transgene

IMMUNOTHERAPY AGAINST CANCERS

Universal Registration Document 2020
Including the Annual Financial Report

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

2020

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 two oncolytic viruses, TG6002, which enables a chemotherapy to be produced directly in the tumor, and BT-001, the first candidate from the Invir.IO™ platform, armed with an anti-CTLA4 antibody.

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 (neo-antigens).
- 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 IT NEC, and BioInvent.

The Company is based in Strasbourg, France, and has additional operations in Lyon. 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 has been filed on April 1, 2021, with the AMF, 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 securities 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 (universal) registration document of the Company issued in French and it is available on the website of the Issuer.

LIST OF ABBREVIATIONS

Abbreviation	Meaning
DNA	Deoxyribonucleic Acid
AML	Approval for market launch
AMF	French Financial Markets Authority
ANSM	*Agence nationale de sécurité du médicament et des produits de santé* (French medicines agency)
GMP	Good manufacturing practice
RTC	Research tax credit (RTC)
CRO	Contract Research Organization
EMA	European Medicines Agency
FDA	Food and Drug Administration
HBsAg	HBV surface antigen
HCC	Hepatocellular carcinoma
HPV	Human Papilloma Virus
ICI	Immune checkpoint inhibitor
IL-2	Interleukin 2
IT	Intratumoral
IV	Intravenous
MHRA	Medicines and Healthcare Products Regulatory Agency
MVA	Modified *Vaccinia* Ankara
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
SdAbs	Single-domain antibody
SPA	Special protocol assessment
TAA	Tumor associated antigen
TK	Thymidine kinase
RR	Ribonucleotide reductase
VV	*Vaccinia* virus

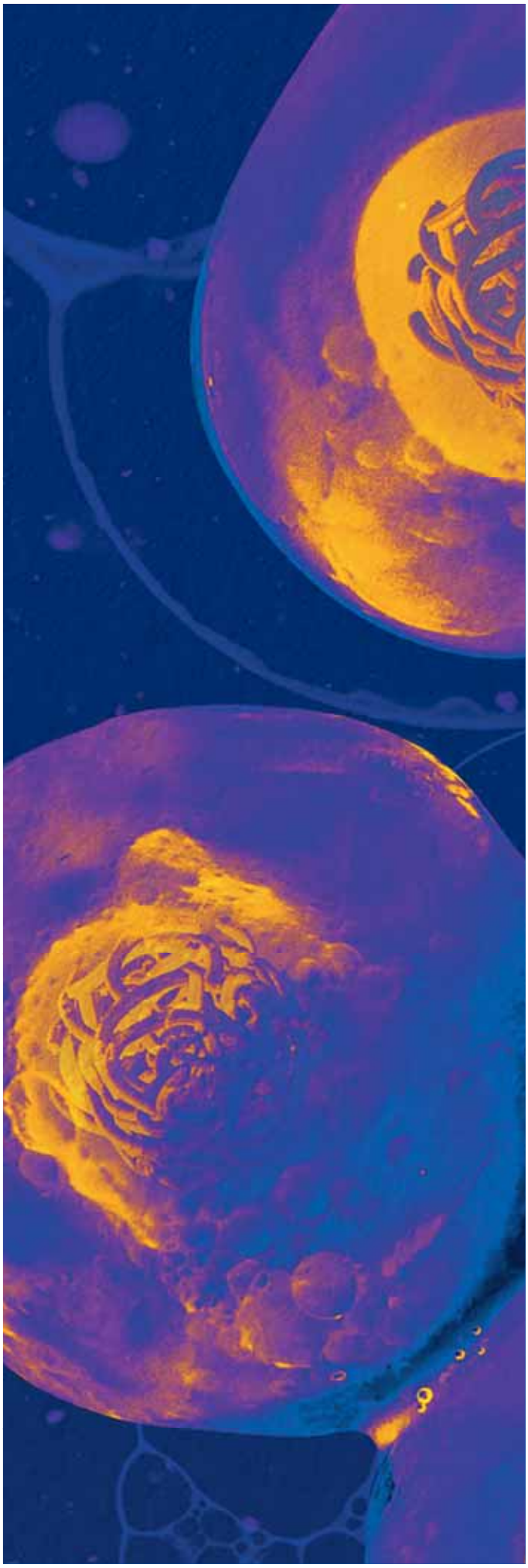
TRANSGENE, IMMUNOTHERAPIES AGAINST CANCER

Transgene is focused on developing highly innovative immunotherapies for the treatment of cancer.

The principle: to stimulate and to educate the immune system with the goal of enabling it to recognize and destroy cancer cells.

To achieve this goal, Transgene has developed two technological approaches: therapeutic vaccines and oncolytic viruses. We design these drug candidates by integrating a comprehensive therapeutic arsenal within the genome of optimized viruses (also known as viral vectors). These viral vectors use highly attenuated viral strains with an established safety profile; they cannot replicate within healthy cells.

Our immunotherapies can either be used as single agent or in combination with other cancer treatments.



***myvac*® AND Invir.IO™ ILLUSTRATE OUR ABILITY TO DESIGN NOVEL SOLUTIONS FOR PATIENTS, CLINICIANS AND PHARMACEUTICAL COMPANIES.".**

H. Ben Brahim
Chairman and Chief Executive Officer

It is a great honor to join Transgene as Chairman and Chief Executive Officer at the beginning of 2021, taking over from Philippe Archinard. I am proud to keep executing on our mission, to design innovations that offer patients a much more promising outlook in the fight against cancer.

Transgene has delivered multiple significant milestones, as we have continued to operate successfully despite the Covid-19 pandemic. Our 150 employees remained committed, ingenious and capable of meeting both the challenges of daily activities as well as more complex challenges in a changing environment.

Our expertise and commitment have been key to progress all of our drug candidates. We treated the first patients with TG4050, our individualized immunotherapy based on the *myvac*® technology. This customized immunotherapy is particularly promising and I look forward to reporting the first data from TG4050 in the second half of 2021. This achievement illustrates how Transgene is positioning itself at the forefront of innovation globally by developing new solutions that could deliver important benefits for patients, clinicians and potential pharmaceutical partners.

The very encouraging results with TG4001 have allowed us to rapidly initiate a Phase II randomized clinical trial. The protocol of this study has already been approved in the U.S. and we expect patient inclusion to start in the coming months, with the aim of providing the first clinical results around the end of 2022.

This acceleration of our development is also reflected in the progress we made with BT-001, the first oncolytic virus of our Invir.IO™ platform to enter the clinic and in the advances of TG6002.

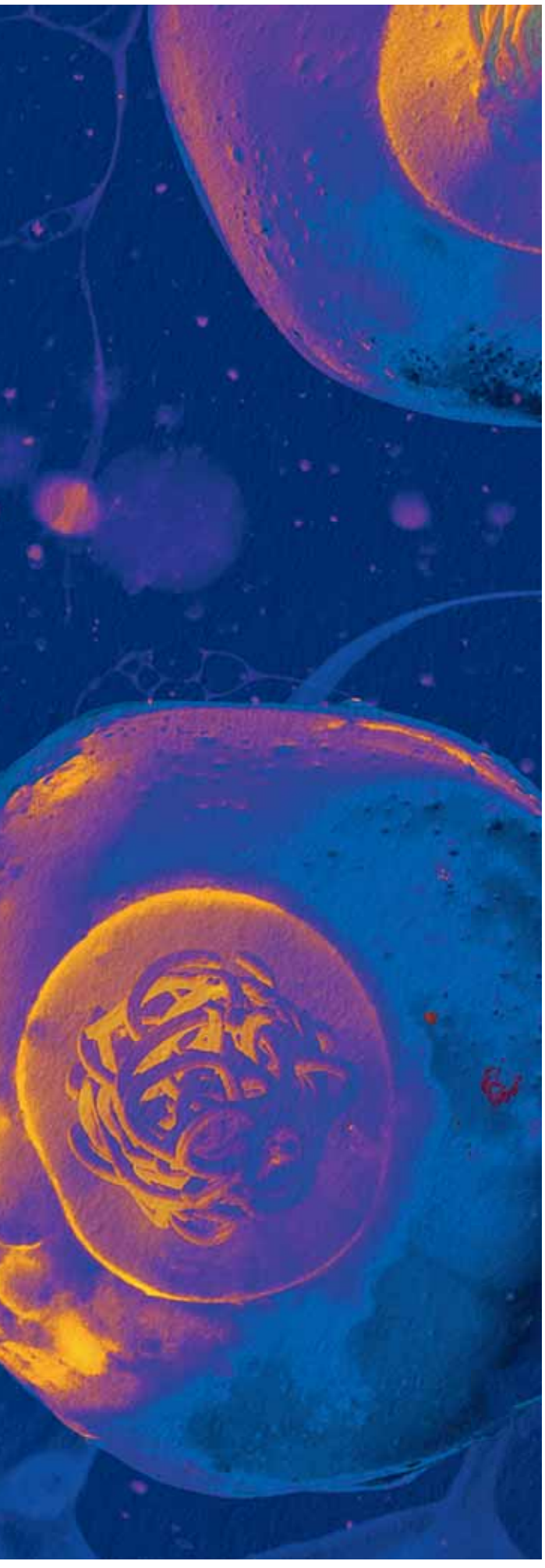
Our strategy aims to leverage Transgene's exciting new drug candidates, notably through large-scale partnerships. Today, our product portfolio is in line with this ambition.

With financial visibility until 2022, we have the funds needed to deliver the important clinical results we expect in 2021 and 2022. I am convinced that our daily commitment will allow us to confirm the potential of our approaches and create value for our shareholders.

A DIVERSIFIED DRUG-CANDIDATE PORTFOLIO

Product	Indication	Target/Transgene	Design	Preclinical	Phase I	Phase II
THERAPEUTIC VACCINES						
TG4050 myvac NEC	Ovarian cancer Head and neck cancers	Neoantigens				
TG4001	Anogenital HPV+ cancers	HPV 16 E6 – E7				
ONCOLYTIC VIRUSES						
TG6002	Gastro-intestinal cancers (IV*) Colorectal cancer (IAH*)	5-FU chemotherapy				
BT-001 invirio BioInvent	Solid tumors	Anti-CTLA4 + GM-CSF				
OVs invirio	Solid tumors	Undisclosed				
5 OVs invirio AstraZeneca		Undisclosed				

** Intravenous administration, intra-arterial hepatic administration*



Environmental and social responsibility (ESG)

To develop innovative treatments of cancers for which there is no satisfactory treatment.

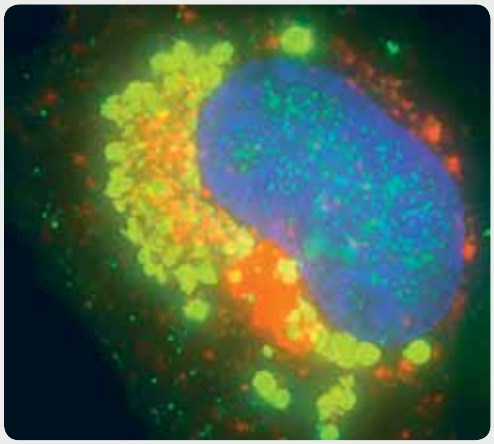
Our mission carries the values of ESG in itself. Transgene has always paid particular attention to ESG and has always promoted the values of humanism, citizenship and respect for the environment.

An ESG report is presented in chapter 4 of this document.

THERAPEUTIC VACCINES

INDUCE DURABLE AND ROBUST RESPONSES

Therapeutic vaccines aim at inducing a cascade of immune reactions that lead to the production of T cells (also called 'killer lymphocytes') that will be able to recognize and destroy cancer cells.



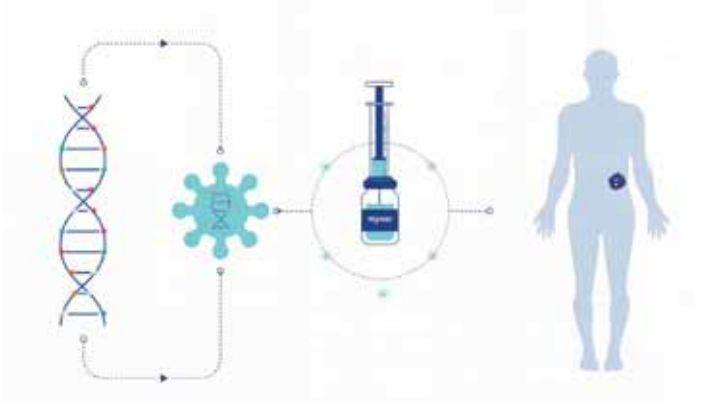
By integrating cancer cell-specific gene sequences into the genome of a viral vector, we direct the immune response against the tumor cells that carry these same sequences.

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. The company has also set up a unique in-house Good Manufacturing Practices (GMP) unit.

myvac

ONE PATIENT, ONE CANCER, ONE VACCINE



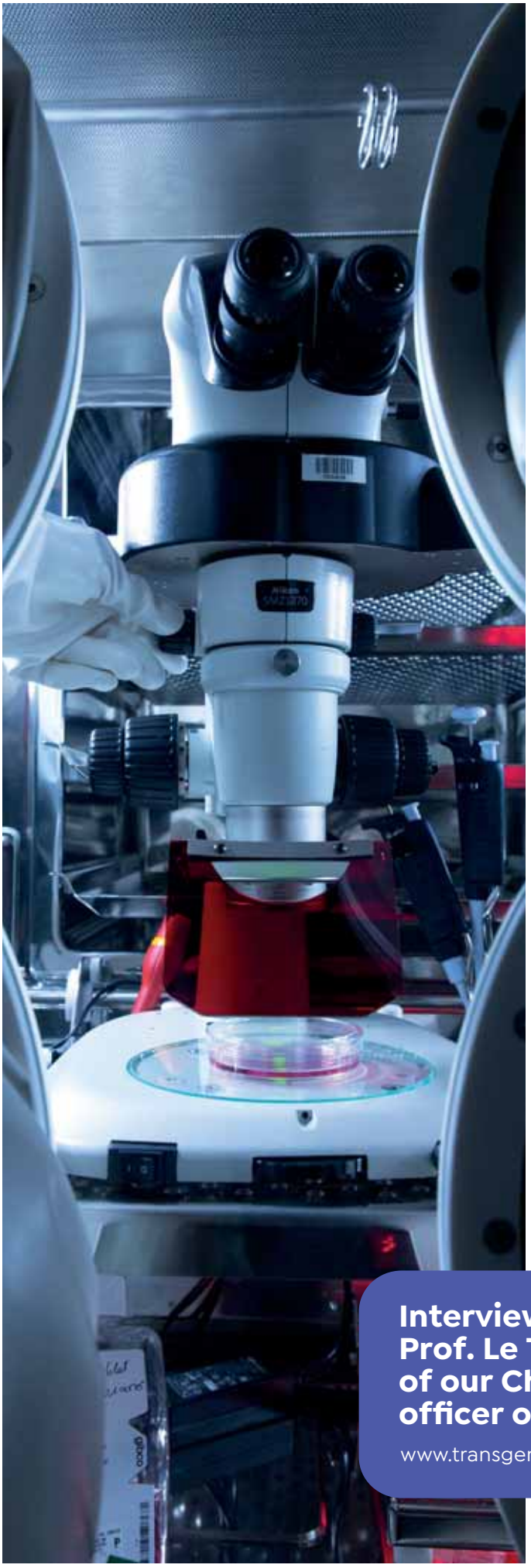
Watch our video on *myvac®*

www.transgene.fr/en/technologie/#myvac

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

TG40540 is being evaluated in two clinical trials in Europe and in the United States.

Patients have already received their individualized treatment and first data are expected in the second half of 2021.



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. These were presented at the SITC 2020 and ESMO IO 2020 congresses by Professor Christophe Le Tourneau of the Institut Curie.

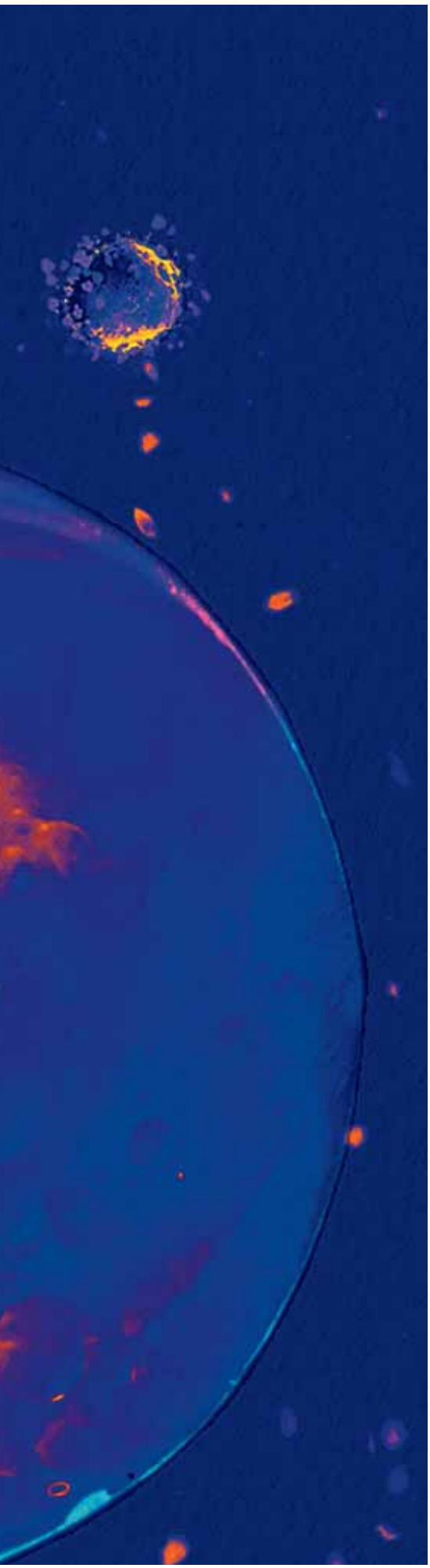
The pooled analysis of this Phase Ib/II trial demonstrated pronounced anti-tumor activity of the combination of TG4001 and avelumab. Transgene observed that the presence of liver metastases had a significant impact on the results: in patients without liver metastases, the response rate was 34.8% and a median progression-free survival of 5.6 months was achieved.

These promising data compare favorably with standards of care. They allow Transgene and Merck KGaA to expand clinical development in a randomized, controlled Phase II trial, which is expected to start in the first half of 2021.

Interview of Prof. Le Tourneau and of our Chief medical officer on the recent data

www.transgene.fr/en/portefeuille-2/#vaccins

ONCOLYTIC VIRUSES

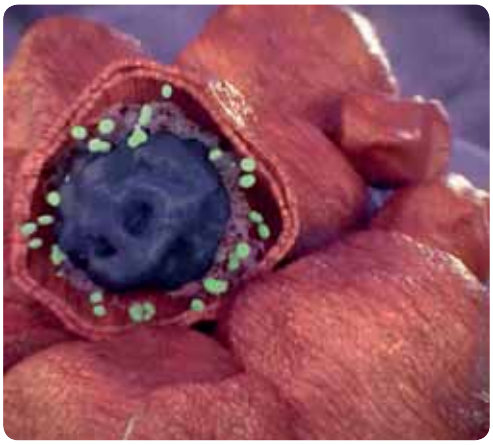


DIRECTLY TARGET AND DESTROY CANCER CELLS

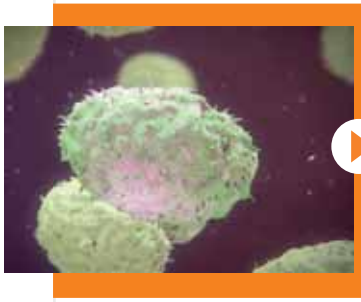
Oncolytic viruses are designed to selectively multiply in cancer cells and induce their breakdown (a process called cell lysis).
This process is also involved in activating the patient's immune system.

TG6002

is an oncolytic virus that allows the production of a chemotherapy agent directly in the tumor.



This drug candidate is being investigated in two clinical trials, evaluating intravenous and intra-arterial hepatic routes of administration.



What is the mechanism of action of TG6002?

www.transgene.fr/en/portefeuille-2/#virus

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

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 into 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 therapeutic efficacy while limiting side effects for the patient.

The first oncolytic virus from Invir.IO™ is armed with an anti-CTLA4 antibody from our partner BioInvent. It entered clinical development in 2020.

Transgene and AstraZeneca have entered into a collaboration agreement under which Transgene designs five innovative oncolytic viruses based on the Invir.IO™ platform. AstraZeneca can exercise an option on each of these candidates.

More information on Invir.IO™

www.transgene.fr/en/technologie/#invir-io

1

OVERVIEW OF TRANSGENE AND ITS BUSINESS

1.1 SELECTED FINANCIAL DATA

(in € thousands, except for shares and per share data) *(Consolidated financial statements, IAS/IFRS)*	12/31/2020 IAS/IFRS	12/31/2019 IAS/IFRS	12/31/2018 IAS/IFRS
INCOME STATEMENT DATA			
Operating income	**9,915**	**13,733**	**42,919**
Research and development expenses	(27,346)	(31,385)	(27,342)
General and administrative expenses	(6,547)	(7,134)	(6,991)
Other expenses	(15)	(668)	(1,211)
Operating expenses	**(33,908)**	**(39,187)**	**(35,544)**
Operating income/(loss)	**(23,993)**	**(25,454)**	**7,375**
Financial income/(loss)	6,762	6,650	(2,021)
Share of profit/(loss) and disposal of investments in associates	-	-	2,675
Income/(loss) before tax	**(17,231)**	**(18,804)**	**8,029**
Income tax expense	-	-	-
Net income/(loss)	**(17,231)**	**(18,804)**	**8,029**
Diluted earnings per share	(0.21)	(0.23)	0.13
Number of shares outstanding	83,841,334	83,265,464	62,275,923
Cash, cash equivalents and other current financial assets	26,354	43,371	16,900
Total assets	85,453	115,477	108,647
Equity	50,250	65,697	36,699
Net cash flow generated by/(used in) operational activities	(28,742)	(22,413)	(28,064)

1.2 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

1.2.1 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 four products in clinical development which are therefore being evaluated in patients:

- **TG4050**, an individualized therapeutic vaccine from the platform *myvac®*;
- **TG4001**, a therapeutic vaccine against human papillomavirus (HPV)-positive cancers;
- **BT-001**, an oncolytic virus from Invir.IO™; and
- **TG6002**, an oncolytic virus enabling a chemotherapy to be produced directly in the tumor.

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 for each patient, Transgene relies on the artificial intelligence (AI) capabilities of its partner **NEC**, a world leader in information technologies.

With its proprietary **Invir.IO™** platform, Transgene builds on its expertise in viral vectors engineering to design a new generation of multi-functional oncolytic viruses.
In collaboration with **BioInvent**, Transgene is developing BT-001, an oncolytic virus armed with an anti-CTLA4 antibody and the cytokine GM-CSF.
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.

TG4001 is Transgene's most advanced drug candidate. The promising results obtained in a Phase Ib/II trial (presented in 2020 to the SITC and ESMO IO) support the continuation of its evaluation in combination with avelumab immunotherapy in cancers induced by HPV-16. The clinical trial is being amended to include new patients and to assess the efficacy of TG4001 + avelumab *versus* avelumab alone in HPV-16-positive anogenital cancers.

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, France, and has additional operations in Lyon, France.

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

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 investigational drugs) against cancer. The Company has several drug candidates and two technological platforms (*myvac®* and Invir.IO™) deriving from its know-how in bioengineering.

The Company's 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 candidates' rights to pharmaceutical partners able to add value to them and handle their clinical development up to and through the marketing phase. To date, Transgene does not plan to conduct Phase III clinical trials or to carry out the clinical development of its drug candidates up to the approval for market launch (AML).

This search for a partner can be done either on the basis of clinical results (Phase I/II), or on a preclinical proof of concept, as part of global or regional agreements.

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

Cancer treatment has improved greatly in the recent years, with the approval of immunotherapy products. 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 Invir.IO™ and *myvac®* 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 Nature 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.

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

Transgene utilizes viral vectors in which tailored gene sequences 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.

The most used approach to date for delivering genes has involved transferring the genes with viral vectors. These are used to transfer the genetic material into the patient's cells.

The development of gene transfer methods that are reliable and adaptable is a key element in the development of effective therapies. A therapeutic gene must be included in a vector that, associated with the gene, transports it into the patient's cells. Gene transfer therapies are currently divided into two distinct approaches:

- the *in vivo* (inside the body) approach consists of directly administering to the patient a pharmaceutical compound containing the therapeutic gene and a "vector" responsible for conveying the gene to the patient's target cells, either for gene therapy purposes or to induce an immune response. Transgene products fall into this category;
- cell therapy, or *ex vivo* (outside the body) therapy, consists of removing cells from a patient, cultivating them in a laboratory using a vector to introduce the functional gene into the cells, then re-implanting the modified cells into the patient. At present, Transgene does not develop cell therapy products. It does have the required know-how and may contemplate developments in this field at some point in the future.

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 gene of interest (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;
- the ability to alter the tumor microenvironment in order to maximize the effectiveness 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.

Therapeutic vaccines

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 anti-cancer 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 the platform *myvac®*, 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 (referred to as neoantigens). Once they have been identified through sequencing and selected using artificial intelligence 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®*, started in early 2020. The first patients were treated in these two trials, active in Europe and the United States.

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

Oncolytic immunotherapy

Oncolytic immunotherapy is a new class of anti-cancer treatments. Transgene was one of the pioneers in the development of these replicative viruses.

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

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 should 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 ("deleted") to increase tolerance while maintaining effectiveness and their capacity to stimulate the immune system. In addition, these viruses can be armed with multiple features whereby they might alter 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, the most advanced drug candidate. This oncolytic virus encodes the cytokine GM-CSF and BioInvent's anti-CTLA4 antibody. It is being evaluated in a Phase I/II clinical trial;
- five multi-armed 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, which are undergoing preclinical evaluation.

Transgene owns an extensive intellectual property portfolio, that protects research and development activities.

Integrated skills from research to 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 in order to evaluate safety and the dose to use in Phase II.

Phase II: Phase II clinical studies 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 at times 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 studies 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 an approval for market launch (AML), 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 new production unit called PilotClin. This pilot facility can manufacture small clinical batches that comply with GMP standards, in particular for Phase I 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 revenue or 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 continued in 2020, including in particular:

- **with NEC.** This collaboration allows NEC to share its artificial intelligence 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 signing (2019), and could receive additional payments upon achieving preclinical milestones. Transgene might receive an option exercise payment for each candidate taken on by AstraZeneca, as well as milestone payments based on development and commercialization, plus royalties;
- **with BioInvent.** A first oncolytic virus coding for an anti-CTLA4 antibody from BioInvent and the GM-CSF cytokine has entered the clinical trial phase. Transgene and BioInvent could also develop new multifunctional oncolytic viruses coding for other BioInvent antibodies. Transgene and BioInvent each contribute 50% of the costs entailed in this collaboration;
- 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 Transgene project, in cooperation with the HalioDx partners, Traaser and the Institut Curie, benefits from Bpifrance financing and supplements the collaboration between Transgene and NEC;
- 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 very thorough 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 French *Agence nationale de sécurité du médicament et des produits de santé* (ANSM), the US 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 degree of reporting required for the authorization of a clinical trial or for marketing has been standardized for all medications. The information must meet quality, safety and efficacy requirements.

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 authorizations 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 the 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	Indication	Target/Transgene	Design	Preclinical	Phase I	Phase II
THERAPEUTIC VACCINES						
TG4050 myvac NEC	Ovarian cancer Head and neck cancers	Neoantigens				
TG4001	Anogenital HPV+ cancers	HPV 16 E6 – E7				
ONCOLYTIC VIRUSES						
TG6002	Gastro-intestinal cancers (IV*) Colorectal cancer (IAH*)	5-FU chemotherapy				
BT-001 invir io BioInvent	Solid tumors	Anti-CTLA4 + GM-CSF				
OVs invir io	Solid tumors	Undisclosed				
5 OVs invir io AstraZeneca		Undisclosed				

** Intravenous administration, intra-arterial hepatic 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 "killer" T-lymphocytes able to recognize and destroy cancer cells.

By integrating the genetic sequences specific to the cancer cells in the genome of the viral vector, we direct the immune response against the tumor cells that carry those same sequences. 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 patients' 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 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 (referred to as neoantigens). This approach has the advantage of an optimized process allowing a production time compatible with the needs of clinical trials. With *myvac®*, Transgene overcame several scientific and technical challenges. The Company set up an innovative network 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 product from the *myvac*® platform. The first patients were treated in the two Phase I clinical trials which began in early 2020.

An individualized, MVA-based vaccine

The *myvac*® platform is based on a 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.

Artificial intelligence to select the most pertinent mutations.

This innovative immunotherapy is based on integrating neoantigens (patient-specific tumor mutations) into a viral vector. Once they have been identified through sequencing and selected using the power of artificial intelligence (AI) technologies of NEC, several mutations are then incorporated into the genome of the viral vector. The prediction system is based on AI expertise that goes back more than 20 years, already used in oncology. It notably focused on public and proprietary data to rank and select with precision the most immunogenic sequences.

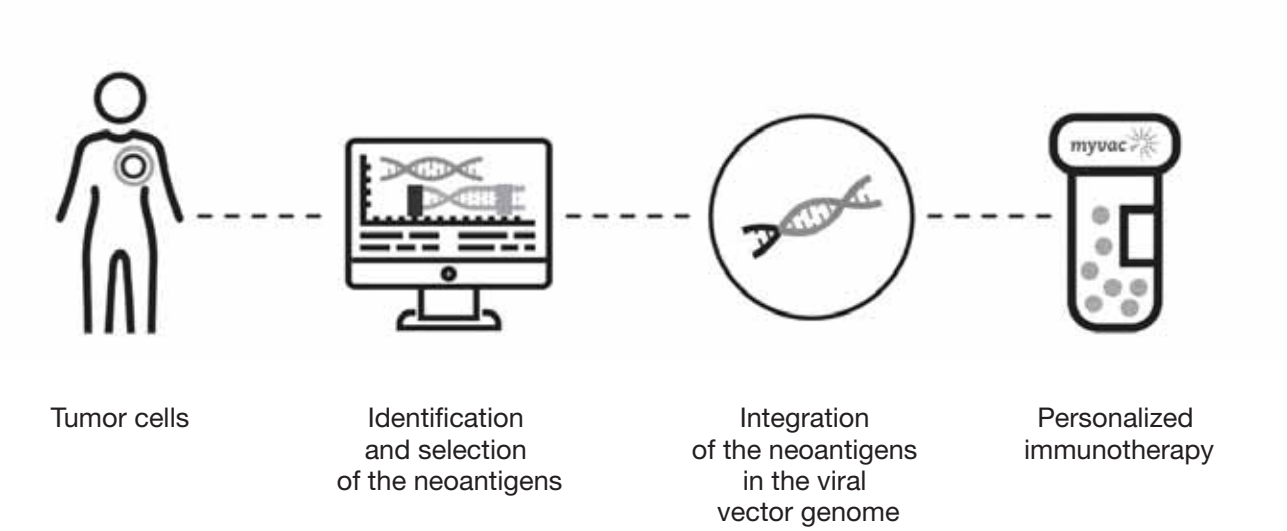
Thus, when *myvac*® is administered to the patient, it triggers an immune cascade against these different targets present in the cancer cells.

Transgene and NEC presented data at the AACR 2020 meeting 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 pilot 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 the 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 of the *myvac*® viral platform and works actively on the translational development of this innovative technology, particularly as part of the project with three French partners: the Institut Curie, HalioDx and Traaser.

- The **Institut Curie** (the Cancer Immunotherapy Center, led by Dr. Amigorena) works on the generation of translational data and the characterization of the mechanism of action;

(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.

- **HalioDx** will study biomarkers to monitor and maximize the clinical efficacy of *myvac®* with Immunogram, a high-tech clinical research platform that includes a suite of proprietary tests including Immunosign® and the Immunoscore® assay range;
- **Traaser** automates, secures and manages the genomic data, including the integration of predictive algorithms provided by a partner recognized in artificial intelligence.

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 5-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 artificial intelligence and machine learning capabilities, its databases and its expertise in prioritizing neoantigens, NEC 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 viral vector *myvac®* 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 tolerance issues.

Once identified by sequencing and selected using artificial intelligence algorithms, 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.

This approach differs from autologous treatments in that no biological material from the patient is used in manufacturing this pharmaceutical product, making it easier to manufacture and standardize. It is also individualized since it uses the information specific to the characteristics of the patient's tumor.

Ongoing clinical trial – ovarian cancer – Phase I

A first Phase I trial provides for the administration of TG4050 to patients with ovarian cancer who have had surgery and a first line of chemotherapy. Patients suffering from this cancer currently have no effective treatment to prevent the recurrence of this disease; the majority of them will see a return of the disease within a year following the initial treatment. TG4050 is administered at the first signs of asymptomatic recurrence, with the aim of initiating a strong immune response in the patient against the cancer cells.

A clinical trial began in January 2020 after being authorized by the FDA in May 2019 and by the ANSM in July 2019. A first patient was treated in 2020.

This multi-center, one-arm trial is taking place in the U.S. and France. The evaluation criteria for the trial include safety, feasibility and biological activity of the therapeutic vaccine.

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 conducted by Dr. Martinez at the Oncopole de Toulouse and by Prof. Le Tourneau at the Institut Curie.

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

Ongoing clinical trial – HPV-negative oropharyngeal cancers – Phase I

A second 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; the majority of them 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.

It began in January 2020 after being authorized by the MHRA and the ANSM in July 2019. A first patient was dosed in early 2021.

This two-arm, randomized, open, multi-center trial includes patients in the United Kingdom and France. The evaluation criteria for the trial include safety, feasibility and biological activity of the therapeutic vaccine.

In France, the trial is conducted by Prof. Delord at the 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.

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

Next stages of development

The first clinical results of these trials are expected in the fourth quarter of 2021. For these two trials, the analyzes include the characterization of the immune response, the change of the tumor microenvironment and the clinical benefit.

Marketing outlook

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

TG4001: HPV-16 positive cancers including head and neck – 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.

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: alerting and training the immune system specifically against those cells and, due to IL-2, stimulating the immune system. Its good safety profile was observed in all clinical trials.

Lead therapeutic indication

TG4001 is being developed in recurrent or metastatic HPV-16 positive cancers. This development is currently being conducted in combination with an Immune checkpoint inhibitor, avelumab.

Clinical collaboration agreement

Clinical collaboration with the Merck KGaA/EMD Serono and Pfizer alliance, which supplies avelumab, an Immune checkpoint inhibitor of the human anti-PD-L1 monoclonal antibody type, for the Phase 1b/II trial described below (see also Section 1.2.3).

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 (Paris).

Promising results – 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 Immune checkpoint inhibitor 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:

- **The combination of TG4001 and avelumab demonstrated a clinically relevant anti-tumor activity (23.5% 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 ORR and PFS. In patients without liver metastases, an ORR of 34.8% and a median PFS of 5.6 months were achieved.
- **The treatment induced HPV-specific T-cell responses** and was associated with increased levels of immune cell infiltration in the tumors and expression of genes associated with activation of the immune system.

An overall response rate of 23.5% was achieved in the 34 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.

(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.

In patients without liver metastases (n = 23), the objective response rate (ORR) was 34.8%, and the median progression-free survival (PFS) was 5.6 months compared with an ORR of 0% and a PFS of 1.4 months for patients with hepatic 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 p-values are 0.012 and 0.001 for the ORR and median PFS respectively). 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 disease control rate (DCR) at 12 weeks was 56.6% in patients without hepatic metastases, compared with 9.1% in patients with liver metastases. 60% of patients without liver metastases did not see their disease progress to the fourth month; at the sixth month, this rate was still 40%. At the fourth month, all patients with liver metastases had seen a progress of their disease.

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). 9.5% of patients reported grade 3, 4 or 5 TRAE.

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 – addition of part 2 to the Phase II trial

Transgene has amended the protocol of the Phase Ib/II trial in order to accelerate the launch of a randomized Phase II trial based on the promising Phase Ib/II results This randomized Phase II trial is supported by Merck KGaA and Pfizer who are providing avelumab; Transgene retains all of the rights to TG4001.

The initial Phase Ib/II trial conducted in Europe (France and Spain) was amended to allow a randomized comparison of the combination of TG4001 with avelumab versus avelumab alone in anogenital cancers.

The amended protocol was submitted in Europe. In addition, Transgene has extended the scope of its study to the United States and the trial protocol has been approved by the FDA.

Part 2 of the Phase II trial will include patients with HPV-16 positive anogenital cancer. This trial will focus on patients without liver metastases, as this population has previously been identified as responding better to treatment than patients with hepatic metastases. Patients will be randomized to receive either the combination of the therapeutic vaccine TG4001 with avelumab or avelumab alone.

The main objective of the trial is progression-free survival (PFS) according to RECIST 1.1 criteria. Secondary endpoints include objective response rate (ORR), disease control rate (DCR), overall survival (OS) and other immunological parameters. The trial may include up to 140 patients on average.

To date, and subject to obtaining the necessary authorizations, Transgene plans to include the first patients in this part of the clinical trial in mid-2021.

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 [(1)] resolutions 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 *papilloma virus* 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 a HPV-positive pathology and, in this respect, are extremely encouraging for TG4001 and the entire MVA platform.

Next stages of development

Transgene plans to release the first data from this trial (interim analysis) around the end of 2022. This forecast is based on the start of enrollments in the second quarter 2021 and no major impact from the Covid-19 pandemic on the rate of inclusion.

(1) Resolution: total disappearance of CIN lesions.

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 selectively replicate in cancer cells and directly (the process is known as cell lysis or oncolysis) and indirectly trigger an immune system response against these cells.

Oncolytic viruses can be armed with a comprehensive therapeutic arsenal comprising complementary anti-cancer 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

A new generation of multifunctional oncolytic virus, TG6002 has been designed to combine the mechanism of oncolysis (targeted destruction of the cancer cell) with the targeted production of chemotherapy (5-FU), directly in the tumor. In addition, the destruction of tumor cells results in the release of tumor antigens, which cause an increase in the immune response. 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 described above. It has been optimized to selectively replicate in tumor cells and attract immune defenses into the tumor. TG6002 also expresses the patented 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.

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

Lead therapeutic indication

Transgene is developing TG6002 for the treatment of several solid tumors, such as gastrointestinal adenocarcinoma (stomach, pancreas and colon), for which 5-FU is a common treatment.

Key results

In 2020, Transgene reported the first Phase I data for TG6002 administered intravenously (see below). The detailed results will be presented at the AACR 2021

Transgene relies on a set of robust preclinical data, having demonstrated inter alia its good tolerance and efficacy profile in several preclinical models *in vitro* (cell lines) and *in vivo* (xenografts on immunodeficient mice). In some models, partial responses and even complete ones were observed, as well as a "remote" effectiveness of the oncolytic virus on the metastases.

Preclinical results obtained on models of colorectal cancer were published in *Molecular Therapy Oncolytics* in 2019.

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 new administration route.

In September 2020, Transgene announced that the independent safety data review committee met and recommended the continuation of the trial and the transition to a higher dose level (3×10^9 pfu), in the absence of dose-limiting toxicity of TG6002 at a dose of 10^9 pfu.

In addition, the first translational data show that after its intravenous administration, TG6002 circulates in the patient's blood on a temporary basis and induces the production of 5-FU at therapeutic doses.

This multi-center trial is authorized in France, Belgium and Spain. It will include up to 59 patients with advanced gastrointestinal tumors such as colon cancers.

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 could include up to 75 patients.

After a launch in early 2020, the inclusions in this trial were suspended from April to September 2020 due to the Covid-19 pandemic.

