research

- 2 new clinical trials started during the third quarter
- Launch of the Invir.IO™ platform (next generation of multifunctional oncolytic viruses) and collaboration with Randox
- €40.0 Million in cash and cash equivalents as of September 30, 2017 and cash burn in line with expectations

Strasbourg, France, October 19, 2017, 6:00 p.m. CET – Transgene (Euronext Paris: TNG), a biotech company that designs and develops viral-based immunotherapies, today announces its business update for the quarter ending September 30, 2017.

During the quarter, Transgene continued implementing its development plan. Two clinical trials have started, combining Pexa-Vec with nivolumab (liver cancer), and combining TG4001 with avelumab (HPV-positive head and neck cancers). In the United States, the Food and Drug Administration has granted the clearance to launching the trial evaluating TG4010 in lung cancer. To date, seven clinical trials evaluating Transgene immunotherapies are underway. They will enable our 5 products to deliver clinical results by 2018. In parallel, Transgene has published scientific results in peer-reviewed journals that consolidate the mechanism of action of TG4010. Finally, with Invir.IO™, Transgene confirmed its ambition and its pioneering vision in the field of oncolytic viruses. This platform will enable the Company to design a new generation of multifunctional oncolytic viruses. A first research agreement was signed with Randox.

“We are delighted with the progress made in clinical development and research since early 2017. We are in line with the objectives announced at the beginning of the year and we will continue to deliver a very dense news flow over the coming months. Our cash position allows us to confirm our financial visibility until the end of 2018,” said Philippe Archinard, Chairman and Chief Executive Officer of Transgene.

Operating revenue:

The following table summarizes the third quarter operating revenue for 2017 compared to the same period in 2016:

<table>
<thead>
<tr>
<th>In millions of euros</th>
<th>Q3</th>
<th>First Nine Months</th>
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<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Revenue from collaborative and licensing agreements</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Government financing for research expenditures</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>1.4</td>
<td>1.5</td>
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During the third quarter of 2017, revenue from collaborative and licensing agreements was mainly composed of research services, including the collaboration service agreement with Servier started in June 2017, and royalties.
As of September 30, 2017, government financing for research expenditures mainly consisted in the research tax credit, and amounted to 75% of amount expected for 2017. During the third quarter of 2017, this research tax credit amounted to €4.2 million versus €4.4 million over the same period in 2016).

**Cash, cash equivalents, available-for-sale financial assets and other financial assets:**
Cash, cash equivalents, available-for-sale financial assets and other financial assets stood at €40.0 million as of September 30, 2017, compared to €56.2 million as of December 31, 2016.
In the first nine months of 2017, Transgene’s cash burn was €16.2 million, compared to €16.3 million for the same period in 2016 (excluding EIB loan and rights issue).
Cash burn was €3.9 million in the third quarter of 2017. During this period, the Company notably received €2.5 million of grants and conditional advances from bpfifrance as final balance of the ADNA program. As a reminder, cash burn was €12.3 million in the first half of 2017, including a milestone payment of $4 million to SillaJen, Inc. and a revenue of €5.4 million of research tax credit.

**Outlook:**
Transgene confirms that it expects 2017 cash burn to be around €30 million based on the current development plan.

**Key achievements of the period:**

- **TG4010:**
  - FDA approval to begin the clinical trial with TG4010 + nivolumab + chemotherapy in the first-line treatment of lung cancer (NSCLC), in collaboration with Bristol-Myers Squibb (press release distributed on September 11, 2017);
  - Publication of two peer-reviewed scientific articles supporting the efficacy and mechanism of action of TG4010 and the synergistic effects in combination with ICIs (press release distributed on October 12, 2017).

- **Pexa-Vec:**
  - First patient treated in the Phase 1/2 trial evaluating the combination of Pexa-Vec and nivolumab (ICI) for the first-line treatment of advanced liver cancer (press release distributed on July 31, 2017);
  - Poster presentation at the ESMO 2017 congress on the results of the Phase 1 part of METROMaJX trial (Pexa-Vec + metronomic cyclophosphamide) (press release distributed on September 7, 2017).

- **TG4001:**
  - First patient treated in the Phase 1b/2 trial combining TG4001 and avelumab (ICI) in HPV-positive head and neck cancers, in collaboration with the alliance Merck KGaA and Pfizer (press release distributed on September 19, 2017).

- **TG1050:**
  - Poster presentation at the AASLD Liver meeting 2017 on first data of TG1050 indicating the induction of a robust and specific immune response in patients with chronic hepatitis B (press release distributed on October 17, 2017).

- **New oncolytic viruses - Invir.IO™ Platform:**
  - New data published in *Cancer Research*, confirming the potential of Transgene’s next generation armed oncolytic virus (press release distributed on July 24, 2017);
  - Launch of Invir.IO™, an integrated platform dedicated to the next generation of multifunctional oncolytic viruses (press release distributed on September 21, 2017);
  - Signing of a collaboration agreement with Randox to develop next generation of oncolytic virus expressing Randox’ Single-domain Antibodies (SdAb), based on the Invir.IO™ Platform (press release distributed on October 2, 2017).
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About Transgene
Transgene (Euronext: TNG), part of Institut Mérieux, is a publicly traded French biotechnology company focused on designing and developing targeted immunotherapies for the treatment of cancer and infectious diseases. Transgene’s programs utilize viral vector technology with the goal of indirectly or directly killing infected or cancerous cells. The Company’s lead clinical-stage programs are: TG4010, a therapeutic vaccine against non-small cell lung cancer, Pexa-Vect, an oncolytic virus against liver cancer, and TG4001, a therapeutic vaccine against HPV-positive head and neck cancers. The Company has several other programs in clinical development, including TG1050 (chronic hepatitis B) and TG6002 (solid tumors). Transgene is based in Strasbourg, France, and has additional operations in Lyon, as well as a joint venture in China. Additional information about Transgene is available at www.transgene.fr.

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This press release contains forward-looking statements, which are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. The occurrence of any of these risks could have a significant negative outcome for the Company’s activities, perspectives, financial situation, results, regulatory authorities’ agreement with development phases, and development. The Company’s ability to commercialize its products depends on but is not limited to the following factors: positive pre-clinical data may not be predictive of human clinical results, the success of clinical studies, the ability to obtain financing and/or partnerships for product manufacturing, development and commercialization, and marketing approval by government regulatory authorities. For a discussion of risks and uncertainties which could cause the Company’s actual results, financial condition, performance, or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors (“Facteurs de Risque”) section of the Document de Référence, available on the AMF website (http://www.amf-france.org) or on Transgene’s website (www.transgene.fr). Forward-looking statements speak only as of the date on which they are made and Transgene undertakes no obligation to update these forward-looking statements, even if new information becomes available in the future.