Next stages of development

Transgene will present more detailed data from the Phase I trial of the IV route at the AACR 2021 congress. Initial data from the trial evaluating administration through the IHA is expected in the third quarter of 2021.

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 technology at the origin of a new generation of multifunctional oncolytic viruses able to modulate the tumor microenvironment and thus show improved anti-tumor activity.

The Invir.IO™ platform is based on a patented strain of *Vaccinia* virus (VV_{cop}TK-RR-), which enables several administration routes (intravenous, locoregional and intratumoral). The ability of the *Vaccinia* virus genome to integrate large quantities of genetic material and Transgene's expertise in vectorology make Invir.IO™ the ideal platform for developing a portfolio of multifunctional oncolytic viruses.

The Invir.IO™ platform enables product candidates integrating a wide range of weapons (enzyme, antibody, cytokine, etc.) to be designed.

BT-001 is the first drug candidate from Invir.IO™. It received the necessary authorizations to launch a clinical trial at the end of 2020.

Transgene is developing five oncolytic viruses for AstraZeneca.

Transgene has also designed other proprietary oncolytic viruses, which are being evaluated in preclinical experiments.

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

Thanks to Transgene's unique know-how and expertise, the Invir.IO™ platform can generate, produce and characterize numerous candidate products in a highly efficient way.

Our oncolytic viruses are designed to directly and selectively destroy the cancer cells by using an oncolysis mechanism, while also inducing immune responses against tumor cells. In addition, during replication, the virus expresses the weapons integrated in its genome and therefore allows the expression of immunomodulators and/or therapeutic agents specifically in the tumor.

The purpose of these viruses is to counter the mechanisms of immunosuppression linked to the aberrant proliferation of cancer cells which allow the tumor to escape the immune system. These complex cellular and metabolic mechanisms develop in the tumor microenvironment.

Oncolytic viruses optimized to attack the tumor on several fronts and improve cancer treatment

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.

This effect is in addition to the oncolysis activity. This enables the effective modulation of the tumor microenvironment and an increase in the immuno-sensitivity of the tumor while limiting systemic exposure.

Transgene has already demonstrated preclinically that the oncolytic viruses from the Invir.IO™ platform attack tumors on several fronts. In addition to the remarkable lytic properties of the *Vaccinia* viruses, our oncolytic viruses:

- induce the immunogenic death of cancer cells; and
- allow the expression specifically in the tumor of several weapons such as cytokines, chemokines, enzymes, and/or monoclonal antibodies or mini-antibodies (SdAbs – single-domain antibodies) that act against the tumor.

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). 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 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-CTLA4 antibody and the cytokine GM-CSF. It is co-developed by Transgene and BioInvent.

BT-001 was designed to improve the efficacy of an anti-CTLA4 antibody while minimizing the adverse effects associated with this class of Immune checkpoint inhibitor.

Collaboration agreement

BT-001 is co-developed by Transgene and BioInvent.

Description and mechanism of action

BT-001 is a multifunctional oncolytic virus. It was generated using Transgene's patented Invir.IO™ platform and its high-capacity oncolytic virus VV_{cop}TK-RR-. BT-001 encodes an anti-CTLA4 antibody derived from BioInvent's n-CoDeR®/F.I.R.S.T™ technology, depleting Tregs and a human cytokine (GM-CSF).

BT-001 was designed to combine an action destroying tumor cells (oncolysis) with the activation of immune defenses and the expression of an anti-CTLA4 antibody in the tumor. This antibody has notably shown in preclinical phase an activity of modulating the tumor microenvironment by provoking a depletion of the T-regs, lymphocytes being able to reduce the action of the "killer" T-lymphocytes in the tumor.

Lead therapeutic indication

Transgene and BioInvent are developing BT-001 for the treatment of solid cancers.

Key results

BT-001 was evaluated in several preclinical models, *in vitro* and *in vivo*. The results were presented at the AACR Congress 2020 and at SITC 2020.

In several preclinical models, the murine form of BT-001 (mbT-001) shows exceptional antitumor activity, which causes the disappearance of tumors in a majority of mice (> 70% in all the models tested). mbT-001 also induced long-lasting anti-tumor immune responses and an effect on distant tumors.

The new preclinical data also confirmed that the anti-CTLA4 antibody expressed by BT-001 in the tumor cells of mice retains its biochemical integrity and folding, functionality and biological activity.

The results also show that mBT-001 can be used in many indications as monotherapy, including in tumors resistant to treatments due to their low immune capacity.

Finally, these results show that the production of anti-CTLA4 antibodies in the tumor should improve the tolerance of the treatment and result in a stronger and longer lasting activity, in particular in combination with anti-PD-1/PD-L1 therapies.

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

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

This trial includes patients in Europe (France and Belgium) and should then be extended to the United States. The first patient was included in February 2021.

Phase I of the trial is organized in two parts. Part A can include up to 36 patients with advanced/metastatic solid tumors who have already received multiple lines of treatment, including other immunotherapies. In this part, BT-001 is administered as monotherapy by way of IT injections into palpable skin or subcutaneous lesions or into easily injectable lymph nodes in order to determine the recommended dose and the best administration schedule. The objective of Part B of Phase I is to explore the combination of BT-001 IT injections 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. Enlarging the cohorts will offer the chance to explore the potential of this approach for other cancers that are not traditionally managed with this type of treatment.

Next stages of development

Initial results of Part A of Phase I are expected in the first half of 2022.

Marketing outlook

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

1.2.3 Strategic collaboration agreements

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 human papilloma virus (HPV) positive cancers, after failure of standard therapy in the framework of a Phase I/II 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. This collaboration has been extended to a second target in March 2019. 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 each agreement provide for development conducted by the two companies with an equal share of the costs and revenues 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 NEC

On March 4, 2019, following a letter of intent announced in October 2018. 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 50% of the costs of two Phase I trials of TG4050 with the goal of obtaining a first proof of concept of the *myvac*® technology.

Collaboration 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 on signing, and could receive addutional payments upon attaining preclinical milestones. The Company 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.

1.2.4 Other products and collaborations

1.2.4.1 Other products

TG1050: a therapeutic vaccine for chronic hepatitis B

TG1050 is a therapeutic vaccine for the treatment of chronic hepatitis B. This product went into clinical development in 2015 in patients with a chronic HBV (hepatitis B virus) infection being treated by standard antiviral. This product has shown a good safety profile and after administration of a single or multiple doses of TG1050.

Description and mechanism of action

TG1050 is an immunotherapy based on the human adenovirus serotype 5. This non-replicating virus expresses several HBV antigens: the DNA polymerase enzyme responsible for the replication of the virus, the surface protein located on the outside of the virus and which allows the HBV to enter the cells it infects, and lastly the HBV capsid protein, *i.e.* the protein that makes up the structure surrounding the viral genome. Once produced in the body via the adenovirus vector, these HBV proteins activate the patient's immune system and induce HBV-specific T lymphocytes that can recognize infected cells and eliminate them.

Therapeutic indication

TG1050 is for treatment of chronic hepatitis B.

Current treatments for hepatitis B can inhibit the multiplication of the virus but fail to eliminate it. Fewer than 5% of patients treated recover completely. The TG1050 injection is intended to induce an immune response against HBV and thereby to increase the seroconversion rate of HBsAg, the current criterion of cure.

Preclinical trials, clinical study and results

Preclinical results have shown the ability of TG1050 to induce specific T cell responses. These responses were robust, broad and sustained over the time, with characteristics similar to those observed in patients who have eliminated the infection. Antiviral effects have also been shown for TG1050 at preclinical stage.

On the basis of these data (main results published in the scientific journal *Gut*), Transgene in 2015 initiated a Phase I/Ib clinical study aimed at evaluating TG1050 in patients with chronic hepatitis B treated with standard antivirals. This randomized, double-blind, placebo-controlled, multi-center trial (Europe and North America) assessed the safety profile and tolerability of single and repeated administration of three doses of TG1050, and helped improve understanding of antiviral activity and immune system responses induced by TG1050.

In November 2018, Transgene presented positive and encouraging results of this clinical trial to the AASLD Liver Meeting, showing the achievement of the following objectives:

- good tolerance of TG1050 at the three doses tested in single dose and in multiple doses in patients with chronic hepatitis B under standard antiviral treatment;
- induction of a specific cellular response of HBV. This immune response was observed mainly at the two highest doses in patients with little or no pre-immunity against adenovirus.

Transgene also presented encouraging new preclinical data in a mouse model expressing HBV chronically. They show that the combination of TG1050 with antivirals or immunomodulators leads to a much greater and longer lasting antiviral activity than treatments administered alone. These data support future clinical evaluation of TG1050 in combination with other molecules, whether or not specific to HBV.

Next stages of development

Transgene is seeking partners for TG1050, primarily to co-develop this candidate product in combination with other therapeutic modalities.

Marketing outlook

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

Sale of Chinese rights to Tasly BioPharmaceuticals and development of T101

T101 is an immunotherapy derived from TG1050 technology. It is currently being developed in China by Tasly BioPharmaceuticals Group Co, Ltd., which holds all rights to research, development and commercialization of T101 for Greater China, following an agreement reached in July 2018.

A Phase I clinical study evaluating T101 was conducted in China. It confirmed in particular the tolerance and immunogenicity of this therapeutic vaccine in a population of patients with chronic hepatitis B but whose characteristics differ from those in Europe and North America, particularly in terms of the modes of infection, haplotypes and viral genotypes.

The results were presented in the form of a meta-analysis with the results of TG1050 to the AASLD Liver Meeting in November 2019.

A Phase II trial of T101 is underway in China.

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 Immune checkpoint inhibitors (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 was also modified to express the immunostimulating protein GM-CSF, Pexa-Vec uses three

mechanisms of action to "attack" tumors: cell lysis *via* the selective replication of the virus in tumor cells, blocking of tumor vascularization and 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).

Neo-adjuvant trial conducted by the University of Leeds

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 early 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.

Other trials in liver cancer

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 tolerance profile with known and tolerable secondary effects.

Pexa-Vec is developed for the treatment of solid tumors. It was evaluated, following administration of sorafenib, in liver cancer as part of a Phase III trial and in combination with nivolumab in a Phase I/II trial.

Key clinical results as a first-line treatment in advanced liver cancer

Phase II study results (published in the journal *Nature Medicine* in February 2013) of patients with advanced liver cancer revealed that patients receiving the high dose had a statistically significant clinical improvement in terms of overall survival compared to the Group receiving the low dose.

The risk of death in patients receiving the high dose of Pexa-Vec dropped sharply compared to the patients in the control group receiving the low dose (1/10th of the high dose). Median overall survival was respectively 14.1 months in the high-dose group and 6.7 months in the low-dose group.

Phase III clinical trial (PHOCUS)

This trial evaluated Pexa-Vec in combination with sorafenib in the first-line treatment of patients with advanced hepatocellular carcinoma (HCC). This trial, launched in late 2015, was conducted in Europe, Asia and North America by our partner SillaJen. Patients were randomized into two groups to receive Pexa-Vec followed by sorafenib, or sorafenib only. In 2019 Transgene announced that the Independent Data Monitoring Committee had recommended stopping the study based on the IDMC's assessment that the trial would be unlikely to meet its primary objective at the time of the final analysis.

Phase I/II clinical trial in combination with Nivolumab

This multi-center trial was conducted in Europe, and started in July 2017. It combined Pexa-Vec and nivolumab (Opdivo®) as a first line of treatment for advanced HCC. In 2019, Transgene decided to terminate this study.

Next stages of development

Pexa-Vec is currently being evaluated in "investigator-sponsored" studies, which Transgene is coordinating. These Phase I/II studies combine 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.

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

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 studies 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 approval and retains commercialization rights in its territories.

As part of the development activities, Transgene may have to pay SillaJen up to $112 million (including $13.25 million already paid) in milestone and market authorization payments for several indications, as well as royalties from the sale of Pexa-Vec by Transgene and its sub-licensees. SillaJen also has an option to co-promote the product in the five major European countries in the exclusive territory of Transgene.

Agreements to co-develop oncolytic vectors with Randox

In October 2017, Transgene and Randox announced a co-development agreement to develop viral vectors from Transgene's 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 each agreement provide for development conducted by the two companies with an equal share of the costs and revenues 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.

Loan agreement with the European Investment Bank (EIB)

In early January 2016, the Company obtained a €20 million loan facility from the European Investment Bank (EIB) under the IDFF (Infectious Diseases Finance Facility). A single tranche of €10 million was drawn down in June 2016. Transgene declined to draw down the second tranche. No guarantees were provided in connection with this credit facility. This loan was repaid in full in October 2020.

Revolving credit agreement with Natixis

In April 2019 the Company signed a contract with Natixis for a revolving credit agreement capped at €20 million, available in one or more drawdowns. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first draw. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €20 million. If the value of its shares declines, for example in the event of a decline in the market price of Tasly BioPharmaceuticals on the STAR market in Shanghai after its listing, Transgene may be forced to repay part or all of the amounts borrowed. The agreement with Natixis contains a number of standard provisions, including an early repayment clause in the event of a change of control or certain adverse events, plus restrictions placed on Transgene's debt. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately repay the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. In accordance with the principles of revolving loans, the amounts drawn must be repaid in full by the end of the program at the latest. This loan agreement initially ran until October 2021.

In March 2020, an amendment extended the availability of this credit facility until June 30, 2022.

An additional amendment has been signed in September 2020 resizing this credit line to €15 million, following the sale of 38% of Transgene's stake in Tasly BioPharmaceuticals in July 2020.

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

In July 2018, Transgene subscribed for 27.4 million newly issued shares of Tasly BioPharmaceuticals, *i.e.*, 2.53% of its share capital, through a contribution in kind of the intellectual property in China required for the development exploitation of a therapeutic vaccine against hepatitis B as well as Transgene's stake in the joint venture Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. The assets contributed by Transgene were valued at US$48 million between the parties, and the unit value of the shares received is that negotiated by the institutional funds. At the time of this capital increase, Transgene, the institutional funds, Tasly BioPharmaceuticals and its parent Tasly Holding Group signed a shareholders' agreement to define their relationships prior to the initial public offering. Besides the normal clauses such as a right of first refusal in the event a shareholder wishes to sell, Tasly Holding Group agrees to buy out the shares subscribed by Transgene. Tasly BioPharmaceuticals is currently pursuing an IPO on the STAR Market in Shanghai, China, after a first unsuccessful attempt at an IPO on the Hong Kong Stock Exchange in 2019-2020. In the event that Tasly BioPharmaceuticals is not listed on the STAR Market before December 31, 2021, and no application is being assessed by the market authorities, Transgene will benefit from a put option exercisable from December 2021, requiring Tasly Holding Group to enter into (or have a third party enter into) an agreement to sell Transgene's stake in Tasly BioPharmaceuticals within three months at the initial subscription price plus a contractual annual rate.

In July 2020, Transgene sold 10.3 million shares of Tasly BioPharmaceuticals to a Chinese institutional fund, *i.e.*, 38% of the shares held by Transgene and collected US$22.2 million (€19 million). Following this share sale, Transgene holds 17.1 million shares in Tasly BioPharmaceuticals, equivalent to 1.58% of the Chinese company's capital. Transgene's remaining shareholding in Tasly BioPharmaceuticals is valued at approximately €32.3 million based on the price as at December 31, 2020.

Consortium agreement in the NEOVIVA project

Transgene is a partner in and coordinator of a research program with, among others, Traaser, HalioDx 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 repayable 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 ADNA (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 reimbursable 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 revenue 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 ("Ascend"), a biotechnology company based in Australia, a license for the immunotherapy product TG1042 to treat a common form of skin cancer, basal cell carcinoma (BCC), and two other cancer indications, with Transgene retaining rights to other potential indications.

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 revenue from manufacturing under GMP conditions the initial clinical batches of MVA therapeutic vaccine.

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 deliver significant improvement to the clinical results of cancer patients.

The Company's main competitive advantages are described below.

The MVA vector technology platform

The MVA platform is one of Transgene's technology platforms and 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 in the field of cancer. It has been put into use for several therapeutic vaccines currently under development and for the new *myvac®* personalized vaccine program.

This technology platform has the following potential advantages:

- **safety:** MVA is a modified *Vaccinia* virus obtained from a viral strain 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 efficiency:** 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 "anti-cancer weapons" (see Section 1.2.2.2). Multifunctional oncolytic viruses are particularly promising therapies, with the potential to significantly improve the treatment of patients.

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 antigens into our individualized immunotherapy. By incorporating sequencing and artificial intelligence into the design of the virus, *myvac®* signals the entry of viral vector-based approaches into the era of digital transformation and the 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 result of a policy of open innovation with partners developing technologies complementary to our expertise, 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, vector technologies and related processes and other technologies. As of the date of this Registration Document, Transgene owns around 160 patents in several countries (including in Europe and the United States). Nearly 100 patent applications have been filed and are currently pending. In addition to its patent portfolio, Transgene has licenses for third-party patents and the use of third-party processes and technologies.

1.2.6 Main 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 2018, 9.6 million deaths, or one in six deaths, was due to cancer worldwide. This disease remains the second cause of death in the world. It affected 18.1 million new patients in 2018 (source: WHO 2020). Cancer causes more deaths than AIDS, tuberculosis and malaria combined. The new version of the IARC (International Agency for Research on Cancer) online database, GLOBOCAN 2020, gives the most recent estimates for 28 types of cancer in 184 countries and provides a thorough overview of the global burden of cancer. By 2040, new cancer cases are expected to reach 27.5 million with cancer deaths increasing to 16.3 million, as a result of population growth and aging (source: American Cancer Society's Global Cancer Facts and Figures, 4th edition).

Surgery and radiotherapy are currently considered the best treatments available for many cancers. However, patients' chances of survival are 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 such as acute childhood leukemia, Hodgkin's disease and testicular cancer, few patients are cured by these treatments and improving their chances of survival remains challenging. New anti-cancer 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 $176 billion in 2025, assuming an annual average growth rate of 7.6%. The growth of the market is due to the increase in the number of cases as well as by 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 HPV-16 positive cancers include cancers of the cervix, vagina, vulva, anus and penis, *i.e.*, a total of approximately 25,000 patients diagnosed at the metastatic stage and with a recurrent disease. Sources: meta-analysis, IARC, Globocan, SEER-EU28, USA.

The current treatment options are surgical resection with either radiotherapy, radio-chemotherapy and/or Immune checkpoint inhibitors (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. With the ICIs, the median overall survival remains less than 11 months, with a median progression-free survival in the order of 2 to 4 months. The overall response rates fall between 10% and 15% depending on the indication.

The randomized trial that Transgene plans to launch in 2021 focuses on anogenital cancers.

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 2018, almost 500,000 new cases of CRC were reported in Europe, with 242,000 deaths. Worldwide, this represents 1.8 million new cases and 881,000 deaths (Globocan 2018). 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. Worldwide, it is the eighth leading cause of cancer deaths in women, but the fifth leading cause of cancer death in Western Europe and North America. This represents 295,000 new cases worldwide and 185,000 deaths (Globocan 2018).

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, the majority of women will have a recurrence. New treatments have been authorized that enable improved progression-free survival but without significant improvements to overall 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 just over 800,000 worldwide per year, with around 400,000 deaths. There are strong regional disparities in terms of incidence. (Globocan 2018)

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 almost half of patients (Pagh A. et al., 2016).

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 and Vaccibody, 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 therapeutic approaches, monoclonal antibodies, small chemical molecules and immunotherapies (including ICIs). These medications are therefore competing or complementary products, depending on their mechanism of action. Transgene's immunotherapies (therapeutic vaccines and oncolytic viruses) act to stimulate the patient's immune response and can be combined with ICIs or chemotherapies.

In the treatment of chronic hepatitis B (indication for TG1050), the standard treatment is a class of antivirals, the nucleosides. One of the treatments, Entecavir, is now available as a generic medication and the other treatment, Tenofovir (Viread®), is commercialized by Gilead. Other products at varying stages of development exist, including the Gilead, Arbutus Biopharma and Alnylam Pharmaceuticals programs.

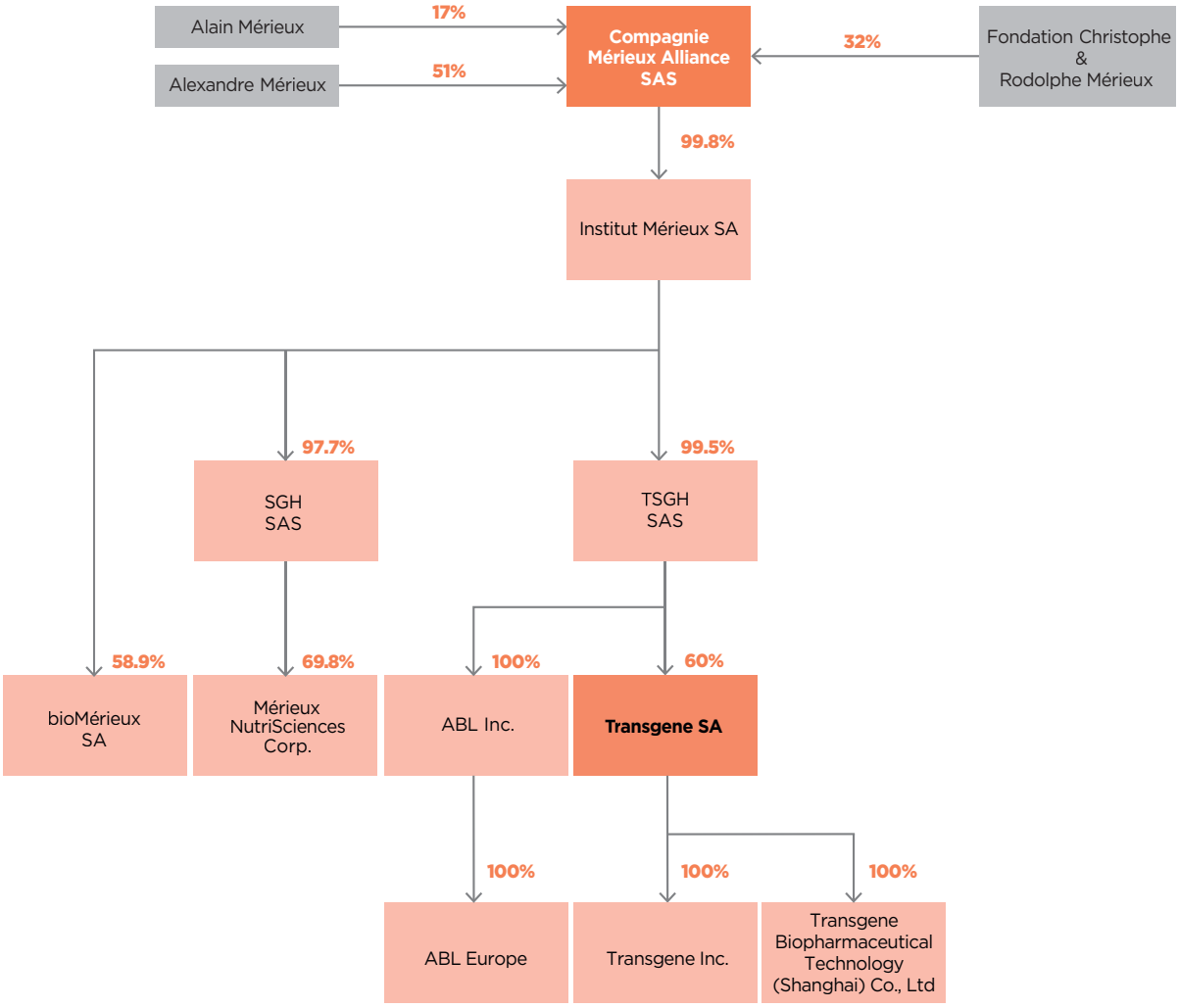
However, despite the advances made in cancer treatments, innovative therapies still need to be developed to extend patients' lives and improve their quality of life.

1.2.7 Organizational chart

1.2.7.1 Relationship with the Institut Mérieux Group

Transgene is 60% owned by TSGH, a financial holding company, which in turn is 99.5% owned by Institut Mérieux itself 99.8% 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 investments

Transgene, Inc.

The Company has a subsidiary in the United States, Transgene, Inc., based in 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. Jean-Philippe Del, Chief Financial Officer, and Philippe Archinard, a director 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. Éric Quéméneur, Maud Brandely and John Felitti, are directors of this company. Philippe Archinard, a director of Transgene, is its supervisor.

1.3 BUSINESS OVERVIEW

1.3.1 Key activities of the year

Transgene has achieved a number of milestones during 2020 and has been able to operate in spite of the uncertainties related to the Covid-19 pandemic. The Company has an ambitious portfolio of product candidates.

In 2020, the first patients were treated with TG4050, our individualized immunotherapy based on the *myvac*® technology. This achievement illustrates how the Company has positioned itself at the cutting edge of innovation to design new solutions for patients, clinicians and pharmaceutical companies.

The promising results of TG4001 presented in 2020 enabled a randomized Phase II trial to be launched in 2021 in the United States and Europe.

This acceleration of development is also reflected in the clinical entry of BT-001, the first oncolytic virus from our Invir.IO ™ platform, and the progress of TG6002.

The Company has received €18.2 million net in July 2020 from the partial disposal of Tasly BioPharmaceuticals shares.

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 peak sales could exceed a billion euros per year, in cancers such as colorectal cancer. Immunotherapy, including Immune checkpoint inhibitors (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 intends to license its products to pharmaceutical industry players.

In order to better valuate its technology platform based on viral vectors, and with the aim of subsequently signing licensing contracts, Transgene also plans 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 Major accounting principles (IFRS standards)

Revenue recognition

At the date of this Registration Document, with no products on the market, Transgene generates revenue from (i) 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).

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. Revenue received but not yet recognized in the income statement 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 perform 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 license terms, 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 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 a tax charge, 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 expenses

Research and development expenses are recognized on the income statement in the period 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, at 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.

Benefits at retirement

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 (severance retirement plan). 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. This provision does not apply to employees of entities located abroad.

Financial fixed 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 interests, 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 balance sheet 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 concerned program and estimated success rates. The impact of this re-estimate is recognized in Net finance costs.

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

Investments in associates

As of December 31, 2020, the Company no longer had any investments in associates 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 funding body. They are recognized under long-term financial debt in accordance with IAS 20.

Reimbursable 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 a revenue threshold on the product TG4001 predetermined for the following five years, and in proportion to the revenue 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 revenue 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 income

The Company has historically incurred losses and expects to continue to incur more losses over the next few 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 revenue 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, 2020, and 2019

INCOME STATEMENT

(in € thousands, except for per-share data)	12/31/2020	12/31/2019
Revenue from collaborative and licensing agreements	2,981	6,652
Government financing for research expenditure	6,362	6,644
Other income	572	437
Operating income	**9,915**	**13,733**
Research and development expenses	(27,346)	(31,385)
General and administrative expenses	(6,547)	(7,134)
Other expenses	(15)	(668)
Operating expenses	**(33,908)**	**(39,187)**
Operating income/(loss)	**(23,993)**	**(25,454)**
Net financial income/(loss)	6,762	6,650
Share of profit/(loss) and disposal of investments in associates	-	-
Income/(loss) before tax	**(17,231)**	**(18,804)**
Income tax expense	-	-
Net income/(loss)	**(17,231)**	**(18,804)**
NET INCOME/(LOSS)	**(17,231)**	**(18,804)**
Basic earnings per share *(€)*	(0.21)	(0.23)
Diluted earnings per share *(€)*	(0.21)	(0.23)

Operating income

Revenues from collaboration and licensing agreements amounted to €3.0 million in 2020 compared to €6.7 million in 2019. They mainly correspond to research and development services for third parties, which amounted to €3.0 million in 2020 (compared with €6.6 million in 2019). These are mainly revenues recognized over the period as part of the collaboration with AstraZeneca for €2.9 million (compared to €5.3 million in 2019);

Public funding for research expenses accounted for €6.4 million in 2020 *versus* €6.6 million in 2019, relating to the research tax credit of €6.3 million in 2020 (€6.5 million in 2019) and to research grants for €0.05 million in 2020 (€0.1 million in 2019).

Other income

Other income stood at €0.6 million in 2020 *versus* €0.4 million in 2019. It corresponds to the €0.2 million in NEOVIVA repayable advances granted at a preferential rate. 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 €27.3 million in 2020 *versus* €31.4 million in 2019.

1

The following table details R&D expenses by type:

(in € millions)	12/31/2020	12/31/2019
Payroll costs	11.5	11.2
Share-based payments	0.8	0.9
Intellectual property expenses and licensing costs	0.9	0.8
External expenses for clinical projects	5.4	10.9
External expenses for other projects	2.4	1.6
Operating expenses	4.6	4.2
Depreciation and provisions	1.7	1.8
RESEARCH AND DEVELOPMENT EXPENSES	**27.3**	**31.4**

Employee benefits expenses allocated to R&D (wages, employer contributions and related expenses) amounted to €11.5 million in 2020, *versus* €11.2 million in 2019.

Share-based payments were €0.8 million in 2020 *versus* €0.9 million in 2019.

Intellectual property and licensing expenses amounted to €0.9 million in 2020 *versus* €0.8 million in 2019.

External expenses for clinical projects amounted to €5.4 million in 2020 *versus* €10.9 million in 2019. This decrease is mainly due to the reduction in clinical trial expenses (€3.8 million in 2020 compared to €7.4 million in 2019) and the decrease in outsourced clinical batches production expenses (€1.6 million in 2020 compared to €3.5 million in 2019).

External expenses on other projects (research or industrial) amounted to €2.4 million in 2020, compared to €1.6 million in 2019.

Operating expenses, including the cost of operating research laboratories, represented €4.6 million in 2020, compared to €4.2 million in 2019.

General and administrative (G&A) expenses

General and administrative (G&A) expenses amounted to €6.5 million in 2020 *versus* €7.1 million in 2019.

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

(in € millions)	12/31/2020	12/31/2019
Payroll costs	3.2	3.2
Share-based payments	0.9	0.4
Fees and administrative expenses	1.8	2.8
Other fixed costs	0.5	0.6
Depreciation and provisions	0.1	0.1
GENERAL AND ADMINISTRATIVE EXPENSES	**6.5**	**7.1**

Employee costs represented to €3.2 million in 2020, the same as in 2019.

Share-based payments were €0.9 million in 2020 *versus* €0.4 million in 2019.

Management fees and expenses were down to €1.8 million in 2020, *versus* €2.8 million euros in 2019. This decrease is mainly due to consulting fees related to collaboration and financing contracts paid in 2019.

Other expenses

Other expenses amounted to €0.01 million in 2020, versus €0.7 million in 2019. In 2019 these related primarily to the Company's decision to stop recognizing inventory on the balance sheet, which represents an expense for the period of €0.4 million.

Financial income/(loss)

Net financial income resulted in a net income of €6.8 million in 2020 versus a net income of €6.7 million in 2019.

Financial income amounted to €10.6 million in 2020 (compared to €9.9 million in 2019), and mainly consisted of:

- the sale of 38% of Transgene's shareholding in Tasly BioPharmaceuticals, which generated a net gain on asset disposal of €2.7 million;
- the revaluation of the Tasly BioPharmaceuticals shares held for €6.4 million, corresponding to the difference between the fair value and the historic price;
- the net proceeds from the agreements concluded for the sale of ElsaLys Biotech SA for €1.4 million (sales of the equity securities for €0.3 million, reversal of provision on receivables of €1.1 million);
- Investment income remained stable at €0.1 million in 2020.

Financial expense amounted to €3.8 million in 2020 (*versus* €3.2 million in 2019) and primarily involved:

- the cancellation of the SillaJen earnout for €1.9 million following the agreement between reached between SillaJen and the former shareholders of Jennerex, Inc.
- accrued bank interest on the loan from the EIB (€0.7 million *versus* €0.8 million in 2019);
- the discounting of the ADNA debt for €0.6 million (compared to an income of €8.7 million in 2019);
- interest related to the disposal of the 2019 research tax credit receivable (€0.3 million in 2020 *versus* €0.4 million in 2019);
- interest on the Natixis credit facility (€0.2 million in 2020 *versus* €0.4 million in 2019);
- interest on financial leases (€0.1 million *versus* €0.2 million).

Net income before tax

Net income before tax was a net loss of €17.2 million in 2020 versus a net loss of €18.8 million in 2019.

Net income/(loss)

Net income before tax was a loss of €17.2million in 2020 versus a net loss of €18.8 million in 2019.

Net loss per share was therefore €0.21 in 2020 *versus* a net loss of €0.23 in 2019.

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.

Post-closing events

None.

1.3.4 Cash flow, financing and capital resources

To date, the Company has 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 (see 2.1.2 Risks related to the funding of the Company's development and activities).

Investments

Investments in property, plant and equipment and intangible assets amounted to €2.4 million in 2020 (€2.6 million in 2019).

Repayable advances and loans

Since 2016, Transgene has benefited from a €10 million loan granted by the European Investment Bank (EIB). In October 2020, the Company repaid the principal of this loan as well as the interest due at that date.

In April 2019, the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down on one or more occasions. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first draw. This credit agreement is valid until June 2022 and, according to the principles of a revolving credit, the capital drawn down must be fully repaid at the latest at the end of the program's duration. The Company made no draws on this credit facility in 2020.

In 2019, Transgene acts 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 repayable advances) over five years.

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, 2020, the Company's available cash amounted to €26.3 million *versus* €43.3 million on December 31, 2019.

Cash flow

The Company's net cash consumption amounted to €17 million in 2020, excluding capital increases, *versus* €20.5 million in 2019.

1.3.5 Investments

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

2020	Thousand euros	Principal investments
Tangible	850	Maintenance and laboratory equipment
Intangible	25	Software
2019	**Thousand euros**	**Principal investments**
Tangible	1,490	Maintenance and laboratory equipment
Intangible	39	Software

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

The forecast budget for tangible and intangible investments in 2021 amounts to around €0.5 million. This budget includes current operating investments for the replacement and improvement of equipment and facilities.

Investment in financial assets made over the last three years consisted in capital increases of companies:

- 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;
- In July 2020, the Company sold 38% of the shares it held in Tasly BioPharceuticals for $22 million. As a reminders, in July 2018 Transgene sold its 50% stake in the Transgene Tasly (Tianjin) BioPharmaceutical Co. Ltd. joint venture together with the patent rights on TG1050 for Greater China for €41.4 million. As of the date of the document, the Company holds 1.58% of Tasly BioPharmaceuticals.

1.3.6 Foreseeable changes, outlook and significant events after the balance sheet date

1.3.6.1 Information on trends

The Company has financial visibility until 2022. Because of the difficult-to-predict effects of the Covid-19 pandemic on the expense and revenue assumptions on which this financial forecast is based (see 2.4.8), the Company cannot accurately estimate at this stage the impact of this pandemic on its cash consumption, but considers that this impact would be moderate, and could decrease its cash consumption.

1.3.6.2 Profit forecasts or estimates

None.

1.3.6.3 Significant change in financial or commercial position

None.

2

RISK FACTORS

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 negative 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 negative 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 negative 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 negative 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		Revenues from partnerships might not materialize.	medium	critical
2.2.4		Licensing revenue is volatile.	high	moderate
2.2.5		Partnership structures may not immediately increase liquidity.	medium	moderate
2.2.6		Financing efforts may have an unfavorable effect on existing shareholders.	medium	moderate
2.2.7		Uncertain value of equity securities in other companies.	high	critical
2.2.8		Exposure to loans and factoring.	low	low
2.2.9		French income tax laws could change unfavorably.	low	moderate
2.2.10		High foreign exchange risk.	medium	moderate

Ref.	Category	Risk	Probability	Potential impact
2.3.1	Portfolio	Poor market acceptance may limit the value of our products.	medium	critical
2.3.2		Our technological and competitive environment changes rapidly.	high	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 candidate drugs.	medium	critical
2.4.4		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
2.4.5		The complex regulatory environment for clinical trials may impose heavy costs.	medium	moderate
2.4.6		Liability claims regarding products could harm our business.	low	low
2.4.7		Uncertainties created by Brexit.	medium	low
2.4.8		Impact of the Covid-19 pandemic.	high	moderate
2.5.1	Manufacturing issues	Transgene's ability to produce clinical batches and fulfill its contractual obligations to AstraZeneca depends on the performance of its internal production tool.	low	critical
2.5.2		Dependence on outsourcers.	low	critical
2.5.3		Reliance on critical suppliers for the procurement of raw materials and consumables	low	moderate
2.5.4		Environmental risks from making and using our products.	low	low
2.6.1	Intellectual property	The Company might fail to patent its products.	low	critical
2.6.2		The Company may not be free to operate.	medium	moderate
2.6.3		Unpatented intellectual property may be difficult to enforce legally.	medium	moderate
2.6.4		Litigation about intellectual property is 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 partner requirements

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 litigating 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 studies 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);
- 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);
- 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);
- 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);
- 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 and partnership agreement strategy of this candidate will depend on future joint decisions with BioInvent (see Section 1.2.3);
- 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 suspended in 2019 for futility (see Section 1.2.4.2).

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 potential partner has to fit with the partner's strategic objectives and be more attractive than competing candidate drugs.

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, equity investment in Tasly and Natixis credit line) and projected operating expenses, Transgene estimates that it has the financial capacity to finance its activities through 2022. Transgene estimates that the Company will be able to sell its shares in Tasly BioPharmaceuticals by 2022 and, if necessary, draw on the €15 million credit line available until June 2022 with Natixis. This also implies that additional cash resources will be required in the medium and long term. 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 could persist and even increase

While Transgene's long-term business plan aims for stable operational sources of funds—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 2020, operational expenditures for the year were in excess of €34 million, whereas sources of funds from operations were significantly less than this at under €10 million. Moreover, our funds received from operations are not recurrent and may vary greatly 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 funding more rapidly than anticipated.

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

- the continued development of research & 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 Revenues 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. 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.

2.2.4 License revenues are volatile

Over the longer term, even so-called "recurrent" sources of licensing revenues are subject to significant contingencies, such as development failures or lower than expected product sales, and the fact that revenues in one year are sufficient to cover operational expenditures is not a guarantee that they 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 revenues derive from a small number of products and do not benefit from the portfolio effect.

2.2.5 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 buy-out 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.

2.2.6 Financing efforts may have an adverse effect on existing shareholders

If Transgene is unable to generate sufficient funds through partnering activities, alternative sources of funding, if available, may reduce the value of existing shareholdings. 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 Uncertain value of equity investments in other companies

The 17 million shares Transgene owns in Tasly BioPharmaceuticals represent a significant potential source of future funding; but Transgene's ability to liquidate this asset depends on a Tasly BioPharmaceuticals listing or, in the absence of one, on Transgene's exercising an option on Tasly Holding Group, the major shareholder in Tasly BioPharmaceuticals. Tasly BioPharmaceuticals is currently pursuing an IPO on the STAR Market in Shanghai, China, after a first unsuccessful attempt at an IPO on the Hong Kong Stock Exchange in 2019-2020. The success and timing of this planned IPO are not certain at this point and are subject to current market conditions and the uncertainty inherent in all financial markets.

If Tasly BioPharmaceuticals succeeds in being listed on the STAR Market or alternatively on another market, Chinese corporation law will block the sale by Transgene of its shares for the first 12 months after listing, during which time the value of this asset will be exposed to market volatility. In the event that Tasly BioPharmaceuticals is not listed on the STAR Market before December 31, 2021, and no application is being assessed by the market authorities, Transgene will benefit from a put option that can be exercised from December 2021, requiring Tasly Holding Group to enter into (or have a third party enter into) a sale agreement for Transgene's stake in Tasly BioPharmaceuticals within three months at the initial subscription price plus a contractual annual rate. This option was granted by Tasly Holding Group to protect Transgene and other pre-listing investors against the risk of Tasly BioPharmaceuticals not being listed. The exercise of this option and execution of the sale entail risks such as counterparty risk and temporary restrictions on the exercise of the option or execution of the sale that could be applied if Tasly BioPharmaceuticals did succeed in being listed or began a new listing process.

2.2.8 Exposure to loans and factoring

A significant portion of Transgene's current cash comes from repayable advances from Bpifrance (see Section 5.1.2, Note 9), and the factoring of annual research tax credits (see Section 5.1.2, Note 9.). The Company has also implemented a renewable credit line with Natixis (see Section 5.1.2, Note 9) which has a maximum drawdown of €15 million until June 2022. This line of credit is secured by the shares of Tasly BioPharmaceuticals (see Section 1.2.4.2) held by the Company. The drawing ability could be lowered if the value of the shares decreases, with an obligation to reimburse the amount of potential draws that exceeds the value of the any early revaluations. Transgene must reimburse these amounts either at their maturities or upon the occurrence of contractually defined events. During 2020, Transgene's exposure to loans decreased significantly compared to the past with the early repayment of a €10 million loan from the European Investment Bank (see Section 5.1.2, Note 9). In the event that Transgene does not have sufficient funding, 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 financial years, the Company has recorded €6,352 thousand (2020), €6,619 thousand (2019), and €5,790 thousand (2018) in respect of the research tax credit. Given the importance of the RTC in the financing of the Company's activities, if the RTC were to be modified or removed by a change in French tax policy, this would impact the Company's financing capacity. 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 €726 million as of December 31, 2020. Applicable French law provides that tax loss carry forwards can be used to offset up to 50% of net income, with the first €1.0 million of net income 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 revenues 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 U.S. 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, Transgene's 17 million shares in Tasly BioPharmaceuticals will be listed 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 Poor market acceptance may limit the value of our products

The portfolio of immunotherapy products currently under development by the Company consist 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 revenues ultimately generated for Transgene through royalty payments.

2.3.2 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 studies 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.

2.3.3 Combination therapies carry additional risks

The Company's candidate drugs 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.

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 a 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 mode 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 for marketing

The Company's products may only be marketed pursuant to a valid marketing authorization approval (MAA) for launch obtained through the conduct of successful clinical trials. In order to obtain an MAA, 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 effectiveness for the targeted indications. Each agency has its own AML 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 US 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 could be lost due to the duration and cost of the 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 studies are being conducted. The majority of countries have also put in place special committees that study the protocols using recombinant DNA product, 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 U.S. and the Gene Therapy advisory committee in the United Kingdom);
- further, each clinical study 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 for inclusion 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 the 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 investigational drugs 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 parameters necessary for the success of our drug candidates

The success of a product generally depends on the identification of the regimen and route of administration, 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 exist. 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 obtains MAA.

2.4.4 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 approval, 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 study, 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 study 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 trial may tie its results to technologies that are no longer favored several years later.

2.4.5 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. To the extent that we do not comply with these rules in our handling of patient personal data or in our interactions with healthcare professionals, our conduct of clinical trials could generate reputational harm, fines and litigation costs.

2.4.6 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 the 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.

2.4.7 Uncertainties created by Brexit

Our clinical trials in the United Kingdom are subject to the U.K. Medicines and Healthcare Products Regulatory Agency, or MHRA. Following the departure of the United Kingdom from the European Union at the end of 2020, there is considerable uncertainty about the rules applicable to the United Kingdom in a number of areas. We are currently conducting clinical trials with TG6002 and TG4050 in the United Kingdom and cannot be certain that these trials will not be affected. From January 1, 2021, our research activities in the United Kingdom are no longer eligible for the research tax credit (RTC). In 2020, the services eligible for the RTC in the United Kingdom represented €0.1 million.

2.4.8 Impact of the Covid-19 pandemic

The Covid-19 pandemic, which has lasted since March 2020, has had and continues to have a moderate impact on Transgene's activities. As of the date of this document, this has mainly impacted clinical studies that have either been or are still being delayed due to the slowdown in patient inclusion or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies. For example, a clinical study conducted in the United Kingdom (for TG6002) is the most impacted due to the temporary closure of clinical center which prevents the recruitment of patients. The launch of the clinical study with BT-001 has been impacted by an extended delay of several months for the review of the French authorization request by the ANSM.

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 cancellation of international conferences, disorganization of the clinical sites participating in its clinical studies, 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 study 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 revenues from collaborations, which are difficult to quantify precisely at the date of this document.

2.5 INDUSTRIAL BUSINESS RISKS

The viruses on which Transgene's immunotherapies are based require highly specialized manufacturing, which expose 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 perform its contractual obligations to AstraZeneca depend 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 sub-contractors 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 poxvirus-based products for purposes of research and small-scale clinical studies. 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. 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 subcontracted the manufacturing of certain batches required for its clinical studies. 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 studies 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 Reliance on critical suppliers for the supply 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 best 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 tied to producing and handling 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 of 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 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; and
- that there is no risk of our owned and licensed patents being challenged, invalidated or circumvented by a third party.

2.6.2 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 revenues; 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.

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 U.S., (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.

2.6.3 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 contractors. 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.

2.6.4 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 in 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

CORPORATE GOVERNANCE

3.1 ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 Composition of the administrative and management bodies

ROLE OF THE EXECUTIVE COMMITTEE

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

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

The Executive Committee meets every two weeks.

Its membership reflects the Group's main skills.

COMPOSITION

8 MEMBERS

25% WOMEN

5 years AVERAGE SENIORITY WITHIN THE EXECUTIVE COMMITTEE

7 years AVERAGE SENIORITY WITHIN TRANSGENE

50 years AVERAGE AGE


1


2


3


4


5


6


7


8

1. **Hedi Ben Brahim**
   Chairman and
   Chief Executive Officer
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. **Thibaut du Fayet**
   Director of Programs and Alliances
7. **John Felitti**
   General Counsel
   Corporate Secretary
8. **Gaëlle Stadtler**
   Human Resources Director

3.1.1.1 Composition of the Executive Committee

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
Hedi Ben Brahim	40	Chief Executive Officer	2021
Éric Quéméneur	57	Executive Vice-President – Scientific Director (CSO)	2014
Christophe Ancel	57	Director of Pharmaceutical Operations and Chief Pharmacist – Deputy Chief Executive Officer	2014
Maud Brandely	67	Director of Medical Affairs (CMO)	2016
Jean-Philippe Del	41	Chief Financial Officer (CFO)	2014
Thibaut du Fayet	53	Director of Programs and Alliances	2008
John Felitti	51	Corporate Secretary – General Counsel	2016
Gaëlle Stadtler	37	Human Resources Director	2021

Hedi Ben Brahim joined Transgene on January 1, 2021, as Chairman and Chief Executive Officer. Previously, he was Operational Director of the Immunotherapy division at Institut Mérieux since September 2018, a position he retains. He is also Chairman of the Board of Directors of ABL Inc., a contract research and development and bioproduction company (CRO/CMO). Before joining Institut Mérieux, 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.

Éric Quéméneur joined Transgene in 2014 as Deputy CEO, 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 20 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.

Christophe Ancel joined Transgene in 2008 as Head of Quality Assurance, and then as Director of Operational Quality. He his pharmacist in chief and in this respect, he is Deputy Chief Officer 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 Qualified 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. Christophe Ancel has a PhD in pharmacology.

Maud Brandely joined Transgene in 2016 as Director of Medical Affairs (CMO). She was the Director of 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 studies 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.

Jean-Philippe Del became Transgene's Vice-President, Finance 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 purchasing. Before joining Transgene, he was a financial auditor at Mazars and began his career in 2001 as a financial controller at Brasseries Kronenbourg. Jean-Philippe Del holds a DESCF degree and is a finance and accounting graduate of Université de Strasbourg.

Thibaut du Fayet joined Transgene in 2008. He is responsible for project management, strategic alliance management and marketing for the Company. From 2007 to 2008, he headed up marketing at Stallergenes after holding various Strategy and Business Development positions at bioMérieux from 2003 to 2007, and Rhodia/Rhône-Poulenc from 1999 to 2003. His diverse experience in industry was preceded by six years working as a consultant, at Bossard Consultant/Gemini Consulting. Thibaut du Fayet has an MBA from the ESSEC management school and an MA in International Finance from Brandeis University (Boston).

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), 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).

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. Gaëlle Stadtler began her career within the 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.

3.1.1.2 Composition of the Board of Directors

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

Alain Mérieux, who was a Director of the Company until May 22, 2019, is now Honorary Chairman of the Board of Directors.

The tables below summarize the mandates and roles of the members of the Board of Directors. 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 Annual General Shareholders' Meeting held in the year indicated to approve the financial statements for the year ended on the 31st day of December preceding the meeting.

HEDI BEN BRAHIM

Chairman and Chief Executive Officer – Director
Member of the Strategy Committee
Age: **40**
First appointment: **2019**
Term expires: **2022**
Number of Company shares held: **450**
Number of Company stock options held: **0**

Principal role outside of the Company:

Operational Director of the Immunotherapy Division at Institut Mérieux (1)

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:

Chairman of the Board of ABL Inc. (1)

Director: Geneuro

Chairman of the Supervisory Board of Fab'Entech

(1) Institut Mérieux Group company.

PHILIPPE ARCHINARD

Director
Member of the Strategy Committee and Member of the Clinical Development Committee
Age: **61**
First appointment: **2004**
Term expires: **2023**
Number of Company shares held: **164,661**
Number of Company options held: **0**

Principal role outside of the Company:

Deputy Chief Executive Officer 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)

Deputy CEO of bioMérieux SA (1) (3)

CEO of Innogenetics BV

Other offices held:

CEO: TSGH (1), 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 years:

Chairman and Chief Executive Officer of Transgene (end: 2020); Representative of the FPUL on the Board of Directors of CPE Lyon (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)

JEAN-LUC BÉLINGARD

Director
Chairman of the Strategy Committee
Age: **72**
First appointment: **2013**
Term expires: **2022**
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 (US)

Chairman and CEO of IPSEN (2001-2010)

Chairman and CEO of bioMérieux (2011-2017)

Other offices held:

Chairman of the Supervisory Board: Biolog ID SAS

Director of bioMérieux SA (1) (3), LabCorp of America (USA) (3), Lupin (India) (3), Pierre Fabre SA

Offices expired during the last five years:

Chairman of BioMérieux (end: 2017)

ANTOINE BÉRET

Independent director
Member of the Audit and Compensation Committees and Member of the Clinical Development Committee
Age: **76**
First appointment: **2016**
Term expires: **2022**
Number of Company shares held: **1,000**
Number of Company stock options held: **0**

Principal role outside of the Company:

Independent director

Management experience and expertise:

Co-founder of several biotechs (Trophos, Immunotech…)

Business Director at Crédit National, responsible for corporate finance of industrial sector companies

Other offices held:

None

Offices expired during the last five years:

CEO of Genoscience Pharma SAS (end: 2020); Chairman of Axenis (end: 2020)

(1) Institut Mérieux Group company.

(2) Association, foundation or other.

(3) Listed company.

JEAN-PIERRE BIZZARI

Independent director
Member of the Clinical Development Committee
Age: **66**
First appointment: **2008**
Term expires: **2022**
Number of Company shares held: **5,000**
Number of Company stock options held: **0**

Principal role outside of the Company:

Independent director

Management experience and expertise:

Doctor of medicine

30 years clinical experience in oncology (held clinical development management positions)

Other offices held:

Director: ONXEO (1) , Halozyme Therapeutics (1), Oxford BioTherapeutics (1), Nordic Nanovectors ASA (1), IDDI – International Drug Development Institute (2)

Member of the international scientific committee of the National Cancer Institute (2) and of Netris Pharma

Chairman: Fondation Synergie Lyon Cancer (2)

Offices expired during the last five years:

ITEOS Therapeutics (end: 2017); Celator Pharmaceuticals (end: 2016)

BENOÎT HABERT

Independent director
Chairman of the Compensation Committee and Member of the Audit Committee
Age: **56**
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:

Deputy Chief Executive Officer and Director, Groupe Industriel Marcel Dassault (GIMD) (SAS)

Chairman of Dassault Développement (SAS) *

Management experience and expertise:

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

Other offices held:

Chairman: Habert Dassault Finance; Dassault Développement (SAS) *

Offices held within GIMD: of which Figaro Group *; Dassault Media *; Figaro classifieds *

Other directorships: Mérieux NutriSciences Corp. (USA)(3); Colombus Family Holding; Dargaud; Éditions Dupuis (Belgium); Éclosion; ITEN; KTO TV and KTO Foundation;

Offices expired during the last five years:

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

* Controlled by GIMD.

(1) Listed company.
(2) Association, foundation or other.
(3) Institut Mérieux Group company.

MARIE-YVONNE LANDEL

Independent director
Chairwoman of the Audit Committee
Age: **68**
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 M.B.A. from the European Business School (Paris, Frankfurt and London)

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

Other offices held:

Member of the Consultative Strategic Committee of Coretec Industry Group SAS

Offices expired during the last five years:

Director: Safe Orthopedics (end: 2019); Cellnovo Group SA (end: 2019); TxCell (end: 2018)

MAYA SAÏD

Independent director
Member of the Compensation Committee, Member of the Strategy Committee and Member of the Clinical Development Committee
Age: **44**
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 CEO: 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

Other offices held:

Chief Executive Officer: Outcomes4me Inc. (USA); Director: Pieris Pharmaceuticals (USA) (1)

Offices expired during the last five years:

None

TSGH

Director
Member of the Audit Committee and Member of the Compensation Committee
17, rue Bourgelat 69002 Lyon
First appointment: **2002**
Term expires: **2023**
Number of Company shares held: **50,323,665**
Number of Company stock options held: **0**

Principal role outside of the Company:

None

(1) Listed company.

REPRESENTED BY: SANDRINE FLORY

Permanent representative of TSGH
Age: **51**
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

Certified Chartered Accountant in Accounting and Finance

Other offices held:

None

Offices expired during the last five years:

None

LAURENCE ZITVOGEL

Independent director
Member of the Clinical Development Committee
Age: **57**
First appointment: **2013**
Term expires: **2022**
Number of Company shares held: **469**
Number of Company stock options held: **0**

Principal role outside of the Company:

Professor at the University of Paris Sud in Immunology and Biology

and Oncologist-researcher-immunotherapist at the Institut Gustave Roussy

Director of Research at INSERM (U1015)

Co-Director of IGR/Curie/INSERM Clinical Investigations Center

Management experience and expertise:

Doctor of medicine

Director of Research and INSERM Unit (jointly approved by the Ligue contre le cancer) and Co-Director of the IGR/Curie/INSERM Biotherapy Clinical Investigations Center

Other offices held:

Member of the Scientific Advisory Board of Lytix Biopharma, Epivax and NeoVax

Cofounder of EverImmune

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 Economic and Social Council and participate in the Board of Directors' meetings.

(1) Institut Mérieux Group company.

3.1.2 Functioning of administrative and management bodies and conflicts of interest

3.1.2.1 Functioning of the Board of Directors

The Board of Directors meets at least four times per year. At least one executive session (a meeting without the attendance of the Chairman and Chief Executive Officer or another member of the Executive Committee) per year is proposed to directors. The Board's functioning is governed by internal rules that are regularly updated and published on the Company's website. The Board's work is prepared by four special committees responsible for assisting the Board in its discussions and decisions (see paragraph 3.1.3, next section).

3.1.2.2 Service contracts between the issuer and the members of the Board of Directors

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 Chief Executive Officer, Christophe Ancel, has both an employment contract and a corporate mandate.

3.1.2.3 Conflicts of interest in administrative and management bodies

No director has indicated the existence of an agreement with a major shareholder, client or supplier of the Company for which he is representative.

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 interests of the Company. The agreements involving certain directors are subject to the regulated agreement procedure and are presented in paragraph 3.2.3.

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 99.5% of the capital and voting rights of TSGH SAS, which itself owns, as of the date of this Registration Document, 60% of the capital and 71.7% of the voting rights of the Company. Mr. Philippe Archinard and Mr. Jean-Luc Bellingard, directors of the Company, are also directors of bioMérieux SA.

In order to protect against conflicts of interest or the appearance of a conflict of interest, the Company has set up a Board comprising a majority of independent directors and has set up diligent monitoring of regulated agreements in order to ensure that decision-making is separate from all private interests.

During the capital increase in 2019, the Company managed the potential conflict of interest related to the subscription of a significant share of the transaction by TSGH by structuring it as an offering with preferential shareholders' subscriptions rights and by organizing a meeting of independent directors that did not take part in the transaction to examine the terms and conditions, and particularly the price, that was set with a discount comparable to the average of the recent transactions.

3.1.2.4 Declaration concerning the administrative and management bodies

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. Neither is there, as far as the Company is aware, as of the date of this Registration Document, any arrangement or agreement made between the major shareholders, customers, suppliers or others, apart from those listed in Note 19 to the consolidated financial statements in this Registration Document.

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.

3.1.3 Specialist committees

The Audit Committee, composed of Ms. Landel (Chairwoman of the Committee), Mr. Habert and Mr. Béret, independent directors as well as TSGH (represented by Ms. Takizawa in 2020 and by Ms. Sandrine Flory from January 1, 2021), and whose working methods are described in Section 3.2.2, examined the following points during the fiscal year 2020:

- review of the consolidated and corporate financial statements for fiscal year 2019;
- review of the consolidated financial statements of the first half of 2020;
- review of the 2021 budget;
- determination of the Statutory Auditors' fees;
- initial review of the Statutory Auditors' services other than statutory audits (in 2020, the Company did not assign any tasks to the Statutory Auditors other than the certifications stipulated in the French Commercial Code);
- verification of H3C inspections and their conclusions;
- initial review of the financial press releases;
- review of the parts of the Corporate Governance report and the 2019 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 regulated agreements, and adoption of the regulated and current agreement charter;
- self-evaluation of committee effectiveness and review of the committee charter.

The Compensation Committee, consisting of Mr. Béret, Mr. Habert (Chairman of the Committee) and Ms. Saïd, all independent directors, as well as TSGH, and whose working methods are described in Section 3.2.2, examined, in 2020, among other subjects, the compensation of senior management and the Executive Committee during 2019 and 2020; reviewed the Company's overall compensation policy, including annual bonuses, advised on the collective objectives and their weight as well as the design and implementation of an annual and exceptional employee share grant program. The Compensation Committee also reviewed the equity and gender equality indices for FY 2015-2019, the parts of the Corporate Governance report and the 2019 Registration Document containing the compensation developments and the draft resolutions to be presented to shareholders in relation to compensation at the AGM of May 27, 2020. 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. In 2020, the Compensation Committee was consulted on the succession to Mr. Philippe Archinard. The Committee recommended the appointment of Mr. Hedi Ben Brahim and issued a recommendation regarding his compensation terms and conditions in the context of the 2020 Compensation Policy approved by the General Meeting.

The Strategy Committee, comprising Mssrs. Archinard, Bélingard (Chairman of the Committee), Ben Brahim and Ms. Saïd, independent director, was consulted from time to time in 2020. The Committee's work notably concerned external growth opportunities, partnership opportunities and strategic reviews.

The Clinical Development Committee, comprising Mr. Archinard, and the independent directors, Mr. Béret and Mr. Bizzari, Ms. Saïd and Ms. Zitvogel, was set up in September 2019. This Committee aims to meet four times per year to prepare the main regular meetings of the Board of Directors in order to support the decision making on research and development investments, in line with the strategy defined by the Board. This Committee met four times in 2020 and formulated opinions for the Board on the results of the interim analysis of the TG4001.12 study (TG4001 + avelumab) and the proposed amendment to the protocol for Part 2 of Phase II, and advised the Board on studies being prepared.

3.2 REPORT ON CORPORATE GOVERNANCE – GOVERNANCE

This paragraph 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 10, 2021. 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.

3.2.1 Governance principles adopted by the Company

The Company refers to the Corporate Governance recommendations contained in the MiddleNext Code of Corporate Governance for mid- and small-cap companies of September 2016 ("MiddleNext Code"). The MiddleNext Code can be consulted on the MiddleNext website and on the Company's website. 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 19 recommendations of the MiddleNext Code.

MiddleNext Code recommendations	Adoption
"Supervisory" power	
R1: Board members' ethics	Yes
R2: Conflicts of interest	Yes
R3: Composition of the Board of Directors – Presence of independent members	Yes
R4: Information for Board members	Yes
R5: Organization of Board and Committee meetings	Yes
R6: Implementation of committees	Yes
R7: Implementation of internal Board rules	Yes
R8: Selection of each director	Yes
R9: Duration of terms for Board	Yes
R10: Director compensation	Yes
R11: Implementation of an assessment of the Board's work	Yes
R12: "Shareholder" relations	Yes
Executive power	
R13: Definition and transparency of compensation for executive corporate officers	Yes
R14: Preparation of Management succession	Yes
R15: Concurrent holding of an employment contract and corporate office	Yes; see comment
R16: Departure benefits	Yes; see comment
R17: Additional pension plan	Yes
R18: Stock options and free share grants	Yes, partially
R19: Review of points of vigilance	Yes

Based on the report, the Board considers that Transgene's Corporate Governance complies with the 19 recommendations of the MiddleNext Code, with the exception of the partial discrepancy for one item in recommendation R18. With regard to the recommendation R18 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 R18 to make all or part of the grants for the benefit of 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. However, for certain grants, the assessment period is one year, which leads the Board to consider that the "significant time period" recommended by recommendation R18 is only partially applied. In the context of Transgene, the Board considers that this one-year assessment period was appropriate for the conditions concerned, which aim to prepare the Company's long-term future, but which focused on the action plans to be implemented and took place during a concentrated period. The Company has not granted stock options since 2012.

The Board considers that the concurrent holding of the position of Deputy Chief Executive Officer and an employment contract is consistent with the letter and spirit of the MiddleNext Code's recommendations. For transparency with the Company's shareholders, this analysis is presented in more detail below for the two recommendations covering the implementation of this concurrent holding of offices.

With regard to recommendation R15 of the MiddleNext Code (concurrent holding of an employment contract and corporate office), an employment contract remains in force for the Deputy Chief Executive Officer. Before his appointment as Deputy Chief Executive Officer, 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. It should be noted that recommendation R15 does not specifically target the corporate office of a Deputy Chief Executive Officer, and even for corporate offices targeted by this recommendation, concurrent holding is managed but not prohibited. 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.

With regard to recommendation R16 of the MiddleNext Code (departure benefits), the Deputy Chief Executive Officer does not receive any departure benefits other than those provided by the collective bargaining agreement that governs his employment contract, in line with recommendation R16. 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 R16. (See paragraph 3.3.1). The Company has not granted departure benefits in the event of the termination of his functions to the Chairman and Chief Executive Officer.

3.2.2 Composition, conditions related to the preparation and organization of the tasks of the Board of Directors

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: Mrs. Sandrine Flory, as permanent representative of TSGH and Mrs. Marie-Yvonne Landel, Mrs. Maya Saïd and Mrs. Laurence Zitvogel, independent directors.

The term of the directors' mandates is three years. The table below indicates the number of shares or options providing future rights to shares (stock options) held by each individual director:

Director	Number of shares held	Number of options
Philippe Archinard	164,661 *	None
Jean-Luc Bélingard	-	None
Hedi Ben Brahim	450	None
Antoine Beret (I)	1,000	None
Jean-Pierre Bizzari (I)	5,000	None
Benoit Habert (I)	74,403	None
Marie-Yvonne Landel (I)	-	None
Maya Saïd (I)	-	None
Sandrine Flory (TSGH representative)	-	None
Laurence Zitvogel (I)	469	None

* *Excluding the shares held by TSGH. TSGH is a 99.5%-owned subsidiary of Institut Mérieux, which is itself 99.8%-owned by Compagnie Mérieux Alliance, controlled by the family of Mr. Alain Mérieux. Philippe Archinard holds 0.5% of the share capital of TSGH.*

(I) independent director.

In its current composition, the Board of Directors has six independent directors as defined by Recommendation R3 of the MiddleNext Corporate Governance Code. According to the MiddleNext Code, five criteria are used to determine the independence of Board members, characterized by the absence of any significant financial, contractual or family relationship likely to affect their independence of judgment:

- 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;
- 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 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.

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. The MiddleNext Code does not define the percentage that would constitute a "significant percentage of voting rights" for the independence analysis, and the Board's rules of procedure set this percentage at 10% in line 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 directors such as Mr. Habert who are related to other shareholders.

The complete list of directors and the dates and expiration of their terms appears in Section 3.1.1.2 of the Company's Registration Document.

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.

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 Vice-President, Finance, 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.

Operation of the Board of Directors

The Board of Directors met five times in 2020, with an average attendance rate by the directors of 100%. 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 special committees and deliberates on recommendations they make. The duties of the Chairmanship of the Board and the senior management of the Company are performed by the same individual.

In accordance with Recommendation R7 of the MiddleNext Code, the Board of Directors has adopted internal rules (available on the Company's website: www.transgene.fr).

The Company also complies with Recommendation R11 of the MiddleNext Code dealing with the yearly assessment by Board members of the Board's operations and preparation of its work. In accordance with recommendation R19 of the MiddleNext Code, the Board of Directors reviewed the points of vigilance according to the MiddleNext Code.

Committees

The Board of Directors is assisted by four committees:

- **the Audit Committee**, consisting of four directors, three of whom are independent. It is chaired by an independent director and the Chairman and Chief Executive Officer is not a member. The Vice-President, Finance 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. 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 and 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. Furthermore, the Audit Committee monitors the cash investment policy and the terms and conditions for certain investments. As a result of the reinforcement of its risk monitoring tasks, at least once a year, it carries out a review of all of the main risks to which Transgene may be exposed. The four committee members have financial accounting expertise by training or experience. In addition, Benoît Habert, Marie-Yvonne Landel and Sandrine Flory are deemed to be financial experts within the meaning of Article L. 823-19 of the French Commercial Code. The Audit Committee members acquired relevant expertise during their academic training and professional experience, as can be seen in their biographies;

  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 29 to the corporate 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;

  The Audit Committee met four times in fiscal year 2020. 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 2020, the Committee regularly reported on its work and recommendations to the Board of Directors after each of its meetings;

- **the Compensation Committee**, consisting of four directors, three of whom are independent. The committee reviews the proposed compensation (salary and bonus, proposed stock options) 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. It also assesses and determines the achievement of the Company's collective goals and their weight in the amount of the annual bonuses granted to employees. The Committee submits recommendations for approval on these items to the Board. It meets and deliberates, by telephone conference if necessary, and met three times in 2020;

- **the Strategy Committee**, consisting of four directors, one of whom is independent. The Strategy Committee meets from time to time to discuss issues assigned by the Chairman and Chief Executive Officer;

- **the Clinical Development Committee**, consisting of five directors, four of whom are independent. Set up in September 2019, 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.

Director	Audit Committee	Compensation Committee	Clinical Development Committee *	Strategic Reflection Committee
Hedi Ben Brahim	--	--	--	Member
Philippe Archinard	--	--	Member	Member
Jean-Luc Bélingard	--	--	--	**Chairman**
Antoine Béret (independent)	Member	Member	--	--
Jean-Pierre Bizzari (independent)	--	--	Member	--
Benoît Habert (independent)	Member	**Chairman**	--	--
Marie Landel (independent)	**Chairwoman**	--	--	--
Maya Saïd (independent)	--	Member	Member	Member
TSGH	Member	Member	--	--
Laurence Zitvogel (independent)	--	--	Member	--

* *The Chair of the Development Committee rotates among the members.*

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3.2.3 Regulated Agreements

1. Description of the procedure to identify regulated 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 18, 2019, on the identification procedure for regulated and current agreements (the "Charter"). It is stipulated that this Charter formalizes the identification procedure for regulated agreements that applies prior to the signature of an agreement that may be qualified as a regulated agreement, and also to any amendments, renewals or cancellations 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 regulated agreements or free agreements are identified. The Board entrusts disinterested members of the Audit Committee with analyzing the regulated agreement projects submitted to the Board for prior approval and to formulate recommendations. Only disinterested members, both directly and indirectly, to the regulated 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.

2. Agreements and commitments authorized and signed during the past fiscal year

In 2020, the Company adopted three new related-party agreements. At its meetings on March 11 and May 27, 2020, the Board of Directors decided to give its prior approval for the following regulated agreements and to submit them for shareholder approval at the Shareholders' Meeting of May 26, 2021, in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code.

- Amendment to the related-party agreement initially entered into on May 13, 2015, governing the services provided by Institut Mérieux to Transgene. The amendment modifies the allocation of audit and compliance costs. Reason justifying the interest of the agreement for the Company: a calculation of the expenses more consistent with the services received.

- Agreement concerning the restructuring of ElsaLys Biotech's debt concluded on April 9, 2020, involving a debt waiver in favor of ElsaLys Biotech in the amount of €500,000 excluding VAT and forming part of the proposed sale of 100% of ElsaLys Biotech's capital to the Italian group Mediolanum. Reason justifying the interest of the agreement for the Company: to avoid a liquidity crisis of ElsaLys Biotech in order to promote the sale to Mediolanum on advantageous terms.

- Memorandum of Understanding between the former shareholders of ElsaLys Biotech, including Transgene and TSGH, for the purpose of compensating Transgene for a possible debt waiver in favor of ElsaLys Biotech in the amount of €500,000 (excl. VAT) in the context of the latter's draft sale, implemented on April 9, 2020. Reason justifying the interest of the agreement for the Company: compensation for the debt waiver granted to ElsaLys Biotech.

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 Annual General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code continued during 2020:

- mobility agreement for the benefit of 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 head 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. This agreement replaces the Exclusive Services Agreement signed in February 2016, and inter alia frees Transgene from its obligation of exclusivity; and
- service agreement between Transgene and Institut Mérieux, as amended in 2020 (see above). 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.

3.2.4 Compensation

Compensation of Executive Corporate Officers

The position of the executive corporate officers is subject to specific regulations which are presented below in Sections 3.3.1 (compensation policy applicable in 2020) and 3.3.2 and 3.3.3 (compensation for 2020). The Chairman and 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 Chairman and Chief Executive Officer receives compensation from Institut Mérieux for his duties within this company.

The Responsible Pharmacist, appointed Deputy Chief Executive Officer in application of the provisions of the Public Health Code holds an employment contract as Director of Quality Assurance. 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 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 Chief Executive Officer, are determined based on a proposal from the Chairman and Chief Executive Officer and submitted for review to the Compensation Committee which also approves proposals for deferred remuneration 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 Chairman and Chief Executive Officer. The Deputy Chief Executive Officer 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.

Compensation Allocated to Directors (formerly Directors' Attendance Fees)

Only independent directors receive compensation. These consist of a yearly fixed fee of €4,000 to which is added an amount related to the director's actual attendance at Board meetings of €3,000 per meeting, in accordance with Recommendation R10 of the MiddleNext Code. Additional compensation of independent members of the special committees is €2,000 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 may be allocated in a civil year is capped at €250,000 following a decision by the Annual General Shareholders' meeting in 2017.

The gross amount of directors' fees paid over the last two years to directors in office as of December 31, 2019, is shown in Section 3.3.2 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.

3.2.5 Additional information

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.

Participation by shareholders in the General Shareholders' Meeting

The Company has not established any special rules as to shareholder participation in General Shareholders' Meetings; the bylaws in this regard refer to the provisions of law in the French Commercial Code. In 2020 due to the health crisis, the General Meeting was held behind closed doors as permitted by the regulations in force.

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.

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 and Lyon sites.

3.3 REPORT ON CORPORATE GOVERNANCE – SAY ON PAY

3.3.1 Compensation for 2021 – Compensation policy – Principles and criteria for setting the compensation for corporate officers

Pursuant to the Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and the 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 3.3.1 constitutes a report to shareholders, presenting the policy on the principle 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 10, 2021, upon proposal by the Compensation Committee. This policy will be submitted to the General Meeting of May 26, 2021, 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.

3.3.1.1. Compensation policy

Persons concerned by the compensation policy

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

Information on corporate offices

The current term of office of the Chairman and Chief Executive Officer is a renewable 3-year period, corresponding to his term as director. The terms of the current directors' mandates are also all 3 years. The Company's bylaws provide that the term of a director's mandate, and by extension, the Chairman and Chief Executive Officer's mandate, may be set at between 1 and 4 years at the time of appointment, with 3 years being the default term. As Hedi Ben Brahim was appointed Chairman and Chief Executive Officer during an existing term of office, his first term of office as Chairman and Chief Executive Officer is shorter than three years and ends in 2022 at the end of his term as director. The corporate mandate of the Deputy Chief Executive Officer along with his employment contract have indefinite terms. All corporate mandates can be terminated *ad nutum* by the Company's shareholders, and by the Board of Directors in the case of the Deputy Chief Executive Officer. Christophe Ancel's employment contract may be terminated by the Chairman and 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 and Chief Executive Officer, Deputy Chief Executive Officer and Directors) for 2021 described below is subject to the adoption of a resolution concerning the overall compensation policy at the General Meeting. Three other resolutions allow shareholders to express their views on the application of this policy to the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and the Directors.

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 and Chief Executive Officer and the Deputy Chief Executive Officer 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 performance conditions for the variable compensation and the free allocations of shares to executive corporate officers are recommended to the Board by the Compensation Committee after consulting the Strategy Committee on the Company's annual and medium to long-term objectives. These performance conditions are based partly on collective targets and partly on individual targets. Once approved by the Board and by the 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 Chairman and Chief Executive Officer during the formulation and the periodic review of the compensation policy, but, to avoid conflicts of interest, the latter does not take part in decisions concerning him. The Deputy Chief Executive Officer 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 compensation allocated to directors, by recommending allocation rules to the Board, monitoring their implementation and by recommending, if required, that the Board propose a revised budget to the General Meeting.

General principles

The Chairman and Chief Executive Officer does not hold an employment contract. Hedi Ben Brahim has never been an employee of Transgene or its subsidiaries. The Chairman and Chief Executive Officer is compensated by Institut Mérieux and it is specified that this compensation does not fall within the scope of application of Transgene's compensation policy or the votes during its General Meeting.

Before his appointment as Deputy Chief Executive Officer, Christophe Ancel was an employee of Transgene. His employment contract has remained in force since his appointment. 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.

For the Chairman and Chief Executive Officer, the Board of Directors approved the following general principles that form the basis for determining his 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 term of office of director;
- 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 Chief Executive Officer, an executive corporate officer due to his 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 R13 and R18 of the MiddleNext Corporate Governance Code. The proportion of free shares awarded to the two corporate officers in 2020 compared to the full award is 24.7%, 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 revenue 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 after the award is medium-term 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 Annual General Shareholders' 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.

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 and Chief Executive Officer	Deputy Chief Executive Officer	Directors
Respect for corporate interests	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate	Sufficient to attract/retain a qualified candidate
	Not excessive; performance conditions	Not excessive; performance conditions	Not excessive; no compensation required for non-independents
Contribution to Transgene's strategy	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

Substantial amendments compared to the previous policy

Since the last *ex ante* compensation policy submitted to shareholders during the General Meeting of May 27, 2020, the substantial amendments are:

The amount of fixed compensation for the Chairman and Chief Executive Officer is changed from €403,392 gross for the fiscal year 2020 to €220,000 gross for the fiscal year 2021, due to the change in the holder of the position.

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2019 and 2020 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 Chairman and 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. 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 the dissolution of the functions of Chairman and Chief Executive Officer, these maximums shall be applicable to the sum of the two positions.

New Deputy Chief Executive Officer: if a new Deputy Chief Executive Officer is appointed, notably as the Responsible Pharmacist, 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 Chairman and 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 shareholders, 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 Corporate Governance report. 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.

Appointment of Hedi Ben Brahim

Hedi Ben Brahim was appointed Chairman and Chief Executive Officer with effect from January 1, 2021. He did not receive any compensation from Transgene in respect of 2020. In a decision of the Board of Directors of December 3, 2020, on the recommendation of the Compensation Committee, the compensation for 2021 was defined in accordance with the Section "In the event of a change of personnel" to establish a fixed annual compensation of €220,000 and a target variable portion in cash representing 40% of the fixed portion, thus remaining within the budget defined in the 2020 Policy. The Board has also exercised its right to waive the 2020 Policy (see the Section "Exemptions" above) to grant a benefit in kind consisting of company housing and the associated tax gross-up. These compensation components are included in the draft Compensation Policy for 2021 submitted for approval to the Combined General Meeting of May 26, 2021.

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

1. Fixed compensation

Fixed compensation, paid in 12 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. It is proposed to set this fixed compensation at a gross amount of €220,000 for the financial year 2021.

2. Annual variable compensation

A maximum of 40% of fixed compensation. The variable compensation is determined according to the level of achievement of the collective objectives (weight: 40%) and individual criteria (weight: 60%), 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 collective objectives for 2021: prepare the 2022 business development plan by maintaining the clinical plan in 2021 (weighting: 6/10); mobilize research for value creation (weighting of 2/10); and develop the financial outlook (weighting: 2/10). The Board of Directors set the following individual performance criteria for the Chairman and Chief Executive Officer:

- advancing clinical projects and product candidates with a view to preparing for the deals of tomorrow (weighting: 25%);
- ensuring the financial visibility of the company (25%);
- implementing a renewed Business Development approach (20%);
- developing the company's human capital (20%);
- accelerating CSR initiatives (10%).

It should be noted that these targets are partly financial and partly non-financial, but always aligned with corporate interests. 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, on the advice of the Compensation Committee, could propose an exceptional bonus. This is paid during the fiscal year after the one in which the performance was noted.

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 Annual General Shareholders' Meeting of the items of compensation of the Chairman and 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 €308,000 in respect of the 2021 fiscal year, of which 71.4% fixed and 28.6% variable.

4. 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 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 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. Share-based compensation aims to increase the portion of "risky" compensation due to performance conditions and the connection to the share price. In 2021, the Board will propose to the General Meeting a draft resolution authorizing the award of free shares consisting of an envelope of three thousand hundred shares reserved for a signing award for new Chairman and CEO, and an envelope reserved for awards to staff in general, of which no more than one quarter will be allocated to the Chairman and Chief Executive Officer in 2021.

3.3.1.3 Criteria and methods selected by the Board of Directors to determine, allocate and award the fixed, variable and exceptional items that comprise the total compensation and benefits in kind for the Deputy Chief Executive Officer (Christophe Ancel)

1. Fixed compensation

Fixed compensation, paid in 12 monthly installments, reviewed and adjusted annually by the Board of Directors on the recommendation of the Compensation Committee and the Chairman and Chief Executive Officer, taking into account in particular the best practices in the Company's industry. The gross fixed compensation proposed for the 2021 fiscal year is €139,118, an increase of 21% compared to 2020. In addition, as Chief Pharmacist, Christophe Ancel receives a fixed annual service bonus of €1,800 per year.

2. Annual variable compensation

A maximum of 25% of fixed compensation. The variable compensation is determined according to the level of achievement of the collective (weight: 40%) and individual (weight: 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. The collective objectives for 2020: prepare the 2022 business development plan by maintaining the clinical plan in 2021 (weighting: 6/10); mobilize research for value creation (weighting of 2/10); and develop the financial outlook (weighting: 2/10). Christophe Ancel's individual objectives for 2021: management of pharmaceutical production and quality employees (22%); successful completion of production commitments (22%); regulatory approval of the pharmaceutical laboratory and the PilotClin production tool (22%); compliance with the quality requirements of partners and the Company (22%); and corporate social responsibility initiatives (12%). 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 Chairman and Chief Executive Officer and on the advice of the Compensation Committee, could propose an extraordinary bonus.

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 €173,898 in respect of fiscal year 2021, of which 80% fixed and 20% variable.

4. Benefits in kind

A Company car is allocated to the Deputy Chief Executive Officer. The value for 2021 is estimated at approximately five thousand euros.

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 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 Chief Executive Officer shall not exceed the allocation to other members of the Executive Committee.

3.3.1.4 Criteria and methods used by the Board of Directors to determine, allocate and award 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 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 Chief Executive Officers, 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 Board has adopted the following scale:

- annual flat rate for all independent Directors: €4,000;
- allocation per Board meeting: €3,000;
- allocation per session of a permanent special committee: €2,000:
  - allocation doubled for the physical participation of a director based outside of Europe,
  - possibility of allocating up to €2,000 for the participation in a Scientific Advisory Board or a Medical Advisory Board or an ad hoc committee, at the Compensation Committee's discretion without the participation of the concerned director in the vote,
  - in the event that 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.

3.3.2 Compensation for 2020 – Corporate officers compensation

Pursuant to the Ruling no. 2020-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and the 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 3.3.2 constitutes a report to shareholders on the compensation paid or awarded to corporate officers of the Company during fiscal year 2020 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 and Chief Executive Officer, (ii) the Deputy Chief Executive Officer and (iii) the directors.

Following a proposal by the Compensation Committee, at its meeting on March 11, 2020, the Board of Directors agreed the compensation package for Philippe Archinard and Christophe Ancel for 2020. This package was proposed to the General Meeting on May 27, 2020, 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 10, 2021, 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 €250,000 and delegated the Board of Directors to set up the rules for allocation between the directors in accordance with the law. Following the proposal by the Compensation Committee, at its meeting of March 17, 2017, the Board of Directors established the rules for allocating this compensation to directors and this scale was included in the Board of Directors' internal rules during its meeting of December 18, 2019, and reconfirmed by the Board on December 3, 2020.

General information on the compensation policy and on equity ratios.

ANNUAL CHANGE IN COMPENSATION FOR EXECUTIVE CORPORATE OFFICERS OVER 5 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.

	Guidelines			Chairman and Chief Executive Officer				Deputy Chief Executive Officer				Transgene	
Fiscal year	Compensation				Equity ratios				Equity ratios			Performance Financial	
	Average = A	Median = B	Minimum wage = C	CEO compensation	vs. A	vs. B	vs. C	Deputy CEO compensation	vs. A	vs. B	vs. C	Revenues	Net income/ (loss)
2020	56,445	47,188	18,655	746,276	13.2	15.8	40.0	152,222	2.7	3.2	8.2	9,915	(17,231)
2019	57,374	48,391	18,255	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	743,511	12.6	15.0	41.3	141,601	2.4	2.9	7.9	42,919	8,029
2017	55,483	46,753	17,763	731,732	13.2	15.7	41.2	139,710	2.5	3.0	7.9	8,144	(32,275)
2016	50,329	40,571	17,600	764,004	15.2	18.8	43.4	133,011	2.6	3.3	7.6	10,311	(24,186)

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 Dialog

The Board listens to the opinions expressed by shareholders on the issue of compensation. During the 2019 and 2020 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 financial year 2020. The compensation paid or awarded to corporate officers in respect of fiscal year 2020 complies with the conditions of resolution 8 and resolution 9 approved by the Company's shareholders during the Combined General Meeting of May 27, 2020.

The compensation allocated to directors complies with the conditions of resolution 5 approved by the Company's shareholders during the Combined Shareholders' Meeting of June 8, 2017.

Chairman and Chief Executive Officer and Deputy Chief Executive Officer

In accordance with the Compensation Policy for the Chairman and Chief Executive Officer approved by the General Meeting on May 27, 2020, his annual compensation for 2020 was made up of annual fixed gross compensation of €403,392 and variable compensation of between 0 and 100% of his annual fixed compensation, conditional on both the Company's collective objectives for 2020 and certain other individual objectives related to his duties being met.

The Deputy Chief Executive Officer's annual compensation for 2020 was made up of annual fixed gross compensation of €115,932 and variable compensation of between 0% and 25% of his annual fixed compensation, conditional on both the Company's collective objectives for 2020 and certain other individual objectives related to his duties as Quality Manager being met. In addition, as Chief Pharmacist, Christophe Ancel receives a service bonus of €1,800 per year. It should be noted that Christophe Ancel's compensation results from his employment contract and that no additional compensation is paid in respect of his corporate office.

Moreover, under a multi-year free share plan adopted at the 2018 General Meeting following a proposal by the Compensation Committee, the Board of Directors placed a requirement on the Executive Committee and, in particular on the Chairman and Chief Executive Officer, that a portion of the free shares awarded in March 2019 would vest on a proportionate basis according to the extent to which the aforementioned Company's collective objectives were met and that half of the free shares awarded in September 2019 would vest on a proportionate basis according to the achievement of the medium and long-term objectives to be assessed in March 2022. These medium and long-term objectives are: 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 source. The conditions may also be validated by the achievement of a minimum level of share price. In September 2020, as part of a multi-year free share award plan voted at the 2019 General Meeting and on the proposal of the Compensation Committee, the Board of Directors made half of the award of shares to members of the Management Committee, including executive corporate officers, subject to the level of achievement of the Company's collective objectives described above. Specific thresholds for performance conditions are not disclosed for competitive reasons.

Following a proposal by the Compensation Committee, on March 11, 2020, the Board of Directors reviewed the extent to which the individual criteria from the 2019 objectives had been met. The Company's 2019 objectives focused in particular on the progress of the clinical trial portfolio of certain key research projects as well as on promoting the Company's platforms and establishing collaborative relationships and external partnerships. For reasons of confidentiality, the details of collective and individual performance criteria, although predefined in detail, are not made public. Given the relative weight of the various performance criteria, the Board of Directors observed a 60% level of achievement of the Company's objectives for 2019. Applying this 60% level of achievement to the March 2019 free share allocation results in a 40% reduction in the conditional portion of the allocation. In September 2020, as part of a multi-year free share award plan voted at the 2019 General Meeting and on the proposal of the Compensation Committee, the Board of Directors made half of the award of shares to members of the Management Committee, including executive corporate officers, subject to the level of achievement of the Company's collective objectives for 2021 described above.

For Philippe Archinard, the level of achievement of Company collective and his individual objectives gives rise to variable compensation of 87% of his fixed annual compensation for 2020. For Christophe Ancel, the level of achievement of Company collective objectives and individual performance conditions, increased by an exceptional bonus, results in variable compensation of 35% of his annual fixed compensation in respect of 2020.

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, CSR 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, developing the Company's reputation via publications, obtaining clinical results or signing partnerships with public or university research centers. The demanding criteria chosen by the Board of Directors resulted in only partial achievement and the loss of part of the variable and share-based compensation in 2019. The items that contributed to achievement at a level below 100% were mainly the absence of montisation of assets at the clinical stage in 2020.

An overview of the compensation packages of executive corporate officers for fiscal year 2020 is presented below.

Table 1

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

(in € thousands)	FY 2019	FY 2020
Philippe Archinard, Chief Executive Officer		
Compensation payable for the year (details in Table 2)	746	754
Valuation of multi-year compensation	None	None
Valuation of options assigned during the year (details in Table 4)	None	None
Valuation of performance shares assigned during the year -- 340,000 shares in 2019, 120,000 shares in 2020	665	162
TOTAL	**1,411**	**916**
Christophe Ancel, responsible pharmacist, deputy Chief Executive Officer		
Compensation payable for the year (details in Table 2)	144	156
Valuation of multi-year compensation	None	None
Valuation of options awarded during the year (detailed in Table 4)	None	None
Valuation of performance shares assigned during the year -- 87,500 shares in 2019, 30,000 shares in 2020	173	40
TOTAL	**317**	**196**

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.*

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 allocation of performance shares by 12,000 shares and the Deputy Chief Executive Officer's allocation by 3,500 shares allocated in March 2019. 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 Chairman and Chief Executive Officer's allocation by 1,075 shares.

The shares allocated in September 2019 and in September 2020 remain subject to performance conditions that will be assessed in March 2022.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

	FY 2019		FY 2020	
(in € thousands)	Amount due	Amount paid	Amount due	Amount paid
Philippe Archinard, Chief Executive Officer				
Fixed compensation	403	403	403	403
Variable compensation	343 (1)	354 (2)	351	343
Exceptional compensation	-	-	-	-
Director's fees	-	-	-	-
Payments in kind	-	-	-	-
TOTAL	**746**	**757**	**754**	**746**
Christophe Ancel, responsible pharmacist, deputy Chief Executive Officer				
Fixed compensation	107 (B)	107 (B)	116	115
Variable compensation	28 (1)	30 (2)	29	28
Director's fees	-	-	-	-
Service bonus (2)	2	2	2	2
Exceptional compensation	2	-	11	2
Payments in kind	5	5	5	5
TOTAL	**144**	**144**	**163**	**152**

(1) In respect of fiscal year N, paid or to be paid during fiscal year N+1.
(2) In respect of fiscal year N-1, paid during fiscal year N.
(A) Pro rata of the amount of €112,338 authorized for full time.
(B) Pro rata of the amount of €115,932 authorized for full time.
(C) Change in presentation. In the 2019 Document, the service bonus was aggregated with the variable compensation.

Table 7

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

- Chairman and Chief Executive Officer: 0.
- Deputy Chief Executive Officer: 0.

Table 10

See Section 3.4.2.

Table 11

Executive corporate officers	Employment contract		Additional pension		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
Hedi Ben Brahim, Chairman and Chief Executive Officer Term of office: 2021-present		X		X		X		X
Philippe Archinard, Chief Executive Officer Dates of term: 2004-2020		X		X		X		X
Christophe Ancel, Deputy Chief Executive Officer Terms of office: 2015-present	X			X	X [(1)]			X

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

At December 31, 2020, retirement provisions set up by the Company for the corporate officers totaled €425 thousand for Philippe Archinard and €72 thousand for Christophe Ancel. The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer 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 2020 fiscal year compared to the 2019 fiscal year. The maximum aggregate budget and the breakdown rules did not change in 2019 or 2020, and the differences between the two fiscal years are attributable only to the number of meetings of the Board and special committees convened and the attendance of each director.

(1) Due under the employment contract, not the corporate office.

Table 3

SUMMARY OF DIRECTOR'S FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

Non-executive corporate officers *(in € thousands)*	Amount paid in 2019	Amount paid in 2020
JEAN-PIERRE BIZZARI		
Director's fees	27	31
Other compensation	None	None
JEAN-LUC BÉLINGARD (1)		
Director's fees	None	None
Other compensation	None	None
HEDI BEN BRAHIM (1) (2)		
Director's fees	None	None
Other compensation	None	None
ANTOINE BÉRET		
Director's fees	37	38
Other compensation	None	None
BENOÎT HABERT		
Director's fees	37	30
Other compensation	None	None
MARIE-YVONNE LANDEL		
Director's fees	51	34
Other compensation	None	None
ALAIN MÉRIEUX (1) (2)		
Director's fees	None	None
Other compensation	None	None
TSGH (DOMINIQUE TAKIZAWA) (1)		
Director's fees	None	None
Other compensation	None	None
MAYA SAÏD		
Director's fees	61	43
Other compensation	None	None
LAURENCE ZITVOGEL		
Director's fees	23	24
Other compensation	None	None
TOTAL	**236**	**200**

(1) Non-independent director.
(2) The first term of office of Ben Brahim took effect on May 22, 2019.

It should be noted that the rules for allocating compensation are set in the Board of Directors' Internal Rules and are presented in Section 3.3.1.4 of this document under the heading "Criteria and methods selected by the Board of Directors to determine, allocate and award directors' compensation".

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 2020, the Company did not pay any compensation to Mr. Bélingard and Mr. Ben Brahim, nor TSGH and its permanent representative (Dominique Takizawa, replaced by Sandrine Flory as from January 1, 2021).

3.3.3 Individual compensation for 2020 – Executive corporate officers' compensation

Pursuant to the Ruling no. 2019-1234 of November 27, 2019, on the compensation of corporate officers of listed companies and the 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 3.3.3 constitutes a report to shareholders on the compensation paid or awarded to each executive corporate officer of the Company during fiscal year 2020 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 and Chief Executive Officer and (ii) the Deputy Chief Executive Officer. The overall compensation paid or awarded in respect of 2019 is presented individually for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer in Section 3.3.2, above. The variable and exceptional compensation package for the Chairman and Chief Executive Officer and Deputy Chief Executive Officer 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 following sub-sections "A" and "B" present for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, respectively, the information requested by law for this approval.

A. The variable and exceptional compensation of the Chairman and Chief Executive Officer (2020: Philippe Archinard)

The total compensation for the Chairman and Chief Executive Officer paid or awarded in 2020 amounts to €754,341 in cash, and is valued at €916,341, including the share-based compensation awarded by the Board in 2020. The fixed compensation represents 53% of the cash compensation, the variable compensation represents the remaining 47%. This proportion complies with the *ex-ante* compensation policy adopted in 2020, which provided for variable compensation of up to 100% of the fixed compensation.

The Chairman and CEO's performance criteria for 2019 consist of the following financial and extra-financial objectives: generating value with a significant deal on a mature Company asset (weighting: 1/3); generating value with research programs (weighting: 1/3); as well as the Company's ability to advance its clinical programs, including those resulting from new generation platforms (in particular *myvac*® and Invir.IO™) (weighting: 1/3) (these three objectives represent the collective performance conditions applicable to all employees for annual variable compensation) and individual performance criteria consisting of: the design of the Company's long-term strategy, the organization of the work of the Board of Directors and its committees, the financing of the Company, and the negotiation and establishment of partnerships. On March 10, 2021, the Board, deliberating on the recommendation of the Compensation Committee, retained an overall level of achievement of 2020 targets of 87% including an achievement rate of 75% for collective objectives and of 95% for individual objectives. Criteria chosen by the Board of Directors are demanding, which in 2020 has translated into a partial non-achievement and the loss of a portion of the variable and share-based compensation. The elements that contributed to a level of achievement below 100% were mainly, for the collective objectives, the absence of valuation in 2020 of assets at the clinical or research stage, partially offset by the valuation of a significant part of the shares of Tasly BioPharmaceuticals, and for the individual objectives, the absence of a new collaboration signed and remunerated in 2020. However, the Board has retained as fulfilled the individual criteria relating to the design of the Company's strategy, the organization of the work of the Board of Directors and its committees and the Company's financing. The Chairman and Chief Executive Officer did not take part in this discussion.

The variable compensation awarded in respect of 2020 is paid in 2021 in order to assess the performance after the end of the fiscal year. In 2020, the Chairman and Chief Executive Officer was paid his variable compensation in respect of the 2019 fiscal year of €342,884, approved by the General Meeting of May 27, 2020 (resolution no. 6).

During fiscal year 2020, the Chairman and Chief Executive Officer vested (A) 22,878 shares of the Company resulting from the free share award of March 21, 2018, after application of the performance conditions which resulted in a 12.5% in the number of free shares initially awarded, all of these shares remaining subject to a two-year lock-up, and (B) 48,296 shares of the Company resulting from the free share award of March 20, 2019, after application of the performance conditions which resulted in a 20% reduction in the number of free shares initially awarded, all of these shares remaining subject to a one-year lock-up. After this lock-up period, 10% of the definitively vested shares remain subject to a holding obligation until departure from his functions. During the same fiscal year, the Chairman and Chief Executive Officer benefited from the annual free award in March of 120,000 shares, all of which are subject to a presence condition and half of which to the same collective performance conditions as the annual variable compensation. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality.

Following the termination as Chairman and CEO of Philippe Archinard on December 31, 2020, the calculation and payment of variable compensation in respect of 2020 remain subject to the performance assessment of the Board of Directors and the approval of the General Meeting. The free shares not yet vested remain subject to the presence condition that could be satisfied by maintaining his current position, or another position, within the Institut Mérieux group.

The absence of a certain number of elements is recalled:

- the Chairman and Chief Executive Officer does not receive any benefits in kind;
- the Chairman and Chief Executive Officer does not benefit from a top-up pension scheme (top-hat scheme) nor a departure indemnity (golden parachute);
- the Chairman and Chief Executive Officer 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 2020. The compensation paid or awarded to the Chairman and Chief Executive Officer in respect of the 2020 fiscal year complies with the conditions of resolution 8 approved by the Company's shareholders during the Combined General Meeting of May 27, 2021.

These components are summarized in the table below with a comparison with the 2019 fiscal year.

(in thousands of euros or number of shares)	FY 2019	FY 2020
Philippe Archinard, Chief Executive Officer		
Compensation payable with respect to the fiscal year	746	754
of which fixed compensation paid during the fiscal year	*403*	*403*
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	*343*	*351*
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' fees	*None*	*None*
of which benefits in kind	*None*	*None*
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares awarded during the year – 340,000 shares in 2019; 120,000 shares in 2020	665	162
Number of performance shares vested during the fiscal year	22,750	71,174
TOTAL	**1,411**	**961**

B. The variable and exceptional compensation for the Deputy Chief Executive Officer (2020)

The total compensation for the Deputy Chief Executive Officer paid or awarded in 2020 amounts to €157,732 thousand in cash, and is valued at €202,932, including the share-based compensation and benefit in kind awarded by the Board in 2020. The fixed compensation represents 80% of the cash compensation, the variable compensation represents the remaining 20%. Excluding the exceptional bonus, this proportion complies with the *ex ante* remuneration policy adopted in 2020, which provides for variable compensation of up to 30% of fixed compensation (representing a target bonus of 25%). The option to award exceptional compensation has been exercised at €11,000.

The Deputy Chief Executive Officer's performance criteria for 2020 consisted of the following financial and extra-financial objectives: generating value with a significant deal on a mature Company asset (weighting: 13.3%); generating value with research programs (weighting: 13.3%); as well as the Company's ability to advance its clinical programs, including those resulting from new generation platforms (13.3%) (these three objectives represent the collective performance conditions applicable to all staff for the annual variable compensation) and individual objectives consisting of the launching of the PilotClin production line (weighting: 50%), pharmaceutical quality assurance for Transgene operations (weighting: 25%) and the management of the outsourced production of drug candidates (weighting: 25%). On March 10, 2021, the Board, deliberating on the recommendation of the Compensation Committee, retained an overall level of achievement of 2020 objectives of 100% including an achievement rate of 75% for collective objectives and of 120% for individual objectives, exceptional compensation of €11,000, and the annual service bonus of €1,800. The overall variable portion of 34.5% (€40 thousand) based on a fixed remuneration of €115,932 consists of the realization of the variable portion of 25% (€29 thousand), together with the

exceptional compensation of €11 thousand. The exceptional compensation was awarded in recognition of the management of uninterupted and growing production capactiy at PilotClin notwithstanding the challenges of the Covid-19 public health crisis. The Deputy Chief Executive Officer did not take part in this discussion. It is recalled that the variable compensation for the Deputy Chief Executive Officer is granted in respect of his employment contract.

The variable compensation awarded in respect of 2020 is paid in 2020 in order to assess the performance after the end of the fiscal year. In 2020, the Chairman and Chief Executive Officer was paid his variable compensation in respect of the 2019 fiscal year of €30,000, approved by the Shareholders' Meeting of May 27, 2020 (resolution no. 7).

During fiscal year 2020, the Deputy Chief Executive Officer vested (A) 7,567 shares of the Company resulting from the free share award of March 21, 2018, after application of the performance conditions which resulted in a 12.5% in the number of free shares initially awarded, all of these shares remaining subject to a two-year lock-up, and (B) 14,086 shares of the Company resulting from the free share award of March 20, 2019, after application of the performance conditions which resulted in a 20% reduction in the number of free shares initially awarded, all of these shares remaining subject to a one-year lock-up. During the same fiscal year, the Deputy Chief Executive Officer benefited from the annual free award in March of 30,000 shares, all of which are subject to a presence condition and half of which to the same collective performance conditions as the annual variable compensation. The specific thresholds for the performance conditions are not communicated for reasons of confidentiality.

In 2020, the Deputy Chief Executive Officer benefited from a company car, valued at approximately five thousand euros. 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 just under eight months salary if the conditions are met.

The absence of a certain number of elements is recalled:

- the Deputy Chief Executive Officer 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 Chief Executive Officer 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 2020. The compensation paid or awarded to the Deputy Chief Executive Officer in respect of the 2020 fiscal year complies with the conditions of resolution 7 approved by the Company's shareholders during the Combined General Meeting of May 27, 2020. These components are summarized in the table below with a comparison with the 2019 fiscal year.

(in thousands of euros or number of shares)	FY 2019	FY 2020
Christophe Ancel, Deputy Chief Executive Officer		
Compensation payable with respect to the fiscal year	144	158
of which fixed compensation paid during the fiscal year (1)	*109*	*118*
of which variable compensation in respect of the fiscal year but paid during the following fiscal year after shareholder approval	*28*	*40*
of which exceptional compensation due in respect of the fiscal year but paid during the following fiscal year after shareholder approval	2	*None*
of which directors' fees	*None*	*None*
of which benefits in kind	*5*	
Valuation of multi-year compensation	None	None
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares during the year – 87,500 shares in 2019; 30,000 shares in 2020	173	40
Number of performance shares vested during the fiscal year	*7,525*	*21,653*
TOTAL	**317**	**203**

(1) Includes the service bonus of 1,800 euros.

3.4 CORPORATE GOVERNANCE REPORT – INFORMATION ON STOCK OPTION AND FREE SHARE PLANS

3.4.1 Stock options

3.4.1.1 History of stock option plans

As of the date of this Registration Document, a stock option plan was authorized by the Annual General Meeting in 2010 and implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2020, is summarized in the following table.

Grant date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2020	Number of options remaining to be exercised at 12/31/2020 *
12/07/2010	12/08/2015	12/08/2020	14,198	321,054	0	0
12/13/2012	12/14/2017	12/14/2022	7,859	92,578	0	41,532
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**0**	**41,532**

* *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 November 2016 and July 2019.*

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 starting in December 2007 that the Chairman and Chief Executive Officer will be obliged to hold as registered shares until he leaves his position.

STOCK OPTIONS GRANTED TO CORPORATE OFFICERS OR EXERCISED BY THEM DURING 2020

None.

STOCK OR PURCHASE OPTIONS AWARDED DURING THE FISCAL YEAR 2020 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 euros per option)*	Number of options granted	Exercise price *(in euros)*	Exercise period
Philippe Archinard	-	-	-	None	-	-
Christophe Ancel	-	-	-	None	-	-
TOTAL	**N/A**	**N/A**	**N/A**	**NONE**	**N/A**	**N/A**

STOCK OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR 2020 BY EACH EXECUTIVE CORPORATE OFFICER

Name of executive corporate officer	Plan No. and date	Number of options exercised during the year	Exercise price
Philippe Archinard	-	None	-
Christophe Ancel	-	None	-
TOTAL	**N/A**	**NONE**	**N/A**

Summary information on stock options granted to the 10 non-corporate officer employees who received the highest number of options and options they exercised during 2020: None.

Stock options granted to the 10 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 euros)*	Plan No. and date
Options granted during the year by the issuer and by any company within the option plan scope, to the 10 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 year by the 10 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 10 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 10 people subscribing to the most shares during the fiscal year: there were no option awards in 2020. No options were exercised during the fiscal year.

3.4.2 Free share awards

Two free share awards are outstanding as of December 31, 2020, adopted by the Board of Directors in 2019 and 2020 for all employees and executive corporate officers under a delegation granted by the Annual General Meeting of May 22, 2019. Note that the unused portion of the 2019 Plan remains available for award.

The status of these unvested awards at December 31, 2020, is summarized in the following table:

	2016 PLAN		2018 PLAN	2019 PLAN		
General Meeting date	05/24/2016		05/23/2018	05/22/2019		
Total number of shares authorized by the meeting	600000		1,200,000	2,000,000		
	2017 award	**2018 award**	**2019 award**	**2019 award**	**2019 catch-up**	**2020 award**
Board of Directors meeting date	03/17/2017	03/21/2018	03/20/2019	09/18/2019	05/27/2020	09/16/2020
Total number of free shares awarded	183,000	220,600	414,800	1,399,774	5,934	602,000
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	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 Chief Executive Officer	*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, grants made during the year by the issuer and by any company in the scope of awards, 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 at 12/31/2020	0	0	0	1,399,774	5,934	601,942
Of which vested at 12/31/2020	173,175	200,750	375,120	0	0	0
Cumulative number of shares canceled or void at 12/31/2020	9,825	19,850	39,680	0	0	58
Final grant date	03/20/2019	03/21/2020	04/20/2020	03/30/2022	04/30/2022	03/30/2022
Expiration date of the lock-up period	03/17/2021	03/21/2022	04/20/2021	03/30/2022	05/27/2022	09/16/2022
Share value on the date of allocation (opening price on the date of allocation)	€2.63	€3.15	€2.98	€1.78	€1.47	€1.35

Performance conditions

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 Chief Executive Officer, 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 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 Chief Executive Officer, 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.

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 Chief Executive Officer, 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 Chief Executive Officer'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 Chief Executive Officer, 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 Chairman and Chief Executive Officer'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 Chief Executive Officer 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 Chief Executive Officer's allocation by 875 shares allocated in March 2017.

Following the termination of 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 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 free shares awarded, but not issued, represent a potential dilution of 2,007,650 shares. For information, the options awarded, but not exercised, represent a potential dilution of 41,532 shares. The resulting potential dilution related to the share-based compensation amounts to €2,049,182, approximately 2.4% of the Company's share capital.

History of final 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 2-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 2-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 2-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 21, 2021.
- On April 20, 2020, 375,120 newly issued shares subject to a 1-year lock-up were vested to the beneficiaries of the award decided by the Board of Directors on March 20, 2019.

In total, 1,150,228 shares in the share capital of Transgene were issued under free share awards.

3.5 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 paragraph 3.3.2.

Table 2

SUMMARY OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER

See paragraph 3.3.2.

Table 3

TABLE OF THE REMUNERATION ALLOCATED AS A DIRECTOR AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

See paragraph 3.3.2.

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 paragraph 3.4.1.1.

Table 6

PERFORMANCE SHARES AWARDED TO EACH CORPORATE OFFICER DURING THE FISCAL YEAR

Chairman & CEO: 120,000 shares.

Deputy Chief Executive Officer: 30,000 shares.

Table 7

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

Chairman & CEO: None

Deputy CEO: None

Tables 8 and 9

- HISTORY OF STOCK OPTION AWARDS
- INFORMATION ON STOCK OPTIONS

See paragraph 3.4.1.1.

Table 10

- HISTORY OF FREE SHARE AWARDS

See paragraph 3.4.2.

Table 11

See paragraph 3.3.3.

4

INFORMATION ON THE COMPANY'S ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) POLICY

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 non-financial performance statement (DPEF) since 2016 (the Company has fewer than 500 employees) but has voluntarily continued its 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 territories;
- 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 a ESG policy in 2020 to strengthen the alignment of its actions with sustainable development objectives.

As a result, 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.

4.1.1 Transgene's ESG governance

ESG governance is ensured by a dedicated working group comprised of departmental representatives appointed by the Executive Committee, to which it reports at least annually.

The Executive Committee validates the priority missions and indicators proposed by the working group, decides on the main strategic guidelines in terms of ESG and ensures that the proposed projects make ESG a factor of progress. The working group monitors the implementation of priority missions and assesses the level of indicators achieved by the Company's actions.

This working group was set up in 2019 and initially identified the ESG initiatives already in place at Transgene, and initiated discussions on the formalization of the Company's ESG policy.

Transgene does not have any products on the market. By definition, the Company therefore focuses its internal ESG activities on its R&D activities, the production of small clinical batches for its trials and its support activities.

In 2020, this working group proposed a ESG policy to the Executive Committee, which adopted it. It also defined several priority missions, broken down into dedicated projects and supported by monitoring indicators and qualitative or quantitative objectives.

From the 2021 fiscal year, following the recommendation of the ESG working group, an individual performance evaluation criterion has been included in the annual assessment of all employees.

4.1.2 Transgene values

Demand the best

- Act with a 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.

4.1.3 Stakeholder dialogue

The working group ensures that stakeholders are involved or taken into account in Transgene's ESG thought process.

At the end of the working group's discussions with stakeholders, Transgene's Executive Committee defines the priority missions, establishes relevant indicators and ensures their monitoring.

These priority missions and their indicators will be communicated to the stakeholders and discussed with them in order to monitor and refine them over time.

The working group also ensures internal and external communication on Transgene's ESG commitment and the results obtained.

The working group ensures employee involvement through regular consultations, in particular on defining projects to achieve and maintain societal indicators validated by the Executive Committee.

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.

4.2 RESPECT FOR ETHICAL VALUES

Transgene is part of the Institut Mérieux, 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.

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 Rules of Conduct

In accordance with the rules described in its Rules 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 Rules of Conduct apply to all employees of Transgene and its subsidiaries, to all members of the Executive Committee and the Board of Directors.

In November 2020, Transgene updated its Rules of Conduct. This document is available on the Company's website.

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 Rules 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.

A whistleblowing system and a whistleblower protection system are in place.

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 auditors. The terms of the contracts have been adapted, a risk mapping has been carried out and accounting controls are carried out.

In November 2020, Transgene updated its Anti-corruption Code. This document is available on the Company's website.

A questionnaire to validate the correct understanding of this text must have been successfully completed by all employees.

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). A data protection officer has been appointed and each employee is involved in complying with data protection obligations.

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;
- information technology;
- business travel.

Preventing cybersecurity risks

Companies and institutions depend on information technology to conduct their business. 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.

In 2019, a speaker representing strategic information and economic security in Alsace Region led a session on "Cybersecurity: how to be an actor in your own security and that of your company?" intended for all employees.

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;
- GDPR team in place (including a Data Protection Officer, or DPO) to ensure GDPR compliance;
- 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

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.

For example, a risk mapping process was conducted in 2020. Action plans were implemented to optimize the coverage of the identified risks.

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 research and development 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 2020, Transgene dedicated €27.3 million in R&D expenses compared to €31.4 in 2019. 73% of the workforce was dedicated to R&D in 2020, compared with 72% in 2019.

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.

This research falls within a strict regulatory framework whose purpose is to ensure the efficacy of therapeutic products.

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.

Clinical trials must receive authorizations from national health authorities, as well as be 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 view of these approvals, 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 French National Agency for the Safety of Medicines and Health Products (ANSM), 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 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 an authorization to market issued by the health authorities of the various territories in which they will be distributed.

Transgene's products and services aim to offer significant 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, particularly by e-mail. 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 Practice (GMP). This site is in charge of producing doses for patients included in the two Phase I 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 disaster 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 in 2020 by our partners concluded that our practices complied with their specifications.**

Research of more predictive preclinical models and animal welfare

As a scientific research company, Transgene considers that it has a civic responsibility to limit animal experimentation as much as possible. As such, Transgene seeks alternative models that are more respectful and also more predictive of the results that will be observed in patients.

As part of this approach, Transgene has been involved for several years in researching new models, in particular organs-on-chip. Two employees are members of the Euro Organ-on-Chip Society and the Company is hosting a CIFRE PhD student on this topic. Transgene is also part of the European ImSavar consortium bringing together public and private players. It is a founding member of the working group coordinated by BioValley France, whose purpose is to structure the French participants in this field.

These new organ-on-chip models are part of the "reduce, refine, replace" approach and also aim to optimize the predictability of preclinical models in terms of toxicity and efficacy. By working on these innovative models, Transgene and its partners collectively aim to reduce the attrition inherent in the development of new drug candidates, to offer effective treatments more quickly to patients and to ultimately minimize the use of laboratory animals.

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 purchasing 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.

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/Purchasing 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;
- 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, as does the Company. 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, 2020, 94% of unpaid invoices are due within 30 days (see section 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 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 commercial 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 Rules 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 164 employees (106 women and 58 men) based in France as of 12/31/2020.

The Company had one employee in its entity based in the United States, which has not been included in this reporting.

TOTAL NUMBER AND BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

Data specific to the Company: employees present at 12/31/2020 – France

	12/31/2018	12/31/2019	12/31/2020
Under 25 years old	7	12	12
25 to 39 years old	35	42	47
40 to 49 years old	37	36	37
Over 50 years old	64	69	68
Total	**143**	**159**	**164**
Managers	102	110	109
Non-managers	31	38	44
Other statuses	10	11	11
Total	**143**	**159**	**164**
Permanent contract	132	136	139
Fixed-term contract	1	12	14
Other	10	11	11
Total	**143**	**159**	**164**
Men	49	56	58
Women	94	103	106
Total	**143**	**159**	**164**

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: volunteer employees were able to choose tree species following a storm and plant fruit trees; an employee upcycling coffee capsules decorated one of the living spaces with her 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 during the year.

The Health, Safety and Environment (HSE) department 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 (in particular "Transcom" and "Transverse" 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. Since 2016, they have been invited to present their occupation, their missions and the progress of their projects to all employees. These "Transverse" meetings take place on a monthly basis on a voluntary basis.

Transgene also 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. In 2020, two Transgene researchers were honored; a CIFRE PhD student benefited from this visibility in 2021.

Transgene regularly organizes meetings and convivial activities allowing employees of the two sites to meet and discuss informally (shared buffet, annual party, internal competitions, "our employees have hidden talents", seniority anniversaries, theme days - safety, disability -). Physical meetings were suspended due to the health situation in 2020 and replaced, when possible, by virtual events.

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.

Since 2008, Transgene has had a bicycle shed to encourage employees to use this mode of transport. For several years now, the Company has been taking part in Strasbourg's *Au Boulot à Vélo* challenge. With nearly 40 participants in 2020, almost 450 journeys and 3,200km traveled, Transgene ranked third among companies with 101 to 500 employees. 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 27 people in 2020—one male manager, 19 female managers and 7 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: €69,629 in 2020);
- 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.
39 eligible volunteers benefited from this scheme on a regular basis (one to two fixed days per week) since July 2019 and 28 employees occaionally between July 2019 and June 2020 (excluding lockdown).

Thanks to this pilot project, Transgene was able to quickly adapt to the lockdown measures in 2020, without major IT issues.

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.

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.

Several agreements are in force on the following subjects:

- 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;
  - implementating measures to reduce anomalies (non-compliance with rest times): remote working, recovery days, lighter workloads, etc.;
- updating of the fixed working day interview to deal with the question of the use of digital technologies, workload and balance between professional and family responsibilities.

An additional agreement for non-managerial employees was signed in 2003 on working overtime and exceptional hours worked at night, on weekends and on public holidays. It is more favorable than the Collective Agreement.

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).

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, 2020, to December 31, 2020
(Including apprenticeship and professional training contracts and CIFRE PhD student)

Hires	18 (including 9 temporary and 3 apprentices)
Departures	17 (6 tempporary, 1 CIFRE PhD student and 2 apprentices)

NB: the following indicators were based on a full-year headcount (130 employees in 2020).

Attractive remuneration

Transgene has a compensation program based on international standards.

Total payroll for 2020 was €14.7 million (€13.9 million in 2018; €14,1 million in 2018).

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;
- renegotiation of employee benefits contracts;
- free share plans covering Transgene employees on permanent and fixed-term contracts.

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 2018, 2019 and 2020, in euros (excluding Executive Committee and CIFRE):

Classification according to the National Collective Bargaining Agreement for the pharmaceutical industry

		3	4-5	6 non-managers	6 managers **	7	8	9 ***
2020	Men	N/A	33,513	NC*	42,456	51,956	77,729	NC*
	Women	N/A	34,211	44,555	41,279	52,844	68,002	N/A
2019	Men	0	34,984	NC*	41,360	53,089	73,069	97,566
	Women	NC*	35,752	43,006	42,002	50,889	65,650	NC*
2018	Men	0	33,830	NC*	41,313	53,799	76,726	96,516
	Women	NC*	32,222	41,991	40,257	49,261	64,656	NC*

* *NC: data not provided for confidentiality reasons; this classification concerns only one employee.*
** *Excluding CIFRE.*
*** *Excluding Senior Director.*

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.

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 - 5 years and more oh higher education). 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 (4.63% of payroll in 2018, 4.72% of payroll in 2019, 3.58% in 2020) 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, and an extensive and constantly updated document base.

In 2019, the Company also pursued a policy to secure its skills *via* skills transmission through the internal training program set up in 2017.

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 third-year interns, 10 end-of-study interns, 11 work-study students and 4 CIFRE PhDs were accepted in 2020. In the event of a job opening corresponding to their profile, they will be given priority review.

Total number of hours of training

1,883 hours were dedicated to occupational training in 2020 (2,378 in 2019 and 2,973 in 2018). 56% of employees took at least one training course in 2020 (67% in 2019 and 76% in 2018).

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 in February 2018.

In its rules, the CSE created three commissions with different responsibilities: the Committee for Health, Safety and Working Conditions (CSSCT), the Commission for Gender Equality and the Training Commission.

The economic and social database 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 four agreements in 2020, five in 2019 and one in 2018:

- 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);
- implementation of a remote working pilot for an experimental period of six months (June 2019) and amendment extending the pilot phase by an additional six months (December 2019);
- professional equality and quality of life at work (December 2019)
- professional interviews (December 2019);
- collective health insurance (December 2019);
- on-call at the animal center on weekends and public holidays (September 2018).

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, 2020 - France

	Men	Women	Total
Under 25 years old	3	9	12
25 to 39 years old	21	26	47
40-49 years old	12	25	37
Over 50 years old	22	46	68
Total	**58**	**106**	**164**

Transgene's overall score on the Professional Equality Index for 2020 was 91 out of 100 (90/100 in 2019).

The average age of the workforce was 44.3 years at the end of December 2020 (44.8 years for women and 43.3 years for men). The average seniority is 13.4 years (14.5 years for women, 11.3 years for men). 41% of the workforce is over 50 years old.

Transgene has been committed to the issue of integrating and retaining disabled workers in employment for several years now.
In 2020, an employee benefited from support measures (preparation of the RQTH file, adapted workstation) in order to return to work after a long-term sick leave.

4.5.2.1 Professional equality between men and women

In light of the analysis of the comparative situation between women and men at the end of 2018, the parties recognised that the situation in terms of professional equality was satisfactory overall and signed a new agreement on December 16, 2019 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 and exercise of family responsibility: see 4.5.1.1.

Situation noted at Transgene:

- although Transgene's occupations have high female representation, there is no significant overall evidence from recent years showing inequality between men and women, except in high classifications. Any differences observed are attributable to seniority/initial training in a small workforce;
- the Company's workforce is more female than male across most employment categories and classifications. However, the opposite is true for the Executive Committee; However, 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 Measures taken to promote employment and integration of disabled workers

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 September 24, 2009, and November 21, 2019, and support from the branch organization, HandiEM, for the deployment of its disability policy. Within this framework, it has appointed a disability correspondent, to be a relay for HandiEM and a pilot for Transgene's disability policy.

Transgene has six employees declared RQTH in 2020 (five employees in 2019). The Company also used several social-support-through-work centers for various services (Handirect, ESAT ESSOR, AVS, ESAT La Ganzau, etc.).

To encourage the hiring of disabled workers, the Company's application management software displays its non-discrimination policy and allows disabled workers to identify themselves. Their applications can be prioritized accordingly.

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 company called Hanvolution, makes it possible for any employee who so desires 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 3 people in 2018/2020;
- Transgene has also continued its communication efforts by organizing its eighth consecutive annual disability day in November 2020, to raise awareness and counter prejudice, as part of the Disability Employment Week *(Semaine pour l'Emploi des Personnes Handicapées)*. This awareness campaign took place in the form of a web-conference on disability and psychic disorders.

4.5.2.3 Fight against discrimination

The Company has implemented HR processes enabling non-discriminatory and objective practices:

- Recruitment:
  - the Company uses application management software, on which it displays its non-discrimination policy;
  - service providers with which Transgene works commit to non-discrimination through clauses in their contracts;
  - applications are assessed on the basis of applicant skills and experience specification pre-determined with the manager;
  - applicants are received for interviews by HR on N+1 if not N+2 and by the team in question;
- Employment/promotions:
  - all measures implemented the HR development policy to make practices more objective: defined criteria, personnel files specifying practiced or observed skills, professional development committee and validation by an *ad hoc* commission;
  - in accordance with the Gender Equality agreement, the Professional Development Commission is an interdisciplinary structure with gender parity;
- 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. It applies in particular to R&D and production activities in PilotClin.

To define, implement and improve this safety culture, the Company has a Health, Safety and Environment (HSE) department, comprising an HSE head and HSE technician. 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 2020 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; additional improvement actions initiated by the Company were completed during the year. Partially completed or uncompleted actions have been carried over to the 2021 annual prevention program. An annual prevention report is prepared each year, detailing all the highlights of the previous year.

The health and safety training plan for 2020 involved 374 hours of HSE training, which represents 20% of total training hours.

4.5.3.1 High equipment and operating standards

The Company has made the mandatory declarations for its facilities Control and technical verifications of facilities were carried out according to 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 2020, 2019 or in 2018. Two analyses were carried out in 2020 (two in 2019 and none in 2018) following a workplace accident and an incident.

WORKPLACE ACCIDENTS, FREQUENCY AND SEVERITY; OCCUPATIONAL DISEASES

Number of accidents (including on-site aid in the infirmary)	2018	2019	2020
Total Company accidents resulting in an entry in the infirmary logs or a report	18	13	22
Number of accidents reported	9	3	8
▪ of which, commuting accidents (home-workplace)	2	1	4
▪ workplace accidents	5	2	4
▪ travel accidents (away from the workplace)	2	0	0
Number of accidents with work stoppage	1	0	3
Number of travel accidents with work stoppage	1	0	1
Frequency rate (1)	4.051	0.00	12.229
Severity rate (2)	0.024	0.00	0.375

(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 2020 (as in 2019 and 2018). The employer did not file any reports indicating any processes that could cause occupational illnesses in 2020 or in 2019 and 2018.

4.5.3.3 Preventing commuting accidents

For many years, Transgene has been investing in actions to raise awareness of the risk of "commuting accidents" and has taken initiatives to reduce this risk, such as the road safety day in 2019, various awareness-raising sessions on road safety in cars, by bicycle, etc.

In order to promote our prevention efforts and measures likely to reduce the frequency and severity of these accidents, the CARSAT Alsace-Moselle granted Transgene a 25% reduction on the flat-rate premium for commuting accident coverage. This translates into a reduction of around €5,000 in the overall "workplace accident" premium.

In addition, Transgene was honored by this establishment at the 2019 Safety Competition.

4.5.3.4 Absenteeism

The absenteeism rate was 7.29% in 2020 excluding partial activity related to Covid-19 (lockdown without the ability to work remotely or childcare duties), 2.76% in 2019, compared to 2.21% in 2018. The high variation in the absenteeism rate is explained by three long-term illnesses (1,806 days) and one work-related accident (48 days). Excluding the three long-term illnesses, the absenteeism rate was 2.03%, in line with previous years.

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 2020, 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 email by registering on the Transgene website.
- A dedicated contact answers their questions by email and telephone.
- Educational video materials were produced in 2020 on *myvac*® and TG4001.

Analyst coverage

Transgene also ensures that its coverage is as broad and diversified as possible.

The Company is monitored by Oddo BHF, Bryan Garnier, Invest Securities, Kempen and Kepler Cheuvreux (whose research is available on a public website).

In 2020, the British firm Intron Health initiated research coverage of Transgene.

ESG rating

Transgene is monitored by two ESG rating organizations: Gaïa Index Ethifinance and Vigeo Eiris.

4.7 COMMITMENT TO SOCIETY AND TERRITORIES

The Company has been based in Strasbourg since its creation and has a site in Lyon. 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 CIFRE PhD 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 has located most of its activities in Strasbourg and in the suburbs of that city. 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 dialog 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, to which it paid no contribution in 2020. 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 donates functioning laboratory equipment that is no longer in use to associations or educational institutions. Three vortex mixers were donated to Biotech-Lab of the Strasbourg School of Biotechnology (ESBS) in 2020. In 2019, Transgene donated several pieces of equipment, including a laboratory automaton and an elispot reader (representing a total purchase value of nearly €200,000 before accounting depreciation), to the EASE school-plant located on the Illkirch Graffenstaden campus.

Faced with the shortage of equipment during the Covid-19 pandemic, Transgene donated masks (surgical and FFP2) and gowns to several health establishments in Strasbourg and Lyon.

Cancer associations

Every year, Transgene takes part in two races whose profits go to the fight against cancer, La Strasbourgeoise and the course of lights 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:

- in December 2020, 55 gift boxes were collected from Transgene employees for the benefit of the "Mauraude du Partage" association;
- in October 2020, 145 pairs of glasses were collected for the association "Glasses Without Borders";
- in 2020, 30kg of corks were collected for the Bouchon Bonheur 67 association, to promote the integration of disabled people;
- an organ donation awareness campaign was also held.

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.
For example, Eric Quéméneur, Scientific Director of Transgene, is also Chairman (on a voluntary basis) of the École Supérieure de Biotechnologie de Strasbourg (ESBS).

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.

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.

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 -, CIFRE). 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.

Our neighborhoods have talent: for several years, Transgene has enabled its employees to sponsor a young graduate having difficulties finding a job. This initiative was revitalized in 2021, with the participation of around fifteen mentors.

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 there is no significant consumption of raw materials, nor any significant release into the environment or of greenhouse gases.

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.

4.8.1 Pollution prevention

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 within several levels of containment.

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 has carried 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 Pollution and 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 2020, 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 and protection of biodiversity

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 since 2018 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.

WATER *(M^3)*

Year	Volume	Change
2018	3,344	+4%
2019	4,221	+26%
2020	4,881	+16%

Energy consumption, measures to improve energy efficiency 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 Energies de Strasbourg.

ELECTRICITY *(KWH)*

Year	Total	Change
2018	3,346,907	+15%
2019	3,740,072	+12%
2020	3,692,957	-1.3%

Consumption of raw materials and measures to improve efficiency of their use

The Company does not directly consume raw materials.

Climate change

Greenhouse gas emissions

Despite its activities, Transgene does not produce any direct greenhouse gas (GHG) emissions. Indirect GHG emissions are linked exclusively to electricity consumption and have generated 150 tonnes of CO_2 equivalent.

The conversion of the above energy consumption into CO_2 emission equivalents is done by applying the ADEME conversion factors.

Greenhouse gas emissions in the value chain

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.

Adaptation to the impacts of climate change

The Company has no activity requiring special measures to adapt to climate change impacts.

Promotion of soft mobility

Transgene encourages its employees to use public transport and soft traffic modes.

Transgene also encourages the use of bicycles with the provision of a bicycle storage shed, showers and changing rooms.

Four electric charging stations have been made available to employees using an electric vehicle.

Business travel

Whenever possible, Transgene recommends using environmentally-friendly modes of transport.

Due to the pandemic in 2020, the majority of events did not require travel, which is reflected in a significant drop in CO_2 emissions.

CO_2 EQUIVALENT OF BUSINESS TRAVEL BY MODE OF TRANSPORT

CO_2 equivalent - By calendar year, reservations made with the Egencia travel agency

	Plane	Train
2020	82.0	0.5
2019	273.9	0.9
2018	257.8	1.4

Measures taken to preserve or develop biodiversity

Neither the Company's activities nor its facilities have any impact on biodiversity.

Transgene has a grove on its site in Illkirch-Graffenstaden. It is left in a natural state.

The Company is in contact with the League for the Protection of Birds to install nesting boxes in its green spaces in 2021.

4.9 METHODOLOGICAL NOTE

Transgene has not been required to publish a statement of non-financial performance (SNFP) since 2016 (the Company has fewer than 500 employees) but has voluntarily continued its reporting since then.

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, 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 U.S. which had one employee at December 31, 2020 and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in China, which has no employee) and no sales activity. They are therefore not included in this report's indicators.

Figures are provided for the fiscal years 2018, 2019 and 2020 only when such figures are relevant.

Social indicators

For the social indicators, the calculations were made using the headcount as at 12/31/2020, namely 164 employees (106 women and 58 men) of Transgene, based in France. The Group has one employee in its entity based in the United States, who has not been included in this reporting.

Total workforce

Employees on a permanent, temporary or work-study employment contract with Transgene at December 31, 2020, 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 reported data on 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 covers only the activities located in France for the period from January 1 to December 31, 2020.

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 U.S. which had one employee at December 31, 2020 and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd., based in China, which has no employee) and no sales activity. They are therefore not included in this report's indicators. It is therefore not included in this report's indicators. Figures are provided for the fiscal years 2018, 2019 and 2020 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). The Company is not in a position to present environmental indicators for the laboratory in Lyon, since no information has been provided by the landlord.

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 developed by Egencia's data scientists 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 AT DECEMBER 31, 2020

5.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

5.1.1 Consolidated financial statements

Consolidated balance sheet, IFRS

ASSETS

(in € thousands)	*Notes*	12/31/2020	12/31/2019
CURRENT ASSETS			
Cash and cash equivalents	*2*	5,277	1,343
Other current financial assets	*2*	21,077	42,028
Cash, cash equivalents and other current financial assets	***2***	**26,354**	**43,371**
Trade receivables	*3*	1,667	2,324
Other current assets	*4*	2,666	3,943
Total current assets		**30,687**	**49,638**
NON-CURRENT ASSETS			
Property, plant and equipment	*5*	13,110	13,283
Intangible assets	*6*	141	147
Non-current financial assets	*7*	34,042	42,931
Investments in associates		-	-
Other non-current assets	*8*	7,473	9,478
Total non-current assets		**54,766**	**65,839**
TOTAL ASSETS		**85,453**	**115,477**

LIABILITIES AND EQUITY

(in € thousands)	*Notes*	12/31/2020	12/31/2019
CURRENT LIABILITIES			
Trade payables		5,066	7,092
Current financial liabilities	*9*	1,426	2,037
Provisions for risks and charges	*10*	511	898
Other current liabilities	*11*	6,626	8,619
Total current liabilities		**13,629**	**18,646**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	*9*	16,938	26,703
Employee benefits	*12*	4,526	4,427
Other non-current liabilities	*11*	110	4
Total non-current liabilities		**21,574**	**31,134**
Total liabilities		**35,203**	**49,780**
EQUITY			
Share capital	*13*	41,921	83,265
Share premiums and reserves		40,938	39,738
Retained earnings		(14,327)	(37,444)
Profit/(loss) for the period		(17,231)	(18,804)
Other comprehensive income/(loss)		(1,051)	(1,058)
Total equity attributable to Company shareholders		**50,250**	**65,697**
TOTAL EQUITY AND LIABILITIES		**85,453**	**115,477**

CONSOLIDATED INCOME STATEMENT, IFRS

(in € thousands, except for per-share data)	*Notes*	12/31/2020	12/31/2019
Revenue from collaborative and licensing agreements	*14*	2,981	6,652
Government financing for research expenditure	*14*	6,362	6,644
Other income	*14*	572	437
Operating income		**9,915**	**13,733**
Research and development expenses	*15*	(27,346)	(31,385)
General and administrative expenses	*15*	(6,547)	(7,134)
Other expenses	*15*	(15)	(668)
Operating expenses		**(33,908)**	**(39,187)**
Operating income/(loss)		**(23,993)**	**(25,454)**
Financial income/(loss)	*16*	6,762	6,650
Share of profit/(loss) and disposal of investments in associates		-	-
Income tax expense		**(17,231)**	**(18,804)**
Income tax expense	*17*	-	-
NET INCOME/(LOSS)		**(17,231)**	**(18,804)**
Basic earnings per share *(€)*	*13*	(0.21)	(0.23)
Diluted earnings per share *(€)*	*13*	(0.21)	(0.23)

OTHER COMPONENTS OF COMPREHENSIVE INCOME, IFRS

(in € thousands)	12/31/2020	12/31/2019
Net income/(loss)	**(17,231)**	**(18,804)**
Foreign exchange gains/(losses)	(7)	1
Revaluation of hedging instruments	70	75
Other elements of comprehensive income/(loss) subsequently restated as income	**63**	**76**
Actuarial gains/losses on employee benefit provision	(56)	(420)
Other elements of comprehensive income/(loss) subsequently non-recyclable as income, net of deferred taxes	**(56)**	**(420)**
Other comprehensive income/(loss)	**7**	**(344)**
NET COMPREHENSIVE INCOME/(LOSS)	**(17,224)**	**(19,148)**
Of which, attributable to parent company	(17,224)	(19,148)
Of which, non-controlling interests	-	-

CASH FLOW STATEMENT, IFRS

(in € thousands)	*Notes*	12/31/2020	12/31/2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net income/(loss)		(17,231)	(18,804)
Cancellation of financial income/(loss)		(6,762)	(6,650)
Elimination of non-cash items			
Income of associates		-	-
Provisions		722	993
Depreciation and amortization	*5, 6, 7*	1,786	770
Share-based payments	*15*	1,744	1,351
Other		(320)	1,066
Net cash generated from/(used in) operating activities before change in working capital and other operating cash flow		**(20,061)**	**(21,274)**
CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS			
Current receivables and prepaid expenses	*22*	897	(1,269)
Inventories and work in progress		-	443
Research tax credit (RTC)/CICE	*14*	(6,352)	(6,619)
Other current assets	*2*	717	(962)
Trade payables	*22*	(2,057)	2,270
Prepaid income	*11*	(2,015)	4,461
Other current liabilities	*11*	129	537
Net cash used in operating activities		**(28,742)**	**(22,413)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisitions)/disposals of property, plant and equipment	*5*	(811)	(1,688)
(Acquisitions)/disposals of intangible assets	*6*	(41)	(43)
(Acquisitions)/disposals of non-consolidated equity securities	*7*	18,224	-
Other (acquisitions)/disposals	*7*	370	1,200
Net cash used in investing activities		**17,742**	**(531)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net financial income/(loss) proceeds	*16*	(123)	(980)
Gross proceeds from the issuance of shares	*13*	-	48,710
Share issue costs		-	(1,763)
Conditional subsidies	*13*	655	237
(Acquisitions)/disposal of other financial assets	*2*	21,041	(26,904)
Net amounts received for financing of tax credits	*9*	6,288	6,706
Bank borrowing	*9*	(11,406)	(2,371)
Financial leases and change in lease obligations	*9*	(1,514)	(1,234)
Net cash generated from/(used in) financing activities		**14,941**	**22,401**
Exchange rate differences on cash and cash equivalents		(7)	1
Net increase/(decrease) in cash and cash equivalents		**3,934**	**(542)**
Cash and cash equivalents at beginning of period		1,343	1,885
Cash and cash equivalents at end of period		**5,277**	**1,343**
Investments in other current financial assets		21,077	42,028
CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS		**26,354**	**43,371**

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 shareholders' business activity
	Number of shares	Share capital						
As of December 31, 2018	**62,275,923**	**62,276**	**512,035**	**546**	**(545,473)**	**(714)**	**8,029**	**36,699**
Increase of share capital	20,816,366	20,816	26,130	-	-	-	-	46,947
Free share awards	173,175	173	(1,804)	1,631	-	-	-	-
Share-based payments	-	-	1,351	-	-	-	-	1,351
Allocation of share premium	-	-	(500,000)	-	500,000	-	-	-
Liquidity contract	-	-	-	(151)	-	-	-	(151)
Allocation of net income/(loss) 2018	-	-	-	-	8,029	-	(8,029)	-
2019 income/(loss)	-	-	-	-	-	-	(18,804)	(18,804)
Foreign exchange gains/(losses)	-	-	-	-	-	1	-	1
Actuarial gains/losses on employee benefit provision	-	-	-	-	-	(420)	-	(420)
Interest rate swap	-	-	-	-	-	75	-	75
Net comprehensive income/(loss)	-	-	-	-	-	(344)	(18,804)	(19,148)
As of December 31, 2019	**83,265,464**	**83,265**	**37,712**	**2,026**	**(37,444)**	**(1,058)**	**(18,804)**	**65,697**
Increase of share capital	-	-	-	-	-	-	-	-
Free share awards	575,870	576	(244)	(332)	-	-	-	-
Share-based payments	-	-	1,744	-	-	-	-	1,744
Share capital reduction	-	(41,921)	-	-	41,921	-	-	-
Liquidity contract	-	-	-	32	-	-	-	32
Net income/(loss)	-	-	-	-	-	-	(17,231)	(17,231)
2019 income/(loss)	-	-	-	-	(18,804)	-	18,804	-
Foreign exchange gains/(losses)	-	-	-	-	-	(7)	-	(7)
Actuarial gains/losses on employee benefit provision	-	-	-	-	-	(56)	-	(56)
Interest rate swap	-	-	-	-	-	70	-	70
Net comprehensive income/(loss)	-	-	-	-	-	7	(17,231)	(17,224)
AS OF DECEMBER 31, 2020	**83,841,334**	**41,921**	**39,212**	**1,726**	**(14,327)**	**(1,051)**	**(17,231)**	**50,250**

5.1.2 Notes to the consolidated financial statements (in thousands of euros, unless otherwise indicated)

Foreword

The consolidated financial statements of Transgene (the "Company") at December 31, 2020, 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 10, 2021.

Transgene is a biotechnology company that designs and develops targeted immunotherapy products against cancers.

Transgene is fully 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 basis

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, 2020, and are available on the website https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financialreporting_fr#ifrs-financial-statements.

NEW STANDARDS/AMENDMENTS APPLICABLE FOR FISCAL YEARS STARTING ON OR AFTER JANUARY 1, 2020, IN EUROPE

Standard/Interpretation	Date of application per IASB (periods beginning on or after)	Date of expected European Union application (at the latest for the fiscal years beginning)
IFRS amendments	01/01/2020	01/01/2020
Amendments to IAS 1 and IAS 8 on the materiality threshold: definition of material	01/01/2020	01/01/2020
Amendments to IFRS 3: Definition of an activity	01/01/2020	01/01/2020
Amendments to IFRS 16 on lease rental adjustments	01/01/2020	01/01/2020
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments, and IFRS 7 Financial Instruments: Disclosures - Benchmark Interest Rate Reform, Phase 1 issued on September 26, 2019 and effective January 1, 2020.	01/01/2020	01/01/2020

These amendments had no impact on the Group's financial statements as of December 31, 2020. In addition, the November 2019 IFRS IC interpretation on the enforceable term of leases (IAS 16) and the depreciation period of immovable property (IFRS 16), the analysis of which was finalized in 2020, did not have an impact on the Company's accounts. Transgene has chosen not to adopt in advance the standards, amendments and interpretations adopted or not yet adopted by the European Union, but for which early application would have been possible, and which will come into force after December 31, 2020. This mainly concerns the amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments (Recognition and Measurement) and IFRS 7 Financial Instruments (Disclosures - Benchmark Interest Rate Reform, Phase 2), published on January 14, 2021 and applicable from January 1, 2021.

OTHER STANDARDS/AMENDMENTS PUBLISHED AT DECEMBER 31, 2020

Standard/Interpretation	Date of application per IASB (periods beginning on or after)	Date of EU application (no later than periods beginning on or after)
Amendments to IAS 1 and 8: Presentation of financial statements	01/01/2021	01/01/2023
Annual improvements to the standards 2018 - 2020 cycle	01/01/2021	01/01/2022
Amendments to IFRS 3: Reference to the Conceptual Framework	01/01/2021	01/01/2022
Amendments to IAS 16: Revenue recognition prior to the commencement of operations	01/01/2021	01/01/2022
Amendments to IAS 37: Loss-making contracts	01/01/2021	01/01/2022

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, 2020, 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.

Taking into account the availability of the Natixis credit line for €15 million, the principle of going concern has been adopted.

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.

The principal assumptions and estimates that could impact the Company's financial statements are:

- the valuation of the non-consolidated equity securities of Tasly BioPharmaceuticals (Note 7);
- repayable advances for the ADNA program (Note 9);
- the collaboration agreement signed with AstraZeneca (Note 14).

In view of the Group's business, management considers that the fixed assets form part of a single cash-generating unit. At each balance sheet 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.

Propagation of the Covid-19 coronavirus

The Covid-19 pandemic, which has lasted since March 2020, has had and continues to have an impact on Transgene's activities. As of the date of this document, this has mainly impacted clinical studies that have either been or are being delayed due to the slowdown in patient recruitment or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies. For example, a clinical study conducted in the UK (for TG6002) is the most impacted due to the temporary closure of the clinical center, preventing the recruitment of patients. The launch of the clinical study with BT-001 was impacted by an extended delay of several months for the review of the French authorization request by the ANSM.

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 studies, 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 study 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 revenues from collaborations. This financial impact is difficult to quantify precisely at the date of this document.

Basis of consolidation

The consolidated financial statements include the financial statements of Transgene, Transgene, Inc. and Transgene BioPharmaceuticals Technology (Shanghai) Co. Ltd. ("Transgene Shanghai"), wholly owned subsidiaries whose headquarters are located respectively in Boston, Massachusetts (U.S.) and Shanghai (China). These companies are fully consolidated. The Chinese subsidiary was founded in February 2020. 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 14 to 16).

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 U.S. 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 balance sheet date and in the income statement using the exchange rate of the month of accounting. Differences arising from conversion are recognized in equity.

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, 2020, with the resulting translation difference recognized in profit or loss at the end of the fiscal year.

At the balance sheet date, foreign currency cash and cash equivalents, receivables and payables are converted into euros at the exchange rate on the balance sheet date. The resulting translation differences are recognized in the income statement.

Transgene did not use any currency hedging instruments in 2019 and 2020.

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 available-for-sale financial assets and valued at their fair value under equity because these investments correspond either to bank accounts or to very short-term investments that do not present any risk of changes in value.

Receivables

Receivables are recognized at amortized cost, which corresponds to their nominal value. All 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 management 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.

Non-current assets

Property, plant and equipment

Property, plant and equipment are 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	20-50 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 are 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 period 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 market authorization. The development expenses capitalized will be appropriately amortized over their useful life. No Company product received a marketing authorization in 2020.

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 fixed assets
Financial assets consist of:

- deposits and guarantees for leased assets;
- guarantee deposits related to the sales of receivables 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 valuation of non-consolidated investments without significant influence is based on an analysis using the fair value method. This valuation is periodically reviewed at each balance sheet 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 cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company.

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 period end 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 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 are also recorded in equity without affecting the income statement.

Current liabilities

Provisions for risks and charges
Provisions are recorded to cover contingencies and charges 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 funding body. They are recognized under long-term financial debt in accordance with IAS 20.

Reimbursable 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 a revenue threshold on TG4001 predetermined for the following five years, and in proportion to the revenue from this product until a reimbursement ceiling is reached, or up until 2035.

The Company evaluates at each closing date the direct and indirect revenue linked to the product to estimate future cash flows from the reimbursement of advances. These revenues 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 costs 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
- discounted cash flow rate.

Repayable advances received as part of the ADNA 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 (severance retirement plan). 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.

Equity

Share issue costs

Capital increase expenses net of deferred tax where applicable are charged directly against the issue 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 is transferred from income 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. Consequently, each contract is analyzed, case by case, to determine whether it contains performance obligations towards the other party and, if so, to identify their nature in order to determine the appropriate accounting of the amounts that the Company received or is entitled to receive from the other party, according to the principles of IFRS 15. For example:

- development services provided by the Company to create or improve intellectual property controlled by the client, for which revenue is progressively recognized, as and 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 lifetime of the license, the revenue is recognized over this lifetime, or

– if it is a right to use the intellectual property of the Company as it exists at the time of sale (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 (RTC)

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 a tax charge, the tax credit may be redeemed in accordance with the tax provisions.

Research tax credits are recognized in the income statement under Government grants 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 reimbursable advances.

In that case, the Company recognizes on the income statement at the line Public financing of 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 period 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 grant 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.

Contribution to Value Added Enterprises (CVAE)

The CVAE is recorded, if any, in operating expenses under Overhead expenses.

NOTE 2 CASH, CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS

(in € thousands)	12/31/2020	12/31/2019
Cash	5,269	1,335
Cash equivalents	8	8
Cash and cash equivalents	**5,277**	**1,343**
Other current financial assets	**21,077**	**42,028**
TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**26,354**	**43,371**
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 3 TRADE RECEIVABLES

(in € thousands)	12/31/2020	12/31/2019
Total gross	1,667	3,451
Provisions for impairment	-	(1,127)
TOTAL NET TRADE RECEIVABLES	**1,667**	**2,324**

As of December 31, 2020, trade receivables mainly concern receivables from our co-development partners NEC for €697 thousand and BioInvent for €412 thousand.

The ElsaLys Biotech SA receivable, which was fully provisioned in the financial statements at December 31, 2019 (and corresponded mainly to a receivable of €1 million for the sale of the TG3003 product, for which the Company has since recovered the rights), has been reclassified in Other current assets (€145 thousand) and Other non-current assets (€353 thousand).

During the first half of 2020, Transgene and all shareholders of ElsaLys Biotech SA reached an agreement on the acquisition of the ElsaLys Biotech SA by the Italian company Mediolanum Farmaceutici. The sale agreement of ElsaLys Biotech SA shares to Mediolanum Farmaceutici states that the Company will recover €599 thousand excluding tax, of which €500 thousand will be recovered over a period of 36 months, without interest, in 12 quarterly installments. The Company has waived 50% of its receivable for the TG3003 product (€500 thousand excluding tax). In return, the Company will receive compensation from former shareholders related to this debt waiver in the amount of €457 thousand, 75% of this amount being paid immediately and 25% payable by 2025.

The latter amount has thus been discounted to that date. All impacts of this transaction in the income statement were recognized as Financial income/(loss) (Notes 8 and 16).

NOTE 4 OTHER CURRENT ASSETS

(in € thousands)	12/31/2020	12/31/2019
Research tax credits, current portion	133	119
State – recoverable VAT and tax receivables	388	1,085
Accrued credit notes	14	223
Employee benefits expense	29	35
Grant receivable	49	61
Prepaid expenses, current portion	1,908	2,420
Other current receivables	145	-
TOTAL	**2,666**	**3,943**

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.

Other current receivables correspond mainly to the amount that Transgene will receive from the former shareholders of ElsaLys Biotech SA (€145 thousand) following the agreements related to the sale of the Company's shares. (Notes 8 and 16).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	12/31/2019	Increase	Decrease	12/31/2020
GROSS CARRYING VALUE				
Land	1,771	-	-	1,771
Buildings and fixtures	16,385	900	-	17,285
Right of use	205	-	-	205
Laboratory equipment	10,856	1,318	(177)	11,997
Office and computer equipment	1,655	84	(88)	1,651
Assets in progress	793	-	(728)	65
Total gross carrying value of property, plant and equipment	**31,665**	**2,302**	**993**	**32,974**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Buildings and fixtures	(9,734)	(785)	-	(10,519)
Right of use	(55)	(69)	-	(124)
Laboratory equipment	(7,088)	(819)	162	(7,745)
Office and computer equipment	(1,505)	(59)	88	(1,476)
Total depreciation, amortization and impairment	**(18,382)**	**(1,732)**	**250**	**(19,864)**
NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT	**13,283**	**570**	**(743)**	**13,110**

(in € thousands)	12/31/2018	Increase	Decrease	12/31/2019
GROSS CARRYING VALUE				
Land	1,771	-	-	1,771
Buildings and fixtures	16,275	150	(40)	16,385
Right of use	933	205	(933)	205
Laboratory equipment	10,693	581	(418)	10,856
Office and computer equipment	1,614	61	(20)	1,655
Assets in progress	71	722	-	793
Total gross carrying value of property, plant and equipment	**31,357**	**1,719**	**(1,411)**	**31,665**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Buildings and fixtures	(9,000)	(768)	34	(9,734)
Right of use	(830)	(158)	933	(55)
Laboratory equipment	(6,743)	(709)	364	(7,088)
Office and computer equipment	(1,463)	(62)	20	(1,505)
Total depreciation, amortization and impairment	**(18,036)**	**(1,697)**	**1,351**	**(18,382)**
NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT	**13,321**	**22**	**(60)**	**13,283**

The depreciation expense for the property, plant and equipment reported in Transgene's income statement is as follows:

(in € thousands)	12/31/2020	12/31/2019
Research and development expenses	1,687	1,650
General and administrative expenses	45	47
TOTAL DEPRECIATION EXPENSES FOR PROPERTY, PLANT AND EQUIPMENT	**1,732**	**1,697**

NOTE 6 INTANGIBLE ASSETS

(in € thousands)	12/31/2019	Increase	Decrease	12/31/2020
GROSS CARRYING VALUE				
Intangible assets	4,277	32	(1,213)	3,096
Intangible assets in progress	-	9	-	9
Total gross carrying value of intangible assets	**4,277**	**41**	**(1,213)**	**3,105**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(4,130)	(47)	1,213	(2,964)
Total depreciation, amortization and impairment	**(4,130)**	**(47)**	**1,213**	**(2,964)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**147**	**(6)**	**-**	**141**

(in € thousands)	12/31/2018	Increase	Decrease	12/31/2019
GROSS CARRYING VALUE				
Intangible assets	4,234	43	-	4,277
Intangible assets in progress	-	-	-	-
Total gross carrying value of intangible assets	**4,234**	**43**	**-**	**4,277**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT				
Intangible assets	(4,054)	(76)	-	(4,130)
Total depreciation, amortization and impairment on intangible assets	**(4,054)**	**(76)**	**-**	**(4,130)**
NET BOOK VALUE OF INTANGIBLE ASSETS	**180**	**(33)**	**-**	**147**

The amortization expense for the intangible assets reported in Transgene's income statement is as follows:

(in € thousands)	**12/31/2020**	12/31/2019
Research and development expenses	23	118
General and administrative expenses	11	11
TOTAL AMORTIZATION OF INTANGIBLE ASSETS	**34**	**129**

NOTE 7 NON-CURRENT FINANCIAL ASSETS

NON-CURRENT FINANCIAL ASSETS

(in € thousands)	12/31/2019	Increase	Change in fair value through the income statement	Decrease	12/31/2020
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**41,458**	**118**	**10,005**	**(19,074)**	**32,507**
▪ Tasly BioPharmaceuticals	41,458	-	9,646	(18,765)	32,339
▪ Vaxxel SAS	-	118	50	-	168
▪ ElsaLys Biotech SA	-	-	309	(309)	-
▪ Dynamis Therapeutics inc	-	-	-	-	-
Financial fixed assets	**1,473**	**403**	**-**	**(341)**	**1,535**
FAIR VALUE	**42,931**	**521**	**10,005**	**(19,415)**	**34,042**

(in € thousands)	12/31/2018	Increase	Change in fair value through the income statement	Decrease	12/31/2019
FAIR VALUE					
Non-consolidated equity securities without significant influence:	**41,458**	**-**	**-**	**-**	**41,458**
▪ Tasly BioPharmaceuticals	41,458	-	-	-	41,458
▪ Vaxxel SAS	-	-	-	-	-
▪ ElsaLys Biotech SA	-	-	-	-	-
▪ Dynamis Therapeutics inc	-	-	-	-	-
Financial fixed assets	**3,700**	**945**	**-**	**(3,172)**	**1,473**
FAIR VALUE	**45,158**	**945**	**-**	**(3,172)**	**42,931**

NON-CONSOLIDATED EQUITY SECURITIES WITHOUT SIGNIFICANT INFLUENCE

Tasly BioPharmaceuticals

The €32,339 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 product TG1050 for Greater China.

On July 13, 2020, the Company sold 38% of its shares to a Chinese investment fund, resulting in a decrease in value of its investment of €18,765 thousand. The remaining shares were valued at the price of this recent transaction, resulting in an increase of €6,428 thousand. Transgene holds 17.1 million shares of Tasly BioPharmaceuticals, i.e. 1.58% of its capital, valued at approximately 259 million yuan or €32,339 thousand. As a result of this transaction in particular, the shareholders agreement was amended in July 2020. This new agreement now states that the undertaking to repurchase Transgene shares by Tasly Holding Group will be triggered in the absence of an IPO on December 31, 2021. These securities were valued at fair value with an offsetting entry in the income statement at the balance sheet date. As of December 31, 2020, the Company does not intend to dispose of Tasly BioPharmaceuticals shares in the short term, due to its ongoing IPO process. Once the IPO is completed, the Company will not be able to sell the shares held during a one-year post-IPO holding period.

In order to corroborate the fair value of the shares as of December 31, 2020 against the sale price recorded at the time of the July 2020 sale transaction and to ensure that this price remains representative of the fair value of the shares as of December 31, 2020, an independent consulting firm has reviewed and updated the model used, as well as the assumptions as of the closing date, on the basis of the elements related to the July 2020 transaction and the information provided by Tasly BioPharmaceuticals, including the interim financial statements as of September 30, 2020. This independent analysis confirms the appropriateness of the fair value retained at December 31, 2020.

The main assumptions used by management in measuring fair value as at December 31, 2020, were based on the assumptions obtained from Tasly BioPharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the companies held and notably by the products being developed;
- the probability of technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares in accordance with to the latest capital transactions;
- the discount rate used by management.

The valuation of these securities is directly impacted by the fluctuation of the euro/yuan parity. A 10% rise in the yuan would increase the value of the securities by 11%. A 10% fall in the yuan would decrease it by 9%.

Vaxxel SAS

In exchange for the rights to the DuckCelt®-T17 cell line, the Company acquired an equity investment in Vaxxel SAS for €118 thousand, representing 10% of the company's share capital at the time of the transaction. A refinancing transaction carried out by Vaxxel SAS at the end of 2020 led the Company to revalue its securities based on the valuation implied by this operation, leading to an increase in the equity investment valuation of €50 thousand. This price corresponds to the market price. The Company could also receive earn-outs of up to €4 million. As of December 31, 2020, the realization of the earn-outs is considered uncertain and distant. As a result, no earnout is recognized in the financial statements.

ElsaLys Biotech SA

In April 2020, the Company sold all of its shares in ElsaLys Biotech SA, of which it held 8.25% as of December 31, 2019. The fair value of its shares as of December 31, 2019, was zero. Transgene's shares were sold for €309 thousand of which €278 thousand were received as of June 30, 2020. The remaining €31 thousand will be paid in 2024. All impacts of this transaction were recognized in Financial income/(loss) (Notes 8 and 16).

Other financial assets

The increase in other financial assets in 2020 was primarily due to the holdback with respect to the use of the 2019 research tax credit in the amount of €331 thousand.

The decrease in other financial assets relates mainly to repayment of the holdback to guarantee the bank financing of the 2016 research tax credit in the amount of €315 thousand.

NOTE 8 OTHER NON-CURRENT ASSETS

(in € thousands)	12/31/2020	12/31/2019
RTC – Non-current portion	6,352	6,619
Tax credit for Competitiveness and Employment (CICE), non-current portion	109	242
Other receivables, non-current portion	276	298
Prepaid expenses, non-current portion	383	323
Receivables from the sale of participating interests, non-current portion	-	1,996
Other non-current assets	353	-
TOTAL OTHER NON-CURRENT ASSETS	**7,473**	**9,478**

Research tax credits and CICE

At December 31, 2020, the Company had a receivable of €6,352 thousand for the 2020 Research tax credit (RTC) and a receivable of €242 thousand on the competitiveness and employment tax credit (CICE) from 2017 to 2018 (including €109 thousand for the non-current portion). These receivables can be used to offset income tax payments. In the event of non-use, a refund in cash can be requested according to the following schedule, in accordance with the tax rules in force (in € thousands). Given the absence of taxable income, these receivables are reimbursed after a period of 3 years by the French tax authorities.

Reference year	Year of expected reimbursement	12/31/2020	12/31/2019
RTC, NON-CURRENT PORTION			
2019	2023	-	6,619
2020	2024	6,352	-
Total non-current portion		**6,352**	**6,619**
TOTAL RTC		**6,352**	**6,619**
CICE – CURRENT PORTION			
2016	2020	-	120
2017	2021	133	-
Total current portion		**133**	**120**
CICE, NON-CURRENT PORTION			
2017	2021	-	133
2018	2022	109	109
Total non-current portion		**109**	**242**
TOTAL CICE		**242**	**362**

Receivables from the sale of participating interests

Jennerex, Inc.

In 2014, the Company sold the equity securities that it held in Jennerex, Inc. to SillaJen. This sale resulted in a selling price composed of a fixed part payable upon the signature of the sale and a variable part consisting of future milestones based on events related to the product development progress and subject to conditions, considered as a financial asset measured at amortized cost and re-valued annually according to variations in the expected flows.

As of December 31, 2019, the receivable from the sale of equity investments was valued at €1,996 thousand. This receivable was measured taking into account the best possible estimate of the dates of payment milestones in the years to 2024. In the absence of payment by SillaJen of the earnout due since 2017, Fortis, which represents the former shareholders of Jennerex Inc., decided to institute legal proceedings in Delaware, USA, in September 2018.

At the end of 2020, the representative of the former shareholders entered into an agreement with Sillajen, terminating SillaJen's commitments to pay additional earn-outs and ended the legal proceedings in the United States. At December 31, 2020, the Company recognized the waiver of earnouts as a financial expense for €1,996 thousand, partly offset by the compensation obtained of €219 thousand.

ElsaLys Biotech SA

In the sale agreement of ElsaLys Biotech SA shares, earnouts relating to future income from patent licenses and from a product for which the rights are held by ElsaLys Biotech SA were agreed upon.

As of December 31, 2020, Elsalys has not sold the patent rights, and the revenue from the product concerned by the agreement does not generate a sufficient level of revenue for the Company to recognize an earn-out.

NOTE 9 FINANCIAL LIABILITIES

The following table breaks down financial liabilities by maturity:

(in € thousands)	12/31/2020	12/31/2019
Financial liabilities, current portion	1,426	2,037
Financial liabilities, non-current portion	16,938	26,703
FINANCIAL LIABILITIES	**18,364**	**28,740**

As of December 31, 2020, the main financial liabilities concern the finance lease of real estate (head office and main research and development laboratories) and repayable advances received by Bpifrance under the ADNA and NEOVIVA subsidized programs.

FINANCIAL LIABILITIES, CURRENT PORTION

(in € thousands)	12/31/2020	12/31/2019
Property leasing	894	1,154
Equipment leasing	313	167
Lease obligation	56	73
Financing of CICE	118	134
Interest on bank loan	45	509
FINANCIAL LIABILITIES – CURRENT PORTION	**1,426**	**2,037**

FINANCIAL LIABILITIES, NON-CURRENT PORTION

(in € thousands)	12/31/2020	12/31/2019
Property leasing	3,045	3,940
Equipment leasing	665	376
Lease obligation	33	78
Interest rate swaps – fair value (see Note 24)	112	181
Conditional advances	12,969	11,896
Financing of CICE	114	232
Bank borrowing	-	10,000
FINANCIAL LIABILITIES – NON-CURRENT PORTION	**16,938**	**26,703**

European Investment Bank (EIB) loan

In 2016, the Company obtained a €10 million credit facility from the European Investment Bank (EIB) under the IDFF (Infectious Diseases Finance Facility).

The Company repaid this €10 million loan in advance in October 2020 as well as the interest due until this date.

Natixis credit facility

In April 2019 the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down on one or more occasions.

An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first drawdown. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €15 million. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately reimburse the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. This credit agreement is valid until June 2022 and, according to the principles of a revolving credit, the capital drawn down must be fully repaid at the latest at the end of the program's duration. At December 31, 2020, the Company had not drawn on this credit facility.

Property leasing

In December 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 sq.m. 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 lease payment was made on January 1, 2009.

The balance of the principal amount at December 31, 2020, was €3,940 thousand, compared to €5,094 thousand at December 31, 2019. The following table shows the breakdown of this debt, based on the maturity, financial costs and present value of individual payments:

	12/31/2020		12/31/2019	
	Minimum payments	Present value of the payments	Minimum payments	Present value of the payments
Due within one year	935	930	1,212	1,194
Due in one to five years	3,095	3,039	4,030	3,829
More than five years	-	-	-	-
Total future minimum lease payments	4,030	3,969	5,242	5,023
Finance costs included in the total	90	89	148	143
Outstanding principal:	3,940	3,880	5,094	4,880
of which current	894	889	1,154	1,138
of which non-current	3,046	2,991	3,940	3,743

Equipment leasing

Transgene has acquired various pieces of laboratory equipment under financial leases. At December 31, 2020, the Company owned two pieces of leased equipment. The outstanding financial obligation under this financial lease totaled €962 thousand at December 31, 2020.

Conditional advances

ADNA

At December 31, 2020, conditional advances referred to repayable advances received under the ADNA ("Advanced Diagnostics for New therapeutic Approaches") program, which receives public funding 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 reimbursable advances under this program.

As at December 31, 2020, the repayable advances liability in the Company's balance sheet amounts to €12,361 thousand. At closing, the Company re-values its reimbursable advances received under the ADNA program in accordance with the discounted expected future reimbursements as discussed in Note 1 to the Annual financial statements.

The reimbursement of advances is subject to the fulfillment of a revenue threshold on the TG4001 product predetermined for the following five years, and in proportion to the revenue from these products until a reimbursement ceiling is reached, or up until 2035. The expected discounted future reimbursements are thus estimated on the basis of an evaluation of future direct and indirect revenue associated with the TG4001 product being developed, with TG4010 have been terminated in 2019. The remaining assumptions used by Management in the measurement of the liability from reimbursable advances primarily concern:

- the schedule for the development and marketing of the products;
- 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 discounted cash flow rate.

At December 31, 2020, the discount rate used was 7.5%.

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 €1.2 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 €1.2 million.
- the financial terms associated with a potential partnership show that a 10% increase in the partnership budget would not impact the value of the payable. A 10% decrease in this envelope would have a downward impact of €1.2 million in payable.
- a 1% decrease in the discount rate would increase the payable by €1.2 million and a 1% increase in the discount rate would decrease the payable by €1.1 million.

NEOVIVA

Under the NEOVIVA program, signed in March 2019, Transgene could receive reimbursable advances of €2.4 million.

As of December 31, 2020, the Company had received €892 thousand in repayable advances. The fair value of that liability at December 31, 2020, was calculated as €608 thousand and, the discount rate used was 7.5%.

Funding of the research tax credit

The table below breaks down the components of the bank financing of receivables for the Company's research tax credit (RTC):

			Assets				Liabilities		
				Receivables Other Assets	Deposit guarantee			Financing Financial Liabilities	
	Gross Amount	Bank Financing	Current Portion	Non-current Portion	Non-current financial assets	Total assets	Current Portion	Non-current Portion	Total liabilities
RTC 2017	5,397	Yes	-	-	270	270	-	-	-
RTC 2018	5,790	Yes	-	-	289	289	-	-	-
RTC 2019	6,619	Yes	-	-	331	331	-	-	-
RTC 2020	6,352	No	-	6,352	-	6,352	-	-	-
TOTAL RTC	**24,158**	**-**	**-**	**6,352**	**890**	**7,242**	**-**	**-**	**-**
CICE 2017	133	Yes	133	-	18	151	118	-	118
CICE 2018	109	Yes	-	109	17	126	-	114	114
TOTAL CICE	**242**	**-**	**133**	**109**	**35**	**277**	**118**	**114**	**232**

NOTE 10 PROVISIONS FOR RISKS AND LIABILITIES

(in € thousands)	12/31/2019	Provisions	Retained earnings	Reversals not applicable	Use of the provision	12/31/2020
Provisions for risks	6	-	-	(1)	-	5
Provisions for expenses	892	-	-	-	(386)	506
PROVISIONS FOR RISKS AND LIABILITIES	**898**	**-**	**-**	**(1)**	**(386)**	**511**

At December 31, 2019, following the decision to cease development of TG4010, an accounting provision of €892 thousand was created for the still un-incurred costs of this product's clinical trial in progress.

During the financial year 2020, €386 thousand were used.

NOTE 11 OTHER LIABILITIES

OTHER CURRENT LIABILITIES

(in € thousands)	12/31/2020	12/31/2019
Tax and social liabilities	3,791	3,664
Prepaid income	2,827	4,949
Revenue from collaboration and licensing	2,666	4,923
Research and development grants	-	-
Other	161	26
Other short-term payables	8	6
TOTAL OTHER CURRENT LIABILITIES	**6,626**	**8,619**

OTHER NON-CURRENT LIABILITIES

(in € thousands)	12/31/2020	12/31/2019
Prepaid income, of which:	110	4
Revenue from services and licenses	-	-
Grants	-	-
Others	*110*	*4*
Other short-term payables	-	-
TOTAL	**110**	**4**

Prepaid income primarily refers to the staggered payments of $10 million from the collaboration agreement with AstraZeneca signed in April 2019. As of December 31, 2020, there was still a total of €2,666 thousand recognized as deferred income, which will be recognized in 2021 (€2,544 thousand related to the payment of the $10 million and €122 thousand related to batch production).

NOTE 12 EMPLOYEE BENEFITS

In accordance with French law, Transgene participates in the funding 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 length-of-service awards 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:

	12/31/2020	12/31/2019
Discount rate	0.60%	0.80%
Expected long-term inflation rate	1.70%	1.75%
Rate of future salary increases	1.50%	1.50%
Retirement age:		
▪ managers	65 years	65 years
▪ non-managers	63 years	63 years

The duration of these commitments is 9.9 years.

The following table summarizes the conditions and amounts of actuarial pension obligations at December 31, 2020, according to IAS 19 revised:

(in € thousands)	12/31/2020	12/31/2019
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at January 1	4,427	3,778
Cost of services rendered for the year	280	237
Cost of discounting	33	59
Services paid	(270)	(67)
Change in assumptions	105	250
Reductions/terminations	-	-
Actuarial (gain)/loss	(49)	170
Total projected benefit obligation for retirement	**4,526**	**4,427**
DEFINED BENEFIT COST FOR THE YEAR		
Cost of services rendered for the year	280	237
Cost of discounting	33	59
Reductions/terminations	-	-
Total cost of services and discounting	**313**	**296**
REVALUATIONS OF NET LIABILITIES/(ASSETS)		
Actuarial losses (gains) related to changes in demographic assumptions	(34)	(26)
Actuarial losses (gains) related to changes in financial assumptions	139	276
Actuarial losses (gains) related to experience	(49)	170
Total revaluations of net liabilities/(assets)	**56**	**420**
CHANGES IN NET LIABILITIES/(ASSETS)		
Liability/(asset) at beginning of year	4,427	3,778
Changes in scope	-	-
Amount recognized in the income statement	313	296
Disbursements	(270)	(67)
Amount recognized in other comprehensive income/(loss)	56	420
Total liability/(asset) at end of year	**4,526**	**4,427**
ACCUMULATED AMOUNTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME		
Accumulated amounts recognized at beginning of year	**327**	**26**
Revaluations of net liabilities/(assets) for the year	76	301
Accumulated amounts recognized at end of year	403	327
Deferred taxes	-	-
Net cumulative amounts recognized as income/(loss) at end of year	**403**	**327**

A sensitivity test of the discount rate quantified the impact on the value of the obligation and the cost of services:

- a discount rate of 0.35% would cause an increase in the obligation of 2.5% and in the cost of services of 3.0% for the year;
- a discount rate of 0.8% would cause a decrease in the obligation of 2.4% and in the cost of services of 2.8% for the year.

NOTE 13 EQUITY

Share capital

As of December 31, 2020, 83,841,334 shares of Transgene were outstanding, representing a share capital of €41,920,667.

In the first half of 2020, two grants of free shares vested (200,750 and 375,120 new shares, respectively).

The Shareholders' Meeting of May 27, 2020, approved a share capital reduction via a decrease in the nominal value of the shares from €1.00 to €0.50.

During 2020, the Boards of Directors authorized the granting of 607,876 free shares.

Shareholders have preferential subscription rights during capital increases in proportion to their existing interests. This right may be waived in certain circumstances by a resolution voted in an Extraordinary General Meeting. Preferential subscription rights that have not been waived are negotiable during the subscription period.

Earnings per share

The following table reconciles basic and diluted earnings per share. The number of shares is calculated on a *prorata temporis* basis.

	12/31/2020	12/31/2019
BASIC EARNINGS PER SHARE		
Available net profit *(in € thousands)*	(17,231)	(18,804)
Average number of shares outstanding	83.841.334	83,265,464
Basic earnings per share *(in €)*	(0.21)	(0.23)
Diluted earnings per share *(in €)*	(0.21)	(0.23)

As of December 31, 2020, there was a potential dilution of 2,049,182 shares as a result of stock options that theoretically remain to be exercised or outstanding free shares.

Stock option plans

As of the date of this Registration Document, two stock option plans have been authorized by the Annual General Shareholders' Meeting, in 2008 and 2010, respectively, and were implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2020, is summarized in the following table.

Grant date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2020	Number of options remaining to be exercised at 12/31/2020 *
12/07/2010	12/08/2015	12/08/2020	14,198	321,054	-	-
12/13/2012	12/14/2017	12/14/2022	7,859	92,578	-	41,532
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**41,532**

* *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.*

	Nombre d'actions potentielles	Prix moyen d'exercice par action
Outstanding options at December 31, 2018	**328,063**	**14.04**
Options granted in 2019	-	-
Options forfeited in 2019	71,071	17.19
Options exercised in 2019	-	-
Outstanding options at December 31, 2019	**256,992**	**13.17**
Options granted in 2020	-	-
Options forfeited in 2020	215,460	14.20
Options exercised in 2020	-	-
Outstanding options at December 31, 2020	**41,352**	**7,86**
Options exercisable at December 31, 2019	**256,992**	**13,17**
Options exercisable at December 31, 2020	**41,352**	**7,86**
Outstanding options at December 31, 2020	**41,532**	**7,86**

Expenses calculated on stock option plans

The cost of services rendered is recognized as an expense over the vesting period. There was no expense in 2020, as in 2019.

Free share plans

Three free share award plans were outstanding at the date of this Registration Document, adopted by the Board of Directors in 2019 for all employees and executive corporate officers under a delegation granted by the Annual General Shareholders' Meeting of May 22, 2019 (the 2019 Plan).

The status of these plans at December 31, 2020 is summarized in the following table:

	2016 Plan		2018 Plan*	2019 Plan		
General Meeting date	05/24/2016		05/24/2018	05/22/2019		
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
Of which awards granted, during the year, by the issuer and by any companyincluded in the scope of the award to corporate officers	-	-	77,500	350,000	-	150,000
Of which awards granted, during the year by the issuer and by any company in thescope 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	
Board of Directors meeting date	03/17/17	03/21/18	03/20/19	09/18/19	05/27/20	09/16/20
Total number of bonus shares allocated	183,000	220,600	414,800	1,399,774	5,934	601,942
Balance at 12/31/2020	-	-	-	1,399,774	5,934	601,942
Of which: number of shares allocated to corporate officers and members of theExecutive Committee	72,000	104,600	192,000	840,000	-	360,000
Final grant dateFinal grant date	03/17/19	03/21/20	04/20/20	03/30/22	04/30/22	03/30/22
Expiration date of the lock-up period	03/17/21	03/31/22	04/20/21	03/30/22	05/27/22	09/16/22
Share value on the date of allocation (opening price on the date of allocation)	2.63 €	3.15 €	2.98 €	1.78 €	1.47 €	1.35 €

* *The unawarded shares from the 2018 Plan are canceled.*

Grant conditions

- 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 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 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.

Expense calculated for share-based payments

The cost of services rendered is recognized as an expense over the vesting period. The expense amounted to €1,744 thousand in 2020 and €1,351 thousand in 2019.

NOTE 14 OPERATING INCOME

REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS

(in € thousands)	12/31/2020	12/31/2019
Revenue from research and development collaboration	2,988	6,590
License fees and royalties	(7)	62
TOTAL REVENUE FROM COLLABORATIVE AND LICENSING AGREEMENTS	**2,981**	**6,652**

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 ($10 million) in fees for access to its platform. 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 revenue 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 revenue related to the initial payment primarily concern:

- the number of candidates to develop;
- the schedule for the development of candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

In May 2020, an amendment was signed with AstraZeneca. This helped define the last two candidates they wanted Transgene to develop. At December 31, 2020, Transgene re-estimated the overall budget for the program and its progress. The income related to the initial payment recognized at December 31, 2020 was assessed on the basis of this revised budget and program progress. The Company may receive up to US$3.5 million for the delivery of these candidates.

Over the period, the income recognized under this collaboration agreement was €2,898 thousand. €2,378 thousand of this amount reflected the recognition of the initial payment for work done during the period. The €2,544 thousand balance not recognized at this time was recorded in Prepaid income at December 31, 2020 (Note 11). The Company also received €520 thousand for achieving preclinical milestones and the production of batches.

GOVERNMENT FINANCING FOR RESEARCH EXPENDITURE

(in € thousands)	12/31/2020	12/31/2019
Research subsidies	50	84
Research tax credit, net	6,312	6,560
TOTAL PUBLIC FUNDING FOR RESEARCH EXPENSES	**6,362**	**6,644**

The net amount of the research tax credit was €6,312 thousand in 2020 compared to €6,560 thousand in 2019.

OTHER INCOME

(in € thousands)	12/31/2020	12/31/2019
Other income	572	437
TOTAL OTHER INCOME	**572**	**437**

As of December 31, 2020, other income amounted to €572 thousand. It corresponds in particular to €224 thousand for the repayable NEOVIVA advances granted at a preferential rate. These advances have been restated in accordance with IAS 20, with the subsidy portion recognized in Other income. In addition, the sale of the rights to the DuckCelt®-T17 cell line to the company Vaxxel SAS represents €118 thousand in Other income.

For the period ended December 31, 2019, other income of €437 thousand mainly corresponds to the reversal of a provision of €200 thousand for an ABL Lyon receivable.

NOTE 15 OPERATING EXPENSES

RESEARCH AND DEVELOPMENT EXPENSES

(in € thousands)	12/31/2020	12/31/2019
Payroll costs (1)	11,508	11,171
Share-based payments (2)	849	886
Intellectual property expenses and licensing costs (3)	889	886
External expenses for clinical projects (4)	5,378	10,857
External expenses for other projects (5)	2,381	1,619
Operating expenses (6)	4,631	4,199
Depreciation, amortization and provisions (7)	1,710	1,767
TOTAL RESEARCH AND DEVELOPMENT EXPENSES	**27,346**	**31,385**

(1) Represents wages and social security charges, taxes, retirement charges 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) Represent 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.

As of December 31, 2020, research and development expenses amounted to €27,346 thousand, compared with €31,385 thousand as of December 31, 2019. This difference is mainly due to the decrease in subcontracting expenses for the production of clinical batches as well as the reduction of expenses on clinical trials.

GENERAL AND ADMINISTRATIVE EXPENSES

(in € thousands)	12/31/2020	12/31/2019
Payroll costs (1)	3,280	3,177
Share-based payments (2)	895	465
Fees and administrative expenses (3)	1,803	2,781
Other general and administrative expenses (4)	512	653
Depreciation, amortization and provisions (5)	57	58
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**6,547**	**7,134**

(1) Represents wages and social security charges, taxes, retirement charges 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 amortization and operating provisions allocated to general and administrative activities.

Overheads amounted to €6,547 thousand at December 31, 2020, compared to €7,134 thousand at December 31, 2019. This decrease is mainly due to the decrease in fees and management fees.

OTHER EXPENSES

(in € thousands)	12/31/2020	12/31/2019
Net carrying value of disposals of fixed assets	-	59
Other expenses	15	609
TOTAL OTHER EXPENSES	**15**	**668**

At December 31, 2019, other expenses were €668 thousand. These derived mainly from the change in inventories (€483 thousand).

NOTE 16 FINANCIAL INCOME/(LOSS)

(in € thousands)	12/31/2020	12/31/2019
Investment income	92	130
Cost of debt	(1,337)	(1,442)
NET INVESTMENT GAINS	**(1,245)**	**(1,312)**
Other financial income/(expenses)	8,016	8,162
Foreign exchange gains/(losses)	(9)	(200)
TOTAL	**8,007**	**7,962**
TOTAL FINANCIAL INCOME/(LOSS)	**6,762**	**6,650**

The cost of debt comprises:

- accrued interest on the EIB loan for €722 thousand;
- bank interest related to the transfer of the 2019 RTC receivables for €323 thousand;
- bank interest on the Natixis credit facility of €163 thousand.

Financial income (expenses)

In July 2020, the Company sold 38% of the equity securities of Tasly BioPharmaceuticals. The sale of the shares generated a net gain on the disposal of assets of €2,655 thousand. The shares still held by the Company as of December 31, 2020, were revalued at €6,428 thousand. This revaluation of the shares corresponds to the difference between the fair value in euros (sale price in July 2020) and the price used at December 31, 2019 (Note 7).

In the first half of 2020, Transgene and all shareholders of ElsaLys Biotech SA reached an agreement on the acquisition of ElsaLys Biotech SA by the Italian company Mediolanum Farmaceutici. The entire transaction was recognized as financial income/(loss) and generated income of €1,298 thousand:

- the equity securities held by Transgene were sold for €309 thousand. The fair value of the shares as at December 31, 2019, was zero;
- the agreement for the sale of the ElsaLys Biotech SA shares to Mediolanum Farmaceutici states that the Company will recover €599 thousand excluding tax, of which €500 thousand will be recovered over a period of 36 months, without interest, in 12 quarterly installments, and the Company has waived 50% of its claim for the TG3003 product (€500 thousand excluding tax). In return, the former shareholders agreed to pay compensation related to this debt waiver in the amount of €457 thousand, 75% of this amount being paid immediately and 25% payable until 2025. The latter amount has thus been discounted to that date. At December 31, 2020, after payment of the quarterly installments due during the period, the residual receivable amounted to €498 thousand (Notes 4 and 8).

As of December 31, 2020, the Company recognized a financial expense of €1,777 thousand corresponding to the waiver of the receivable on the sale of SillaJen investments. As of December 31, 2019, the receivable from the sale of equity investments was valued at €1,996 thousand. This receivable was measured taking into account the best possible estimate of the dates of payment milestones in the years to 2024. At the end of 2020, the representative of the former shareholders entered into an agreement with SillaJen, terminating SillaJen's commitments to pay additional earn-outs. This agreement enabled the Company to obtain compensation of €219 thousand.

At December 31, 2020, the discounting of the ADNA debt generated a financial expense of €624 thousand. At December 31, 2019, following the discontinuation of the clinical development of TG4010, the debt under the program had been significantly reduced and income of €8,709 thousand had been recognized.

NOTE 17 INCOME TAX EXPENSES

Current taxes

Since the Company is in a tax loss position, its current tax charge is zero. The US and Chinese subsidiaries did not recognize any current tax income or expense in 2019 and 2020.

	Basis
IFRS earnings before taxes	**(17,231)**
Income tax rate	28 %
Theoretical income tax expense	**4,825**
Tax-exempt RTC	1,779
Uncapitalized tax losses	(8,120)
Other impacts	1,516
INCOME TAX RECOGNIZED	**-**

Deferred taxes

At December 31, 2020, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €725,810 thousand. Transgene has no tax loss carryforwards from its U.S. and Chinese subsidiaries.

NOTE 18 PERSONNEL

Workforce

The Company had 165 employees at December 31, 2020, including one person for Transgene, Inc. The Company had 160 employees as of December 31, 2019.

As of December 31, 2020	Men	Women	Total at 12/31/2020*
Managers	44	70	114
Non-managerial	15	36	51
TOTAL	**59**	**106**	**165**

* *Including 139 open-ended contracts at 12/31/2020.*

Payroll costs

Employee benefits expenses included in the Company's income statement (payroll taxes, pension costs, ancillary costs) were as follows:

(in € thousands)	12/31/2020	12/31/2019
Research and development expenses	11,508	11,171
General and administrative expenses	3,280	3,177
TOTAL EMPLOYEE BENEFITS EXPENSES	**14,788**	**14,348**

Expenses relating to share-based payments (excluding social security contributions) amounted to:

(in € thousands)	12/31/2020	12/31/2019
Research and development expenses	849	886
General and administrative expenses	895	465
TOTAL EMPLOYEE BENEFITS EXPENSES	**1,744**	**1,351**

NOTE 19 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 €21.1 million at December 31, 2020; the resulting interest income was €90 thousand at December 31, 2020.

The table below does not include these cash items.

		12/31/2020	
(in € thousands)	Type of related party	Receivables	Payables
ABL Europe SAS	Company in the Mérieux Group	58	258
bioMérieux SA	Company in the Mérieux Group	-	-
bioMérieux, Inc.	Company in the Mérieux Group	5	-
Institut Mérieux	Company in the Mérieux Group	276	-
Mérieux Université	Company in the Mérieux Group	-	-
Thera Conseil	Company in the Mérieux Group	-	-
TOTAL AFFILIATED COMPANIES		**339**	**258**

		12/31/2020	
(in € thousands)	Type of related party	Revenue	Expenses
ABL Europe SAS [(1)]	Company in the Mérieux Group	228	2,106
bioMérieux SA	Company in the Mérieux Group	-	1
bioMérieux, Inc. [(2)]	Company in the Mérieux Group	-	474
Institut Mérieux [(3)]	Company in the Mérieux Group	276	435
Mérieux Université	Company in the Mérieux Group	-	-
Thera Conseil	Company in the Mérieux Group	-	5
TOTAL AFFILIATED COMPANIES		**504**	**3,021**

(1) The revenue corresponding to the rent re-invoicing contract for hosting test labs. Expenses relate to the agreements for production services provided by ABL Europe.
(2) Expenses related to the agreements 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 20 OFF-BALANCE SHEET COMMITMENTS

As part of the agreements with Tasly BioPharmaceuticals in July 2018, Transgene received 27.4 million shares in this company, *i.e.*, 2.53% of its capital. At the time of the transaction, the assets contributed by Transgene were valued by the parties at $48 million, and the unit price of the shares received is that negotiated by the institutional funds during a capital increase. On this occasion, Transgene, the institutional funds, Tasly BioPharmaceuticals and its parent company Tasly Holding Group had signed a shareholders' agreement to manage their relations in the period preceding the IPO. In addition to the usual provisions such as a right of first refusal in case of assignment by a shareholder, Tasly Holding Group undertakes to buy the shares subscribed by Transgene in the event the IPO does not take place within three years if it is approved by the stock market authorities (*i.e.*, July 2021), at the initial subscription price plus an annual contractual rate. On July 13, 2020, Transgene sold 10.3 million shares of Tasly BioPharmaceuticals, representing 38% of the shares held by Transgene. Following the transaction, Transgene holds 17.1 million shares of Tasly BioPharmaceuticals, representing 1.58% of its share capital, valued at approximately 259 million yuan, i.e., €32.4 million. As a result of this transaction in particular, the shareholder agreement was amended in July 2020. This new agreement now states that the undertaking to repurchase Transgene shares by Tasly Holding Group will be triggered in the absence of an IPO on December 31, 2021.

In April 2019 the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down once or on more occasions. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first drawdown. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €15 million. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately reimburse the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. This credit agreement is valid until June 2022 and, according to the principles of a revolving credit, the capital drawn down must be fully repaid at the latest at the end of the program's duration.

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2020, the Company estimated the current value of its financial commitments under these agreements to be approximately €18 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 balance sheet 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 balance sheet date.

NOTE 21 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 therefore uses only one segment for the preparation and presentation of its financial statements.

NOTE 22 BREAKDOWN OF ASSETS AND LIABILITIES BY MATURITY

12/31/2020

Assets *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Financial fixed assets	1,535	288	1,247
Trade receivables	1,667	1,667	-
Research tax credits and CICE	6,594	133	6,461
Government, VAT and other local authorities	388	388	-
Personnel and related accounts	29	29	-
Prepaid expenses	2,291	1,908	383
Grant receivable	49	49	-
Other receivables	787	159	628
TOTAL ASSETS BY MATURITY	**13,340**	**4,621**	**8,719**

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	5,066	5,066	-	-
Property leasing	3,939	894	3,045	-
Equipment leasing	978	313	665	-
Lease obligation	89	56	33	-
Conditional advances	12,969	-	-	12,969
Financing of research tax credit and CICE	232	118	114	-
Bank loan	45	45	-	-
Provisions for risks and charges	247	247	-	-
Provisions for retirement	4,526	349	1,393	2,784
Accrued employee benefits and tax expense	3,791	3,791	-	-
Prepaid income	2,937	2,827	110	-
Other liabilities	112	-	112	-
TOTAL LIABILITIES BY MATURITY	**34,931**	**13,706**	**5,472**	**15,753**

NOTE 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Hedging operations

The Company is not engaged in any foreign exchange hedges.

In 2009, the Company partially hedged the interest rate risk related to the financial leasing of its administrative and research building in Illkirch (Note 9), according to the following terms:

- nominal value: €5.9 million (depreciable);
- hedging instrument: interest rate swap contract;
- residual maturity at December 31, 2020: 3 years;
- 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. At December 31, 2020, the market value of this hedging instrument was €112 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge at December 31, 2020.

Exchange rate risk

The Company publishes its consolidated financial statements in euros. However, a portion of its revenue and expenses is recognized in U.S. dollars. An increase or decrease in the euro exchange rate relative to the U.S. dollar could impact operating results.

The Company has U.S. dollar bank accounts. Net inflows in US dollars amounted to $22,169 thousand in 2020.

The following table shows the sensitivity of the Company's expenses to a 10% change in the U.S. dollar rate during the years ended December 31, 2020, and 2019 (before tax and any hedging):

	12/31/2020	12/31/2019
Flows denominated in U.S. dollars	22,169	8,542
Equivalent in euros on the basis of an exchange rate of €1 = $1,2271	18,066	7,604
Equivalent in euros in the event of an increase of 10% USD vs. EUR	16,424	8,449
Equivalent in euros in the event of a decrease of 10% USD vs. EUR	20,074	6,912

The disposal of Tasly BioPharmaceuticals shares was completed in US dollars, which explains the net cash inflow at December 31, 2020.

The Company's foreign exchange position in US dollars as at December 31, 2020 is as follows:

(in thousands)	USD
Assets	2,695
Liabilities	83
Net position	2,612
Adjusted	2,612
Off-balance sheet position	-

As Tasly BioPharmaceuticals shares still held by the Company are denominated in yuan, the Company is also highly exposed to the risk of yuan exchange rate fluctuations.

The Company's foreign exchange position in yuan as at December 31, 2020 is as follows:

(in thousands)	RMB
Assets	260,274
Liabilities	97
Net position	260,177
Adjusted	260,177
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 at December 31, 2020, in mutual funds, directly or through the centralized management of the Institut Mérieux group, amounted to €21.1 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, 2020 *(in € thousands)*	Assets and liabilities at fair value through profit or loss	Receivables, payables, borrowings, at amortized cost	Derivative instruments	Carrying amount	Fair value	Level
FINANCIAL ASSETS						
Cash and cash equivalents	5,277	-	-	5,277	5,277	1
Other current financial assets	21,077	-	-	21,077	21,077	2
Trade receivables	-	1,667	-	1,667	1,667	-
Financial fixed assets	32,507	1,535	-	34,042	34,042	3
Other non-current assets	-	353	-	353	353	3
TOTAL FINANCIAL ASSETS	**58,861**	**3,555**	**-**	**62,416**	**62,416**	**-**
FINANCIAL LIABILITIES						
Borrowings from credit institutions, long-term portion	-	114	-	114	114	2
Lease commitment, long-term portion	-	3,710	-	3,710	3,710	2
Lease liability, long-term portion	-	33	-	33	33	2
Conditional advances	-	12,969	-	12,969	12,969	3
Other non-current financial liabilities	-	-	112	112	112	2
Non-current financial liabilities	**-**	**16,826**	**112**	**16,938**	**16,938**	**-**
Borrowings from credit institutions, short-term portion	-	163	-	163	163	2
Finance leasing, short-term portion	-	1,207	-	1,207	1,207	2
Lease obligation, short-term portion	-	56	-	56	56	2
Current financial liabilities	**-**	**1,426**	**-**	**1,426**	**1,426**	**-**
TRADE PAYABLES	**-**	**5,066**	**-**	**5,066**	**5,066**	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**23,318**	**112**	**23,430**	**23,430**	**-**

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.

5

NOTE 24 COMPENSATION PAID TO MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

The total expenses recorded for fiscal year 2020 in respect of compensation paid to members of the Board of Directors and the Executive Committee was €3,879 thousand.

(in € thousands)	12/31/2020	12/31/2019
Base salaries	1,825	1,742
Variable compensation	672	734
Payments in kind	33	31
Free shares	1,149	768
Director's fees	200	236
TOTAL	**3,879**	**3,511**

NOTE 25 STATUTORY AUDITORS' FEES

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	2020	2019	2020	2019	2020	2019	2020	2019
Audit	-	-	-	-	-	-	-	-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	85	104	90%	61%	51	52	100%	54%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
OTHER DUE DILIGENCE AND SERVICES DIRECTLY RELATED TO THE AUDIT								
Issuer	9	50	10%	39%	-	45	-	46%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**
Other services provided by networks to fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Legal, tax and social	-	-	-	-	-	-	-	-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**

NOTE 26 POST-CLOSING EVENTS

None.

5.1.3 Date of latest financial information

December 31, 2019, and June 30, 2020.

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020

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 31 December 2020.

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 31 December 2020 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 the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1 January 2020 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

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on how audits are performed.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) 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 FAIR VALUE OF SHARES HELD IN TASLY BIOPHARMACEUTICALS

Risk identified

In July 2018, your group received shares in Tasly Biopharmaceuticals amounting to USD48m, in return, firstly, for the transfer of its investment in the joint venture which owned the T6002 rights, and secondly, for the transfer of the T1050 patent rights for Greater China.
In July 2020, your group signed an agreement with a Chinese investment fund for the sale of 10,285,715 shares held in Tasly Biopharmaceuticals. This transaction represents the sale of 38% of the shares held by your group as at 30 June 2020. The remaining shares are still presented as non-consolidated equity securities and have no significant influence, given that:

- your group does not intend to sell them in the short term, because of the IPO process concerning Tasly Biopharmaceuticals;
- these shares cannot be sold during the one-year holding period post-IPO.

The remaining shares held as at 31 December 2020 have been valued at the price per share recorded when shares were sold in July 2020. The value of the shares held as at 31 December 2020 is €32m.

As stated in Notes 1 and 7 to the consolidated financial statements, the valuation of the shares held was confirmed by an analysis according to the expected fair value of the assets.

The measurement of the fair value of these shares requires Management to exercise judgment in its choice of elements to be taken into account and corresponds to forecasts.

The main assumptions taken into account by Management in the measurement of fair value are based on assumptions obtained from Tasly Biopharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the company held and notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares according to the latest capital transactions;
- the discount rate used by Management.

Your group had an independent advisory firm review and update the model used and the assumptions at year-end, based on the information provided by Tasly Biopharmaceuticals, with the aim of making sure that the price for the sale of part of the shares in July 2020 continued to be representative of the fair value of the shares still held as at 31 December 2020.

Any error in the assessment of the assumptions has an impact on the estimate of the fair value. We considered the determination of the fair value of the shares held to be a key audit matter as it involves significant exercise of judgment on the part of Management.

Our response

Our work consisted in reviewing the methods and assumptions used by your group to determine the fair value of the shares, in particular:

- reviewing the transaction of July 2020 to assess whether it was representative of the fair value of a transaction between independent parties;
- comparing the valuation obtained based on the model and assumptions used as at 31 December 2020 with the value recorded at the time of the sale in July 2020;
- including a specialist in our audit team to assess the models and assumptions used by reviewing their consistency, first, with the budgets and forecasts used, and second, with our knowledge of the sector, acquired notably during interviews with Management and by comparison with similar projects conducted by other companies in the same sector of activity;
- comparing the discount rate with our own estimate of this rate, established with the assistance of our valuation specialists in the audit team, and through analysis of the various parameters.

Lastly, we also assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, in particular the sensitivity analyses presented

MEASUREMENT OF REVENUE RELATED TO THE COLLABORATION AGREEMENT WITH ASTRAZENECA

Risk identified

In April 2019, your group entered into a collaboration agreement with AstraZeneca with options for exclusive licences to co-develop oncolytic immunotherapies using the Invir.IO™ platform. This agreement provides for the delivery of five candidates by your group. Under this agreement, your group received an initial payment of EUR8.9m (USD10m) for access rights to its platform during the first half of 2019.

In May 2020, an amendment was signed with AstraZeneca defining two new candidates to be developed. Consequently, your group re-estimated the programme's overall budget and progress as at 31 December 2020.

As at 31 December 2020, revenue in respect of the initial payment recognized under this collaboration represents EUR2.4m.

As stated in Notes 1 and 14 to the consolidated financial statements, the recognition of the revenue related to the initial payment is based on the progress made in the associated activities and measured according to the costs incurred.

The measurement of the revenue requires Management to exercise judgment in its choice of the elements to be taken into account and corresponds to forecasts.

The main assumptions taken into account by Management in the measurement of the revenue related to the initial payment notably concern:

- the number of candidates to be developed;
- the schedule for the development of the candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

We considered the measurement of the revenue related to the collaboration agreement with AstraZeneca to be a key audit matter, as:

- the measurement of the revenue recognized represents a material amount as at 31 December 2020;
- the determination of the revenue requires the use of estimates and assessments, notably to measure the estimated costs of the salaries and consumables related to the development of the candidates.

Any error in the assessment of these assumptions would have an impact on the estimation of the revenue to be recognized

Our response

Our work consisted in reviewing the methods and assumptions used by Management to measure the revenue related to the initial payment. In particular, it consisted in:

- analyzing the methods used to measure the estimated overall costs related to the agreement, including the measurement of personnel costs, the hours necessary to perform the studies and the costs of consumables, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management;
- studying the valuation of the actual hours worked during financial year 2020 and the actual timesheets as at 31 December 2020;
- assessing the consistency of the schedule for the development of candidates not yet performed in relation to the actual schedule for the first candidates, and on the basis of interviews with Management and the project manager.

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

VALUATION OF ADNA REPAYABLE ADVANCES

Risk identified	Our response
As at 31 December 2020, the fair value of the liability consisting of repayable advances recorded in your group's balance sheet amounts to EUR12.36m. At year-end, your group re-values its repayable advances liability under the ADNA program to match the amount of the expected repayments, as described in Notes 1 and 9 to the consolidated financial statements. The repayment of these advances is subject to the achievement of a certain threshold of revenue with the TG4001 product, and will be made based on a predetermined fixed amount over the following five years, and then in proportion to the revenue generated by this product until a repayment limit is reached in 2035. The fair value of the expected future repayments is thus estimated by Management based on the estimated future direct and indirect revenue generated solely by the TG4001 product being developed. The other assumptions used by Management to measure the fair value of the repayable advances liability notably concern: • the probabilities of success of the clinical phases; • the timing and conditions of a partnership concerning the development and marketing of this product; • the discount rate used by Management. The measurement of the repayable advances liability therefore requires Management to exercise judgment in its choice of the elements to be taken into account, in particular as regards forecasts. Any error in the assessment of these assumptions would have an impact on the estimation of the debt to be repaid. We considered the measurement of the ADNA repayable advances to be a key audit matter as it involves significant exercise of judgment on the part of Management.	Our work consisted in reviewing the methods and assumptions used by your group to measure the fair value of the ADNA repayable advances. In particular: • we assessed the valuation model and the assumptions used, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • we compared the discount rate with our own estimate of this rate; • we reviewed the US dollar to euro rate used within the context of the valuation performed. Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, in particular the sensitivity analyses provided.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Board of Directors' group management report. 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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's Management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No. 2019/815 of 17 December 2018 to years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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*).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Transgene S.A. by your annual general meeting held on 24 May 2016 for GRANT THORNTON and on 29 May 1996 for ERNST & YOUNG et Autres. As at 31 December 2020, GRANT THORNTON was in its fifth year and ERNST & YOUNG et Autres in its twenty-fifth year of total uninterrupted engagement (including twenty-three years since the securities of the company were admitted to trading on a regulated market).

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.

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 (*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 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 significant deficiencies, if any, 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 report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris-La Défense, 31 March 2021

The Statutory AuditorsFrench original signed by:

GRANT THORNTON

French Member of Grant Thornton International

Françoise Méchin

ERNST & YOUNG et Autres

Cédric Garcia

5.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

5.3.1 Annual financial statements

BALANCE SHEET – ASSETS

(in € thousands)	*Notes*	12/31/2020	12/31/2019
Intangible assets, at cost		3,246	4,427
Intangible assets in progress		9	-
(accumulated depreciation, amortization and provisions)		(3,114)	(4,280)
Intangible assets – net	*11*	**141**	**147**
Property, plant and equipment:			
Land		584	584
Fixtures and fittings		2,325	1,424
Laboratory equipment		10,267	9,859
Office and computer equipment		1,651	1,655
Assets in progress		65	793
Total property, plant and equipment, at cost		14,892	14,315
(accumulated depreciation, amortization and provisions)		(9,199)	(8,744)
Property, plant and equipment – net	*10*	**5,693**	**5,571**
Financial assets – net	*12*	**27,983**	**43,210**
Total fixed assets		**33,817**	**48,928**
Trade receivables	*7*	1,667	2,324
Research tax credits and competitiveness and employment tax credits due	*21*	6,594	6,981
Recoverable VAT and income tax receivables and other tax receivables	*8*	388	1,085
Other receivables, including centralized treasury	*8*	22,013	42,682
Available cash, cash equivalents	*6*	5,218	1,317
Total current assets		**35,880**	**54,389**
Prepaid expenses	*20*	2,092	2,742
Currency translation difference		-	-
TOTAL ASSETS		**71,789**	**106,059**

BALANCE SHEET – LIABILITIES

(in € thousands)	*Notes*	12/31/2020	12/31/2019
Subscribed capital	*13*	41,921	83,265
Share premiums	*13*	31,072	31,316
Reserves	*13, 27*	1,951	2,283
Retained earnings		(16,972)	(36,884)
Profit/(loss) for the period		(20,116)	(22,008)
Statutory provisions		-	-
Equity	***13***	**37,856**	**57,972**
Conditional advances	*14*	16,834	16,183
Financial Liabilities	*15*	277	10,875
Provisions for pensions	*16*	4,448	4,377
Other provisions for risks and charges	*16*	515	936
Provisions for risks and charges	***16***	**4,963**	**5,313**
Payables	*17*	5,135	7,093
Accrued employee benefits and tax expense	*17*	3,785	3,663
Other liabilities	*17*	2	7
Payables	***17***	**8,922**	**10,763**
Prepaid income	*20*	2,937	4,953
Currency translation difference		-	-
Liabilities		**33,933**	**48,087**
TOTAL LIABILITIES AND EQUITY		**71,789**	**106,059**

INCOME STATEMENT

(in € thousands)	*Notes*	12/31/2020	12/31/2019
OPERATING INCOME			
Revenue from collaborative and licensing agreements	*3*	5,523	8,102
Research and development grants		51	84
Reversals of depreciation and provisions, transfers of expenses		272	366
Total operating income		**5,846**	**8,552**
OPERATING EXPENSE			
Purchases of raw materials and other purchases		(1,979)	(1,862)
Other purchases and external expenses		(17,113)	(21,252)
Income tax, duties and other levies		(411)	(404)
Salaries and wages		(9,989)	(9,391)
Social security expenses		(4,788)	(4,857)
Depreciation, amortization and provisions		(1,095)	(1,119)
Other expenses		(617)	(387)
Total operating expenses		**(35,992)**	**(39,272)**
Operating income/(loss)		**(30,146)**	**(30,720)**
Net financial income/(loss)	*4*	(1,156)	2,997
Current income/(loss) before tax		**(31,302)**	**(27,723)**
Net extraordinary income/(loss)	*5*	4,799	(918)
Research tax credit (RTC)	*21*	6,352	6,599
Income tax	*21*	35	34
PROFIT/(LOSS) FOR THE PERIOD		**(20,116)**	**(22,008)**

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 at December 31, 2020, show a balance sheet total of €71,789 thousand and net loss of €20,116 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 2020 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.

Given the availability of the Natixis credit line of €15 million, the principle of going concern has been adopted.

Propagation of the Covid-19 coronavirus

The Covid-19 pandemic, which has lasted since March 2020, has had and continues to have an impact on Transgene's activities. As of the date of this document, this has mainly impacted clinical studies that have either been or are being delayed due to the slowdown in patient recruitment or the length of time taken by the regulatory authorities to authorize the launch or the amendment of clinical studies. For example, a clinical study conducted in the UK (for TG6002) is the most impacted due to the temporary closure of the clinical center, preventing the recruitment of patients. The launch of the clinical study with BT-001 was impacted by an extended delay of several months for the review of the French authorization request by the ANSM.

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 studies, 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 study 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 revenues from collaborations. This financial impact is difficult to quantify precisely at the date of this document.

Recognition of revenue

Transgene's revenue is comprised of revenues 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 collaborative 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 license terms, 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 income statement when the revenue recognition criteria are met.

Research tax credit for research and development expenses

Research and development costs 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. Unused research tax credits are refundable from the fourth year. The research tax credits for 2017 to 2019 that will be repaid by the tax authorities from 2021 to 2023 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 RTC 2020 will be reimbursed by the tax authorities in 2024.

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 are 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	20-50 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 overhead. 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 period 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 2020.

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

Investments in non-consolidated companies

Investments in non-consolidated companies are recorded at cost and depreciated, as needed, if their carrying value exceeds their recoverable amount as estimated by the Company. At each balance sheet date, the Company performs an impairment test.

Equity Securities

Equity securities are recorded at cost and depreciated, as needed, if their carrying value 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 charges and provisions for pensions and other post-employment benefits

Provisions are recorded to cover contingencies and charges 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.

The Company recognizes actuarial gains and losses using the corridor method. In line with the application of ANC recommendation No. 2013-02 as of December 31, 2014, actuarial gains or losses related to experience and changes in assumptions are amortized in future expenses over the remaining probable average active period for employees, after applying a corridor of 10% of the greater of the value of commitments and the value of the hedging asset.

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 funding body. These advances are recognized in Financial liabilities.

Reimbursable advances received under the ADNA program are recorded based on the discounted expected future reimbursements. The reimbursement of advances is subject to the fulfillment of a revenue threshold on the product TG4001 predetermined for the following five years, and in proportion to the revenue from this product until a reimbursement ceiling is reached, or up until 2035.

The Company regularly evaluates direct and indirect revenue linked to the product to estimate future cash flows from the reimbursement of advances. This revenue is evaluated based on business plan that has been discounted 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 costs 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
- 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 balance sheet date. The resulting conversion differences are recognized in the income statement.

Receivables and payables in foreign currencies are converted into euros at the exchange rate on the balance sheet 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.

Tax Credit for Competitiveness and Employment (CICE)

This tax arrangement was stopped in 2019.

Since the tax situation of the Company does not make it possible to deduct the tax credit from any taxable profits for the period, this CICE receivable will not be paid by the State until the end of the following three fiscal years.

Transgene received bank pre-financing for this receivable in 2017 and 2018, and the proceeds on this asset were used to renew the Company's working capital.

NOTE 2 CHANGE IN ACCOUNTING METHODOLOGY

None.

NOTE 3 OPERATING INCOME

REVENUE

(in € thousands)	12/31/2020	12/31/2019
Research and development services	2,988	6,590
Licenses	(7)	63
Other income from ancillary activities	2,542	1,449
TOTAL	**5,523**	**8,102**

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 ($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 revenue 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 revenue related to the initial payment primarily concern:

- the number of candidates to develop;
- the schedule for the development of candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

In May 2020, an amendment was signed with AstraZeneca. This helped define the last two candidates to develop. At December 31, 2020, Transgene re-estimated the overall budget for the program and its progress. The revenue related to the initial payment recognized at December 31, 2020 was assessed on the basis of this revised budget and program progress. The Company may receive up to US$3.5 million for the delivery of these candidates.

Over the period, the income recognized under this collaboration agreement was €2,898 thousand. Of this amount, €2,378 thousand reflects recognition of the initial payment for work done during the period. The €2,544 thousand balance not recognized at this time was recorded in Prepaid income at December 31, 2020 (Note 20). The Company also received €520 thousand for achieving preclinical milestones and the production of batches.

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 4 FINANCIAL INCOME/(LOSS)

(in € thousands)	12/31/2020	12/31/2019
FINANCIAL INCOME		
Income from other securities and fixed asset receivables	3	8
Impact of the remeasurement Financial Assets/Liabilities	-	4,504
Interest and related income	65	156
Reversals of provisions and transfers of expenses	212	14
Positive exchange rate differences	866	1
Total financial income	**1,146**	**4,683**
FINANCIAL EXPENSE		
Financial amortization and provisions	105	123
Interest and related expenses	1,293	1,397
Negative exchange rate differences	904	166
Total financial expenses	**2,302**	**1,686**
FINANCIAL INCOME/(LOSS)	**(1,156)**	**2,997**

Interest and related expenses involved:

- bank interest on the loan received from the EIB (€722 thousand in 2020);
- bank interest on the financing of the 2019 RTC (€273 thousand);
- bank interest on the Natixis credit facility of €224 thousand.

The positive and negative exchange rate differences are mainly related to the payment received on the disposal of Tasly BioPharmaceuticals shares in July 2020 upon the sale of 38% of these shares. The Company used a currency hedging instrument that hedged the impact of the change in the US dollar exchange rate.

As of December 31, 2019, financial income mainly corresponded to the income generated by the re-estimation of the ADNA repayable advances (€4,504 thousand). Following the decision to cease the development of the TG4010 product taken in December 2019, repayable advances under the ADNA program were sharply reduced to €15,942 thousand, a sum received by the Company. As of December 31, 2020, ADNA payable has not changed as expected repayments remain lower than the amounts received.

NOTE 5 EXTRAORDINARY INCOME/(LOSS)

(in € thousands)	12/31/2020	12/31/2019
EXTRAORDINARY INCOME		
Extraordinary income on management operations	1,609	162
Extraordinary income on equity operations	19,965	17
Reversals of provisions and transfers of expenses	2,080	875
Total extraordinary income	**23,654**	**1,054**
EXTRAORDINARY EXPENSES		
Extraordinary expenses on management operations	500	94
Extraordinary expenses on equity operations	18,355	986
Provisions and transfers of expenses	-	892
Total extraordinary expenses	**18,855**	**1,972**
EXTRAORDINARY INCOME/(LOSS)	**4,799**	**(918)**

Exceptional income on management transactions mainly corresponds to the reversal of a provision of €1 million on the ElsaLys Biotech SA receivable. During the first half of 2020, Transgene and all shareholders of ElsaLys Biotech SA reached an agreement on the acquisition of the ElsaLys Biotech SA by the Italian company Mediolanum Farmaceutici. The deed of sale of ElsaLys Biotech SA shares to Mediolanum Farmaceutici states that the Company will recover €599 thousand excluding tax, of which €500 thousand will be recovered over a period of 36 months, without interest, in 12 quarterly installments, and the Company has waived 50% of its claim for the TG3003 product (€500 thousand in exceptional expenses on management transactions). In return, the Company will receive compensation from former shareholders related to this debt waiver in the amount of €457 thousand, 75% of this amount being paid immediately and 25% payable by 2025.

During this transaction, the equity securities of ElsaLys Biotech SA held by Transgene were sold for €309 thousand and the provision of €1,694 thousand on the shares held was reversed.

In July 2020, the Company sold 38% of its shares in Tasly BioPharmaceuticals for €19,202 thousand. This sale generated exceptional proceeds of 3,655 thousand euros and exceptional expenses on transaction costs of 901 thousand euros.

In 2014, the Company sold the equity securities that it held in Jennerex, Inc. to SillaJen. This sale resulted in a sale price broken down into a fixed portion payable at the signing of the sale and a variable portion consisting of earn-outs. In the absence of payment by SillaJen of the earn-outs due since 2018, Fortis, which represents the former shareholders of Jennerex Inc., decided to institute legal proceedings in Delaware, USA. At the end of 2020, the representative of the former shareholders entered into an agreement with SillaJen, terminating SillaJen's commitments to pay additional earn-outs. This agreement enabled the Company to obtain compensation in the amount of €219 thousand and end the legal proceedings in the United States.

NOTE 6 CASH AND MARKETABLE SECURITIES

(in € thousands)	12/31/2020	12/31/2019
Cash	5,210	1,309
Marketable securities	8	8
TOTAL	**5,218**	**1,317**
Unrecognized unrealized gains or losses	-	-

In 2020, marketable securities were composed of short-term money market fund units.

NOTE 7 TRADE RECEIVABLES

(in € thousands)	12/31/2020	12/31/2019
Invoices issued, gross	422	2,825
Invoices to be issued, gross	1,245	626
Provisions for impairment	-	(1,127)
NET TOTAL	**1,667**	**2,324**

As of December 31, 2020, trade receivables mainly concern receivables from our co-development partners NEC for €697 thousand and BioInvent for €412 thousand. During the first half of 2020, Transgene and all shareholders of ElsaLys Biotech SA reached an agreement on the acquisition of the ElsaLys Biotech SA by the Italian company Mediolanum Farmaceutici. The deed of sale of ElsaLys Biotech SA shares to Mediolanum Farmaceutici states that the Company will recover €599 thousand excluding tax, of which €500 thousand will be recovered over a period of 36 months, without interest, in 12 quarterly installments, and the Company has waived 50% of its claim for the TG3003 product (€500 thousand). In return, the Company will receive compensation from former shareholders related to this debt waiver in the amount of €457 thousand, 75% of this amount being paid immediately and 25% payable by 2025. As a result of this transaction, the ElsaLys Biotech SA receivable of €1,319 thousand at December 31, 2019, fully provisioned in the financial statements, was reclassified as Other receivables.

NOTE 8 OTHER RECEIVABLES

(in € thousands)	12/31/2020	12/31/2019
Institut Mérieux centralized cash (cash pool)	21,077	42,027
Accrued credit notes (trade credit)	14	220
Employee benefits expense	28	35
Grant receivable	-	61
Other receivables, non-current portion	894	339
VAT credit and tax credit	337	973
VAT on accrued invoices	51	112
TOTAL OTHER RECEIVABLES	**22,401**	**43,767**

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 9 ACCRUED INCOME

(in € thousands)	12/31/2020	12/31/2019
Accrued income – customers	1,245	626
VAT credit and tax credit	337	973
VAT on accrued invoices	130	339
Social organizations – income receivable	1	-
Other accrued income	15	41
TOTAL ACCRUED INCOME	**1,728**	**1,979**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	12/31/2019	Increase	Decrease	12/31/2020
ACQUISITION COSTS				
Land	584	-	-	584
Buildings and fixtures	1,424	900	-	2,324
Laboratory equipment	9,859	585	(177)	10,267
Office and computer equipment	1,655	84	(87)	1,652
Assets in progress	793	751	(1,479)	65
Total	**14,315**	**2,320**	**(1,743)**	**14,892**
DEPRECIATION AND PROVISIONS				
Buildings and fixtures	(602)	(120)	-	(722)
Laboratory equipment	(6,638)	(524)	162	(7,000)
Office and computer equipment	(1,504)	(60)	87	(1,477)
Assets in progress	-	-	-	-
Total	**(8,744)**	**(704)**	**249**	**(9,199)**
NET TOTAL PROPERTY, PLANT AND EQUIPMENT	**5,571**	**1,616**	**(1,494)**	**5,693**

NOTE 11 INTANGIBLE ASSETS

(in € thousands)	12/31/2019	Increase	Decrease	12/31/2020
ACQUISITION COSTS				
Licenses and acquired patents	1,788	-	-	1,788
Other intangible assets	2,639	32	(1,213)	1,458
Assets in progress	-	32	(23)	9
Total	**4,427**	**64**	**(1,236)**	**3,255**
DEPRECIATION AND PROVISIONS				
Licenses and acquired patents	(1,737)	(17)	2	(1,752)
Other intangible assets	(2,543)	(32)	1,213	(1,362)
Total	**(4,280)**	**(49)**	**1,215**	**(3,114)**
NET TOTAL PROPERTY, PLANT AND EQUIPMENT	**147**	**15**	**(21)**	**141**

NOTE 12 FINANCIAL ASSETS

(in € thousands)	DEC. 31, 2019	Increase	Decrease	Dec. 31, 2020
Equity securities				
▪ Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd.	-	100	-	100
▪ ElsaLys Biotech SA	1,694	-	(1,694)	-
▪ Transgene, Inc.	23	-	-	23
▪ Access Investment, Inc.	29	-	-	29
Total gross equity securities	**1,746**	**100**	**(1,694)**	**152**
Impairments on equity securities	(1,723)	-	1,694	(29)
Total net equity securities	**23**	**100**	**-**	**123**
Guarantees and deposits	1,802	371	(342)	1,831
Vaxxel shares SAS	-	118	-	118
Tasly BioPharmaceuticals securities	41,458	-	(15,547)	25,911
Impairment of non-current financial assets	(73)	-	73	-
TOTAL FINANCIAL ASSETS	**43,210**	**589**	**(15,816)**	**27,983**

Equity securities

ElsaLys Biotech SA

In April 2020, the Company sold all of its shares in ElsaLys Biotech SA, of which it held 8.25% as of December 31, 2019, to Medionalum Famaceutici. These securities were fully written down in 2018. Transgene's shares were sold for €309 thousand of which €278 thousand were received as of June 30, 2020. The remaining €31 thousand will be paid in 2024.

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.

Access Investment, Inc.

The Company has an investment in Access Investment, Inc. in the amount of €29 thousand. This investment is fully depreciated.

Transgene, Inc.

The Company has an investment in Transgene, Inc. in the amount of €23 thousand.

Guarantees and deposits

Guarantees and deposits consist largely of holdbacks related to the financing of the RTCs and the CICE. The increase of €371 thousand in 2020 mainly corresponds to the guarantee for the transfer of the 2019 RTC receivable (€331 thousand). The decrease of €342 thousand in 2020 mainly corresponds to the repayment of the guarantee for the assignment of the 2016 RTC receivable (€315 thousand).

Investments in non-consolidated companies

Tasly BioPharmaceuticals

The €25,911 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 product TG1050 for Greater China.

On July 13, 2020, the Company sold 38% of its shares to a Chinese investment fund, resulting in a decrease in value of its investment of €15,547 thousand. Transgene holds 17.1 million shares of Tasly BioPharmaceuticals, i.e. 1.58% of its capital, for a net book value of €25,911 thousand at December 31, 2020. Based on the sale price of the shares in July 2020, these shares would have a value of €32,339 thousand. As a result of this transaction in particular, the shareholder agreement was amended in July 2020. This new agreement now states that the undertaking to repurchase Transgene shares by Tasly Holding Group will be triggered in the absence of an IPO on December 31, 2021. As of December 31, 2020, the Company does not intend to dispose of Talsy BioPharmaceuticals shares in the short term, due to its ongoing IPO process. Once the IPO is completed, the Company will not be able to sell the shares held during a one-year post-IPO holding period.

In order to corroborate the fair value of the shares as of December 31, 2020 against the sale price recorded at the time of the July 2020 sale transaction and to ensure that this price remains representative of the fair value of the shares as of December 31, 2020, the Company has had the model used, as well as the assumptions as of the closing date, reviewed and updated by an independent consulting firm, on the basis of the elements related to the July 2020 transaction and the information provided by Tasly BioPharmaceuticals, including the interim financial statements as of September 30, 2020.

This independent analysis confirms the appropriateness of the fair value retained at December 31, 2020.

The main assumptions taken into account by management in assessing value in use as of December 31, 2020 are based on assumptions obtained from Tasly BioPharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the companies held and notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares in accordance with to the latest capital transactions;
- the discount rate used by management.

This analysis confirms that there was no impairment of the shares at December 31, 2020 and therefore no impairment allowance. In the event of a 10% decline in the yuan, no impairment would be recognized.

Vaxxel SAS

In exchange for the rights to the DuckCelt*-T17 cell line, The Company acquired an equity investment in Vaxxel SAS for €118 thousand. A refinancing transaction at the end of 2020 confirms that no impairment loss is to be recognized.

NOTE 13 EQUITY

General information

At December 31, 2020, the number of outstanding shares of Transgene was 83,841,334, representing a share capital of €41,920,667.

In the first half of 2020, two grants of free shares vested (200,750 and 375,120 new shares, respectively). The Shareholders' Meeting of May 27, 2020, approved a share capital reduction via a decrease in the nominal value of the shares from €1.00 to €0.50. During 2020, the Boards of Directors authorized the granting of 607,876 free shares.

Preferential subscription rights

Shareholders have preferential subscription rights during capital increases in proportion to their existing interests. This right may be waived in certain circumstances by a resolution voted in an Extraordinary General Meeting. Preferential subscription rights that have not been waived are negotiable during the subscription period.

Stock options

As of the date of this Registration Document, two stock option plans have been authorized by the Annual General Shareholders' Meeting, in 2008 and 2010, respectively, and were implemented by the Board of Directors. No stock options have been awarded since 2012. The status of these plans at December 31, 2020, is summarized in the following table.

Grant date	Exercise start date	Expiration date	Exercise price	Number of options granted	Number of options exercised in 2020	Number of options remaining to be exercised at 12/31/2020 *
07/12/2010	12/08/2015	12/08/2020	14,198	*321 054*	-	-
12/13/2012	12/14/2017	12/14/2022	7,859	*92 578*	-	*41 532*
TOTAL	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**328 063**

* *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

Three free share award plans were outstanding at the date of this Registration Document, adopted by the Board of Directors in 2019 for all employees and executive corporate officers under a delegation granted on May 22, 2019 (2019 Plan).

The status of these plans at December 31, 2020, is summarized in the following table:

	2016 PLAN		2018 PLAN	2019 PLAN		
General Meeting date	05/24/2016		05/24/2018	05/22/2019		
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
Of which allocations granted, during the year, by the issuer and by any company included in the scope of the allocation to corporate officers	-	-	77,500	350,000	-	150,000
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	49,400	85,000	628,236		223,620	
Board of Directors meeting date	03/17/17	03/21/18	03/20/19	09/18/19	05/27/20	09/16/20
Total number of bonus shares allocated	183,000	220,600	414,800	1,399,774	5,934	601,942
Balance at 12/31/2019	-	-	-	1,399,774	5,934	601,942
Of which: number of shares allocated to corporate officers and members of the Executive Committee	72,000	104,600	192,000	840,000	-	360,000
Final grant date	03/17/19	03/21/20	04/20/20	03/30/22	04/30/22	03/30/22
Expiration date of the lock-up period	03/17/21	03/31/22	04/20/21	03/30/22	05/27/22	09/16/22
Share value on the date of allocation	2.63 €	3.15 €	2.98 €	1.78 €	1.47 €	1.35 €

Grant conditions:

- 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 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 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.

As at December 31, 2020, the bonus shares awarded and not issued represent a potential dilution of 2,007,650 shares; the shares and options awarded and not exercised represent a potential dilution of 41,532 shares, giving a total of approximately 2.4% of the Company's share capital.

Changes in equity

(in € thousands)	Share capital	Premiums	Reserves	Retained earnings	Result	Statutory provisions	Equity
At 12/31/2019	**83,265**	**31,316**	**2,283**	**(36,884)**	**(22,008)**	**-**	**57,972**
Increase of share capital	-	-	-	-	-	-	-
Free share awards	576	(244)	(332)	-	-	-	-
Share capital reduction	(41,920)	-	-	41,920	-	-	-
Net income/(loss) 2019	-	-	-	(22,008)	22,008	-	-
Net income/(loss) 2020	-	-	-	-	(20,116)	-	(20,116)
At 12/31/2020	**41,921**	**31,072**	**1,951**	**(16,972)**	**(20,116)**	**-**	**37,856**

NOTE 14 CONDITIONAL ADVANCES

ADNA

At December 31, 2020, conditional advances referred to repayable advances received under the ADNA ("Advanced Diagnostics for New therapeutic Approaches") program, which receives public funding from Bpifrance to develop the TG4001. This program ended on December 31, 2016. Transgene received a total of €15,942 thousand of repayable advances under this program.

As at December 31, 2020, the liability consisting of repayable advances in the Company's balance sheet amounts to €15,942 thousand. At closing, the Company re-values its reimbursable 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, 2020, 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 reimbursable advances of €2.4 million.

At December 31, 2020, the Company had received €892 thousand repayable advances.

NOTE 15 FINANCIAL LIABILITIES

Financing of tax credits

In June 2020, the Company signed an assignment agreement for RTC receivables with a banking institution. The Company thereby received €6,288 thousand for the 2019 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.

European Investment Bank (EIB) loan

In 2016, the Company had obtained a €10 million credit facility from the European Investment Bank (EIB) under the IDFF (Infectious Diseases Finance Facility).

The Company repaid this €10 million loan in advance in October 2020 as well as the interest due until this date.

Natixis credit facility

In April 2019 the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down once or on more occasions. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020. As part of this credit agreement, Transgene must pledge its shares in Tasly BioPharmaceuticals prior to the first drawdown. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €15 million. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately repay the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. This credit agreement is valid until June 2022 and, according to the principles of a revolving credit, the capital drawn down must be fully repaid at the latest at the end of the program's duration. At December 31, 2020, the Company had not drawn down on this credit facility.

(in € thousands)	12/31/2020	12/31/2019
Financing of RTC	-	-
Financing of CICE	232	366
Interest on bank loan	45	509
Bank loan	-	10,000
TOTAL FINANCIAL LIABILITIES	**277**	**10,875**

NOTE 16 PROVISIONS FOR RISKS AND CHARGES

(in € thousands)	12/31/2019	Provisions	Retained earnings	Reversals not applicable	Use of the provision	12/31/2020
Exchange rate differences	38	4	-	(38)	-	4
Provision for expenses	898	-	-	(1)	(386)	511
Pension obligations	4,377	341	-	-	(270)	4,448
Provisions for risks and liabilities	**5,313**	**345**	**-**	**(39)**	**(656)**	**4,963**
Of which allocations and reversals:						
Operating	(189)	341	-	-	(270)	(118)
Financial	163	4	-	(39)	-	128
Extraordinary	892	-	-	-	(386)	506

As of December 31, 2019, the provision for charges corresponded 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 for €386 thousand at the end of 2020.

The above provisions for pension 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 at December 31, 2020:

	12/31/2020	12/31/2019
Discount rate	0.60%	0.80%
Rate of future salary increases	1.50%	1.50%
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 employees.

The following table summarizes the conditions and amounts of actuarial pension obligations at December 31, 2020:

	12/31/2020	12/31/2019
CHANGE IN THE VALUE OF COMMITMENTS		
Projected benefit obligation at January 1	**4,427**	**3,778**
Cost of services rendered for the year	281	237
Cost of discounting	33	59
Change in assumptions	104	250
Reductions/terminations		-
Actuarial (gain)/loss	(49)	170
Benefits paid during the year	(270)	(67)
Projected benefit obligation for retirement	**4,526**	**4,427**
Unrecognized actuarial losses	(78)	(50)
Unrecognized past service cost	-	-
Total unrecognized items	-	-
PROVISIONS FOR PENSIONS	**4,448**	**4,377**

Changes in actuarial commitments recognized as liabilities for 2020 break down as follows:

(in € thousands)	12/31/2020	12/31/2019
DEFINED BENEFIT COST FOR THE YEAR		
Cost of services rendered for the year	281	210
Cost of discounting	33	59
Net actuarial loss recognized in the year	-	(3)
Reductions/terminations	-	-
COST OF SERVICES AND DISCOUNTING	**314**	**266**

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NOTE 17 EXPENSES PAYABLE

	12/31/2020	12/31/2019
Suppliers – accrued invoices	3,692	5,248
Personnel and related accounts	809	749
Social security and other organizations	855	861
VAT collected and on invoices to be issued	14	15
Other expenses	45	510
TOTAL	**5,415**	**7,383**

NOTE 18 ACCRUED CHARGES AND DEFERRED INCOME

Deferred revenue and expenses relate exclusively to items recognized under operations.

NOTE 19 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 €21.1 million at December 31, 2020; the resulting interest income was €90 thousand at December 31, 2020.

The table below does not include these cash items.

	2020	
(in € thousands)	**Receivables**	**Payables**
ABL Europe SAS	58	258
bioMérieux SA	-	-
Institut Mérieux	276	-
Mérieux Université	-	-
Thera Conseil	-	-
Transgene, Inc.	5	-
Transgene Shanghai	-	68
TOTAL	**339**	**326**

	2020	
(in € thousands)	**Revenue**	**Expenses**
ABL Europe SAS [(1)]	228	2,106
bioMérieux SA	-	1
Institut Mérieux [(2)]	276	435
Mérieux Université	-	-
Thera Conseil	-	5
Transgene Inc. [(3)]	-	491
Transgene Shanghai [(4)]	-	229
TOTAL	**504**	**3,267**

(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 and personnel of Transgene, Shanghai.

NOTE 20 MATURITIES OF RECEIVABLES AND PAYABLES

Receivables *(in € thousands)*	**Gross amount**	**One year or less**	**More than one year**
Other financial assets	1,830	288	1,542
Trade receivables	1,667	1,667	-
RTC and CICE	6,594	133	6,461
Government, VAT and other local authorities	388	388	-
Personnel and related accounts	29	29	-
Prepaid expenses	2,092	1,773	319
Research and development grants	49	49	-
Other receivables	894	155	739
TOTAL RECEIVABLES	**13,543**	**4,482**	**9,061**

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	16,834	-	-	16,834
Financing of tax credits	232	118	114	-
Interest on bank loan	45	45	-	-
Trade payables	5,066	5,066	-	-
Pension obligations	4,448	349	1,393	2,706
Accrued employee benefits and tax expense	3,785	3,785	-	-
Prepaid income	2,937	2,827	110	-
Other liabilities	2	2	-	-
TOTAL LIABILITIES	**33,349**	**12,192**	**1,617**	**19,540**

NOTE 21 INCOME TAX

Current taxes

Research tax credit (RTC)

In 2020 the RTC was €6,352 thousand (versus €6,619 thousand in 2019). This tax credit will be reimbursed by the tax authorities in 2024.

In June 2020, the Company signed an agreement to sell a research tax credit to a banking institution. The Company thereby received €6,288 thousand for the 2019 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

At December 31, 2020, Transgene had tax loss carryforwards in France (indefinitely carryable) totaling €725,810 thousand.

NOTE 22 EXECUTIVE COMPENSATION AND OBLIGATIONS

Directors' fees paid to members of the administrative bodies amounted to €200 thousand.

Philippe Archinard, Chairman and Chief Executive Officer of Transgene, has been mainly employed by the Company. As of December 31, 2020, he was also an employee of Institut Mérieux.

In 2020, the Company did not pay any compensation to TSGH and its permanent representative. In 2020, the Company paid its Chairman and Chief Executive Officer, Mr. Philippe Archinard, gross compensation of €746 thousand (including €343 thousand in variable compensation).

In 2020, Philippe Archinard received gross compensation of €283 thousand (*versus* €281 thousand in 2019), including €135 thousand in variable compensation, as in 2019, and €8 thousand in benefits in kind corresponding to the use of a Company car (€9 thousand in 2019) from Institut Mérieux.

In 2020 the Company paid to the Responsible Pharmacist acting as Deputy Chief Executive Officer, Christophe Ancel, total compensation amounting to €152 thousand (*versus* €144 thousand in 2019), including €32 thousand in variable compensation and €5 thousand in benefits in kind – vehicle, as in 2019.

The Company paid a gross amount of €2,084 thousand in compensation to its Executive Committee in 2020.

No advances or credits were allocated to executives.

NOTE 23 OFF-BALANCE SHEET COMMITMENTS

In December 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 sq.m. 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 lease payment was made on January 1, 2009.

The table below summarizes the main residual obligations of the Company under this contract:

(in € thousands)	2020	2019
Property leasing:		
▪ outstanding charges	2,929	4,140
▪ residual purchase price	1,094	1,094

Under the terms of the real estate financing 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: 3 years;
- 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. At December 31, 2020, the market value of this hedging instrument was €112 thousand. The market value is the amount that the Company would have had to pay if it decided to liquidate the hedge at December 31, 2020.

Transgene has also been leasing premises from ABL Europe for its Lyon teams since 2019. The Company paid rent of €227 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 obligations (real estate)	3,940	894	3,046	-
Finance lease obligations (non-real estate)	979	314	665	-
	16,834	-	-	16,834
TOTAL	**21,753**	**1,208**	**3,711**	**16,834**

Transgene is also bound by contracts with subcontractors. That could have an impact over several accounting periods. As of December 31, 2020, the Company estimated the current value of its financial commitments under these agreements to be approximately €18 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 balance sheet 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 balance sheet date.

As part of the agreements with Tasly BioPharmaceuticals in July 2018, Transgene received 27.4 million shares in this company, *i.e.*, 2.53% of its capital. At the time of the transaction, the assets contributed by Transgene were valued by the parties at $48 million, and the unit price of the shares received is that negotiated by the institutional funds during a capital increase. On this occasion, Transgene, the institutional funds, Tasly BioPharmaceuticals and its parent company Tasly Holding Group have signed a shareholders' agreement to manage their relations in the period preceding the IPO. In addition to the usual provisions such as a right of first refusal in case of assignment by a shareholder, Tasly Holding Group undertakes to buy the shares subscribed by Transgene in the event the IPO does not take place within three years if it is approved by the stock market authorities (*i.e.*, July 2021), at the initial subscription price plus an annual contractual rate. On July 13, 2020, Transgene sold 10.3 million shares of Tasly BioPharmaceuticals, representing 38% of the shares held by Transgene. Following the transaction, Transgene holds 17.1 million shares of Tasly BioPharmaceuticals, representing 1.58% of its share capital, valued at approximately 259 million yuan. As a result of this transaction in particular, the shareholder agreement was amended in July 2020. This new agreement now states that the undertaking to repurchase Transgene shares by Tasly Holding Group will be triggered in the absence of an IPO on December 31, 2021.

In April 2019 the Company signed a revolving credit agreement with Natixis, capped at €20 million, which can be drawn down once or on several occasions. An amendment was signed in September 2020 bringing this credit line to a maximum of €15 million, following the sale of 38% of the Tasly BioPharmaceuticals shares in July 2020 before the first drawdown. The outstanding amount (excluding interest) may not exceed the equivalent of 60% of the value of the pledged Tasly BioPharmaceuticals shares or a ceiling of €15 million. If the outstanding amount drawn exceeds 60% of the value of the shares, the Company must immediately reimburse the difference. The interest on the outstanding amounts drawn as well as an availability commission for the undrawn part are payable on a quarterly basis. This credit agreement is valid until June 2022 and, according to the principles of a revolving credit, the capital drawn down must be fully repaid at the latest at the end of the program's duration. At December 31, 2020, the Company had not drawn on this credit facility.

As at the date of this document, the Company has not made any material commitment (guarantees, collateral, etc.).

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NOTE 24 WORKFORCE

The Company had 164 employees at December 31, 2020, vs. 159 at December 31, 2019.

	Men	Women	Total
Managers	43	70	113
Non-managerial	15	36	51
TOTAL	**58**	**106**	**164**

Employee benefits expense (salaries, payroll taxes, pension costs and related expenses) for 2019 and 2020 totaled €14,653 thousand and €15,054 thousand, respectively.

NOTE 25 IDENTITY OF THE CONSOLIDATING ENTITY

The Company's financial statements were fully consolidated by Compagnie Mérieux Alliance, 17, rue Bourgelat, 69002 Lyon.

NOTE 26 POST-CLOSING EVENTS

None.

NOTE 27 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	31,072	31,072	-
Legal reserve	248	-	248
Unavailable reserve	1,703	-	1,703
TOTAL	**33,023**	**31,072**	**1,951**

NOTE 28 SUBSIDIARIES AND EQUITY INTERESTS

Financial information *(in local currency)*		Transgene Inc. One Boston Place, Suite 4030 201 Washington Street BOSTON, MA 02108 U.S.	Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. NO. 4633, Pu San Road, Pudong District, Shanghai PR CHINA
Share capital		USD 30,000	RMB 768,630
Share capital other than capital		-	
Proportion of capital held *(%)*		100%	100%
Carrying value of securities held *(in euros)*	Gross	23,114	100,000
	Net	23,114	100,000
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		None	None
Income (profits or losses for the previous fiscal year)		-	-
Dividends received during the year		None	None
Comments		-	-

NOTE 29 STATUTORY AUDITORS' FEES

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Audit	-	-	-	-	-	-	-	-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	85	104	90%	68%	51	52	100%	54%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
OTHER DUE DILIGENCE AND SERVICES DIRECTLY RELATED TO THE AUDIT								
Issuer	9	50	10%	32%	-	45	-	46%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**
Other services provided by networks to fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Legal, tax and social	-	-	-	-	-	-	-	-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**

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5.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2020

To the Annual General Meeting of Transgene S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Transgene S.A. for the year ended 31 December 2020.

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 31 December 2020 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 the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1 January 2020 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

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on how audits are performed.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) 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 RECOVERABLE AMOUNT OF THE SHARES HELD IN TASLY BIOPHARMACEUTICALS

Risk identified

In July 2018, your Company received shares from Tasly Biopharmaceuticals amounting to USD48m, in return, firstly, for the transfer of its investment in the joint venture which owned the T6002 rights, and secondly, for the transfer of the T1050 patent rights for Greater China.
In July 2020, your Company signed an agreement with a Chinese investment fund for the sale of 10,285,715 shares held in Tasly Biopharmaceuticals. This transaction represents the sale of 38% of the shares held by your Company as at 30 June 2020. As at 31 December 2020, the net value of the shares held in Tasly Biopharmaceuticals (a non-listed company) recorded in your Company's balance sheet amounts to EUR26m.

As stated in Notes 1, 12 and 23 to the financial statements, the valuation of the capitalized shares is based on an analysis according to the expected recoverable amount of the assets.

The valuation of these shares requires Management to exercise judgment in its choice of elements to be taken into account, corresponding to forecasts.

The main assumptions taken into account by Management in the measurement of value in use are based on assumptions obtained from Tasly Biopharmaceuticals and concern:

- the estimate of the future cash flows that will be generated by the company held, notably by the products being developed;
- the probable technical success of the products being developed and their approval by the regulatory authorities;
- the market potential for these products being developed;
- the value of the shares according to the latest capital transactions;
- the discount rate used by Management.

Your Company had an independent advisory firm review and update the model used and the assumptions at year-end, based on the information provided by Tasly Biopharmaceuticals.

Impairment is recognized when the net carrying amount of this investment is higher than its recoverable amount.

Any error in the assessment of the assumptions has an impact on the estimate of the recoverable amount. We considered the determination of the recoverable amount of the shares held to be a key audit matter as it involves significant exercise of judgment on the part of Management

Our response

Our work consisted in reviewing the methods and assumptions used by your Company to determine the recoverable amount of the shares, in particular:

- reviewing the transaction of July 2020 to assess whether it was representative of the fair value of a transaction between two independent parties;
- comparing the valuation obtained based on the model and assumptions used as at 31 December 2020 with the recoverable amount at the time of the sale in July 2020;
- including a specialist in our audit team to study the models and assumptions used by reviewing their consistency, first, with the budgets and forecasts used, and second, with our knowledge of the sector, acquired notably during interviews with Management and by comparison with similar projects conducted by other companies in the same sector of activity;
- comparing the discount rate with our own estimate of this rate, established with the assistance of our valuation specialists and through the analysis of the various parameters.

Lastly, we also assessed the appropriateness of the information disclosed in the notes to the financial statements, in particular the sensitivity analyses presented.

MEASUREMENT OF REVENUE RELATED TO THE COLLABORATION AGREEMENT WITH ASTRAZENECA

Risk identified

In April 2019, your Company entered into a collaboration agreement with AstraZeneca with options for exclusive licenses to co-develop oncolytic immunotherapies using the Invir.IO™ platform. This agreement provides for the delivery of five candidates by your Company. Within this context, your Company received an initial payment of EUR8.9m (USD10m) for access rights to its platform during the first half of 2019.

In May 2020, an amendment was signed with AstraZeneca defining two new candidates to be developed. Consequently, your Company re-estimated the program's overall budget and progress as at 31 December 2020.

As at 31 December 2020, the revenue in respect of the initial payment recognized under this collaboration represents EUR2.4m.

As stated in Notes 1 and 3 to the financial statements, the recognition of the revenue related to the initial payment is based on the progress made in the associated activities and measured according to the costs incurred.

The measurement of the revenue requires Management to exercise judgment in its choice of the elements to be taken into account, corresponding to forecasts.

The main assumptions taken into account by Management in the measurement of the revenue related to the initial payment notably concern:

- the number of candidates to be developed;
- the schedule for the development of the candidates;
- the estimated costs of the salaries and consumables related to the development of the candidates.

We considered the measurement of the revenue related to the collaboration agreement with AstraZeneca to be a key audit matter, as:

- the measurement of the income recognized represents a material amount as at 31 December 2020;
- the determination of the revenue requires the use of estimates and assessments, notably to measure the estimated costs of the salaries and consumables related to the development of the candidates.

Any error in the assessment of these assumptions would have an impact on the estimation of the revenue to be recognized.

Our response

Our work consisted in reviewing the methods and assumptions used by Management to measure the revenue related to the initial payment. In particular, it consisted in:

- analyzing the methods used to measure the estimated overall costs related to the agreement, including the measurement of personnel costs, the hours necessary to perform the studies and the costs of consumables, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management;
- studying the valuation of the actual hours worked during financial year 2020 and the actual timesheets as at 31 December 2020;
- assessing the consistency of the schedule for the development of candidates not yet performed in relation to the actual schedule for the first candidates, and on the basis of interviews with Management and the project manager.

Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

VALUATION OF ADNA REPAYABLE ADVANCES

Risk identified	Our response
As at 31 December 2020, the fair value of the liability consisting of repayable advances recorded in your Company's balance sheet amounts to EUR15,94m. At year-end, the Company re-values its repayable advances liability under the ADNA program to match the amount of the expected repayments, as described in Notes 1 and 14 to the financial statements. The repayment of these advances is subject to the achievement of a certain threshold of revenue with the TG4001 product, and will be made based on a predetermined fixed amount over the following five years, and then in proportion to the revenue generated by this product until a repayment limit is reached in 2035. The fair value of the expected future repayments is thus estimated by Management based on the estimated future direct and indirect revenue generated solely by the TG4001 product being developed. The other assumptions used by Management to measure the fair value of the repayable advances liability notably concern; • the probabilities of success of the clinical phases; • the timing and conditions of a partnership concerning the development and marketing of this product; • the discount rate used by Management. The measurement of the repayable advances liability therefore requires Management to exercise judgment in its choice of the elements to be taken into account, in particular as regards forecasts. Any error in the assessment of these assumptions would have an impact on the estimation of the debt to be repaid. We considered the measurement of the ADNA repayable advances to be a key audit matter as it involves significant exercise of judgment on the part of Management.	Our work consisted in reviewing the methods and assumptions used by your Company to measure the fair value of the ADNA repayable advances. In particular: • we assessed the valuation model used and the assumptions adopted relating to the development of the TG4001 product, by considering their consistency with, on the one hand, the budgets and forecasts drawn up by Management and presented to the Board of Directors, and on the other hand, our knowledge of the sector, acquired notably during interviews with Management; • we compared the discount rate with our own estimate of this rate; • we reviewed the US dollar to euro rate used within the context of the valuation performed. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

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 Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the 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 (*Code de commerce*).

Report on 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 (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its 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 companies controlled thereby, included in the consolidation scope. 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 takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), 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 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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No. 2019/815 of 17 December 2018 to years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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 (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Transgene S.A. by your Annual General Meeting held on 24 May 2016 for GRANT THORNTON and on 29 May 1996 for ERNST & YOUNG et Autres.

As at 31 December 2020, GRANT THORNTON was in its fifth year and ERNST & YOUNG et Autres in its twenty-fifth year of total uninterrupted engagement (including twenty-three years since the securities of the Company were admitted to trading on a regulated market).

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 significant deficiencies, if any, 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris-La Défense, 31 March 2021

The Statutory Auditors

French original signed by:

GRANT THORNTON

French Member of *Grant Thornton International*

Françoise Méchin

ERNST & YOUNG et Autres

Cédric Garcia

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

€41,920,667 fully paid in at December 31, 2020, and €41,920,667 recognized as of the date of this Registration Document.

6.1.1.1 Number of shares issued

83,841,334 shares at December 31, 2020, and 83,841,334 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, 2021.

6.1.3 Shares held either by the Company itself, on its behalf or by its subsidiaries

In the framework of the liquidity contract, at December 31, 2020, 195,000 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

At March 31, 2021, the number of shares that could be issued against outstanding stock options not yet exercised (41,532) and free share awards not yet vested (1,907,390) was 1,948,922 or around 2.3% of the Company's capital on a fully diluted basis (or 85,790,256 shares).

The following table shows the powers delegated to the Board of Directors by the Extraordinary General Shareholders' Meeting of May 27, 2020, and by the Extraordinary General Shareholders' Meeting of May 22, 2019, 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	41 million shares in one or more tranches Expiration: July 27, 2022	None
Capital increase without preferential subscription rights for shareholders	32 million shares in one or more tranches (included in the ceiling of 41 million shares) Expiration: July 27, 2022	None
Capital increase reserved for qualified investors or a restricted group of investors without preferential subscription rights in their favor	20% of share capital with a price not less than the average of the price of three trading sessions with a maximum discount of 5% Expiration: July 27, 2022	None
Setting the price of issuance of shares in the event of the waiver of preferential subscription rights in accordance with Article L. 225-136 1 paragraph 2 of the French Commercial Code	10% of share capital per year Expiration: July 27, 2022	None
Capital increase with cancellation of pre-emptive subscription rights to compensate share tenders, in the case of an exchange offer or contribution in kind applicable to company securities	10% of share capital Expiration: July 27, 2022	None
Capital increase with cancellation of pre-emptive subscription rights of shareholders for the benefit of categories of persons	32 million shares in one or more tranches (included in the ceiling of 41 million shares) Expiration: July 27, 2022	None
Award of free shares in the Company to Company and Group employees without preferential subscription rights	2 million existing or new shares Expiration: July 22, 2022	1,907,390

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 History of share capital

CHANGE IN EQUITY OVER THE PAST THREE YEARS

Fiscal year	Type of transaction	Number of securities	Issue of shares *(in euros)*	Share premium *(in euros)*	Total issue premiums *(in euros)*	**Amount of capital *(in euros)***
2018	Capital increase (2)	200,733	200,733	-	-	62,275,923
2019	Capital increase (2)	173,175	173,175	-	-	62,449,098
2019	Capital increase (1)	20,816,366	20,816,366	1.34	27,893,930	83,265,464
2020	Capital increase (2)	575,870	287,935	-	-	83,841,334

(1) Capital increase by issuing new shares.
(2) Capital increase by vesting free shares to Company employees.

Change in shareholder structure over the past three years (see Section 5.2.1 "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 at December 31, 2020, based on an analysis of bearer share ownership conducted at the Company's request following the capital increases carried out in January 2021 and the distribution as of the end of 2019 and 2018. There is no shareholder apart from the majority shareholder TSGH that owns more than 5% of share capital.

	As at 12/31/2018			As at 12/31/2019			As at 12/31/2020		
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]	35,431,991	56.9	67.0	50,323,665	60.44	75.0	50,323,665	60.02	71.7
SITAM Belgium *	2,924,221	4.7	3.5	4,120,935	4.95	3.7	4,144,856	4.94	3.5
Other shareholders [2]	23,919,711	38.4	29.5	28,820,864	34.61	21.3	29,372,813	35.04	24.8
Total	**62,275,923**	**100**	**100**	**83,265,464**	**100**	**100**	**83,841,334**	**100**	**100**
Dilutive impact stock options + free shares awarded [3]	726,463	1.2		2,293,081	2.75	1.9	2,048,922	2.27	1.6
TOTAL DILUTED	**63,005,586**			**85,558,545**			**85,890,256**		

(1) Article 8 of the bylaws 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. At December 31, 2018, the total number of shares was 62,275,923; the total theoretical number of voting rights was 82,745,779 of which the number of exercisable voting rights was 82,670,436. 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. At December 31, 2019, the total number of shares was 83,265,464; the total theoretical number of voting rights was 117,645,905 of which the number of exercisable voting rights was 117,481,722. At 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. 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, 2019, the Company held 164,183 of its own shares through a liquidity program. The total percentage of employee ownership is less than 1%. 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) The stock options and free shares were granted exclusively to the employees of the Company and its subsidiary Transgene, Inc., including members of the Executive Committee and to the two executive corporate officers (Philippe Archinard, Chairman and Chief Executive Officer, and Christophe Ancel, Qualified Pharmacist and Deputy Chief Executive Officer). At December 31, 2020, there were 41,532 options outstanding and 2,007,390 unvested free shares.

* *Formerly Dassault Belgique Aviation.*

6.2.2 Special voting rights of major shareholders

There are no different voting rights for major shareholders. Pursuant to Article 8 of the corporate bylaws, 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 60.0% (71.7% of the voting rights) owned by TSGH SAS, which is in turn 99.5% owned by Institut Mérieux, which is owned by the Mérieux family. No specific measure limits the powers of the principal shareholder. The Company complies with the Code of Corporate Governance for small- and mid-cap companies. The Board of Directors includes a majority of directors who qualify as independent using the criteria defined in the Middle Next Corporate Governance Code. One independent director, Mr. Habert, is connected with the Dassault Group, which holds 4.94% of the Company's stock (3.47% of the voting rights) through a family relationship and in his capacity as Chairman and member of the Dassault Développement Strategy Committee. Moreover, a majority of the Audit Committee and Compensation Committee consists of independent directors (three out of four 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 bylaws, or any anti-takeover measure, or specific powers of representation or appointment to executive bodies.

6.3 ARTICLES OF INCORPORATION AND BYLAWS

6.3.1 Corporate purpose (Article 2 of the bylaws)

The purpose of the Company, both in France and abroad, on its own behalf and on behalf of third parties:

- consists of 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 Statute Articles and regulations)

The Company is managed by a Board of Directors composed of at least three members and at most fifteen members who are elected by the General Shareholders' Meeting.

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 Annual General Shareholders' Meeting may appoint a director for a duration of one, two or four years. Their directorship ends at the end of the Ordinary General Shareholders' Meeting approving the financial statements for the prior year, which is held during the year in which their term expires. The Board ensures that the number of terms expiring is as regular as possible each year.

The directors may be re-elected and may be recalled by the General Shareholders' 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 next following Shareholders' 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 term of office as a director, nor the time remaining from their appointment to the end of the Ordinary General Shareholders' 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. Directors receive all of the information required to accomplish their mission and may request any document they consider useful.

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 Shareholders' Meeting. He ensures the proper operations of the Company's bodies, and, specifically, that the directors are capable of fulfilling their duties.

Except for the powers that the law expressly confers on the Shareholders' Meetings, as well as the powers that it specially reserves to the Board of Directors, and within the limits of the corporate purpose, the Chairman is invested with the broadest powers to act in the Company's name under all circumstances.

No limitation placed on the Chairman's powers by the Board of Directors can be contested by third parties.

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 Chief Executive Officer.

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 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 by any means, including verbally. The Board's rules of procedure may provide for the adoption of resolutions by electronic means.

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 meeting.

Minutes are prepared and copies and excerpts of deliberations are issued and certified as defined by law.

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.

In this regard, the Qualified Pharmacist is fully empowered by law with all powers to make direct contact with all authorities or organizations with jurisdiction, to make all applications, solicit all approvals or authorizations, verify raw materials and authorize their use, make frequent inspections of laboratories, oversee manufacturing, and alone authorize the use and marketing of the finished products. In addition, he or she approves the hiring of pharmacists and the heads of other technical departments before they start work at the Company.

In the event of a conflict between the Chairman and the Qualified Pharmacist, the Board of Directors will arbitrate without ever imposing a decision that runs counter to the law or regulations and that might incur the liability of the 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 Shareholders' Meeting that meets the conditions of quorum and majority set by the French Commercial Code. There is no more restrictive term in the bylaws. The Company capital may be changed pursuant to the terms of the law.

6.3.5 General Meetings (Article 21 of the bylaws)

General Shareholders' Meetings are called and deliberate pursuant to the terms of the law. Meetings take place either at the corporate headquarters or at another place specified in the notice of meeting.

The right to take part in General Shareholders' Meetings is defined and justified in accordance with the provisions of Article R. 225-85 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 notice to attend for the meeting, shareholders may also take part and vote in General Shareholders' Meetings by videoconference or by all means of telecommunications (including transmission by electronic means of a vote form) 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 notice of meeting.

The electronic form may be completed and signed directly on this site using an identification code and password. The letter of proxy or vote expressed before the General Shareholders' 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 legal deadline for the registration of the securities, the Company shall invalidate or amend, as the case may be, proxies or votes expressed before such date and time.

Shareholders' 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 Shareholders' Meeting of June 9, 2004, and incorporated into the bylaws (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 bylaws, 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 Legal 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 for a period of 99 years that expires on December 31, 2078.

6.4.4 Registered office, legal form and applicable law

A French corporation *(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 INVESTMENTS IN AFFILIATES

The table of subsidiaries and affiliates is presented in Note 28 to the Company's annual financial statements (section 5.3.2).

6.6 SHARE BUYBACK PROGRAM

6.6.1 Situation in 2020

The share buyback program authorization was renewed by the Shareholders' Meeting of May 27, 2020.

In accordance with Articles L. 22-10-62 *et seq.* of the French Commercial Code, the Shareholders' Meeting of May 27, 2020, 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 2020, under the liquidity contract, Natixis ODDO BHF:

- bought 931,353 shares for a total of €1,345,695.68, representing a weighted average value of €1.4449 per share; and
- sold 900,536 shares for a total of €1,377,430.15, representing a weighted average value of €1.5296 per share.

At December 31, 2020, the Company directly held 195,000 shares for the purposes of creating liquidity under the liquidity contract (which represented around 0.23% of the capital), whose measured value at its price on December 31, 2020 (€1.648) was €321.360. At that same date, none of the treasury shares were allocated to covering stock option plans or held for cancellation.

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 Shareholders' Meeting of May 26, 2021.

6.6.2.1 Number of shares and share of capital held by Transgene

At December 31, 2020, the total number of shares held by Transgene was 195,000, representing 0.23% 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 the equity securities held at December 31, 2020

At December 31, 2020, Transgene's treasury shares were allocated as follows:

- 195,000 shares allocated for liquidity purposes.

The liquidity contract with Natixis ODDO BHF SCA 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 *Autorité des marchés financiers* subsequently to this Shareholders' 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 percentage of share capital, maximum number and characteristics of the shares that Transgene proposes to acquire and maximum purchase price

The securities Transgene proposes to acquire are only shares.

Extract from the thirteenth resolution submitted to the General Meeting of May 26, 2021:

The Shareholders' Meeting, acting under the conditions of quorum and majority required for Ordinary Shareholders' 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 (Autorité des marchés financiers) 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 can in no event result in it directly or indirectly holding at any time more than 10% of the 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 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 195,000 shares (or 0.23% of the share capital) already directly held by Transgene at December 31, 2020;

- the 83,841,334 shares in the share capital at December 31, 2020;

- that the buyback at this time could only involve 8,239,133 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 Shareholders' Meeting of May 26, 2021, this buyback program may be carried out during an 18-month period starting on the date of the Shareholders' Meeting of May 26, 2021, *i.e.*, no later than November 26, 2022. Pursuant to Article L. 22-10-62 of the French Commercial Code, shares may only be canceled within the limit of 10% of the share capital (adjusted for any transactions affecting it after the Combined Shareholders' Meeting of May 26, 2021) over a 24-month period starting with the adoption of the sixteenth resolution proposed to the Combined Shareholders' Meeting of May 26, 2021, *i.e.*, no later than May 26, 2023.

6.7 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

To the Annual General Meeting of Transgene S.A.,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated 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 past year, of the agreements previously approved by the Annual 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 Annual General Meeting

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been notified of the following regulated agreements which received prior authorization from your Board of Directors.

- **With Institut Mérieux (majority shareholder of TSGH S.A.S., itself the majority shareholder of your company)**

Persons concerned

Messrs. Hedi Ben Brahim, Jean-Luc Bélingard and Philippe Archinard, and Ms. Sandrine Flory.

Nature and purpose

Amendment to the regulated agreement initially entered into on May 13, 2015, governing the services provided by Institut Mérieux to Transgene.

Conditions

An amendment to the service agreement between your company and your parent company is proposed, the purpose of which is to modify the allocation used for internal audit services only. The contract provides for an allocation for the cost of services rendered to all Institut Mérieux Group companies, based on three criteria: payroll, revenue and fixed assets of each company. This allocation remains applicable except for internal audit services, which will be billed as follows under the amendment:

- costs corresponding to specific assignments of an exceptional nature to one of the companies of the Institut Mérieux Group, when they exceed a certain materiality threshold, will be billed directly to the company concerned, without breakdown; and
- all other costs corresponding to other assignments carried out by Institut Mérieux for the benefit of its subsidiaries will be allocated to each company in the Institut Mérieux Group 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 at December 31, 2020, your Company recorded an expense in respect of this agreement in the amount of €438,347.

An adjustment in respect of the 2019 financial year was recognized in the 2020 financial year and your company thus received a credit note in the amount of €14,180.

Reasons why the Company benefits from this agreement

Your Board of Directors gave the following reasons: Securing access to audit, internal control and compliance services at prices that would not be available to Transgene alone due to the small size of the company.

- **With ElsaLys Biotech S.A.S. and TSGH SAS (majority shareholder of your company)**

Persons concerned

Messrs. Hedi Ben Brahim, Jean-Luc Bélingard and Philippe Archinard, and Ms. Sandrine Flory.

Nature and purpose

At the agreement signature date on April 9, 2020, your company held an 8.25% interest in ElsaLys Biotech S.A.S. and TSGH SAS held a 9% interest in ElsaLys Biotech S.A.S. These interests were transferred on April 9, 2020 to Mediolanum. As part of this disposal, an agreement was signed regarding the ElsaLys €1,000,000 receivable (excluding tax) held by your company in Elsalys Biotech S.A.S.

Conditions

This €1,000,000 receivable, excluding tax, which was fully impaired as of December 31, 2019, was recovered for €957,494 following the agreements signed at the time of the sale of ElsaLys Biotech SAS:

- of which €500,000 excluding tax by Mediolanum according to a contractual payment schedule;
- of which €457,494, excluding tax by the former shareholders of ElsaLys Biotech S.A.S, of which TSGH SAS. 75% of this amount was paid at the time of the transaction, the remaining 25% will be paid by the end of 2025;

As of December 31, 2020, your company recorded income of €957,494 under this agreement.

Reasons why the Company benefits from this agreement

Your Board of Directors gave the following reasons: These agreements are justified by the interest of restructuring the debt of ElsaLys Biotech S.A.S. in the context of the sale of 100% of the share capital of this company, including your company's stake, to the Italian group Médiolanum and by the interest in obtaining payment of significant portion of the receivable which had been fully impaired in Transgene's financial statements due to the financial situation of ElsaLys Biotech S.A.S. before its integration into the Mediolanum group.

Agreements previously approved by the Annual General Meeting

a) whose implementation continued during the past year

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 Annual General Meeting in prior years, continued during the past year.

- **With ABL Europe S.A.S. (a wholly owned subsidiary of ABL Inc., wholly owned by TSGH S.A.S., in turn 99.5% owned by Institut Mérieux)**

Persons concerned

Messrs. Alain Mérieux, Jean-Luc Bélingard and 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 an Asset Purchase Agreement as well as the following related agreements:

Conditions

The sublease agreement provides for the use by the company ABL Europe S.A.S. of part of your company's quality control laboratory.

As at December 31, 2020, your company recorded an income amounting to €227,820 in respect of the sublease agreement concerning a part of the quality control laboratory located at your company's head office.

b) Nature and purpose

Within the scope of the sale of your company's bioproduction asset to ABL Europe S.A, 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 at December 31, 2020, your company recorded an expense in the amount of €3,634 in respect of a mutually agreed termination covered by this agreement.

c) Nature and purpose

This agreement, concluded on 23 May 2019 to replace the previous "Exclusive Services Agreement", sets out the conditions for the sale by ABL Europe S.A.S. to your company of bioproduction services. The new agreement no longer includes a exclusivity condition or guaranteed business volume.

Conditions

As at December 31, 2020, your company recorded an expense amounting to €1,875,786 in respect of this agreement.

b) not implemented during the past year

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 past fiscal year.

- **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 and Philippe Archinard, and Ms. Sandrine Flory.

Nature and purpose

Agreement relating to the management of employee mobility within Institut Mérieux group or Fondation Mérieux.

Conditions

For employees who have worked in group's companies and whose length of service in these companies has been taken into account without 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 company Mérieux group that has benefited from the employees' services, excluding remuneration having served as a base for the payment of a previous termination indemnity.

This agreement did not have effect in respect of the financial year ended December 31, 2020.

Lyon and Paris-La Défense, March 31, 2021

The Statutory Auditors

GRANT THORNTON
FRENCH MEMBER OF GRANT THORNTON INTERNATIONAL
Françoise Méchin

ERNST & YOUNG ET AUTRES

Cédric Garcia

6.8 EMPLOYEES

6.8.1 Workforce

See the workforce table in Paragraph 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.

7

ADDITIONAL INFORMATION

7.1 PERSONS RESPONSIBLE

7.1.1 Persons responsible for the information

Hedi Ben Brahim
Chairman and Chief Executive Officer

Jean-Philippe Del
Chief Financial Officer

John Felitti
Vice-President Corporate Secretary

Telephone: 03 88 27 91 21
Telefax: 03 88 27 91 11
www.transgene.fr

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 230 to 237 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.

Hedi Ben Brahim,
Chairman and Chief Executive Officer

7.2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.2.1 Statutory Auditors

STATUTORY AUDITORS

ERNST & YOUNG et Autres 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense represented by Cédric Garcia	**Grant Thornton** 44, quai Charles de Gaulle 69006 Lyon represented by Françoise Méchin

ERNST & YOUNG et Autres is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles and of the Ernst & Young network. **Grant Thornton** is a member of the Compagnie Régionale des Commissaires aux comptes de Lyon and of the Grant Thornton International Ltd network.

DATES OF APPOINTMENT AND EXPIRATION OF TERM	
Appointed May 29, 1996, and renewed February 16, 1998, and again on June 9, 2004, on June 17, 2010, and on May 24, 2016, until the General Shareholders' Meeting called to approve the 2021 financial statements.	Appointed May 24, 2016, until the General Shareholders' Meeting called to approve the 2021 financial statements.

ALTERNATE STATUTORY AUDITORS

Auditex Tour Ernst & Young 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense 1	**IGEC** 3, rue Léon-Jost 75017 Paris

DATES OF APPOINTMENT AND EXPIRATION OF TERM	
Appointed June 17, 2010, and renewed May 24, 2016, until the General Shareholders' Meeting called to approve the 2021 financial statements.	Appointed May 24, 2016, until the General Shareholders' Meeting called to approve the 2021 financial statements.

7.2.2 Statutory Auditors' fees

	Ernst & Young et Autres				Grant Thornton			
	Amount (pre-tax)		%		Amount (pre-tax)		%	
(in € thousands)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Audit	-	-	-	-	-	-	-	-
STATUTORY AUDITORS, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Issuer	85	104	90%	68%	51	52	100%	54%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
OTHER DUE DILIGENCE AND SERVICES DIRECTLY RELATED TO THE AUDIT								
Issuer	9	50	10%	32%		45		46%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**
OTHER SERVICES PROVIDED BY NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES								
Legal, tax and social	-	-	-	-	-	-	-	-
Other (specify if > 10% of the audit fees)	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**94**	**154**	**100%**	**100%**	**51**	**97**	**100%**	**100%**

7.3 THIRD-PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY 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 14 June 2017, the following informations are incorporated by reference in this document :

- For 2019:

– consolidated financial statements and the corresponding statutory auditors' report contained in paragraphs 4.1 (pages 100 to 139) and 4.2 (pages 140 to 146) ;

– annual financial statements and the corresponding statutory auditors' report contained in paragraphs 4.3 (pages 147 to 171) and 4.4 (pages 172 to 177) ;

– review of financial position and the result contained in paragraph 1.3.3 (pages 34 to 36) ;

– the investments contained in paragraph 1.3.5 (page 37) ;

of the 2019 universal registration document filed with the AMF dated 2 April 2020, under the n° D.20-0241. (1)

- For 2018:

– consolidated financial statements and the corresponding statutory auditors' report contained in paragraphs 4.1 (pages 84 to 120) and 4.2 (pages 121 to 126) ;

– annual financial statements and the corresponding statutory auditors' report contained in paragraphs 4.3 (pages 127 to 147) and 4.4 (pages 148 to 154) ;

– review of financial position and the result contained in paragraph 1.3.3 (pages 33 to 35) ;

– the investments contained in paragraph 1.3.5 (page 36) ;

of the 2018 reference document filed with the AMF dated 3 April 2019, under the n° D.19-0262. (2)

Throughout the validity period of this Registration Document, the following documents may be consulted:

- the corporate bylaws;
- 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 background 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 may be consulted on the website: www.transgene.fr or requested from Jean-Philippe Del, CFO.

(1) https://www.transgene.fr/wp-content/uploads/2020/04/TRANSGENE_URD_2019_EN.pdf.

(2) https://www.transgene.fr/wp-content/uploads/2019/05/doc-ref-2018-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	6.4.1.1
4.2	Place, registration number and LEI of the Company	6.4.1.2
4.3	Date of incorporation and term of the Company	6.4.1.3
4.4	Company registered office, legal form, governing law and website	6.4.1.4
5.	**Business overview**	**1, 2, 7**
5.1	Principal activities	1.2.1
5.2	Principal markets	1.2.6
5.3	Major events	1.3.1, 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**
5.7.1	Major investments	1.3.5
5.7.2	Major investments in progress or for which firm commitments have been made	1.3.5
5.7.3	Investments in businesses in which the issuer holds equity	5.1.2
5.7.4	Environmental issue that might influence the issuer's use of its property, plant and equipment	N/A
6.	**Organizational structure**	**1**
6.1	Summary description of the group	1.2.7
6.2	List of major subsidiaries	1.2.7.2
7.	**Review of financial position and results**	**1, 5, 7**
7.1	Financial position	5.1, 5.3
7.1.1	Change in issuer's financial performance	5.1, 5.3
7.1.2	Probable change in issuer's business activities and R&D activities	7.7
7.2	Net operating income	1.3.3, 5.1, 5.3
7.2.1	Important factors, unusual or infrequent events or new developments	1.3.3, 5.1, 5.3
7.2.2	Reasons for significant changes in net sales or revenues	1.3.3, 5.1, 5.3

		Section of the Universal Registration Document
8.	**Cash and equity**	**1.3**
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**	**1.2.1.2**
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 financial 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.	**Profit forecasts or estimates**	**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	3.1.2.3
13.	**Compensation and benefits**	**3**
13.1	Compensation, benefits in kind, options and stock awards granted to the corporate officers	3.3
13.2	Total amount provisioned for the payment of pensions, retirement and other benefits	3.3.2
14.	**Functioning of administrative and management bodies**	**2, 3**
14.1	Expiration date of corporate offices	2.1
14.2	Service contract linked to the Company's administrative, management or supervisory bodies	3.1.2.2
14.3	Audit Committee and Compensation Committee	3.2.2
14.4	Statement on corporate governance	3.2.1
14.5	Impact of future changes in the composition of boards and committees	N/A
15.	**Employees**	**3.4, 4.2, 6.8**
15.1	Human resources	4.2.1
15.2	Equity investments and stock options	3.4.1
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 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
18.4	*Pro forma* financial information	5.5
18.5	Dividend policy	1.3.3
18.6	Legal and arbitration proceedings	2.6.4
18.7	Significant change in the issuer's financial position	1.3.6.3
19.	**Additional information**	**5, 6**
19.1	Share capital	5.1
19.1.1	Amount of equity issued, total authorized capital stock, number of shares issued and fully paid in, number of shares issued but not fully paid in, par value per share and reconciliation of the number of shares outstanding on the opening date and on the closing date of the financial year	6.1.1
19.1.2	Number and main features of shares not representing capital	6.1.2
19.1.3	Number, carrying amount and par value of shares held by the Company itself or on its behalf by its subsidiaries	6.1.3
19.1.4	Convertible securities, exchangeable securities or securities with warrants	6.1.4
19.1.5	Conditions governing any right of acquisition or any obligation attached to the capital authorized but not issued, or any undertaking to increase the share capital	6.1.5
19.1.6	Equity of any member of the Group subject to an option or a conditional or unconditional agreement to place it under option	6.1.6
19.1.7	Changes to share capital	6.1.7
19.2	Articles of incorporation and bylaws	6.3
20.	**Material Contracts**	**1.2.3, 1.2.4.2**
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 *Autorité des marchés financiers* to be identified.

Headings	Sections
Transgene annual financial statements	5.3, 7.4
Transgene Group 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	2.2.2
▪ 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.

Headings	Sections
Group business and change in business	1.2, 1.3
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Report by the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code) on corporate governance and internal control	3.2
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7.6 GLOSSARY

Adenovirus: a member of a family of DNA viruses responsible for diseases of the respiratory tract, eye, and gastrointestinal tract. The forms of adenovirus used in immunotherapy, particularly the type 5 adenovirus for Transgene, have a favorable tolerability profile.

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.

Tumor associated antigen: an antigen is a substance that causes the organism to mount an immune defense against it. Antigens can be produced by the organism itself (self antigens) or come from the environment (non-self antigens). The latter include toxins, chemicals, bacteria, viruses, parasites and other substances from outside the body. The characteristic antigens of tumor cells or infected cells can be vectorized and integrated into our immunotherapies. Thus the surface antigen of the hepatitis B virus was integrated into TG1050 and the HPV-16 E6 and E7 antigens into TG4001 to increase the immune response to the cells expressing these antigens. Certain tumor antigens are specific to each tumor or patient, in which case they are called neoantigens.

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-lymphocytes.

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 action mechanism 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 lymphocytes 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 studies due to its excellent safety profile and its ability to induce specific immune responses against vectorized antigens. TG4001 and TG4050 resulted from MVA.

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 effectiveness with certain diagnoses. When the PD-L1 level is low or undetectable ("negative PD-L1" patients), ICIs have not, to date, shown sufficient effectiveness.

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 1 clinical studies include a greater number of patients than Phase 1 and are designed to evaluate the safety, dosage and sometimes the effectiveness of the new drug or treatment.

Phase III (clinical study): Phase 3 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.

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 agents).

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 study describes what is done, how and why.

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.

Randomized: in a randomized clinical study 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.

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.

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.

Targeted therapy: a treatment that uses drugs to specifically identify, block or destroy cancer cells, with less damage to normal cells.

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).

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.

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).

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.

Some definitions were adapted from the online dictionary of the National Cancer Institute at www.cancer.gov.

7.7 APPENDIX: MANAGEMENT REPORT FOR THE PERIOD ENDED DECEMBER 31, 2020

Ladies and Gentlemen,

We have called this Ordinary General Meeting to approve the financial statements for the fiscal year ended December 31, 2020, 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 2021.

Significant advances in 2020 in Transgene's portfolio as a whole and financial visibility until 2022

With the *myvac*® platform and its therapeutic vaccine TG4050, Transgene demonstrates its technological leadership

Transgene is developing an individualized immunotherapy based on advanced genetic engineering technologies developed by Transgene. TG4050 is the first drug candidate from the *myvac*® platform. In collaboration with NEC, Transgene's tailor-made approach is based on the combination of its expertise in viral engineering with NEC's artificial intelligence technologies. The algorithms provided by NEC make it possible to personalize the treatment for each patient, by indicating the most relevant targets (neoantigens specific to each cancer).

Phase I clinical trials of TG4050 were launched in the beginning of 2020 in Europe and the United States. The first patients were treated in two clinical trials (ovarian cancer and head & neck cancers), 50%-financed by NEC.The first results are expected in the fourth quarter of 2021.

Transgene has developed a pilot production unit compliant with GMP standards (pharmaceutical production standards). It enables personalized treatments to be produced for each patient of the two TG4050 clinical trials.

The *myvac*® platform incorporates cutting-edge innovations from Transgene's technological leadership in individualized immunotherapy.

- At the AACR meeting (June 2020), Transgene and NEC presented data demonstrating the relevance of algorithms and AI used to personalize treatment.
- TG4050 benefits from the first blockchain solution dedicated to the traceability of personalized treatments. This solution monitors and orchestrates all processes related to the design and manufacturing of Transgene's individualized therapeutic vaccine TG4050.
- Transgene is implementing a translational research program including cellular, genomic and transcriptomic analyses. They aim to characterize the effect of the treatment and to identify predictive factors of a positive response to TG4050 treatment in the patient's tumor or genomic environment. These results could ultimately help optimize and accelerate the clinical development of TG4050.

Launch of a randomized Phase II trial of TG4001 in HPV16-positive anogenital cancers based on promising Phase Ib/II results

Transgene has amended the protocol of the Phase Ib/II trial in order to accelerate the launch of a randomized Phase II trial comparing the efficacy of the combination of TG4001 with avelumab versus avelumab alone. This trial is supported by Merck KGaA and Pfizer who are providing avelumab ; Transgene retains all of the rights to TG4001.

The randomized trial focuses on patients with recurrent or metastatic anogenital cancers without liver metastasis; a clinical benefit was observed for this population in the Phase Ib/II trial. Despite the latest advances, chemotherapy and immunotherapy (immune checkpoint inhibitors) are highly inadequate, with median survival of less than 11 months. Better treatments are needed for the 25,000 patients with these diseases (EU27, UK, US).

This amended trial protocol has been authorized by the U.S. Food and Drug Administration. The amendment has also been submitted in Europe (France and Spain), where clinical sites already active in the Phase Ib/II portion are ready to resume patient recruitment once the amendment is approved. Patient enrollment should start in the second quarter of 2021.

Transgene expects to report the results of the interim analysis of this trial around the end of 2022. This forecast takes into account the enrolment of the first patients in the second quarter of 2021 and no major impact from the Covid-19 epidemic on enrollments.

BT-001, the first candidate from Invir.IO™ enters clinical trials and initial observations on TG6002 highlight the potential of the new generation of oncolytic viruses

BT-001 is a patented oncolytic virus with strong antitumor potential (VV cop TK-RR-), from the Invir.IO™ platform and co-developed with BioInvent. By selectively targeting the tumor microenvironment, BT-001 aims to induce a strong and effective anti-tumor response. The production of the anti-CTLA4 antibody directly in the tumor microenvironment is intended to result in a local decrease of immunosuppressive Treg cells, and to provide significant therapeutic activity. By limiting systemic exposure, the safety and tolerability profile of the antibody should thus be significantly improved. Promising preclinical results for BT-001 were presented at the AACR (June 2020) and SITC (November 2020) annual meetings. A Phase I/IIa trial in solid tumors started in France and Belgium in early 2021.

Initial data from the Phase I trial presented in 2020 confirm that TG6002 is well tolerated and highlight that the patented Vaccinia Virus from Transgene's Invir.IO™ platform is able to reach the tumor and replicate there leading to the production of 5FU, when administered intravenously. This data will be detailed at the next AACR meeting (April 2021).

By developing TG6002 for intravenous and intra-arterial hepatic administration, Transgene aims to extend the use of its oncolytic viruses to many solid tumors, including gastrointestinal cancers. 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.

Our collaboration with AstraZeneca continues with the design of new innovative oncolytic viruses. AstraZeneca has an option to acquire the rights to each of these innovative drug candidates for further clinical development.

Summary of ongoing clinical trials

***myvac*® TG4050**	**Targets: tumor neoantigens**
	• Data demonstrating the accuracy of artificial intelligence systems used for TG4050 vaccine personalization presented at the 2020 AACR
Phase I	*Ovarian cancer - after surgery and first-line chemotherapy (NCT03839524)*
	• Active trial in the United States and France • First patient treated in 2020 - Enrollments in line with expectations ▶ First data expected in Q4 2021
Phase I	*HPV-negative head and neck cancer – after surgery and adjuvant therapy (NCT04183166)*
	• Active trial in the United Kingdom and France • First patient treated in January 2021 - Enrollments in line with expectations ▶ First data expected in Q4 2021

TG4001	**Targets: HPV-16 E6 and E7 oncoproteins**
+ avelumab Phase II	*Recurrent/metastatic HPV-positive anogenital cancers - first and second line (NCT03260023)*
	• Extension of the clinical collaboration with Merck KGaA and Pfizer, for the supply of avelumab • Promising Phase Ib/II results presented at the 2020 SITC and ESMO IO • A randomized Phase II trial comparing the efficacy of TG4001 + avelumab versus avelumab alone has been approved by the FDA. This trial takes the form of an amendment to the Phase Ib/II trial in France and Spain, and has been submitted to the competent authorities ▶ Patient enrollments in the randomized trial should restart in Q2 2021. ▶ The first results of the randomized trial are expected around the end of 2022, subject to the launch of enrollments in Q2 2021 and without a significant impact of the Covid-19 pandemic on enrollments.

Invir.IO™ BT-001	**Payload: anti-CTLA4 antibody and GM-CSF cytokine**
Phase I/IIa	*Solid tumors (NCT04725331)*
	• Co-development with BioInvent • Very encouraging pre-clinical results presented at the 2020 AACR and SITC • Active trial in France and Belgium • First patient enrolled in February 2021 ▶ First Phase I results expected in H1 2022

TG6002	**Payload: FCU1 for the local production of 5-FU, a chemotherapy agent**
Phase I/IIa	*Gastro-intestinal adenocarcinoma (colorectal cancer for Phase II) - Intravenous route (IV) (NCT03724071)*
	• Multicenter trial ongoing in Belgium, France and Spain • First translational analyses confirming 5-FU production in the tumor (Sept. 2020) ▶ Continued Phase I ▶ Poster on early Phase I findings accepted at the 2021 AACR
Phase I/IIa	*Colorectal cancer with liver metastases – Intrahepatic artery (IHA) route (NCT04194034)*
	• Active multicenter trial in the United Kingdom • First patient treated in February 2020; patient enrollments restarted in September 2020 after a suspension due to the Covid-19 epidemic ▶ First observations expected in Q3 2021

Change in financial position

At December 31, 2020, Transgene's available cash and available-for-sale financial assets totaled €26.3 million. Transgene has financial visibility until 2022.

The 2020 corporate financial statements, which will be put to the Ordinary General Shareholders' Meeting for approval, show a loss of €20 million and shareholders' equity of €38 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, 2020, the number of shares resulting from the plans and held in registered form by employees is estimated at 748 945. 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, a company owning 60.4% of Transgene S.A. The Company is ultimately controlled by Alain and Alexandre Mérieux through Compagnie Mérieux Alliance, which owns 99.8% of Institut Mérieux which itself owns 99.5% of TSGH.

Under the share buyback program initially authorized by the General Shareholders' Meeting on June 8, 2017 and renewed by successive meetings, the Company has a liquidity contract. As of December 31, 2020, Transgene held 195,000 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 supplier invoices that were not paid at the end of the year, the breakdown by settlement date is as follows:

	At 12/31/2020		At 12/31/2019	
Maturity	Euros	% of total	Euros	% of total
Past due	57,031	4%	528,190	29%
Between 1 and 30 days	1,297,166	94%	1,245,694	70%
Between 31 and 45 days	24,728	2%	1,795	-
Between 46 and 60 days	4,153	-	20,071	1%
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	**1,383,078**	**100%**	**1,795,750**	**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 financial 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 tranche										
Number of invoices	-	-	-	-	46	-	-	-	-	6
Total amount of invoices with tax	41,720	15,311	-	-	57,031	6,920	-	-	15,325	22,245
Percentage of the total amount of purchases for the financial year with tax	0.17%	0.06%	-	-	0.23%	0.08%	-	-	0.17%	0.25%
Percentage of financial year revenue specify with tax	-	-	-	-	-	-	-	-	-	-
(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; and
- 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 (Drs. Bizzari, Saïd and Zitvogel) 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 Chairman and 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. Twice a year the Executive Committee reviews Quality Management.

"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 notably the organization's compliance and ethics 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:

- 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 were monitored in 2020.

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 2020, 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 1.2 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 Vice-President, Finance), 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 Group 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 2020 scope of consolidation included Transgene, its wholly-owned subsidiary, Transgene, Inc., whose purpose is representing Transgene before the U.S. health authorities (one employee in 2020), and Transgene BioPharmaceutical Technology (Shanghai) Co. Ltd. (no employees in 2020).

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 Chairman and 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	2020 corporate financial statements	Section 5.3
	2020 consolidated financial statements	Section 5.1
	List of corporate offices	Paragraph 3.1.1
Corporate officers	Compensation	Section 3.2.4
Subsidiaries and investments		Paragraph 5.3.2 Note 8
	Risk factors	Chapter 2
	Table of authorizations for the Board to increase the capital	Paragraph 6.1.5
	Shareholders structure	Section 6.2
Other information	Corporate Social Responsibility	Chapter 4
	Stock options report	Paragraph 3.4.1
Special reports	Report on free shares awards	Paragraph 3.4.2

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	2016	2017	2018	2019	2020
1. **FINANCIAL POSITION AT YEAR-END**					
a) Capital stock	56,432	62,075	62,276	83,265	41,921
b) Number of shares issued	56,431,991	62,075,190	62,275,923	83,265,464	83,841,334
2. **COMPREHENSIVE OPERATING NET INCOME/(LOSS)**					
a) Revenue excl. VAT	3,984	2,099	1,335	6,652	2,899
b) Profit before tax, depreciation, amortization and provisions	(35,378)	(35,004)	(2647)	(27,762)	(27,868)
c) Income tax	6,337	5,430	5,824	6,633	6,387
d) Profit after tax, depreciation, amortization and provisions	(22,056)	(30,471)	1,043	(22,008)	(20,116)
e) Earnings distributed	-	-	-	-	-
3. **OPERATING INCOME REDUCED TO A SINGLE SHARE**					
a) Profit after tax but before amortization, depreciation and provisions	(0.63)	(0.56)	0.05	(0.25)	(0.26)
b) Profit after tax, amortization, depreciation and provisions	(0.39)	(0.49)	0.02	(0.26)	(0.24)
c) Dividend per share	-	-	-	-	-
4. **PERSONNEL**					
a) Number of employees	176	146	146	159	164
b) Total payroll	13,502	9,497	9,459	9,391	9,989
c) Amount paid in social benefits (social security, welfare plans, etc.)	5,402	4,550	4,607	4,857	4,788

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Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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